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MANAGING TELECOMS COSTS – WHERE ARE THE SAVINGS OPPORTUNITIES

MANY ORGANISATIONS CONTINUE TO PAY TOO MUCH FOR THEIR TELECOMS SERVICES. HOWEVER, THIS OVERSPEND IS NOT PRIMARILY DRIVEN BY EXCESSIVELY HIGH TARIFFS BUT RATHER AS A RESULT OF WEAK CONTROLS AND MANAGEMENT OF THE ENTIRE TELECOMS LIFECYCLE. THOSE PUTTING IN PLACE EFFECTIVE PROCESSES AND SYSTEMS TO MANAGE THEIR TELECOMS SPEND, EITHER DIRECTLY OR THROUGH TELECOMS LIFECYCLE MANAGEMENT (TLM) SERVICES, REPORT SIGNIFICANT COST SAVINGS, OFTEN UPWARDS OF 30%. SUCH A SIGNIFICANT SAVING POTENTIAL DESERVES CLOSER SCRUTINY TO EXAMINE WHERE SUCH SAVINGS OPPORTUNITIES ARISE AND THE KEY AREAS THAT SHOULD BE ADDRESSED.

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1   SCOPE

The most complex area in which to manage cost is undoubtedly mobile services due to a combination of high levels of change, huge usage increases and complex tariff structures. This should be the first area to be looked at. A close second comes fixed voice services, again due the complex nature of the charges. Other areas such as conferencing, fixed data and equipment maintenance costs should also be reviewed. They tend to be less complex, however the same principles can be applied as for voice and mobile.

2   TARIFF VALIDATION

Checking that you are being charged the agreed tariffs for your services might sound obvious, but this is a non- trivial task due to the complex tariff builds, options and commitment levels. Best practice approaches take electronic call data records from the supplier and validate every call against the contracted tariffs. This can only be achieved by use of specialist telecoms expense management tools, which can highlight and quantify where incorrect tariffs have been applied.

3   INVENTORY VALIDATION

The next area for consideration is the verification of bills to ensure that only the correct lines and devices are being billed for. This requires an accurate inventory. Common problem areas are ceases not being processed, or being delayed or even items re-appearing having been removed. Again, automated tools are required to highlight errors here. This tackles supplier side errors

but you need also to address the processes required to build and maintain an accurate inventory, ensuring that orders and ceases are passed to the provider and captured in the inventory. For mobile, this often ties in with human resource joiner and leaver records.

4   VISIBILITY AND LOCAL APPROVALS

Apportioning the bills to cost centres and where appropriate to individuals (typically for mobiles) and giving them visibility, tends to reduce overall usage. Devolving budgets and approvals is also good practice. Where policy allows, then this also facilitates the tagging and recovery of mobile personal usage costs from individuals, which can be automated from payroll and have significant cost benefit.

5   POLICY

A clear policy on both the provision and usage of mobile devices (phones, smartphones, tablets, laptops, etc.) is essential. This may encompass the recovery of personal usage or bring your own device (BYOD) flexibility. Simply having a clear policy tends to modify behaviour and reduce costs. This should also be backed up with education as to the relative costs of various activity as well as enforcement. Again specialist tools can help to highlight abuses such as calls to premium numbers.

6   OPTIMISATION

Optimisation looks at the usage patterns of individuals or sites and matches an appropriate call package in order to reduce costs. In the mobile world this could include identifying users with very low or zero usage that may no longer require services or those with multiple devices where a single device is more appropriate. At the other extreme those making frequent trips abroad or having high data needs should be moved to the appropriate 'bundle'.

In the fixed world the savings tend to be found with zero use lines (taking care not to remove essential alarm or backup lines). This sort of review is best carried out quarterly to give a reasonable window of analysis.

7   DISPOSALS

Ensuring that surplus assets are collected and re-used or appropriately disposed of reduces the overall equipment costs. Even non-working phones hold some scrap value.

8   PROCESS EFFICIENCY

Outside of direct cost savings, implementing centralised and self-serve or automated processes for ordering, bill validation and optimisation can realise savings as a result of reduced people costs. Process speed and accuracy are also improved.

9   SOURCING

Implementing TLM tools and processes places your organisation in a much stronger position when it comes to re-sourcing of services, as you will understand in detail your real usage and needs. Furthermore, some tools can evaluate proposed tariffs against existing tariffs using all of your historical usage data to give a true like for like comparison rather than rely on crude estimates.

10   CONCLUSION

There are many opportunities for organisations to reduce their telecoms spend even outside of re-negotiating existing supplier deals. A holistic approach is required in order to reap the most benefit. This should encompass the deployment of specialist tools, establishment of a clear policy and execution of ongoing processes in order to validate bills, optimise external costs, reduce internal people costs and increase operational efficiency. Organisations can either look to address each of these areas internally or engage a specialist company to provide an overall TLM service.

ABOUT US

Wavestone is an international consultancy that provides connected thinking, insight and capability to industry leading organisations. We work collaboratively with our clients to plan strategic business transformation and seamlessly turn strategy into action.

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