Managing Mobile Costs in the Enterprise

This guide examines the challenges mobile expenses pose to the enterprise, and discusses the solutions needed to analyze mobile use. Discover how to manage mobile costs in the new mobile world.

- Getting a grip on the mobile data avalanche in the enterprise
- Implementing a mobile data expense management policy: Weighing the issues
- Mobile expense management best practices make analysis more accurate
FOR DECADES, businesses of all sizes have contended with the challenge of managing their telecom services expenses. The fact that the problem is so long-standing and nearly universal and means that most businesses believe—at least on the surface—that they have it under control. In a 2011 survey of 277 businesses, CIMI Corp. found that more than 70% said they were managing their telecom expenses successfully. Overall maybe they are, but not necessarily in detail.

Over the last five years, we have seen arguably the most significant trend in the knowledge-driven empowerment of workers since the advent of the PC, when all wireline black phones and leased lines were pretty much alike. Now mobile broadband and appliances like smartphones and tablets and have created completely new work practices, ranging from the “work at home” to the now-popular “homeless worker” who is empowered to work 24x7 everywhere and anywhere. Unlike the near-uniformity of black phones and leased lines, mobile broadband appliances are famous for their differences. And those differences are reversing decades-old confidence in the management of telecom expenses.

When the 70% in the survey said they were managing their expenses effectively, they were then asked if they were managing their mobile expenses effectively, and a full 75% said no. Mobile services are making telecom expense management (TEM) a lot more complicated than it used to be because the services add a multidimensional problem to the whole expense process. Here are four main reasons why:
First, mobile device use is exploding in the enterprise, which means more mobile bills are being presented for corporate payment or reimbursement;

Second, mobile access is of varying value to different companies, as well as to individual departments within companies, so there isn’t a straightforward way to assess the cost of mobile usage against the benefits;

Third, an enormous number of mobile devices are involved and include multiple service types and charges for each one; and

Finally, usage caps, usage charges and plan details differ not only by operator, but often among the devices sold and supported by the same operator.

Beyond the existing mobile expense management complications, mobile expenses also alter the nature of future service expense planning. Wireline telecom costs have declined slowly and steadily over time, and pricing has tended to stabilize. The net result has been a gradual reduction in overall costs. With mobile, voice expenses have also declined over time, and in many cases, SMS charges have declined. Data plans, however, appear to be reversing historical price declines as lower-usage ceilings, and higher data-overage rates create major differences in mobile costs from user to user. Enterprises report that their heaviest users can cost the company 10 to 12 times more than the basic service plan each month on usage charges only.

The pace of change for mobile plan costs has also accelerated over time, and with so many plans available to a business, getting every employee on the right or best plan is frustrating at the very least. Companies can analyze their costs
and pick a new plan set, then find out that in the interim, the operator’s whole plan structure has changed, or a new operator with a different plan structure has emerged as a contender.

The net effect of all of this mobile growth is that it is more and more difficult to justify traditional, centralized TEM based on packaged software. To handle the changes, many enterprises are turning to a more distributed analysis of mobile expenses—by department or other organizational division—rather than trying to analyze costs on a company basis. The benefit is that the implications of a given employee’s expenses are more easily analyzed at a lower organizational level where the reviewer knows what an employee’s legitimate mobile use would be. The distribution of responsibility also makes it easier to quickly assess costs and alternatives. The problem, however, is that distributing TEM software to departments or even distributing access to it has already pushed up software support costs and created a monumental training effort.

CLOUD-BASED TEM AS A SERVICE MAY BE A SOLUTION FOR TRACKING MOBILE USAGE

The cloud offers a solution. Like all cloud applications, cloud-hosted mobile TEM is inherently distributable. TEM as a Service can be obtained at a low cost or even for free for basic applications, enabling a company to distribute TEM responsibility as needed. Cloud-TEM providers can keep up with plan and cost trends, as well as focus on a low-maintenance graphical user interface (GUI) that reduces support and errors. In fact, TEM may well be an application perfectly suited to cloud computing.

Cloud-based mobile TEM isn’t simple, however. Planning and implementation discipline is required to make a cloud-TEM project for mobile devices and usage work. Fortunately, the market has contributed some insights into both planning and implementation, and keeping these in mind can help to ensure a successful TEM outcome. ■
Implementing a mobile data expense management policy: Weighing the issue

**TELECOM EXPENSE MANAGEMENT** (TEM) is nothing like it used to be because mobile communication is so much more complex than wireline. The mobile empowerment of workers isn’t just a convenience, however. It is a productivity decision.

Every employee with a mobile device whose cost is paid or shared by the company presumably has a company mission that justifies that cost. That mission also has an associated set of communications demands, and each of these could be met in one or more ways. To that point, how individual workers are applying their mobile resources to improve their own productivity and fulfill their job requirements must be the basis for the company’s cost analysis. It’s not always a matter of spending more or spending less, or even of picking the “cheapest” plan for a given situation. It’s a matter of managing the return on investment (ROI) for the company’s investment in mobile worker empowerment.

One of the first and most critical points in this ROI management challenge is to understand just what productivity factors generate the “return.” This is one reason why mobile TEM is increasingly seen as a distributed activity rather than a centralized one. Any given worker shouldn’t be judged only by mobile cost, but by cost versus company mission. Knowing what a given set of mobile workers are supposed to be doing and what services their jobs are likely to consume isn’t easily centralized information. Worker’s expenses have to be judged in the context of the return the company gets for paying their mobile charges, which is a part of every mobile TEM analysis.
UNDERSTANDING THE FACTORS THAT PLAY INTO MOBILE TEM

Generally, mobile TEM involves the analysis of each of the three primary forms of mobile service: voice calls, SMS and data connectivity. Additional services like ringtones are also important, and with the advent of digital wallet services, it may be possible in some service areas to make other purchases charged to the device.

In telecom expense management, businesses typically look for things like “unusually high” charges, but recent CIMI Corp. surveys suggest that this may lead to simply sorting bills from the highest to lowest and looking primarily at the group with the highest charges. The same surveys show that the majority of heavy users are, in fact, justified in their usage. Therefore, the “middle-ground” users usually present the greatest opportunity for savings.

In terms of trying to save money, enterprise surveys show that the largest sources typically are found in mismatches between the service plan and service usage. For example, as many as a third of mobile users in a company might actually be best-served with a prepaid plan because they are provided phones primarily for emergency purposes. The most common problem, however, is the selection of a plan in which the included usage—calls, SMS or data—is too low. About a third of total savings secured in TEM come from matching usage with the optimal plan, because most mobile plans charge considerably more for usage overruns.

Data usage has proven to be a particularly difficult expense element to optimize. Part of the problem is the “anonymous” nature of data usage. It’s difficult to know whether the employee is accessing information for company or personal purposes. Determining the validity of data charges is best handled by comparing an employee to others in the same general class of job to look for excessive use. It also may be valuable to look for the opposite condition—
employees who have far less data consumption than average may not be utilizing their mobile resources effectively. This problem has long been noted with voice calls, where many users have service plans that allow for far more voice minutes than they actually need.

Roaming charges are another major potential source of savings, accounting for nearly 25% of total dollars saved, according to businesses surveyed by CIMI Corp. High roaming charges may reflect using the mobile device outside the employee’s work zone, which could suggest excess personal use. However, it may also indicate that the job is requiring the worker to visit areas that the selected mobile operator serves poorly, which means it would be prudent to look at a different operator to serve that user.

This raises the final point about understanding mobile TEM—the need to weigh and manage the value of a company discount against the value of customizing wireless services for employees with unusual usage expectations. While discounts for company use can be as high as 10%, companies report that total savings from optimizing the carrier choice by classifying an employee’s mobility needs can nearly double that amount. This demonstrates that mobile TEM requires much insight and suggests that every company should have a specific policy to guide how it is done. Creating such a policy is the last step in making mobile TEM work for you. ■
Mobile expense management best practices make analysis more accurate

BUSINESSES THAT USE telecom expense management (TEM) solutions for mobile expense management report that they have three primary goals, according to a recent CIMI Corp. survey:

- Ensure that the service plan and options associated with employees are optimal in terms of usage both within and among providers;

- Make sure that mobile service usage is consistent with company policies on personal use; and

- Maximize overall return on investment (ROI) on mobile expenses by ensuring that worker productivity gains justify the overall cost.

At the heart of the mobile TEM analysis process is expense/value correlation. Mobile TEM is the process of assessing mobile costs in terms of the value the company obtains from the expenses. This is essentially a correlation between the details of the mobile bills during a specific period of time and the mission the employees were fulfilling during the same period.

Some businesses like to prescreen mobile bills quickly to target or prioritize certain situations. This step is often a waste of time when looking at large numbers of employees. Uploading the bills and having the company’s TEM software or a cloud-based mobile TEM service prescreen bills is usually faster. If you’re taking the prescreening route, here are some best practices for a quicker and more accurate analysis:

- Look for unusual expenses. The first step in expense/value correlation is normally to look for unusual expenses like download charges, video
charges, insurance and even handset/device replacement in some cases. These can be quickly identified and set aside for review. TEM-savvy businesses say it is best to screen for everything before you start dealing with specifics. A relatively new but very important item to look for is charges for apps that might be made directly to the mobile account. In some cases, it may be difficult to know the mission of the app, and in those cases, some review with the employee(s) is in order.

- **Keep an eye out for high usage charges.** After looking for unusual expenses, normally the next step is to review cases where usage charges are high. Often expense managers know which employees frequently run up considerable charges for legitimate purposes, and they accept a “normal” level of usage without querying the employees involved. It is important to note when there is a sudden increase in usage charges on a large number of bills, however. This may indicate that an operator has changed its pricing plan and may signal the need for the company to review the plans again.

- **Remember to review the small users.** Most businesses then review the “bottom-rung” users, those with the smallest amounts of mobile usage. The goal with this group is to ensure that workers aren’t on a plan that is more expensive than their actual usage justifies. About 15% of workers are found to be “over-equipped” in their plan’s basic allotment of data, voice calls and SMS. For some companies, this may be more costly than large overage charges.

In some cases, a low bill may indicate that the mobile device isn’t being used as expected. This could be an indication that the employee may not need the device at all, or that the worker needs to be instructed on how and when they are expected to use the device. Some companies report low mobile data usage as an indicator that workers who expected to use mobile devices for company VPN access or email are not doing so, which may result in a productivity issue.
Use comparable comparisons. The final step in reviewing mobile TEM data is often comparing a worker’s bill with those of peers who have comparable job requirements and would be expected to have comparable service usage and expenses. Discrepancies can indicate either overuse of mobile communications, possibly for personal use, or underuse, which may suggest a need for training or a review of the employee’s practices in order to obtain the productivity and performance gains that justified the decision for mobile use in the first place.

UTILIZING CLOUD TOOLS AND APPLICATIONS FOR MOBILE TEM REVIEW

All of these reviews are facilitated by a cloud or application tool that allows a company to load billing information, access reports on employee usage and review expenses by type. It is also useful to be able to maintain past billing analyses—within the application, as a download or in printed form—so comparisons can be made between the current and prior periods to spot trends and patterns.

Mobile communications is an increasingly large cost to businesses, particularly those that have many employees who travel regularly on company business or who may move among company facilities and lack a consistent workplace where they can be reached using the company phone system. But mobile is also a valuable tool, and good expense management tools can ensure that the value always justifies the cost.
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