

**TERMS OF REFERENCE**  
**FOR CONSULTANCY SERVICES TO DEVELOP BUSINESS MODEL FOR**  
**SUSTAINABILITY OF OPEN NET**

**Background**

The Government of Georgia signed a Loan Agreement for financing the implementation of Log-in Georgia Project (“Project”) with the World Bank (WB). The proposed Project development objective is to increase access to affordable broadband internet, and to promote its use by individuals and enterprises, in targeted rural settlements.

The Project Consists of the following key components:

- Component 1: Increasing access to broadband – this Component will help expand access to broadband internet in rural settlements across Georgia and improve the enabling environment for digital development.
  - Subcomponent 1.1: Supporting the Open Net Program – the Open Net Program will develop a national infrastructure to offer open access, wholesale, broadband telecommunications services.
  - Subcomponent 1.2: Improving the enabling environment for digital infrastructure – this subcomponent will support activities to improve the enabling environment for digital infrastructure development in Georgia. This will support the development of legal, policy, and regulatory instruments, and design of investment attraction measures included in the national broadband development strategy (adopted in 2020).
- Component 2: Promoting the use of broadband-enabled digital services – this Component will support the development of Georgia’s digital economy through a strengthened enabling environment, promoting digital use-cases of broadband, and addressing barriers to the participation of individuals in the digital economy.
  - Subcomponent 2.1: Enabling environment for digital economy development – this subcomponent will support activities to improve the enabling environment for digital economy development in Georgia.
  - Subcomponent 2.2: Promoting use-cases – the subcomponent will promote specific use-cases of improved broadband connectivity in targeted rural settlements.
  - Subcomponent 2.3: Increasing digital inclusion – this subcomponent will finance targeted interventions to boost the use of the internet and digital services by women, social minorities, and persons with disabilities in targeted settlements.
- Component 3: Project implementation support – this component will support the management and implementation of the Project and associated activities.

The Project will be implemented over a five-year period by the Open Net NNLE as the implementing entity, with the oversight of the Ministry of Economy & Sustainable Development (MOESD) of the Government of Georgia (GoG). Open Net NNLE will be the Project Implementing Entity (PIE) to support the implementation of the Project.

## **Objective and Purpose of the Assignment**

Preparation of the business model that will serve as a core strategy for sustainability of the company. The objective of this assignment is to develop a detailed time-bound Business Plan for the Open Net Program covering a period of 5 years.

The business plan to be developed is expected to account for financial as well as economic return delivered by Open Net, as a state-aid program aimed at closing the digital divide in rural areas unviable for the private sector

## **Tasks and Responsibilities**

The consulting firm (hereinafter “Consultant”) shall report to the Director of Open Net NNLE and shall work with other individuals and organizations as identified by the Director to fulfill the terms of reference.

The consultant shall:

1. Conduct demand assessment, based on best practices and trends existing in Open Net, as well as the socio-demographic characteristics and approved National Broadband Development Strategy (NBDS) in Georgia, which shall be used to estimate infrastructure requirements to provide broadband services for the period of time over the next five years. Articulate the intended contribution of Open Net’s role and target within the market, detailing how such objectives can be fulfilled by Open Net’s mission, vision, legal structure, product offer, financial and technological assets and location
2. Develop a comprehensive and detailed strategy and projection for Open Net’s operations, with a scope of 5 years. Include, among other factors, detailed financial forecasts based on plausible assumptions, regulatory and compliance considerations, contingency planning considerations, and possible directions for assisting small and medium-sized ISP’s.
3. Project the time to reach the break-even status and calculate Internal Rate of Return for the investments made (incorporating economic value, not just financial returns). Identify potential avenues to improve profitability and augment Open Net’s revenue streams, by evaluating market opportunities within the country and leveraging on international success cases (for example Lithuania’s Rural Area Information Technology Broadband Network, Australia’s National Broadband Network, UK’s rural gigabit connectivity program, and

similar State-Aid programs in the EU) and best practice guidance (for example by following the criteria established by the EU on State Aid, as well as the general and sectorial guidance documents published by the European Union on state aid and services of general economic interest.

4. The consultant shall indicate potential services that stimulate gaining of additional revenue, with the indication of possible customers, detailed analyses of potential revenue streams and any anticipated expenses
5. Draft an action plan, stemming from the 5-year projection, detailing and phasing the necessary steps and activities to be realized so as to best reach the objectives set out in Open Net's vision, mission and further detailed in the plan, which will ensure sustainability of the company.
6. Ensure that non-monetary factors and considerations, accounting for and aiming to maximize economic societal benefit, are integrated throughout the Business Plan and orient strategic, financial and operational propositions. Draw upon stakeholder engagement, accounting and impact assessment techniques (such as the Triple Bottom Line, Social Return on Investment, Cost-Benefit Analysis with Shadow Pricing, Benefit-Cost-Ratio adjustments, etc.), good international practices (such as South Korea's Broadband Strategy) and international guidelines (such as the EPEC Guide to Public-Private Partnerships, Global Reporting Initiative (GRI) non-financial reporting guidelines, IFC's Performance Standards on Environmental and Social Sustainability or the United Nations Principles for Responsible Investment). The consultant shall assist in the identification of the appropriate organizational structure including the required technical and administrative staff with corresponding job descriptions, qualifications and remunerations.
7. The consultant will propose a list of key metrics and indicators that can be measured and tracked to monitor economic returns and demonstrate value of the investments made by Open Net through its operations.

In order to deliver the objectives of this assignment, consultant will be required to perform following:

1. Collect documentation, review in depth, analyze and correlate the following elements (not an exhaustive list):
  - a. Georgian telecom market's size, growth rate, major players, trends, technological advancements and regulatory environment
  - b. Demand estimation, its key segments, needs and preferences
  - c. Analysis of supply, from services offered to coverage, pricing, quality of service
  - d. Technological trends and implications on the business model.
2. The consultant is also expected to undertake a capacity assessment of Open Net, in light of the above-mentioned market analysis, to assess the capacity and gaps to reach its declared objectives within the market.
3. The consultant shall conduct interviews with Open Net employees and executives, consolidate insights from international best practices and success stories, build on existing documentation,

in an aim to draft a 5-year operational projection and business strategy. This effort will build on plausible assumptions and realistic visions from Open Net's executives and other counterparts, and integrate the underlying objective of positive societal economic spillovers (notably on education, health and financial services, internet and social services use particularly by social minorities). Among the factors to be considered:

- a. Plausible revenues, expenses and cashflow analysis. Integrating market growth rates, operational and capital expenditures
  - b. Sensitivity analysis of financial projections
  - c. Operational planning, from resource planning among departments to expansion strategies, plausible partnerships and implementation of strategic investments
  - d. New ISP customer acquisitions and market penetration, from marketing to customer services
  - e. Risk analysis and resilience planning, considering exogenous and endogenous factors
  - f. Organizational and management evolution pathways as the organization grows
  - g. Scenarios and options for revenue diversification, such as through multiple product options
4. Based on the vision developed, business strategy, and projections, the consultant will draft a detailed implementation plan and action timeline. This plan will include but not be limited to:
- a. Actions with associated levels of priority, responsible actors, execution time and indicative timeline
  - b. Overview of workstream timelines by actor and department
  - c. Performance indicators and monitoring mechanisms

**Deliverables:**

1. Demand Assessment report (line item 1)
2. Detailed strategy and projections for Open Net's operations (line item 2)
3. Break-even status and potential avenues to improve income streams (line item 3)
4. potential services with the indication of possible customers, detailed analyses of potential revenue and anticipated expenses (line item 4)
5. Action plan aligned with the objectives set out in Open Net's vision (line item 5)
6. The appropriate organizational structure in order to achieve successful implementation of Action Plan (line item 6)
7. Measuring tools to monitor Open Net's value of the investment and economic returns.

All deliverables must be submitted in English Language. All documents shall be submitted in electronic (pdf or similar) format. All correspondence to the Employer shall be in English language.

## Milestones

The duration of the Contract will be 90 days, the contract could be extended according to the business needs.

The table below summarizes the anticipated key milestones of the assignment. The indicated timeline allows for review time.

<b>Deliverable</b>	<b>Submission Date</b>	<b>Language</b>
Completion of the Phases 1 through 3	Within 60 days after commencement of services	English
Completion of Phase 4, 5, 6 and 7	Within 30 days after commencement of first milestone	

## **Required Qualification**

### **Company:**

- At least 10 years of experience in the field of consulting for Telecom Operators, namely related to business strategy, operation models, cost/benefit analysis,
- At least 3 similar assignments performed within the last 2 years,

### **Team Leader:**

- International experience of similar type of assignments or consultancies (with regards to deliverables of the consultancy)
- Strong business/financial/economical knowledge and experience;
- Knowledge and experience in telecommunications, engineering, or related fields;
- At least 10 (ten) years' experience in the electronic communications sector in providing consultancy/advisory services;

### **Other members:**

- A good knowledge of technology development and costing;
- Experience in or knowledge of commercial operations of telecom networks;
- Ability to work collaboratively in a team and deliver outputs on time; and
- Excellent speaking and writing skills in English.

## **Facilities and Services to be provided by Open Net**

Open Net shall provide:

- Office area and facilities, office equipment and communication necessary to carry out the services;
- All necessary information and documents required for completion of tasks;
- Domestic travel expenses related to visits to Project sites, per GoG regulations.