

# Business Economics Advisory Services

## Economic & Financial Consulting

The economic environment facing businesses is complex and unique, with evolving cost pressures driven by a range of internal and external factors. Our team has deep technical expertise and a strong track record in delivering commercial advice to help clients navigate the financial, organisational, market and environmental opportunities and challenges now and into the future.

### WHY FTI CONSULTING

#### One global team

We seamlessly combine our global resources to support you where you need us most, adapting and diversifying our team based on your needs.

#### Hands-on experience

Our Australian professionals have senior level government, regulator and public service experience. Our global team includes former chief economists at the SEC, EU Commission and Hong Kong Competition Commission.

#### Comprehensive services

Whether it's proactive risk management or responding to unexpected events, we deliver comprehensive solutions to support you right across the business cycle.

#### Definitive expertise

From valuation experts and communication professionals to forensic technology specialists - we are unmatched in our depth and breadth of expertise.

#### Industry specialist

Our industry teams possess sector specific hands-on management and operational experience across 16 core industries.

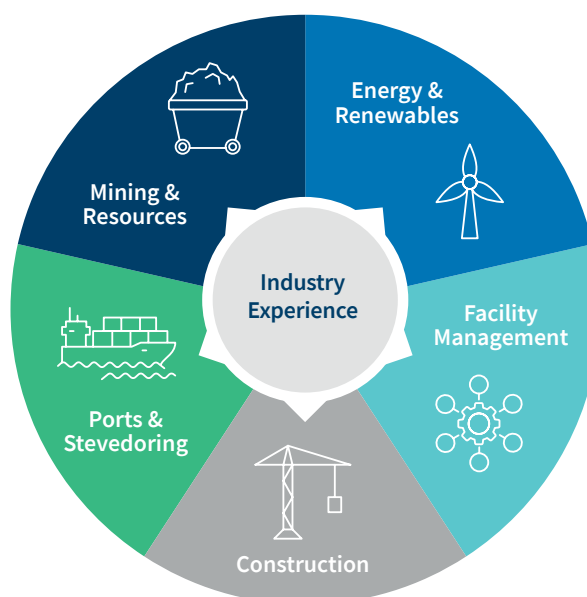
### LEADING BUSINESS ECONOMICS EXPERTISE

Our business economics offering provides clients with nuanced economic insight and practical commercial advice in a comprehensible manner.

Our experts apply their statistical expertise and capability with state-of-the-art techniques including machine learning to uncover new insights and communicate these findings in an accessible and practical way.

We combine economic expertise with sophisticated quantitative methods to provide comprehensive insight on evolving market conditions. For example, our team can develop a bespoke composite price index to measure and benchmark a business's cost to support dispute resolution, or forecast future cost increases to support contract negotiations or inform strategy.

Our team has extensive experience assisting businesses and regulators across a range of industries, including:



## OUR SERVICES



### Cost measurement

Define, measure and forecast the relevant costs of materials and labour that have been impacting your business and understand their drivers.



### Productivity and efficiency benchmarking

Provide insight on the best methods to measure efficiency and benchmark performance to drive improvement.



### Cost forecasting

Review labour and material costs, and market and industry factors that are likely to impact the rates and prices faced by your business to forecast how they might change over the medium term to inform strategy and navigate disputes.



### Statistical and data analysis

Collect and interpret data to find patterns and trends.

## CASE STUDIES

### Mid-term contract negotiation

FTI Consulting undertook a mid-contract review on behalf of a major provider of services to the mining industry. The contract involved providing services to remote mining locations and set rates for services including catering, building and grounds maintenance and transport. Largely,

the existing escalators in the contract were based on forecasts of CPI.

Our role involved reviewing the service providers' historical cost escalation against contracted escalation, and found that the escalators in the contract were inappropriate, based on a number of issues. This included the remote location (with specific cost drivers), the high wage component that drove most service costs, and the specific nature of the services themselves.

Utilising in-house forecasting, our team built bespoke indicators for each service line that blended Wage Price Indexation, specific cost inflators and industry level Purchaser Price Indices to build indices that were as close to each service line as possible. This enabled the service provider to claw back significant (multi-million dollar) losses from earlier periods and build out a forecast for the next five years, based on service specific forecasts of costs.

### Bespoke forecasting tool

FTI Consulting have been engaged to build a number of tools for businesses to understand the drivers of future costs. As a key example, the team built a carbon price calculator to understand the impacts of different carbon price policies on the costs of materials and labour that would arise.

### Dispute resolution

FTI Consulting's team delivers strong economic expertise in a range of dispute situations. In a recent dispute, our team assessed the impact of strike on the costs, prices and output of a business, and the profitability impacts that would result from this. The team extended the analysis to understand the impacts on the industry, and the economy at large.

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