

Business Intelligence Modeling: Financial Impacts

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Today's Presenter



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Where Do We Sit Today.....

- Pressures Are Being Felt
 - Declining Revenues / Increased Expenses
 - Smaller Margins
 - Increased Competition
 - Increased Regulations
 - Staffing
 - Technology Changes
 - Cyber Threats

Where Do We Sit Today.....

- Build Out Obligations – Milestones
 - Funding Requirements
 - Speed Commitments
 - Impact of Missing Obligations
 - CAF II / RDOF / E-ACAM
 - Performance Testing

Where Do We Sit Today.....

- Mapping Obligations
 - Reporting – Broadband Data Collections “BDC”
 - Accuracy of Mapping
 - Basis for Funding
 - Costly – Time Consuming

What Should we be Doing?

Operational and Financial Risks

Operational Risks - Efficiency and Cost Management

- Cost Control and Reduction Strategies
 - Techniques
 - Identify Inefficiencies
 - Streamline Operations
 - Process Automation
 - Strategic Partnerships and Outsourcing

Operational Risks - Efficiency and Cost Management

- Leveraging Technology for Efficiency
 - Advanced Technologies
 - Customer Experience
- Sustainability Practices
 - Cost Savings
 - Corporate Responsibility

Operational Risks - Efficiency and Cost Management

- Construction Based Risks
 - Delays in Delivery
 - Developing features and services that set the ISP apart
 - Vendor Miscommunications
 - Tailoring services to meet specific customer needs
 - Supply and Demand

Financial Risks – Forecasting / Modeling

- Hidden Costs
 - Maintenance
 - Compliance - Regulatory
 - Interest Rates – Debt Variables
 - Identify Inefficiencies
 - Streamline Operations
 - Process Automation
 - Strategic Partnerships and Outsourcing

Financial Risks - Forecasting / Modeling

- When and Why Should Forecasts be Completed?
 - Annually – Extension of the Budget
 - Use approved budget as the base
 - Forecast out either 3 or 5 years using:
 - Historical, industry, economic trends
 - Capital outlay plan for capital expenditures
 - Help determine long-term rates, cash flow, margins and any needed debt
 - Impact of Regulatory Changes
 - Reduction of Support Funding / USF

Financial Risks - Forecasting / Modeling

- When and Why Should Forecasts be Completed?
 - Before rolling out new services
 - Forecast as a stand-alone operation
 - Determine rates to price new services
 - Operating costs related to service
 - Capital expenditures required
 - Additional staff needed
 - Determine overall feasibility of new service or venture
 - Determine impact to overall company financials
 - Can highlight any gotchas that may have been missed!

Financial Risks - Forecasting / Modeling

- Overall
 - Provides a tool to examine operations to determine if your company is operating as efficiently as possible.
 - The process of dissecting the financials at the department level that will reflect which services are profitable and which services are too costly to offer and require a price adjustment
 - Can highlight areas that may be overlooked

Business Modeling = KPIs

- Financial KPIs
- Operational KPIs
- Network KPIs
- Customer Experience / Marketing KPIs



Financial Metrics & KPIs

■ Key Performance Indicators (KPIs)

- Average Revenue Per User (ARPU)
- Equity Ratio
- Return on Investment (ROI)
- Operating Revenue / Subscriber
- Operating Expense / Subscriber
- Operating Margin
- Current Ratio
- Churn Rate
- Customer Acquisition Cost (CAC)

*These are your typical
– “Go To” KPIs –
Right?*

Financial Metrics & KPIs

Others

- Operating Cash Flow (OCF)
- Quick Ratio
- Budget Variance Rate (BVR)

Why Are These Important?

If you have Debt:

- Debt Service Coverage Ratio – DSCR
- Modified Debt Service Coverage Ratio – MDSCR
- Times Interest Earned Ratio – TIER

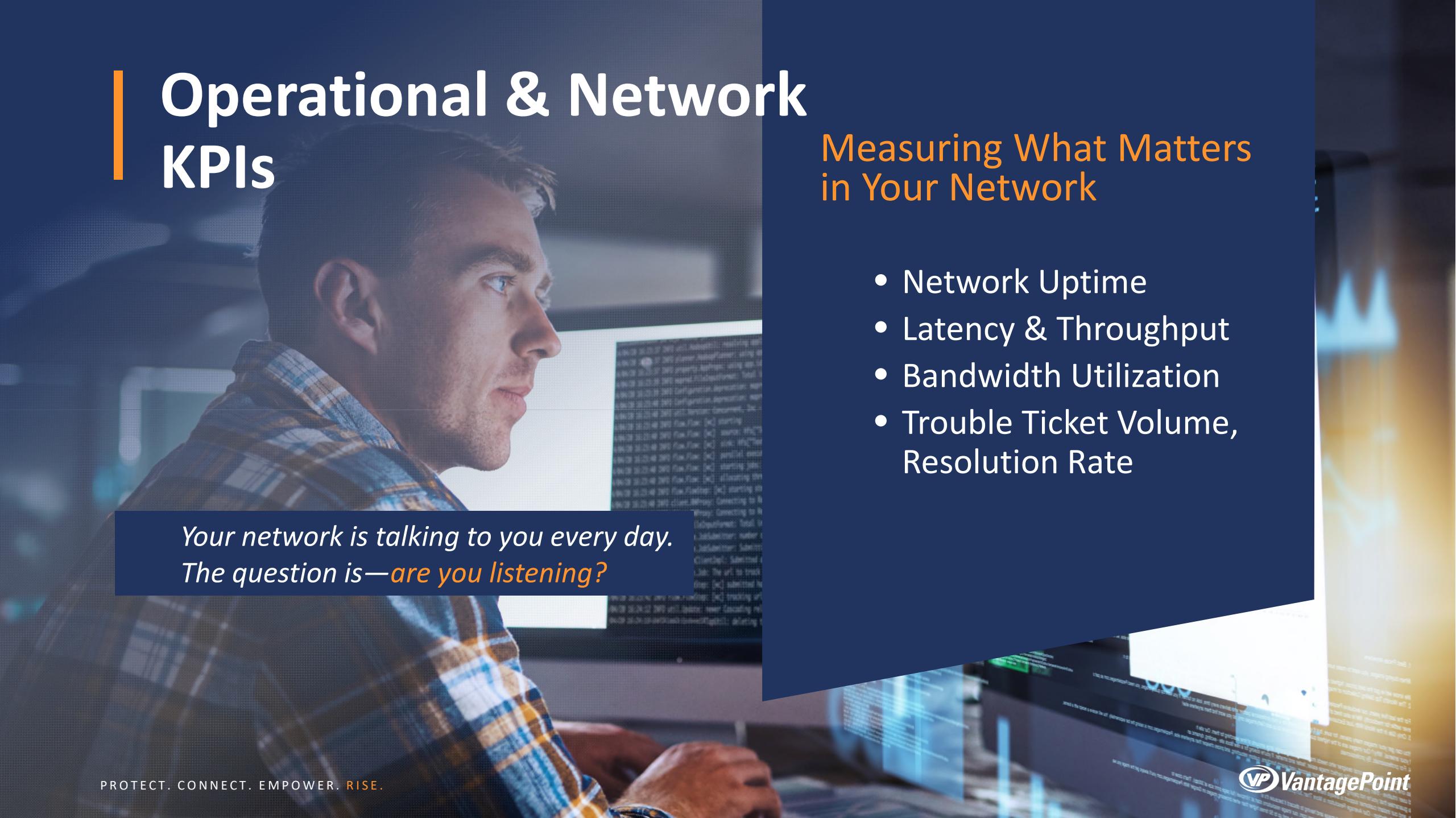
Financial Metrics & KPIs

Impact on Profitability and Growth

- How these metrics directly affect the bottom line
- KPIs connect the departments together
- Strategies to improve each KPI

*Financials – One of the
Driving Forces of Overall
Company Success!*

Operational & Network KPIs



*Your network is talking to you every day.
The question is—**are you listening?***

Measuring What Matters in Your Network

- Network Uptime
- Latency & Throughput
- Bandwidth Utilization
- Trouble Ticket Volume, Resolution Rate

Operational & Technical KPIs

- Security is no longer optional – it's imperative
 - Mean Time to Detect
 - Mean Time to Resolve
 - Patch Compliance
 - Threat Detection Rate

*More than IT metrics.
Trust metrics.*

When your network is healthy, your business is resilient.

What network KPIs do I review today?

Which KPIs get shared with my board?

Am I measuring what matters, or what is easy to track?



Customer Experience & Marketing KPIs

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"The bad news is, our customers hate us. The good news is, we have a lot fewer customers than we used to!"

Are all KPIs Created Equal?

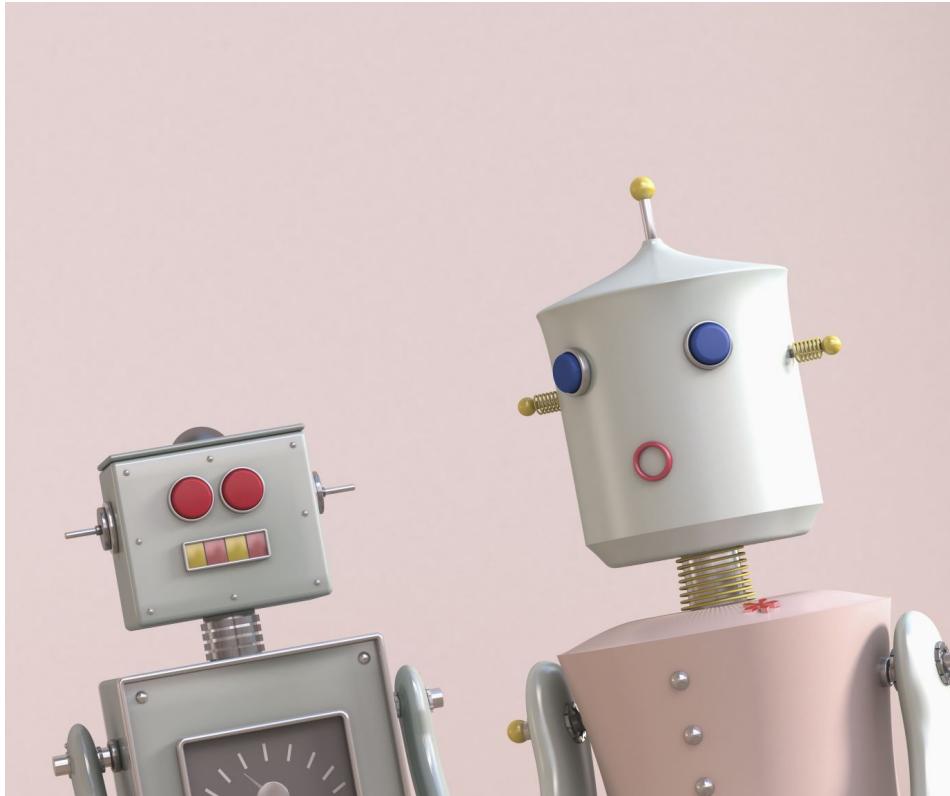


THIS IS
FINE

Strategic vs. Optimization KPIs

Strategic (Boardroom-Worthy)	Optimization (Execution-Focused)
Take Rate	Email Open Rate
Customer Lifetime Value (CLV)	Click-Through Rate (CTR)
Customer Acquisition Cost (CAC)	A/B Test Results
Brand Awareness	Social Media Engagement
Net Promoter Score (NPS)	Website Bounce Rate & Performance
Average Revenue Per User (ARPU)	Conversion Rate
Churn Rate	SEO Value

Robot KPIs vs Human KPIs



**Robots tell you what happened.
Humans tell you why it mattered.**

Which marketing KPIs do we track regularly?

Which have we never asked about?

Who owns these KPIs, and are they empowered to act on them?





Why Focus on KPIs?

- Allows you to be proactive
- Keeps company in line with overall strategic priorities
- Take Time to Focus
 - Current Operations and Existing Processes
 - Growth Strategies
 - Current Competition
 - Industry Shifts
 - Staff Satisfaction – Retention – Succession

Identify the Fault Lines!

- Shift to Being ProActive vs. ReActive
 - Team will be better prepared for market shifts
 - Better financial planning
 - Better flexibility and adaptability

Identify the Fault Lines!

- Dedicate Time to Focus on Strategic Planning
 - Set Ground Rules on Expectations
 - Laptop / Emails Shut Down
 - Allow Break Times to Address Urgent Issues
 - Engage Open Discussion
 - No Idea is a Dumb Idea

Identify the Fault Lines!

- Focus on Current Operations

- CapEx Strategies
 - Regulatory Impacts
 - Market Take Rates
 - Trends and Market Shifts
 - Other Items???

Growth Opportunities

Focus - Growth

- Focus on Where You Are – Where You Have Been
- Run Historical Trend on Take Rates – Go Back 5 Years
 - Where has the shift been?
 - Are customers in most profitable offering?
 - Are you maximizing customer packages?
 - What is causing churn?

Revenue Growth

- Organic vs. Inorganic Growth
 - Pros and cons of organic growth vs mergers and acquisitions
- Expanding into New Markets
 - Identifying and evaluating new geographic and demographic markets
- Cross-Selling and Upselling
 - Strategies to increase revenue from existing customers

Revenue Growth

- Enhancing Customer Experience
 - Personalizing services and improving customer support
- Data-Driven Decision Making
 - Using customer data to drive strategic decisions and improve services
- New Products and Services
 - Developing and launching new services to stay competitive
- Future-Proofing Networks
 - Investing in future technologies such as fiber and beyond

Take Aways

Take Aways

- What are your strategic goals?
 - Be realistic in setting goals.
- Select KPI's to measure achievement of goals
- Use performance history as basis and available resources
- Assign ownership of KPIs to specific departments (not just accounting!)
- Review KPIs regularly
- Adjust as priorities change and opportunities present themselves

Wrap Up and Q&A



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Thank You