



SOMETHING ABOUT US

We *apply* economics to markets, organisations and policies.

Frontier is an economics consultancy that understands the intricacies and interrelationship between markets, organisations and government policies. We support our clients on some of the most interesting, topical and high-profile issues across these areas.

We help our clients to analyse and understand their markets and to formulate strategies based on sound economics. The methods and models we use are often complex, but our advice is always succinct, clear and honest. We use our analysis to provide insight into complex situations, giving clients jargon-free opinions and results that can withstand even the closest scrutiny.

We advise across sectors and countries and are one of the largest economic consultancies in Europe (with offices in Brussels, Cologne, Dublin, London and Madrid).

We're enthusiastic about what we do. Whatever the task in hand – reviewing strategy, dispute support or getting best value for taxpayers – we tackle it with energy, expertise and determination.

OUR AIM?

To use economics to help clients improve performance, make the best decisions and keep ahead of the competition.



Frontier are great to work with – intelligent, creative, honest and sensitive to customers' wishes.

Lucy Neville Rolfe, Executive Director (Corporate & Legal Affairs), Tesco plc



Our *expertise.*

SECTORS

- Education
- Energy
- Environment
- Financial Services
- Health
- Media
- Post
- Retailing
- Telecoms
- Transport
- Water

DISCIPLINES

- Competition policy
- Contract design and evaluation
- Market design and auctions
- Public policy
- Regulation
- Strategy

Enjoyable Ideas Succinct  **STRATEGY**  Media

Telecoms **REGULATION** 

Financial Services  Water

Listening Open Unbiased  **Health**

Solutions Consistent Professional

Energy  Insightful Teamwork Listeners 

FRONTIER ECONOMICS

Transport  Flexible Analytical First class **POLICY** Education 

Retailing  Clear direction Commitment Purpose **COMPETITION** Post Environment 

We *evaluate* competition policy risks to give clients greater commercial freedom.

Competition policy can be a major constraint on business strategy, impacting on potential mergers, joint ventures, pricing structures and agreements with competitors and customers. The assessment of market power and the effects that commercial strategies have on customers and competition lies at the heart of competition policy.

We help businesses understand how authorities will view the dynamics of competition in their particular markets to enable them to make clear, commercial decisions. We assist them in their interactions with competition regulators, ensuring arguments and evidence are communicated in the most powerful way possible.

Our consultants cover all aspects of competition policy, at both national and EU level, and advise on:

- market definition and market power;
- merger analysis;
- abuse of market power;
- horizontal agreements;
- vertical agreements; and
- state aid.

When facing European-wide or national competition authorities, we regularly provide both strategic and technical support, working alongside clients and legal counsel, producing and responding to technical analysis, preparing client submissions and expert reports, and giving oral evidence. We can also help to pre-empt issues and are often engaged at an early stage, to help shape deals or design remedies (e.g., on mergers or joint ventures, we can assess regulatory risk and the likely reaction of the competition authorities).

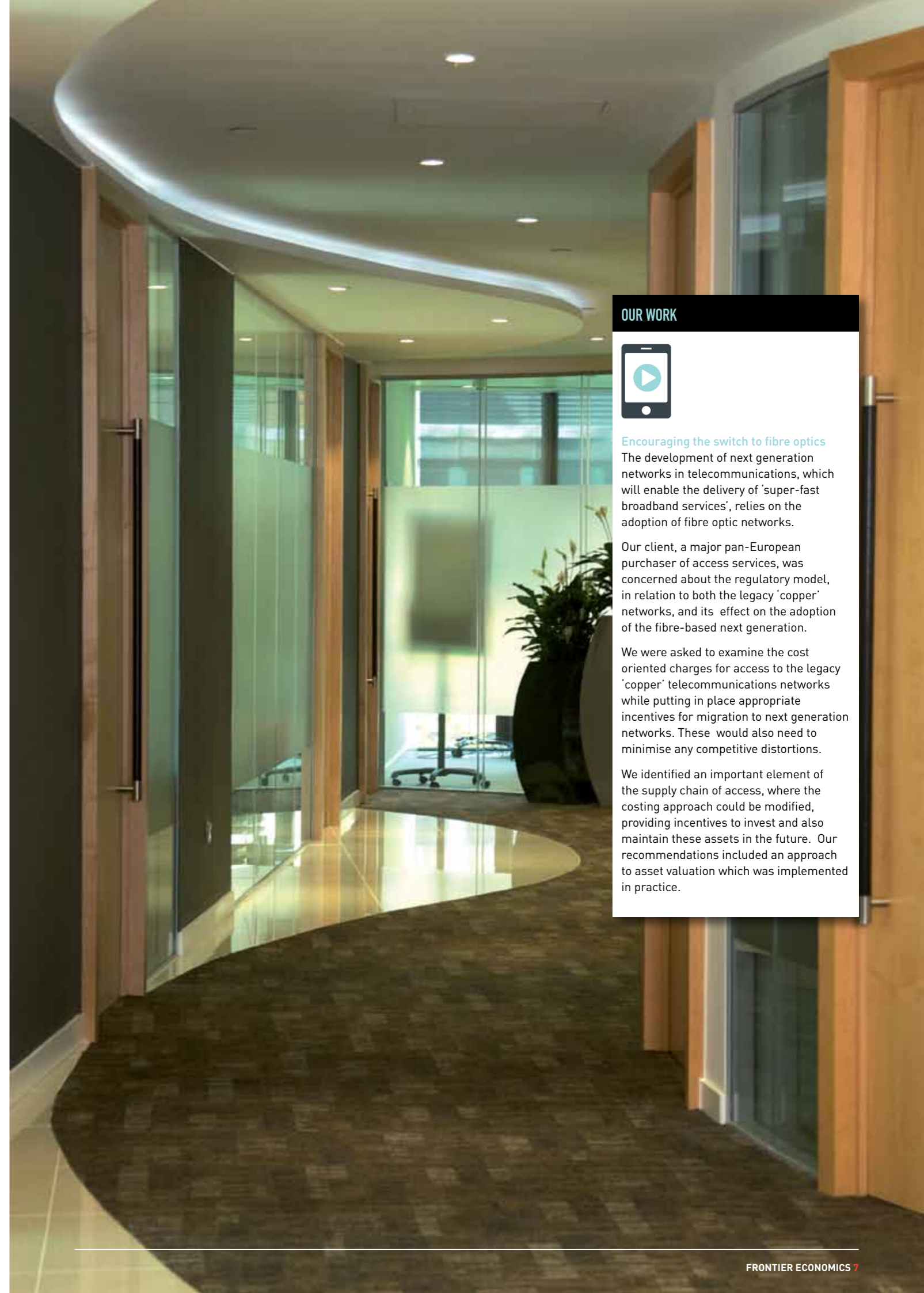
OUR AIM?

To help clients understand the constraints posed by competition policy and the dynamics of competition in their markets, to communicate effectively with competition regulators to minimise uncertainty and achieve their objectives.



At last I have found a consultancy that knows a thing or two!

John Stephenson, Executive Vice President, Wizz Air



OUR WORK



Encouraging the switch to fibre optics

The development of next generation networks in telecommunications, which will enable the delivery of 'super-fast broadband services', relies on the adoption of fibre optic networks.

Our client, a major pan-European purchaser of access services, was concerned about the regulatory model, in relation to both the legacy 'copper' networks, and its effect on the adoption of the fibre-based next generation.

We were asked to examine the cost oriented charges for access to the legacy 'copper' telecommunications networks while putting in place appropriate incentives for migration to next generation networks. These would also need to minimise any competitive distortions.

We identified an important element of the supply chain of access, where the costing approach could be modified, providing incentives to invest and also maintain these assets in the future. Our recommendations included an approach to asset valuation which was implemented in practice.

We *help* to create better policy.

Public policy affects all aspects of how our economy and society work. It has to balance political, social and financial pressures. Frontier works with governments, public bodies and the private sector to support the creation of better policy. We are often at the centre of public policy debate: influencing and shaping policy, engaging with different audiences and producing solutions grounded in sound economics.

We work across all areas of public policy: healthcare, education, environment, industry-specific policies, benefits, justice and the legal system, infrastructure, culture, sport and more widely.

Our economic expertise spans:

- policy development: supporting the development of new policies;
- policy appraisal: analysis of proposed policies and the development of business cases;
- policy evaluation: technical modelling of the impact of government programmes, regulation and spending;
- strategic support: detailed work for public and private clients on how to improve the efficiency and effectiveness in the delivery of policy objectives; and
- market reform advice: the design of choice and competition, auctions and other procurement and market mechanisms.

Frontier works closely with officials at the most senior levels of governments and regulators across the UK, Europe and beyond. Our clients often praise our ability to combine technical expertise with clear and effective communication.

OUR AIM?

To create better policy by blending sound economic analysis with pragmatic solutions to specific problems.



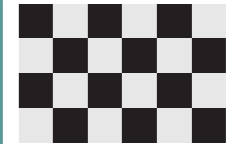
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languages spoken by the team

1,500

the number of projects we have worked on since we were set up in 1999

OUR WORK



The Office of Fair Trading (OFT) asked Frontier to provide the analysis for a paper aimed at senior policy officials and new ministers, showing how choice and competition could be used to improve public service delivery.

We drew on our experience across all areas of public policy to develop guidance that showed how choice – when employed correctly and in appropriate circumstances – could drive higher quality, improved efficiency and better outcomes. We also looked at situations where, used incorrectly, it could produce a spiral of decline in some areas of service, failing to deliver the desired outcomes and creating financial difficulties.

Our work stressed the importance of demand and supply considerations, looking at the effects of awareness of choice and the availability of information to those being asked to make choices (as well as their ability to act on the information) and – on the supply side – issues such as diversity of suppliers; flexibility of entry and exit; and the use of payment systems.

By analysing the use of choice and competition in education, health and social care, the benefits system and elsewhere, we were able to create a framework to encourage informed decision-making about where and how to use choice to drive improvements in services.



OUR WORK



When the European Commission asked us to assist in its quest to increase cross-border trade in energy, we used our power sector expertise to advise on ways to manage congestion on cross-border lines, recommending two different types of auction to enable better coordination of national energy markets and more efficient outcomes – ultimately, lowering prices to consumers.

This led to Commission guidelines on congestion management and initiatives to integrate regional energy markets, culminating in the widest market integration to date – the November 2010 market coupling in Central Western European region (CWE – France, Germany, Belgium, The Netherlands and Luxembourg).

We also advised on better use of cross-border capacity within the trading day – facilitating trade between market participants and improving the access of system operators to services provided from neighbouring countries – and helped end unfair transit charges for transmission system operators by designing a compensation scheme for those countries handling high transit flows.

We *assist* businesses and regulators to shape regulatory environments.

Regulation is a fact of life. All businesses operate in regulated environments that can affect the full range of their commercial decisions: pricing, service propositions, or investment. At Frontier we use rigorous economic thinking and analysis to help governments and regulators to develop and refine regulatory frameworks. We also work with companies to formulate creative and practical solutions that best achieve their commercial interests, either by living within regulatory constraints or making the case for changing them.

We advise governments, regulators and companies around the world and have shaped regulatory policy through both our client and published work. Our services include:

- regulatory regime design;
- price reviews;
- efficiency analysis and benchmarking;
- cost of capital;
- finance and financial modelling;
- network access and pricing;
- tariff and pricing strategy;
- license awards, auctions and market entry;
- due diligence; and
- competition policy and dispute support.

Our strong sector experience helps us to understand and interpret regulatory frameworks and to advise companies on the regulatory strategy they should adopt.

OUR AIM?

To help create strategies that will maximise our client's performance and help regulators establish frameworks that reflect public policy objectives and deliver good value for money.



Frontier are totally trustworthy, worryingly bright and have made a real economic difference to the business.

John Gildersleeve, Non-Executive Deputy Chairman, Carphone Warehouse

We *identify* key industry issues to create bespoke strategies for clients.

Where there is scarcity, profits will follow.

In other words: to maintain a competitive advantage a company must do something that customers value and competitors can't copy – a seemingly simple idea that can be fiendishly difficult to put into practice.

That's where we come in. At Frontier, we help clients to answer the question, "what is it that I can do that others can't?", by analysing customer behaviours, costs and the economic environment.

We also help them to answer questions such as:

- how can we get more value from our business?
- should we outsource distribution?
- how do we become more customer-focused?
- do we have the right measures of financial and operational performance?
- how do we factor competition policy risk into our acquisition strategy?
- how do we price to improve margin and still comply with the regulator?
- is this the right time to launch a new sub-brand?
- how should we plan in a changing market?

Our approach is analytical, yet practical. By helping clients to understand why business behaviour changes, what the root causes are and how corporate decision-making can impact in a positive way, we can alter their perspective and give greater clarity to key business decisions.

OUR AIM?


To use financial analysis and customer understanding to give clients a competitive edge, building cultures based on insight and business strategies driven by evidence.



3in4

of business is repeat business

1000

 *percentage of Frontier equity that is held by employees*

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Frontier have found a way to get their people to become genuinely intrigued by what matters to their client's business - to the point where they take adding value to those businesses personally.

Phil Jones, President, CE Electric UK

OUR WORK



Playing to your strengths

Our client – a leading European retailer with a substantial store network – came to us in the face of aggressive online competition.

These online retailers were taking advantage of their lower cost base to undercut prices by a substantial margin, leaving our client unsure how to react. Should it review its pricing strategy – or revise long-term plans for its store network?

Frontier compared the cost and revenue structures of the main store and the online retailers and worked with our client's commercial and store teams to identify those parts of the physical retail proposition that differentiated it from its competitors.

We asked the question, 'what benefits can a physical store offer customers that a purely online transaction cannot?' and – having determined these – set out a series of short-term tactical responses to build baskets and sharpen promotions.

The impact was immediate: a significant percentage boost to sales and margins in the following quarter; increased confidence for the senior team in the value of their store network; and a positive new direction for the commercial and store teams in which to innovate and test, resulting in a series of trials of new propositions.

In the longer term, this new thinking is shaping the way that the company looks at new and existing store format developments and its own online strategy.

We *work* all over Europe.



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