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

Next session: 15 - 19 May 2017, Amsterdam

Neotelis can also deliver an in-house session of this course specifically for your organization.
Please contact us at training@neotelis.com for more information and a Proposal.

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:

- Understand interconnection regulation and the key concerns of regulators in evaluating the adequacy of cost methodologies
- Explain the drivers, benefits and issues of cost allocation and costing
- Evaluate telecommunications costs
- Use key costing terms and apply key costing concepts
- Work with the most common cost modeling methodologies used in telecommunications, including FAC and LRIC
- Discuss the pros and cons of different costing methodologies

Topics

*Note: the course structure may be subject to change as trainings are updated on a regular basis.
Day 1Global and competitive telecommunications environment

- Major trends of the current telecommunications environment
- Challenges and opportunities of the industry's current trends for regulators and operators

Interconnection regulation

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

Day 2Economic concerns

- Discounting logic
- WACC optimization
- Cost of advancement
- Causal costs
- Annuity
- Real world examples
    - Defining WACC in an emerging economy
- Economic evaluators

Day 3Activity-Based Costing (ABC)

- Understanding financial statements
- Typical cost behaviour
- Cost nomenclature
- Types of costing analysis
- Accounting separation
- ABC: matching of $ with drivers
- Real world example:
    - Associate annual costs to identified cost elements

    - Allocate costs by service
    - Determine total Service Costs by Cost Element and by service
    - Identify demand driver and cost element frequency of use
    - Determine total demand driver per cost element
    - Determine Element Activity Cost by ‘Nominal' Unit of Demand

Day 4Long Run Incremental Costing (LRIC)

- Regulatory concerns
- LRIC versus regulatory concerns
- Major assumptions of LRIC
- Definition of terms
- Capacity costing by an operator
- LRIC – methodology for a regulator
- Top-down vs. bottom-up reconciliation
- Exercise: From FAC to LRIC in numbers
    - Full allocation of costs to services
    - Reconciliation FAC-LRIC
    - The regulator's Grid

Day 5Network overview: what to cost

- Introduction
- 2G configuration
- 3G configuration
- 4G configuration
- Next generation wireline configuration
- Real world example - Wireless roaming

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 including LRIC

Methodology

A combination of engaging activities and dynamic presentations to stimulate and maximize participants' learning.

- Dynamic and interactive presentations
- Covering key concepts in a concise manner

- Presentation of a given situation
- Analysis
- Recommendations & course of action

- Real-life examples illustrating key concepts
- Focusing on recent events

- Individual and group work to practice using the tools acquired during the course

- Discussions about on-the-job situations faced by participants
- Sharing of experiences

Location

A selection of Neotelis' training courses is held in various cities around the world. Please contact us at training@neotelis.com for the complete Yearly Training Calendar.

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About Neotelis

Neotelis provides training, consulting, conferences and publications to the telecommunications industry worldwide. Its team of senior experts has trained thousands of executives and managers working for operators, regulators, policy-makers and governments in over 120 countries around the world.

4802 de Verdun St, Office #1, Montreal, QC, H4G 1N1 Canada
Tel: +1 514 281 1211 Fax: +1 514 281 2005
info@neotelis.com