

Double Digit Growth from the Outside-In



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XO Communications, Inc.*



*Andrea Kates,
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This time last year Darryl Drenon, XO Communications' General Manager for Houston, attended The Greater Houston Partnership Super Summit. Fast forward to Super Summit II, highlighting shared best practices, and you see Darryl is a featured speaker. How did he move from the audience to the podium? The answer lies in a project Darryl led with the help of one of the 2003 panelists, Andrea Kates from SUMA Partners: "Somewhere during the 2003 panel discussion of Houston's larger, more established companies' partnering with area emerging businesses, I recognized how important it was to understand changing trends in Houston's telecommunications market and how I could plan my next steps. The presentation Andrea made really hit home."

XO Communications then

The industry as a whole was in the midst of drastic shifts; XO had just emerged from Chapter 11. Recent corporate moves presented opportunities for increased sales; however the ambitious goal of double-digit revenue growth presented huge challenges.

Drenon began to think about the questions he needed to ask to create a focused marketing strategy: how to redirect the newly hired sales force to increase and accelerate sales, increase average revenue per customer, reduce churn, reduce costs.

The promise of possibilities

Andrea Kates: "A company can't be all things to all people. In a competitive environment you need to know what your market wants—what your company needs to be, and to where you'll get the greatest return. The critical mass of larger companies makes it hard for them to react quickly to market changes. SUMA Partners identifies what it takes for a company to be a market leader by focusing on a market turn with a surgical strike approach."

Kates described SUMA's customized approach to developing and implementing dynamic growth initiatives for a widely varied client portfolio. SUMA's "Outside-In" marketing audit consists of an analysis of each company's competitive landscape, identifying the client's needs, understanding the customers' perspectives, and engaging the client project team.

SUMA Partners

"The customized approach is the only way to get real results. Our research model isn't a magic process that can be superimposed on every client's situation. It's determining what questions to ask and to whom, and then listening that creates the true magic."

Kates goes on to say, "It's all about results, about realigning perspectives on doing the work. One of the most important elements is what we call 'full client engagement': buy-in from corporate leadership, marketing, sales, operations, technical support, and administration."

A great partnership

Darryl asked SUMA Partners to help him answer his questions and head his team in the right direction. Initial conversations resulted in an aggressively scheduled project: Seizing Untapped Market Opportunities in Houston. The objectives? Identifying Houston market opportunities and achieving double-digit revenue growth.

Research and results (Phase I) and implementation (Phase II) were documented with straightforward deliverables. The research strategy included analysis of Houston's telecommunications market, market perceptions of and attitudes about XO and the entire industry, attributes/products/services priorities, and XO's value proposition.

SUMA interviewed the XO core team and evaluated competitive data, facilitated focused customer group discussions with a special emphasis on potential. "It's amazing what customers will tell you if you ask them. Everything from must-have products and services, to customer nightmare scenarios."

And the results are . . .

XO Communications' Houston area team has focused on a new customer profile. The company's product set has been refined and tailored to meet the competitive requirements in the Houston market. Drenon's sales force has been re-energized and motivated with clear measurements for, and clear ways to achieve success. Productivity has increased and they are on track for double-digit growth.

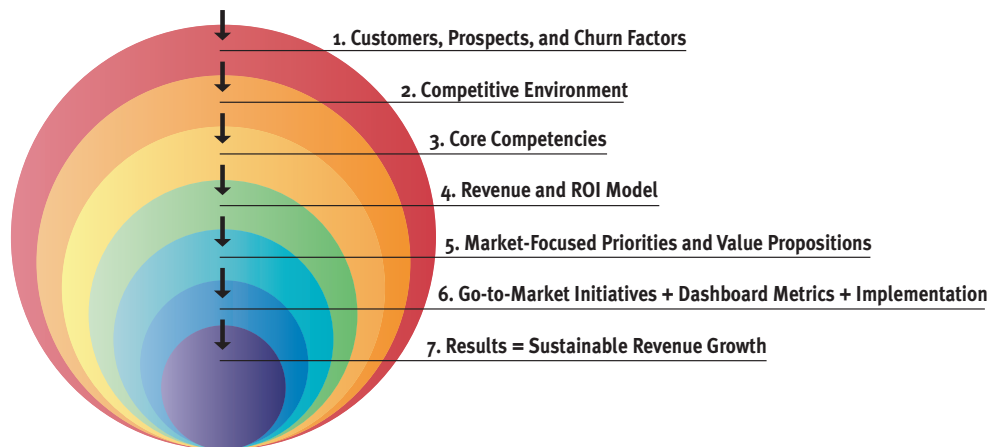
Partnering for success

Membership to the Greater Houston Partnership is the ultimate win-win situation. Business relationships can contribute to economic growth as we continue to explore and make connections, to pool resources and information.

By identifying and exploring issues that affect the business community The Partnership faces challenges, fosters solutions, and optimizes successes. Shared experiences of large, established and small, emerging businesses benefit each other and the community as a whole.

Capturing Untapped Market Opportunities

SUMA Partners' Outside-In Model



SUMA listens to the answers to questions about:

1. Customers, Prospects, and Churn Factors

current, potential, and lost customers: who they are, what they want and how they want it, deal-makers and deal-breakers

2. Competitive Environment

the competitors: who they are, customer attitudes, Achilles heels

3. Core Competencies

internal perceptions about what the company does well tested vis à vis what the market says

4. Revenue and ROI Model

where the potential can be found, where the margins are

5. Market-Focused Priorities and Value Propositions

filling specific market needs and wants

6. Go-to-Market Initiatives + Dashboard Metrics + Implementation

where the rubber meets the road; what to do differently, now; simple, straightforward tools for busy leaders who need to track market penetration and monitor /measure success.

7. Results=Sustainable Revenue Growth

tracking and response mechanisms to maintain market position in the face of changing conditions

Direct Results

“We discovered that we were right in line with the emerging trends in the Houston market to move toward data expertise. Just after the completion of the project, we sold an advanced data solution to a company with multiple locations in Houston, several providers for Internet connectivity, web

hosting, private lines, local phone services, and long distance services. That same company had challenges managing, upgrading, and maintaining its e-mail and firewall in-house and it needed redundancy. The XO solution was a tailored solution that not only met the customer’s needs, but also

anticipated the ways the company might change and grow over time. The solution was comprehensive yet simple while adding value and reliability. We took the e-mail and security problems and developed a fully managed XO solution.”

About XO Communications

XO Communications is a leading broadband telecommunications services provider offering a complete set of telecommunications services, including: local and long distance voice, Internet access, Virtual Private Networking (VPN), Ethernet, Wavelength, Web Hosting, and Integrated voice and data services.

XO has assembled an unrivaled set of facilities-based broadband networks and Tier One Internet peering relationships in

the United States. XO currently offers facilities-based broadband telecommunications services within and between more than 70 markets throughout the United States.

About SUMA Partners

SUMA Partners specializes in growing companies and helping clients capture untapped market opportunities. Clients include large corporations (Royal Dutch Shell, Audi of America, JP Morgan Chase, Nextel, Johnson and Johnson, Coastal Chemical, Eatzi’s) as well as medium-sized, rapid-growth companies.



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