7 Best Practices to Make Telecom Expense Management Work for Your Business
With a global economy that remains under pressure, organisations around the world are looking for reliable ways to cut costs out of the business and create greater efficiencies. One of the top five operational expenses for most organisations is telecom costs, which is why better telecom expense management (TEM) has an important role to play. Dimension Data – leading provider of TEM and other information and communication technology (ICT) services globally – believes TEM shouldn’t be treated in isolation, but should be deeply integrated into your organisation’s overall IT governance strategy.
Benefits at a glance

TEM creates greater visibility of telecom expenses – whether fixed or mobile, voice or data, local or global – across the organisation, through which proper management becomes possible. TEM collates all telecom invoices in a central repository, which allows you to verify invoices and properly allocate costs across all your business units.

TEM helps answer questions such as:

• Do all the assets for which our service providers are invoicing us really belong to us?
• Are we being charged for these services at the correct rates?
• Have these charges changed since the last invoice? If so, by how much – and why?
• Are there services that we don’t need any more, or are some of them duplicated?
• Are the services we’re buying still fit for purpose and are some of them duplicated?
• Which employee and business unit is attached to the invoice and to whom should we allocate the cost?

With TEM, time-consuming, cumbersome, manual processes are fully automated, immediately creating greater organisation efficiency. Employees previously dedicated to the everyday processing of bills can, instead, focus their energies on investigating anomalies, finding explanations for exceptions to usual invoice patterns which TEM identifies, and/or eliminating unnecessary or incorrect charges.

Dimension Data recommends the following seven best practice guidelines that will help your organisation achieve maximum benefit from your TEM implementation strategy.

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1. Select your TEM partner carefully

It’s best if your TEM service provider understands the complete IT environment and has an exemplary record in global execution for both TEM software and outsourcing services. If your TEM effort is part of a larger communications outsourcing engagement, make sure to select a partner with proven consulting skills, integration expertise and execution records in this field.

In today’s complex IT environment, it’s not good enough to simply provide TEM software and manage the TEM service. Your TEM provider should also be able to assist you in using the management information generated by TEM to drive improvements in the overall environment. Whether your organisation is national or global in scale, make sure that your chosen partner is able to execute on your immediate and future goals.

It’s also advisable to choose a partner that can offer the delivery model that best suits your business’s needs. These models may include the following:

• a hosted service in which you still control the process, and where hardware and software is managed by your TEM partner. The advantage of this model is quick implementation and elimination of capital budget.
• software-licensed, where you license, operate and control the entire software system and processes, from inventory discovery to invoice retrieval and loading to systems maintenance and support. The obvious disadvantages are staff and capital requirements.
• a managed service in which the hardware, software and process is entirely outsourced to a third party and many of the tasks are automated. The advantage of this model is the availability of expert resources to manage the daily functions with highly evolved process capabilities.

You need to determine which model would suit your business – and your budget – best, and which third party is best suited to offer that model seamlessly and with minimum disruption.
2. Identify your goals and business measures

Before your organisation implements a new solution from your TEM provider, it’s important to know what you hope to achieve, as well as to determine how you will measure success. These goals and measures often depend on the sponsors within the business. Are you looking to reduce telecom costs? Do you want to free up budget for other projects? Do you have a desire to transform your telephony infrastructure? Or are you simply looking for more visibility on a country-by-country or a global basis? Often, just having visibility of your telecom spend is sufficient as a value proposition – however, each organisation has a different set of goals, and measures success differently.

Talk about your goals with your TEM partner. An experienced partner should provide insight and add value by sharing how other, similar organisations see TEM and have applied TEM best practices in their environments. This conversation may even lead to defining a greater value proposition, and can go a long way toward strengthening your business case.

TEM can make several business process improvements possible. If your procedures are fragmented and labour intensive, and you’re not getting maximum value out of what you’re spending, TEM can help you automate billing review and payment processes, while centralising and tracking all your telecom assets and orders. Visibility is key. But it can also help you report better for budgeting, analysis and benchmarking purposes. Without TEM, it would be hard to optimise all your telecom services so that every dollar you spend really counts.

3. Understand how TEM fits within the overall IT domain and charter

Do you manage telecom as a separate entity within your business, or as part of your overall IT environment? If part of the larger organisation, look at the needs of IT and choose a partner that understands the IT domain as a whole. Is TEM intended for improved financial control, or perhaps as part of a larger IT management effort?

For instance, if your IT department has adopted (or will adopt) Information Technology Infrastructure Library (ITIL) processes, TEM can contribute to – and be an important part of – the programme. Talk to your TEM provider about how it can help integrate its services into your overall ITIL environment. Also strive to understand how mobile TEM and mobile device management create value from a security perspective. This is where many organisations with only basic accounting systems have not yet realised the full potential of TEM in turning telecom information into true business value.

The primary ITIL functions or processes of concern with TEM are:

- IT Financial Management
- Change Management
- Service Asset and Configuration Management
- Service Desk
- Incident Management
- Service Continuity Management

The more mature the TEM function becomes within your organisation, the more strategic value it will generate.

4. Understand key stakeholders who would benefit

Make sure that you get buy-in from all stakeholders, including finance (accounts payable) and IT. This is important because each stakeholder may have different requirements of the TEM solution, which would need to be incorporated and addressed in order to drive adoption and value.

Ask yourself:

- Who pays the bills?
- Who applies the general ledger coding?
- Who orders services?
- Who manages our mobile phones – and how does mobile worker management fit in?
- Who’s responsible for validating the bill?
- Who in IT will integrate payment files into the accounts payable/ERP systems?
- Who utilises management information about your telecom services for network planning functions?

Also make sure that resources are available to lead the implementation, starting with a project owner. The project owner, in coordination with your TEM partner, will keep your programme on track and ensure that your organisation realises value from your TEM investments.

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5. Take a phased approach to implementation

Organisations implementing new management controls of their telecom spend can easily be overwhelmed by the detail – and potential. There are great cost benefits to be realised, as well as greater management benefits from the visibility that TEM provides. But it’s best not to try and realise all the benefits at once. To ensure the greatest degree of success, follow a phased approach with your TEM implementation, with clear deliverables for each step.

For single-country enterprises, one way to launch the programme is to receive all invoicing into the TEM environment. Work with your vendors to obtain electronic invoice media. This will create visibility of all expenses. This process also enables you to establish IT financial management controls to measure budget, assess cost reduction goals, and so forth.

Next, your organisation might want to gain a complete understanding of the detailed services which make up the telecommunications portfolio, assign inventory configuration items and link that information into the configuration management database. This also benefits the business by allowing you to identify exceptions for research and management – for instance services at abandoned facilities, unused services, over-configured services and other exceptions that can contribute to immediate cost savings (the ‘low-hanging fruit’).

For multinational organisations, implementing TEM services in one region at a time can enable you to utilise some of the cost savings from one region to fund further deployment into the next. Establishing sub-projects within an overall programme can lead to short-term successes that contribute to consistent wins for the organisation.

6. Integrate your TEM services with your telecom purchasing decisions and processes

Whether asking for a carrier quotation or inquiring about a provider’s overall scope of services, the information collected through your TEM programme can provide substantial benefits when negotiating local, national or global contracts. Where feasible, establish end-to-end procure-to-pay workflow processes through your TEM systems. This may not be the first deliverable in your programme, so establish where this priority fits into your overall TEM needs. Keep in mind that these procurement processes relate to overall contract procurement (for example, establishing a book of business of your telecom services), or simply using a structured methodology for a service quotation. This results in the order being placed with the winning quote and the creation of a new, changed or ceased inventory item in your inventory and configuration management data base.

7. Utilise services from your TEM provider to augment your internal expertise

Your TEM partner, if selected properly, has already done what you’re trying to achieve – many times and in many geographies. Use your provider’s experience and depth of skills to help you succeed. Ask your TEM provider to supply the resources you need to meet your TEM deliverables – some key areas might be inventory discovery, contract audit, carrier management and/or contract negotiations, or specialised reporting.
Global Insurer Uses a Phased TEM Approach to Cut Telecom Spend and Build IPT Business Case

A large, well-known global insurance provider knew it paid a substantial amount per month to its telecom service providers in the form of late payment penalties. It also calculated the average number of days it took to process an invoice manually – the direct cause of the late payments. The insurer therefore had very clear and specific goals for its TEM implementation: to reduce the average time it took to process invoices in order to plough the amounts previously spent on penalties back into the business. In addition, the insurer also wanted to reduce its spend on fixed-line telecom costs, and needed to build a strong business case for an IP telephony implementation.

Phase 1: Visibility of TEM eliminates penalties of USD 100,000 per month

By following a phased approach, the insurance provider began its TEM journey by aiming for greater visibility and improved operations first. It incorporated all of its telecom invoices into a new TEM solution. Simply through gaining greater visibility and the inevitable streamlining of its processes, the business managed to immediately eliminate paying USD 100,000 per month in penalties.

Phase 2: Incorrect payments identified – and cost benefits realised

In the next phase, the organisation used its TEM partner to analyse its TEM information in order to determine and eliminate incorrect carrier charges. In six months, refunds received from service providers for incorrect billing totalled USD 72,000. The organisation also generated avoidance savings of USD 470,000 by correcting invalid charges, and realised a further USD 500,000 in other cost reduction opportunities.

Phase 3: Stock-take of telecom inventory helps identify anomalies in billing

The next phase involved documenting the organisation’s entire telecom inventory. This enabled more accurate tagging and coding of over 60,000 items, which meant costs could be charged to the right business unit. This process also helped to set up a system in the TEM solution that would automatically identify and flag billing anomalies that needed to be researched and clarified as invoices entered the organisation. In turn, all of this information could be used to identify unused services and create a stronger business case for a SIP-trunking solution.

Phase 4: Audit results in savings of USD 600,000 a year and recovery of USD 800,000

A detailed audit of key carrier charges then helped the business secure over USD 800,000 in refunds or credits from service providers, reduced its spend run rate by USD 600,000 annually, and provided line-level detail to enable line-item auditing visibility into its vendor contracts. This contribution to the enterprise’s bottom line freed up budget which was then utilised to fund the enterprise’s SIP trunking solution, which further contributed to cost reductions and provided next-generation telecom technology to improve operations.

Wrapping it all up ...

It’s true that telecom costs is a major expense for large organisations worldwide – averaging 20% of IT costs according to one major consultancy. A major contributor is often higher spend owing to mobility initiatives. To ensure investment is made in the right areas and the most appropriate connectivity methods are used, consider your total mobility strategy and not just cost containment. There’s no reason to spend money where it adds no value. Too much is wasted simply because organisations have poor visibility, poor billing and payment processes, and poor reporting on what it actually spends … and where. TEM therefore has an important role to play in creating visibility and establishing proper processes. But organisations should choose their TEM partner carefully, because TEM services and service providers are not created equal. There are important questions to consider, such as how and where TEM should integrate with your broader business strategy, what the right delivery model should be and, ultimately, which TEM provider would be best suited to deliver the service according to your strategy, goals and requirements.