

SAMPLE

BENCHMARK BUSINESS CASE

October 2010



MacBethWilliams
TELECONSULTING

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This example of our Benchmark Business Case provides a partial analysis of our services. Our Business Case deliverable is custom, addressing the requirements of each client.

1.0 EXECUTIVE OVERVIEW

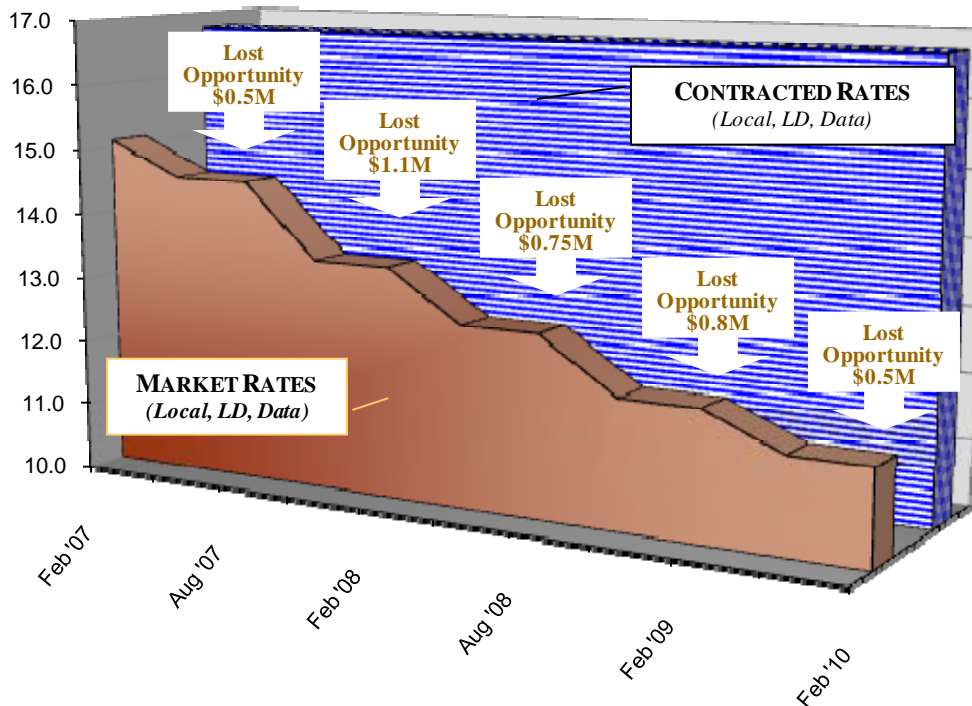
The *Benchmark Business Case* is a business tool designed to demonstrate the value for MacBeth Williams' *Contract Management Lifecycle Strategy*. Using "real-world" examples from your current contract expense MacBeth Williams compares and contrasts observed rates with data accumulated and analyzed from other Fortune 1000 subscribers contained within our database. Pointing out potential within your sample, MacBeth Williams details possible rate improvements and prospects for enhancing contract negotiating leverage. Providing this Benchmark Assessment MacBeth Williams seeks to set an opportunity baseline for enhanced "intra-contract" savings and creates a foundation for a business case justifying MacBeth Williams' tools within the *Contract Management Lifecycle Strategy*.

This document has been designed as the very first installment of an awareness that market pressures place on supplier rates and contract terms. As the first installment it is the objective of this report to provide a situational assessment of both contract opportunities and threats such that you, as the contract manager, can assess the full potential of this process for your entire portfolio of supplier services. Gaining access to that awareness will enable you to create and manage significant intra-contract opportunities that will enhance year-on-year savings and thwart threats as represented by price increases that could take your company by surprise. Investing in this approach your contract managers are executing the tenets of the "*Virtual Contract Strategy*" which preaches continual improvement in contract conditions using market analysis. As such, managers are creating incremental changes in vendor contract relationships and mitigating the probability of missed savings opportunities from changing market conditions over a prolonged contract term.

The *Benchmark Business Case* is an "individualized" assessment for <CLIENT> and in no way discloses proprietary practices or information of any MacBeth Williams' client subscriber, prospective client subscriber, or supplier. This document has been prepared specifically for <CLIENT>.

THE RATIONAL FOR A CONTINUOUS CONTRACT MANAGEMENT STRATEGY

THE “STATIC-CONTRACT”

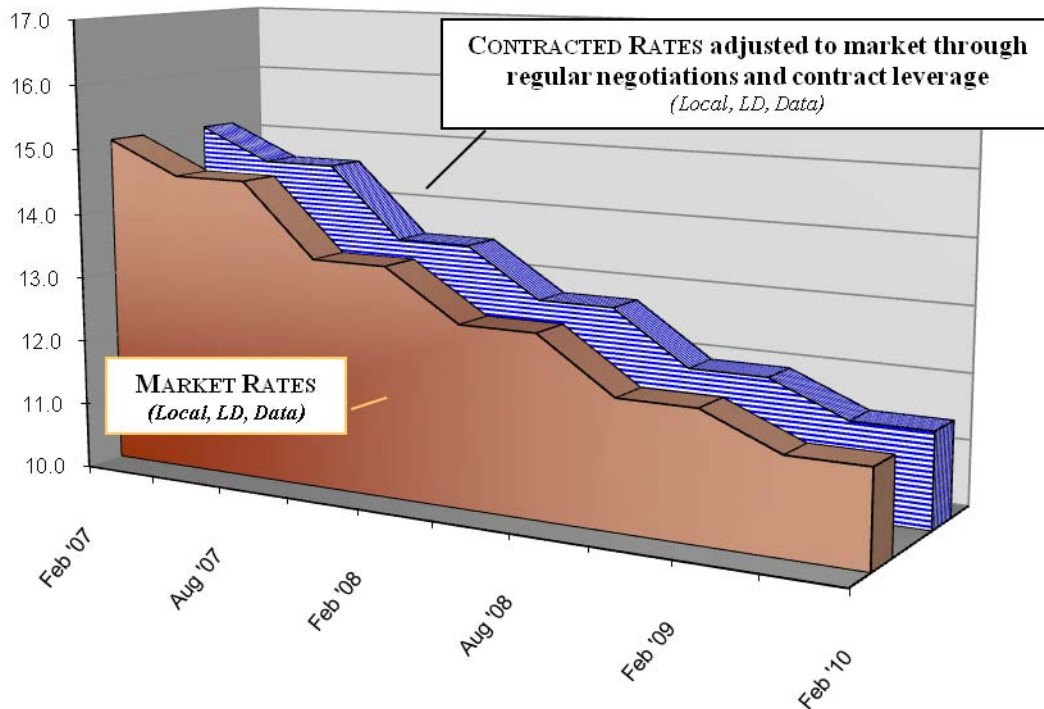


The typical telecommunication services contract is a static document that makes no accommodations for ever-changing market and performance conditions. What began as a newly executed contract with the main virtue of savings erodes and evolves over the weeks and months into a business relationship masking the realities of the market. While service providers' margins *change*, the prices reflecting those margins in the current contract model remain the same.

Ever wonder about the timing of the contract rate savings each contract negotiation seems to secure every 36 months? Do the 20% to 35% savings occur only after the 30th day in the 35th month, or is there erosion caused by market pressures that take effect almost immediately after a contract has been executed?

The obvious answer is that market pressures are always at work, change is constant, and when measured from year-to-year change *can* represent a prospect for savings.

THE “VIRTUAL-CONTRACT”



The process of constantly managing contracts throughout their term using leverage to secure preferential terms and newly positioned market rates is the basis for creating a “**virtual contract**”. Under a virtual contract waiting for a term to expire means lost opportunity, and even more importantly, lost savings. Using this process of incremental and timely negotiations, a contract relationship based on genuine vendor performance can last indefinitely. Most importantly the relationship can continue without the exhaustive negotiations that have plagued this process or the lost market opportunities that have often gone unnoticed.

“Over the course of a 36 month contract a gradual rate erosion of less than one percent per month on a million dollar annual spend for services can equal more than \$450,000 in lost opportunity savings over the life of a contract.”

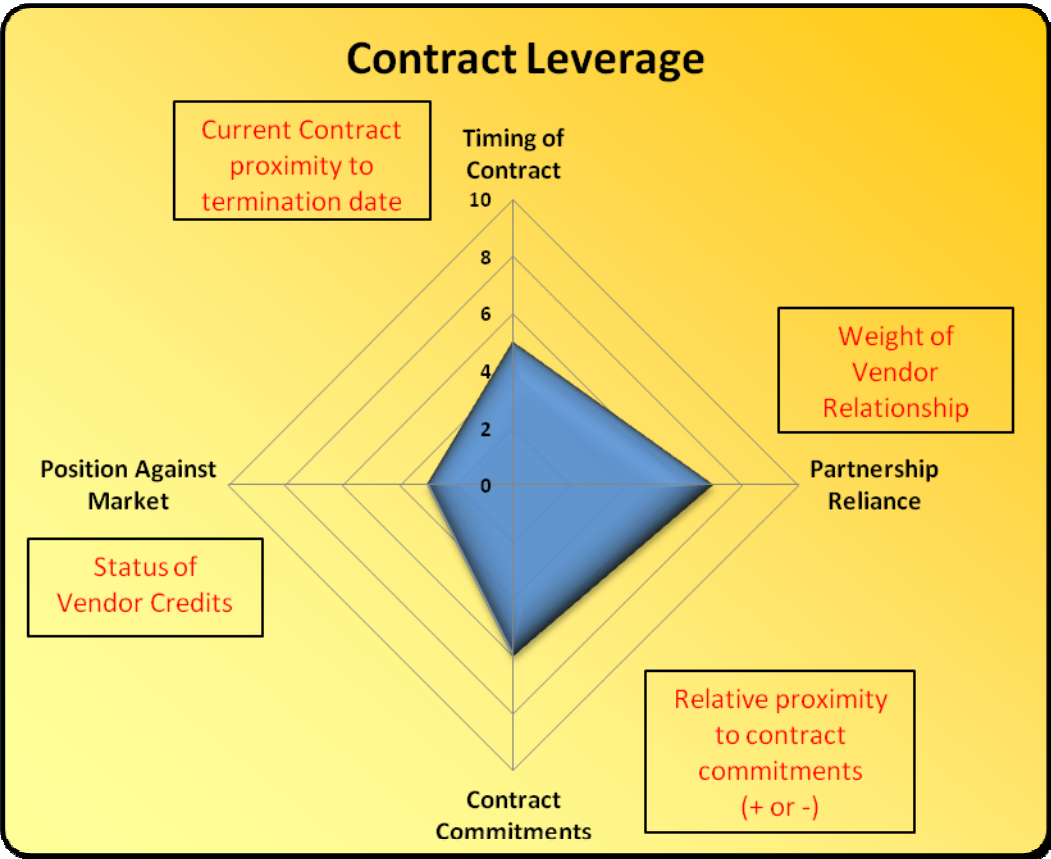
A compelling justification for the *Contract Management Lifecycle Strategy!*

2.0 CONTRACT LEVERAGE

The essential ingredient to any contract management philosophy is knowledge and command of the concept of contract leverage. At minimum, command of leverage can provide the contracting party with parity in the relationship with their supplier. Existence of substantial leverage can even change the traditional supplier-customer dynamic. A customer with substantial leverage can, through use of their leverage, demand consistent performance on all fronts suggesting that failure to perform will result in dire consequences. Whether direct or implied the use of significant leverage has a dramatic affect in shaping the supplier-customer relationship.

Below are the defining features instrumental in determining the value of leverage at any given time.

THE FOUR DETERMINATES OF CONTRACT LEVERAGE



TIMING OF CONTRACT:

The most recognized form of leverage with a service provider. Contract timing examines a current contract's proximity to a negotiated termination date. The closer the agreement is to the contract's termination date the more the leverage. The leverage here is the full prospect of market forces brought on by incumbent provider and competitor alike, and the very real or perceived possibility that the contracting party may dismiss the current vendor for a new vendor should new contract demands not be met.

The generally accepted principles of contract timing:

- ◆ Agreements past the contract mid-point are regarded as leverage opportunities which build in strength with each passing month.
- ◆ Contracts in their last year are generally regarded as very opportunistic with significant quantities of leverage.
- ◆ Agreements less than half way through the contract commitment typically don't regard contract timing as a primary means to apply leverage with a vendor.
- ◆ Contracts amended or rewritten prior to a legacy contract's full term are most often retired in favor of the new or amended contract without penalty.

CONTRACT COMMITMENT PROXIMITY:

The most under appreciated form of leverage with a service provider! Most contracts demand a commitment of revenue or some other form of a consumptive commitment. Most effective are commitments made against a multi-year contract term. Less effective, but none the less still providing leverage, are commitments made against an annual contract term that renews each year. The amount of leverage held by the contracting party is the revenue or consumption in excess of the contract commitment. Leverage relinquished to the service provider is the circumstance when revenue or consumption is lower than the minimum requirement called for in the contract.

This form of leverage, depending on its significance, can trump the *contract timing leverage* and on its own generate enough power to create contract change most often in the form of contract amendments. The strategy of using this form of leverage is to open contracts to negotiation regardless of their relative position to contract expiration. Once opened service providers must acquiesce to the requests of the contract party or run the risk that the contracting party's excess revenue or consumption could be moved to another provider.

VENDOR RELATIONSHIP VALUE:

Leverage that calls into question the value of a protracted relationship with a service provider! Leverage in this context threatens to devalue the current business relationship between contracted party and service provider. The threat, if carried out, suggests the customer will leave the incumbent at their earliest contract convenience should the service provider not acquiesce to the customer's current negotiating desires. The business equivalent to playing "chicken", this leverage strategy pushes service providers into near term contract negotiations often absent of any other forms of leverage. The service providers either capitulate to the desires of the customer or run the risk of not serving the contracting party during the next contract cycle.

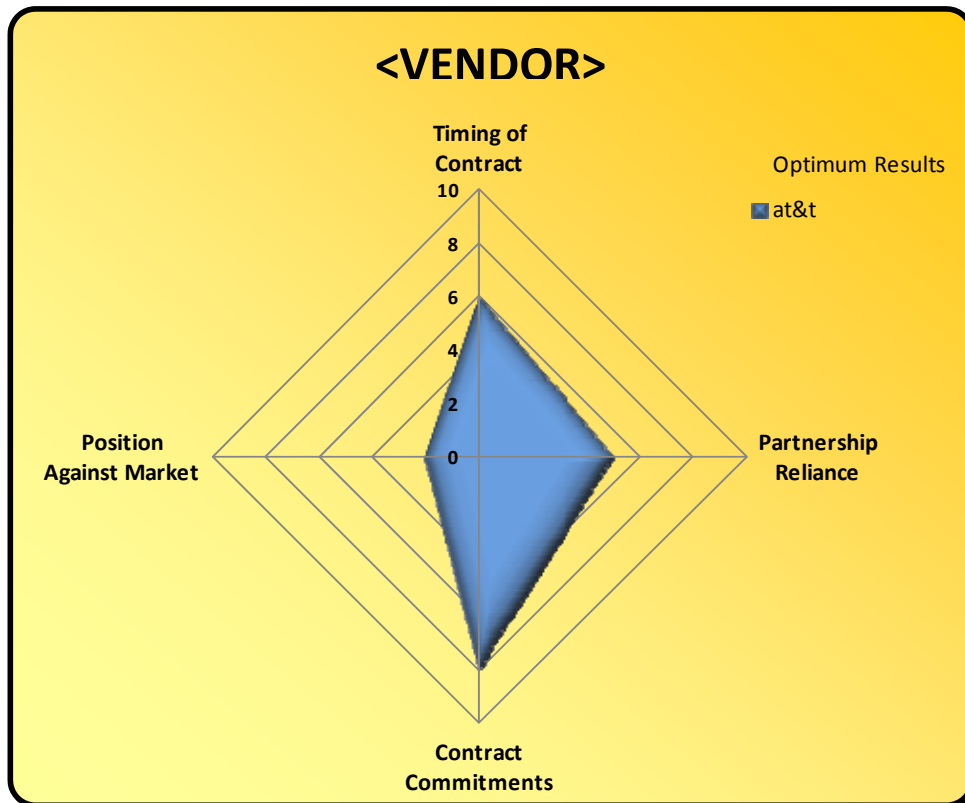
CONTRACT CREDIT STATUS:

A service provider may hold leverage as well! Contract credits around the time of a customer desired negotiation can become a hostage or become the potential reason for refused or delayed negotiations. Credits whether already disbursed or yet to be recognized must be accounted for and weighed in the construct of contract leverage. Disbursed credits already recognized within a contract cycle have to be considered as rate influencers at the time the contract was initially negotiated and must be accounted for in the analysis of current market opportunities. Credits, while not reflected in rates and pricing, certainly impact a service provider’s profit margins. As well, any yet to be recognized credits have to be measured against new opportunities presented by the market. New market rates uncovered from benchmark data may offer potential choices whether to await credits, seek new rates that might overwhelm the impact of current credits or offer a third option for incorporating new rates and even new credits.

Contract credit status is a checkmark indicating the possible presence of extenuating factors that may influence the build of negotiating leverage. Contract credits long since paid have little to no influence over the contracting party’s leverage, while credits recently paid or to be paid at some point in the future may partially impact or even remove any and all contract leverage the customer was hoping to accumulate.

<CLIENT> CURRENT STATE CONTRACT LEVERAGE

<VENDOR> SERVICE AGREEMENT



The <VENDOR> contract struck in <DATE> and amended in <DATE> was originally a nine year contract that was extended during the most recent negotiation by two years and six months. Now scheduled to conclude on <DATE>, the contract has featured annual revenue commitments expressed in gross dollars ranging from **\$19,000,000** during the first nine years to today's **\$10,800,000** for years' ten, eleven and the prorated portion, **\$5,400,000** for the remaining six months of this contract. Commonly referred to as a Minimum Annual Revenue Commitment (MARC) <CLIENT> will have satisfied **12** separate annual revenue commitments when this contract concludes in January of 2011.

As of the writing of this report <CLIENT> has just **20** months remaining under this contract consuming services at a rate approximately **30% greater** than the annual contracted commitment of **\$10,800,000**. At this rate of consumption relative to MARC, the current contract will actually run its course in November of 2010, two months earlier than the published January 2011 contract close date.

Analyzing these contract conditions MacBeth Williams' concludes there exists more than sufficient leverage to create qualitative contract changes favoring <CLIENT>. We reach this finding based primarily on three factors; proximity to the contract's expiration, revenue consumption relative to commitment of greater than 30%; and no credits or contract entitlements remaining to be recovered.

Returning to the "spider-graph" above, <CLIENT> has leverage from *contract timing*, as the contract has only 18 to 20 months remaining before the agreement expires. <CLIENT> also has leverage stemming from *contract commitment proximity* as consumption of services well exceeds the MARC. Leverage from *vendor relationship value* or the threats to discontinue the vendor relationship is not a tactic that has been discussed at any length. MacBeth Williams presumes <CLIENT> sees no exclusive value from their relationship that would cede leverage exclusively to <VENDOR>. Finally, the one factor that may swing leverage to a supplier, *contract credit status*, is not an issue as the last round of credits, per the contract, was paid in month 120 of the contract.

In summary, MacBeth Williams finds no contract evidence to preclude <CLIENT> from engaging <VENDOR> or any future supplier in some form of contract negotiations. In fact, with roughly 18 months remaining "Better Practice" would urge negotiations commence shortly to leave all options open including entertaining other suppliers and their proposed solutions.

CURRENT STATE WIRELINE VOICE SERVICES

LONG DISTANCE VOICE SERVICES

For purposes of this analysis MacBeth Williams has used summary data provided <VENDOR>'s voice services. During the month examined for this analysis <CLIENT> consumed an aggregate **1,111,747** minutes of both outbound and inbound calling here in the US and around the world.

In the partial analysis to follow, rates and, if pertinent, associated fees will be examined using the generally accepted local access qualifiers of dedicated access versus switched access. The rates will be further evaluated using the call origination and termination classifications of interstate, intrastate, intraLATA and international calling.

Intrastate and IntraLATA rates and their performance will, for purposes of this study, be represented as a composite rates averaged across all telephone jurisdictions from Fortune 1000 companies with

similar geographic footprints. International rates will only be evaluated from countries where significant traffic to and from has been measured.

Interstate Outbound

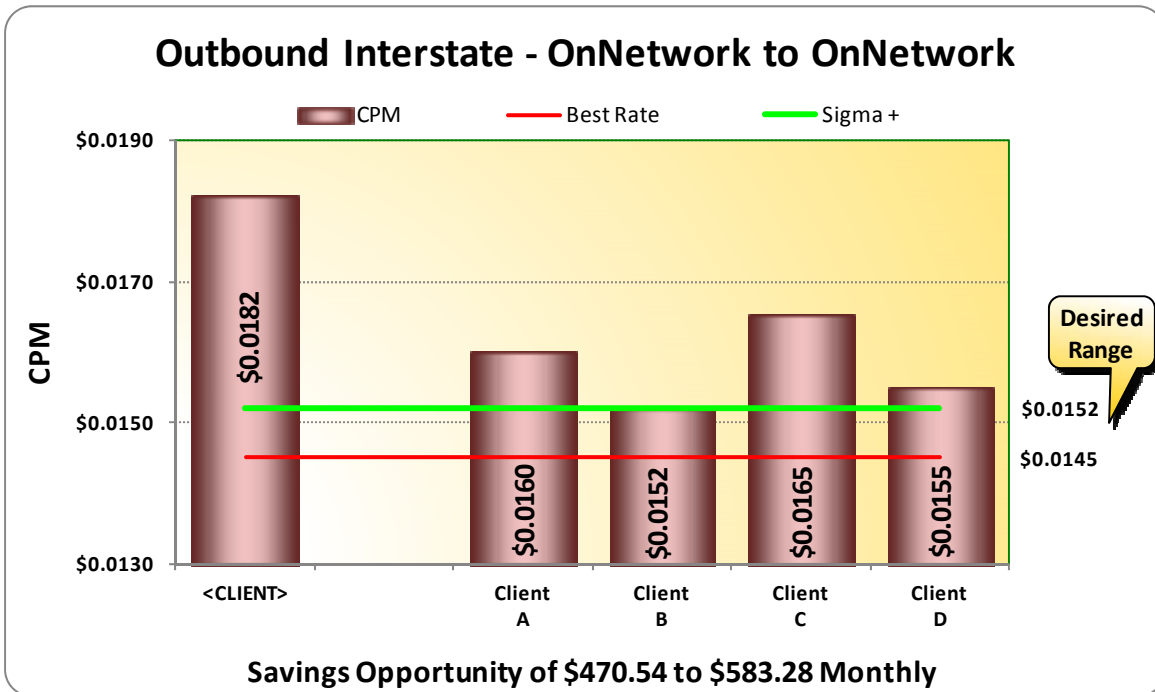


Chart 1: Outbound Interstate (OnNetwork to OnNetwork)

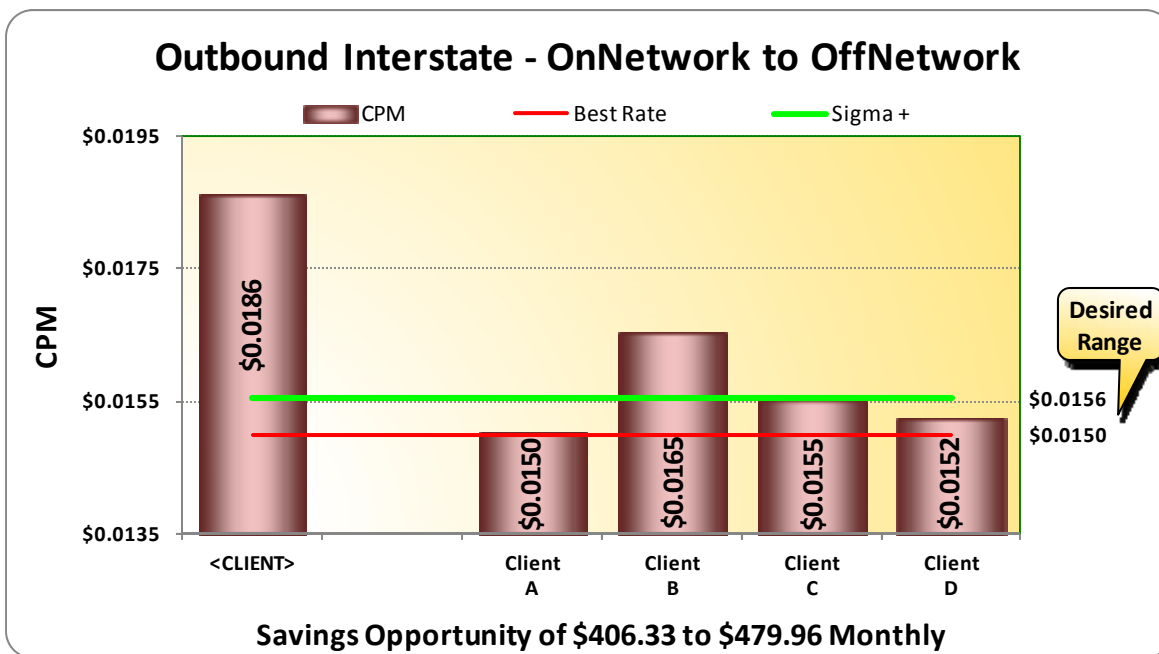


Chart 2: Outbound Interstate (OnNetwork to OffNetwork)

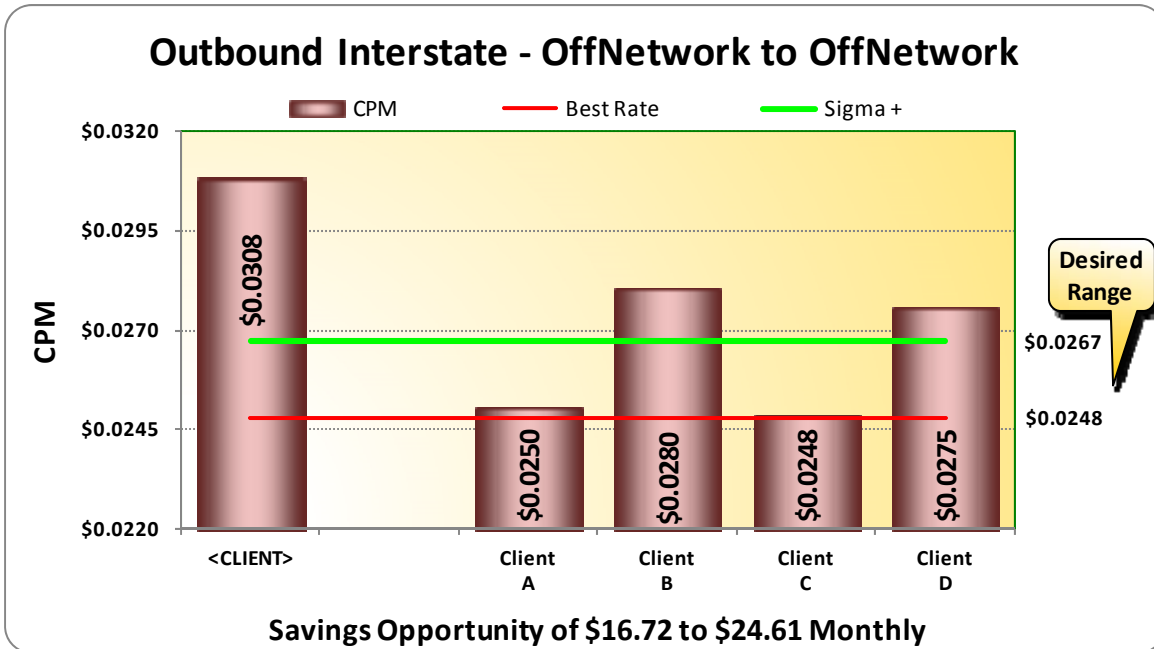


Chart 3: Outbound Interstate (OffNetwork to OffNetwork)

Characterized as calls terminating in states other than the state from which the call originates, the interstate rate is further subdivided by the means of access used to reach a carrier’s network (On-network, On-Network to Off-Network and Off-Network to Off-Network). Reviewing February’s billing data; MacBeth Williams found that <CLIENT> placed **157,642** minutes of “On-Network to On-Network” calls between sites having a dedicated access connection to your internal voice network. MacBeth Williams also found **133,323** minutes were placed over “On-Network to Off-Network” facilities (dedicated access **T1**’s) serving <CLIENT>’ sites to callers outside of your internal voice network. The last finding was for **4,101** minutes placed over “Off-Network to Off Network” facilities (switched access) most commonly found serving small sites to callers served by the public network.

The average cost per minute, as determined from February’s reporting and contract designs for <VENDOR>’s interstate service, was **\$0.0182** for On-Network to On-Network calling, **\$0.0186** for On-Network to Off-Network calling and **\$0.0308** for Off-Network to Off-Network calling.

- The **Best Documented Rate** currently found in the marketplace for an On-Network to On-Network rate from companies of similar contract profile is **\$0.0145**.
- The **Best Documented Rate** currently found in the marketplace for an On-Network to Off-Network rate from companies of similar contract profile is **\$0.0150**.
- The **Best Documented Rate** currently found in the marketplace for an Off-Network to Off-Network rate from companies of similar contract profile is **\$0.0248**.

As represented by these ranges, <CLIENT> could save between **\$10,723 - \$13,054** annually using these Documented Rates.

Intrastate Outbound

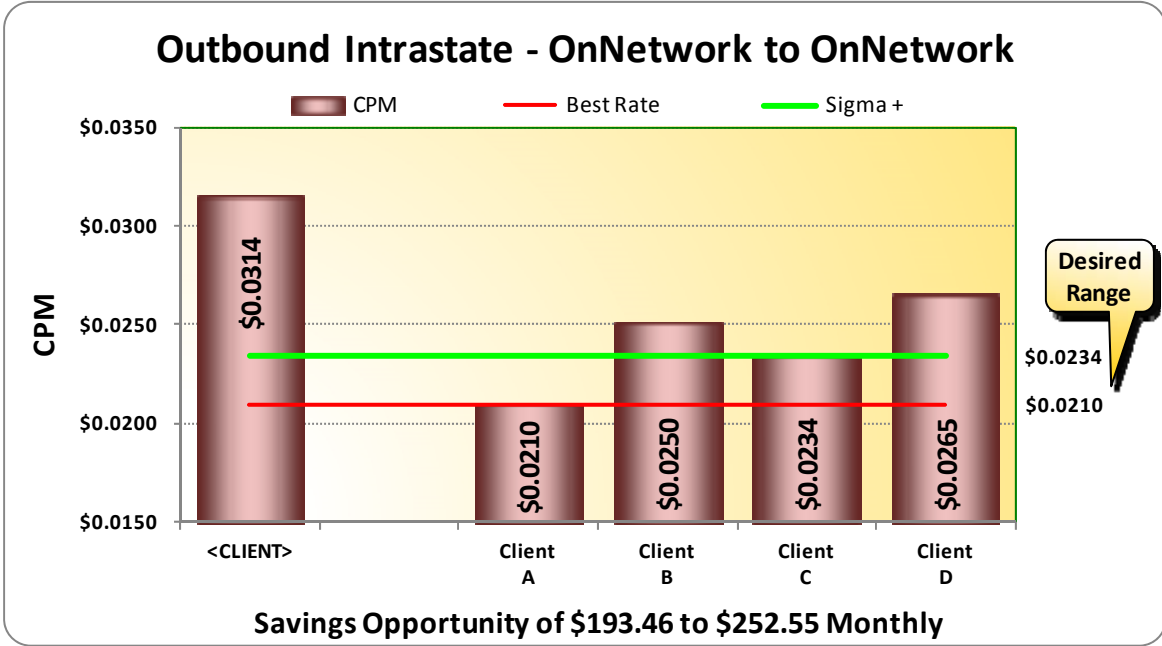


Chart 4: Outbound Intrastate (OnNetwork to OnNetwork)

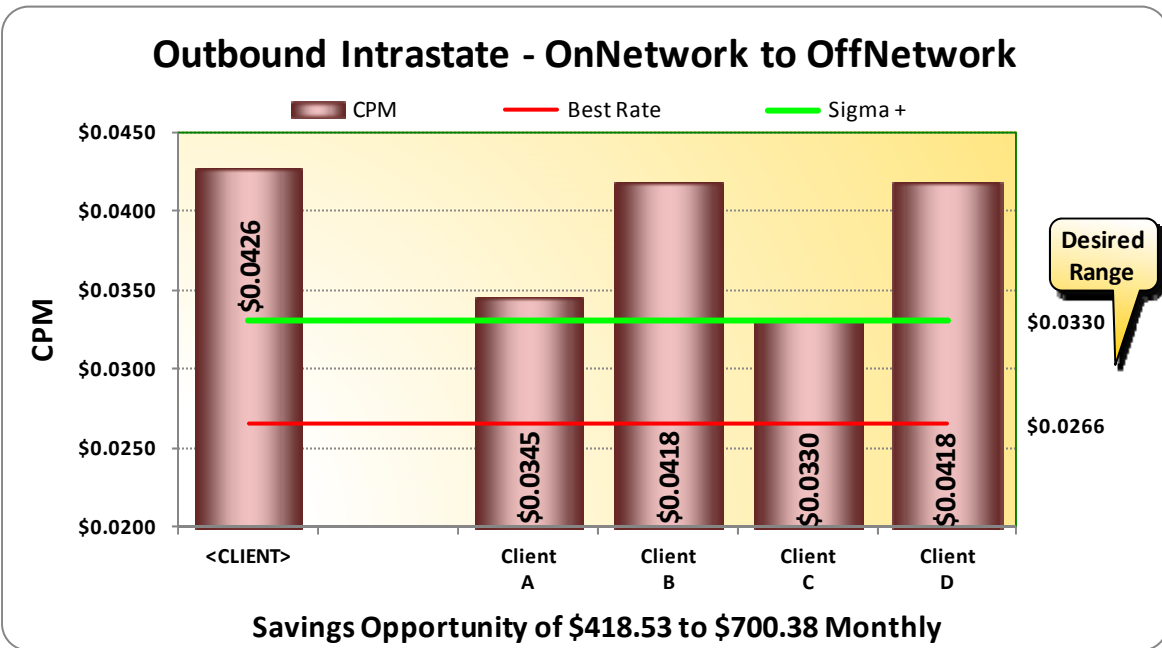


Chart 5: Outbound Intrastate (OnNetwork to OffNetwork)

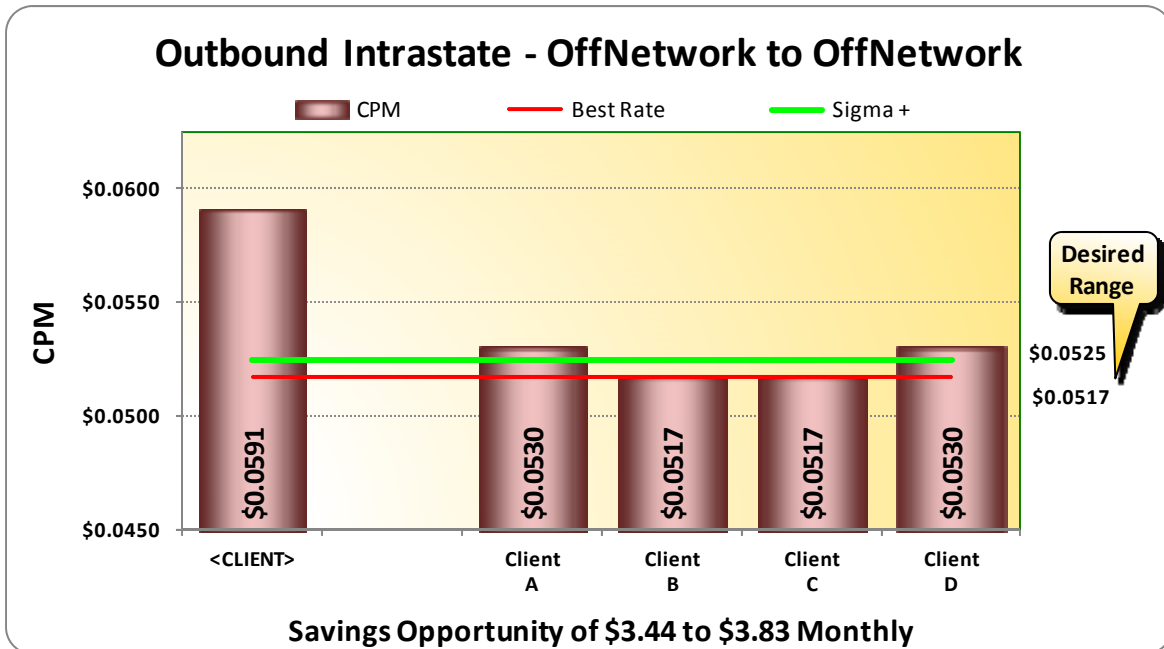


Chart 6: Outbound Intrastate (OffNetwork to OffNetwork)

Depicted as calls terminating within the state of call origination but not within the LATA (Local Access and Transport Area) of call origination, the intrastate call and its rate is also defined by the access to the carrier’s network (On-Network to On-Network, On-Network to Off-Network and Off-Network to Off-Network). As part of our discovery, MacBeth Williams found **24,284** minutes placed between locations served by <VENDOR>’s On-Network to On-Network access services. MacBeth Williams also found **43,774** minutes were consumed from calls placed over <VENDOR>’s On-Network to Off-Network access services. The final finding for intrastate service was for locations served by the Off-Network to Off-Network access services. In those locations **518** minutes were consumed in the measured month.

The average cost per minute, as determined from February’s reporting and averaged across all states where <CLIENT> has a location, was **\$0.0314** for On-Network to On-Network calling, **\$0.0426** for On-Network to Off-Network calling and **\$0.0591** for Off-Network to Off-Network calling.

- The **Best Documented Rate** currently found in the marketplace for an On-Network to On-Network rate from companies of similar contract profile is **\$0.0210**.
- The **Best Documented Rate** currently found in the marketplace for an On-Network to Off-Network rate from companies of similar contract profile is **\$0.0266**.
- The **Best Documented Rate** currently found in the marketplace for an Off-Network to Off-Network rate from companies of similar contract profile is **\$0.0517**.

As represented by these ranges, <CLIENT> could save between **\$7,385 - \$11,481** annually using these Documented Rates.

IntraLATA Outbound

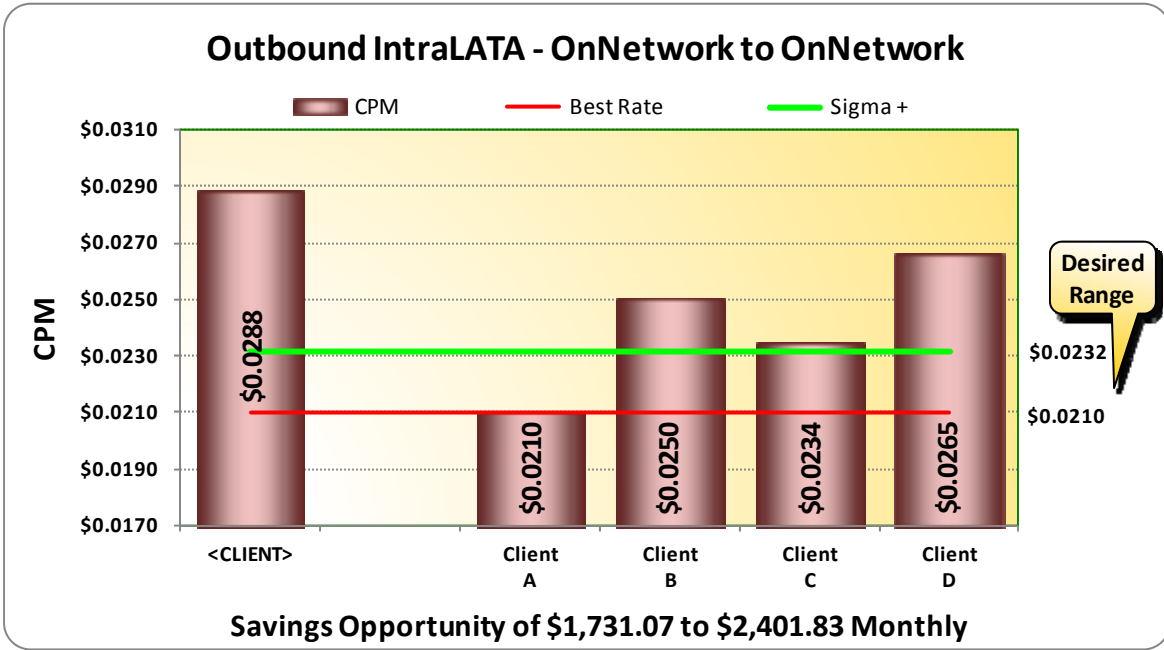


Chart 7: Outbound IntraLATA (OnNetwork to OnNetwork)

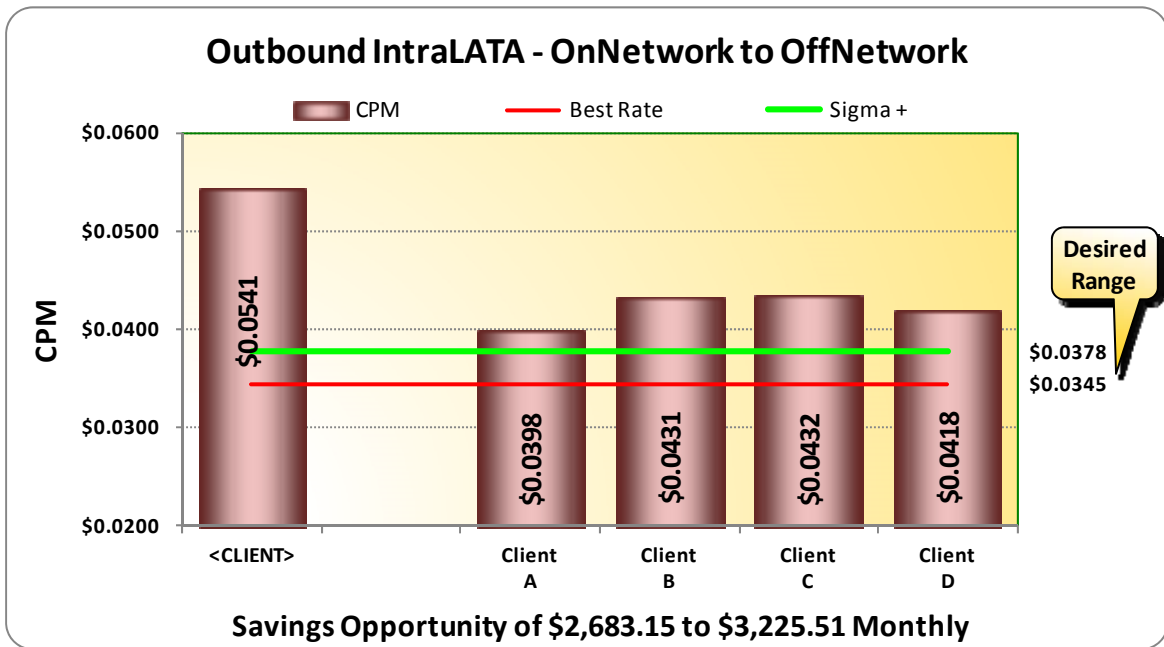


Chart 8: Outbound IntraLATA (OnNetwork to OffNetwork)

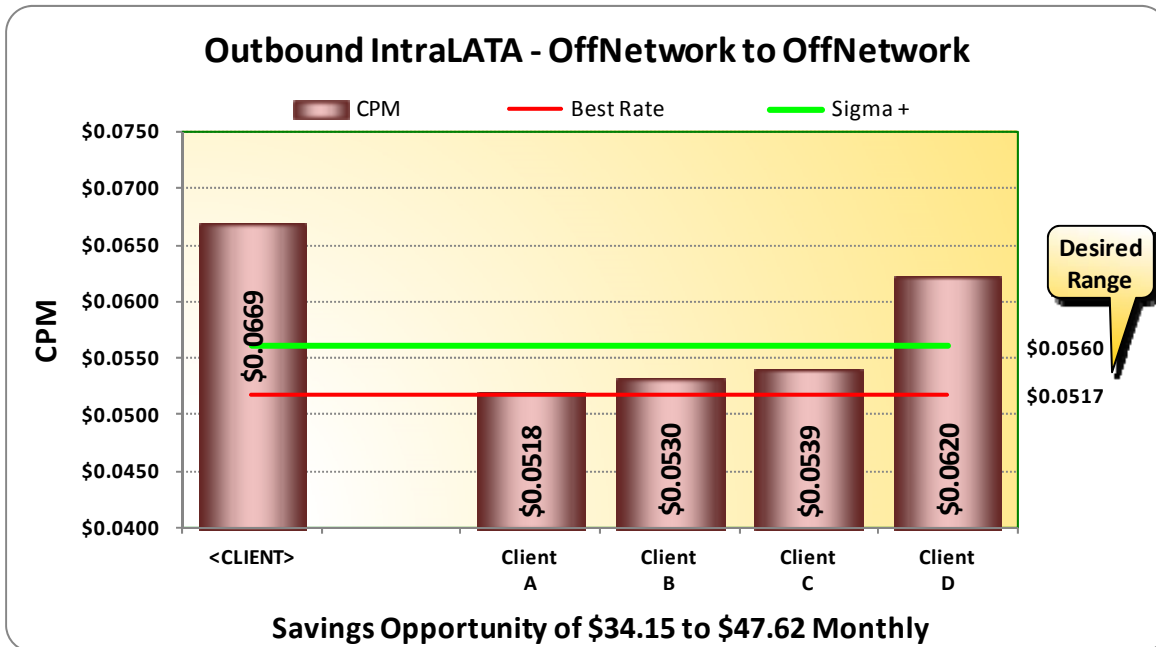


Chart 9: Outbound IntraLATA (OffNetwork to OffNetwork)

Regarded as calls originating and terminating within a Local Access and Transport Area, the intrastate call and its rate is also defined by the access to the carrier’s network (On-Network to On-Network, On-Network to Off-Network and Off-Network to Off-Network). Performing due diligence, MacBeth Williams found **307,927** minutes placed between locations served by the On-Network to On-Network services. MacBeth Williams also found **164,567** minutes were consumed from calls placed using <VENDOR>’s On-Network to Off-Network service. The final finding for intraLATA service was for locations served by the Off-Network to Off-Network access services. In those locations **3,133** minutes were consumed in the measured month.

The average cost per minute, as determined from February’s reporting and averaged across all LATA’s where <CLIENT> has a location, was **\$0.0288** for On-Network to On-Network calling, **\$0.0541** for On-Network to Off-Network calling and **\$0.0669** for Off-Network to Off-Network calling.

- The **Best Documented Rate** currently found in the marketplace for an On-Network to On-Network rate from companies of similar contract profile is **\$0.0210**.
- The **Best Documented Rate** currently found in the marketplace for a On-Network to Off-Network rate from companies of similar contract profile is **\$0.0345**.
- The **Best Documented Rate** currently found in the marketplace for a Off-Network to Off-Network rate from companies of similar contract profile is **\$0.0517**.

As represented by these ranges, <CLIENT> could save between **\$53,380 - \$68,100** annually using these Documented Rates.

Interstate Toll-Free

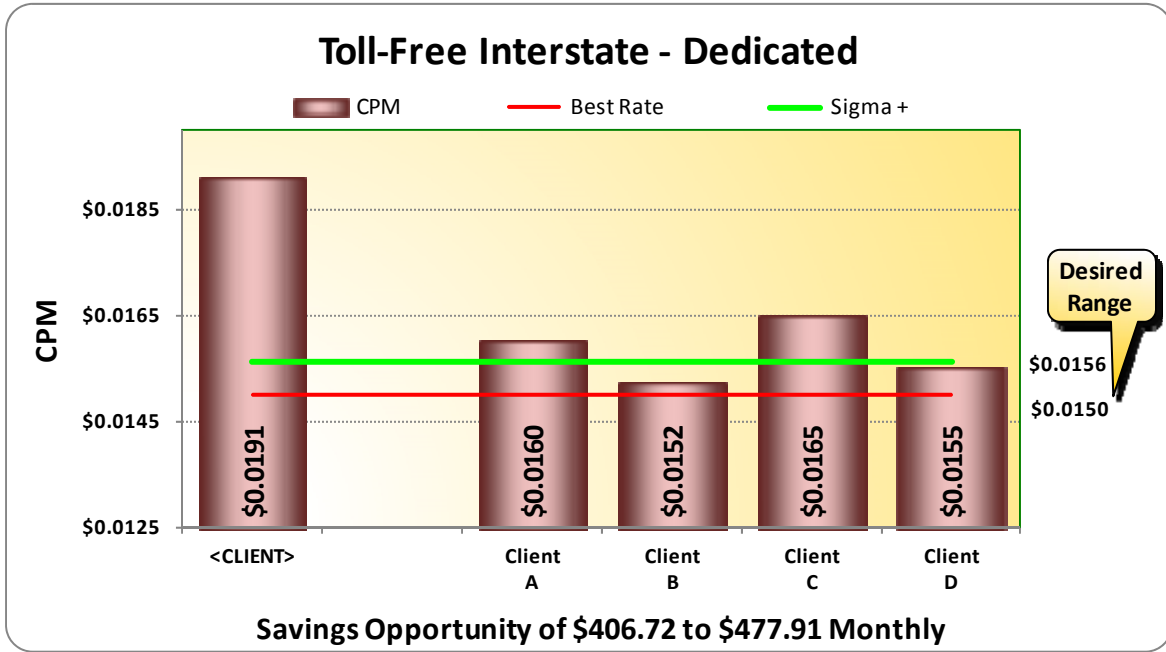


Chart 10: Toll-Free Interstate (Dedicated)

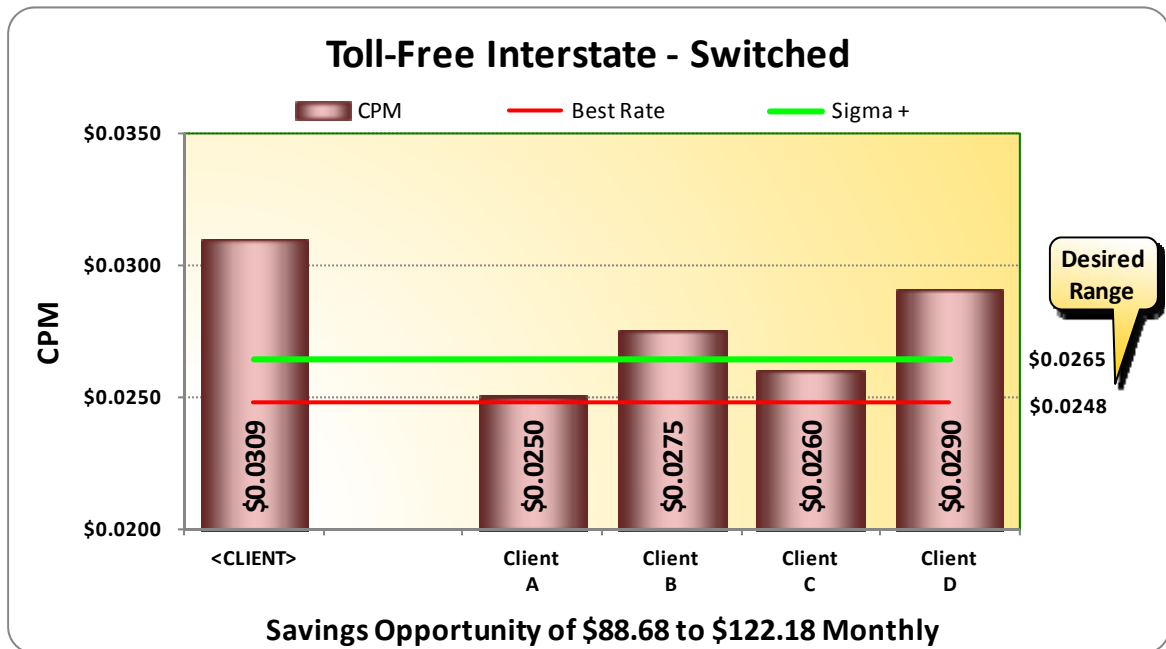


Chart 11: Toll-Free Interstate (Switched)

Characterized as toll-free calls received from states other than the state where the call terminates, the interstate rate, as found with the inbound rate structure, is further defined by the means of access used to reach a carrier’s network (switched versus dedicated). Reviewing February’s report, MacBeth Williams found that <CLIENT> received **116,564** toll-free minutes terminating over dedicated access connections. MacBeth Williams also found **20,030** toll-free minutes were processed over switched access connections.

The average cost per minute, as determined from February’s reporting was **\$0.0191** for toll-free calls completed over dedicated access “trunking” and **\$0.0309** for toll-free calls completed over switched access lines and trunks.

- The **Best Documented Rate** currently found in the marketplace for interstate toll-free dedicated access pricing from companies of similar contract profile is **\$0.0150**.
- The **Best Documented Rate** currently found in the marketplace for interstate toll-free switched access pricing from companies of similar contract profile is **\$0.0248**.

As represented by these ranges, <CLIENT> could save between **\$5,945 - \$7,201** annually using these Documented Rates.

IntraState Toll-Free

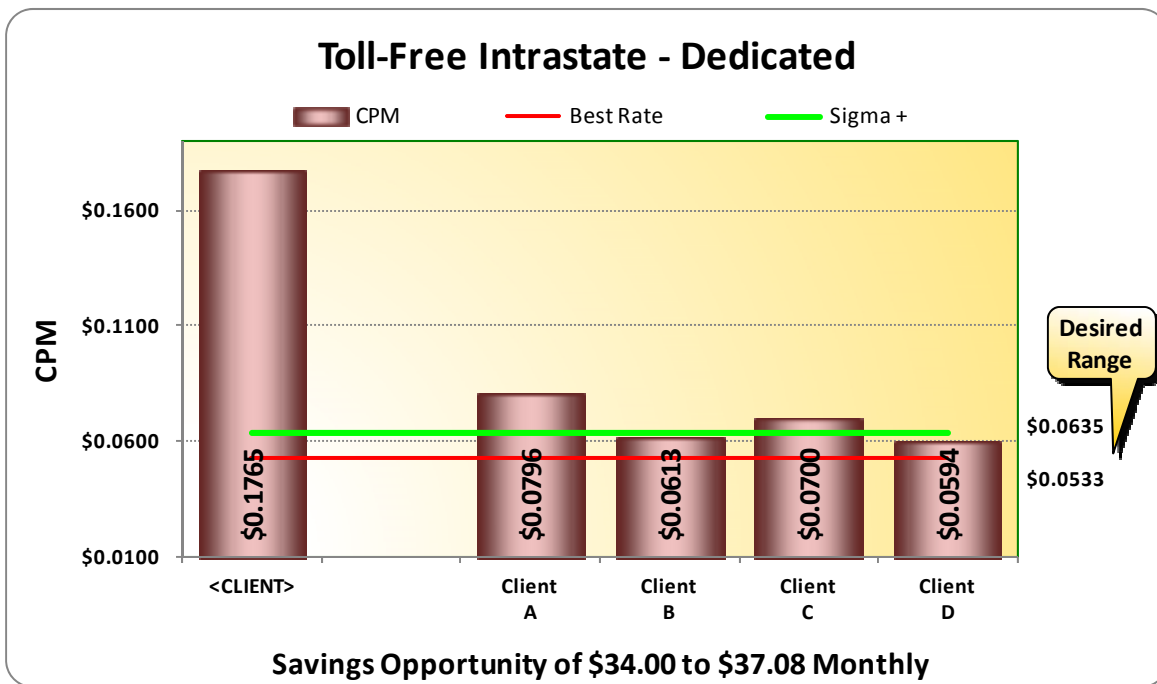


Chart 12: Toll-Free Intrastate (Dedicated)

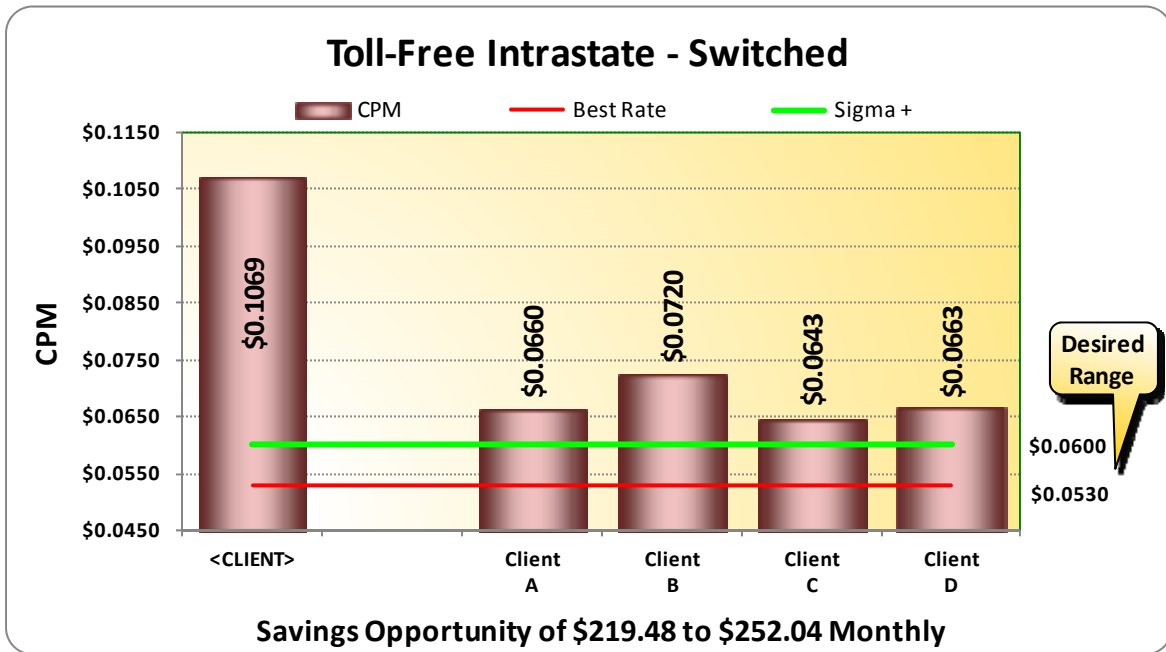


Chart 13: Toll-Free Intrastate (Switched)

Described as toll-free calls originating within the same state as the call termination but not within the same LATA (Local Access and Transport Area) of call termination, the intrastate toll-free call and its rate is also defined by the access to the carrier’s network (dedicated versus switched). MacBeth Williams in the conduct of their analysis found that <CLIENT> received **301** toll-free minutes terminating over dedicated access connections. MacBeth Williams also found **4,676** toll-free minutes were processed over switched access connections.

The average cost per minute, as determined from February’s reporting and averaged across all states where <CLIENT> has a location, was **\$0.1765** for toll-free calls completed over dedicated access trunks and **\$0.1069** for toll-free calls completed over switched access lines and trunks.

- The **Best Documented Rate** currently found in the marketplace for intrastate toll-free dedicated access pricing from companies of similar contract profile is **\$0.0533**
- The **Best Documented Rate** currently found in the marketplace for intrastate toll-free switched access pricing from companies of similar contract profile is **\$0.0530**.

As represented by these ranges, <CLIENT> could save between **\$3,042 - \$3,469** annually using these Documented Rates.

IntraLATA Toll-Free

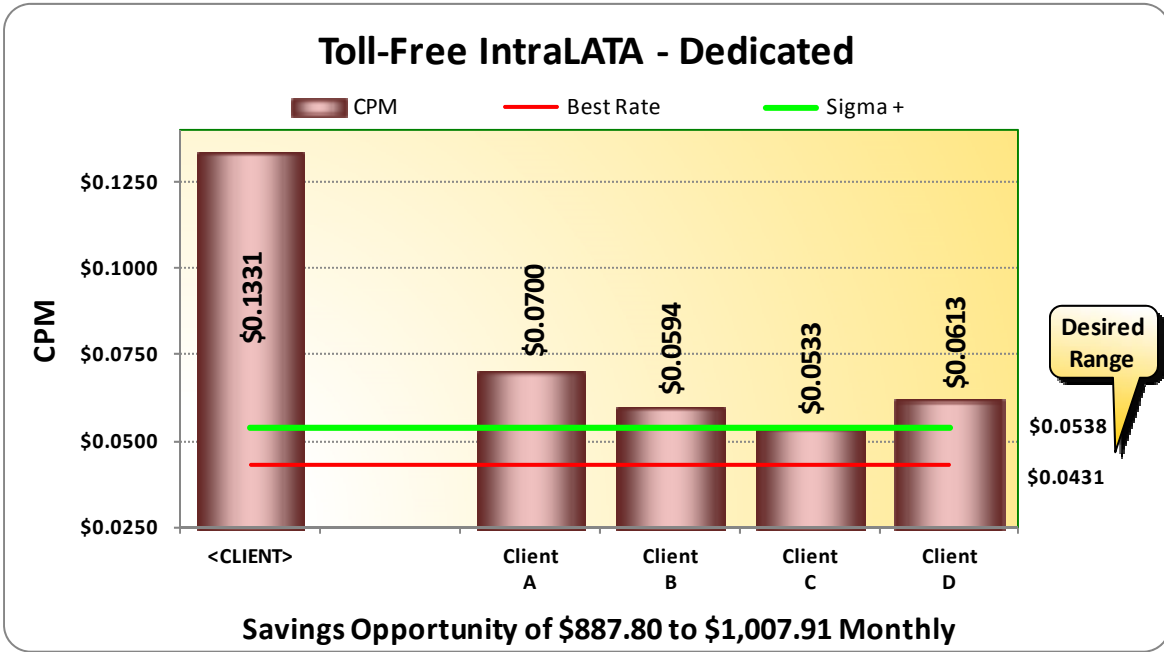


Chart 14: Toll-Free IntraLATA (Dedicated)

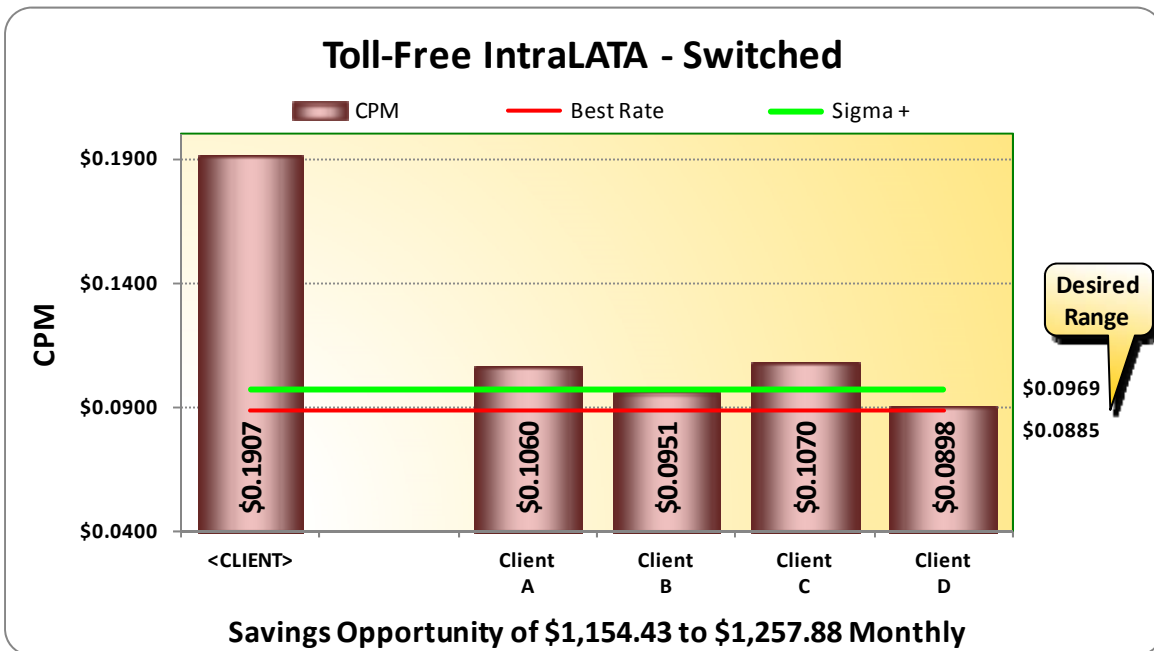


Chart 15: Toll-Free IntraLATA (Switched)

Toll-free calls originating and terminating within the Local Access and Transport Area, the IntraLATA call, is also rate differentiated by its access to the carrier's network (dedicated versus switched). Analyzing February's report MacBeth Williams found that <CLIENT> received **11,199** toll-free minutes terminating over dedicated access connections. MacBeth Williams also found **12,308** toll-free minutes were processed over switched access connections.

The average cost per minute, as determined from February's reporting and averaged across all states where <CLIENT> has a location, was **\$0.1331** for toll-free calls completed over dedicated access trunks and **\$0.1907** for toll-free calls completed over switched access lines and trunks.

- The **Best Documented Rate** currently found in the marketplace for intraLATA toll-free dedicated access pricing from companies of similar contract profile is **\$0.0431**
- The **Best Documented Rate** currently found in the marketplace for intraLATA toll-free switched access pricing from companies of similar contract profile is **\$0.0885**.

As represented by these ranges, <CLIENT> could save between **\$24,507 - \$27,189** annually using these Documented Rates.

Canadian Toll-Free

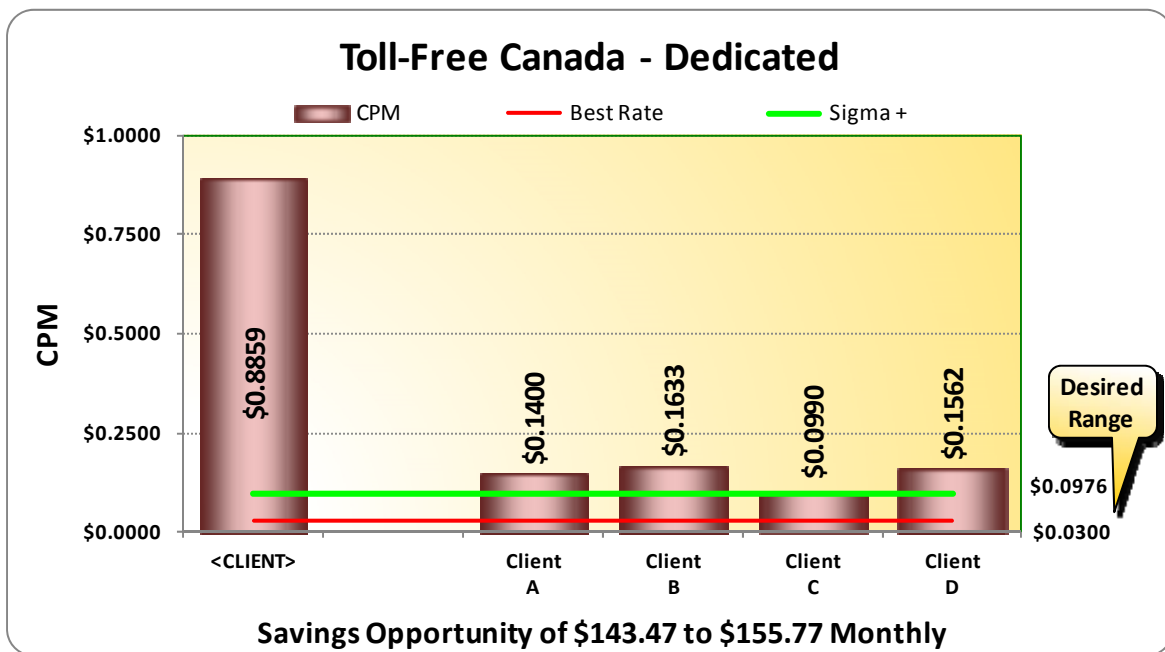


Chart 16: Toll-Free Canada (Dedicated)

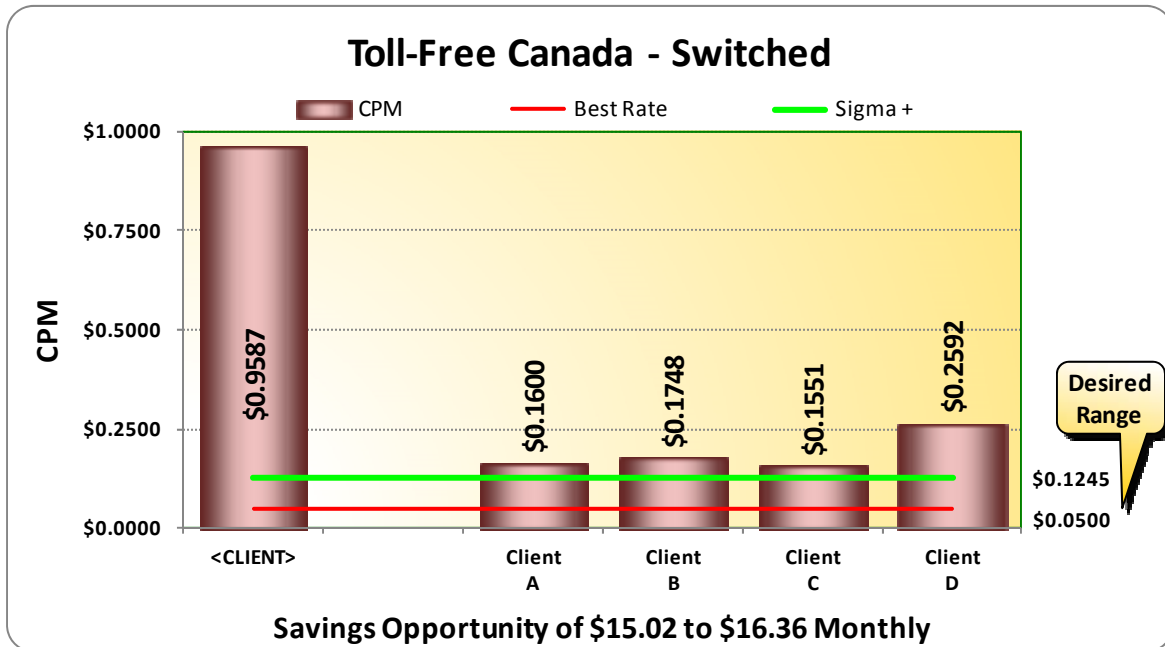


Chart 170: Toll-Free Canada (Switched)

Characterized as toll-free calls originating from Canada and terminating within the United States, these calls with their predecessors are further defined by the type access used to connect with the carrier's network (dedicated versus switched). Analyzing data MacBeth Williams found that <CLIENT> received **182** toll-free minutes terminating over dedicated access connections. MacBeth Williams also found just **18** toll-free minutes were processed over switched access connections.

The average cost per minute, as determined from February's reporting was **\$0.8859** for toll-free calls completed over dedicated access trunks and **\$0.9587** for toll-free calls completed over switched access lines and trunks.

- The **Best Documented Rate** currently found in the marketplace for Canadian toll-free dedicated access calls from companies with a similar contract profile is **\$0.0300**
- The **Best Documented Rate** currently found in the marketplace for Canadian toll-free switched access calls from companies with a similar contract profile is **\$0.0500**

As represented by these ranges, <CLIENT> could save between **\$1,902 - \$2,066** annually using these Documented Rates.

LOCAL T1 ACCESS

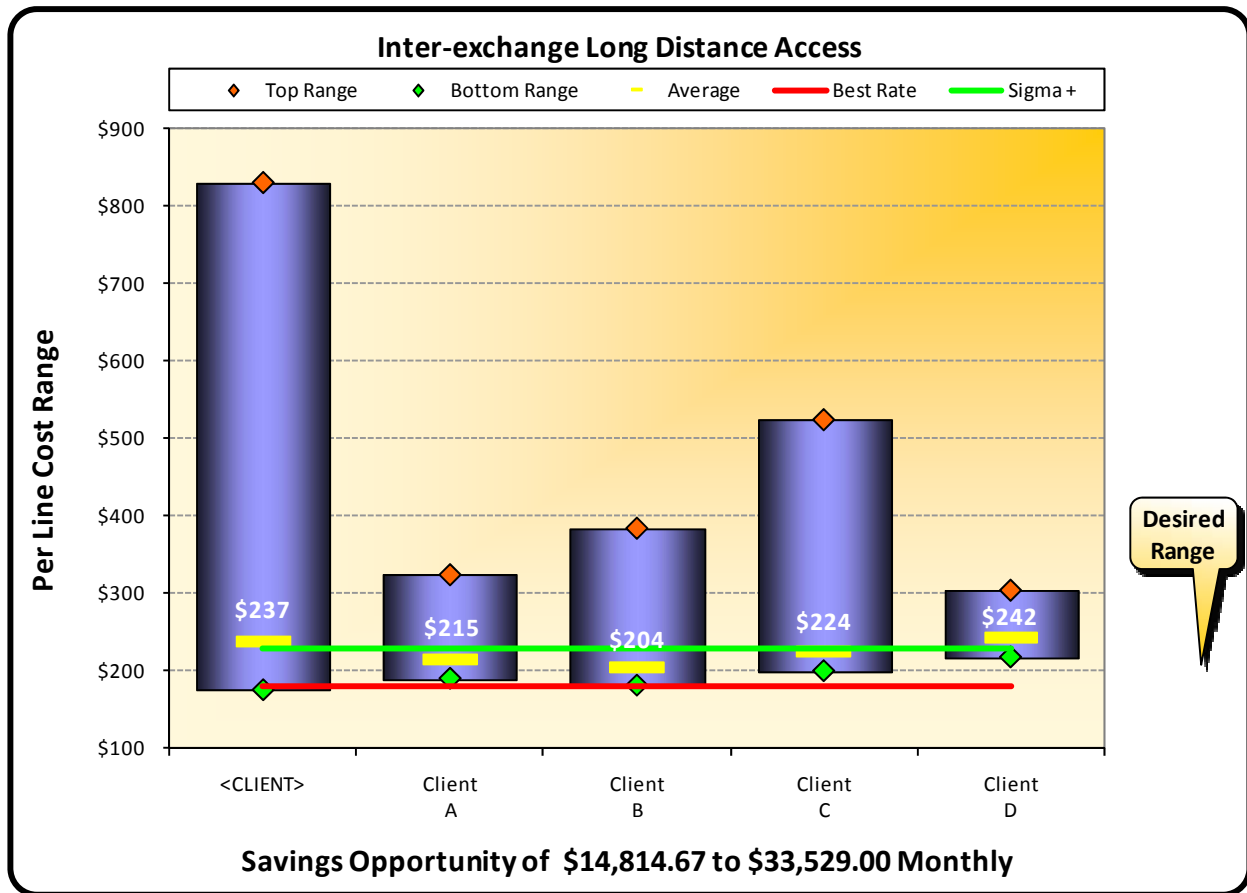


Chart 18: Local T1 Access

Commonly referred to as the “last mile” or the access loop, the access connects the carrier’s Class 5 central office with customer’s telephone switch. <CLIENT> uses Digital T1’s from <VENDOR> configured to transport voice and data, local exchange and inter-exchange over the same local access loop. <CLIENT> has from February’s reporting **576** Digital T1 circuits serving the long distance voice infrastructure.

The circuits, range in price from a high of **\$831** per circuit per month to a low of **\$175** per circuit per month. The average cost over the **576** circuits is **\$237** per circuit per month. The average cost per circuit representing the **Desirable Range** for T1 local access circuits starts at **\$300** and extends to a **Best Documented Rate** of **\$181**.

As represented by these ranges, <CLIENT> could save between **\$81,753 - \$402,348** annually using these Documented Rates.

SUMMARY OF INTRA-CONTRACT SAVINGS POTENTIAL

<i>Service</i>	<i>Location</i>	<i>Monthly Consumption</i>	<i>Current Unit Cost</i>	<i>Unit Price Savings Range</i>	<i>Min. Monthly Savings Potential</i>	<i>Max. Monthly Savings Potential</i>	
Long Distance Voice Services							
		* Minutes	Average Per Minute Rate	Sigma +	Best rate		
Outbound Interstate	<i>OnNetwork to OnNetwork</i>	157,642.00	\$0.0182 per minute	\$0.0152	\$0.0145	\$893.59	\$1,087.84
	<i>OnNetwork to OffNetwork</i>	133,323.00	\$0.0186 per minute	\$0.0156	\$0.0150		
	<i>OffNetwork to OffNetwork</i>	4,101.00	\$0.0308 per minute	\$0.0267	\$0.0248		
Outbound IntraLATA	<i>OnNetwork to OnNetwork</i>	307,927.00	\$0.0288 per minute	\$0.0232	\$0.0210	\$4,448.37	\$5,674.97
	<i>OnNetwork to OffNetwork</i>	164,567.00	\$0.0541 per minute	\$0.0378	\$0.0345		
	<i>OffNetwork to OffNetwork</i>	3,133.00	\$0.0669 per minute	\$0.0560	\$0.0517		
Outbound Intrastate	<i>OnNetwork to OnNetwork</i>	24,284.00	\$0.0314 per minute	\$0.0234	\$0.0210	\$615.43	\$956.77
	<i>OnNetwork to OffNetwork</i>	43,774.00	\$0.0426 per minute	\$0.0330	\$0.0266		
	<i>OffNetwork to OffNetwork</i>	518.00	\$0.0591 per minute	\$0.0525	\$0.0517		
Toll-Free Interstate	<i>Dedicated</i>	116,564.00	\$0.0191 per minute	\$0.0156	\$0.0150	\$495.41	\$600.10
	<i>Switched</i>	20,030.00	\$0.0309 per minute	\$0.0265	\$0.0248		
Toll-Free IntraLATA	<i>Dedicated</i>	11,199.00	\$0.1331 per minute	\$0.0538	\$0.0431	\$2,042.22	\$2,265.79
	<i>Switched</i>	12,308.00	\$0.1907 per minute	\$0.0969	\$0.0885		
Toll-Free Intrastate	<i>Dedicated</i>	301.00	\$0.1765 per minute	\$0.0635	\$0.0533	\$253.48	\$289.12
	<i>Switched</i>	4,676.00	\$0.1069 per minute	\$0.0600	\$0.0530		
Toll-Free Canada	<i>Dedicated</i>	182.00	\$0.8859 per minute	\$0.0976	\$0.0300	\$158.49	\$172.13
	<i>Switched</i>	18.00	\$0.9587 per minute	\$0.1245	\$0.0500		

Monthly LD Voice Services Savings Opportunity Range: \$8,907.00 \$11,046.71

Service Location Monthly Consumption Current Unit Cost Unit Price Savings Range Min. Monthly Savings Potential Max. Monthly Savings Potential

Local T1 Access		Average Per Circuit Rate	Sigma +	Best rate			
Multiple Locations	<VENDOR>	183 T1's	\$175.00	\$229.90	\$181.00	Best Observed Rate	Best Observed Rate
	<VENDOR>	12 T1's	\$208.00	\$229.90	\$181.00	\$0.00	\$324.00
	<VENDOR>	12 T1's	\$210.00	\$229.90	\$181.00	\$0.00	\$348.00
	<VENDOR>	289 T1's	\$241.00	\$229.90	\$181.00	\$3,209.29	\$17,340.00
	<VENDOR>	1 T1's	\$250.00	\$229.90	\$181.00	\$20.10	\$69.00
	<VENDOR>	32 T1's	\$276.00	\$229.90	\$181.00	\$1,475.35	\$3,040.00
	<VENDOR>	1 T1's	\$300.00	\$229.90	\$181.00	\$70.10	\$119.00
	<VENDOR>	1 T1's	\$344.00	\$229.90	\$181.00	\$114.10	\$163.00
	<VENDOR>	26 T1's	\$368.00	\$229.90	\$181.00	\$3,590.72	\$4,862.00
	<VENDOR>	6 T1's	\$403.00	\$229.90	\$181.00	\$1,038.63	\$1,332.00
	<VENDOR>	1 T1's	\$525.00	\$229.90	\$181.00	\$295.10	\$344.00
	<VENDOR>	1 T1's	\$542.00	\$229.90	\$181.00	\$312.10	\$361.00
	<VENDOR>	2 T1's	\$571.00	\$229.90	\$181.00	\$682.21	\$780.00
	<VENDOR>	1 T1's	\$584.00	\$229.90	\$181.00	\$354.10	\$403.00
	<VENDOR>	2 T1's	\$585.00	\$229.90	\$181.00	\$710.21	\$808.00
	<VENDOR>	1 T1's	\$617.00	\$229.90	\$181.00	\$387.10	\$436.00
	<VENDOR>	1 T1's	\$630.00	\$229.90	\$181.00	\$400.10	\$449.00
	<VENDOR>	1 T1's	\$710.00	\$229.90	\$181.00	\$480.10	\$529.00
	<VENDOR>	1 T1's	\$722.00	\$229.90	\$181.00	\$492.10	\$541.00
	<VENDOR>	1 T1's	\$812.00	\$229.90	\$181.00	\$582.10	\$631.00
<VENDOR>	1 T1's	\$831.00	\$229.90	\$181.00	\$601.10	\$650.00	

Monthly Local Access Services Savings Opportunity Range: \$14,814.67 \$33,529.00

Monthly Savings Opportunity Range: \$23,721.67 \$44,575.71

CURRENT CONTRACT POTENTIALS

CONTRACT SAVINGS OPPORTUNITIES DUE TO MARKET CONDITIONS

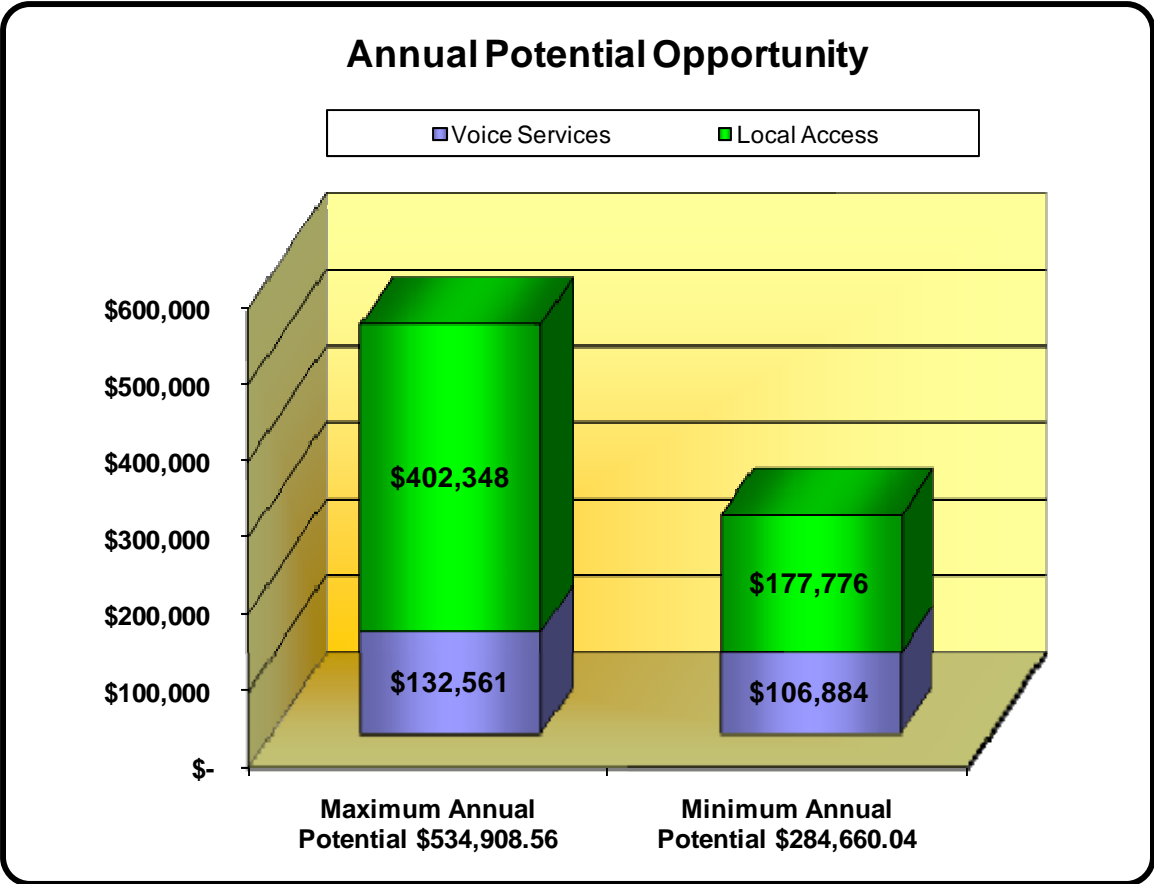


Chart 19: Annual Potential Opportunity

The intra-contract *potential* savings from the above table breaks down as follows:

- ◆ Voice services providing potential savings between **\$106,884 - \$177,776** annually.
- ◆ Local Access services providing potential between **\$132,561 - \$402,348** annually.

Please read forward for the steps describing the process to secure these savings opportunities.

BUSINESS CASE FUNDAMENTALS

PROJECT DESCRIPTION

This *Benchmark Business Case* is a prelude to a project designed to uncover opportunities, primarily savings, through analysis of market changes affecting telecommunication services. Analyzing <CLIENT>' current rate and contract structure this project would compare those data points with other Fortune 1000 companies with similar service infrastructures. Rate and contract deviations resulting from the analysis would be measured for the potential positive and even negative impact on <CLIENT>. Opportunities of merit would be revealed and documented with a strategy designed to secure the recommendations.

CURRENT STATE

<CLIENT> is in month **120** of an <VENDOR> contract set to expire 18 to 20 months from today. Rates as examined through this process indicate that <CLIENT> pays a premium of as much as **25%** for the select services examined under this exercise.

Discussions indicate that contract commitments are being met with room to spare, enabling the continuing build of contract leverage in <CLIENT> favor. Coupled with the contract's proximity to its conclusion and no outstanding credits yet to collect, <CLIENT> holds a considerable amount of negotiating leverage at this point.

FUTURE STATE

MacBeth Williams foresees a time in the near future when <CLIENT> holds constant leverage with <VENDOR> and armed with market knowledge makes subtle and in some cases substantial adjustments to the rates paid to the supplier. The contract relationship at that point becomes more equitable between the customer and supplier as the customer places emphasis on constant contract performance and the supplier trades relationship stability for their acquiesces. Executing this strategy <CLIENT> will enjoy savings both "**inter-contract**" and now "**intra-contract**" as contract amendments containing rate improvements are brought to the supplier when market conditions indicate.

PROJECT IMPLICATIONS

This *Benchmark Business Case* examined <CLIENT> voice services and local access pricing. The data provided indicated a monthly spend of **\$176,999.40**.

The findings as represented in the *Benchmark Business Case* indicate with appropriate leverage <CLIENT> could realize as much as **\$44,575.71** in monthly savings by securing the Best Rate as demonstrated in each of the service categories. Annualized that savings would equal a reasonably significant **\$534,908.52** on a total spend of only **\$2,123,992.80** a figure representing less than **24 %** of <CLIENT> total annual spend with <VENDOR> for voice and data services.

PROJECT RECOMMENDATIONS

MacBeth Williams believes <CLIENT> has an immediate opportunity for contract rate improvements leading to significant savings. Negotiating leverage as illustrated within this report strongly favors <CLIENT>.

MacBeth Williams believes a *Predictive Rate Option or PRO-RFP* would be the recommended course of action for <CLIENT> rather than a *Contract Opportunity Assessment*. The compelling nature of the findings indicated here within the *Benchmark Business Case* point to a clear opportunity for contract improvement and savings. While the *Contract Opportunity Assessment* would add clarity to the entire savings potential time would be lost pursuing the assessment when in fact securing new targeted rates using the *PRO-RFP* would serve the same outcome and secure savings much quicker. Additionally, the cost and value associated with the preparation of a *Contract Opportunity Assessment* would be lost as the *PRO-RFP* would change the rate baseline for <CLIENT> with the securing of a new contract.

MacBeth Williams would like to take this opportunity to thank <CLIENT> for their interest in our *Contract Management Lifecycle Strategy* and we look forward to serving you as trusted partner in the future. We also hope to interest you and <CLIENT> in maintaining these gains by introducing our *Annual Market & Rate Review* which continues the process of analyzing contract savings opportunities from our ongoing study of the ever changing market for these services.