



## Service Intensity, Efficiency and Innovation

Huge seeks to acquire businesses with low service intensities and high service efficiencies, change the business models of currently owned businesses in an effort to decrease their service intensities and increase their service efficiencies and sell currently owned businesses whose service intensities are too high, or whose service efficiencies are too low, or where the trends in service intensities are rising at a faster rate, or where the trends in service efficiencies are falling at a faster rate than expected.

The service intensities of Huge's two largest operating companies, Huge Telecom and Huge Connect, are low. They also have very high service efficiencies. These are exactly the types of businesses in which Huge wants to invest and they are also exactly the types of businesses which Huge wants to grow. The services provided by these two companies are 'plug, play and walk away' services where most of the time is spent installing, setting-up and activating the services rather than dealing with the ongoing maintenance of the services. In other words, they have low service intensities.

Huge's operating companies seek to lower service intensities by adopting technologies which are simple to manage and/or which are easy to understand and maintain and accordingly will bring with them a lower service cost. They also seek to lower service intensities by reducing the number of variables in the business model or by reducing the number of variables in the service ecosystem – fewer variables mean less management and maintenance, lower costs of servicing and higher profit margins.

Other ways in which Huge's operating companies have lowered their service intensities is through process automation, owning their own CRM, billing and accounting software, and integrating them and developing and owning some of the technology used in delivering the services. Huge Connect and Huge Telecom have developed and own their own CRM and billing engines and Huge Software has developed an accounting software platform which it licenses to third parties and to Huge's operating companies. This has created significant service efficiencies.

Huge Telecom has developed its own routing devices, and this has introduced competition to the local market for the supply of routing devices, which has had the effect of reducing the costs to deliver the services.

These efforts matter, and these matters have the attention of the executive management team. Reducing service intensities reduces service costs and increases service efficiencies and ensures a higher conversion of gross profit into net profit. Huge believes that innovation must take place primarily at the service layer rather than at the technology layer because all technology eventually becomes commoditised.