

Why Do Executives Need to Know About Telecom Expense Management?

By Kevin Donoghue, President of Telesoft

What is Telecom Expense Management?



Getting wireless costs under control is becoming an ever-increasing concern for business executives in the midst of our struggling economy. Now more than ever, business use of telecom services is continually increasing, often resulting in overspending and overbilling due to inefficient processes. As a result, many enterprises are implementing telecom expense management (TEM) solutions to help better manage their fixed and mobile telecom expenses.

TEM is the automated practice of managing the full lifecycle of a company's telecommunications expenses from provisioning and tracking usage and inventory to processing telecom invoices. Basically, it's giving a company better control and visibility over their entire telecom environment. By gaining access and visibility into the company's expenses, executives can reduce spending and the operational costs associated with managing telecommunications services and infrastructure.

TEM also provides direct financial advantages. Spending for voice, data and wireless services has not only grown more complicated to manage, it has also grown to represent two to four percent of a company's annual revenue. Additionally, analysts have found that 26 percent of those costs are erroneous or could have been avoided. For large enterprises, this means millions of dollars in annual expenses that can be saved. Moreover, inefficient use of telecom services can limit how well a business can plan, predict or identify new strategies for future growth. Telecom services are incredibly complicated, with thousands of contracts, users and charges, as well as new and expanding mobile and Internet based voice and data service offerings. TEM makes the telecom invoicing process not only easier for the company, but gives executives a clearer picture of where money is being spent in order to deliver immediate savings.

How Can Executives Take Action with TEM?

TEM is one of the most effective methods for controlling and cutting millions of dollars in wasted voice, data and wireless expenses every enterprise incurs from inefficient spending, overbilling and ineffective processes. Below are some of the

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top concerns executives face when managing telecom expenses and smart ways to take action.

What is my company's telecom inventory?

Uncertainty about what services and devices a company has is generally the biggest obstacle to effectively managing telecom expenses.

Take action: Conduct an inventory and automatically validate it. Account for all your services and devices - with a particularly keen eye on orphaned wireless devices. Telecom expense inventory needs to be stored in one place, so that you have true process efficiency, expense validation and reporting consistency. An accurate inventory provides the starting point for validating charges.

How do I control invoice processing and validation?

Companies may not be able to eliminate all of the bills that are received in paper format, but reducing the time spent on processing paper invoices can be a big time saver.

Take action: Streamlining manual paper bill processes with automated electronic billing improves accuracy of the data that is entered into the system. Billing data is entered into a centralized repository that flags missing bills and consolidates labor intensive bill processing activities.

As you've probably experienced, billing errors occur because telecom services include some of the most complex charges of all the invoices a company receives. The charges include assets (lines and circuits) with decentralized inventory spread across multiple locations and services. Validating thousands of line items for each telecom bill can be daunting. By automating the process, you gain better insight into what your company is spending on telecom.

How do I get my company's wireless spending under control?

Wireless has become a major piece of the enterprise telecom puzzle and a key business issue for all companies. However, the associated costs can spiral out of control.

Take Action:

- Start by reconciling your human resources files with your billing records. Stop paying for services for former employees.
- Establish a strong mobile policy with automated enforcement.
- Optimize all service plans to actual monthly usage.
- Don't forget to plan for international services. Roaming charges can become a huge expense.

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How do different functional groups impact each other?

Different functional groups often do not understand how their telecom expense activities impact others in the organization.

Take action: Unify different functional groups involved with telecom including:

- Procurement/sourcing
- Service order management
- Inventory management and change control
- Invoice management
- Expense management (validation and optimization)
- Accounts payable
- Business intelligence

By leveraging your organization's entire volume of telecom spending, you'll have more negotiating power. For example, many companies underestimate what they spend with telecom service providers. An enterprise that is able to leverage the full volume of its spending with a carrier is more likely to get better outcomes when disputing billing errors and obtain better rates. In the case of TEM, knowledge truly is power.

When is it time for Business Process Outsourcing (BPO)?

Business Process Outsourcing comes into play when your company does not have the time or resources to effectively manage all aspects of TEM.

Some of the key areas that companies outsource include:

- Telecom invoice processing
- Telecom dispute management and recovery
- Telecom order management
- Mobile order management and help desk

BPO enables organizations to benefit by refocusing highly-trained staff on core business activities.

Telecom spend is a significant expense that requires strategic management. You can't just hope that your telecom spend is being managed effectively. By taking a proactive approach to TEM, you'll see immediate savings and generate ongoing financial and operational benefits that will continue to pay off over the long-term.

Kevin Donoghue is the president of Telesoft and has over twenty years of extensive sales and management experience and a proven track record of building successful companies in the enterprise software industry. Donoghue is responsible for leading company strategy and operations at Telesoft.

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