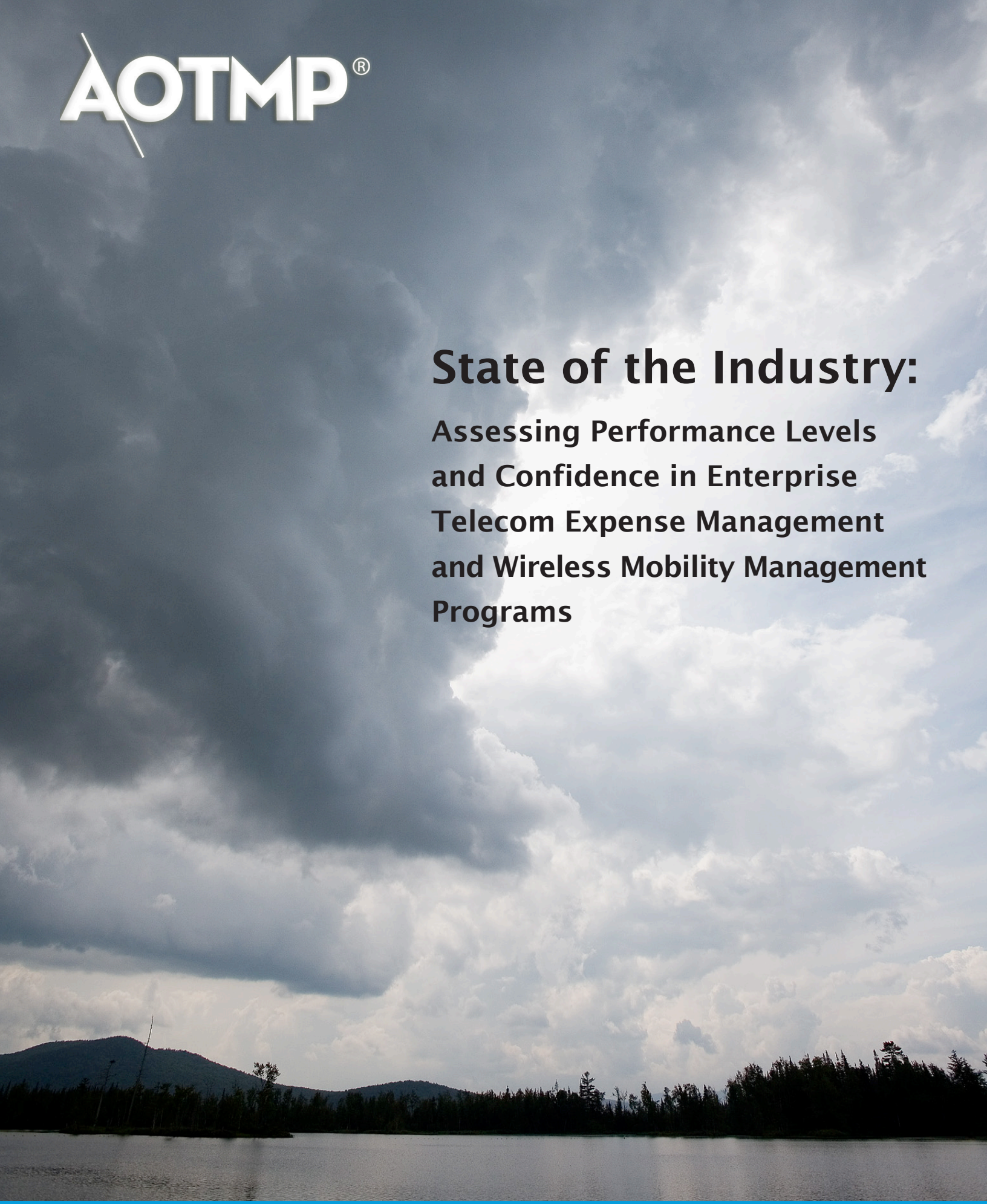

AOTMP®

State of the Industry:

Assessing Performance Levels and Confidence in Enterprise Telecom Expense Management and Wireless Mobility Management Programs

Special Report from AOTMP

October 2009

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Overview of the Industry

AOTMP's *State of the Industry Report* assesses enterprise sentiment within the Telecom Expense Management (TEM) and Wireless Mobility Management (WMM) industry. As part of this ground-breaking research, the *AOTMP Industry Confidence Index* was created to serve as an indicator of enterprise telecom professionals' confidence in the ability of TEM & WMM program initiatives to serve current and future business needs. It was also developed to outline specific actions the industry can address in order to increase the level of confidence. The *Index* scale is segmented into three ranges: High Confidence, Moderate Confidence and Low Confidence. In addition to providing a measure of the current state, the *Index* also offers a benchmark from which future confidence will be evaluated.

The research supporting this report also explores the various activities and management strategies within today's programs and associated levels of satisfaction. This report was developed to provide an understanding of confidence in TEM and WMM programs for the enterprises working to develop and improve their programs, Suppliers and Consultants providing technology and services for these programs, and other related parties, such as partners and investors, seeking to understand the current state of the industry and enterprise perspective.

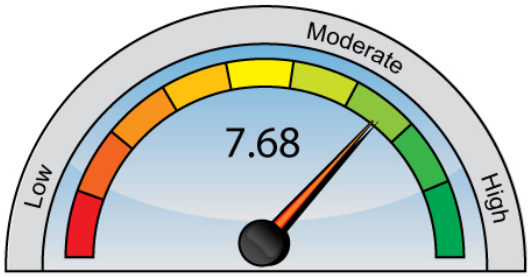


Figure 1: AOTMP Industry Confidence Index – Overall

Source: AOTMP, October 2009

AOTMP Industry Confidence Index

(0-6) Low Confidence
- Industry Indifference
- Poor Credibility & Acceptance
- Low Perceived Value Proposition
- Diminished ROI

(6-9) Moderate Confidence
- Industry Reluctance
- Varied Credibility & Acceptance
- Moderate Perceived Value Proposition
- Potential ROI Sustainability

(9-10) High Confidence
- Industry Acceptance
- Established Credibility
- High Perceived Value Proposition
- Demonstrable & Sustainable ROI

The Moderate Confidence score of 7.68 on the *AOTMP Industry Confidence Index* can be interpreted several ways. Scoring toward the high end of the Moderate Confidence range signifies satisfaction with TEM and WMM programs is positive overall, but represents room for improvement in terms of positive business benefit. Feedback provided from benchmark study participants also indicates enterprise Telecom Expense Management and Wireless Mobility Management programs have moved beyond infancy, but are not yet accepted as a mature steady-state practice.

Program maturity varies among enterprises; however, industry-wide maturity is reflected collectively in the *Index* score. A sense of uncertainty regarding sustainability of program benefits is a noticeable, though not dominant, theme. A majority of enterprises, as represented in the benchmark study results, maintain a hopeful but reserved view of confidence in the TEM and WMM industry.

AOTMP also evaluated industry confidence based on whether Suppliers were involved in any facet of TEM and WMM programs. Findings indicated stronger *Index* scores (7% higher) among enterprises involving a Supplier, versus enterprises managing exclusively through internal resources. Specifics of the drivers behind individual confidence and factors influencing confidence are explored throughout this *State of the Industry* report.

Research Participant Snapshot

300+
Enterprise Professionals

$3.4 Billion
Telecom Spend

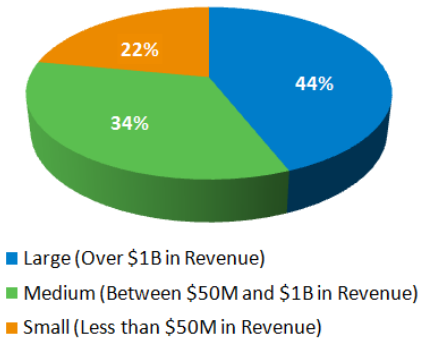
$400 Billion
Annual Revenues

2.7 Million
Enterprise Users

Background/Demographic Profile

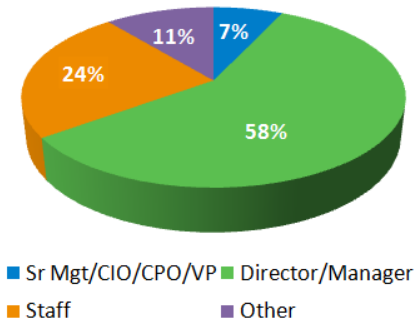
More than 300 enterprise professionals representing 24 different industries participated in the AOTMP *State of the Industry* benchmark study. Representing $3.4 Billion in total annual telecom spend and $400 Billion in annual company revenues, benchmark study contributors included a range of telecom/IT professionals from small, medium and large enterprises collectively employing 2.7 million people. Respondents contributed information based on the objectives and structure of their current Telecom Expense Management and Wireless Mobility Management programs. By design, the study included contributions from enterprises with a TEM and/or WMM program(s) that *may or may not* include one or more Supplier(s) or Consultants.

Figure 2: Company Size of Study Respondents



Source: AOTMP, October 2009

Figure 3: Respondent Position Within Organization



Source: AOTMP, October 2009

For reference, AOTMP defines Telecom Expense Management (TEM) and Wireless Mobility Management (WMM) as the following activities:

Telecom Expense Management (TEM) program activities include the following, which may be performed *with or without* the use of TEM Supplier technology, consultants or third-party support:

- Sourcing
- Invoice Processing
- Service Ordering
- Inventory Validation and Change Control
- Reporting and Analysis

Wireless Mobility Management (WMM) program activities include the following, which may be performed *with or without* the use of WMM Supplier technology, consultants or third-party support:

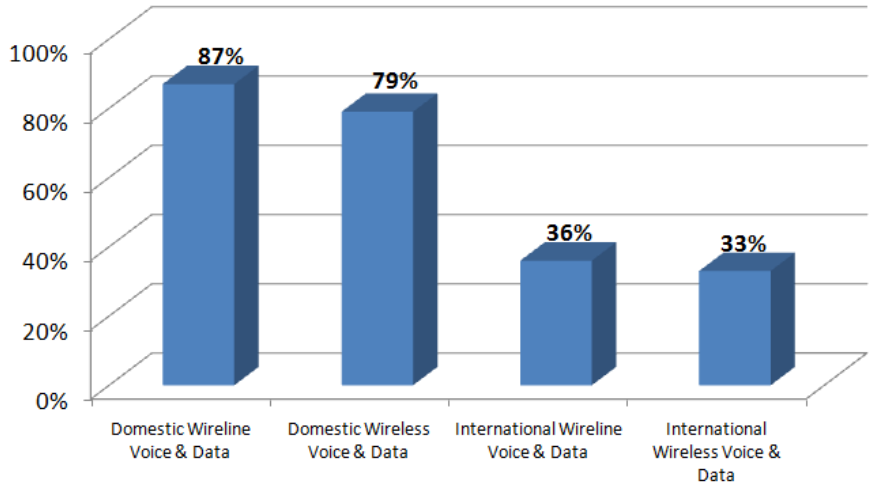
- eProcurement
- Asset & Inventory Management
- Expense Management
- Help Desk Management
- Mobile Device Management
- Reporting & Analysis Tools

Chapter One:

Analyzing the Components of TEM

As part of this study, AOTMP requested enterprise feedback on the various components of today's TEM & WMM programs. A vast majority indicated programs cover both domestic wireline and wireless voice & data services, while another smaller segment indicated an international component within their program.

Figure 4: Components of TEM & WMM Programs



Source: AOTMP, October 2009

Wireline TEM Program Management

AOTMP solicited feedback on the activities being performed within enterprise wireline Telecom Expense Management programs. Most organizations today are performing the five wireline TEM activities with internal staff, with a secondary portion being implemented with the assistance of Supplier technology and resources or through a combination of internal staff and Supplier involvement.

Overall satisfaction levels within most of these activities were strongest when Suppliers were performing the activity – indicating a perceived value through automation and the use of Supplier technology and resources. Reporting & Analysis activities represented the lone exception, where satisfaction levels were slightly more positive when performed by internal staff in the enterprise. This indicates opportunities for Supplier technology and support offerings for the reporting and analysis phase of TEM and WMM programs.

The remainder of Chapter One explores individual TEM program activities, and provides detail around execution responsibility, satisfaction levels and adoption rates.

Sourcing

95% of responding enterprises perform sourcing activities.

Sourcing activities consist of identifying Suppliers, evaluating their capabilities and creating an environment for Suppliers to compete on pricing, service quality and reliability.

Sourcing

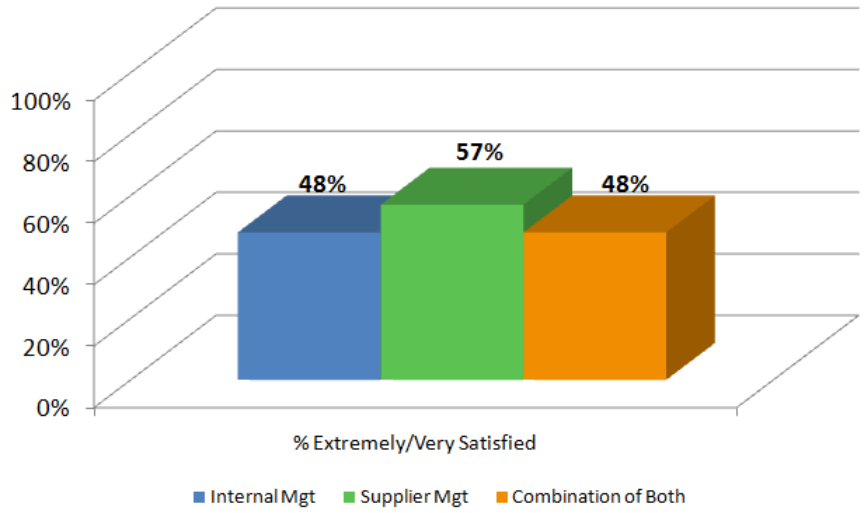
Who's Responsible?

83% Internal Management

3% Supplier Management

13% Combination of Both

Figure 5: Sourcing – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

Of the five TEM program activities, Sourcing was the activity most frequently performed by internal staff. Satisfaction levels were **strongest among enterprises engaging Suppliers** in this activity.

Invoice Processing

98% of responding enterprises perform invoice processing activities.

Invoice Processing activities include processing paper and electronic billing media, auditing, and bill payment. Auditing of expenses to contracts, tarriffs and inventory is also included.

Invoice Processing

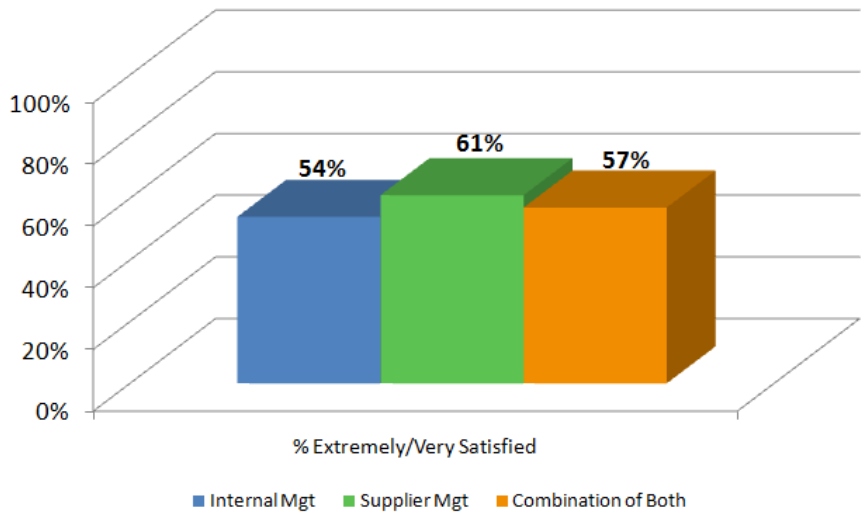
Who's Responsible?

69% Internal Management

14% Supplier Management

17% Combination of Both

Figure 6: Invoice Processing – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

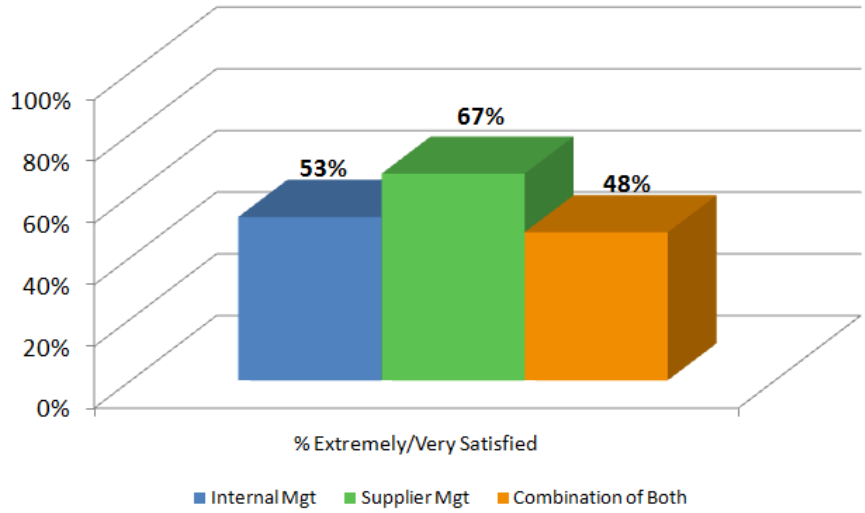
Among the five Telecom Expense Management activities, **Invoice Processing** activities had the highest levels of Supplier involvement. Overall **satisfaction was highest among enterprises using Suppliers** to manage invoice processing activities.

Service Ordering

97% of responding enterprises perform service ordering activities.

Service Ordering is the process of placing service orders with service providers to obtain services or make changes and/or disconnect existing services from telecom service providers.

Figure 7: Service Ordering – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Service Ordering

Who's Responsible?

79% Internal Management

5% Supplier Management

15% Combination of Both

Observations

Service Ordering had one of the highest percentages of internal staff management. Satisfaction with service order activities was also **strongest among enterprises using Suppliers** to perform these activities.

Inventory Validation & Change Control

96% of responding enterprises perform inventory validation and change control activities.

Inventory Validation activities include aggregating all inventory data, normalizing the data, mapping data to a unified repository, determining data accuracy to enable proactive management of services and assets across the telecom environment. Change control reconciles move, add, change and disconnect activity against a validated inventory baseline.

Inventory Validation

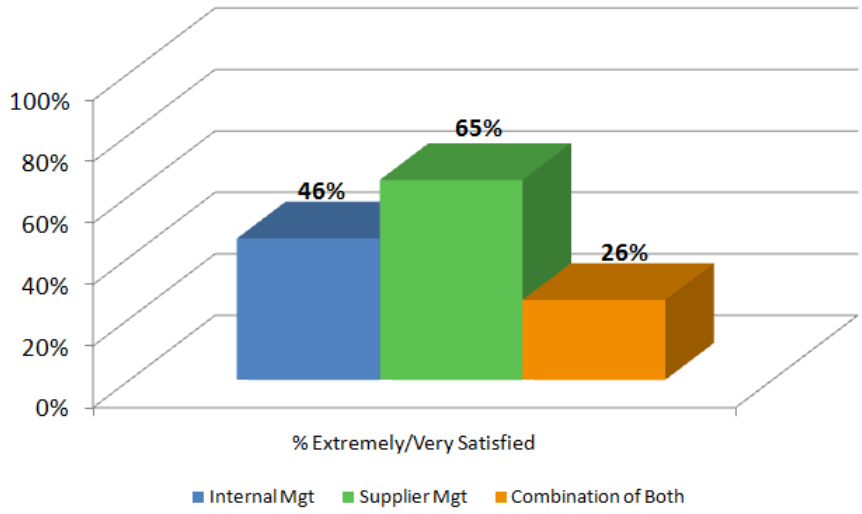
Who's Responsible?

68% Internal Management

8% Supplier Management

24% Combination of Both

Figure 8: Inventory Validation – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

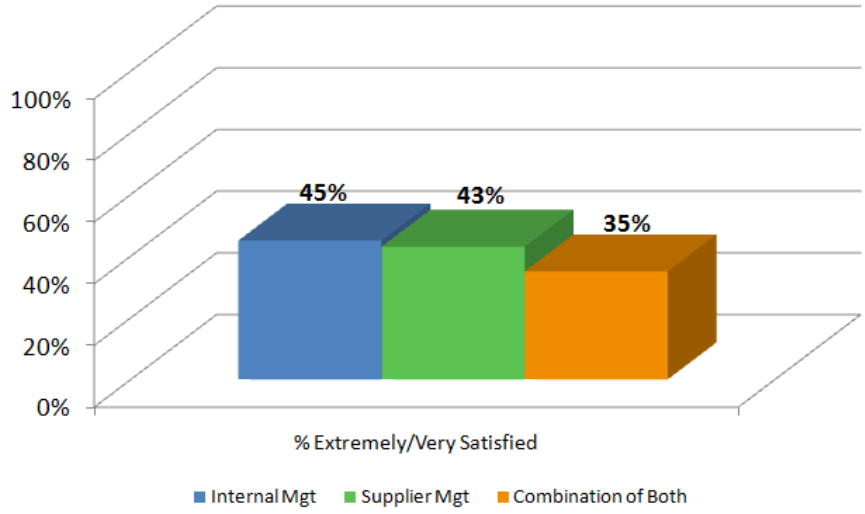
Compared to other TEM program activities, **Inventory Validation & Change Control** was performed less frequently by only internal staff. Management by a combination of both internal staff and Suppliers was also more prevalent. Satisfaction levels were **strongest when Suppliers performed** this function.

Reporting & Analysis

97% of responding enterprises perform reporting and analysis activities.

Reporting and Analysis activities produce and communicate detailed and accurate information on telecom expenses, budget tracking and Supplier performance tracking.

Figure 9: Reporting & Analysis – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Reporting & Analysis

Who's Responsible?

64% Internal Management

9% Supplier Management

27% Combination of Both

Observations

Reporting and Analysis was the TEM program activity least likely to be performed solely by internal staff, while execution by a combination of both internal staff and Suppliers was most prevalent within this activity. Reporting and analysis was the only TEM program area where **satisfaction levels were highest among enterprises performing this function solely through internal staff**.

Chapter Two:

Wireless Mobility Management Activities

AOTMP also examined activities performed within Wireless Mobility Management (WMM) programs, and feedback was similar to wireline TEM programs. The majority of responding enterprises are currently performing the six WMM activities with internal staff, however, overall satisfaction within the majority of these activities was higher among enterprises using Suppliers to perform the tasks. Reporting & Analysis was again the outlier, with higher satisfaction levels when performed by internal staff.

The remainder of this chapter explores each of the six WMM activities, and provides detail around execution responsibility, satisfaction levels and adoption rates.

eProcurement

Who's Responsible?

74% Internal Management

7% Supplier Management

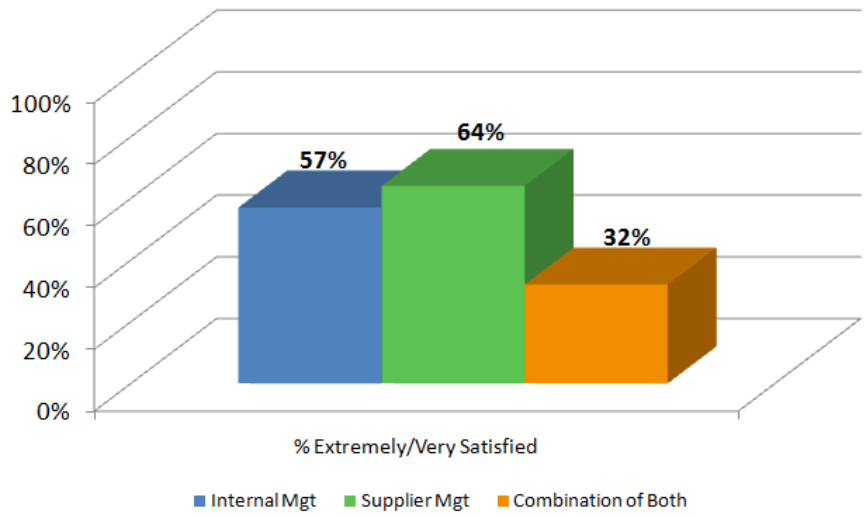
19% Combination of Both

eProcurement

86% of responding enterprises perform eProcurement activities.

eProcurement activities relate to securing wireless services, devices and/or accessories from carriers. An online portal is most commonly used to execute procurement activities.

Figure 10: eProcurement – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

eProcurement activities reported a high percentage of execution by internal staff. However, **enterprises using Suppliers reported the strongest overall satisfaction** with eProcurement activities.

Asset/Inventory Management

92% of responding enterprises perform wireless asset/inventory management activities.

Asset Management

Who's Responsible?

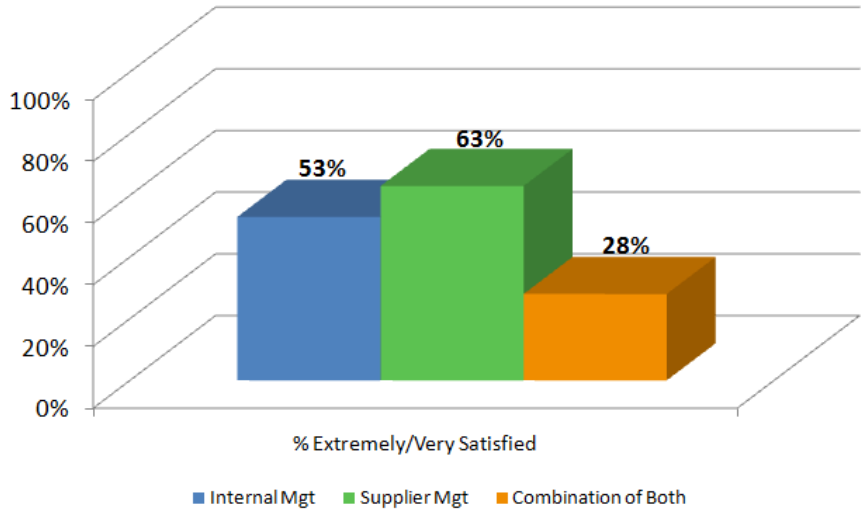
66% Internal Management

9% Supplier Management

25% Combination of Both

Asset/Inventory Management involves tracking the wireless assets (e.g., devices, accessories, service plans, contracts and software licenses) of an organization, providing visibility into the wireless environment and information needed to make decisions regarding the wireless environment.

Figure 11: Asset/Inventory Management – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

Asset/Inventory Management represented one of the highest percentages of Supplier-only involvement and combination of internal staff/Supplier management. Satisfaction was **strongest among enterprises outsourcing this activity** to Suppliers.

Expense Management

94% of responding enterprises perform expense management activities.

Expense Management refers to the practice of managing wireless expenses. Activities include invoice processing and contract lifecycle management. Expense management also involves rate plan optimization and communicating with carriers on contract and/or invoice disputes.

Expense Management

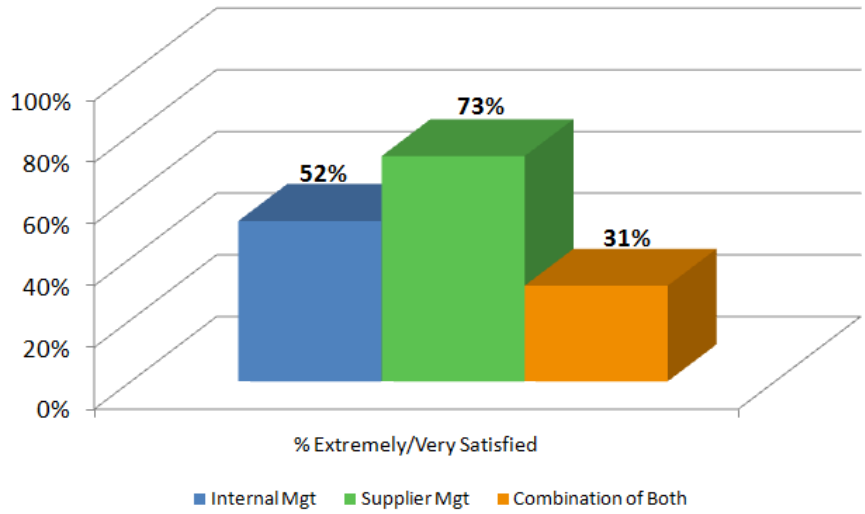
Who's Responsible?

69% Internal Management

7% Supplier Management

24% Combination of Both

Figure 12: Expense Management – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

This Wireless Mobility Management program activity had one of the highest percentages of management through a combination of internal staff and Suppliers. Overall **satisfaction was much higher among enterprises using Suppliers** to perform this function.

Help Desk Management

91% of responding enterprises perform help desk management activities.

Help Desk Management within a Wireless Mobility Management program constitutes employing dedicated staff to troubleshoot technical issues and manage trouble tickets on behalf of enterprise customers/users.

Help Desk Management

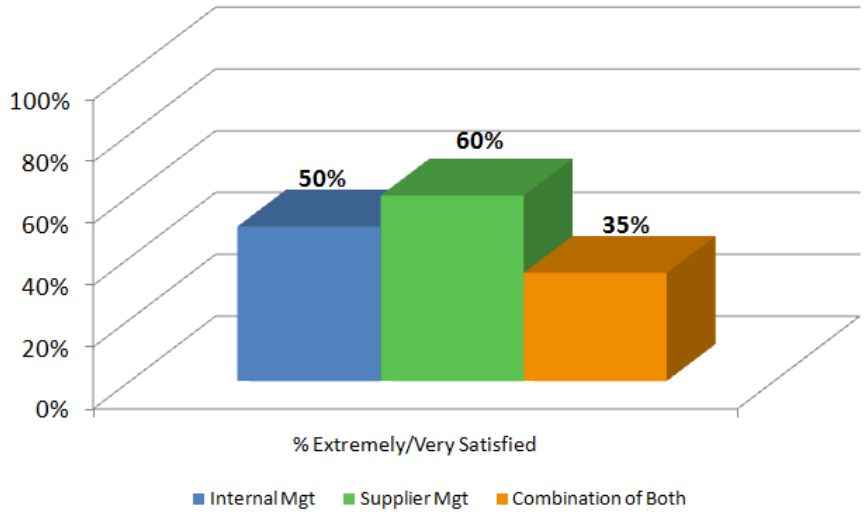
Who's Responsible?

77% Internal Management

5% Supplier Management

18% Combination of Both

Figure 13: Help Desk Management – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

This area reported the highest percentage of management through internal staff. However, **satisfaction levels remained strongest when Suppliers performed** this function for the enterprise.

Mobile Device Management

Who's Responsible?

74% Internal Management

7% Supplier Management

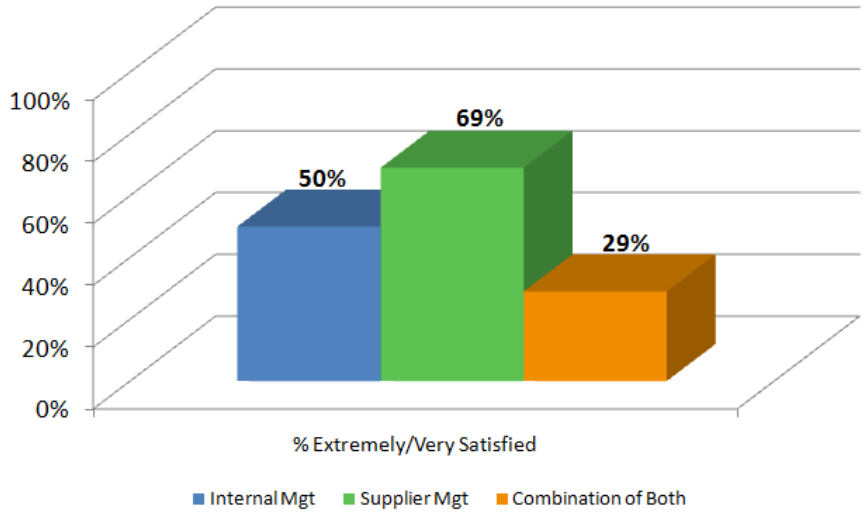
19% Combination of Both

Mobile Device Management

91% of responding enterprises perform mobile device management activities.

Mobile Device Management involves managing wireless devices and providing security services such as wiping stolen or lost devices clean (e.g. remote "kills"), updating applications remotely and device server administration.

Figure 14: Mobile Device Management – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

This activity exhibited one of the highest percentages of management through internal staff. However, overall **satisfaction was much higher among enterprises using Suppliers** to perform mobile device management activities.

Reporting & Analysis

90% of responding enterprises perform reporting & analysis activities.

Reporting & Analysis specifically encompasses providing visibility into wireless expenses, consumption, assets and inventory, as well as usage trending through tools and reporting. Basic information includes wireless expenses for the month and specific call details for individual users.

Reporting & Analysis

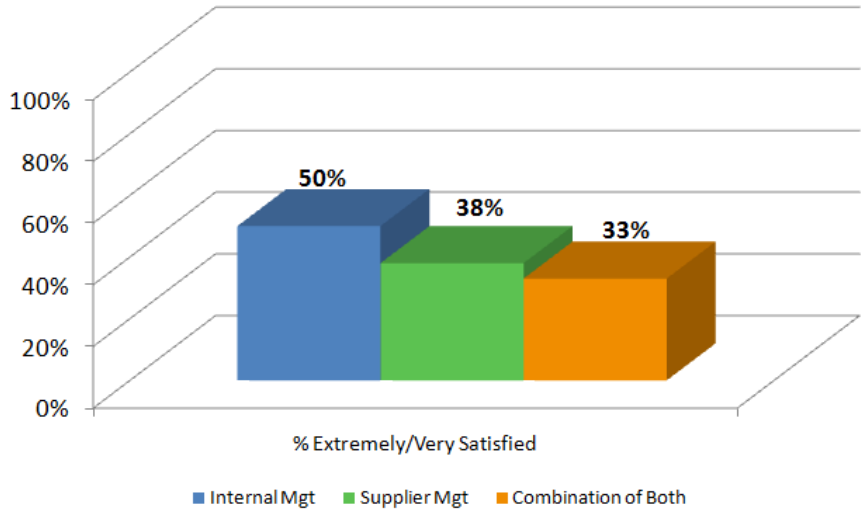
Who's Responsible?

59% Internal Management

10% Supplier Management

31% Combination of Both

Figure 15: Reporting & Analysis – Overall Satisfaction by Who Performs Activity



Source: AOTMP, October 2009

Observations

Similar to wireline TEM activities, Reporting & Analysis also had the highest percentage of management by a combination of internal staff and Suppliers. Overall **satisfaction was also strongest among enterprises performing reporting and analysis activities by internal staff.**

Chapter Three:

Supplier Focus

Why did your enterprise choose to engage a TEM or WMM Supplier?

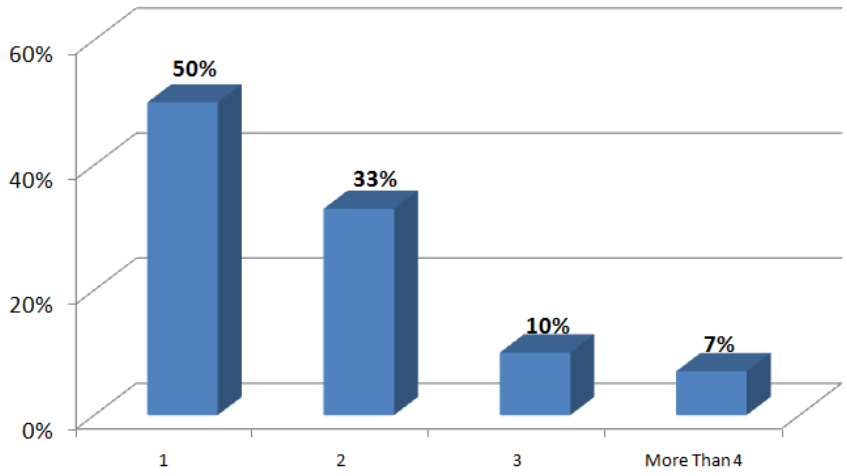
"My organization has hundreds of offices across the US that manage their own telecom bills. We needed to understand our total telecom spend, as well as identify saving opportunities."

"Our manual process, although successful, could not cover everything."

Suppliers can ease the management of TEM and WMM programs through technology and resources. When enterprises need assistance from Suppliers – due to a lack of internal resources and/or expertise or technological limitations – they can call upon the services of TEM and WMM Suppliers to improve efficiency within their programs.

One way to assess the overall effectiveness of the Supplier community is to gauge how many TEM or WMM suppliers enterprises have used over time. Based on AOTMP research, among enterprises using a TEM and/or WMM Supplier, 50% continue to use the services of their first supplier, while another 50% have used more than one Supplier. In a majority of situations where more than one supplier was present, this reflected a complete change in Suppliers. However, in some cases, the change reflected different Suppliers being used to manage wireline and wireless services.

Figure 16: Number of Suppliers Used by Enterprises



Source: AOTMP, October 2009

Supplier Satisfaction

52%
Extremely or Very Satisfied

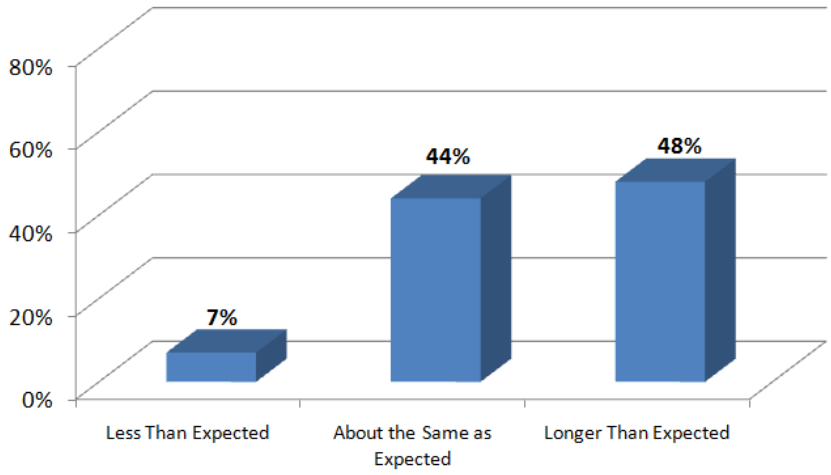
41%
Somewhat Satisfied

7%
Not Very/Not at All Satisfied

In assessing overall satisfaction levels with Supplier performance, 52% of enterprise respondents indicated *Extremely or Very Satisfied* with current Suppliers. Another 41% mentioned they were *Somewhat Satisfied* indicating room for improvement and that only minimum expectations are being met.

As part of this study, AOTMP also assessed enterprise expectations around performance and time required to reach a steady-state of operations for the program. 48% indicated that it took longer than expected based on internal expectations or Supplier indications. Based on enterprise feedback, indications of less than optimal planning and expectation setting on the front-end from both internal and Supplier perspectives were primary drivers for the delays.

Figure 17: Time to Steady-State Program Operation



Source: AOTMP, October 2009

Chapter Four:

Conclusion/Call to Action

Improving collective industry confidence in TEM and WMM Programs benefits everyone working in the industry. Enterprises with high confidence are prone to place greater emphasis on TEM and WMM program adoption based on the belief that business returns are high. Suppliers and Consultants providing technology and services for enterprise programs benefit from high confidence through greater market opportunity and demand for products and services. Related parties, such as partners and investors, benefit from enterprise demand and sustainability generated by increased confidence through a decrease in partnership and investment risk.

Emphasis on three key aspects of the TEM and WMM Industry serves to catalyze positive sentiment and belief in the industry, which increases confidence overall.

1. **Polish and Execute TEM and WMM Program Plans**
    a. Evaluation Plan
    b. Deployment Plan
    c. Steady-State Plan

2. **Refine the Business Case**
    a. Value Beyond Audit Savings
    b. Justify Needs
    c. Sustainability

3. **Emphasize Time and Effort Requirements to Achieve Benefits**
    a. Resource Needs – All Departments
    b. Carrier Expectations
    c. Process Re-engineering

What is your primary challenge when working with any TEM Supplier?

"Getting reports that show accurate, actionable data at an executive level, along with being able to have the details behind all of the numbers."

"Having them (the Supplier) understand our accounting structures and understanding our business."

"Getting on the same page as far as wireline and making sure both you and the TEM provider are speaking the same language."

Polish and Execute TEM and WMM Program Plans

The value TEM and WMM project planning contributes to the success of the programs is a common theme expressed throughout enterprise feedback. Enterprises frequently noted throughout this study that more thorough planning would have accelerated value recognition of the programs.

TEM and WMM programs are new or evolving for many enterprises. As such, pre-planning and diligence in execution of plans can help avoid deployment frustration, which can sour confidence in the program(s) overall and delay recognized value to the business.

Interestingly, confidence influenced by plan performance does not appear to be solely linked to Supplier involvement. The opportunity for high or low confidence as a result of program experience is equal for enterprises with and without Supplier involvement. In situations where Suppliers are involved in programs, the opportunity for Suppliers to increase program confidence through support, guidance and development of all stages of planning and execution is high.

Refine the Business Case

Enterprise feedback on steady-state TEM and WMM program experience is somewhat positive, and delivers many insights about satisfaction drivers. Common complaints which hindered program satisfaction included:

- Challenges with TEM and WMM technology not performing as expected
- Poor post-implementation technology support

If you experienced any implementation delays with your program, what were the reasons behind the delays?

"Lack of communication; and poor project management."

"Difficulties in getting billing information from remote offices, and difficulties in getting address changes implemented with the carriers."

"Our inventory is and was not correct before we started... our fault."

- Cost of technology measured against value received
- Data accuracy within solution
- Granularity of service level detail capture
- Limited business system technology integration
- Inadequate reporting capabilities

Considered alone, these challenges paint a less-than-positive picture of attitudes toward TEM and WMM programs. However, when considered alongside the benefits gained, such as financial control, process efficiency and service and cost visibility, the picture accurately aligns with the *Index* score.

In addition, enterprises aborting TEM and WMM programs most commonly cite 'lack of cost savings' or 'lack of anticipated performance' as justification for their decision.

A common theme was present among enterprises experiencing challenges with their programs: an incomplete business case. Needs assessment is perhaps the most vital element contributing to a program business case. Often, cost reduction or expense management objectives lead the motivation for business case development. While these objectives cannot be discounted, evolution of needs assessment beyond pure financial aspects serves to promote development of a business case for a sustainable solution suited to meet current and future business needs.

Exploring mid- and long-term program objectives beyond error identification and audit savings when developing the business case affords enterprises insight to align program solutions with business needs, justify the program initially, and set appropriate expectations as the program matures. Process efficiency and automation

If there was one thing you would do differently with your TEM program, what would it be?

"I would list out items that we must have and have the Supplier give example reports to meet our requirements."

"More discovery and process refinement before committing to moving our invoicing to them (the Supplier)."

"Figure out how to convince management that the ROI for upgrading and keeping all sections of the database current are worth the investment."

efficiency can support program justification in addition to audit savings opportunities; optimizing telecom and wireless service delivery to enterprise users and aligning service with business needs contribute to ongoing program value. Understanding mid- and long-term objectives improves an enterprise's ability to qualify and select appropriate solutions suited to meet business needs and serves to decrease future capability gaps that can stall, derail or sour value perception of TEM and/or WMM program performance.

Emphasize Time and Effort Requirements to Achieve Benefits

Enterprise confidence is highly influenced by past experience. Underestimation of time and resource requirements to deploy and achieve a steady-state program was pronounced in this study. Input from enterprises concerning time and effort was linked more often with difficulty of execution over lack of expectations. Assembling internal resources from many departments with a variety of contributions to the program was articulated as a primary challenge.

TEM and WMM programs are not isolated to a telecom management group. Contributions from telecom, IT, finance/accounting, help desk, engineering, real estate/facilities, human resources, sourcing/procurement, legal/contract management, vendor management and the user community are essential to deployment success. Setting clear expectations and obtaining participation internally can lessen deployment frustrations and delays.

According to study responses, contributions and participation from carriers and vendors influence attitude toward time and effort in program execution. Enterprises and Suppliers are equally limited by the cooperation of carriers contributing financial, service, asset and contract data necessary to establish and maintain programs.

Thorough project planning and carrier notification serves to set clearer expectations with carriers and to identify plan gaps containing potential timeline overruns.

Workflow of programs link work groups and exists logically through many business systems. Technical linkage of TEM and WMM technology may also be present or desired. As such, thorough examination of manual and automated workflow is essential to establish a baseline prior to program deployment, and to evolve workflow following program deployment. Setting process and workflow re-engineering expectations across all contributors and work groups eases time and effort requirements to achieve a productive and value-generating, steady-state program.

About the Authors

Timothy C. Colwell,
AOTMP Vice President of Knowledge Operations

Tim Colwell leads the teams responsible for standards & best practices, research, benchmarking and training & certification. Tim has 17+ years of industry experience in helping Fortune 500 and Forbes Private 50 enterprise and industry supplier organizations achieve excellence in the financial, operational and technical performance management of a telecom environment.

A thought leader in telecom environment management, Tim's expertise spans performance benchmarking, process engineering, budget management, contract negotiations, asset & inventory management, and relationship management. Tim is a patent author and leads product development for TEMOS, a performance management system designed to optimize enterprise telecom environments. Prior to joining AOTMP, Tim spent three years as Director of Support Services for a telecommunications consulting firm where he refined and implemented telecommunications best practice methodologies across 500+ client consulting engagements. Tim holds a BA in Telecommunications from Indiana University.

Scott Lawrence, AOTMP Director of Research

Scott has over 14 years of experience developing and collecting market research on behalf of global Fortune 500 enterprises within the telecommunications and IT industries. In his previous role as a senior research manager, Scott led teams to accomplish research objectives by designing studies that yielded actionable information while helping clients understand the impact of the results. Scott has a B.S. in Marketing from Ball State University.

Scott is responsible for designing and managing AOTMP's research activities which includes research publications, market landscapes and benchmarks within the areas of telecom expense management and wireless mobility management. Scott also works as an advisor and subject matter expert for AOTMP's research services.

About AOTMP Research

AOTMP research is supported through data collected from a variety of sources. Data points are collected through enterprise and supplier benchmarking projects, training and certification events, research surveys, frequent hot topic polls, virtual conference audience polling, live conference audience polling, and AOTMP Access benchmarking events. AOTMP's data point contributors include over 60,000 IT, telecom and business professionals, supporting domestic and international enterprises and industry suppliers. Data points contributing to research are carefully analyzed using advanced statistical methods. Research findings are confirmed through test/retest validity methodology and, therefore, paint an accurate picture of the industry. The clarity and detail of AOTMP research is unmatched in the practice of telecom environment management, and AOTMP expertise translates analysis into actionable findings representative of the industry and all related industry segments.

About AOTMP

AOTMP is the leading provider of information solutions for managing enterprise telecom and IT environments. Our proprietary certifications, benchmarks, standards and best practices deliver measurable improvement in efficiency and productivity for managing wireless, voice, data and network services. From Fortune 50 companies to SMB, enterprises seeking the best return on telecom and IT services turn to AOTMP's industry research, advisory services, events, educational programs and performance management systems to achieve operational and financial efficiency.

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