The cost of doing nothing

A guide to tracking and controlling your telecom and IT estates to reduce costs and improve business intelligence

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1. Introduction

Unless you're looking for errors, you won't see them

All organisations face the challenge of dealing with an increasing number of mobile devices and associated costs in an ever-changing landscape of technology.

Monthly telecoms invoices tend to get paid providing they closely match the invoices from the previous month.
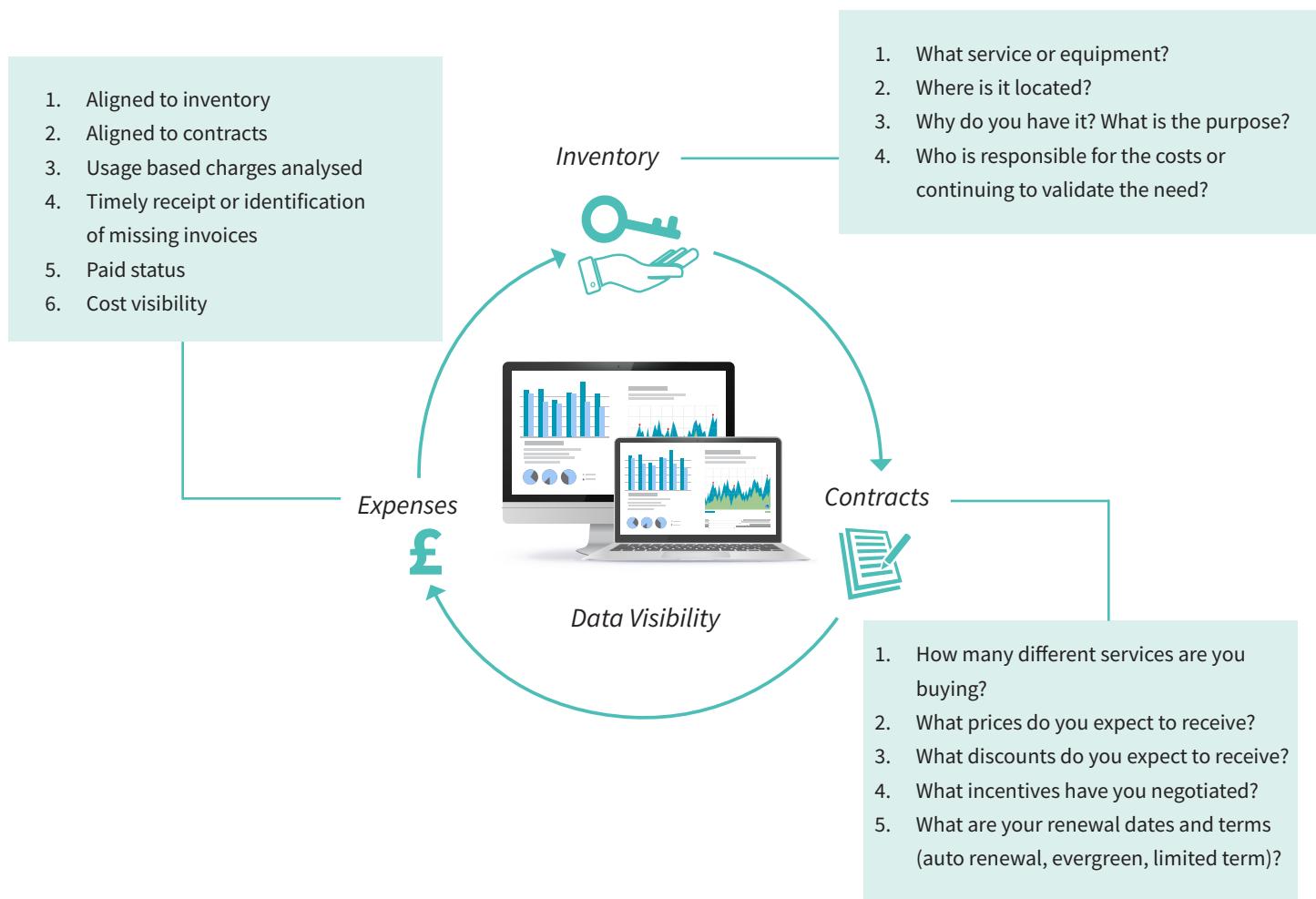
After all, it would take considerable time to check costs match the contract and are a true reflection of usage incurred by current staff across locations.

However, this approach to telecom invoice management can easily result in errors being overlooked on a monthly basis and therefore significant overcharges can accrue over time.

Addressing the detail in your organisation's monthly invoices is often left under managed due to the complexity of tariffs, differing carriers, matching staff details to the invoice data, the scale and lack of visibility in the estate along with a lack of time to perform these tasks manually.

However, there are savings to be made and with constrained budgets across the public sector, it is worth exploring what these could amount to.

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Inventory

1. What service or equipment?
2. Where is it located?
3. Why do you have it? What is the purpose?
4. Who is responsible for the costs or continuing to validate the need?

1. Aligned to inventory
2. Aligned to contracts
3. Usage based charges analysed
4. Timely receipt or identification of missing invoices
5. Paid status
6. Cost visibility

Expenses

Data Visibility

Contracts

1. How many different services are you buying?
2. What prices do you expect to receive?
3. What discounts do you expect to receive?
4. What incentives have you negotiated?
5. What are your renewal dates and terms (auto renewal, evergreen, limited term)?

To be certain your telecom invoices are correct, you must:

- Buy what you need - no more, no less and certainly not off-contract

- Pay what you should - negotiate and renegotiate the best possible rates, validate every invoice and dispute every billing error

- Remove unused items and assets

When you know all of this, you can determine if you're being charged correctly.

The challenge is how to achieve this.

Having an accurate and up-to-date inventory with all associated details just a click or two away will help considerably, as will automatic highlighting of invoice errors against your agreed terms. All of which will save time and money.

In this paper, we explore the cost of doing nothing different with your monthly telecom invoices and the significant savings to be achieved by adopting a new approach.

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2. Common telecom invoice errors to watch out for

a. Unprocessed disconnected services

You may have cancelled a line or service, received the cancellation reference number and a stop-billing date, but are you sure this has been reflected on your monthly invoice? Technology Expense Management (TEM) companies report that a notable percentage of requested disconnection or cancellations continue to be invoiced after the proposed stop-billing date. They also say it's typical for it to take several months for the disconnection to be processed and the subsequent credits to be raised.

A UK public sector organisation which worked with a TEM provider identified £1m of ceased services that were still being invoiced despite requested cancellations. Some of these unprocessed cancelled services were being used by new occupants of closed locations.

Another organisation continued to be invoiced for devices that had been reported as stolen.

b. Zero usage

Are you being invoiced for zero use lines and devices and how do you manage these? Zero usage looks at devices and services where no outbound calls, data transmissions or sent SMS or MMS are recorded for at least three months.

The UK public sector organisation reference below discovered they had over 1,000 zero usage services identified at 54 closed locations.

A regional NHS Trust who used a TEM service discovered 27% of their mobile estate was for zero use devices which led to savings of tens of thousands of pounds.

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c. Contract compliance

Telecom invoices are not always accurate. These inaccuracies are not deliberate, they happen because telecom carriers can have multiple billing systems which are not necessarily integrated plus they may be old, overloaded or just inefficient. A **study by Gartner** estimates that up to 20% of telecom invoices contain errors and 80% of organisations overspend on their mobile bill by an average of 15%. The Aberdeen Group (a market intelligence company) report that Fortune500 companies monthly telecom invoices could be wrong by as much as 12%. In the UK, similar size organisations could be experiencing the same levels of overspend including in the public sector.

Despite these errors, most organisations simply pay telecom invoices without raising any queries. Typically, 85% of a large organisation's telecom invoices are not audited internally – they are simply paid in full. When the invoices are validated, audits are usually only done on a subset of invoices associated with the spend areas that seem unexpectedly high compared to previous months. In today's climate of perpetually tightening purse strings, these telecom invoicing errors eat into already strained budgets.

Are you sure you are being invoiced as per the terms of your contract? There are frequent discrepancies between what the contract states and how the invoices are raised and usually the invoice errors are in the carrier's favour. Often, an organisation's telecom manager or the IT person responsible for approving invoices does not have the contract nearby to verify everything or they may presume everything is as it should be. This is not uncommon and not surprising given other pressures teams are under.

The following contract compliance errors are all too common.

- **Do newly installed services have the quoted rates/discounts?** This could be a carrier order entry error. Be sure to review rates on your invoices for the newly installed services to ensure you are being billed the correct rate. Remember to also check the start billing date matches the actual service date.

- **Were the lower rates applied after a contract renewal?** Some telecom carriers take one to two invoice cycles to action changes in rates. Check your invoices for the lower rates/higher discounts and ensure you receive the credit for any incorrect invoices.

- **Cramming -** this is when unauthorised third party billing items or add-on services appear on your telecom invoices without your approval. Have you noticed this? The crammed service cost may be small but when left unnoticed for months or even years, the costs mount up.

- **Avoid outdated plans -** the telecom world changes quickly. Don't stick with outdated plans and overpay for services. Renegotiate contracts regularly and obtain access to genuine, independent benchmarking to find the best rates.

A £2m overcharge over an 18 month period for telephone and digital network services was recovered for a UK public sector organisation. The overcharge was caused by tariffs not being updated and the incumbent carrier not meeting their obligation to provide the organisation with the "most favourable tariff for comparable services" (as agreed in the contract).

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d. Multiplicity

This is when a telephone charge will appear in two separate invoices from the same carrier. This can be a big issue in larger organisations with multiple accounts as it is harder to spot the duplicate billing line appearing in different invoices and cost centres. Do not assume your carrier will get the invoices right without your vigilance and feedback.

e. Recurring errors

These are the result of incorrect information and can be billed month after month. As these recurring errors are there each month, they can be difficult to detect and correct leading to costly invoice errors. Examples of recurring errors are inventory discrepancies, contract discrepancies, differences in tariffs, differences in rating tied to grade of service, mileage charges and enhancements.

f. Intermittent errors

These are ad hoc and if they appear, they may be labelled as "other charges and credits." For example:

- Charges for non working lines resulting in higher charges for usage forced into other lines or services

- Credits or refunds which have not been applied or possibly applied incorrectly

- Service changes and equipment installation charges and credits could be incorrect especially when these services could already be provided as part of a renegotiated contract or agreement

g. Metering and database errors

These types of errors occur via metering malfunctions or clerical transcription mistakes and are usually associated with local and long distance calling charges. Examples include subscriber usage from a different organisation, charges for incomplete calls and double metering.

h. Usage in excess of or far below plan allowance

Whilst this is not an invoice error if you are continually using more services than your plan allows for, you end up paying a premium. Negotiate regularly with your carrier over the right service plan for your organisation and users. Likewise, have you purchased services you are not using? If so, you are overpaying. Again, renegotiate with your carrier to ensure you have the most economically advantageous plan. If you are not measuring what you are doing, you cannot control it.

> **For example, employee X has a plan with a huge amount of minutes and only uses a fraction of them whilst employee Y has a plan with a small amount of minutes but is constantly on their mobile, meaning a significant mismatch. Identifying these usages and mismatched plans will help control costs.**

When you identify what you have, who has it and how it is being used, you start to manage and control your inventory and drive efficiencies by ceasing devices and changing tariffs to better represent actual need.

The first step towards solving invoice error problems and driving savings, is to recognise you may have an invoicing error or two, a mismatched plan or you may not be receiving the services you are paying for. How do you go about having error free telecom invoices?
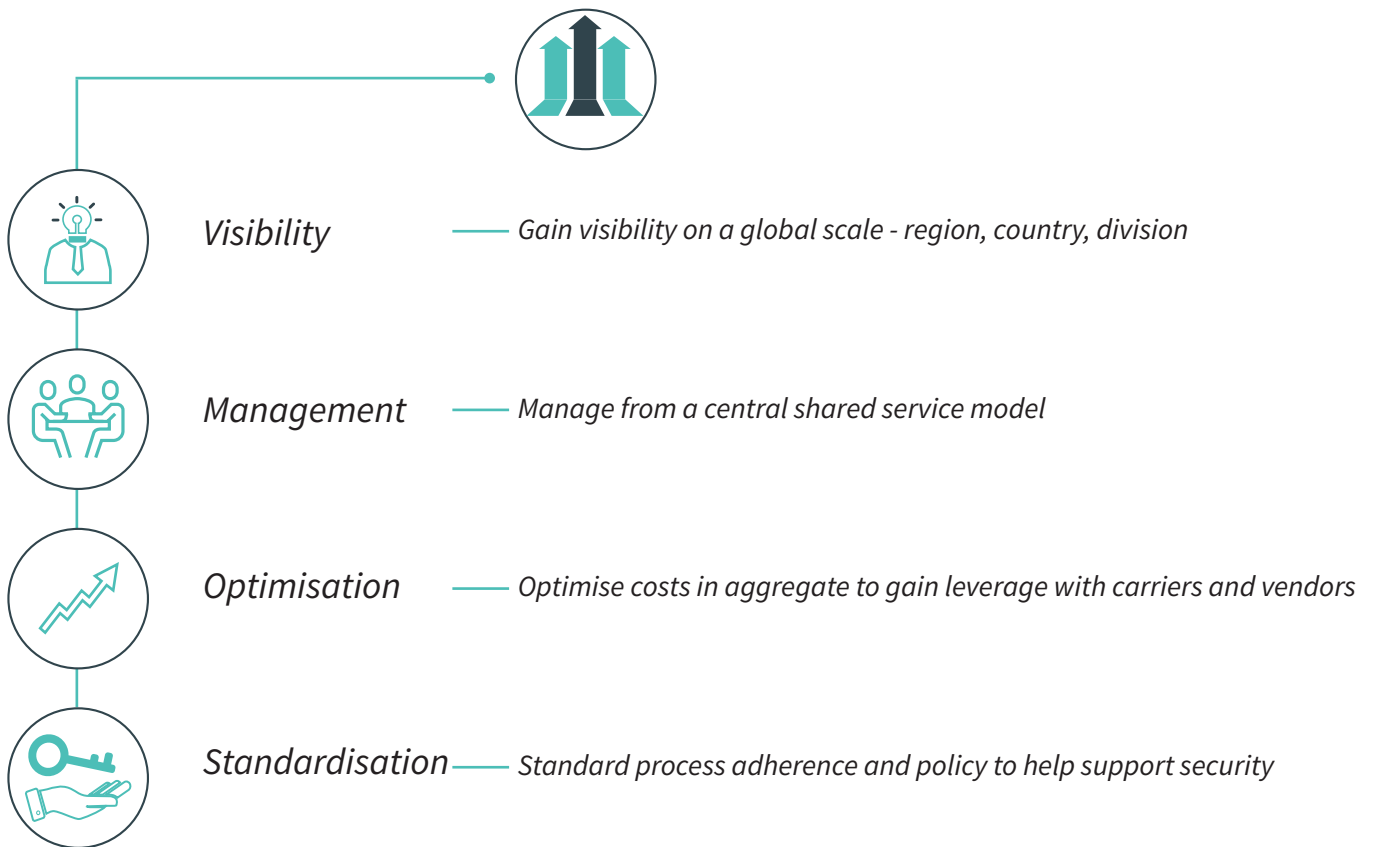
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3. Technology Expense Management – a solution to consider

If you believe you could be experiencing any of the errors mentioned, it may be time to consider Technology Expense Management (TEM). TEM will offer you greater control of your organsations telecom and IT assets. It's online platform allows you to better manage all carrier invoices and overall spend, plus identify cost savings via an automated invoice reconciliation processes.

With a TEM analytics platform, you obtain increased visibility of assets across your entire telecom and IT estate. Areas of waste and inefficiency - such as unnecessary expenditure, under-utilised services, under-performing contracts, uncompetitive tariffs and billing discrepancies - will be identified, providing an insight for improved budgeting and decision-making. A TEM service will assess how to optimise and efficiently manage the lifecycle of your entire telecom and IT estate.

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4. Benefits of a Technology Expense Management programme

Visibility —— *Gain visibility on a global scale - region, country, division*

Management —— *Manage from a central shared service model*

Optimisation —— *Optimise costs in aggregate to gain leverage with carriers and vendors*

Standardisation —— *Standard process adherence and policy to help support security*

Technology Expense Management (TEM) can drive real savings and better control of assets, and has been widely used in the private sector for a number of years. The overcharges from invoice errors far exceed the cost of implementing a dynamic Technology Expense Management tool. In fact, the Enterprise Technology Management Association (ETMA) report that **savings can be as high as 15%** , whilst future cost avoidance can drive this up towards 30%.

Why not look at becoming a "sleek organisation" and explore how TEM can deliver real value for money for you?

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5. Get in touch

We're here to help you find the right technology solutions for your organisation.

Visit Website

Web **ccsheretohelp.uk/technology**
Call **0345 410 2222**
Complete **this online form**

If you think you have errors in your telecom invoices or have challenges gaining visibility on your estate, it may be worth looking at our Technology Expense Management framework (RM3802), to recover savings hiding in your telecom invoices.

Useful links

www.calero.com/uk-public-sector/

www.gartner.com/doc/3873624/market-guide-telecom-expense-management

www.streetdirectory.com/etoday/gartner-reports-tele-com-bills-are-riddled-with-errors-ucuwcp.html

www.fprus.com/telecom-expense-management-challenge

https://etma.org/etma-call-to-action-improving-carrier-operator-billing/

https://etma.org/in-house-or-outsource-which-is-better-for-your-telecom-environment/

www.northridgegroup.com/blog/5-things-to-look-for-in-a-telecom-expense-management-vendor/

http://cdn.aquiscommunications.com/2013/04/1366123741-aberdeen_benchmark_report-2006.pdf

www.tellennium.com/why-integrated-telecom-management/

https://teledataselect.com/telecom-expense-management-savings/

www.businesswire.com/news/home/20061207005276/en/Aberdeen-Group-Report-Underscores-Proactive-Telecom-Cost

www.cio.com/article/2447339/untangling-telecom--how-to-get-more-and-spend-less.html

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