ACCOUNTING FOR REVENUE IN THE TELECOMMUNICATIONS INDUSTRY

29 October - 2 November, 2012
20 Morris Street East, Woodmead, 2191
Johannesburg, South Africa

This special accounting event is made possible through a co-op program between GRAPA and SizweNtsalubaGobodo, a South African audit and accounting firm. While the event will be hosted at SizweNtsalubaGobodo facilities, the program itself is administered and managed completely by GRAPA and the RA Academy, and will be run according to the same non-disclosure agreements and privacy protocols at any GRAPA public venue event. Please direct any inquiries to Enid Mullin at Enid@grapatel.com

4-Day Event for Telecom’s Accountants, Auditors & Finance Professionals

Day 1: Revenue Recognition & Network Audits
The morning of this day focuses on the most challenging issues of revenue accounting and the industry standard-based approaches to addressing these problems. In the afternoon we turn our attention to how revenue producing transactions occur over the telecoms network. We review the standard methods for their capture and audit.

Day 2: Accounting Techniques for Billing & Long-Distance Revenues
In the morning of this day we focus on how to utilize billing architecture information to increase the integrity of the revenue recognition process. In the afternoon we review the accounting and fraud issues that surround the long distance line of business.

Day 3: Revenue Accounting for Roaming & Profitability Case Studies
In the morning we review the accounting and risk issues that surround the roaming line of business. In the afternoon we analyze several telecoms margin accounting case studies and look at the major issues of calculating profit and loss, and creating revenue forecasts.

Day 4: Accounting for Telecoms Bundles & Revenue Recognition Workshops
The morning provides an overview of the financial complexities of telecom’s pricing packages, bundles, and subsidy programs. We discuss accounting methods for these unique offerings. Finally, we offer workshops for students to address current issues and problem areas.
<table>
<thead>
<tr>
<th></th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Accounting for Revenue in the Telecommunications Industry Overview</td>
</tr>
<tr>
<td>02</td>
<td>Day 1: Revenue Recognition &amp; Network Audits</td>
</tr>
<tr>
<td>03</td>
<td>Day 2: Accounting Techniques for Billing &amp; Long-Distance Revenues</td>
</tr>
<tr>
<td>04</td>
<td>Day 3: Revenue Accounting for Roaming &amp; Profitability Case Studies</td>
</tr>
<tr>
<td>05</td>
<td>Day 4: Accounting for Telecoms Bundles &amp; Revenue Recognition Workshops</td>
</tr>
<tr>
<td>06</td>
<td>Why We Are Leaders</td>
</tr>
<tr>
<td>07</td>
<td>About Us</td>
</tr>
</tbody>
</table>
Accounting for Revenue in the Telecommunications Industry
The GRAPA - Telecom Audit Advisory Board

OVERVIEW
Providing accounting services for the telecommunications industry is one of the biggest challenges that the professional auditor, analyst, consultant or controller can face. The GRAPA – Telecoms Audit Advisory Board, has spent the past several years compiling a set of guidelines, standards and best practices which have proven to help practicing audit, risk, revenue accounting and managerial accountants to increase their effectiveness and efficiency.

While much of the telecommunications business accounting environment is similar to that of other industries, there are certain key areas which require the accounting specialist to employ a highly specialized set of approaches and expertise.

GET THE SPECIALIZED INFORMATION YOU NEED TO DO TELECOMS ACCOUNTING... FAST
While telecommunications organizations are subject to the same accounting rules as any other industry, the accountant who tries to apply generic practices to the telecoms world will quickly find themselves lost. This course will provide you with a fast track overview of those issues that are most critical to the rapid and effective application of standard accounting practices to the telecoms environment.

REVENUE ACCOUNTING AND RECOGNITION
By far, the biggest challenge that accountants face in telecoms is the process of assuring an accurate accounting for revenue that satisfies investors and regulators. The IRFS and GAAP standards are awash in interpretations, rules and guidelines for this process, but the issues still require a great deal of attention. What makes revenue recognition so difficult?
Our program provides you with an industry standard, auditor based view of revenue recognition and accounting issues, and provides the background information to make it possible to get in and do the job right and quickly.

MARGIN AND PROFIT ACCOUNTING
The ongoing tracking and management of the profitability of different lines of business, products and promotions is a major responsibility of the managerial accountant, auditor and consultant, and our class will show you proven methods for approaching and mastering margin and profit calculation and reporting using the telecommunication specific systems, network elements and product architectures as your basis.

SPECIALIZED LINES OF BUSINESS (INTERCONNECT AND ROAMING)
Learn the unique and eclectic nature of the interconnect and roaming lines of business. These service classes represent major revenues for most telecoms, but the complicated inter-relationships and accounting and operational co-dependencies between the telecoms and their partners makes this an especially challenging area for the accountant.

WHO SHOULD ATTEND?
• Experienced financial auditors, consultants and executives with limited telecoms experience looking for a quick-start in understanding how to apply their existing experience to the highly specialized areas of telecoms revenue, risk and profitability accounting.
• Finance professionals with moderate to advanced telecoms experience looking for a review of current best practices in telecoms revenue accounting, recognition and profitability reporting based upon the GRAPA Telecoms Audit Advisory Report guidelines.

<table>
<thead>
<tr>
<th>Session</th>
<th>Day 1</th>
<th>Day 2</th>
<th>Day 3</th>
<th>Day 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Morning Unit</strong> (4 hours)</td>
<td>Telecoms Accounting &amp; Revenue Recognition Overview</td>
<td>Processing &amp; Accounting for Revenue – The Billing Architecture</td>
<td>Accounting for Roaming Revenues</td>
<td>Pricing, Bundling, &amp; Subsidy Accounting</td>
</tr>
<tr>
<td><strong>Afternoon Unit</strong> (4 hours)</td>
<td>Revenue Producing Transactions: Capture &amp; Audit</td>
<td>Accounting for Long-distance Revenues</td>
<td>Profitability &amp; Margin Accounting Case Studies</td>
<td>Revenue Recognition Interactive Workshop</td>
</tr>
</tbody>
</table>
Unit 1: Telecoms Accounting & Revenue Recognition Overview

Accounting and revenue recognition in the telecommunications industry have always presented challenging business and accounting issues. As technologies continue to progress and converge around the world, and single organizations offer fixed, mobile, and internet services, telecoms accountants will come to face even more daunting challenges. In this unit we will discuss the major reasons for that these challenges exist and the industry standard based approaches that are being utilized to address these issues.

Unit Objectives

**REVENUE RECOGNITION**
- I want to identify and understand the most critical revenue recognition issues in telecoms

**AUDIT, ASSURANCE & ACCOUNTING**
- I want to build optimal relationships with revenue assurance and audit teams to help me ensure integrity in accounting numbers

**REVENUE RECOGNITION CASE STUDIES**
- I want to review case studies in major revenue recognition failures and successes and learn the industry standard techniques to ensure success.

Unit 2: Network - Revenue Producing Transactions Capture & Audit

The key to the generation of revenue in retail is the point of sale (cash register), and it would be impossible to understand accounting and revenue management for a retailer without a thorough understanding of how that process works. Telecoms revenues are much more complicated and difficult to capture and understand because of the nature of the industry. In this unit we will provide a clear overview of how revenue producing transactions occur and what the industry standard methods are for their capture and audit.

Unit Objectives

**TELECOMS MONETIZATION**
- I want to accounting for revenue in the telecoms environment and understand the revenue risks in the network

**NETWORK AUDIT METHODOLOGY**
- Different methods of accounting for revenue producing transactions at the point of service delivery

**ROLE OF THE CDR**
- The legal and accounting role of the CDR
Unit 3: Processing & Accounting for Revenue – The Billing Architecture

The most difficult revenue management issue in the telecom is not the capture of a transaction. Rather, it is the complicated process of transporting, categorizing, manipulating, and processing transaction data in a way that makes it easy to bill customers and account for the revenues in the general ledger. In this unit we will review the different methods utilized to transport and process revenue information and see first hand how the revenue recognition event is managed.

Unit Objectives:

**PROPER AUDIT TRAIL**
- How to build a proper audit trail to track the integrity of these transactions.
- Industry standard methods for securing and auditing transaction integrity

**SUCCESSFUL & FAILED BILLING STRATEGIES**
- Practical examples of the most common billing accounting failures

**DIFFERENTIATE BETWEEN BILLING METHODS**
- Differentiate between prepaid, postpaid, radius, 95th percentile, convergent, and bespoke billing methods

Unit 4: Accounting for International and Domestic Long-distance Revenues

While the accounting for normal telecoms revenues is difficult, the real challenges occur when telecoms operators employ more complicated commercial models. One of the largest and most error and fraud prone of the revenue recognition challenge areas is long distance. Also known as interconnect, the long distance model is employed when a person makes a phone call on one network and calls someone on another phone company’s system. The idiosyncrasies and regulatory complexities of this business make it especially vulnerable to fraud and accounting risks.

Unit Objectives:

**UNDERSTAND LONG-DISTANCE ACCOUNTING**
- What is long-distance and how does it work? What are the complexities that make it so difficult to do accounting for long-distance?

**FRAUD ISSUES FOR LONG-DISTANCE**
- Fraud losses for long-distance amount to billions of dollars a year, what are the risks and what are the typical controls to contain these risks?

**BYPASS FRAUD & REVENUE**
- What is Bypass fraud, and why is it critical to understand it? What is a SIMBox and why it is important to revenue accounting
Unit 5: Accounting for Roaming Revenues

One of the largest growth areas for telecoms companies today is roaming. Roaming relationships represent major credit contracts between thousands of telecoms companies around the world. This increased credit risk, combined with the vulnerability of being “partner” with so many other companies makes the accounting for roaming revenues a key pre-requisite for any serious telecoms accountant.

Unit Objectives:

THE ROAMING REVENUE LIFECYCLE
I want to understand how the roaming line of business works, how money is made and how to account for the biggest revenue risks

ACCOUNTING IN THE ROAMING ENVIRONMENT
I want to navigate the complexities of revenue accounting for the roaming space, especially as credit risks and partnership models challenge the integrity of traditional accounting methods

REVENUE RECOGNITION FOR ROAMING
I want to prove that I have a solid understanding of how partners and credit models affect revenue recognition in the roaming space

Unit 6: Profitability & Margin Accounting Case Studies

While revenue recognition and establishing accounting principles is challenging for each revenue stream, the telecommunication accountant must be able to measure and track margin, profitability and forecast models. In this unit we discuss the major issues for calculating revenue profit and loss, along with reviewing specific case studies of failed and successful margin accounting practices.

Unit Objectives:

PROFIT CALCULATIONS FOR TELECOMS
I want to understand the major challenges for calculating profit and telecoms and have the tools and techniques to calculate margins with integrity

ACCOUNTING IN THE TELECOMS
I want to make sure that I am not limited by traditional accounting methodologies and understand when these methods will not work in the telecoms sphere. I want specific examples of the failure of activity based costing in the telecoms environment

MARGIN ACCOUNTING CASE STUDY
I want to review successful interconnect margin accounting case studies, and make sure I develop the same effective techniques
Unit 7: Pricing, Bundling, and Subsidy Accounting

The telecommunications industry is marked by unique bundle programs, various pricing options, and customer “freebies.” These subsidy, pricing, and bundle programs lead to tremendous complexities in the creation of forecasting models and revenue recognition. In this unit we will review the various pricing, bundle and subsidy disciplines in telecommunications and discuss methods for accounting.

Unit Objectives:

REVENUE ACCOUNTING & PRICING
The pricing specialist discipline and its relationship to accounting and revenue recognition

ACCOUNTING FOR BUNDLE PROGRAMS
Telecoms bundling from an accounting perspective

ACCOUNTING FOR SUBSIDY PROGRAMS
Why is subsidy accounting the second largest challenge of telecoms accounting? Methods and Issues for subsidy accounting

Unit 8: Revenue Recognition Interactive Workshop

We have found that it is very important to dedicate a portion of time to address key specific issues and concerns of the individual professionals present at the event. The concluding unit enables professionals to address any remaining questions and clarify outstanding issues from the training.

Unit Objectives:

TOP ISSUES IN REVENUE RECOGNITION
In-depth discussions of top issues in revenue recognition

SOLVE YOUR ISSUES
In class workshop: work through difficult issues you are currently facing related to telecoms accounting and recognition

BUILD STRATEGIES FOR YOUR ENVIRONMENT
From theory to practice: applying lessons learned during this week to your work environment
Why We are the Leaders in Training Telco Professionals Around the Globe

Join the leading provider of fraud-focused certification training events. Featuring exclusive presentations, real-world examples of procedures, solutions, and strategies that have effectively reduced fraud issues for telcos around the world.

After three years of providing best-in-class certification and training workshops to hundreds of telecoms risk professionals around the globe, we are pleased to announce our improved course offering.

Depth of knowledge – The topics and examples are “narrow and deep” rather than broad and vague, presenting you with focused, highly targeted information that adds real value.

Tailored content – Training is adjusted to align the needs of the students to the available material. Students are asked to fill out “GRAPA Benchmark Surveys” to determine the level and nature of the training required. The survey results help us determine how well you know your own systems, and provide clues about what you need help with. The principles and practices taught are also applied to cable, satellite, wireless voice, SMS, MMS, IPTV, and MMDS with equal conviction, detail, and effectiveness.

Relevancy – Class material is based on the foundations of GRAPA. GRAPA members from every geography, type of carrier, major type of technology, and carriers of all sizes review and approve these standard approaches. The material serves as the foundation for an industry standard approach that is applicable to everyone, and yet easily focused to the needs of specific sub audiences.

Based on real-world situations – The majority of the training is experience based “standard practices” in revenue assurance, harvested from the many revenue assurance professionals who participate in “practices surveys,” “strategy sessions,” and other information-sharing events. Clear, specific deliverable are provided that apply to real-world situations. The material is never based on speculation, guesses, or invalidated information.

Interactive – The workshops are more than lecture sessions. RAA classes are participative and interactive and students are expected to proactively join in discussions, problem solve, and fill out benchmarks. Attendees have opportunity for much interaction with the instructor and other students. Lunch and breaks are devised to facilitate more intimate conversation.

Professional development – Students master vocabulary needed for creating a sense of professional identity and opportunities with other like minded people in the industry that share common goals and issues.
About GRAPA

The Revenue Assurance Academy (RAA) is the exclusive training organization of GRAPA. GRAPA has over 6500 registered members and has distributed more than 3500 copies of its 2009 standards book. The Revenue Assurance Foundations (RAF) core curriculum is the Academy’s latest curriculum offering, providing revolutionary, relevant material. By offering events that combine benchmark development, sharing of standard practices and approaches, as well as delivery of workshops, the Revenue Assurance Academy provides a unique and powerful venue for deployment of standard practices and rapid integration of those practices into the participating telco environments.

We have conducted our training programs for dozens of carriers and services providers around the world. Our workshops are offered in public venues (attended by delegates from many operators and services providers, which promotes the sharing of practices) as well as on site for a private, more personalized and focused training for a company’s staff.

Visit our website to read some great reviews from students who have attended our training: www.ra-academy.org/RAA_info/testimonials.html

For the most up-to-date list of upcoming events please visit our website: www.ra-academy.org

2012/13 Tentative Schedule:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 - 26 October</td>
<td>Cape Town, Africa</td>
</tr>
<tr>
<td>11 - 15 November</td>
<td>Dubai, UAE</td>
</tr>
<tr>
<td>03 - 14 December</td>
<td>Orlando, USA</td>
</tr>
<tr>
<td>04 - 08 February</td>
<td>London, UK</td>
</tr>
<tr>
<td>11 - 15 March</td>
<td>Ghana, Africa</td>
</tr>
<tr>
<td>17 - 28 March</td>
<td>Dubai, UAE</td>
</tr>
<tr>
<td>06 - 17 May</td>
<td>Cape Town, Africa</td>
</tr>
<tr>
<td>03 - 14 June</td>
<td>Chicago, USA</td>
</tr>
</tbody>
</table>

Telco executives rave about the courses….

“Great strategic approach with practical examples of why revenue assurance needs to lead the way in today’s telecoms world. I found this course gave real knowledge and essential guidance for Management and Revenue Assurance professionals to realize the full impact in the business strategy”

RA Manager, Greece

“This is a must-have training for any revenue assurance practitioner. You think you are very excellent at your job, but trust me, this training will open your eyes and mind to a whole new big picture of revenue assurance. With the ever improving and changing technology, one needs to be part of the certified practitioner course for personal and company gain.”

Executive RA Risk & Fraud Manager, Uganda

“This is the most practical training I have ever received and it was presented in a very user friendly way. The trainer has an excellent grasp of the domains extensive experience and most importantly, his teaching method was excellent. I would highly recommend the course to others.”

Senior RA Specialist, Oman