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Unnecessary telecom expense can be better managed

[David Perdue](#)

Telecom bills from a seemingly unmanageable proliferation of providers are stacking up and filled with errors that cost a company millions of dollars each year.

In fact, [Gartner Research](#) says that 80% of the telecom bills are wrong, and the typical Fortune 1000 company is over billed anywhere from 6%-8% per invoice.

The obvious answer is to find a Telecom Expense Management provider. But choosing the right solution can be confusing in such a rapidly evolving space. How do you know which type of service is right for your organization?

TEM solutions can basically be divided into three categories: software, manual auditing and business process outsourcing.

Companies in the TEM space may offer one or all of these products services, but more may not necessarily mean better. Before you talk to any TEM provider, you should evaluate your company's needs and prepare a strategic plan to reduce telecom costs.

TEM planning is a highly customized process contingent upon your company's current telecom budget, future budget projections, available resources and level of internal telecom expertise. Generally, the process should involve representatives from IT and accounting. Additionally, companies with geographically dispersed organizations should involve key business units. They know the peculiarities of the local and regional telecom supply environment that need to be considered when setting priorities.

Many organizations with annual telecommunications services' budgets of less than \$3 million per year may not find it cost effective to build an in-house infrastructure. The best plan for small and medium size companies may be periodically hiring an auditor that can extract savings from past bills every few years. Completely outsourcing telecom business processes is another option but their "cut" varies widely.

Typically, enterprises with annual telecommunications services spending of more than \$3 million will find it more economical for experienced internal staff to manage TEM. Ultimately, analysts say no one outside your company can know its plans, needs or values as well as insiders, and there is no substitute for internal expertise.

The key to successfully performing in-house TEM is selection of a scalable software package to automate business processes while optimizing performance and visibility, both of which are essential for forecasting and budgeting. To take full advantage of a TEM software package across the enterprise, we are finding more and more Fortune 1000 companies are centralizing their telecom expense management.

When the planning process is complete, take the time to develop a requirements document that defines your needs. This will help you narrow down the world of TEM providers and determine which one will best suite your expectations. Quite simply, your final choice will be based upon whether or not you need: A) someone that will just pay your bills and save you some money or B) in-house automated expense management that will allow you to build internal expertise, provide a long-term solution and save you substantially more.

If you choose option A, your search should focus on auditors or outsourcing companies. Option B means focusing on software products. Be cautious of the many TEM firms that offer both outsourcing and software solutions. These firms usually use software to up-sell their consulting services.

TEM software packages should be flexible enough to fit in the enterprise's long-term monitoring, optimization and billing

architecture. Integration is also important with your enterprise-wide accounting system. The software you choose should handle the TEM process end-to-end, receiving the service order through activation, monitoring services to ensure the agreed SLAs, optimization, approving and payment of bills and issuing management reports and chargeback orders.

The right software package will give you visibility and control.

Then, your most difficult decision will be how to reinvest the savings in the company.

And that's a nice problem to have.

David Perdue is chairman, CEO and founding director of Asentinel LLC in Memphis. He can be reached at 752-6200.

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