

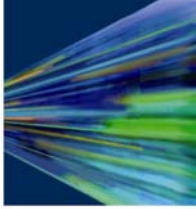
PRESS INFORMATION

CARRIER DEBT CAUSING CONCERN TO COMMUNICATIONS COMPANIES SAYS SURVEY FROM SECOR CONSULTING

London UK, 9th April 2003 – SECOR Consulting Limited, an independent management consultancy providing specialist advice to the communications industry, this week published the results of its *Global Communications Industry Credit and Debt Management Survey*, which highlighted that debt amongst carriers is causing increasing concern. Forty five percent of respondents taking part in the research, conducted with finance directors and heads of credit management from leading communications companies around the world, said that spiralling debt problems were growing most between carriers.

Indeed, 55% respondents also said that carriers have the highest existing debt levels compared to 27% that cited SMEs and 18% the SOHO sector. John Evans, partner director of SECOR Consulting Limited, comments: “The current and growing level of debt from carriers most probably reflects the well-publicised financial difficulties in which many carriers are embroiled. Cash flow and liquidity problems are an issue for many of them and are just adding to fears that once stable companies are now facing less certain futures.”

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Carrier debt growing/2

Continues Evans: “Over one third of respondents admitted an increasing debt problem. *Inability to Pay* was the top financial cause of debt. Surplus capacity in the networks is hitting carriers and their cash flow is suffering because of it. Operators may have made assumptions about the credit worthiness of carriers, being as they were, previously, large and reportedly stable companies. The financial difficulties now facing many carriers highlights the need for careful attention to credit checking, payment terms and limit setting no matter who the customer.”

A portion of respondents provided an **age breakdown of overall current debt** from which a distinct margin can be seen developing between average debt levels and those specifically from carriers. For example, while the average debt between 181 and 240 days old accounted for just 1.25% of a communications company’s debtors that which was specifically tracked from carriers accounted for 9%.

“Operators are faced with a tough decision – they can either allow the debt levels of their carrier customers to escalate in the hope of better times ahead or else find other, reliable and more financially healthy carriers. Either way, prudent credit and debt management processes are required,” concludes Evans.

For a copy of the research please contact SECOR Consulting Limited on tel: 020 8942 0252 or email: research@secorconsulting.co.uk

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