

I M H O

(In My Humble Opinion)

Paying Too Much For Your Network Is Partially Your Problem

Kevin Dunetz

When it comes to overpaying for telecom services, many industry experts might have you believe that the service providers are the ones to blame. You may have heard that as many as 10 percent of the charges in carrier bills can be erroneous and can cause your network costs to spiral out of control.

However, in our experience, the corporation has as much ownership in the problem as the carriers—if not more. Examples of corporations paying significantly more for their network and telecom services than necessary include negotiating less-than-optimal contracts, forgetting to disconnect inactive circuits and not monitoring telecom fraud. In addition, corporations may choose not to switch carriers when better prices are available, or they may remain with old technologies that cost more than newer ones on the market.

The good news is that there are many ways for corporations to take advantage of savings opportunities. Through a combination of tools, processes and policies, corporations can begin to trim the fat in their telecom network.

Disconnect Circuits You Don't Use

One of the largest contributors to overpaying is circuits, services and features that you don't use. We have seen this represent up to 40 percent of the savings realized with telecom expense reduction projects. This may seem surprising, but a few scenarios recur.

For example, when closing a location, you may not disconnect all the circuits. Or, when converting from one technology to another, you may forget to disconnect the original technology. Another fre-

quent mistake is failing to disconnect departing employees' cell phones, pagers, telecommuting lines and calling cards. Sometimes the disconnect order never arrived at the carrier, or it was received and processed, but the bill still contains the circuit charge (or remnants of the charge). Another common mistake is having long distance service on a local circuit.

Convert To More Cost-Effective Technologies

Why keep expensive legacy technologies when cost-effective alternatives are available? Many corporations still maintain a frame network and channelized T1s or PRIs for voice. Securing VPN connectivity can reduce your network spend by up to 30 percent. You can even use these facilities to deliver high-quality voice calls via VOIP between offices. Depending on the volume of calls between corporate offices, you could potentially drop hundreds of trunks from your circuit manifest, saving you thousands of dollars per month.

Move To Newer, Less Expensive Carriers

If you stay with the same carrier that fails to provide the most efficient service and prices, you are ignoring a lucrative, money-saving opportunity. For your data network, look at second- and third-tier providers to service your less-critical network components. The reality is that T1s, T3s and even OC circuits are commodities now, and the smaller niche players can most likely provide the same reliability with less cost and probably better customer service.

Take Control Of Cell Phones/PDAs

When employees are asked to buy their own cell phone/PDA and submit an expense report, you have no method to validate whether expenses are accurate or justified. To top it off, most employees buy inappropriate plans for their phones. When the employer purchases and controls all cell phones/plans, not only can the company validate the charges, but it is in a position to negotiate volume discounts with carriers.

Negotiate Well And Often

Before engaging in contract negotiations, gather data on your telecom spend by category and by carrier. Knowing exactly what you have and which carriers you are working with will give you the upper hand in the negotiating process. Once you have this information, it's a good idea to retain a seasoned contract negotiation firm and to institute a policy of renegotiating your contracts on a regular basis to keep your prices down.

Centralize Operations

To reap the largest savings, all companies should centralize telecom processing. Many companies assign responsibility for ordering correctly, taking inventory and paying the bills to a large group of people, who in many cases don't have the proper skill set.

Centralizing your telecom contracts, assets and information can bring many process and cost-savings benefits. First, by centralizing all contracts, it allows you to view and compare terms and negotiate the best discount with your carriers. Secondly, you should consolidate your bills. Many companies still receive thousands of paper bills when they could easily operate with 5-10 electronic bills. This move will save both on manpower and on the number of checks that are cut.

After completing the above two steps, a high-quality audit on your invoices will be possible. If invoices are sent all over the country, you have to rely on each office to perform individual audits to make sure the bills are accurate. By centralizing, you can assign one specialized telecom audit team to all electronic invoices and find the largest savings.

Total Savings Realized

These techniques will likely yield 20-40 percent savings. The bottom line is that you can take control of over several million dollars of savings by employing the discussed tactics, centralizing your overall telecom operations, and building/maintaining an accurate telecom inventory. Once these steps are in place, your company will have the best chance of paying the correct amount for your communications infrastructure. □

Kevin Dunetz is CTO at Rivermine Software, a telecom management software firm in Fairfax, VA.