

TAKING AIM AT THE BOTTOM LINE: A 10-step program to reduce communications costs through improved telecom consumption management

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For companies that have successfully addressed these issues, a management discipline known as telecom consumption management has emerged, which incorporates techniques from next-generation telecom expense management (TEM) practices.

CONSUMPTION MANAGEMENT DEFINED

INTRODUCTION

In the current economic climate, companies are seeking more effective ways to lower costs. In the telecom and data communications environment, the challenge is to strike the right balance between understanding corporate usage trends and adopting new technologies that can make the organization more effective while still reducing costs. Numerous telecom services present challenges due to variable costs that are dictated by usage behavior.

Wireless services present a particular challenge because, while their usage has become prevalent in today's corporate communications culture, they are extremely difficult to manage due to the magnitude of variable costs and diversity of services on the market. Companies have struggled with incorporating the right strategies for gaining proper control of these devices and tracking their usage, which can have a direct impact on bottom-line performance. Additional areas that present challenges include how companies manage dedicated circuits to remote offices or facilities, remote employees who connect via broadband, and tracking overall video and teleconferencing.

Consumption management is defined as the process by which the use and cost of a communications resource are recorded, analyzed and benchmarked against both corporate policies and similar users to enable department managers to influence behaviors that drive more productive and cost-effective communications. This is not a new concept; there is precedent in the energy market where it is common for analysts to determine how products are consumed, at what rates and for what reasons. Energy companies have discovered that "the devil is in the details" of usage and that excessive, wasteful use of energy can be curbed with the proper tools, information and education. As a result, more sophisticated metering and usage analysis revealed consumption excesses that were easily cured.

By learning from this experience and considering call accounting systems as a proven model, next-generation TEM solutions provide a firm foundation to perform similar usage analysis on numerous services that are billed based on usage. Next-generation TEM solutions take advantage of detailed electronic billing data for deeper analysis of usage behavior on services such as



enable financial managers to instantly view cost information sorted by top departments, top regions, and top overall users and use this information to benchmark costs across the organization to gain more accurate forecasting and budget models. The goal is to provide finance departments with information that facilitates better decisions regarding overall telecom and IT spend.

9. Educate employees — Employees should know that usage is being monitored and should not be abused. As was the case with traditional call accounting systems that tracked long distance charges, employees knowing this will curtail their usage of wireless services. In addition, employees should understand the types of charges that can

have a substantial impact on costs. For example, international calls made from a mobile phone are expensive and employees should seek to use a landline when making those calls.

10. Maintain an ongoing review of costs — Consumption management is not a one-time initiative. It is an ongoing process that seeks to drive down costs by impacting usage behavior and ensuring services are properly optimized. As a result, it is important to review usage, costs and the technologies being utilized to ensure that a steady state of optimization is being achieved.

SUMMARY

For many organizations, a telecom expense management (TEM) solution can provide the ability to manage consumption of variable costs that can have a big impact on the bottom line. Consumption management, using the strong foundation that traditional TEM provides, greatly reduces the chances of unwanted developments and uncontrolled usage of emerging technologies. Amid the disruption of any technology shift is the opportunity to correct past mistakes and appropriately implement what is new from the very outset. Consumption management offers that ability. If executed correctly, the results can be substantial and gain the attention of the entire organization.

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