

CaseStudy

**ALAN CAMPBELL
COMMUNICATIONS**

▶ Alan Campbell Communications (ACC)

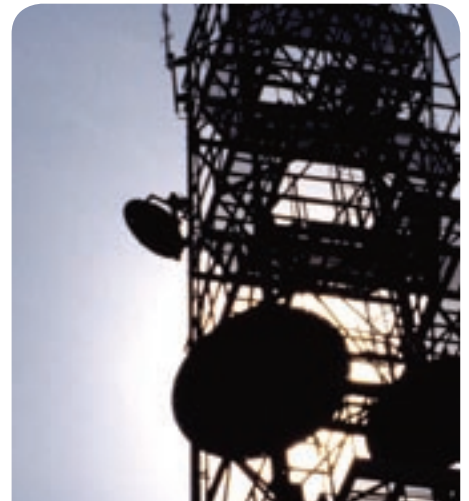
Background/rationale

Alan Campbell Communications (ACC) is one of the UK's leading providers of digital radio network systems. Having grown dramatically since its inception in 1980, it has developed in the last 25 years to become a multi-million pound organisation with a string of blue-chip clients in the telecommunications and broadcast sectors.

Employing over 200 full-time industry professionals, the company is one of few UK organisations capable of providing total radio network solutions, offering everything from design and planning to installation and integration, as well as infrastructure deployment to the telecoms industry.

With telecoms giants forming a substantial part of its client base, including the likes of **Orange**, **National Grid Wireless**, **Vodafone** and **O2 Airwave**, ACC forms strong working partnerships and has earned an industry reputation for integrity, dedication and above all, delivery.

Projects are undertaken both nationally and across Europe. The company is based in Warwick in the UK, and has four additional offices stretching from Scotland to Bristol, as well as field based staff located nationwide. This case study focuses on ACC's method of obtaining electronic test equipment to fulfil its contracts for the network owners and operators in the UK on major network infrastructure projects.



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It summarises how ACC and Microlase developed a solution for the effective provision of test equipment, why that solution was adopted and what the outcomes were.

The Challenge

In the installation environment, flexibility, project based use and control are critical factors. Lowering the cost of test procedures and reducing the need to hold and maintain equipment can make the difference between success and failure. The effective use and close control of the costs of test equipment are critical factors in this highly contested business area, as well as the associated need to preserve valuable funds and manage cashflow.

ACC's challenge was just that: How to obtain the test equipment needed without unnecessarily using up the large amounts of capital required if purchasing these items outright, keeping flexibility in case things changed and ensuring that the whole process would be managed and the equipment looked after.

Working on infrastructure projects meant a potential for peaks and troughs in the supply of equipment. It was possible that all teams would be out in the field at one time, but equally many teams may be back due to adverse weather conditions or project cross-over's – in which case there would be fluctuating need for equipment. Some equipment would fall into the category of

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being needed for longer projects whereas other equipment would see more sporadic use.

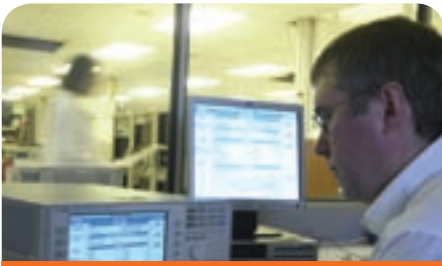
Without a dedicated department or team to manage test equipment another set of challenges manifested themselves; amongst them how to track the equipment between teams and monitor utilisation, organise the logistics, keep equipment in calibration and avoid losing items.

Effectively outsourcing the problem at a manageable cost was required – with the proviso that the supplier would have to have the right capabilities and deliver a quality of service which allowed ACC to maintain and improve its high level of service and responsiveness to its customers.

ACC uses the section of equipment that is now considered as standard issue in the installation and commissioning field. The main part of the requirement “Kit” initially comprised Anritsu Cable & Antenna Analysers (SiteMasters) S331B, S251B, as well as Dell Latitudes. During the relationship with Microlease, upgrades have also been carried out to provide Anritsu S331D, S251C and Dell D600’s. At the same time, a whole range of other equipment would be required, over 50 different product lines, including JDSU (Acterna) and Agilent SDH Test Sets and Narda Personal RF Monitors.

Another key requirement would be continuous availability – effectively 100% downtime cover would be required.

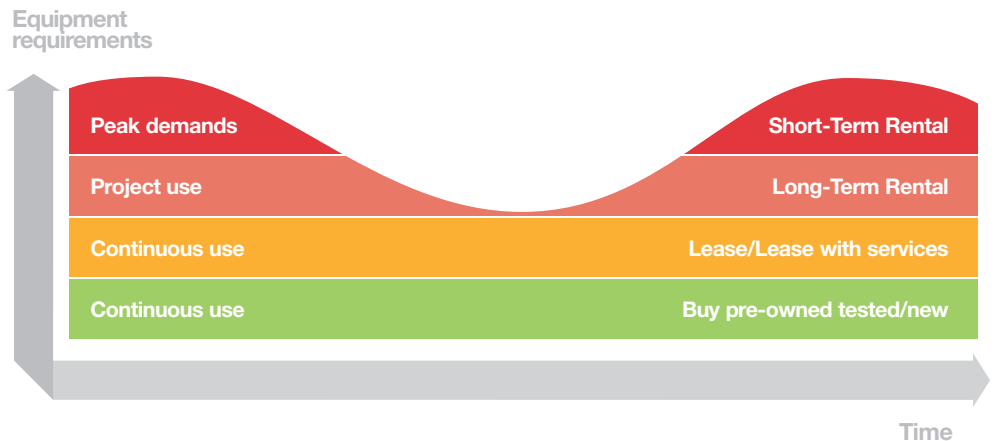
Solution proposed and implemented



Given its experience in test equipment management since 1979, Microlease was well placed to work with ACC to develop the right solution for its circumstances. Microlease’s core competencies include the management of test assets; the systems that help deliver it, the logistics organisation and know-how along with an experienced team of people whose business it is to manage this process.

Microlease’s philosophy is to encourage a mixed approach where different solutions are chosen depending on the duration of equipment use and a range of other factors.

The average use rate of general purpose test and measurement equipment is about 15 to 20%.



It is not unusual for organisations to find themselves with high-cost equipment that is surplus to requirements, as well as being hard to track and maintain. This can occur after deciding to buy equipment through habit, without a clear plan of future usage - the focus being on justifying new equipment, as opposed to how it will be managed and the resources that are needed.

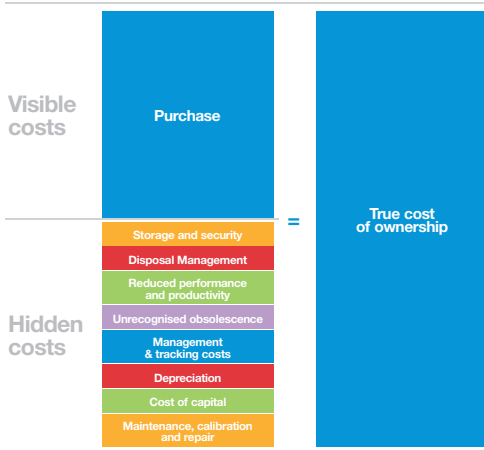
The reality of equipment usage may also stray far from what is claimed on a purchase request. Research by Frost and Sullivan “World Test and Measurement Markets” found that:

The average use rate of general purpose test and measurement equipment is about 15 to 20%. Moreover, the true costs of ownership may be significantly underestimated.

The purchase price is less than half the story. If a company writes off assets over five years, profitability will be impacted each year with the costs of calibration, any repairs, and the associated labour and management overheads. When the costs of managing the asset, such as tracking, procurement and sourcing, stock control and warehousing are added as well as the ongoing financing cost of the capital each year, the final figure is likely to be around double the original purchase price.

Given the above factors in mind, it became clear that ACC's requirement, being project based and requiring flexibility, best fitted a rental based strategy but with a divided approach. The equipment need was therefore split into two and the solution divided accordingly:

- **Firstly** a 12 month long-term rental was recommended for the high running products, meaning that ACC would benefit from very low rental rates.
- **Secondly**, a short-term rental solution for the other equipment required more sporadically, where ACC would have maximum flexibility over use and be able to hand the equipment back at any time.



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In both cases, the service was backed up by a support package which meant that ACC would be able to get on with their core tasks without any worries about the equipment and its management.

This mix of long-term rental and short-term rental was designed to deliver the following benefits and advantages over purchase:

- **Capital investment saved.** Moreover with rental being considered an operating expense rather than a capital expense the financial position of the company would be more favourable.
- **Greater flexibility.** Possibility to stop costs, upgrade and generally cope with changes imposed by the market.
- **Costs spread.** Costs not experienced in one go but rather spread and making it easier to budget.
- **No costs of ownership.** All the costs of management, of calibration, repair, logistics, storage were all inclusive in Microlease's rental service.
- **Totally supported service.** ACC would not have to spend time or trouble on test equipment, including:
 - **Application support.**
 - **24 hr technical helpline.**
 - **Equipment calibrated** and the calibration schedules managed.
 - Dedicated **customer support** personnel with proactive problem resolution.
 - **Status reports** provided to keep up to date with tracking information about who is using the equipment and the ongoing costs.



Outcomes

The results? Over three years a considerable amount was saved on both outright capital and even more so on the costs of ownership – see chart overleaf. This clearly shows the difference between the actual cost of rentals and the equivalent cost had the equipment been purchased outright.

By not committing to purchasing outright, ACC was able to save the cash for other essential investments and avoid the associated costs of ownership, as well as having greater flexibility in avoiding obsolescence from having equipment that could become unsuitable for purpose.

As well as the financial benefits, ACC also has the operational benefit of working with a partner that understands their business, helping with additional equipment at short notice, changes in specification or advice on applications. Regular communication means that ACC managers don't have to wonder what's going on. Whether it be managing calibration dates or solving an issue that may have arisen, Microlease provides the support. ACC can therefore operate in confidence and focus on their customers instead.

The ability to upgrade, for example has provided a significant advantage as test procedures and agreements with ACC customers have developed and changed over time. This helps in dealing

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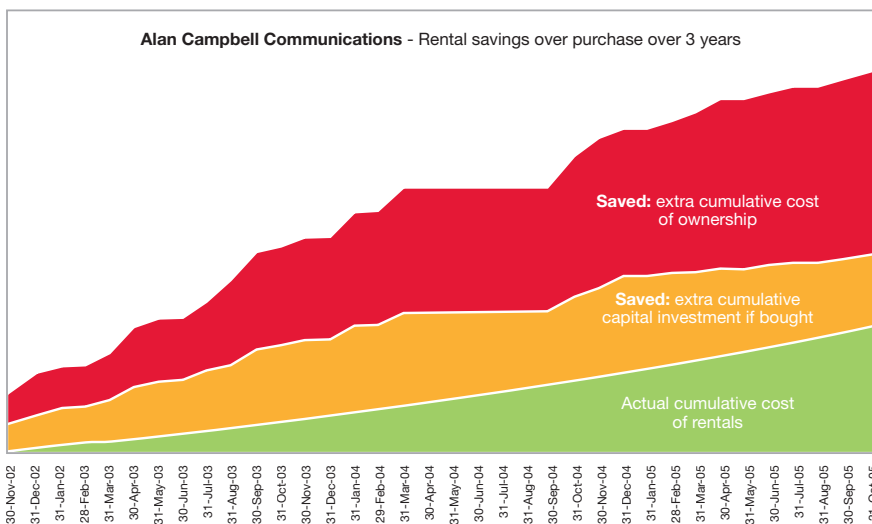
with the cases where the market leading service provider improves installation contracts and others usually follow.

For some teams this has meant a change in the products they use, something that rental makes easy compared to purchase where this would be costly and difficult to manage.

Microlease also ensured that all equipment areas were supported. When the Health & Safety reviews on personnel in the industry meant guidelines changing for those working on or near masts, Microlease were quick to purchase Personal Safety Monitors and offer this equipment as part of the installation package.

The real differentiating factor, according to ACC, is a more a question of how Microlease people work with ACC. According to Steve Sanders-Crook, General Manager, ***“Microlease has a fantastic attitude. They have pulled out the stops on numerous occasions to guarantee all the equipment we need is available.”***

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The approach by Microlease to its relationships is a long-term one and that is valued by ACC. This means that even during the lean periods that many telecoms companies experienced between 2001 and 2003 Microlease continued to fully support the relationship in the same way. True long-term partnerships involve working together for the best solution whatever the immediate business climate.

According to Malcolm Lucas, Microlease Account Manager for ACC, ***“We really try to understand their business and the criteria needed to help them win in an increasingly competitive environment”***

This included a willingness by Microlease to be flexible in the way it worked to accommodate ACC’s requirements, a fact recognised by Brian Hackelton, Technical Manager of ACC ***“The level of service and support received from Microlease is excellent – levels experienced from other suppliers were simply not comparable and I believe that is due to their approach in the way they understand the individual needs of each user and build a relationship, rather than a standard approach”.***

For more information

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