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How a Retail Chain Saves Money with Telecom Expense Management (TEM)

– Laurianne McLaughlin, CIO

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Phone lines are not a sexy topic, says [Family Dollar Stores'](#) CIO Josh Jewett. "But it's a rock companies ought to look under. It's not well-managed at some companies, and it's a way to free up some dollars to the investment portfolio or to the bottom line."

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As Family Dollar continues to execute its Store of the Future IT revamp, the company needs to save where it can.

Step One: Assess Current Conditions

About one and a half years ago, Jewett looked at the company's decentralized system for handling telecom expenses and saw a roadblock. "If we didn't manage the way we grew, it was going to be a problem for the strategic initiatives of the company," Jewett says, adding: Telecom costs had to be contained as the number of stores continued to rise.

Step Two: Centralize Cost Management, Cut Out Paper Records

Family Dollar decided to adopt a telecom expense management (TEM) system, choosing [Asentinel](#) as its provider.

"Today what we have is entirely centralized and we've improved our ability to manage telecom," Jewett says. For example, paper bills have almost entirely disappeared, in favor of electronic feeds which are managed by the TEM provider. (Family Dollar bought a licensed application that runs in Asentinel's data center; Family Dollar logs in to the application to manage the bills via a workflow process.)

A sample benefit: Asentinel audits the bills for known error conditions, like phone lines that don't match up to ones owned by Family Dollar.

Step Three: Automate Reports, Analyze Activities With Cost-Cutting Eyes

What else does Jewett gain from his TEM system? "Now we have much more granular detail on usage patterns and can do exception-based reporting," Jewett says. For example, the company can note if a store is paying for call waiting (not allowed) or if a store's long-distance spending seems out of line with others in the district.

Family Dollar's mobile phones are not yet handled via the TEM provider; Family Dollar gives a mobile phone allowance depending on the person's role in the company. The company uses a similar setup to reimburse district managers who travel with notebook PCs and EVDO cards for Internet access. In the future, Jewett may investigate whether the TEM provider could build these allowance programs into its solution, he says.

Results at Family Dollar

Results to date: Family Dollar's ROI on the TEM project includes saving approximately \$600,000 annually by aggregating and sourcing its local phone lines, or about a 15 percent savings on local services, Jewett says.

The company has also realized cost savings via the automatic audits performed on all local, long distance and data invoices; these amount to another 1 percent savings on total telecom spend per year. The company can also provision new telephony services faster and spot billing exceptions better, plus track the history of each inventory item from provisioning to disconnection, he notes.

So at a time when the company grew the number of stores, added significant telecom services (adding a high-speed data connection to 20% of stores and a satellite network to distribution centers) and added more than 600 EVDO cards to its laptop fleet, overall telecomm spend stayed at a constant percent of total company revenue, Jewett says. He's also avoided hiring more administrative staff in this area. Looks like this rock was worth looking under.