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MPD Telesolutions Whitepaper

7 Secrets to Eliminating Telecom Expense Management Headaches

It is vital, when running an IT department, to make the best possible use of your limited time. That's why even though research shows just how many errors telecom billing makes, checking your invoices manually is the last thing you want to add to your schedule.

Telecom billing errors cost your company, and your department, money and managing those expenses doesn't have to be such an enormous time sink. This white paper will show you the seven most effective steps in controlling telecom expenses.

Inaction – Your Biggest Potential Expense

When faced with either spending the time to verify billing or leaving things as they are, the temptation is to just take your chances that any billing errors will cost less than the time needed to find and correct them. Given your schedule, this is perfectly understandable. It is also a mistake.

Recent studies show companies pay *far* too much for voice, data, and wireless services.

- Up to 35% of telecom invoices contain errors *
- Companies without a wireless policy pay up to 40% more for mobile service**
- If you haven't implemented a telecom expense management program, you're likely spending an additional 22% for your annual telecom costs **

* *Forrester Research*

** *AOTMP report, "The Importance of a Wireless Policy"*

*** *AOTMO report "The Value of TEM to SMB"*

These numbers leave little doubt that managing your telecom expenses is worth the effort. The case for improved management of your telecom services becomes even more compelling when you consider that in addition to reduced expenses, you can also expect to benefit from:

- Increased profits
- Reduced risk of fraud
- Fewer unauthorized charges
- More efficient use of time
- Compliance with regulatory requirements
- More accurate expense tracking and reporting

It seems clear that managing your telecom expenses is the only real option, but there are still only 24 hours in a day. How, then, can we accomplish this monumental but necessary task?

Step #1 - Inventory Management

If you're like most companies you have three types of telecom services to keep track of; voice, data, and wireless. “Voice” refers to all of your land line telephone services and is usually referred to as “wireline services” in the telecom industry, “wireless” means all mobile devices (phones, tablets, etc) as well as their data plans, and “data” means things like frame relays and MPLS to Internet services. Generally speaking the greatest variations are to be found in the wireline and wireless areas.

Wireline Management Best Practices

- Identify and track all assets at the line or circuit level
- Identify location(s) at the circuit level
- Monitor individual line or circuit contract status
- Keep an accurate record of service and contract dates

Key data points that should also be tracked at the line or circuit level:

- Service types
- Attributes (recurring monthly charges)
- Features
- Purpose

Wireless Management Best Practices

- Identify, document, and track each user of each device
- Coordinate with human resources to reflect employment status changes in a timely manner
- Accurately document and track device status and purpose (who has it and why?)
- Monitor procurement activity to anticipate changes (what's being bought, for whom and why?)

Additional device level data points to track:

- Plan information
- Device type
- Features
- Usage

That's an awful lot of information to keep track of, and you're probably developing a headache just thinking of the spreadsheet you'd need to build in order to do so. Much better would be to use a software tool specifically designed for tracking this sort of data.

Step #2 Invoice Processing

It's one thing to say you should sort through all of your telecom invoices every month and quite another to actually do it. This is especially true if you still receive paper invoices – nobody wants to sort through a stack of papers that buries their desk. There are some methods that can streamline the process and make it, if not painless, at least less painful.

- Scan your paper invoices and store them in electronic format for easier access
- Arrange for electronic invoicing if at all possible
- When processing, use the summary level
- Look for variations from billing period to billing period
- Remember: savings rely on data, analysis and automation
- Regularly review variances and outstanding issues
- Variance at both the summary and line levels are a great way to catch problems
- Be aware if there are already issues with an invoice (see the issue tracking section below)

The Software Advantage – Invoice Processing the Easy Way

A well-designed virtual tool, such as a software designed specifically for a particular purpose, can make an enormous difference to your expense management work flow. Imagine plugging your invoices, inventory and contracts into your software and having detailed, accurate reports coming out the other side.

Visibility is probably the most powerful weapon in your arsenal when it comes to identifying problems and modifying behavior.

When you can see all of your expenses in one place, you'll have the information and therefore the ability to make the decisions that will radically alter your bottom line for the better.

Step #3 Invoice Auditing

Now that you've got all of your invoices gathered together, all your information in one place, it's time to do something with that information. Before you start groaning, remember that every invoice you receive from a telecom carrier is an opportunity to save money. Incorrect charges, services you canceled that are still being billed, items billed at incorrect or non-contract rates, there is an almost never-ending supply of places to save money.

There are two types of invoice audit; cursory and comprehensive. A cursory audit is, as you would expect, a quick once over where you look for obvious things. A comprehensive audit is one where you look at every little detail. A comprehensive audit is the type of auditing you'll expect from an expense management company if you are outsourcing your audits. If you are doing it in-house you'll want to perform a comprehensive audit a few times a year.

Cursory Wire Line Audit Items – the “easy” stuff

These are the things you should be looking for in your regular audit. You don't need to spend a lot of time on each invoice to find these issues.

- Local calling plans
- Lines with low or no usage
- Long distance calls on Local Exchange Carrier (LEC)

invoices

- Usage rate compliance
- Inside wire maintenance
- Unauthorized 900/976 calling
- Installation, termination and repair charges
- Unauthorized changes to service (this is called “slamming”)
- 3rd party billing – when a third party company charges you for a service you may or may not have authorized
- Full rate billing on new, discounted services

Comprehensive Wire Line Audit Items

When performing a more thorough audit, or outsourcing your auditing, these are the more detailed items you should be looking for at the line item level.

- Customer Service Record (CSR) analysis
- Contract compliance
- Contract audit and review
- Voice and data network optimization
- Network services analysis

Cursory Wireless Audit Items

- Voice, data, and text overages
- Picture messaging (MMS) charges
- 3rd party charges (ring tones, games, TV subscriptions)
- International charges
- Insurance charges
- Excessive directory assistance charges
- Early termination fees

Comprehensive Wireless Audit Items

- Plan optimization for pooling, pay-as-you-go, and data plans
- Optimization for user needs
- Contract compliance
- Contract audit and review
- Services analysis
- RFP and contract negotiation

Step #4 Issue Tracking

Issue tracking and change management are an absolutely integral part of the expense management process. People are hired and fired, devices get broken or lost or replaced, new buildings are opened, old ones are closed. It is vital that you be able to find out the who, what, when and why of any issue as quickly as possible, and be confident that things are actually getting done. The ability to track completed and uncompleted issues is particularly important when dealing with canceled services. Without that ability you could end up paying for a service you aren't using for months, or even years.

The biggest challenge in issue tracking is knowing what to track and how to collate the information in a meaningful way. Software tools make it easy to track almost everything and to access, review, and share that information in an almost effortless way. They enable multiple members of your team to work on the same issues while avoiding confusion.

Some guidelines to help you develop your issue tracking process:

More Tracking = Better Results

- Track Everything
- Every contact point with an issue should be recorded

Associate Issues With Accounts and/or Inventory

- Know when a specific device, line, or user already has an open issue
- Promote follow-up and full closure of issues

Track Savings and Credits

- Track both estimated and actual savings
- Follow up to make sure credits are applied on following invoices
- Generate savings reports by vendor, by service, or any other relevant criteria

Collaboration is Key

- Multiple people working on the same issues increases productivity
- Make issue resolution results available to upper management
- Allow for turnover, issue resolution isn't dependent on one specific employee

Step #5 Contract Management

Although undeniably important, it isn't enough to track only the issues you find with your invoices. You also need to keep track of your contracts. Again, scan them for electronic storage and retrieval. You can't know the terms of your contracts, including fees and expiration/renewal dates if you can't find them.

You should also make an association between the contract details and the affected services and devices in your expense management software. This way you'll always know what things are under what contract and when that contract expires.

Knowing when your contracts expire and what your current terms are puts you in the driver's seat when it comes to planning for future telecom needs and negotiating the next contracts. Knowledge is power and when it comes to negotiating with telecom carriers you can use all the power you can get. If you are adequately prepared, though, contract renewal time is your biggest opportunity for saving money.

Step #6 Telecom Contract Negotiation

In case you missed it in the last section, it bears repeating here: contract negotiation is your best opportunity to save money. This comes with one major caveat, however. Carriers negotiate these contracts all the time, it is their business. They are probably better at it than you are. That being the case, you have a few options:

- Have someone experienced on your side of the bargaining table
- Give yourself the time and information to make an

informed decision

- Develop a solid RFP template. Make sure you use it.
- Leave enough time before the expiry of the current contract(s) for response and review
- Use benchmarking and competitive analysis to understand the market
- Negotiate on both price and terms
- Perform a post-contract validation to make sure you are getting what you negotiated

If you follow this advice, or if you hire a telecom expense management company to negotiate on your behalf, you are going to come out ahead of the game after contract negotiations.

Step #7 Reporting

It used to be that writing up reports made up a significant portion of your expense management process. Thanks to modern software tools, generating useful reports has become quick and easy. Good expense management software offers:

- Numerous standard report templates and an easy to navigate dashboard
- Aggregation, summarization and analysis of your data
- Easy highlighting of exceptions, overages and aberrations
- Automatic data feeding to AP, HR, and ERP systems
- Multiple delivery methods (web-based, email, FTP, etc.)
- Customizable reporting
- User-specific access restrictions

- Flexible graphing and chart capabilities
- Presentation tools

The Final Analysis

Given how much of your budget is taken up by telecom services, you really can't afford to neglect proper expense management in this area. You have the choice to manage these expenses the slow, difficult and labor intensive way, or you can use modern software tools and best practices to make the process as efficient and cost-effective as possible. Follow the steps in this white paper, and you'll be surprised at the effects on your bottom line.