



## How Cumulus Media Took Control of Telecom and Slashed Costs

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### Situation

- 5,000 voice & data lines
- 146 carriers
- 67 locations
- 1,300 paper invoices per month

### Problem

- Paper-based, disjointed payment process
- Fragmented telecom infrastructure

### Results

- \$287,000 in identified savings opportunities
- \$48,000 implemented savings (and climbing)
- Visibility into inventory, usage and costs that has led to additional \$100,000 savings
- Nearly paperless process

*“Now that I know what I know, I can’t imagine why every organization doesn’t outsource this.”*



J.P. Hannan, vice president and controller,  
Cumulus Media



## Overview

Cumulus Media is the nation's second largest radio broadcasting company, owning and operating more than 354 FM and AM radio stations throughout the United States. Revenues in the radio industry have been flat for many years. Although the company has always been very cost-conscious, management challenged itself to dig even deeper for savings.

## Fragmented Telecom Infrastructure

For Cumulus, a string of 100 acquisitions resulted in a chaotic array of carriers, calling plans and features. Rather than a manageable group of core service providers and carriers, the aftermath of the acquisitions was an unmanageable 146 carriers – mostly small, local providers throughout the country.

This created a number of operational and financial issues for the growing company: corporate buying power wasn't being tapped; inventory management was difficult; and disputes could take up to a year to settle – a huge drain on productivity and cash. But perhaps the biggest challenge was the fragmented and manual process being used for invoice management. Bills were received, reviewed, coded, and scanned by each location before being sent to corporate for payment. Here, data entry operators keyed data into the accounting system, and bills were paid. Because the process was manual, bills often disappeared in the process, resulting in late fees.

Management knew a closer scrutiny of telecom expenses could produce savings. For example, the company recognized the potential to consolidate services to achieve discounted rates and greater efficiency. However, for large companies managing dynamic change and many locations, it's difficult to apply inventory and audit controls to both accurately assess what they have and confirm that they're paying the right amount. Without accurate data, it was difficult to know where to begin.

## Cumulus Takes the Plunge Into TEM

Cumulus had been approached by many telecom expense management (TEM) vendors, so management decided to engage several of these providers in an evaluation process. Their goals: to implement a system that would achieve cost savings, improve processes, and provide accurate information for negotiating with vendors.

Cumulus researched several options, including the procurement of software tools to better manage the process internally. After a thorough review, however, Cumulus decided a complete service approach that included systems and resources better aligned with their goals of using best practices to control expenses while minimizing their day-to-day role. In 2008, Cumulus chose Cass Information Systems as the vendor best able to meet their needs.

The implementation, according to J.P. Hannan, vice president and controller, was very systematic and swift. The project began in September and had a soft launch in December, with all telecom services fully transitioned to Cass on January 1. Using highly automated systems built specifically for managing complex telecom expenses, Cass immediately began to audit, process and pay invoices, manage disputes, and track inventory online.



In both historical and ongoing audits, Cass found many errors, including casual billing, PIC problems, usage problems, and rate mistakes. Cumulus also found that it was still paying for services that had been discontinued many months earlier.

A number of these errors were discovered by auditing invoice data at the most granular level of detail, called the feature level (sometimes called the Universal Services Order Code – USOC – level). The hallmark of Cass’ best-practice methodology, USOC-level audits only become possible when invoice information is received electronically in EDI files, usually in ANSI 811 format. As more carrier invoices are received via EDI, better audits can be performed. Many of Cumulus’ carriers were small, niche providers that do not provide electronic invoicing or service bundling (one of many reasons to consolidate to larger carriers).

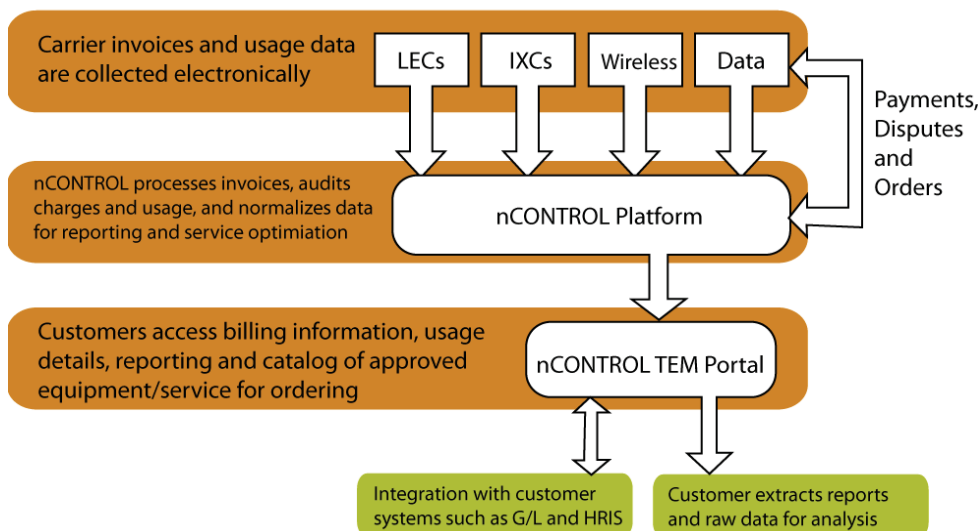
Immediately upon the transition to Cass, the distraction and workload of telecom issues was lifted from every one of Cumulus’ locations. They were no longer receiving invoices, requesting service corrections, and chasing down credits.

*“Cass is extremely customer service oriented with a high degree of personal, human interaction.”*

### Transformational Results

Within the first four months, Cass identified \$286,000 in savings opportunities for Cumulus. A mix of one-time credits and ongoing savings, this number continues to grow. Also, because of the detailed inventory and usage data provided through Cass’ TEM application, Cumulus identified and acted upon numerous opportunities for service changes. They cut excess lines, consolidated cell phone plans, and identified other wasteful uses that they could never see before. Through this, Cumulus shaved another \$100,000 per month off its telecom spend. This accounted for 20% of its total spend and was achieved in a very short period without any substantive changes to services.

### Cass Telecom Expense Management Architecture



“So far, it appears the Cass relationship will generate about a 400% return in its first year. The savings are well beyond the costs,” noted J.P. Hannan.

But the savings are just one of the many benefits. Process efficiency, decreased workload, and in-depth business intelligence have also become much-valued gains.

Now Cumulus staff never physically touches a bill. Cumulus’ vendors submit invoices directly to Cass. Through automated processes, each invoice is audited and paid. Each week, Cass provides electronic files to Cumulus with the correct payment amounts allocated to Cumulus general ledger accounts. Once prone to significant monthly late fees, quick processing time has virtually eliminated the late fees. No longer do invoices get ‘lost’ on someone’s desk or held up because the manual steps are sometimes just too slow.

By monitoring their online management dashboard, users can easily spot unusual activity without having to pore through accounting reports or raw invoices. Analysts can identify “rogue” buying behavior or abuse that needs to be controlled, or may find a local best practice that needs to be cultivated elsewhere in the organization. The Cumulus staff is now able to work with actionable, usable data that is superior to the level of visibility they formerly had.

Dispute management, which staffers say was a lengthy and painful process, is also off their plates. Now, all disputes are handled by Cass, with Cumulus having full visibility into the process via Cass’ online portal. All discussions with carriers are documented by Cass staff and in view within the portal. Because Cass has well-established contacts at the carrier organizations, along with the expertise to navigate these organizations, Cass is adept at escalating matters when needed. As a result, Cass is making significant progress on many year-long disputes.

With an accurate telecom asset inventory, the task of carrier consolidation can begin. And because the errors and overbillings have been cut, Cumulus staff now knows, and will continue to follow, their accurate spend data with each carrier, having the correct cost basis for negotiating new contracts.

*“We’ve been able to cut excess lines, consolidate cell phone plans, and identify wasteful uses that we never could see before. This alone has cut our total spend over 20% in a very short period without any substantive changes to services.”*



Now Cumulus Media has complete visibility into all facets of its telecom usage and expenses.

## Summary

Cass continues a discovery process with each location to identify further savings opportunities. With much of the inventory management work completed, the next step is to consolidate plans.

Cass continues to automate and transform the entire supply chain, providing everything from ordering new services to chasing down credits, to receiving and paying invoices, to providing business intelligence and custom data feeds for financial reporting.

Hannan, overwhelmingly pleased with Cass' TEM services, stated, "Now that I know what I know, I can't imagine why every organization doesn't outsource this."

