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# Avaya's post-bankruptcy plan should not impact customers, partners

## The plan cuts the company's pre-filing debt and is part of negotiations with creditors. Day-to-day operations should not be affected.

On Good Friday 2017, the Easter Bunny dropped off Avaya's Chapter 11 plan for reorganization at the U.S. Bankruptcy Court for the Southern District of N.Y.

The plan is aimed at significantly cutting Avaya's pre-filing debt, which had become an anchor around an otherwise healthy and profitable company. The reduction of debt will strengthen the company's balance sheet, putting the company in a position to be successful in the future. A healthy financial position leads to M&A opportunities, funding of R&D, hiring of new sales people or any other number of options.

### The proposed plan includes the following terms:

- Avaya's pre-filing debt will be reduced by more than $4 billion.
- Avaya's restructuring will be achieved through a debt-for-equity exchange, in which certain secured creditors would acquire 100 percent of reorganized Avaya's equity.
- Avaya's general unsecured creditors will share pro rata in a cash pool.
- Avaya will continue to honor and maintain its qualified U.S. pension plans, which make up the vast majority of Avaya's pension obligations, following its emergence from bankruptcy.
- Avaya will continue to honor and assume its two collective bargaining agreements and all related agreements.

As a next step, Avaya has requested a date of May 25 for the court to approve the disclosure statement related to the plan. Once approved, Avaya can distribute the plan and disclosure statement to creditors for voting.

It's important to note that the plan isn't final. Rather, it's part of the negotiations with creditors, which is a step in the process to present a final plan to the court for approval. It's an important step, but not the only one in coming out of Chapter 11 bankruptcy.

## Avaya bankruptcy activities are 'behind the scenes'

This should not effect Avaya's day-to-day operations at all, so customers and channel partners will not see any impact. All of the activities are "behind the scenes" and deal with whom Avaya owes money to and in what format. Avaya has been clear that this will not reduce R&D budgets or slowdown product roadmaps. The company has always invested in R&D above the industry average, and I would expect that to continue.

Even in bankruptcy the company has had a nice stream of product announcements, including Pivot and Arc, which Michael Cooney wrote about yesterday.

Through this process, Avaya and its resellers have shown tremendous resiliency. Since the bankruptcy filing date for Jan. 19, 2017, Avaya has closed more than 1,200 deals, including a number of multi-million dollar ones, and added 300 net new partners, which include 11 partners from Toshiba, since it announced it was bailing on IP telephony.

Avaya's plan is to emerge from Chapter 11 sometime in the summer. All of the conversations I have had with Avaya indicate no disruption to this schedule. I stated this before, but it's worth repeating: There should be no impact to Avaya customers or channel partners other than providing some clarity that things are progressing on schedule.