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## More turning to telecom expense tools

**Concern about billing scams and impact of mergers cited for heightened interest.**

By [Denise Pappalardo](#), *Network World*, 04/17/06

Telecom expense-management tools and services aren't new, but more businesses than ever are finding them necessary.

Reasons include the fact that service providers continue to bill customers in error, of course, but also the ongoing concerns over industry consolidation - as well as outright scams.

"There's a lot of interest in billing tools and analytics today," says Rick Saia, research analyst for Aberdeen Group's global supply-management practice. Most companies use such tools to monitor invoices, contract terms, departmental reconciliation, service rates and payments, he says.

Aberdeen estimates that 7% to 12% of telecom service charges are in error.

"I've seen an increase in marketing and offerings of third-party expense-management services in the past 12 months," says Dan Rathbun, indirect commodity manager at Pentair in Golden Valley, Minn.

[Sprint Nextel](#), one of Pentair's wireless service providers, brought TEM company [Integrated Mobile](#) to Pentair about a year ago. Integrated Mobile provides a suite of services including order fulfillment, configuration and bill management for a customer's end-to-end wireless service needs.

"It was a great thing for us," Rathbun says. "The benefit is not just an expense management tool, but it has the effect of placing you at a different point in the supply

chain, because [Integrated Mobile] does fulfillment, rate optimization and distributed billing on a monthly basis."

Pentair, which provides water movement, treatment and storage products, uses Integrated Mobile to manage about 1,000 wireless devices and contracts.

Pentair also uses telecom bill-auditing services at certain locations for wireline voice and data services.

One big error Integrated Mobile picked up on was an order for 16 new lines that didn't come through its fulfillment system and therefore was immediately flagged as possible fraud. The charges for these lines were immediately placed in dispute.

When going with a TEM vendor, customers are told they can reduce monthly telecom costs by about 10% after initial contract rate reductions. "And yes, we've seen that," Rathbun says.

## **Other considerations**

But saving money is only one aspect of TEM. Another is helping customers mine the vast amount of data that's included with their invoices. For one national retailer of office supply products, that data mining capability has made it possible to flag third-party billing scams.

The telecom manager, who asked that her name and company not be published, says there has been a sharp increase in third-party billing scams.

She started noticing calls that cost \$20 apiece on her telecom invoices from 10 retail locations in the New York region. These calls were made to a company called Jobs Hotline, which operates much like a 900 service. The telecom manager points out that she blocks all outgoing calls to 900-like numbers, but the problem with the phone numbers going to Jobs Hotline was that they used a standard area code and exchange. She also believes the calls were never placed from the 10 stores. In fact, about eight calls were placed back-to-back from the fax numbers at each store.

You could look at the \$20 charges as such a small expense it might not be worth the headache of tracking them down and getting refunds, especially when you spend about \$30 million a year on telecom services nationwide, like this company does. But the problem quickly escalated as more calls were placed from these fax lines to Jobs Hotline. "It was a \$1,500-per-month problem that turned into a \$3,000-a-month problem in three to four months," she says. The charges also were hard to spot initially because they were funneled through a legitimate third-party billing company, she says.

TEM products from [Asentinel](#) helped the office-supply company get the charges and expenses in check. The tools allowed the company to track the fax calls and charges,

which now are grouped together automatically in a separate report. This makes it easier for the company to try to get its credits.

Pentair has been in contact with the FCC, the Federal Trade Commission and the Attorney General's office about the fraud.

Another customer also has seen an increase in third-party billing problems.

"The biggest nuisance we never expected is dealing with bogus companies selling Internet advertising services," says Larry Van Etten, senior manager of Ikon Office Solutions' telecommunications services center in Malvern, Pa.

In this scam, checks for about \$2 are sent to Ikon's local offices. These checks are cashed by accounts receivable staffers, who believe them to be legitimate. By cashing the checks, Ikon essentially is agreeing to pay for an Internet advertising service. The charges range from \$39 to \$69 per month.

"We got hit with over 300 fraudulent bills one month," he says. "Fortunately, we have [Rivermine](#), which lets us know when we have oddball third-party charges."

Ikon, a document-management and services company, was able to eliminate the problem by blocking all third-party billing, which it manages through its Rivermine platform. Rivermine provides TEM tools for enterprises. The Internet advertising vendors are then forced to bill Ikon separately, which most of these bogus companies aren't interested in doing, he says.

## **Big deals a big deal**

The biggest issue businesses face in the TEM arena is dealing with all of the merger-and-acquisition activity, says Michael Vollinger, enterprise mobility vice president at Telwares, which specializes in telecom procurement and contract negotiations.

"Taking behemoths in the market and crunching them together is a headache for business users," he says.

While most of these deals have closed, billing-system integration and platform elimination hasn't happened in force yet. One customer points out that all her SBC bills now include the AT&T logo, but otherwise the bills look as they did premerger.

"The first thing to fall off the wagon will be data quality," Vollinger says. "I'm not talking about degradation in the quality of the data services but from a billing perspective."

The largest carriers will be trying to crunch numbers from disparate platforms as they combine customer contracts, he says. This likely will lead to errors.

Mike Hartz, manager of telecom services for Bridgestone Firestone Diversified Product in Kings Mountain, N.C., is worried about the mergers.

"My concerns are it will impact us on the customer service or expense side, not necessarily affect our level of service," he says.

He hasn't seen any negative changes in terms of billing since Sprint and Nextel merged, but he says his experience with past mergers has raised concern.

Firestone did a lot of work with AT&T Wireless before Cingular acquired that company, Hartz says. "We had a lot of folks on AT&T phones, and we tried to move them to Cingular. They made it very difficult for us. It was easier to port a phone from Sprint to Cingular than it was to port over an AT&T [Wireless] phone to Cingular."

Still today, Cingular is more restrictive with its shared minutes because of how it bills, Hartz says. Cingular doesn't allow users based in different markets to share minutes, but Sprint does, he says.

Using a third-party TEM vendor reduces the impact of these mergers because they're responsible for contract and rate management, he says. Firestone's representative at Integrated Mobile, the TEM vendor the company uses, "gets frustrated dealing with the multiple vendors. I don't." Hartz says.

TEM tool	Use now	Plan to use within 12 months	Plan to use after 12 months
Invoice presentation and analysis	67%	17%	7%
Invoice contract term reconciliation	63%	15%	7%
Service usage auditing/accounting	64%	23%	5%
Service usage allocation/chargeback	55%	14%	5%
Inventory/asset management	50%	26%	13%
Spend analytics	40%	26%	15%
Service rate database	38%	23%	10%
Electronic contract management	33%	22%	13%

SOURCE: ABERDEEN GROUP; respondents could select multiple categories.