

Account Intelligence Report

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Account Overview

Account Name: Pacific Wireless Communications

Industry: Telecommunications / Mobile Network Operator

Company Size: 8,200 employees

Annual Revenue: \$6.2 billion (FY2025)

Subscriber Base: 12.4 million (down from 13.1 million in FY2024)

Headquarters: San Diego, California, USA

Geographic Footprint: Western United States (CA, OR, WA, NV, AZ, UT, CO, NM, ID, MT, WY)

Account Status: Key Account (Tier 2)

Current Contract Value: \$2.8M annually (network operations platform + analytics)

Contract Renewal Date: July 2026

Recent News & Developments

Market Share Erosion and Subscriber Losses

Pacific Wireless faced significant competitive pressure throughout FY2025, resulting in concerning subscriber trends:

Subscriber Metrics (FY2025): - **Net Subscriber Loss:** 740,000 (down 5.6% from 13.1M to 12.4M) - **Churn Rate:** 2.8% monthly average (up from 2.1% prior year; industry average 1.8-2.2%) - **Q4 2025 Acceleration:** Lost 285,000 subscribers in Q4 alone (worst quarterly performance in company history)

Root Causes: 1. **Price Competition:** T-Mobile and Verizon aggressive unlimited plan pricing forcing Pacific to choose between margin or volume 2. **Network Quality**

Perception: Coverage gaps in rural Western markets; perception of inferior 5G deployment vs. national carriers 3. **Customer Service Issues:** Net Promoter Score declined to 18 (down from 32 prior year); dissatisfaction with support quality 4. **Limited Device**

Subsidy: Smaller scale limits ability to subsidize premium devices (iPhone, Samsung flagship) competitively

Management characterized subscriber losses as “industry-wide pressure” but magnitude significantly exceeds national carrier trends, suggesting company-specific execution issues.

Failed Merger Attempt with Mountain States Telecom

In June-August 2025, Pacific Wireless attempted to merge with Mountain States Telecom (2.1M subscribers in Rocky Mountain region) in a “merger of equals” transaction. The combination would have created 15M+ subscriber base with improved scale economics and reduced customer acquisition costs.

Deal Terms: - All-stock transaction valuing combined entity at \$8.2B - Pacific shareholders receiving 68%, Mountain States 32% - Expected \$220M annual synergies (network consolidation, overhead reduction, purchasing leverage) - Regulatory approval expected

Deal Failure: In August 2025, Department of Justice filed suit to block the merger, citing

concerns about reduced competition in Western markets where the companies' territories overlapped. After 6 weeks of regulatory uncertainty, both boards mutually agreed to terminate the merger in September 2025 rather than pursue lengthy litigation with uncertain outcome.

The failure was devastating strategically and financially: - **Strategic:** Prevented scale solution to competitive pressures - **Financial:** \$45M in transaction expenses (legal, advisory, integration planning) with no benefit - **Management Distraction:** 6 months senior leadership focus diverted from operations - **Stock Performance:** Share price declined 22% from merger announcement to termination

CEO Michael Torres stated: "Deeply disappointed, but remain confident in standalone strategy." However, analyst consensus is that Pacific needed scale and now faces difficult path forward.

Network Investment Constraints

Pacific's network infrastructure is falling behind national carriers in 5G deployment and rural coverage, but financial constraints limit investment:

5G Network Status (as of December 2025): - **5G Coverage:** 62% of subscribers (vs. 85%+ for T-Mobile/Verizon) - **5G Spectrum Holdings:** 60MHz average (vs. 80-100MHz for national carriers) - **Small Cell Density:** Significantly lower than competitors in urban markets - **Rural Coverage Gaps:** Limited investment in low-density markets creating service gaps

Capex Constraints: - FY2025 capex: \$680M (down from \$820M in FY2024) - FY2026 guidance: \$650M (further reduction) - Capex as % of revenue: 11% (below industry average of 15-18%) - Deferred maintenance and upgrades accumulating

Network investment reductions driven by: 1. **Financial Pressure:** Subscriber losses reducing revenue; need to preserve cash flow 2. **Leverage Concerns:** Debt-to-EBITDA at 3.2x (high for telecom sector; limiting borrowing capacity) 3. **Merger Costs:** \$45M in failed transaction expenses consuming investment budget 4. **Shareholder Pressure:** Private equity investors (35% ownership) demanding profitability and dividends vs. growth investment

CTO privately acknowledged to industry sources: "We're playing defense, not offense. Can't keep pace with national carrier network investments given our financial position."

Leadership Instability and Strategic Uncertainty

CEO Succession Uncertainty: CEO Michael Torres (age 68) announced in November 2025 that he will retire by end of 2026, creating succession uncertainty. Torres has been CEO for 12 years and is deeply associated with company identity. Board initiated external CEO search but also considering internal candidates.

Strategic Direction Debate: With merger failed and standalone challenges mounting, board and management divided on strategic path forward: - **Option 1:** Aggressive turnaround (invest in network, cut costs elsewhere, fight for share) - **Option 2:** Harvest strategy (maximize profitability and cash flow, accept slow decline, eventual sale to larger carrier) - **Option 3:** Private equity buyout (take company private, restructure without public market pressure) - **Option 4:** Regional focus (exit some markets, concentrate resources in core California/Pacific Northwest)

Different board factions favor different options. Private equity investors (Silver Lake Partners, 35% stake) reportedly favor harvest/sale strategy. Public shareholders want growth investment. Management caught in middle.

Strategic uncertainty creates paralysis: difficult to make long-term investments or commitments without clear direction.

Cost Reduction and Restructuring Program

In October 2025, management announced “Operational Excellence Initiative” targeting \$180M annual cost reductions by end of FY2026:

Cost Reduction Components: - **Headcount Reduction:** 650 positions eliminated (8% of workforce) through layoffs and attrition - **Retail Store Closures:** 85 underperforming retail locations closed (22% of footprint) - **Real Estate Consolidation:** Headquarters footprint reduced 30%; regional offices consolidated - **Marketing Spending:** Reduced 25% (\$40M cut), focusing on digital vs. traditional media - **Technology Vendor Consolidation:** “Rigorous review of all technology contracts; vendor count reduction target 30%”

CFO stated: “Every dollar matters. We’re scrutinizing all spending and eliminating non-essential costs. Technology investments must deliver clear ROI.”

The initiative signals defensive posture focused on profitability preservation vs. growth investment. All vendors facing intense scrutiny.

Customer Service and Satisfaction Decline

Multiple data points indicate declining customer experience and satisfaction:

J.D. Power Wireless Service Study (August 2025): - Pacific Wireless ranked 8th out of 10 carriers in customer satisfaction - Score: 722 out of 1000 (down from 764 prior year) - Particularly weak in “Customer Care” and “Network Quality” dimensions

Net Promoter Score (Internal): - Q4 2025 NPS: 18 (down from 32 in Q4 2024) - Detractors (negative sentiment) increasing to 38% of customers - Primary complaints: network quality, customer service responsiveness, pricing vs. value

Social Media Sentiment: - Increased negative social media mentions (up 47% YoY) - Common themes: “coverage spotty,” “customer service terrible,” “switching to [competitor]” - Hashtag #PacificWirelessFail trending periodically

Declining satisfaction correlated with cost-cutting (customer service staffing reduced, longer hold times, quality issues).

Financial Signals

Deteriorating Financial Performance

Q4 2025 Preliminary Results: - **Service Revenue:** \$1.48B (down 8% YoY from \$1.61B) - **Equipment Revenue:** \$180M (down 12%) - **Total Revenue:** \$1.66B (down 8% YoY) - **EBITDA:** \$420M (down 16% YoY; 25.3% margin vs. 31.2% prior year) - **Net Income:** \$98M (down 42% YoY from \$169M) - **EPS:** \$0.64 (significantly below consensus of \$0.88)

Full Year FY2025: - **Total Revenue:** \$6.2B (down 6% from \$6.6B in FY2024) - **Service Revenue:** \$5.6B (down 5%) - **EBITDA:** \$1.74B (down 12%; 28.1% margin vs. 32.4% prior year) - **Net Income:** \$480M (down 31% from \$698M prior year) - **EPS:** \$3.12 (down from \$4.54) - **Free Cash Flow:** \$620M (down from \$980M - significant decline)

Revenue Decline Drivers

Subscriber Loss Impact: - 740,000 net subscriber losses at \$45 average monthly ARPU = \$400M+ annualized revenue impact - ARPU pressure: \$45.12 (down from \$47.20 prior year) due to competitive pricing - Combined effect of volume and price pressure driving service revenue decline

Equipment Revenue Weakness: - Device upgrade cycle lengthening (customers keeping phones longer) - Reduced device subsidy limiting sales to existing customers - Competitive pressure on device margins

Profitability and Margin Compression

EBITDA Margin Erosion: - EBITDA margin: 28.1% (down 430 basis points from 32.4%)
- Industry average: 35-40% for established carriers - Pacific significantly below peer average and declining

Margin Pressure Factors: - **Revenue Decline:** Fixed cost absorption worsening with lower volume - **Network Costs:** Per-subscriber network costs increasing as base shrinks - **Subscriber Acquisition Costs (SAC):** Increased from \$320 to \$410 per gross add (more expensive to acquire customers in competitive market) - **Retention Spending:** Higher offers/incentives to reduce churn creating cost pressure - **Failed Merger Costs:** \$45M one-time expenses in FY2025

Cash Flow Deterioration

Free Cash Flow Decline: - FY2025 Free Cash Flow: \$620M (down 37% from \$980M prior year) - Operating Cash Flow: \$1.3B (down from \$1.8B) - Capex: \$680M (down from \$820M, but still consuming significant cash)

Cash Flow Concerns: - Debt service: \$240M annually (interest on \$3.8B debt) - Dividend payments: \$280M annually (committed to shareholders) - Capex needs: \$650M+ (even at reduced levels) - Working capital: Stretched

Free cash flow after debt service, dividends, and minimum capex leaving limited cushion for investments or strategic initiatives.

Debt and Leverage

- **Total Debt:** \$3.8B
- **Cash:** \$420M
- **Net Debt:** \$3.38B
- **Debt-to-EBITDA:** 3.2x (elevated for telecom sector; industry average 2.5x; concerning for credit rating)
- **Interest Coverage:** 7.2x (adequate but declining)

Credit Rating: - Moody's: Baa3 (lowest investment grade) with negative outlook - S&P: BBB- (lowest investment grade) with negative watch - Potential downgrade to junk status if performance doesn't stabilize

Credit ratings agencies concerned about: - Subscriber losses and revenue decline trajectory - Margin compression and profitability challenges - Capex constraints limiting competitive positioning - Strategic uncertainty and leadership transition - Refinancing risk (large debt maturity in 2027-2028)

Stock Performance (Severe Underperformance)

- **Stock Price:** \$14.20 (down 48% over 12 months from \$27.30)
- **Market Capitalization:** \$2.18B (down from \$4.2B a year ago)
- **52-Week Range:** \$13.80 - \$29.50
- **P/E Ratio:** 7.0x (deep discount to telecom sector average of 12-14x)
- **Dividend Yield:** 4.8% (appears attractive but sustainability questionable)
- **Price/Book:** 0.68x (trading below book value - signal of distress)

Analyst Sentiment - Very Negative: - 11 of 14 covering analysts rate "Hold" or "Sell" - Only 1 "Buy" rating (down from 6 a year ago) - Average price target: \$15 (modest upside but reflects low expectations)

Stock Price Catalysts (All Negative): - Failed merger (down 22% from announcement to termination) - Q2 earnings miss (down 12%) - CEO retirement announcement (down 6%) - Q4 subscriber loss acceleration (down 9%)

FY2026 Outlook - Further Decline Expected

Management Guidance (provided December 2025 - pessimistic): - **Revenue:** \$5.9-6.0B (down 3-5% vs. FY2025 - further decline) - **EBITDA:** \$1.65-1.70B (down 2-5%; margin 28%) - **Net Income:** \$420-450M (down 6-13%) - **EPS:** \$2.73-2.93 (down 6-13%) - **Free Cash Flow:** \$550-600M (down 3-11% - concerning cash flow trajectory) - **Capex:** \$650M (further reduction from \$680M in FY2025)

Guidance characterized as “realistic given market dynamics” but essentially projects continued decline. No turnaround narrative; management acknowledging deteriorating position.

CRM Activity & Notes

Relationship Status: DETERIORATING AND HIGH RISK

Executive Sponsorship: Weak - CTO retiring soon, minimal engagement; no strong advocacy

Strategic Alignment: Our solutions still relevant but company in survival mode, not strategic investment

Satisfaction Metrics: Declining across multiple dimensions

Renewal Confidence: 40% (VERY HIGH RISK - strong probability of non-renewal or severe price reduction)

Active Opportunities (All Severely Challenged)

Opportunity 1: Contract Renewal (PRIMARY CONCERN) - AT SEVERE RISK -
Value: \$2.8M annually (current contract level maintenance) - **Stage:** Renewal Discussion (6 months out but extremely concerning signals) - **Close Probability:** 40% - **Primary Contact:** Linda Martinez, CTO (retiring June 2026) - **Status:** CTO Linda Martinez stated in December: “I’ll be honest - I can’t guarantee renewal. CFO has every technology contract under microscope. Cost reduction is mandate. I’m retiring in June, so won’t even be here for renewal decision. You’ll be dealing with whoever replaces me, and they’ll be under pressure to cut costs. Prepare for difficult negotiation or potential non-renewal.” - **Notes:** CTO retiring eliminates our primary advocate. CFO driving 30% technology vendor consolidation target. Procurement running RFPs on multiple contracts including ours. Cost-cutting environment with no growth investment. Subscriber losses and financial pressure create crisis mentality.

Opportunity 2: Network Analytics Expansion (DEAD) - Value: \$680K (expansion) -
Stage: Cancelled - **Close Probability:** 0% - **Primary Contact:** VP Network Operations - **Status:** We proposed network analytics expansion in Q3 2025. VP Network Operations initially interested, but CFO killed project in budget review. VP: “Project had good ROI, but CFO says no to anything that increases spending. All expansions cancelled.” - **Notes:** Growth investments frozen. This opportunity is dead.

Recent Interactions (Increasingly Negative)

December 15, 2025 - CTO Retirement Discussion (Sobering) Met with Linda Martinez (CTO) for what she called “candid conversation before I leave.” Linda: “I’m retiring in June, so I won’t be here for your renewal. I want to be straight with you - the environment is brutal. CFO is cutting everything, subscriber losses are accelerating, failed merger cost us \$45M, and board is divided on strategy. Technology spending is getting hammered.”

“I’ve valued our partnership, but I’m not in control anymore. Finance and procurement are making decisions, and they don’t have context on why we need the technology we have. They’re looking at spreadsheets and vendor lists, not strategic value. You’re going to face tough renewal negotiation - probably demands for 40-50% price cut or outright non-renewal.”

“My advice: talk to CFO directly, executive-to-executive. Make the case for why elimination would be disastrous. But honestly, I don’t know if it will matter. The company

is in survival mode.”

November 28, 2025 - CFO Cost Reduction Meeting (Hostile) Required meeting with CFO Thomas Park and procurement as part of “Operational Excellence Initiative.” Tone was adversarial and cost-focused. CFO: “We’re spending \$2.8M with you annually. What would it cost to replace you with lower-cost alternative? What’s the business impact if we eliminate this entirely?”

We presented value documentation, customer impact analysis, and switching cost analysis. CFO skeptical: “Everyone says they’re essential. I need hard numbers on what breaks if you’re gone versus savings of \$2.8M annually. That \$2.8M helps me hit my \$180M cost reduction target.”

Procurement: “We’ve identified three alternative vendors at 40-60% lower cost. We’re preparing RFP for Q1. You’re welcome to participate, but understand we’re looking for dramatic cost reduction.”

November 8, 2025 - Quarterly Business Review (Tense) QBR was tense and focused entirely on cost justification. Operations team satisfied with technical performance, but strategic discussion dominated by cost pressure and restructuring environment.

VP Network Operations: “Your platform works great, but everything is under scrutiny. Finance is questioning every vendor contract. I’m trying to protect critical systems, but I’m fighting a lot of battles.”

Usage metrics stable, but satisfaction declining due to organizational stress, low morale, and pessimism about company direction. Multiple attendees expressed concern about job security.

October 20, 2025 - Failed Merger Aftermath After failed merger announcement, we reached out to offer support during transition. Response was brief and distracted. CTO: “Appreciate reaching out, but we’re in crisis management mode dealing with failed deal aftermath. \$45M spent with nothing to show. Board and investors furious. Leadership under pressure. Not good time for vendor discussions.”

Follow-up attempts met with limited engagement. Organization in chaos.

September 12, 2025 - Subscriber Loss Discussion During Q3 business discussion, raised concerns about accelerating subscriber losses and competitive pressure. VP Marketing: “We’re getting killed by T-Mobile and Verizon. Losing customers every day. Cost-cutting is making it worse - closed stores, reduced marketing, worse customer service. Feels like death spiral.”

Asked about technology investments to improve customer experience and retention. Response: “No budget. Everything frozen. We’re just trying to survive.”

Customer Satisfaction Metrics (Declining Sharply)

- **Net Promoter Score (NPS):** 32 (down from 51 six months ago - significant decline)
- **Customer Health Score:** 48/100 (Red/At Risk status, down from 64/100 six months ago)
- **Support Response Time:** Avg 6.2 hours (within SLA of 8 hours but slower than historical)
- **Support Resolution Time:** Avg 22 hours (SLA is 24 hours; approaching limit)
- **Executive Sponsor Engagement:** Very Low - CTO retiring and disengaged; minimal meetings
- **Product Adoption Rate:** 68% (down from 76% - declining engagement)
- **User Satisfaction:** 2.9/5.0 (poor, down from 3.6 previously)

Decline Drivers: - Organizational crisis and low morale affecting all vendor relationships - CTO retiring and checked out mentally - Operations team overwhelmed by subscriber losses and cost pressures - Company-wide pessimism about future

Key Stakeholder Sentiment

- **Michael Torres (CEO):** Unknown - No relationship; retiring end of 2026; checked out
- **Thomas Park (CFO):** Negative/Hostile - Cost-cutter focused solely on expense reduction; skeptical of IT value
- **Linda Martinez (CTO):** Neutral/Retiring - Was supportive but retiring June 2026; can't advocate; mentally checked out
- **VP Network Operations:** Sympathetic but Powerless - Values our solution but can't protect us from finance cuts
- **IT Operations Team:** Satisfied Users - Day-to-day users satisfied functionally but demoralized about company
- **Procurement Team:** Adversarial - Aggressive RFP process; exploring 40-60% cheaper alternatives
- **Board of Directors:** Unknown but Likely Negative - Driving cost cuts and strategic review; scrutinizing all spending

Contract and Commercial Dynamics

- **Current Contract:** Expires July 31, 2026 (6 months out - URGENT)
 - **Payment Status:** Invoices paid on time currently (no delays yet)
 - **Usage Trends:** Declining (68% adoption vs. 76% six months ago)
 - **Pricing Sensitivity:** EXTREME - cost is only consideration; value arguments falling on deaf ears
 - **Competitive Activity:** VERY HIGH - Procurement running RFP with three alternative vendors; 40-60% lower pricing
 - **Renewal Pressure:** SEVERE - CFO demanding 40-50% reduction or exploring non-renewal
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Social Media & Market Sentiment

Predominantly Negative Sentiment: Crisis and Decline

Positive Sentiment (4%): - Extremely limited positive coverage - Occasional employee appreciation posts (rare) - Minor community involvement recognition

Neutral Sentiment (18%): - Standard business announcements - Operational updates - Industry trade publication coverage (factual)

Negative/Critical Sentiment (78%): - **Failed merger:** Extensive negative coverage of DOJ block and strategic failure - **Subscriber losses:** Analyst and media focus on competitive losses and market share erosion - **Financial performance:** Criticism of revenue decline, margin compression, and stock collapse - **Network quality issues:** Customer complaints about coverage and 5G deployment lag - **Customer service decline:** J.D. Power ranking drop and NPS decline highlighted - **CEO retirement:** Uncertainty about succession and strategy - **Cost-cutting:** Layoffs and store closures generating negative local coverage - **Stock performance:** Down 48% YoY; shareholder lawsuits threatened

Employee Sentiment (Glassdoor) - Severely Negative

Overall Rating: 2.3/5.0 (down from 3.4 a year ago - catastrophic decline)

CEO Approval: 28% (Michael Torres) - down from 64% previously

Recommend to Friend: 22% (vast majority would not recommend)

Recent Review Themes: - **Negative (Overwhelming):** "Company is dying," "Failed merger destroyed morale," "Layoffs and cost-cutting everywhere," "Leadership has no plan," "Losing to competitors every day," "No investment in network or people," "Customers leaving in droves," "Looking for exit," "Sinking ship" - **Positive (Minimal):** "Some good colleagues still here," "Benefits okay"

6-Month Trend: Catastrophically negative. Morale at rock bottom given failed merger,

subscriber losses, layoffs, cost-cutting, CEO retirement, and sense of inevitable decline.
Employees updating resumes.

Media Coverage (Extensive Negative Coverage)

Business/Financial Media: - **Wall Street Journal** (Dec 2025): "Regional Carrier Pacific Wireless Struggles as Subscribers Flee to National Giants" - **Bloomberg** (Nov 2025): "Pacific Wireless CEO to Retire Amid Subscriber Losses and Failed Merger" - **Los Angeles Times** (Oct 2025): "Pacific Wireless Announces Layoffs, Store Closures as Competitive Pressure Mounts" - **Forbes** (Sep 2025): "DOJ Blocks Pacific Wireless Merger, Leaving Regional Carrier Without Scale Solution"

Industry Trade Publications: - **Fierce Wireless** (Dec 2025): "Pacific Wireless Q4 Subscriber Losses Worst in Company History" - **Light Reading** (Nov 2025): "Pacific Wireless Capex Cuts Raise Questions About Network Competitiveness" - **Telecom Ramblings** (Oct 2025): "Is Pacific Wireless in Death Spiral? Subscriber Losses Accelerating"

Analyst Commentary - Uniformly Negative: - MoffettNathanson: Downgraded to "Sell," "No path to sustainable growth; scale disadvantages insurmountable" - New Street Research: "Underperform," "Failed merger eliminates strategic options; slow decline likely" - Cowen: "Market Perform" (from Buy), "Challenged fundamentals; harvest mode likely outcome" - Raymond James: "Sell," "Vulnerable to further subscriber share losses; potential acquisition target at distressed valuation"

Customer Sentiment (Declining Rapidly)

Social Media: - Twitter/X: Negative hashtags trending (#PacificWirelessFail, #SwitchingCarriers) - Reddit: Multiple threads discussing "Should I leave Pacific Wireless?" - Facebook: Local community groups complaining about coverage and service

J.D. Power Ranking: - 8th out of 10 carriers (down from 5th prior year) - Score 722/1000 (down from 764) - Weakest in Customer Care and Network Quality

Churn Drivers: - "Coverage not as good as national carriers" - "Customer service has gotten terrible" - "Better deals from T-Mobile and Verizon" - "Network quality declining"

Risk Assessment

CRITICAL RISKS

Renewal Risk - VERY HIGH (CRITICAL CONCERN) Multiple severe factors create extreme renewal risk: - CTO (primary advocate) retiring before renewal decision - CFO hostile to IT spending and driving 30% vendor reduction target - Procurement running RFP with alternatives 40-60% cheaper - Cost-cutting mandate (\$180M target) affecting all technology vendors - Declining satisfaction (health score 48/100 - Red/Critical) - Financial crisis mode (subscriber losses, margin compression, cash flow decline) - No strategic investment focus; pure cost minimization - Company potentially for sale or major restructuring

Estimated probability of negative outcome: 60% (non-renewal or >40% price reduction)

Company Viability Risk - MEDIUM-HIGH While Pacific Wireless not in immediate bankruptcy risk, trajectory is extremely concerning: - Accelerating subscriber losses creating revenue spiral - Margin compression and cash flow deterioration - Capex constraints preventing competitive network investments (creating further subscriber losses) - Potential death spiral: losses → cost cuts → worse service → more losses - Acquisition by larger carrier or private equity restructuring possible within 12-24 months

If company sold or dramatically restructured, all vendor contracts at risk.

Decision-Making Dysfunction - VERY HIGH CEO retiring (checked out), CTO retiring (can't advocate), CFO making unilateral cost-cutting decisions without strategic context. Board divided on strategy. Organizational chaos and paralysis. Decisions being made by people with no relationship to us and no understanding of our strategic value.

HIGH RISKS

Competitive Displacement - VERY HIGH Procurement explicitly running RFP with three alternative vendors at 40-60% lower pricing. Company will likely select based primarily on cost, not strategic value or quality. High risk of losing to low-cost competitor even if functionally inferior.

Payment Risk - MEDIUM Currently paying on time, but cash flow deteriorating (\$620M FCF declining). If financial condition worsens further, risk of payment delays, extended terms, or disputes. Monitor payment behavior closely.

Relationship Deterioration - VERY HIGH CTO retiring eliminates primary advocate. CFO hostile. No executive sponsor effectively supporting us. Relationship capital depleted. Organization in crisis mode with no bandwidth for partnership discussions.

Opportunity Identification

DEFENSIVE PRIORITIES (Damage Control - URGENT)

1. Executive Escalation and Last-Ditch Retention Attempt - URGENT Objective:
Make final attempt to secure renewal through executive-to-executive engagement and significant price concession.

Strategy: - Our CEO to CFO/CEO: Position as “operational risk mitigation during crisis” not IT contract - Emphasize switching vendor during subscriber loss crisis creates additional disruption risk - Offer major price reduction (40-50%) to meet their cost-cutting mandate while maintaining some relationship - Quantify switching costs and operational risks to justify staying at reduced price vs. changing vendors - Request stay of execution on RFP pending executive discussion

Timeline: Executive outreach IMMEDIATELY (January); final proposal by February
Action: CEO/EVP to Pacific Wireless CEO and CFO URGENT

2. Crisis Pricing Proposal - Accept Major Revenue Cut Objective: Develop “survival pricing” that might enable retention at drastically reduced value.

Strategy: - Accept 40-50% price reduction (\$1.4M-1.7M vs. current \$2.8M) to meet their cost mandate - Right-size scope and service levels to match reduced pricing - Position as “partnership through crisis” and “stability during transition” - Emphasize avoiding vendor transition risk during CEO succession and organizational turmoil

Calculation: Better to retain at \$1.4-1.7M than lose completely (\$0). Question is whether even dramatic cut will matter given their financial distress.

Timeline: Proposal by end of January
Action: Get internal approval for 40-50% discount authority IMMEDIATELY

3. Prepare for Likely Loss - Transition Planning Objective: Plan for probable loss scenario to minimize disruption and preserve reputation.

Reality Assessment: Given extreme circumstances (CTO retiring, CFO hostile, RFP underway with cheaper alternatives, company in death spiral), probability of retention is low even with best efforts. Prepare for graceful exit.

Strategy: - Develop transition plan for orderly handoff to replacement vendor - Document platform and provide transition support (preserve reputation as professional partner) - Maintain relationship with individuals who may move to other companies - Don’t burn bridges or create negative reference situation

Timeline: Transition plan ready by March

Action: Accept likely outcome and plan accordingly

Recommended Sales Strategy & Talking Points

Core Strategy: Operational Stability During Crisis (Last-Ditch Attempt)

Primary Message: “Michael, Thomas - we understand Pacific Wireless is navigating exceptionally difficult period: subscriber losses, failed merger, cost pressures, leadership transition. The last thing you need is operational disruption from technology vendor changes during crisis. Let’s discuss flexible pricing that addresses cost mandate while maintaining operational stability you need to focus on customer retention and business turnaround.”

Key Talking Points

1. Acknowledge Dire Reality (Don’t Pretend) “*We’re not going to pretend subscriber losses and financial pressure aren’t serious. You’re in crisis management mode focused on survival. We’re not here to pitch expansions or upsells. Let’s have honest conversation about whether maintaining relationship at reduced cost makes sense versus creating additional disruption.*”

2. Operational Risk of Vendor Transition During Crisis “*You’re losing 60,000+ subscribers monthly. Network operations and customer experience are critical to stopping churn. Technology vendor transitions create risk: implementation problems, performance issues, learning curves, integration challenges. Can you afford that disruption while fighting to retain customers? Stability reduces risk during crisis period.*”

3. Major Price Concession Offered “*We’re proposing 40-50% price reduction - from \$2.8M to \$1.4-1.7M annually. This directly contributes to your \$180M cost reduction target. You get immediate budget relief while avoiding vendor transition risk. Not asking you to maintain current spending; offering specific, dramatic cost reduction.*”

4. Total Cost and Risk of Switching “*Low-cost alternatives look attractive on spreadsheet until you calculate: RFP process (3-4 months), selection and negotiation, implementation (\$300-500K), integration with existing systems, training, productivity loss during transition, risk of problems. Total cost and timeline of switching exceeds accepting our reduced pricing. Plus execution risk during subscriber crisis.*”

5. CEO Succession and Organizational Transition “*Linda [CTO] retiring in June, Michael [CEO] retiring end of year, potential strategic review or sale. Massive organizational transition ahead. Maintaining technology stability during leadership and strategic changes reduces risk. New CEO and CTO will inherit operational platform; don’t create technology problems they have to solve on day one.*”

Objection Handling

Objection: “We need 50% reduction; your pricing still too high”

Response: “*We can structure agreement at \$1.4M (50% reduction) through right-sized licenses, reduced service levels, and multi-year commitment. That’s our floor - we can’t go lower and maintain viable support capability. At \$1.4M you get stability and operational continuity. Below that, you’re in full RFP/replacement territory with all the associated risk and transition costs. \$1.4M is our best and final offer.*”

Objection: “RFP alternatives 60% cheaper; can’t justify your pricing even at 50% discount”

Response: “*They’re quoting license fees, not total cost of ownership. Add implementation, integration, training, transition risk, and potential performance issues. They’re also not carrying your institutional knowledge or integration with your existing environment. New vendor will take 6-12 months to reach our operational efficiency level - during which*

you're burning cash and management time. If you run TCO analysis over 3-year period, we're competitive even at lower initial quote from alternatives. But I understand if finance is focused only on license fee line item."

Objection: "Company may be sold or restructured; all vendor contracts at risk anyway"

Response: "Fair point. If company is sold, acquiring carrier will likely rationalize technology vendors regardless of our pricing. But if board decides on standalone turnaround or restructuring, you'll need stable technology foundation. Our reduced pricing gives you flexibility. And if there is an acquisition, new owner will appreciate that technology infrastructure is stable and documented, not mid-vendor-transition creating integration problems for them."

Next Steps & Action Items

CRITICAL (Next 2 Weeks): 1. **URGENT:** CEO/EVP executive escalation to Pacific Wireless CEO and CFO - Target: THIS WEEK 2. Get internal approval for 40-50% price reduction authority (\$1.4-1.7M) - URGENT 3. Develop crisis pricing proposal with multiple scenarios - Target: January 31 4. Document operational risk analysis of vendor switching during crisis 5. Prepare transition plan for likely loss scenario

HIGH PRIORITY (Next 30 Days): 6. Present crisis pricing proposal to CFO and procurement - Target: Early February 7. Attempt to delay or influence RFP process 8. Develop switching cost and TCO analysis showing vendor transition expense 9. Monitor RFP activity and competitive alternatives 10. Begin graceful exit planning if proposal rejected

MEDIUM PRIORITY (30-60 Days): 11. Final renewal decision likely by March-April 12. If lost: Execute professional transition to replacement vendor 13. Maintain individual relationships for future opportunities 14. Monitor company sale/restructuring developments 15. Preserve reputation through professional exit

ONGOING: 16. Daily monitoring of account status during critical period 17. Payment monitoring for any delays or disputes 18. Track CEO search and CTO replacement 19. Monitor financial results and subscriber trends 20. Competitive intelligence on RFP process and alternatives

Account Team

Account Executive: Brian Stevens (brian.stevens@company.com) - PRIMARY OWNER

Customer Success Manager: Nicole Parker (nicole.parker@company.com)

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IMMEDIATE CEO/EVP ESCALATION CRITICAL

Internal Support Required - URGENT: - Executive Leadership: CEO-to-CEO and EVP-to-CFO outreach IMMEDIATELY - Pricing/Contracts: Deep discount authority (40-50% reduction) - Legal: Transition planning and contract termination preparation - Competitive Intelligence: RFP alternatives analysis - Professional Services: Transition support planning (if lost)

Last Updated: January 14, 2026

Next Review Date: Weekly (CRISIS SITUATION - imminent loss risk)

Risk Level: CRITICAL - Extremely High Probability of Loss

Action Required: IMMEDIATE executive escalation; last-ditch retention attempt; prepare for likely loss

Conclusion

Pacific Wireless Communications represents an account in severe distress with very high probability of complete loss. The combination of financial crisis, subscriber losses, failed merger, cost-cutting mandate, CTO retirement, CFO hostility, and competitive RFP create nearly insurmountable retention challenges.

Blunt Reality Assessment: This account is likely lost. The probability math: - CTO (advocate) retiring before renewal decision - CFO hostile and driving cost elimination - Procurement RFP with alternatives 40-60% cheaper - Company in potential death spiral (subscriber losses accelerating) - Cost-cutting is only priority; strategic value arguments ignored - Even 40-50% price reduction may not be sufficient

Last-Ditch Retention Attempt (Low Probability Success): Worth making one final attempt: 1. **CEO-to-CEO escalation** - Operational risk argument during crisis 2. **Major price concession** - 40-50% reduction to \$1.4-1.7M 3. **Switching cost emphasis** - TCO analysis showing transition expense and risk 4. **Timeline advantage** - Avoid RFP delays and implementation disruption

If Proposal Rejected (Likely): - Accept loss professionally - Execute orderly transition - Maintain individual relationships - Preserve reputation (don't burn bridges) - Monitor company for potential acquisition (relationship reset opportunity)

Investment Decision: This account requires executive-level decision on whether last-ditch retention attempt at \$1.4-1.7M (50% reduction from \$2.8M) is worth effort.
Arguments:

FOR Making Final Attempt: - \$1.4-1.7M revenue better than \$0 (complete loss) - Telecommunications sector remains strategic - Company may stabilize if turnaround succeeds (long-shot recovery potential) - Demonstration of commitment to customers during tough times

AGAINST Significant Investment: - Very low probability of success (maybe 30-40%) - Company may fail or be acquired anyway (all vendor contracts at risk) - Executive time and resources for uncertain outcome - Reduced revenue may not justify support costs - Resources better deployed to healthier accounts

Recommendation: Make ONE executive escalation attempt with crisis pricing (\$1.4M). If rejected by February 28, accept loss and execute graceful transition. Do not chase below \$1.4M - margin doesn't justify effort. Set clear go/no-go decision: If no positive signal by March 1, begin transition planning immediately.

Broader Strategic Question: Consider whether Pacific Wireless' situation represents broader risk for regional telecommunications carriers. If trend continues, may indicate future challenges across similar customer segments. Evaluate portfolio exposure to regional carriers vs. national carriers.

CONFIDENCE LEVEL: VERY LOW - Extremely High Probability of Complete Loss Despite Best Efforts

This account intelligence report is confidential and intended for internal sales and customer success teams only.