

ConneXion

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goulet telecom



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From the CEO

Dear reader,

This year, I will again attend the Global Telecommunications Meeting (GTM) in Washington, DC. When I realized it will be my fifth consecutive year attending this important event, I reflected on how much has changed in our industry since 2003. Back then, we were still in the post-Bubble doom & gloom days, arguably the darkest times in telecom history. But in 2007, we are now witnessing major investments, new and exciting technologies and services, convergence, true competition, globalization, and impressive growth rates. It not always easy making sense of it all, but it sure beats 2003!

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Interconnection Pricing Methodologies

Interconnection is critical to competition. The objective is to ensure that new entrants can access existing network facilities under conditions that allow them to compete with existing operators. Pricing is an important and highly contentious issue. There are many different methods of setting interconnect pricing in use today, including:

- * Bill and Keep: Neither of the two interconnecting networks charge the other for terminating traffic that originates on the other network and each network recovers from its own end-users the costs of both originating its own traffic and terminating the received traffic.
- * Capacity-based pricing: An interconnecting party is charged a flat fee per time period based on the capacity of the connection.
- * Wholesale pricing: Interconnecting networks are treated as extra-large users and are given a discount from retail pricing.
- * Price caps: A given price is then indexed to inflation, productivity expectations and other factors.

*Revenue sharing: An operator pays a share of collected revenue to the terminating operator.

*Benchmarking and best practice: Using interconnection fees from other countries as indications of appropriate interconnection fees.

* Negotiation: The interconnecting operators work it out themselves.

* Fully Allocated Cost (FAC) pricing: Combines the economic incentives of marginal cost pricing with a way to recover fixed costs, combines all common and joint costs (fixed and incremental) and allocates them to different services according to a formula, using historical cost data.

* Long Run Incremental Cost (LRIC) pricing: Incremental cost is used as a proxy for marginal cost by averaging the marginal cost across a chosen increment. Applied to interconnection, incremental cost pricing recovers the additional costs incurred as a result of interconnection.

Current industry practice recommends the use of LRIC and its variants. However we must keep in mind that LRIC requires numerous assumptions and extensive data

What Clients Say

"This is by far the best training program on interconnection that I have been to." Said a participant about our 'Fundamental Interconnection Principles' Training Program that took place in Kingston, Jamaica from 5 to 9 February 2007.



collection, and that results are only as good as the assumptions and data used in the model.

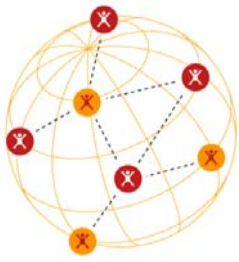
Goulet Telecom International will lead a session of its 'Cost Methodologies in Telecommunications' Training Program in Montreal, Canada from 23 to 27 July 2007. Goulet Telecom International also possess extensive consulting expertise in interconnection pricing

For further information on our consulting services, please contact us at consulting@goulet-telecom.com and on our Training Programs, please contact us at training@goulet-telecom.com.



Upcoming Training Programs

- Business Intelligence in Telecommunications, 28 May – 1 June 2007, Montreal, Canada
- Essentials for Mobile Operators, 4–15 June 2007, Montreal, Canada
- Gestion des quotes-parts & du trafic international, 11–15 juin 2007, Paris, France
- Training Management & Course Development, 11–22 June 2007, Montreal, Canada
- Telecom Billing Fundamentals, 18–22 June 2007, London, UK
- Gestion financière en télécommunications, 18–29 juin 2007, Paris, France
- Gestion des ressources humaines en télécommunications, 2–13 juillet 2007, Paris, France
- Strategic Sales in Telecommunications, 9–13 July 2007, Montreal, Canada
- Organizational Knowledge Management, 16–20 July 2007, Montreal, Canada
- Cost Methodologies in Telecommunications, 23–27 July 2007, Montreal, Canada
- Management of Regulatory Affairs, 30 July – 3 August 2007, Montreal, Canada



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Managers vs. Leaders

I once read that a good leader is not a person that has an answer for everything, but a person who achieves results through team effort. But is it not also the definition of a good manager? It's important to understand the difference between management and leadership, because in today's ultra competitive, global business environment, it is great leaders that will enable organizations to survive and thrive.

The table below gives examples of the difference:

Management	Leadership
Goal	Vision
Effective action	Meaningful action
Administration	Innovation
Planning & budgeting	Setting a direction
Staffing	Aligning people
Maintenance	Development
Control	Trust
Efficiency	Effectiveness

Both a manager and a leader need to know the business well. But a leader must also understand the key facts and drivers that determine the past and present trends in the business, to then develop a vision and a strategy for its future.

Goulet Telecom International offers a Training Program in this field: 'Leadership: a Potential to Develop'. The objective of this Training Program is to provide participants with the tools and skills required to develop aptitudes and qualities inherent to all great leaders working in telecommunications organizations.

For further information on our Training Programs, please contact Mr. Michel Bruyère at mbruyere@goulet-telecom.com.

What Clients Say

"I am very satisfied. I appreciated the quality of the Training Program and the documents" said a participant about our 'Interconnection Agreements Negotiation & Management' Training Program that took place in French in Paris, France from 26 March to 6 April 2007.

"I specifically enjoyed the financial reports which were applicable in our daily lives" said a participant about the 'Financial Management in Telecommunications' Training Program that took place in Cape Town, South Africa from 19 to 30 March 2007.

"What I specifically appreciated in the Training Program is the way it was delivered with the presence of practical examples" said a participant about the 'WiFi/WiMAX: Planning, Design & Deployment' Training Program that took place in French in Paris, France



Organization of the First Training Program in Spanish in June 2007

Goulet Telecom International will organize in June 2007 its first Training Program in Spanish for its South American clients. The *Seminario Internacional 'Gerencia y Estrategias de la Acuerdos de Interconexión'* ('Interconnection Agreements Strategies & Management' Training Program) will be organized in partnership with the University San Francisco de Quito (USFQ) and will take place in Quito, Ecuador from 18 to 22 June 2007. The objective of this Training Program is to provide participants with the knowledge, tools and methodologies to efficiently develop strategies and manage interconnection agreements.

For more information on this Training Program, please contact Ms. Hélène Duran at hduran@goulet-telecom.com.

Goulet Telecom Will Attend GTM 2007

Goulet Telecom International will attend for the seventh consecutive time the Global Telecommunications Meeting (GTM) that will take place in Washington, DC from 21 to 24 May 2007. The Global Telecommunications Meeting is an annual event attended by over 800 telecom operators and other telecommunications stakeholders from more than 150 countries. Mr. Michel Bruyère, CEO of Goulet Telecom International, and Ms. Ekaterina Cheina, Sales Manager, will take this opportunity to meet with clients from all over the world.

For more information on our participation at international events, please contact us at info@goulet-telecom.com.

Consultancy on the Development of a Reference Interconnection Offer

Goulet Telecom International is currently performing a Consultancy on the Development of a Reference Interconnection Offer (RIO) for an operator in the Middle East operating both fixed-line and mobile networks. The objective of this Consultancy is to develop a RIO adapted to the requirements of the national telecom regulator for the fixed-line business and the mobile business.

For more information on our consulting expertise, please contact us at consulting@goulet-telecom.com.