

THE GENDREAU GROUP REVENUE STRATEGISTS

Delivering revenues, not just strategies, to companies worldwide since 1989.



We are **REVENUE STRATEGISTS**.

We help clients maximize revenues and increase the value of their businesses.

We specialize in:

- Partner and channel strategies that maximize revenues and reach
- Finding untapped revenues by repurposing existing products and technologies
- Revenue Strategies to help clients prepare for merger, sale, or acquisitions

Our clients are high tech and services firms located in the US and abroad.

We have been in business since 1989.

We are located in the San Diego area.

Strategic Analysis Aided Investor Team Decisions

Key investors Bechtel, GE Capital and Nortel wanted its German investment, STAR 21, to be able to increase market penetration while simultaneously cutting operational and network infrastructure costs. Senior management at STAR 21 had reason to believe this might be possible using unlicensed spectrum and 802.11-based or other new generation fixed wireless access (FWA) technologies. To achieve investor approvals, however, this team would have to demonstrate that any new technology deployed would (1) support delivery of highly reliable business grade services, (2) be implementable within six to nine months, and (3) result in products that would achieve financial breakeven in less than two years.

First Step: Market scan and industry research. To determine if and how STAR 21 might achieve its objective, The Gendreau Group provided strategic market research to answer critical questions, such as:

- What was driving interest in 802.11 wireless LAN (WLAN) and high speed data connectivity?
- Were the touted benefits of 802.11 hype or reality...and for whom?
- What new business models and revenue opportunities might new generation FWA technologies offer STAR 21 and its customer base?
- How much additional market share could the company acquire using new-generation technologies – and at what cost? What might this market share be worth?
- How would the benefits and capabilities of 802.11-based technologies compare with the company's existing capabilities or with other new FWA technologies?
- What specific technical, economic, and regulatory challenges would be associated with deploying any of these new technologies in Germany, and could STAR 21 overcome these challenges?
- How might opportunities for deploying these technologies vary by country served and by region in Germany?

Next: Analysis, product tests, and economic modeling. Working on-site in Frankfurt with senior management and a cross-functional team, and in cooperation with Bechtel's vendor-neutral test labs in Fredericksburg, MD, we led a three-phased program to:

- **Size the market opportunity in Germany** by examining market demand and drivers, technology trends, emerging applications and business models, competitive forces, and standards and regulatory challenges
- **Identify and shortlist vendors, and test products** that used new-generation WLAN, WWAN and mesh technologies
- **Evaluate the economics of deployment** of these new technologies at STAR 21

The extensive lab tests conducted enabled us to characterize vendor performance claims, and the parametric financial models we created enabled us to compare total cost of ownership and expected payback periods under various deployment and market scenarios.

Findings showed that investment in new FWA technologies could not yield the desired results. Our research showed that 802.11 and related technologies were starting to make new service and business models possible. However, our analysis also showed conclusively that, given market and regulatory conditions in Germany at that time, and given STAR 21's particular technical and business requirements, deploying new-generation FWA technologies at STAR 21 would require more money, greater risk tolerance and longer payback periods than would be acceptable to the investors. A no-go recommendation and decision resulted.