



Press Release

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Revenue leakage rises among global telecom players

Bangalore, INDIA: Subex Azure Ltd, a leading global provider of Operations Support Systems (OSS) solutions for telecom operators, today announced key findings from the *2007 Global Operator Attitudes to Revenue Management Survey*. According to the independent study commissioned by Subex Azure and conducted by telecoms analyst house Analysys Research average revenue leakage among global telecom operators increased to 13.6 percent, from 12.1 percent in 2006.

The study cites external fraud, internal fraud and fraud by other operators as the number one factor in operator losses this year. According to results, average fraud losses have grown from 2.9 percent of revenue last year to 4.5 percent this year. In addition, mobile operators tend to lose more than other types of operators.

“Interesting trends continue to unravel each year,” noted Danny Dicks, principal analyst at Analysys. “While Revenue Assurance and improved overall OSS programs have made great strides within all types and sizes of organizations, the dynamics of the industry are still presenting operators with greater challenges to address. Because of this, Revenue Assurance is commanding senior level attention – all the way up to the board level.”

Analysys conducted the study for the fifth consecutive year. Analysys is an independent global advisor on telecoms, IT and media. The report is based on feedback from almost 100 operators around the world to investigate attitudes to and levels of revenue loss.

Other key findings contained in this year's report include:

- ✓ With the overall levels of revenue leakage rising again this year to 13.6 percent, there are variations in the findings from different regions. For instance, the Middle East/Africa region experienced more than 20 percent losses, Asia close behind at just below 20 percent and CALA at more than 15 percent. Western Europe ranked lowest in losses at about 7 percent, following by CEE at 8 percent and North America just about at the average at 13 percent.
- ✓ When breaking losses down by operator type, mobile operators continue to lose the most at nearly 14 percent, with mid-sized operators with between 100,000 and 1 million subscribers racking up the most loss at more than 18 percent. For comparison, the largest operators are losing only 6 percent of revenue per year.
- ✓ At the planning stage for new products most operators take into account most causes of loss as part of their preparation, although 32 percent of operators do not use any third party help. The findings show that the operators who use third-party specialists for revenue assurance lose 30 percent less compared to those who use no external help.
- ✓ In addition to fraud, the three primary sources of revenue leakage cited by respondents are poor processes and procedures, poor systems integration, and problems associated with applying new products and pricing schemes.
- ✓ The level of revenue loss that operators find 'acceptable' has risen this year to 1.8 percent, from 1.1 percent in 2006. Operators in CALA reported the highest level of 'acceptable' loss at 2 percent.
- ✓ Significant growth in fraud losses and revenue assurance problems related to the launching of new products and prices has driven the overall increase in losses.

"One interesting factor uncovered in this year's report is the fact that revenue management challenge posed by next generation network technology and applications is a key concern among almost all operators," explained Sanjeev Gadre, VP - Marketing, Subex Azure Ltd. "This, combined with increasing merger and acquisition activity within the industry, makes it highly imperative for operators to centrally manage and address the revenue management challenges. More than ever, revenue management needs to become a high-level strategic initiative in order for operators not only to successfully compete in the changing telecom marketplace, but, to sustain, and, more importantly, grow their current customer base. Those that choose not to will fall prey to more forms of revenue loss and the threat of more efficient strategic competitors."

The full 'Operator Attitudes to Revenue Management 2007' report is free to operators. To receive a copy, please go to www.subexazure.com/survey2007

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About Subex Azure Limited

Subex Azure is a leading global provider of Operations Support Systems (OSS) solutions with a mission to empower telecom operators to achieve competitive advantage and deliver new service experiences to subscribers. The company pioneered the strategic concept of the Revenue Operations Center (ROC) - a centralized and integrated infrastructure for end-to-end monitoring, measurement and control of the operator's revenue chain - to foster operational dexterity and hence sustained profitability.

Subex Azure's software portfolio powers the ROC and its best-in-class solutions enable new service creation, subscriber-centric fulfillment, provisioning automation, revenue assurance & cost management, data integrity management, fraud management and interconnect/interparty settlement.

Subex Azure's customers include 32 of the world's 50 largest telecom operators by revenue. The company has more than 150 installations in over 60 countries. Subex Azure was named in the prestigious Deloitte Technology Fast 500 Asia Pacific 2006 list of companies, underlining the company's growth and leadership status.

For more information please visit www.subexazure.com

Forward Looking and Cautionary Statements

Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to successfully integrate acquisitions, competition in our areas of business, client concentration, liability for damages in our contracts, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry.

For more information on Subex Azure, please visit www.subexazure.com

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