



Seven best practices to make telecom expenses work for your business

With a global economy that remains under pressure, organizations around the world are looking for reliable ways to cut costs from their business and create greater efficiencies. One of the top five operational expenses for most organizations is telecom costs, which is why better telecom expense management (TEM) has an important role to play.

We are a leading provider of TEM and other information and communication technology (ICT) services globally. We believe expense management shouldn't be treated in isolation but should be deeply integrated into your organization's overall IT governance strategy.

From expense management to Communication Lifecycle Management

Traditional expense management approaches may fall short as they focus only on the assets and services that reside outside of the network – which are primarily service provider costs. They also don't consider the full lifecycle of communications assets and how to exploit new technologies.

Communication Lifecycle Management (CLM) involves obtaining a view of the entire communication estate, both inside and outside the firewall. This can help you optimize routing, negotiate contracts and manage disputes. It also involves streamlining internal systems and procedures across your own network to ensure they're performing optimally and at the lowest possible cost to your business.

Benefits of this approach:

- On-demand information and a holistic picture of your communication estate empowers you to make informed decisions, contain costs and support your organization's corporate strategy by selecting the right communication tools.
- Scheduled reporting and integration with data analysis tools help you to identify savings and optimization opportunities.
- By eliminating incorrect invoice charges and highlighting billing anomalies to help reduce abuse, you can cut communications costs dramatically.
- You're able to see where you're oversubscribed, or are underutilizing infrastructure, pinpoint wastage and inefficiencies, and streamline your communications systems.
- You can facilitate centralized, more cost-effective procurement strategies.

Communication Lifecycle Management gives you visibility, order and control of all communication assets, anywhere in the world. It allows you to make timely, evidence-based decisions about the entire communications network – not just bits and pieces of it.

Benefits at a glance

Communication Lifecycle Management (CLM) creates greater visibility of telecom expenses – whether fixed or mobile, voice or data, local or global – across the organization, enabling proper management. CLM collates all telecom invoices into a central repository, allowing you to verify invoices and properly allocate costs across all your business units.

CLM helps answer questions such as:

- Do all the assets for which our service providers are invoicing us really belong to us?
- Are we being charged for these services at the correct rates?
- Have these charges changed since the last invoice? If so, by how much – and why?
- Are there services that we don't need any more, or are some of them duplicated?
- Are the services we're buying still fit for purpose and are we buying them at the best prices?
- Which employee and business unit are attached to the invoice and to whom should we allocate the cost?

With CLM, time-consuming, cumbersome, manual processes are fully automated, immediately creating greater organization efficiency. Employees previously dedicated to the everyday processing of bills can, instead, focus their energies on investigating anomalies, finding explanations for exceptions to usual invoice patterns which expense management identifies, and eliminating unnecessary or incorrect charges.

We recommend the following seven best practices that will help your organization achieve maximum benefit from your CLM implementation strategy.

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1. Select your CLM partner carefully

It's best if your service provider understands your complete IT environment and has an exemplary record in global execution for both TEM software and outsourcing services.

If your cost saving effort is part of a larger communications outsourcing engagement, make sure to select a partner with proven consulting skills and integration expertise, coupled with a record of successful execution in this field.

In today's complex IT environment, it's not good enough to simply provide expense management software and manage the service. Your provider should also be able to assist you in using the management information generated by solution to drive improvements in the overall environment.

Whether your organization is local or global in scale, make sure your chosen partner is able to execute on your immediate and future goals.

It's also advisable to choose a partner that can offer the delivery model that best suits your business needs.

These models may include the following:

- A hosted service in which you still control the process, and where hardware and software are managed by your partner. The advantage of this model is quick implementation and elimination of capital budget software-licensed, where you license, operate, and control the entire software system and processes, from inventory discovery to invoice retrieval and loading to systems maintenance and support. The obvious disadvantages are staff and capital requirements.
- A managed service in which the hardware, software and process are entirely outsourced to a third party and many of the tasks are automated. The advantage of this model is the ready availability of expert resources to manage the daily functions with highly evolved process capabilities.

You need to determine which model best suits your business – and your budget – and which third party is best positioned to offer that model seamlessly and with minimum disruption.

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2. Identify your goals and business measures

Before your organization implements a new expense management solution, it's important to identify what you hope to achieve, as well as to determine how you will measure success. These goals and measures often depend on the sponsors within the business.

- Are you looking to reduce telecom costs?
- Do you want to free up budget for other projects?
- Do you have a desire to transform your telephony infrastructure?
- Or are you simply looking for more visibility on a country-by-country or a global basis?

Often, just having visibility of your telecom spend is sufficient as a value proposition – however, each organization has a different set of goals and measures success differently.

Talk about your goals with your partner. An experienced partner should provide insight and add value by sharing how other, similar organizations see communication management and have applied best practices in their environments. This conversation may even lead to defining a greater value proposition and can go a long way toward strengthening your business case.

CLM can make several business process improvements possible. If your procedures are fragmented and labour intensive, and you're not getting maximum value out of what you're spending, CLM can help you automate billing review and payment processes, while centralizing and tracking all your telecom assets and orders. Visibility is key. But it can also help you report better for budgeting, analysis and benchmarking purposes. Without CLM, it would be hard to optimize all your telecom services so that every dollar you spend really counts.

3. Understand how communication management fits within the overall IT domain and charter

Do you manage telecom as a separate entity within your business, or as part of your overall IT environment? If part of the larger organization, look at the needs of IT and choose a partner that understands the IT domain as a whole. Is expense management intended for improved financial control, or perhaps as part of a larger IT management effort?

For instance, if your IT department has adopted (or will adopt) Information Technology Infrastructure Library (ITIL) processes, CLM can contribute to – and be an important part of – the program.

Talk to your provider about how it can help integrate its services into your overall ITIL environment. Also strive to understand how mobile CLM and mobile device management create value from a security perspective. This is where many organizations with only basic accounting systems have not yet realized the full potential of CLM in turning telecom information into true business value.

The primary ITIL functions or processes of concern with communication management are:

- IT Financial Management
- Change Management
- Service asset and configuration management
- Service desk
- Incident management
- Service continuity management

The more mature the management function becomes within your organization, the more strategic value it will generate.

4. Understand key stakeholders who would benefit

Make sure you get buy-in from all stakeholders, including finance (accounts payable) and IT. This is important because each stakeholder may have different requirements of the solution, which would need to be incorporated and addressed in order to drive adoption and value.

Ask yourself:

- Who pays the bills?
- Who applies the general ledger coding?
- Who orders services?
- Who manages our mobile phones – and how does mobile worker management fit in?
- Who's responsible for validating the bill?
- Who in IT will integrate payment files into the accounts payable/ERP systems?
- Who utilizes management information about your telecom services for network planning functions?

Also make sure that resources are available to lead the implementation, starting with a project owner. The project owner, in coordination with your partner, will keep your program on track and ensure that your organization realizes value from your investments.

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5. Take a phased approach to implementation

Organizations implementing new management controls of their telecom spend can easily be overwhelmed by the detail – and potential. There are great cost benefits to be realized, as well as greater management benefits from the visibility that CLM provides. But it's best not to try and realize all the benefits at once. To ensure the greatest degree of success, follow a phased approach with your implementation, with clear deliverables for each step.

For single country enterprises, one way to launch the program is to receive all invoicing into the expense management environment. Work with your vendors to obtain electronic invoice media. This will create visibility of all expenses. This process also enables you to establish IT financial management controls to measure budget, assess cost reduction goals, and so forth.

Next, your organization might want to gain a complete understanding of the detailed services which make up the telecommunications portfolio, assign inventory configuration items and link that information into the configuration management database. This also benefits the business by allowing you

to identify exceptions for research and management – for instance services at abandoned facilities, unused services, over-configured services and other exceptions that can contribute to immediate cost savings (the 'lowhanging fruit').

For multinational organizations, implementing CLM services in one region at a time can enable you to utilize some of the cost savings from one region to fund further deployment into the next.

Establishing sub-projects within an overall program can lead to short-term successes that contribute to consistent wins for the organization.

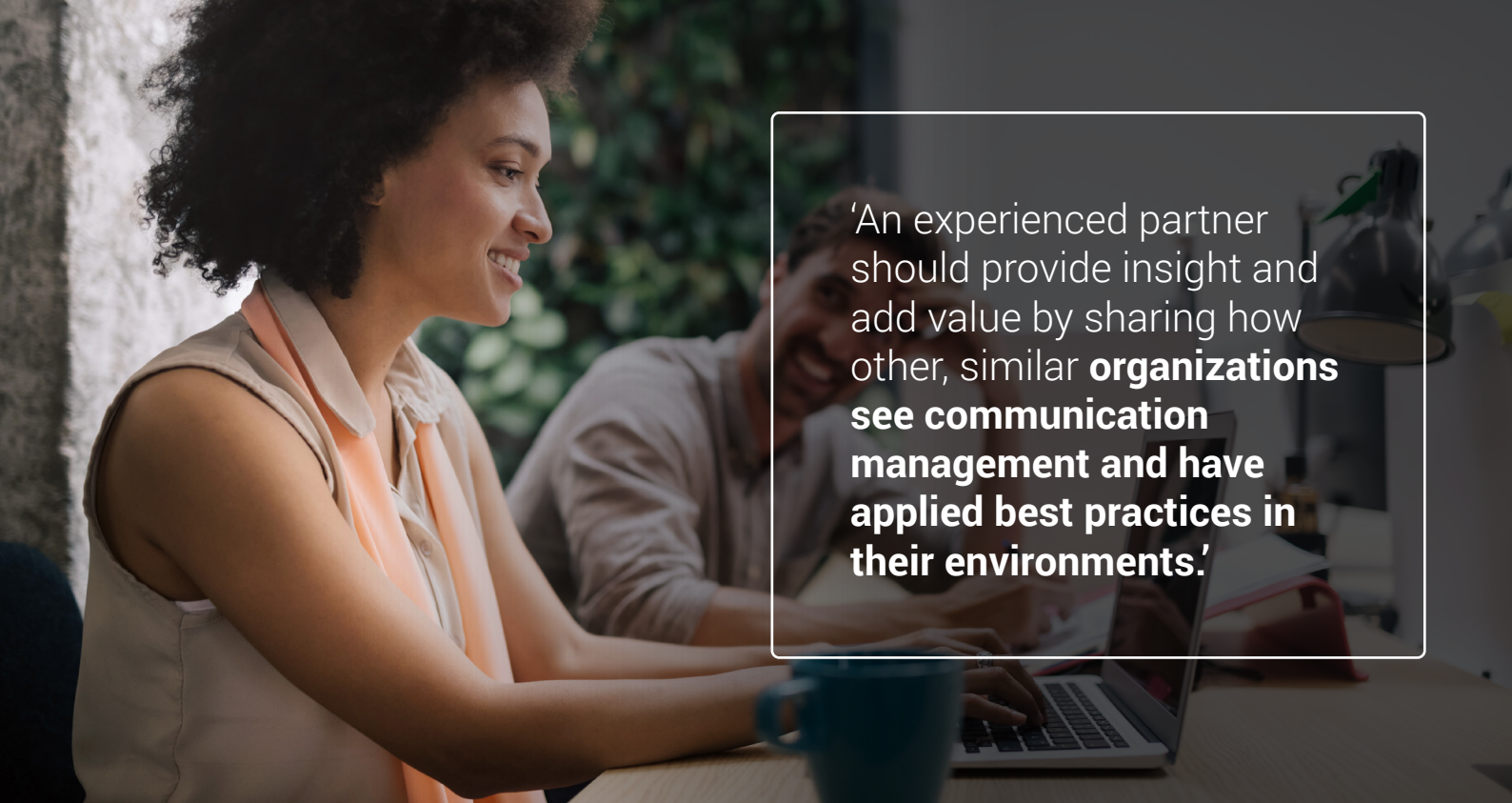
6. Integrate your CLM services with your telecom purchasing decisions and processes

Whether asking for a carrier quotation or inquiring about a provider's overall scope of services, the information collected through your CLM program can provide substantial benefits when negotiating local, national or global contracts. Where feasible, establish end-to-end procure-to-pay workflow processes through your management systems. This may not be the first deliverable in your program, so establish where this priority fits into your overall CLM needs.

Keep in mind that these procurement processes relate to both overall contract procurement (e.g., establishing a book of business of your telecoms services) or simply using a structured methodology for a service quotation which results in the outcome of order placement to the winning quote and a further outcome of creation of a new, changed or ceased inventory item in your inventory and configuration database management (CMDB).

7. Utilize services from your provider to augment your internal expertise

Your partner, if selected properly, has already done what you're trying to achieve, and has done so repeatedly and in many geographies. Use your provider's experience and depth of skills to help you succeed. Ask your provider to supply the resources you need to meet your deliverables – some key areas might be inventory discovery, contract audit, carrier management and contract negotiations, or specialized reporting.



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Global insurer uses a phased approach to cut telecom spend and build IPT business case

A large, well-known global insurance provider knew they paid a substantial amount per month to their telecom service providers in the form of late payment penalties. They also calculated the average number of days it took the business to process an invoice manually – the direct cause of the late payments. The insurer therefore had very clear and specific goals for their CLM implementation: to reduce the average time it took to process invoices in order to plough the amounts previously spent on penalties back into the business.

In addition, the insurer also wanted to reduce their spend on fixed-line telecom costs, and needed to build a strong business case for an IP telephony implementation.

Phase 1: Visibility of expenses eliminates penalties of USD 100,000 per month

By following a phased approach, the insurance provider began their journey by first aiming for greater visibility and improved operations. They incorporated all of their telecom invoices into a new CLM solution. Simply through gaining greater visibility and the inevitable streamlining of its processes, the business managed to immediately eliminate paying USD 100,000 per month in penalties.

Phase 2: Incorrect payments identified – and cost benefits realized

In the next phase, the organization used their partner to analyse their information in order to determine and eliminate incorrect carrier charges. In six months, refunds received from service providers for incorrect billing totalled USD 72,000. The organization also generated avoidance savings of USD 470,000 by correcting invalid charges, and realized a further USD 500,000 in other cost reduction opportunities.

Phase 3: Stock-take of telecom inventory helps identify anomalies in billing

The next phase involved documenting the organization's telecom inventory. This enabled more accurate tagging and coding of over 60,000 items, allowing costs to be charged to the right business unit. This process also helped to set up a system in the solution that would automatically identify and flag billing anomalies that needed to be researched and clarified as invoices entered the organization. In turn, all of this information could be used to identify unused services and create a stronger business case for a SIP trunking solution.

Phase 4: Audit results in savings of USD 600,000 a year and recovery of USD 800,000

A detailed audit of key carrier charges then helped the business secure over USD 800,000 in refunds or credits from service providers, trim their spend run rate by USD 600,000 annually, and provided line-level detail to enable line-item auditing visibility into their vendor contracts. This contribution to the enterprise's bottom line freed up budget, which was then used to fund the enterprise's SIP trunking solution, further contributing to cost reductions and providing next-generation telecom technology to improve operations.

Wrapping it all up

It's true that telecom costs are a major expense for large organizations worldwide – averaging 20% of IT costs according to one major consultancy, but there's no reason to spend money where it adds no value. Too much is wasted simply because organizations have poor visibility, poor billing and payment processes, and poor reporting on what they actually spend, and where.

CLM therefore has an important role to play in creating visibility and establishing proper processes. But organizations should choose their partner carefully, because services and service providers are not created equal. There are important questions to consider, such as:

- How and where expense management should integrate with your broader business strategy
- What the right delivery model should be
- Which provider would be best suited to deliver the service according to your strategy, goals and requirements

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