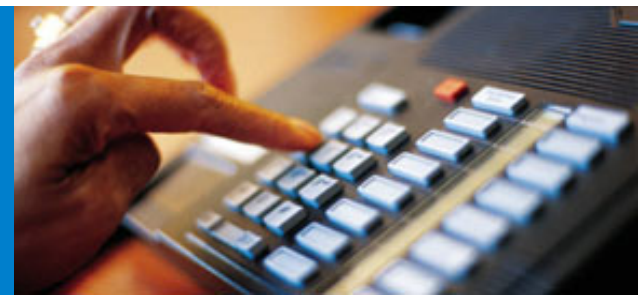# The Benefits of Automating TEM

Research Report

Underwritten By:

asentinel®

Executive Summary

Telecom Expense Management (TEM) is the practice of managing the full lifecycle of telecom expense to optimize control over expenses, enterprise spending on telecom, and the operational costs associated with managing those expenses. A TEM program also provides many benefits to the enterprise, from cost savings to operational and efficiency gains. Once established, a TEM program offers many tangible and intangible positive outcomes for the organization.

Those who have a formalized TEM program and establish a maniacal focus on reducing costs and generating efficiencies throughout the telecom environment put themselves in a more favorable position compared to those with no formal program who might simply be performing cost-reducing activities on a periodic basis. In order to illustrate this phenomenon, AOTMP looked at the hard-dollar savings which enterprises had achieved through five TEM related activities (listed below) and then aggregated the results to compile overall savings percentages.

- *Audit Activities*
- *Optimization Activities*
- *Expense Allocation Chargebacks*
- *Contract Negotiation*
- *Late Payment Penalty Reduction*

Enterprises which had an established TEM program were able to generate over three times the savings in the first year compared to those without a program and continued to drive sustainable savings in years two through four. A periodic audit alone may provide a short-term win, but a comprehensive and continuous TEM program performing multiple activities will have the greatest benefit to the enterprise.

"A periodic audit alone may provide a short-term win, but a comprehensive and continuous TEM program performing multiple activities will have the greatest benefit to the enterprise."

Figure 1: TEM Program Savings Over Time
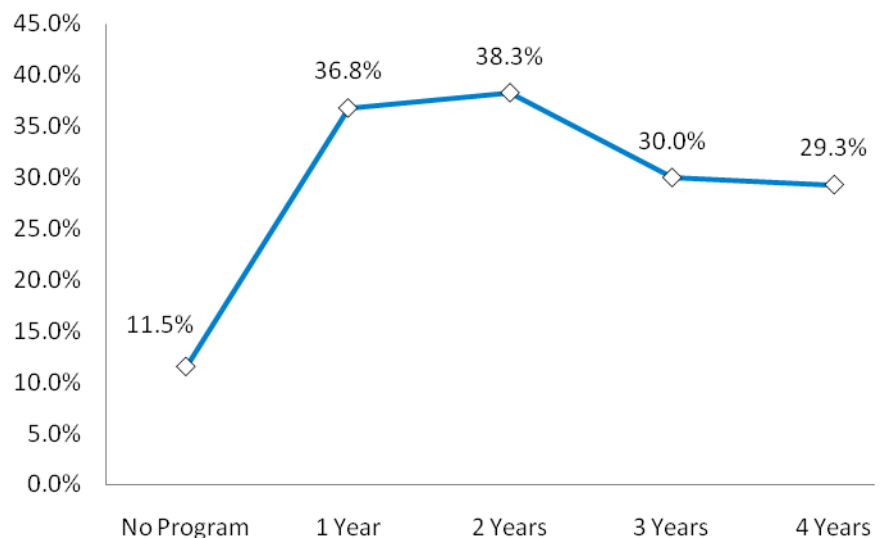
Source: AOTMP, October 2008

When processes and procedures are automated, TEM makes people even more efficient and productive while contributing to cost, operational and procedural savings for the enterprise. Having improved visibility into telecom expenses ultimately allows the organization to make better, more strategic cost saving decisions as it relates to their telecom environment. The remainder of this report will focus on the benefits which automation can bring to a TEM initiative.

The Benefits of Automation & Technology

Even in today's technologically savvy society, manual processes and procedures are still being utilized within activities such as inventory management, service order placement, invoice processing and reporting/analysis of information. Through their technology offerings, TEM Suppliers offer the ability to automate redundant and tedious manual practices, providing many benefits to the enterprise. In fact, based upon AOTMP research, the primary benefits that TEM Supplier technology offers includes providing information more efficiently, followed by offering more robust reporting capabilities and generating increased visibility for the TEM program.

Figure 2: Primary Benefits of Supplier Technology
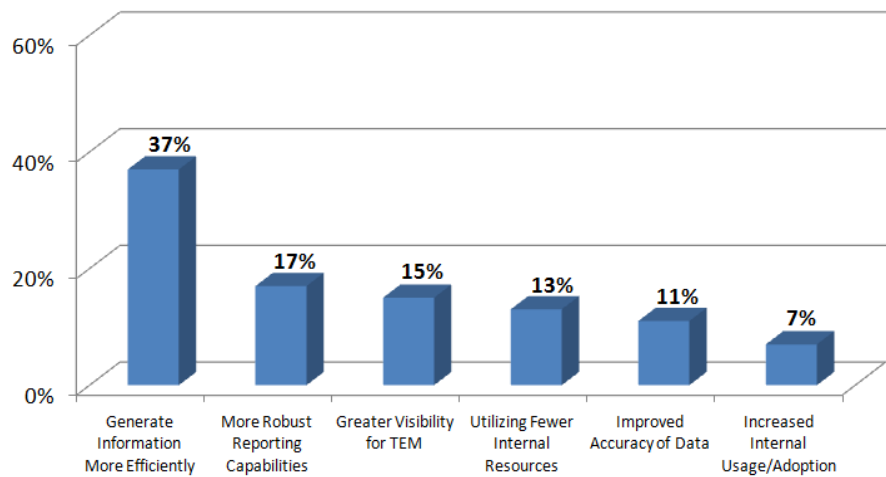
Source: AOTMP, August 2009

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"Based upon AOTMP research, on average, over 9% of total local, long-distance and wireless charges were identified as having billing errors..."

Based upon research gathered from AOTMP's recent State of the Industry study, the primary reasons enterprises decide to utilize the services of a TEM supplier include being able to consolidate their inventory more effectively and to gain better visibility into their telecom spend. Technology and automation helps to facilitate these activities. For instance, an organization may be interested in determining how many circuits or wireless devices they have across the entire company or how much they are spending on telecom within each of their locations. Following manual processes, this might require input and coordination with many different departments and business units taking days, weeks or even months to compile. However, if all of the information is centralized and constantly updated in an automated fashion, this level of data could be generated in a matter of minutes, utilizing fewer internal resources throughout the process. Centralizing your inventory also has benefits when it comes to negotiating contracts with carriers. AOTMP research indicates that enterprises with a centralized inventory were able to generate nearly three times the savings during the contract negotiation process versus those without a centralized inventory. Visibility breeds knowledge and knowing the services that you have brings a more educated and better positioned enterprise to the negotiation table.

Another example which illustrates the benefits that can be derived through automation is within the activity of invoice processing. Based upon AOTMP research, on average, over 9% of total local, long-distance and wireless charges were identified as having billing errors, so it becomes paramount that detailed and automated procedures are in place to bring billing discrepancies to light. Paper invoices may only provide summary information but with granular and more detailed electronic invoices, the enterprise gains greater visibility into expenses. In-house telecom analysts can re-focus their efforts from managing mounds of paper and reconciling

"…those who placed service orders over the telephone experienced a rework rate that was over 3 times the level experienced by those using an on-line web portal."

volumes of invoices, into a more value-added type of proactive analysis. Utilizing electronic invoices removes paper from the process and minimizes the time required to enter invoices into queues for processing and payment and accelerates the approval process. Furthermore, consolidating everything into one, centralized invoice will streamline the process even further by making information more easily accessible while creating less documentation and confusion in the process.

Automation and technology also can lead to improved visibility and internal adoption for TEM. Internal stakeholders may be more willing to accept and participate in TEM initiatives, if processes are automated and their time commitment is reduced. Armed with detailed and accurate information that is easily accessible regarding the expenses of the organization, department managers can make more informed decisions and recommendations to help drive efficiency within the telecom environment. With the right information provided to department managers, they can also take steps to address inappropriate consumption of communications resources.

Reductions and redeployment of full time equivalent (FTE) resources associated with move, add, change or delete (MACD) activity, invoice processing, bill payment, and other tasks could also result through process automation. There are also benefits and time savings from unifying multi-departmental processes and reducing redundant systems. Enterprises will need even fewer FTE's if they choose a business process outsource delivery model. Finally, by centralizing your spend into a single data repository, you are able to leverage the total size of your organization (and its telecom spend) in ongoing negotiations with vendors.

Automation can also lead to improved accuracy of information. Ultimately, better and more accurate information is an enabler for other areas that drive savings. An example of this concept can be drawn from a process such as placing service orders with carriers. Based on previous research, AOTMP reviewed the percentage of service order rework rates based upon the method that was used to place the orders. From the analysis, those who placed service orders over the telephone experienced a rework rate that was over three times the level experienced by those using an on-line web portal. Communication using the telephone introduces the potential for more errors to occur; from the carrier not capturing the information correctly to the individual placing the service orders communicating erroneous information. On-line portals improve service order accuracy and drastically reduce the percentage of service orders requiring re-work and re-submission.

Figure 3: Service Order Placement & Rework Rates
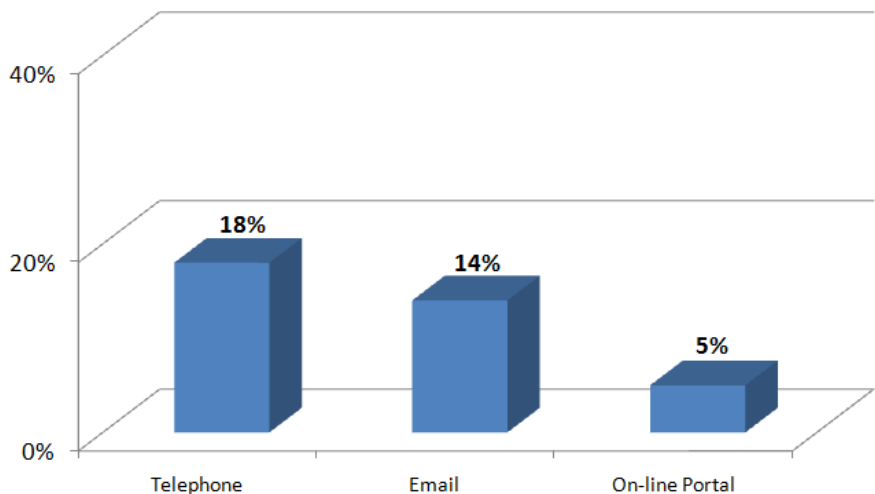
Source: AOTMP, October 2008

Another type of automation that can generate advantages for the organization is through the integration of internal systems. If you are deploying TEM Supplier technology, you may have the opportunity to link to existing internal systems and departments (such as HR, Finance, etc.) which will create even greater efficiencies. For example, if an employee is terminated from the company and flagged as such within the organization's HR system, some solutions have the capability to pull this information directly into the TEM application, which will immediately notify the appropriate individuals that the wireless services of the terminated employee require disconnection. This level of timely integration ultimately facilitates cost saving actions for the organization.

Conclusion

As previously outlined, automating TEM processes and procedures can provide many benefits and make the management of activities much more efficient and effective for the enterprise. From providing the ability to generate information more efficiently and reducing the amount of internal effort to manage TEM activities to improving data accuracy, there are many advantages that can be gained through automation. With the appropriate automation in place, the enterprise can reduce the level of exerted manual effort so the enterprise has additional time to focus their attention on other mission critical activities for the organization.

Appendix

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.