The New Financial Realities of Private LMR vs. PoC

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The Big Issue; Budgets

Or Rather; Budget Discussions

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Capital Expenditure (CapEx)

A product or system with durable asset value beyond the current budget cycle

Operational Expense (OpEx)

A product or service with a value consumed (or mostly consumed) within the budget cycle

Why Does This Matter?

- **LMR - CapEx Model**

Higher Initial Cost

- **Long Term Return on Value in Equipment**

Lower Recurring Costs

- **PoC - OpEx Model**

Higher Recurring Costs

- **Ongoing Value Requires Ongoing Costs**

Lower Initial Costs

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- **Infrastructure procurement and deployment**

12 to 25 year cycle

- **Infrastructure maintenance and operation**

Ongoing

- **Subscriber procurement and deployment**

5 to 15 year cycle

Subscriber replacement anticipated

  - Often not "budgeted"

- **Subscriber maintenance and operation**

Ongoing

- **Service/Usage (Infrastructure)**

Service Agreement

Ongoing

- **Interface procurement and deployment**

May be long term

Interface maintenance and operation

- **Subscriber procurement and deployment**

1 to 3 year cycle

Subscriber maintenance and operation

Subscriber replacement

  - **Needs to be planned and budgeted**

What to Do

- **Evaluate your current budget and funding plans**

- **Look for opportunities to align future budgets and funding to anticipated needs**

Capital and Operational

- **Set reasonable expectations**

Don't assume PoC will supplant LMR in the short term

"Paralleled" and "Partnered" solutions require support of both networks

Don't assume PoC will reduce costs

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