

**CONFIDENTIAL**

**BellSouth Telecommunications/Landis & Gyr Powers**

**Competitiveness Evaluation**

**1995**

**Produced by the Quality Panel  
January 31, 1995**

DOCUMENT NUMBER-DATE

**03231 MAR 27 85**

FPSC-RECORDS/REPORTING

**CONFIDENTIAL**

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, October 1, 1993 - September 30, 1994**

**Competitiveness Evaluation  
Table of Contents**

- I. Introduction**
  
- II. Building Facility Management System (BFMS) Installations**
  - A. Data Summary**
    - 1. BellSouth Telecommunications**
    - 2. Open-Market**
  - B. Assessment**
  - C. Next Steps**
  
- III. Building Facility Security System (BFSS) Installations**
  - A. Data Summary**
    - 1. BellSouth Telecommunications**
  - B. Assessment**
  - C. Next Steps**
  
- IV. Building Facility Alarm System (BFAS) Installations**
  - A. Data Summary**
    - 1. BellSouth Telecommunications**
  - B. Assessment**
  - C. Next Steps**
  
- V. Landis & Gyr Powers, Inc. Market Share Data**
  - A. Data Summary**
  - B. Assessment**
  
- VI. Additional Value of the Strategic Relationship**

1

## CONFIDENTIAL

### BellSouth Telecommunications/Landis & Gyr Powers Competitiveness Evaluation, October 1, 1993 - September 30, 1994

#### I. Introduction

The Competitiveness Evaluation is a creation of the "Policy Statement Regarding implementation of the Amendment to the Sales and Service Requirements Purchase Agreement" between BellSouth Telecommunications (BST) and Landis & Gyr Powers (L&GP), as executed on September 21, 1993. The joint BST/L&GP Quality Panel has the responsibility for producing this report annually.

The purpose of the Competitiveness Evaluation is to ensure that the overall cost of EST projects installed by L&GP is competitive with similar projects being performed on the open market. These projects include Building Facility Management Systems (BFMS), Card Access (BFSS) and addressable Early Warning Fire Detection (BFAS) Systems.

The report compares BST projects installed by L&GP to a sampling of similar projects done on the open market. Both bid and negotiated jobs from the open market are included in the comparative sampling. The time frame used for evaluation is from October 1, 1993 through September 30, 1994 (L&GP Fiscal Year).

The data contained in this report has been updated since the original Competitiveness Evaluation report was produced. The first report did not contain a sufficient sample of projects to produce a dependable conclusion.

The price elements used for comparison are the benchmarks published in the "State of the Relationship - 1994", dated January 31, 1995, produced by the BST/L&GP Quality Panel. For BFMS systems, the benchmark used was price per point. BFSS systems compare price per panel. BFAS systems compare price per device.

A concern was raised at the first publication of the Competitiveness Evaluation report with regard to L&GP overall industry competitiveness. It was agreed that a reasonable conclusion could be drawn based upon market share growth or loss. That information is presented in this document.

2

## II. Building Facility Management System (BFMS) Installations

### A.

Type	Number of contracts	Value	Number of Points	Cost per Point
BellSouth	108	\$3,499,887	4331	\$808
Non-BellSouth	60	\$5,280,419	6274	\$842

#### History - BellSouth - Cost Per Point

Telesensor	Landis & Gyr	
1985-91	1993	1994
\$917	\$910	\$808

A.(con)	1994		BFMS		
	BellSouth Contracts	Adj Cst		# Points	Cst/Point
	213 E 115 Emer. Op Cntr	\$2,977		8	\$372
	213 E 130 Pearl CO, Mux Repl	\$25,000		64	\$391
	217 E 6046 JCVL Regency	\$27,887		64	\$436
	213 E 134 Madison	\$19,110		39	\$490
	213 E 112 Thibodaux	\$9,925		20	\$496
	213 E 125 Moss Pt	\$9,615		19	\$506
	216 PE 2288 Poinciana	\$3,128		6	\$521
	216 PE 2340 SEACC	\$74,756		143	\$523
	216 PE 2283 SLC 96 Maxd	\$5,523		10	\$552
	231 E 123 Meridian Lbrt	\$3,433		6	\$572
	213 E 132 Ridgewood	\$22,000		38	\$579
	217 E 6029 JCVL LMOS	\$81,174		139	\$584
	213 E 131 Belvedere ESS	\$30,000		50	\$600
	228 E 7039 ORLD Orange Ave	\$60,765		99	\$614
	213 E 147 Lyman	\$12,520		20	\$626
	216 PE 2325 Golden Glades	\$57,372		90	\$637
	217 E 6042 GSVL University Ad	\$5,752		9	\$639
	212 E 6054 Sharondale	\$31,187		53	\$645
	544 E 0057	\$50,519		78	\$648
	213 E 143 Tupelo	\$10,634		16	\$665
	212 E 6058 Shelbyville	\$32,415		47	\$690
	287 E 6026 MLTN Ravines	\$42,961		62	\$693
	213 E 118 Bilox Edgwtr	\$44,915		64	\$702
	216 E 2255 Alhambra	\$12,661		18	\$703
	213 E 119 Metairie Main	\$78,999		111	\$712
	213 E 114 Cor <sup>th</sup> AHU	\$21,406		30	\$714
	546 E 5203	\$56,256		78	\$721
	213 E 141 Pascagoula	\$11,685		16	\$730
	212 E 6057 Bardstown	\$30,076		41	\$734
	544 E 0059	\$45,753		61	\$750
	294 E 2320 Mt Vernon Main	\$18,190		24	\$758
	212 E 6053 Fountain City	\$48,299		63	\$767
	294 E 2307 Data Cntr UPS Bldg	\$25,195		32	\$787
	217 E 6038 PNCY BALEOA	\$7,117		9	\$791
	294 E 2344 Data Cntr 1st Fir Lab	\$56,376		71	\$794
	294 E 2337 Anniston Lenlock	\$19,192		24	\$800
	294 E 2317 Flomoton Main	\$20,922		26	\$805
	294 E 2333 Prattville Main	\$25,924		32	\$810
	544 E 0058	\$42,952		53	\$810
	543 E 3299 Coin Center	\$39,800		49	\$812
	294 E 2348 Clanton C.O.	\$29,508		36	\$820
	543 E 3323 Sharon Amity	\$74,600		91	\$820
	212 E 6046 Dickson Chillers	\$12,429		15	\$829
	294 E 2305 BTAC Alter	\$13,276		16	\$830

	BellSouth Contracts	Adj Cst	# Points	Cst/Point
A.(con.)	1994			
	294 E 2334 Tusc. Druid Hills	\$ 4,271	29	\$837
	287 E 6023 PNSC Ferry Pass	\$90,800	108	\$841
	213 E 127 Bell Laurel	\$54,765	65	\$843
	212 E 6048 Hopkinsville Central	\$97,822	116	\$843
	210 E 5682 Cooling Tower	\$4,219	5	\$844
	210 E 5754 SBC 11th Fir	\$11,880	14	\$849
	216 PE 2331 Ft. Laud Hdqtrs	\$3,400	4	\$850
	210 PE 5781	\$14,486	17	\$852
	213 E 135 Landmark	\$21,330	25	\$853
	217 E 6044 GCSP	\$12,000	14	\$857
	294 E 2319 Citronelle Main	\$19,742	23	\$858
	216 E 2245 Boca Main	\$5,163	6	\$861
	216 PE 2322 Port St Lucie	\$30,313	35	\$866
	210 PE 5736 Roswell	\$68,443	79	\$866
	213 E 116 Data Cntr Econ	\$23,435	27	\$868
	217 E 6039 PNSC Garden St	\$7,820	9	\$869
	217 E 6043 PNSC Warrington	\$87,266	100	\$873
	216 PE 2310 Delray	\$14,000	16	\$875
	216 PE 2309 Boynton Bch	\$14,000	16	\$875
	294 E 2336 Wetumpka Main	\$18,416	21	\$877
	294 E Jacksonville Main	\$16,672	19	\$877
	294 E Graysville Main	\$16,772	19	\$883
	217 MQ 6032 JCVL Clay St	\$575,999	644	\$894
	216 PE 2345 Pembroke	\$12,546	14	\$896
	216 PE 2346 W. Miami	\$12,546	14	\$896
	216 PE 2347 Biscayne	\$12,546	14	\$896
	216 PE 2348 Bayshore	\$12,546	14	\$896
	216 PE 2349 Northside	\$12,546	14	\$896
	294 E 2346 Attalla Main	\$15,252	17	\$897
	294 E 2319 Theodore Main	\$15,389	17	\$905
	217 E 6036 McClure	\$40,205	44	\$914
	294 E 2335 Tusc. Northport	\$16,555	18	\$920
	294 E 2325 Talladega M&T	\$15,794	17	\$929
	294 E 2341 Data Cntr Chiller	\$54,374	57	\$954
	216 PE 2321 WPB	\$13,457	14	\$961
	213 E 117 N.O. Main	\$242,486	250	\$970
	216 PE 2285 Red Road	\$68,230	70	\$975
	212 PE 6059 Bearden CO	\$5,079	5	\$1,016
	212 PE 5050 Knoxville Main	\$16,625	16	\$1,039
	212 E 6044 Donelson	\$46,858	45	\$1,041
	294 E 2312 River chase	\$40,501	38	\$1,066
	212 E 6052 526 Armory	\$20,573	18	\$1,143
	212 E 6051 Nashville Main/Btry	\$22,372	19	\$1,177
	294 E 2351 Data Cntr Elvator	\$9,474	8	\$1,178



	BellSouth Contracts	Adj Cst	# Points	Cst/Point
<b>A. (con)</b>	<b>1994</b>			
	216 PE 2344 Jacaranda	\$9,971	8	\$1,246
	216 PE 2343 Hollywood West	\$9,971	8	\$1,246
	216 PE 2292 Boynton Beach	\$9,971	8	\$1,246
	216 PE 2293 Crestwood	\$9,971	8	\$1,246
	216 PE 2294 Federal	\$9,971	8	\$1,246
	216 PE 2295 Coral Springs	\$9,971	8	\$1,246
	216 PE 2296 Riviera Beach	\$9,971	8	\$1,246
	216 PE 2297 Haverhill	\$9,971	8	\$1,246
	216 PE 2298 Greenacres	\$9,971	8	\$1,246
	216 PE 2299 Lake Worth	\$9,971	8	\$1,246
	216 PE 2300 Cypress	\$9,971	8	\$1,246
	216 PE 2301 Margate	\$9,971	8	\$1,246
	216 PE 2286 Canal St	\$9,971	8	\$1,246
	216 PE 2284 Golden Glades	\$50,373	38	\$1,326
	213 E 124 Greenwood Mux	\$4,000	3	\$1,333
	216 PE 2282 Bayshore E	\$8,560	6	\$1,427
	212 E 6045 Brant Enthalpy	\$3,709	2	\$1,855
	212 E 6049 1544 Madison Ave/R	\$3,760	2	\$1,880
	212 E 6050 JacksonDisc/RNS	\$3,760	2	\$1,880
	<b>Totals</b>	<b>\$3,499,887</b>	<b>4331</b>	<b>\$808</b>

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, 1994**

**B. Assessment - BFMS**

Based on the data, the overall cost to BST on BFMS projects completed or in progress by L&GP is competitive with other jobs installed by L&GP on the open market. The data reflects that the BST projects are 4.0% less on a cost /point basis than are other L&GP jobs on the open market. This data also reflects that the cost per point has been reduced by 11%, from 1993 to 1994.

The cost per point data varies widely from the low-end to the high-end. The highest project point cost is 505% of the lowest. With adjustments in the sell price to normalize the data, it would be expected that the variation in the project costs would be smaller. A closer review of the data indicates that the vast majority of the projects are in the \$700 to \$800 per point range, which is consistently lower than the non-BST projects being performed by L&GP. Two observations are made regarding the data. The cost of BFMS projects in Main and Toll buildings is consistently higher than other building types. The cost of BFMS projects varies from branch to branch even though the mix of work appears to be similar. Both of these anomalies will be investigated.

In summary, the data shows that the BST/L&GP strategic relationship is competitive.

**C. Next Steps - ERMIS**

1. Evaluate both the higher cost/point jobs and lower cost/point jobs for project scope and installation methods. Particular emphasis should be placed on Main & Toll building projects. Compare the information for possible steps to reduce overall costs.
2. Evaluate the differences across branch offices to identify possible steps to reduce costs. Through the use of the Price Proposal Analysis Tool, continuously identify and document the unit costs of projects
3. Reinforce regional standards on the BFMS systems that recognize cost reduction methods.
4. Implement identified project cost reduction methods.

3

### III. Building Facility Security System (BFSS) Installations

#### A.

Type	Number of contracts	Value	Number of Panels	Cost per Panel
BellSouth	36	\$1,478,124	137	\$10,789
Non-BellSouth	NA	NA	NA	NA

#### History - BellSouth - Cost Per Panel

Telesensor	Landis & Gyr	
1985-91	1993	1994
NA	\$12,544	\$10,789

A.(con)	1994		BFSS		
	BellSouth Contracts	Adj. Cost		Panels	Cost/Pnl
	210 E BFSS Upgrades	\$16,182		3	\$5,394
	210 E 5761 Woodland Hills	\$29,682		5	\$5,936
	210 E 5732 Newnan	\$22,000		3	\$7,333
	212 E 6038 SCB HQTR	\$31,218		4	\$7,805
	213 PE 7039 Metarie Main	\$41,510		5	\$8,302
	287 E 6025 SBT Tower	\$52,725		6	\$8,788
	216 PE 2332 Ft. Laud Gate	\$17,954		2	\$8,977
	217 E 6036 GLBR McClure	\$18,204		2	\$9,102
	213 PE 7017 Marrero ASC	\$27,306		3	\$9,102
	210 E 5794 Quorum	\$28,105		3	\$9,368
	213 PE Clinton Blvd	\$18,854		2	\$9,427
	216 PE 2334 SEACC	\$76,872		8	\$9,609
	212 E 1032 NARAC	\$48,993		5	\$9,799
	213 PE 7026 Monroe RNS	\$9,935		1	\$9,935
	212 E 1020 Clarksville	\$10,084		1	\$10,084
	212 PE 1039 BST Hopkinsville	\$30,276		3	\$10,093
	294 E 2304 BTAC	\$104,009		10	\$10,401
	213 PE 7041 Kenner Briar	\$10,666		1	\$10,666
	216 PE 2278 444 BLDG	\$21,450		2	\$10,725
	294 E 2322 BHAm Data Center	\$398,544		37	\$10,771
	213 PE 7040 NISC	\$23,078		2	\$11,539
	212 E 1025 Madison Ave	\$12,063		1	\$12,063
	212 E 1038 Westmeade	\$24,397		2	\$12,199
	213 PE 7027 Hourma Main	\$37,233		3	\$12,411
	213 PE 7015 McComb	\$13,271		1	\$13,271
	213 PE 7034 N.O. Main	\$27,708		2	\$13,854
	212 PE 1042 Brainerd	\$29,530		2	\$14,765
	543 E 3303 . Augusta	\$30,827		2	\$15,414
	543 E 3304 Crangeburg	\$30,827		2	\$15,414
	212 PE 1042 Crieve Hall	\$31,824		2	\$15,912
	543 PE 3314 Lake Pt	\$32,745		2	\$16,373
	543 PE 3317 Cary	\$32,745		2	\$16,373
	543 E 3301 Sunset	\$32,835		2	\$16,418
	543 PE 3316 Apex	\$33,024		2	\$16,512
	543 E 3302 St Andrews	\$33,435		2	\$16,718
	543 PE 3315 Salisbury	\$38,011		2	\$19,006
	Totals	\$1,478,124		137	\$10,789

## CONFIDENTIAL

### BellSouth Telecommunications/Landis & Gyr Powers Competitiveness Evaluation, 1994

#### B. Assessment - BFSS

The system provided by L&GP to BST is a proprietary system. Therefore, an "apples to apples" comparison with the outside market is not possible. The Quality Panel agreed that it would continue to monitor the costs per panel associated with these projects and target a declining cost as the comparison. See Section V on Market Share.

The results for the period of October 1, 1993 to September 30, 1994, show a 13.9% reduction in installed costs for BFSS projects from the previous period.

An observation of the data indicate a wide disparity in costs per panel across the branches. A closer evaluation of methods and procedures used is required to identify opportunities for savings.

#### C. Next Steps - BFSS

1. Evaluate both the higher and lower cost/panel jobs for project scope and installation methods. Compare the information for possible steps to reduce overall costs.
2. Evaluate the differences across branch offices to identify possible steps to reduce costs. Through the Price Proposal Analysis Tool, continuously identify and document unit costs of projects.
3. Implement identified project cost reduction methods.
4. Reinforce regional standards on the BFSS systems that recognize cost reduction methods.

4

**IV. Building Facility Alarm System (BFAS) Installations**

**A.**

Type	Number of contracts	Value	Number of Devices	Cost per Device
BellSouth	25	\$2,631,628	7563	\$348
Non-BellSouth	NA	NA	NA	NA

**History - BellSouth - Cost Per Device**

Telesensor	Landis & Gyr	
	1993	1994
1985-91	NA	NA
	\$334	\$348



A.(con)	1994		BFAS		
	BellSouth Contracts		Adj. Cst		Devices Cst/Dvce
	516 PE 6417		\$1,715		8 \$224
	212 E 6056 Owensboro		\$126,882		518 \$245
	212 E 2005 NARAC		\$72,991		295 \$247
	216 PE 2324 666 Bldg		\$431,145		1768 \$244
	212 E 2003 Paducah Main		\$153,736		575 \$267
	294 E 2331 Homewood		\$84,200		267 \$315
	210 E 5787 Quorum		\$73,713		232 \$318
	216 PE 2311 Ft. Laud Hdq - 12th Flr		\$44,164		135 \$327
	287 E 6028 GLBR McClure		\$14,803		45 \$329
	287 E 6027 MLTN Ravines		\$11,600		35 \$331
	216 PE 2312 444 Bldg 2nd & 3rd Flr		\$180,387		555 \$341
	213 PE 7020 Gretna Rvr Sde		\$39,993		117 \$342
	213 PE 7037 Resource Rm		\$2,079		6 \$347
	216 PE 2291 Ft. Laud Hdq.		\$124,412		358 \$348
	213 PE 7033 BCAC		\$75,606		210 \$360
	544 E 0055		\$13,085		36 \$363
	213 PE 7038 Bundy Rd		\$56,297		152 \$384
	213 PQ 7015 Lake Charles		\$2,400		6 \$400
	210 E 5708 Norcross		\$49,950		121 \$413
	213 PE 7019 Emr Op Cntr		\$2,514		6 \$419
	543 E 3305 OrangeBurg		\$121,677		286 \$425
	216 PE 2308 666 Buldg		\$11,160		25 \$446
	212 E 2006 Nashville Main		\$90,466		1695 \$508
	216 PE 2326 Pt St. Lucie		\$36,025		67 \$538
	216 PE 2335 SEACC		\$29,748		45 \$661
	Totals		\$2,631,628		7563 \$348

CONFIDENTIAL

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, 1994**

**B. Assessment - BFAS**

The data indicates mixed results regarding the competitiveness of the BFAS projects. As noted in Section III, the system being installed cannot be compared exactly to the outside market. Therefore, the Quality Panel agreed to year to year comparisons with a declining target. See Section V on Market Share.

The results show a 4.2% increase in installed costs for BFAS for the period of October 1, 1993 through September 30, 1994. This must be couched against the volume of business during the previous period. Six(6) times more volume was implemented in 1994 than in 1993. It should also be noted that 87% of the 1993 volume was contained in two(2) projects.

Since no true conclusion can be drawn, the Quality Panel will more closely monitor these projects on an ongoing basis.

**C. Next Steps - BFAS**

1. Closely monitor the installation costs for BFAS projects.
2. Evaluate both the higher cost /device and lower cost/device jobs for project scope and installation methods. Compare the information for possible steps to reduce overall costs. Through the use of the Price Proposal Analysis Tool, continuously identify and document unit costs of projects.
3. Implement identified project cost reduction methods.
4. Reinforce regional standards on the BFAS systems that recognize cost reduction methods.

5

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15

**V. Landis & Gyr - Market Share  
and Corporate Growth**  

---

**Years 1992 -1994**

---

**A.**

**Landis & Gyr Powers, Inc. - Market Share**

---

1992 Y-Y Chg. 1993 Y-Y Chg 1994 Y-Y Chg

**Installed Base Market Growth**

---

1992 1993 1994

**Landis & Gyr Powers, Inc - Installed systems  
and Service Revenue Growth**

---

1991-92 1992-93 1993-94

**References:**

---

1. Dodge Report summary of construction dollars, Adjusted to L&G target market of construction projects of 100K square feet or larger. Represents Building control Dollars, designated as a % of total project dollars.
2. Landis & Gyr Powers, Inc. financial reports.

**CONFIDENTIAL**

**BellSouth Telecommunications/Land's & Gyr Powers  
Competitiveness Evaluation, 1994**

**B. Assessment - Market Share**

The Quality Panel agreed to use market share growth or loss as an indication of the overall competitiveness of L&GP pricing to BST. This is to satisfy the concerns about BST costs, using proprietary systems against the open market.

The results show that L&GP has increased both market share and revenue growth during the last three (3) years. This has been accomplished in spite of a declining market base( as indicated by the Installed Base Market Growth).

The combination of the two (2) factors does indicate the positive competitiveness of L&GP against the rest of the industry.

6

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, 1994**

**VI. Additional Value of the Relationship**

In 1994, BST and L&GP achieved many successes due to the improved relationship begun in 1993. The focus in 1994 was on the immediate annual reduction of 2% to 5% in total cost as well as an annual 3% reduction in energy cost. This was accomplished by:

1. Establishing pricing and performance benchmarks and developing process improvement plans utilizing the Quality Process as the primary approach to achieve cost reductions and improve quality.
2. Implementing a two pronged strategy( quick wins and long term strategies) to reduce energy consumption annually by 3%.

In January, 1994, the BST/L&GP partners in each state met to develop local action plans to meet these goals. The results of these meetings provided specific action plans for energy reduction and operations savings. It also enhanced the spirit of the partnership by giving the team a common sense of purpose through this mission.

In summary, the maintenance reduction, installation reduction and energy reduction targets were all achieved.

Maintenance reduction - Savings in 1994 to BST from existing services and new contracts executed provided approximately \$721,000 in additional cost reductions.

Energy Reduction - Building energy was reduced by 6.5% during 1994 as compared to 1993. This represented a savings to BST of approximately \$3.6 million.

Systems Installation Reduction - Through comparison of the cost per point(BFMS), cost per panel(BFSS), and cost per Device(BFAS) benchmarks, 1994 versus 1993, the overall reduction in systems installation costs was \$576,315 or 7%.

**CONFIDENTIAL**

**BellSouth Telecommunications/Landis Gyr Powers  
Competitiveness Evaluation, 1994**

**VI. (continued)**

The following are some specific examples of successes achieved:

**1. Energy Projects** - As of October, 1994, L&GP surveyed over 130 buildings for energy savings opportunities. To date, over \$1 million of energy savings will be realized by the implementation of these projects. The projects include total building strategies such as BFMS, variable speed drives, chiller replacements, general construction, lighting retrofits, etc. integrated in a complete performance-based contract.

**2. Energy SWAT Teams** - BST/L&GP utilized a swat team (quick results) approach to reduce energy. Each state used variations of set point changes, fine tuning, calibration, etc., to achieve an estimated \$240,000 in annual energy savings.

**3. Fire Alarm Service** - L&GP is presently performing under contracts for fire alarm service in Louisiana, North Carolina, Florida, Tennessee, and Kentucky.

The contract in Kentucky will save BST \$41,720 over any other fire alarm service company, based on a comparison of prices.

The North Carolina and Florida contracts are in the second year of execution. The Benchmarking targets of operational cost reduction as well as quality measurements(response time, call backs) will be established in 1995.

As mentioned in the 1993 "State of the Relationship " paper, the fire alarm contract in Louisiana saved \$110,000 as a result of reducing calls from 40 per month to 10 per month. This year there were efficiencies of scale by cross training the fire alarm technicians to perform card access service. This saved BST 11% (\$27,000) annually in addition to the previous year's \$110,000 reduction.



**CONFIDENTIAL**

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, 1994**

**VI.(continued)**

**4. Mechanical Service - L&GP is presently performing under contracts for mechanical service in Louisiana, Mississippi, Kentucky and Tennessee.**

The Kentucky agreement is in the first year of execution. The efficiencies of scale allowed L&GP to save BST \$240,000 annually compared to any other mechanical service vendor.

The Louisiana and Mississippi contracts are in the second year of the three (3) year contracts. The benchmarks were established for operational cost reductions as well as call reductions in the first year. The operational cost reduction exceeded a total of 6% (over \$200,000 annually) in both states, 1994 compared to 1993. In addition, the number of callouts were reduced by over 10% in both Louisiana and Mississippi. With a reduction in the number of service calls, the long term outlook is for further cost reductions. Two additional benchmarks were added this year to further improve customer satisfaction: these are average response time and number of call backs. The average response time benchmark is already as aggressive target due to the combination BFM Mechanical contract. Many calls that required dispatching of mechanics are now handled through the L&GP technicians via modem. The number of call backs are the key element in the dramatic reduction in the service calls. The fact that this is being monitored has helped enforce a "get it right the first time" mentality.

The latest success is that L&GP proposed a mechanical service contract in Florida, and it is estimated that this contract will save BST over \$600,000 Annually.

**5. Design / Build - L&GP provided turn-key installations on many BFMS/Card Access/ Fire Alarm installations that eliminated duplicated effort and associated costs required by design consultants. In 1994, many HVAC retrofits were performed utilizing this method of contracting with an estimated savings of over \$100,000 of consulting fees.**

**CONFIDENTIAL**

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, 1994**

**VI.(continued)**

**6. Regional Support**

a) A fire alarm and access management seminar was presented in July, 1994. This seminar was coordinated and presented at no cost to BST. The cost to L&GP (Salary and wage, travel and materials) was \$11,415.

b) Development of an Edit Mask and Graphics Transfer software for the System 600 Front End. This was provided at a cost to BST of \$5600. It is estimated that the savings in labor charges, as a result of these modifications, is \$33,000. This equates to a direct savings to BST of \$27,400.

c) Development of the Intelligent Annunciator for use in the Birmingham and Jacksonville BFMS Centers. It is estimated by BST that the annual savings to BST is \$100,000 in contract labor to provide the same level of critical alarm coverage, which is made possible by the use of the Intelligent Annunciator. The cost to BST was \$26,000 which gives a first year payback of \$74,000.

d) Development of the Proposal Price Analysis for controls, fire alarm and access management. This analysis was jointly developed by members of the Quality Panel for use in all branches. The intent of the analysis is to eliminate pricing questions through increased understanding and to identify cost saving approaches.

**7. Integrated Systems** - The BFMS and Card Access Systems are not just stand-alone equipment within the facilities services, but a sophisticated integrated solution that meets the needs of BST. There are a large number of benefits as a result of the integration of systems. Some examples are centralized dispatching and alarming as well as the specialized software that provides increased functionality.

**CONFIDENTIAL**

**BellSouth Telecommunications/Landis & Gyr Powers  
Competitiveness Evaluation, 1994**

**VI. (continued)**

**8. Backwards Compatibility/ Non-Obsolescence** - The commitment of L&GP to provide "compatibility by design" has enabled BST to maintain investments in a system that will not be compromised by future technological advancements. This has prevented and will prevent BST from replacing millions of dollars of previously installed equipment.

**9. Reliability** - Constant monitoring of the operation of systems and quickly resolving punch list items and service calls provide value by eliminating downtime of equipment. The systems are working and performing the tasks they were designed to perform. This is not an issue with this partnership, which is in itself a benefit/success.

**10. Work Flow** - The commitment of BST to provide better planning and scheduling of projects has allowed L&GP to : schedule labor more efficiently, improve customer satisfaction through better planning, and reduce costs through value engineering and design pricing.