



## Procurement Support

January 2018

Introduction

Procurement Process

How we can help

References

Our company



# NGP are commercial experts in the telecom sector



- NGP has via its partners a long standing experience in assisting investment companies, operators and OEM's with support in the area of contract reviews, procurement and negotiations.
- To date the organization have performed more than 100+ procurement projects across Europe, Africa, Asia and the Americas covering all major technologies and parts of the network including services.
- The clients are top tier operators such as TeliaSonera, Telenor, Vodafone, Millicom (Tigo), Tele2, Megafon, AT&T, SFR and others as well as OEM's like Ericsson, Huawei and Nokia.
- NGP provides an outstanding expertise of technology, understanding and benchmarking of cost structures and commercial terms combined with extensive deal making capability.



## We deliver tangible results

---

- NGP have the capability to support and lead projects in the following commercial areas:
  - Complete Procurement projects
  - Contract Review and Benchmarking
  - Other commercial and legal processes and negotiations such as supplier re-negotiations etc.
- We have on an average saved 35-45% on Capex and Opex projects over the course of our engagements and on many occasions much more than that especially in case of swap cases where the savings have been up to 100% i.e. free networks.
- We have furthermore limited the clients risk exposure and enforced contract damages up to 28% of the contract value on multiple occasions when the Suppliers have not delivered according to stipulated contracts.

Introduction

Procurement Process

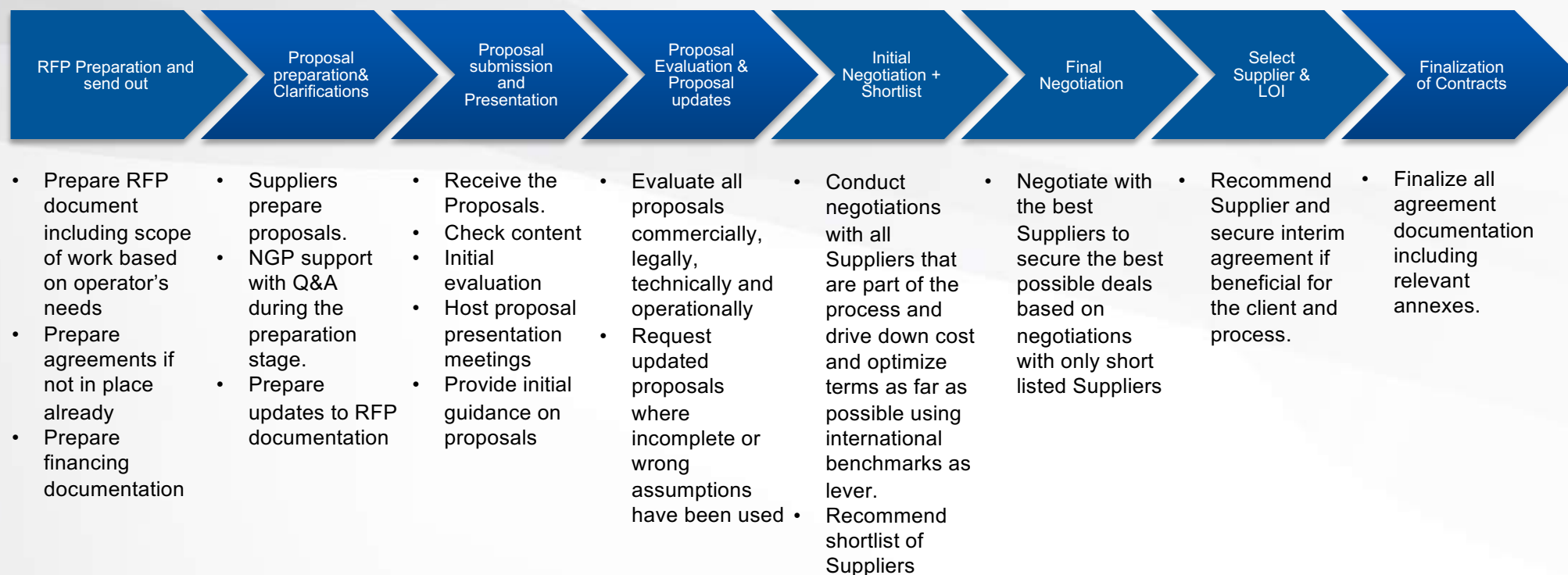
How we can help

References

Our company

# Procurement Process

NGP follows a well proven procurement process that will be tailored to the given situation



## Multi talented procurement teams

NGP works in cross functional procurement teams to secure all bases are covered. The team is normally led by the Commercial & Legal expert.

The Commercial and Legal part will normally be a shared resource with full legal and commercial background.

Commercial &  
Legal

Technology

Operations

The size of the Technology and Operations team depends on the domain expertise needed.

The number of consultants involved depends on the complexity of the project

# Our evaluation covers technology and project

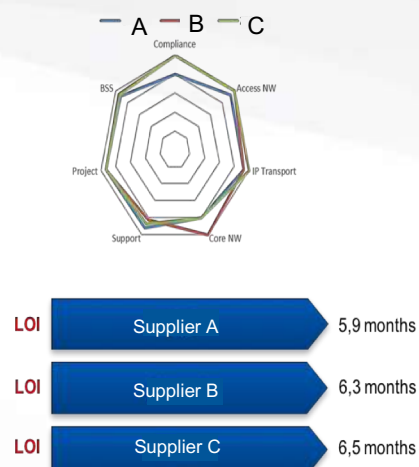
We use tailor made specifications and compliance scoreboards to make sure the Suppliers meets the clients requirements

Category	Weight	Supplier A	Supplier B	Supplier C
<b>Compliance</b>	<b>10</b>	<b>8.0</b>	<b>10.0</b>	<b>10.0</b>
3GPP		8.0	10.0	10.0
<b>Access Network</b>	<b>15</b>	<b>14.0</b>	<b>15.0</b>	<b>15.0</b>
TD-LTE		10.0	10.0	10.0
FTTX		4.0	5.0	5.0
<b>IP Transport Network</b>	<b>10</b>	<b>8.0</b>	<b>10.0</b>	<b>8.0</b>
IP Backbone Network		3.2	4.0	3.2
DWDM network		2.4	3.0	2.4
IP Security Solution		2.4	3.0	2.4
<b>Core Network</b>	<b>15</b>	<b>14.0</b>	<b>14.0</b>	<b>15.0</b>
Dual core solution (Yangon and Mandalay)		4.0	4.0	5.0
Data Centre (Container Solution)		5.0	5.0	5.0
Capacity Expansion		5.0	5.0	5.0
<b>Sub Total</b>		<b>19</b>	<b>23</b>	<b>22</b>

Category	Weight	Supplier A	Supplier B	Supplier C
<b>Support &amp; Local Presence</b>	<b>15</b>	<b>15.0</b>	<b>15.0</b>	<b>14.0</b>
Local Organization		5.0	5.0	5.0
Response Time (SLA)		5.0	5.0	5.0
Resources and experience to deliver		5.0	5.0	4.0
<b>Project</b>	<b>20</b>	<b>18.4</b>	<b>16.4</b>	<b>17.4</b>
Project Plan description		5.0	3.0	4.0
Resources and experience to deliver		7.0	7.0	7.0
Project completion		6.4	6.4	6.4
<b>Business Support Solution</b>	<b>15</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
Billing Solution		8.0	8.0	8.0
CRM solution		6.0	6.0	6.0
<b>Sub Total</b>		<b>91</b>	<b>94</b>	<b>93</b>

## Technical and Project-Conclusion

All Suppliers qualify technically and from a project perspective



Supplier A	Supplier B	Supplier C
<ul style="list-style-type: none"> <li>Most detailed solution</li> <li>Lacks detail in project execution</li> <li>3<sup>rd</sup> party billing system from Sterlite India, which is a risk from a project integration perspective.</li> <li>Offers CPE's and PON solutions</li> <li>MS projects locally</li> </ul>	<ul style="list-style-type: none"> <li>Best eNodeB solution</li> <li>Lagging behind on Transport and FTTX.</li> <li>Hybrid billing based on Ericsson OCS and post paid/CRM from FPT.</li> <li>MS projects locally</li> </ul>	<ul style="list-style-type: none"> <li>Runner up technically.</li> <li>Project schedule optimistic but aggressive.</li> <li>In-house billing solution, which makes integration simpler.</li> <li>Offers CPE's and PON solutions</li> <li>MS projects locally</li> </ul>



## Global benchmarking brings savings

NGP performs commercial benchmarking on main network components on a regular basis, which sets the stage when we negotiate prices on behalf of our clients during our projects

Region	Country	Operator	Part of Group	Size of operation	Unit	Pricing component	Price	Weighted price
Europe	Sweden	Operator A	Group X	2-3 MSubs	Huawei BBU3900	per unit	X	X

Example

# Financing solutions can optimize cash flow

NGP is well positioned to support operators with financing solutions

- NGP has worked with all major Export Credit Agencies and well reputed banks across multiple regions assisting clients in obtaining financing solutions when investing into larger networks.
- NGP supports the finance team of the client in negotiating interest rates and terms as requested.

Supplier A	Supplier B	Supplier C
<ul style="list-style-type: none"> <li>▪ 85% of Initial Phase PO value excluding Managed Services</li> <li>▪ 24 months deferred payment</li> <li>▪ Libor+7% per annum (indicative Libor+4-5%)</li> <li>▪ Parent company guarantee</li> </ul>	<ul style="list-style-type: none"> <li>▪ 90% of Initial Phase PO value including Managed Services</li> <li>▪ 30 months deferred payment</li> <li>▪ Libor+1,5% per annum</li> <li>▪ Bank guarantee</li> <li>▪ Parent company guarantee</li> </ul>	<ul style="list-style-type: none"> <li>▪ 90% of Initial Phase PO value including Managed Services</li> <li>▪ 36 months deferred payment</li> <li>▪ Libor+1.4% per annum</li> <li>▪ Bank guarantee</li> </ul>

# We always have a lawyer in our team

- We have developed and implemented a best practice agreement structure covering Supply, Services, Support, Subscription and Managed Services Agreements that are used by many Operator groups and we have extensive experience to negotiate these frameworks to limit our clients risk exposure and put maximum pressure on the Suppliers.

Select Terms	Client	Supplier A	Supplier B	Supplier C
Payment Term	60 days	30 days	60 days	30 days
Invoicing Term (if not financing)	Upon PO 10% Upon SPEA 90 % +18 months	Financing	Financing	Financing
Overdue Payments	Libor+1% per Annum	Yes	Yes	Yes
Delivery Term (Incoterms 2010)	DAP to Site	DAP to Site (On/Off Shore)	DAP to Site (On/Off Shore)	DAP to Site (On/Off Shore)
Design and System Warranty	Yes	Yes	Yes	Yes
Most Favored Customer	Yes	No	Yes	No
Liquidated Damages	24%	15% total LD on delayed portion	18% on PO value	14% on PO value
HW&SW Warranty	24 months	24 months	24 months	24 months
Availability and Compatibility Warranty	15 years	5 years	15 years	10 years
Performance Bond	20%	20%	20%	20%
Loss of License	Penalties and Return Network	No	No	Yes on Penalties No on return of network
Price Erosion	7%	No	No but BVD	No but BVD
Governing Law	Myanmar or Singapore	Singapore	Singapore	Singapore
Limitation of Liability	Unlimited	70% on agreement value	100% on agreement value	100% on 12 months PO value

# Securing and enforcing performance is key

Tailor made solutions are put in place to secure that the implementation project becomes a success

Term	Comment	Pressure Toolbox
<b>Performance Bond</b>	A 20% on demand Performance Bond will make it possible for Amara to put pressure on the Supplier to put necessary effort and resources on the project. The normal market response is 10%.	
<b>Liquidated Damages</b>	This part regulates what happens if delays in acceptance of the network elements and the network to prevent that a launch is delayed. We ask for very high figures in 24%. Normal market response is 10%. A good figure in todays market is between 14-18% on PO value.	
<b>Limitation of Liability</b>	Regulates the overall liability the Supplier will have against Amara for Direct Damages. We want this to be unlimited, but it never is so an acceptable number is 100% of the Agreement Price.	

NGP is used to enforce the terms negotiated and is often brought back in to support when Supplier does not perform according to negotiated terms.



Introduction

Procurement Process

How we can help

References

Our company

# Procurement projects are our core business

We lead the procurement process end to end for our clients



- Management of the entire procurement process from a procurement need is identified to a contract is finalised
  - Plan
  - Execute
  - Finalise
- Compilation of tailored procurement teams suitable for the specific project
- Use of well proven evaluation methods and tools
- Integrated cooperation with client personnel and partners



- Continuity throughout the entire procurement process
- Complete evaluation focused on identifying the most suitable solution for the client
- Faster and more efficient procurement process
- Possibility to delay investment decisions
- Integrated procurement project that facilitates implementation and transfer knowledge to the client organization
- Minimized CAPEX, OPEX and risk exposure leading to an improved bottom line result for the client

Introduction

Procurement Process

How we can help

References

Our company

# Procurement experience

The procurement experience of NGP ranges from operators to OEM's

## New MBB Operator South East Asia, turnkey network

- Creation and distribution of RFQ for Complete Network, RAN Core TX and BSS to selected Vendors.
- Negotiated state of the art commercial and legal agreements.
- Closed deals with savings in the range of 80% from initial offers.

## Operator Scandinavia Procurement of a shared 3G network

- RFI process to determine RFQ candidates.
- Comprehensive RFQ process covering all technical, project, operational and commercial/legal aspects.
- Savings for initial phase and 3 years expansion scope, as calculated from first quotation, exceeding 175 MUSD.
- Comprehensive terms and conditions established towards the selected supplier e.g. linking payments to roll-out performance and network evolution/maturity

## Operator South East Asia

- Performed a current state assessment of current 3PP supplier base (for e.g. towers, shelters, cables, connectors, power, cooling etc.) covering quality, performance, commercial and legal aspects.

- Identified potential alternative suppliers and determine their



# Procurement experience

The procurement experience of NGP ranges from operators to OEM's

## **OEM Scandinavia, Cost reduction program for OEM's turn key roll out project**

- Conducted full RFP process related to project management and installation services for nationwide rollout.
- Compiled and reviewed RFP documentation including agreements, handled communication with suppliers, analyzed all proposals and compiled relevant reports.
- Executed negotiations and finalized an agreement for the OEM to execute. The client saved 47% from initial offer to contracted price on the scope.
- Maximum legal security package established towards the Contractor that lowers the overall risk.

## **Procurement of GSM 900 MHz, W-CDMA 2100 MHz and LTE 1800 MHz systems modernizing the entire network.**

- Conducted a detailed technical, commercial and legal evaluation of potential suppliers and selected a preferred supplier.
- Benchmarked offers with best practice material resulting in best in class pricing.
- Performed local negotiations during several weeks, secured a state of the art negotiated deal for the client.
- The client saved approx. 12 MUSD (48%) in its initial phase commitment.
- Cost for expansion scope over 5 years was reduced with 38%.
- OPEX lowered with 50%.
- Maximum legal security package established towards the Contractor that lowers the overall risk.

Introduction

Procurement Process

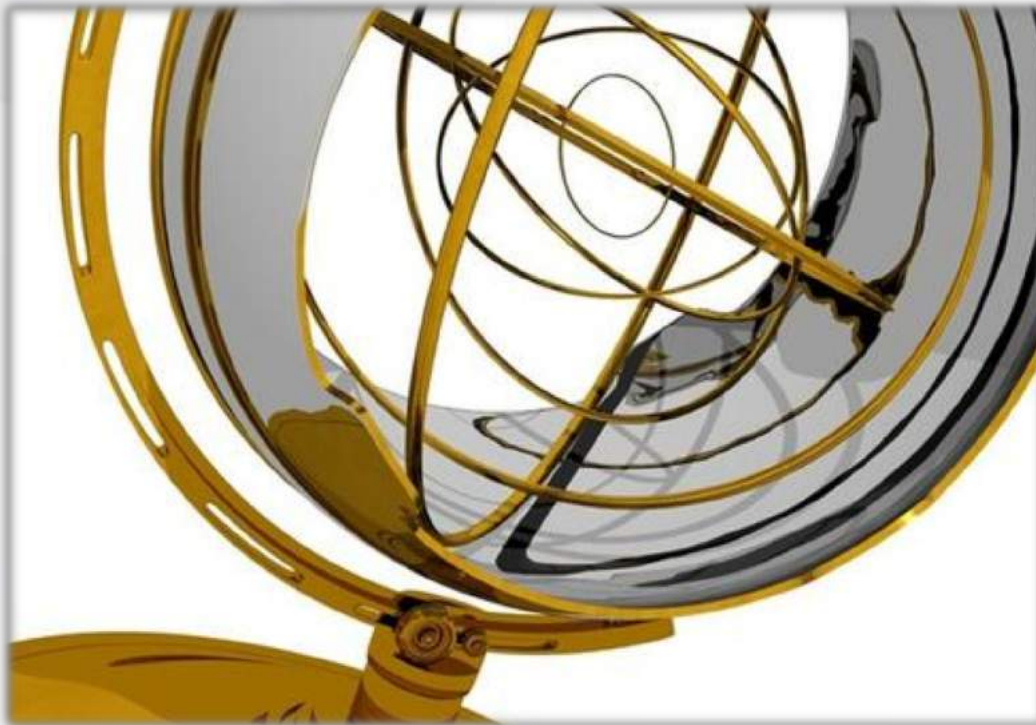
How we can help

References

Our company

## Our company

NGP is a global consultancy providing telecommunications sector clients expert advice and support on strategy, technology, operational and other issues, enabling clients to profitably compete and grow their businesses.



- The collective telecom expertise of our team of advisors, all specialists in their field, sets us apart as consulting partner to progressive telecom companies worldwide
- Our teams are engaged in projects worldwide, mostly in Scandinavia, Europe, Asia, Africa and Latin America.
- The global reach of our partnership creates the foundation for an international perspective and cross-cultural understanding of market and organisational issues
- As a strongly focused consultancy, with an in-depth understanding of our niche market, Netcom Global Partners is a responsive and flexible partner for the most demanding clients

## Service overview

Based on our extensive experience in design, deployment and operation of telecommunications services, we help clients converting business ideas and technologies into successful products and services.



### **Market and business planning**

- Providing effective market strategies and business plans

### **Network sharing, interconnection and regulatory related issues**

- Providing expert advisory services in connection with network sharing opportunities, licence award processes, spectrum auctions, interconnection and access, and other regulatory issues.

### **Network planning, design and deployment**

- Supporting procurement and deployment of networks, systems and infrastructure
- Network planning and design, review/audit and optimisation

### **Service development & product management**

- Managing development and launch of innovative and profitable services

### **Organisation and operations**

- Assisting telecommunications operators in improving operational performance and efficiency



## Our expertise and capabilities

We provide advisory and management expertise in planning, design, deployment and operation of telecom networks and services.

### Some project examples:

- Operational reviews and audits
- Market opportunity evaluations
- Network planning and design
- Managed Services feasibility reviews
- Indoor coverage solutions
- Network consolidation strategy definition
- Market entry consultancy services for mobile operators and service providers
- License acquisition support / spectrum valuation
- Interconnection, access and wholesale agreements
- Roaming and clearing audits - commercial and technical
- Regulatory, standardisation issues, network numbering
- Number portability implementations (mobile/fixed)
- Fibre rollout, fibre unbundling and fibre sharing and access
- M2M/IoT technologies, solutions and concepts
- Operational KPI benchmarking Service feasibility studies
- Customer Experience management
- Project portfolio and governance strategy
- Project Management Office (PMO) implementation
- Management of service launch and transition projects. Some recent examples: VoLTE, MVNO
- Network procurement RAN, Core
- Project management of mobile and fixed broadband network roll-out
- IMS Migration projects
- Power solutions, "Green Connectivity"
- Commercial and technical due diligence
- Tower, Network and Infrastructure Sharing agreements and implementation

## Our global experience

Our partners, coming from leading telecom operators, vendors and consultancies, bring experience from work with clients in a wide range of countries and regions with different market and regulatory conditions.



### Some clients our partners have worked for:

- |                                      |  |                      |
|--------------------------------------|--|----------------------|
| • Amara Communications               | • Mobtel   | • Tele2              |
| • Axiata                             | • Nokia Networks   | • Telenor            |
| • Bell Canada                        | • Orange / Getesa  | • TeliaSonera        |
| • Batelco                            | • Orange / Jordan  | • Telkomsel          |
| • CellularOne                        | • Orange /Switzerland                                      | • Telma              |
| • Canadian Imperial Bank of Commerce | • Umniah / Jordan  | • Teracom            |
| • Digicel                            | • Orascom Telecom (now Global Telecom Holding / Vimpelcom) | • T-Mobile / Germany |
| • Du                                 | • Ooredoo Group  | • T-Mobile /Poland   |
| • Emtel                              | • OnePhone   | • Tigo / Millicom    |
| • Ericsson                           | • Sabafon  | • TIM Brazil         |
| • FarEasTone                         | • SmarTone   | • Turkcell           |
| • Hi3G / 3                           | • Smart Philippines  | • Viettel            |
| • 3GIS                               | • Sumitomo Group   | • Vivendi            |
| • ICE / Net1                         | • Swedish Post and Telecom Authority                       | • Vinaphone          |
| • Intelig, Brazil                    | • TAL  | • VMS                |
| • Meteor                             | • TDC  | • Vodafone           |
| • Mobifone                           | • Telefonica   | • Alcatel            |
|                                      |  | • Huawei             |
|                                      |  | • ZTE                |



[www.netcomglobalpartners.com](http://www.netcomglobalpartners.com)

Netcom Global Partners Pte Ltd  
10 Anson Road  
#14-01 International Plaza  
Singapore 079903