7 THINGS THAT EVERY CFO SHOULD KNOW ABOUT TELECOM EXPENSES

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1. Telecom Expense and Asset Management are boardroom issues

   You can improve your financial position by increasing top-line revenues or cutting costs. The truth is that most businesses waste thousands of dollars annually by not managing their telecom expenses in a standardized centralized, more accurate way. Having ballooned up to a top 5 overall expense of the entire company, telecom is something that you as CFO should put on your radar ASAP.

2. There are significant challenges associated with managing Telecom Expenses

   For most companies, multiple groups including Finance, Information Technology, Procurement, Operations, Facilities Management, and Human Resources handle some aspect of telecom expenses. These groups rarely see the downstream impact of how their activities impact other groups within the business. Telecom Expense & Asset Management (T.E.A.M.) is an organizational challenge. Effectively managing Telecom expenses requires a special blend of knowledge of corporate finance, information technology, telecom services, service providers' billing procedures and internal processes. It also requires the ability to interpret contracts, escalate billing disputes and negotiate resolution of disputes.

3. Telecom Expenses are rising despite the decrease in fixed Telecom cost

   In a competitive market in which technology is continually replaced with new leading edge technology, prices are expected to continually decline. Why then do most CFO's find that their telecom spending does not decline? One Reason that the projected procurement savings are not realized is the fact that contracts are negotiated on old technology and past consumption needs. While consumption of voice services is declining, consumption and expenses for data and wireless services is outpacing that decline. A good Telecom Expense and Asset Management (TEAM) solution can help by providing reporting that identifies different pricing arrangements and various consumption levels.

4. You are being billed incorrectly by your provider, and errors will continue until you decide to do something about it

   Billing errors occur because Telecom services include some of the most complex charges of all invoices your company receives. The charges include tangible assets (lines and circuits) with decentralized inventory spread over multiple locations and intangible services. Moves, adds, changes and disconnects (MACD's) and order activity all create moving targets that service providers must reconcile with billing. Ineffective internal processes within telecom service providers are often a large contributor of billing problems. The service providers also face continually changing state and federal regulations and taxes.

5. You will overspend on your wireless cost by 15% or more

Once, mobility (wireless) was thought to be an investment in personal productivity. Today businesses use mobility as an investment in corporate competitiveness. Employees need to do more than simply talk on the phone; they need to collaborate from anywhere with real-time access to back-end application data. Mobility calling plans were designed for consumers that wanted predictable monthly fees based on preset buckets of minutes.

6. It is the CFO's responsibility to insure that Telecom expenses are under control, NOT the Telecom or I.T. manager

If your company is like most, your telecom network is likely decentralized, which makes it incredibly difficult to manage. Decentralized decisions and limited oversight of these expenses can result in spending 15%-40% more than you need to on telecom expenses. CFO's should push the business to focus on cost cutting, while setting standards for dashboard reporting to monitor savings results. CFO's should ensure that I.T. and procurement work to centralize management of telecom expenses and assets, leveraging economies of scale for purchasing decisions, procurement processes, and operational costs.

7. The cost of ignoring Telecom expense management can be very expensive

Telecom Expense and Asset management programs deliver savings! You are familiar with the struggle to articulate the value and cost justification of new programs. This is not the case with T.E.A.M. Savings from these types of services come from four core areas:

- **Expense validation and recovery of billing errors:** Telecom billing errors are common and tend to favor overcharging. If you do not establish a proactive program to validate billing, you should plan to pay 15% to 40% extra for telecom services.
- **Cost avoidance:** To avoid paying too much for telecom expenses, you need a solution that prevents:
   b. Paying for unused services.
   c. Failure to reference the best pricing structure.
   d. Missed opportunities to negotiate contracts for services.
   e. Neglecting to suspend mobile services for terminated employees.
- **Automation of manual processes:** automation of manual processing can help a CFO realize savings.
- **Improved decision making:** TEAM programs will support your general ledger structure, making it possible to import and export data. CFO's report that they see better results when all budget stake holders work from a consistent set of assumptions in a centralized database.

   There are currently over 55,000 different taxing authorities in the U.S. alone (fed, state, local, port authorities, etc.) that can impact a telecom invoice. How do you know the taxes are correct?

RECOMMENDATIONS

As CFO you can act as the catalyst in launching a formal TEAM initiative for your business while your CIO owns the network and its expenses. You have a responsibility to seize opportunities to optimize costs. TEAM is a highly viable method for doing just that.

Tri-Solve LLC. Specializes in helping businesses implement customized TEAM solutions.

About Tri-Solve

Tri-Solve is a national telecommunications consulting and cost containment firm. Founded in 2003 by industry experts, Tri-Solve recovers and saves its clients millions of dollars each year through a contingency- based telecom audit and provides technology assessments to clients who are seeking a technology refresh or has disaster recovery and technology concerns. Tri-Solve's strategic disaster recovery experts help customers to design and implement disaster recovery solutions for their telecommunications and Information Technology needs.

There are no up-front fees or charges. Tri-Solve earns customer's business by finding them savings. Tri-Solve is paid out of the savings and refunds that are taken back from the phone companies. There truly is NO cost to the customer. The payment comes out of "found" money.

Tri-Solve's contingency-based telecom audit consists of identifying and recovering overcharges while analyzing existing contracts to dramatically impact the bottom line. This includes local, long distance, data services, Internet, VoIP, 800 services (toll free), cellular, conferencing, and telephone and equipment maintenance. Their experts review the bills and produce savings from the current carriers. Customers do not have to change service providers to realize big savings. The savings Tri-Solve has been able to produce for their client's averages around 20% of the monthly billing.

With an 89% error rate in telecommunications billing for businesses with 10 or more lines, finding unnecessary charges is just about guaranteed.

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