



FIN-122 - Best Practices in Telecom Cost Modeling & LRIC

Description

Interconnection is a key lever to develop effective competition in a telecommunications market, and setting interconnection rates is one of the most critical aspects of interconnection. This 5-day practical and interactive course will look at the key concepts of effective interconnection regulation and will provide participants with best practices to develop and implement successful LRIC costing models.

Learning Outcomes

At the end of the course, participants will be able to:

- Describe the current telecom industry and its impact on operators
- Identify the current key issues in interconnection regulation and assess how those issues impact cost models
- Apply best practices to cost modeling activities
- Successfully develop LRIC costing models
- Discuss the impact of technology evolution on cost modeling

Topics

*Note: the course structure may be subject to change as trainings are updated on a regular basis.

Telecom industry outlook

- Market evolution and trends
- New telecom players
- New services and offers
- Challenges, impacts and opportunities for operators

Interconnection regulation

- Relevance of interconnection
- Types of interconnection
- Regulator's role
- Interconnection best practices
- RIOs and interconnection agreements
- Interconnection trouble spots

Cost modeling – What to cost

- Technical concerns - What to cost in the network
 - 2G, 3G and 4G configuration
 - Next generation configuration
- Economic concerns
 - Discounting logic
 - WACC optimization
 - Pertinent costs
 - Annuity
- Real world examples
- Best practices

Activity-Based Costing (ABC)

- Typical cost behaviour
- Cost nomenclature
- Types of costing analysis
- Accounting separation
- ABC: matching of \$ with drivers
- Exercises & real world examples

Key concepts of Long Run Incremental Costing (LRIC)

- Regulatory concerns and LRIC
- Major assumptions of LRIC
- Definition of terms

LRIC methodology

- Choosing the variants
- The LRIC model development process
 - Top-down calculations
 - Bottom-up calculations
- Top-down vs. bottom-up reconciliation
- From FAC to LRIC in numbers
- Real world examples
- Best practices

Practical case study – Developing a LRIC model

The future of cost modeling

- Impact of evolution of markets and technologies
- Evolution of methodologies

Target Audience

- Telecommunications managers and personnel working for operators and regulators responsible for evaluating costs and establishing interconnection and wholesale tariffs
- Managers looking to complement their skill-set by gaining a good understanding of cost modeling methodologies and especially LRIC

Methodology

Our training courses combine expert presentations, workshops, case studies and discussions on real-life situations faced by participants. Complete training material is provided to all participants for future reference and follow-up action plans.

Location

Our public training courses are held at regular intervals in selected cities around the world. Upon request, our expert trainers can lead private training courses at the location of your choice or using a virtual classroom (distance training using a web-conferencing platform). For more information, or if interested in a private session, please contact us at training@neotelis.com.

About Neotelis

Neotelis provides training, consulting, conferences and publications to the telecommunications industry worldwide. Its team of experts has trained thousands of executives and managers working for operators, regulators, policy-makers and governments in over 100 countries around the world.