Cass Information Systems, Inc.

EBOOK

The **Complete Guide** to Telecom Expense Management

Discover the state of today's TEM market – from how we got here to where the market is heading in the 2020s.

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Introduction

We've never been more connected than we are today. From video conferencing software that lets us speak face-to-face with teams across the globe, to instant messaging apps and beyond, the fourth industrial revolution has changed the way we communicate and do business.

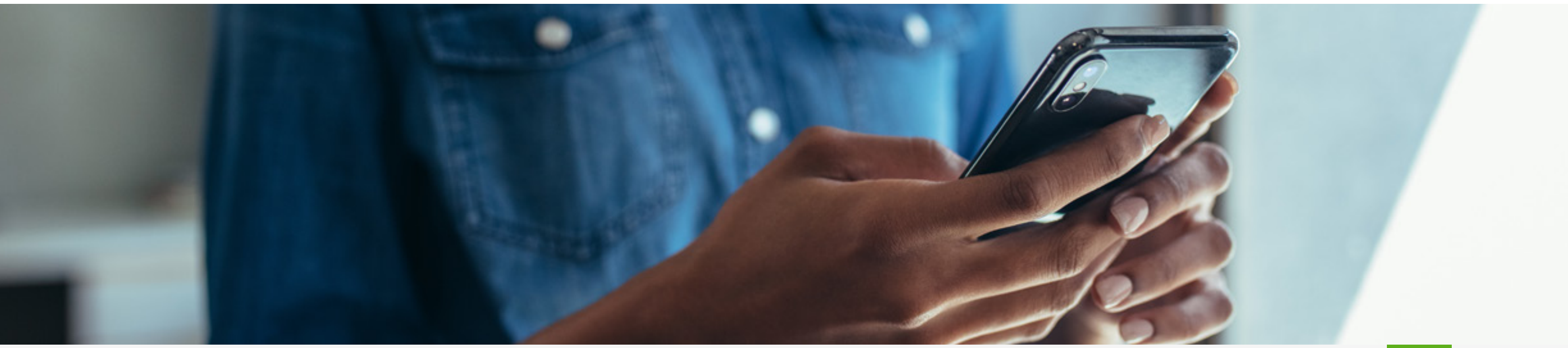
However, this interconnectivity brings its own unique challenges — particularly when it comes to overseeing the charges associated with provisioning and maintaining modern digital infrastructure.

In response, the telecom expense management (TEM) market has grown exponentially over the past few years. And that looks set to continue. Between 2019-2023, it's predicted that the TEM market will grow by an eye-watering $1.6 billion, at a compound annual growth rate of 12%.

Over the course of this guide, we answer the most important questions you should ask yourself before investing in a TEM solution. Questions such as:

- What, exactly, is TEM?
- What are the main business benefits? Do they extend beyond simple cost savings?
- Which of the available solutions offers the greatest value for money?
- How difficult is it to implement a comprehensive TEM program?
- Will the potential savings outweigh the initial costs? If so, by how much?

You'll learn that, when executed correctly, effective telecom expense management can reduce costs, improve visibility, streamline operational processes, and eliminate waste throughout your entire telecom estate.



What is TEM?

A telecoms estate is typically defined as the sum total of assets and services that form the backbone of an organization's communications infrastructure.

50 years ago, this would have applied almost exclusively to fixed-line resources. But, these days, it incorporates everything from fiber optic broadband to mobile and user-owned devices. The latter an increasingly common feature of the workplace thanks to BYOD programs. This creates a complex web of resources, assets, and services which can be extremely difficult (not to mention time-consuming) to manage without expert guidance.

The sheer volume of information passing through an average company on a daily basis makes it almost an inevitability that things will fall through the cracks, resulting in costly mistakes. And the longer these mistakes go unnoticed, the more they end up costing your organization in the long run.

Telecom Expense Management was created to relieve organizations of this administrative burden. The goal of TEM is to eliminate errors and reduce costs by consolidating, optimizing, and managing complex telecoms estates, as well as eradicating operational inefficiencies in order to extract maximum value from existing resources.

The Business Benefits of TEM

When investigating the potential business benefits of TEM, it's easy to become fixated on the immediate cost savings. But, while it's true that this is central to the appeal of the majority of solutions currently on the market, effective telecom expense management provides a broad range of ancillary benefits well worth considering.

Seven, in particular, stand out from the crowd.

1. Cost Control

According to Gartner, telecom comprises 15% of global IT expenditure. Yet, in spite of this fact, enterprises struggle to manage costs within their telecom estates efficiently.

Those who aren't well versed in telecoms often struggle to understand and navigate the complicated rate-structures that define most of the services and tools that make up the average telecommunications estate. And, even if they do possess the requisite knowledge, managing the influx of invoices month after month is a laborious, time-consuming process that all too often leads to billing errors, missed payments, and overcharges.

The chief organizational benefit of TEM is, therefore, reduced costs.

By developing a comprehensive, surface-level view of an enterprises' telecoms estate, a TEM solution allows you to claim chargebacks and credits on overpayments or inaccurately-applied invoices, as well as identify and eliminate waste in the short-term. By eliminating waste, we mean obsolete resources or services that were overlooked during your last audit and have been accruing charges (without adding any value) ever since.

Once these issues have been rectified, over the long-term, a robust TEM service solution helps you extract maximum value from your remaining assets. This is achieved by:

- Ongoing cost allocation
- Eliminating process inefficiencies
- Identifying issues with your existing contracts
- Regularly auditing your estate to prevent overcharge
- Automating basic processes to improve productivity and guard against future billing issues

2. Avoid Downtime

The ability to identify potential billing errors isn't only about avoiding late fees or hidden charges. Making sure your bills are paid on time each and every month is equally important if you're to avoid falling victim to service outages.

Service outages cost money in wasted working hours and productivity. But, the impact on your reputation is just as important. That includes customers who find themselves unable to access your services and shareholders who might think twice about future investments if they begin to question the stability of your internal telecoms infrastructure.

Naturally, this is of particular concern to online retailers who stand to lose substantial sums of money and goodwill should they suffer even a temporary interruption to their services. Nevertheless, given that the overwhelming majority of businesses rely on the internet for their day-to-day operations, outages present a very real threat to organizations in almost every industry.

> Internet outages cost companies up to $300,000 per hour, according to research.
>
> Gartner – The Cost of Downtime (2014)

3. An Optimized Telecom Inventory

We've said it before, but it bears repeating: the average enterprise communications network is a complex environment.

What this means for large organizations, whose telecom estate might feature literally tens of thousands of individual assets and services, a traditional DIY software solution to manage TEM just isn't viable. They don't have the time or personnel to split their focus between the competing demands of fixed-line infrastructure, mobile, and BYOD programs, while also negotiating the contracts and invoices that accompany them.

To make matters worse, this multitude of services and technologies evolve at a relentless pace. Resources are constantly being scaled up and down, as the situation demands. Setting up additional fixed-line infrastructure for a newly-opened branch, for example; or switching to a brand-new service plan.

Known collectively as MACD (move, add, change, disconnect) or provisioning activity, it's fair to say this creates something of a moving target for organizations looking to derive maximum value from their IT budgets.

Put simply, a poorly optimized inventory makes it nigh on impossible to keep a firm grip on costs and maintain efficiency in operational processes. This, in turn, makes it far more difficult to align existing telecom infrastructure with strategic goals and enjoy the year-on-year costs savings expected of TEM.

A carefully-configured TEM solution, on the other hand, optimizes your telecom inventory.

First and foremost, it accurately tracks MACD activity, comparing services with associated invoices to neutralise any lingering discrepancies. This ensures enterprises only pay for the services they actually use, minimizing the risk of costly inaccuracies. Moreover, thanks to continuous auditing, it helps organizations gain a clear understanding of their telecom environment throughout every level of their enterprise — even those that operate across multiple continents and time-zones.

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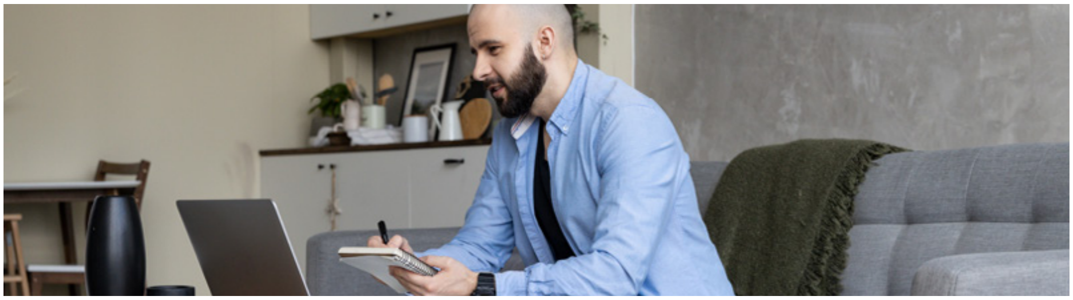
> **A report published by Billmonitor in 2018 found that UK-based SMEs spend more than £1 billion in overcharges on their mobile bills alone.**
>
> Billmonitor – Business Mobile Report (2018)



4. Managed Mobility

Recent estimates suggest 91% of organizations are interested in increasing the agility of their workforce in the coming years, embracing the idea that working from home on a semi-regular basis is beneficial to both work-life balance and employee wellbeing.

To facilitate this, remote workers must have access to reliable mobile devices. And this makes Managed Mobility Services (MMS) an ever-more potent weapon in the TEM vendor's arsenal.

From the employer's perspective, investing in MMS is vital for limiting costs in this area. By leveraging their expert knowledge of the telecom market and comparing prices using accurate, reliable benchmarking processes, they can secure favourable terms on mobile contracts, ensuring employees have access to the right devices without paying over the odds.

Managed Mobility Services also play a key role in improving the productivity of front-line workers. Rather than having to locate devices themselves — not to mention negotiate terms, coordinating deployment, and managing conditions going forward — a TEM vendor will perform these crucial functions on their behalf. The time and effort saved can then be reinvested in more productive areas.

As part of their standard service, most vendors will provide Unified Endpoint Management (UEM) to configure mobile devices on behalf of their clients. Encompassing software, settings, and apps, this spares employees the hassle of setting up their brand-new smartphones themselves; which is particularly important from the perspective of security and compliance. UEM facilitates the administration of devices, servers, and the data stored therein from a single console, improving visibility and security.

On top of that, dedicated lifecycle support ensures any issues that arise can be resolved in a fraction of the time than would be possible with an inexperienced or unqualified in-house MMS team. Full device sanitization, refurbishment, and recycling is often included in the service, eliminating yet another administrative headache.

> “
> Managed mobility services can deliver a three-year ROI of 184%, according to recent research.
>
> Blue Hill Research – The Cost of Not Acting (2017)

5. Lifecycle Support

Alongside the optimization of existing assets, TEM provides comprehensive lifecycle support when it comes to provisioning them in the first place.

Managing and maintaining a vast telecom network over time is extremely challenging given the ever-shifting nature of the environment. Aside from ongoing bandwidth requests, organizations have to account for moving locations, company acquisitions, divestments, and the replacement of old, outdated circuits every couple of years. Put simply, when it comes to enterprise telecoms, change is the only constant.

Encompassing fixed-line infrastructure, the end-user devices that form your BYOD program, and everything mentioned above, a reliable TEM solution helps you locate the services and resources best suited to your operational needs.

What's more, with a fully-managed service, your TEM provider will negotiate service contracts and installation on your behalf, ensuring you receive maximum bang for your buck across your entire telecom estate.

Optimized provisioning includes:

- Securing sufficient bandwidth
- Disconnecting defunct resources (those that aren't currently in use or have been made obsolete by a new asset)
- Helping you understand waiver conditions
- Finding the best deals on your mobile devices
- Composing accurate bid requirements for your chosen vendors

Again, the major benefit here is financial. The sheer abundance and diversity of services, devices etc. makes it difficult for internal teams — who almost certainly lack the time and level of insights necessary to manage their telecoms estate effectively — to make an informed decision when negotiating with new and existing carriers. And, as we know, a single bad provisioning decision can lead to costly oversights as finance departments continue to pay for services they're not actually using.

Additionally, it relieves internal teams of yet another administrative burden, saving them time and energy that would be better concentrated elsewhere.

> **Recent estimates suggest the global BYOD market will be worth over $300 billion by 2022.**
>
> Global Market Insights – Bring Your Own Device (BYOD) Market Size Report (2019)

6. Regional Compliance

The internet might be a ubiquitous presence in the 21st century, but telecom regulations continue to be governed, for the most part, by national authorities. What this means for enterprises with a large telecom estate is that staying compliant from one country to another is fraught with difficulty.

Some countries might require full, end-to-end encryption when transmitting data on a global scale, for example. While others might specify that encryption keys must be submitted upon completion for security purposes.

Unsurprisingly, organizations that are unfamiliar with the subtleties of regional regulation can violate local mandates without even knowing it. Ignorance isn't an adequate defense, however, so this will result in the issuing of fines and penalties.

TEM vendors that operate on a global scale can mitigate this confusion. With in-depth knowledge of telecom expense management and the regulations surrounding it, using in-region resources that are well acquainted with country-specific regulations, they can help multinational organizations stay compliant, wherever they operate.

7. Expert Guidance

Infrastructure and software plans within telecommunications tend to be arranged via complicated rate-structures that demand multi-year commitments of their users.

Building a specialist internal team that tracks, manages, and reports on all these assets, however, is not only challenging — particularly in the face of monthly barrage of carrier service invoices — it's inefficient and, worse still, largely ineffective as a way of reducing costs.

The time and effort required to train existing teams to manage telecom in-house, scheduling it around their regular duties, often isn't worth the investment. After all, it takes more than a few days of basic instruction to learn how to interpret these complicated rate structures, contracts, and invoices. Let alone leverage them to reduce operational costs.

If your goal is an efficient, optimized telecom estate, a DIY software solution simply won't cut the mustard.

A third party TEM provider brings expert knowledge and experience of operating within the telecoms environment. They can help streamline costs, manage change, and consolidate an ever-growing inventory of resources and services. Acting as an extension of your existing team, a best-in-class, global TEM provider offers the kind of reliable, 24/7 support senior managers need to keep on top of their communications network.

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> **Partnering with Cass, one US healthcare organization reduced their annual telecom costs from $5 million to $2.09 million over five years.**
>
> Cass – Case Studies

Who Does TEM Help?

The short answer to this question is everyone and anyone. Even the most modest organizations — those working within tight budgetary constraints or with limited personnel — can reduce costs by optimising their telecommunications infrastructure.

Nevertheless, it remains an inescapable fact that the potential savings increase in direct proportion to the size and scale of the operation in question. Why? Because the larger the organization, the more complex the telecom environment and thus the greater the likelihood billing errors will creep into their telecoms budget. And eliminating these errors is one of the primary focuses of modern TEM solutions.

Large multinationals, who process invoices from several countries simultaneously, can benefit from saving, possibly millions of dollars, by optimizing their telecom spend. In addition, TEM offers unparalleled insights into an organization's telecom estate; from a global overview of their financial situation, all the way down to conditions at the branch level. Not only does this increase transparency and reduce the frequency of billing errors, it helps decision-makers navigate the challenges of working across multiple time-zones and fluctuating exchange rates, without losing regional autonomy.

TEM facilitates more than just simple cost reductions, however.

IT finance managers, for example, will be able to reinvest the money saved on their running costs (achieved through greater understanding of usage and a corresponding increase in the accuracy in cost allocation) in transformation initiatives that affect the business as a whole. Similarly, with complex billing information consolidated into comprehensive reports that provide information, even at a granular level, as to where, when, and how your budget is being spent, accounts payable teams gain full visibility into organizational finances.

Those in charge of network infrastructure, meanwhile, can use this increased visibility to regain control over individual assets. This enables them to drastically reduce incident response times and mitigate the effects of service outages — even in remote locations.

So, whether you run a small business with a handful of clients or a huge multinational conglomerate, when implemented correctly, telecom expense management offers a broad range of benefits.

How Much Can TEM Save Your Organization?

The eventual success of a TEM program is inextricably linked to the size and scale of the organization in question — along with a diverse array of other variables we'll be highlighting shortly. For that reason, estimating potential savings with any kind of precision is notoriously difficult.

Be that as it may, the Enterprise Technology Management Association (ETMA) recently attempted to rectify the situation in its report 'TEM Justification'. By isolating the constituent parts of a typical TEM program, ETMA calculate that optimization activities save organizations, on average, 22% of their telecoms budget. While refunds on billing errors can equate to as much as 15% of overall savings.

Even so, it would be irresponsible to assume that this is true for every organization in every industry. Instead, when weighing up the potential benefits of a rigorous TEM program, decision-makers would be far better served considering their unique circumstances and measuring them against five key factors.

5 Factors for Judging the Impact of TEM

1. The size of their telecom estate
2. The complexity of their infrastructure (this includes the frequency of MACD activities, inventory auditing, and resource optimization)
3. Which of the available TEM solutions best meets these individual requirements. In other words, do they have the expertise to succeed with a DIY software solution or do they need a dedicated service provider to audit every line of every invoice?
4. How comprehensive is their chosen service or software offering? Does it offer a comprehensive, end-to-end package or a more limited service that can be expanded with various optional extras?
5. In the case of a fully-managed service, does the vendor offer worldwide support? Many service providers claim to provide a global service, but they don't always possess the regional resources necessary to deliver true scalability.

Along with the above, you should ask yourself: To what extent are your current processes automated? Do you have enough data to conduct in-depth audits, even at the individual charge level? How much visibility do you have into your expenses?

Gartner also recommends requesting prospective vendors to provide case studies or references prior to signing on the dotted line; preferably from organizations of a similar size, working within an equivalent industry. You can well end up investing considerable sums of time and money into your chosen vendor, so it makes sense to verify they can actually deliver on their cost-cutting promises.

Finally, it's important to remember TEM is a long-term investment. The immediate cost reductions can be substantial, but the year-on-year savings outweigh the initial returns, as well as the monthly fee for the service itself.

Common TEM Mistakes

Given the potential savings and various other benefits TEM has to offer, you'd be forgiven for assuming that most organizations in the 21st century are already well-aware of telecom expense management best practice. And that, as a result, mistakes are relatively uncommon. Sadly, that isn't the case.

Despite the guidance and advice out there, a surprising number of organizations are guilty of repeating the same mistakes over and over again.

Eight of the most common include:

1. Failing to take a 'lifecycle' approach to TEM — Reducing costs is impossible if you don't maintain a detailed inventory of all new and existing resources and services within your estate.
2. Underestimating potential savings — Cutting-costs in telecom isn't only about renegotiating contracts. A dedicated TEM provider can help you save money via better resource provisioning, sourcing, dispute resolution, auditing, error detection, and the automation of billing and contract information. Yet few seem to appreciate this.
3. Misjudging the importance of a centralized, optimized inventory — If assets, services, bills, and invoices aren't consolidated within a single, centralized database, you're not seeing the big picture. This makes it difficult to create and execute a reliable action plan.
4. Omitting the payment process — It might be tempting to retain the payment process in-house for greater control. But, to spare accounts payable the additional headache of resolving payment disputes and late fees, outsourcing your payment process as part of your wider TEM program is always advisable.
5. Separating fixed and mobile management — Dividing the management of fixed and mobile assets into two distinctive areas prohibits you from forming a global view of your estate. This means you'll have to navigate between two separate systems and aggregate the data manually to achieve a comparable level of understanding.

6. Equating software features with vendor stability — Many vendors boast eye-catching dashboards but given the costs inherent in dealing with service disruptions, long-term stability is just as if not more important than functionality. It should be at the top of the list of your key criteria when identifying a viable TEM solution.
7. Blurring the lines between software and a fully-managed service — It's easy to mistake an all-singing, all-dancing SaaS tool for a fully-managed TEM service provider. However, DIY software leaves the legwork up to you. A managed, end-to-end service removes the administrative burden from your shoulders.
8. Underestimating the value of superior client services — Who processes refunds? Who takes responsibility for negotiating with carriers? How well does your TEM provider know your business? When selecting a vendor, finding one that is willing to go the extra mile to cultivate an understanding of your telecom infrastructure is absolutely crucial; otherwise, how can they help you save money effectively?

Avoiding these pitfalls is surprisingly straightforward — if you invest in the correct TEM program. And, while there's nothing inherently wrong with a DIY software solution, those with limited experience of the discipline will be best served by a fully-managed service.

> This raises a very important question: "With so many providers to choose from, how do I know which is the best fit for my business?"

Sourcing a Global TEM Provider

Regardless of reach, scale, or annual spend, the first step on the path to locating the ideal TEM provider is to consider your operational needs and desired outcomes. These should be measured against the services offered by prospective available vendors to work out which comes closest to meeting all these requirements.

To further refine your search, and generally make the process of trawling through dozens of potential solutions that much more manageable, it's good practice to enter possible service providers into a shortlist, initially ranking their suitability based on:

1. Service/software capabilities
2. History
3. Future goals
4. Ownership

You'll also want to consider stability (how long each provider has been operating) and the experience/industry knowledge possessed by their front-line staff. A speedy service is all well and good, but only so long as it doesn't come at the cost of accuracy and process efficiency.

The easiest way to obtain data of this nature is by submitting a basic request for information (RFI). It's standard practice in the world of telecoms, so most providers will be happy to oblige.

With your list narrowed down to the select few TEM providers that meet these key criteria and are capable of matching your business goals, the final step is to submit a request for procurement (RFP). Similar to an RFI, an RFP is designed to acquire the surface-level detail you need to make an informed decision. Examples of the type of information you can expect include:

- The configuration of their fundamental processes
- Sample timelines
- The type of organizations they've worked with in the past and the results they've achieved
- Average contract length
- Estimated ROI
- Customer satisfaction levels

Adopting a more methodical approach to the selection process provides you with a general overview of each vendor's suitability in terms of services and processes. Moreover, it offers concrete proof that your chosen provider possesses the combination of skills and knowledge necessary to help you control costs within your telecom estate. After which you'll be ready to enter into negotiations and get the ball rolling on your sparkling-new TEM program.

Enjoy a Fully-Managed Service with Cass

Powerful TEM software is a necessary component of any telecom expense management program — particularly as far as automating basic processes and safeguarding the accuracy of your resource audits and invoices is concerned. Even so, most organizations need expert guidance if they're to reap the full range of rewards. A team that knows how to manage assets in a complex telecoms ecosystem, adapt to the ever-shifting environment, and drive savings.

At Cass, we firmly believe that service is every bit as important to TEM as software. That's why our fully-managed offering covers the entire telecoms lifecycle, providing complete visibility into your estate and ongoing support at every stage.

Described by Gartner as a truly global TEM provider, we operate as an extension of your team, identifying and eliminating unnecessary costs, streamlining operational processes, and optimizing your telecoms estate. Taken altogether, this enables us to remove administrative headaches while also generating substantial savings on your TEM budget.

Get in touch with us today to discuss how we can help you transform telecoms expense management in your organization.

Telecoms Expense Management That Delivers

With Cass, TEM is about service as much as software. Our fully managed end-to-end service covers the full telecoms lifecycle, with complete visibility and support throughout.

Our focus is always on streamlining your processes, eliminating unnecessary costs, and enabling your staff to work more efficiently, as our team takes on the heavy lifting. When an organization engages Cass for Telecom Expense Management, it can be sure that we will assume accountability for driving cost reduction results.

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Cass Information Systems (NASDAQ: CASS) leads the way in expense management for enterprise cloud, telecom, mobility, utility, waste, freight and parcel costs. Clients include Ford Motor Company, Emerson, The Hershey Company and Restoration Hardware. We're trusted with over $60 billion in annual disbursements, managed by over 1,200 employees globally.

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