Transparent Telecom-costs

Solutions for Telecom Expense Management (TEM) bring transparency to companies in the chaos of their telecom costs-

By Toni Lazazzera

The telecom landscape has gone through many changes during the past 10 years: many new offers resulting from liberalization, proliferation of mobile telephony, VoIP, geographic expansion due to globalization, transfer of the telephony services to the IT. But for most companies, little has changed in the way the services are managed or the invoices are processed.

Consequence: the tariffs are lower but the companies pay always more for more services that are more critical and complex to manage. As per Aberdeen Group, telecom costs belong to the top 5 expenses for most global companies.

But this situation can be improved, as highlighted by a Gartner study: organizations can routinely save more than 10% of the telecom expenses … best practices include implementing TEM packages.

Managing Telecom resources

TEM solutions use the data from telecom operators, representing all invoices with call details. This information is then linked with inventory and business information such as the list of users, phone-numbers, organization-chart and cost-centers.

TEM encompasses the full spectrum of the Telecom Lifecycle. Activities that were handled so far in silos, with separate tools and processes, are now consolidated under the same roof. Processes can speak together, share information and avoid retyping. The data coherence is improved, errors are reduced and the work is simplified.

TEM is more than a tool to replace a CDR-system (Call Detail Records) or an inventory application. TEM is a kind of ecosystem, which not only changes the way of doing the same

things, but enables to do more, better, faster and less expensive. We could compare it with an ERP which can handle accounting, stock, sales forecasts and more, therefore allowing a precise steering of the business.

Simulate offers

Comparing tariffs is not sufficient to evaluate offers for telecom services. We must beware of Volumes and the side-effects on other services. For example selecting a mobile operator may impact the fix-telephony invoice due to fix-to-mobile calls. Most of the time, companies build a traffic-model and compare offers based on that model. This activity is time consuming, expensive and finally produces approximate results, especially for international company.

With TEM, full and precise data are available in electronic form. It is therefore straightforward to run simulations with various tariff offers. Since this job can be done easier and faster, benchmarks can be performed more often.

Management made easy

The management of telecom services is fastidious and requires time-consuming interactions with both the users and the operators. This problem is even bigger with mobile telephony, as pointed by a study from Aberdeen Group (2007): it costs nearly 10 times more to manage wireless services and devices compared to wireline. It is often a fulltime job to manage a fleet of 1'000 mobiles. This job is often shared between many people for the various locations, countries, operators, services (fix, mobile, data) and the processes are seldom clearly defined. This can lead to situations where we continue to pay for a line that we think has been terminated or for an employee who has long left the company.

TEM standardizes these processes: a workflow takes care of the request, the approval and up to sending the order to the provider, ensuring consistency across the organization. TEM also takes care of associating lines to users. This avoids interactions with the operators to update their database, mainly for mobile telephony, therefore reducing the workload and the risk of errors. With common processes, companies save time and improve quality. Experience shows that TEM divides by two the effort required for all management activities.

IN SHORT

- Companies spend too much for telecom services because they lack overview.
- The management of telecom services is obsolete and doesn't match the reality anymore.
- Telecom Expense Management monitors this environment and signals anomalies.

OVERVIEW OF TEM SOLUTIONS

Quelle: Tmanco
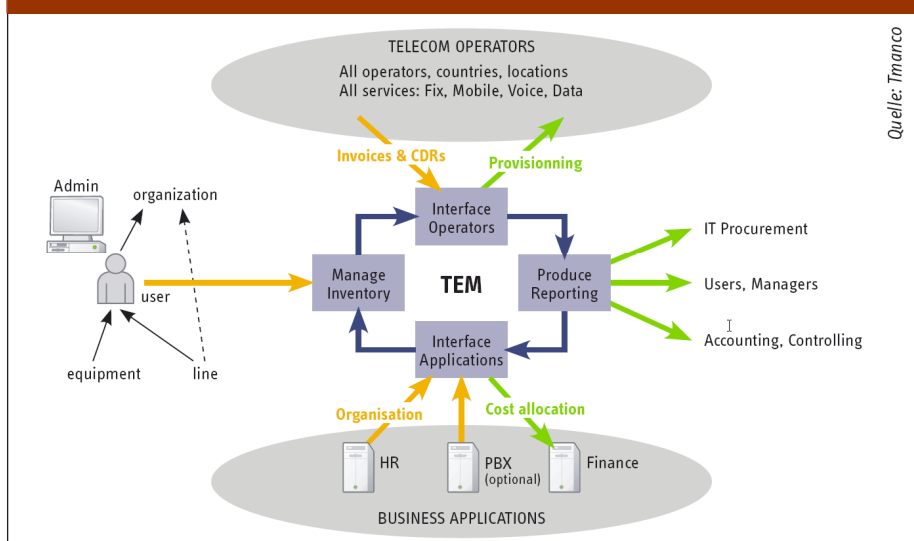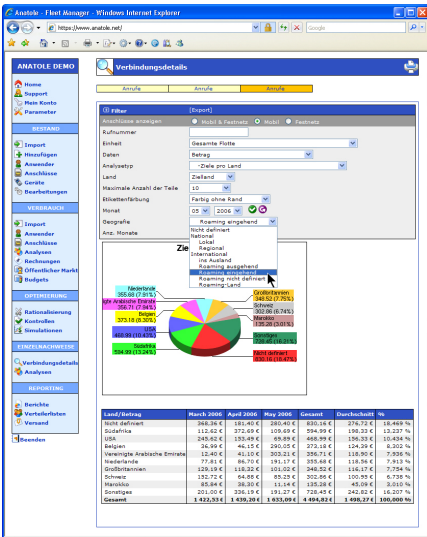
With TEM-Solutions companies can, at any time, get an overview of their telecom expenses and optimize them.

Complete & accurate inventories

To get a full picture about all assets, companies usually maintain inventories with the list of all lines, their status, associated users and contract dates. It is common that these inventories are spread across many files with little structure. Extracting statistics and getting a global overview is therefore almost impossible. Sometimes companies use inventory programs designed for IT equipment. This is better, yet not ideal as they are not designed to take care of telecom-specific parameters.

TEM tools include inventory functions tailored for the telecom environment, with specific parameters to handle telecom services. Each change is carefully logged and ensures traceability.

Invoice verification

A company with thousands of employees usually receives hundreds of invoices per month, which must be financially approved and technically validated before accounting can record and pay them. This process is not without risk that invoices get lost or delayed. Invoice verification is often limited to comparing the amount with previous month, very rarely the lines and services billed are checked against what has actually been ordered. Companies rely on telecom operators, even though a study from Aberdeen Group (2003) shows that, in average, 7 to 12% of the costs billed are in error.

Once paid, costs must be allocated. This is quite a challenge when the mass of invoices must be split across hundreds of cost-centers. A mix of several workarounds is then used to do the job, such as: CDR-system, operator portal,

allocation-key or more invoices with one per cost-center.

TEM tools contain detailed invoice-information with lines, users, cost-center. Billed services can be easily compared against inventory. Costs can be precisely allocated to the users based on the line number, allowing invoices to be consolidated and their number reduced.

All Information in one place

Having the information spread across several systems makes it hard to collect, consolidate and compare. As a result, reports are often incomplete or inexact. Without detailed reports, departments can hardly verify the costs allocated to them. Here as well TEM can help. The tool knows all lines and services, to whom they are associated, which user, department and cost-center. Reports are easy to build and to distribute automatically. The IT can avoid playing a police role and becomes a business partner who provides information to help control the costs.

Optimization thanks to overview

Intuition and experience can help unveil anomalies or actions for cost-optimization. The next step is more complex when hard numbers are missing to demonstrate the ROI (Return On Investment) and get the budget approved. VoIP, for example, can reduce the communication-costs and the number of lines, but without traffic data it is difficult to quantify the savings and dimension the equipment. Some optimizations, such as unused services or lines, are almost impossible to discover without hard data. To not remain passive while the costs go up, companies put pressure on telecom operators to reduce the tariffs.

With TEM, companies have structured and pre-analyzed data at hand, directly showing costs, volumes, roaming traffic, fix-to-mobile calls and much more. An intuitive interface enables fast analysis or even exports for further simulations. All that helps validate options and select the ones worth pursuing.

Conclusion

Companies are constantly looking for ways to reduce operational costs and increase efficiency. TEM can help, however it requires time to exploit its full potential. Time until these solutions are known on the market and their benefits well appreciated. This process is moving forward, as reported by Gartner in the "Marketscope for Telecom Expense Management, Worldwide 2H07": the TEM market will generate revenue of $600 million in 2007, growing to $1.7 billion in 2011, and demand in Europe is growing very rapidly.

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