

**7 Essential  
TEM Best  
Practices  
Top  
Companies  
Know . . .**

***. . . That You  
Should, Too***

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## 7 Essential TEM Best Practices Top Companies Know . . .

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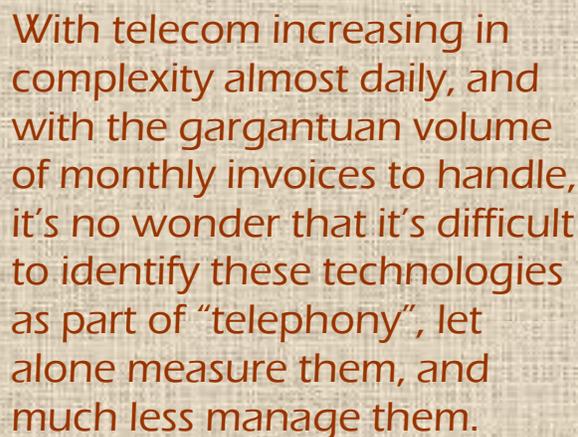
### Executive Summary

With the rapid proliferation of ever more advanced technologies permeating companies both large and small, ensuring continued productivity and controlling costs are becoming more and more challenging for IT executives. Adding greater complexity to this landscape are factors like globalization; greater dependence upon telephony for data transmission; and increased use of BYOD (Bring Your Own Device), for example. Using real-time tools, best practice TEM offers greater visibility of technology expenses that span seven major areas. These areas are: managing spend for vendors and service categories; managing costs associated with BYOD; reporting across business units; tracking telecom expenses against contract terms; negotiating contracts using “proprietary” benchmark data; identifying, tracking and resolving invoice disputes and providing inventory reconciliation and support. This report examines each area, briefly discusses what successful companies are doing, and suggests ways any enterprise can implement these best practices.

### Ever-Advancing Technologies and Blizzards of Invoices

Today, with advancements in telecommunication technologies occurring at an ever-accelerating pace and with the need to adapt-or-die, successful companies are now relying upon these technologies in ways unheard of only a few years ago. Some examples include: expanding the use of smart phones beyond the C-suite into and throughout the entire enterprise; replacing more in-person meetings with video conferencing; and moving data from physical networks into the cloud.

Added to the technological complexity is the blizzard of monthly invoices. In a recent Aberdeen Group study, one global manufacturer of mobile devices mentioned that he had to contend with more than 40,000 of his company’s own landline and mobile invoices on a monthly basis<sup>1</sup>



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However, executives understand they must identify, measure, and manage their investment in these technologies if they want to continue to create value for employees; manage the environment efficiently, and measure the corresponding profitability of decisions. It all begins with having greater visibility of their telecom and they achieve this by either using a Software as a Service Telecom Expense Management (TEM) provided by a TEM vendor to self-manage or by contracting with a TEM vendor to outsource the entire invoice life cycle.

No matter how achieved, greater telecom visibility gives these companies control over seven key Best Practice essentials in TEM:

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1. Managing spend for vendors and service categories
2. Managing costs associated with BYOD
3. Reporting across business units
4. Tracking telecom or utility expenses against contract terms
5. Negotiating contracts using “proprietary” benchmark data
6. Identifying, tracking and resolving invoice disputes
7. Providing inventory reconciliation and support

### **1. Managing Spend for Vendors and Service Categories**

According to a 2010 study by the Aberdeen Group, 83% of the successful companies (identified in the study as “Best in Class”) keep a record of current depreciation status for telecom assets and 47% consolidated telecom, network and wireless expense management into one solution:<sup>2</sup>

The key to managing spend and accurately controlling costs is importing EDI-like data, converting paper invoices into an electronic format, if necessary, and then automating invoices’ receipt and processing. This eliminates manually entering data, thereby saving costs and improving accuracy. But this is not scanning a paper document into a portable document format; it requires setting up an in-house telecom database complete with all pertinent fields. This detailed initial work is required for any TEM system to be effective and can often be beyond the expertise of in-house talent. However, such set-up is commonly provided by outside of the TEM vendors.

### **2. Managing Costs Associated with BYOD**

In her online article “Ways to Curb the Costs of BYOD,” TCM Contributor Mae Kowalke cites a Gartner news alert reporting that 70% of IT companies either had a BYOD policy in place or were planning to have one in 12 months:<sup>3</sup>

Although she states that most do so to reduce costs, they often do not actually realize the cost-savings they believe they’ll achieve. This is due to several factors: not deriving benefits from economies of scale, such as negotiating deep discounts for services and then receiving more favorable plans that pool voice/data services; having the IT department spend more time in troubleshooting a wide array of devices; and opening the door to soaring expenses, as employees know their employer is footing the bill.

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Since leaders of successful companies know that BYOD is here to stay, to better control costs they’ve developed policies governing BYOD use and have increased the visibility of BYOD. In doing so, these leaders must also take into account they are legally responsible for managing this mobile data for governance, risk management, and security issues. Global deployment of these devices further complicates these issues, as the United State Federal Rules of Civil Procedure can sometimes conflict with the European Data Protection Directive. To successfully navigate the myriad challenges so that the sought-after savings materialize requires either having deep in-house expertise or partnering with an outside TEM vendor.

### 3. Reporting Across Business Units

The Aberdeen study also found that to successfully manage spend, these companies didn't merely collect and process invoices all in one place. Rather, they also coordinated a cross-functional process that included finance, procurement, and operations to ensure that purchases and usage are consistent across the board and within established policies.<sup>4</sup> By providing real time visibility of telecom reporting to all stakeholders, leaders have a deeper understanding of their telecom inventory and are better able to ensure the productivity of those assets and to control costs associated with them. A good outside TEM vendor can equip leaders with the tools that enable cross functional reporting in a manner that integrates seamlessly with current reporting structure and processes.

### 4. Tracking Telecom Expenses Against Contract Terms

By tracking telecom expenses against current contract terms, leaders of successful companies help ensure that there are no hidden fees and that all the terms of their Service Level Agreements are fulfilled. In addition, by tracking expenses against current contracts, leaders also ensure that all invoices cover current and existing expenses and the company is not continuing to pay for a service that no longer exists, as can happen when an employee is terminated but the mobile phone contract is kept intact.

Discovering billing anomalies and identifying services no longer needed requires having special expertise and fresh eyes, abilities common among TEM vendors.

### 5. Negotiate Contracts Through a Third Party

To successfully navigate the myriad challenges so that the sought-after savings materialize requires either having deep in-house expertise or partnering with an outside TEM vendor.

By gaining greater telecom visibility across functions, including keeping a centralized inventory of telecom assets and vendor contracts, successful companies are in a better position to strategically plan procurement activities. The combination of assets, contracts and invoices allow TEM providers to know the priorities (which services, assets matter most from a volume perspective) in the negotiation process. This, according to the Aberdeen Group, is as important to realizing savings as is reducing expenses through invoice management process itself.<sup>5</sup>

### 6. Identifying, Tracking, and Resolving Invoice Disputes

The Aberdeen Group found that 78% of their successful companies could track disputed charges, often short paying them, and then keep a year-to-year record of the savings realized from resolving those disputes.<sup>6</sup> By doing this consistently, these companies were now in a stronger position to negotiate new contracts with more favorable terms, realizing further savings.

To be able to find and consistently track those charges and anomalies requires dedicated, expert staff. This service is routinely provided by TEM vendors.

### 7. Providing Inventory Reconciliation and Support

As telecom has rapidly evolved from providing a few landlines and a fax line or two to include mobile, devices, softphones, PC-based video conferencing, tablets and notebooks, to name just a few technologies, and as these technologies proliferate throughout an enterprise, frequently coming from multiple manufacturers, the ability to support the vast array of devices is a huge

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challenge. Yet, to maximize the productivity of both the technology and the employee, providing help desk support is vital. In fact, according to the Aberdeen Group, 72% of successful companies do so.<sup>7</sup>

Although providing such support typically falls under the purview of IT, this is not the most productive use of such highly-skilled talent. This is where the TEM vendor can step in and fill the gap, freeing personnel for higher-level, strategic and creative endeavors.

### **An Emerging Trend: Controlling Energy Costs**

According to the Aberdeen Group, an emerging trend in TEM is controlling energy costs.<sup>8</sup> In concert with controlling energy costs, another trend is to use greener energy sources. To accomplish this requires gathering, electronically converting, and analyzing another set of documents: utility invoices. It is not a requirement to have telecom invoices included in the management of energy and utility invoices. This is time-consuming at best and daunting at worst, diverting staff from higher-level and more strategic efforts. This is also an area where an experienced TEM vendor can help.

### **In Conclusion**

True best-practice TEM is not as easy as it first appears. It takes deep and wide expertise, dedicated staff, and systems that provide the greatest visibility across the many functions. Yet telecom is one of the top three expenses of any organization, making cost control and productivity management a necessity. Although it might be satisfying to think this all could be done in-house, the reality is outside expertise is a necessity. Selecting the right TEM vendor is a decision that will pay for itself within the initial two months and continue to pay for itself many times over.

### **About AMI Strategies**

A woman-owned company established more than 22 years ago, AMI Strategies provides self-managed solutions through its temNOW family of software products as well as customized TEM contracts for local, regional and global enterprises. For more information how AMI Strategies can help you with your TEM needs, contact: Maureen Sturdy at [msturdy@amistrategies.com](mailto:msturdy@amistrategies.com) or 866-505-3264.

### **Endnotes**

<sup>1</sup>Park, Hyoun, *Recovering with Telecom Lifecycle Management: Transforming Communications for Topline Growth in 2010*, Aberdeen Group, p. 13.

<sup>2</sup>*Ibid*, p. 23 (Figure 10: Best in Class TEM Performance Indicators).

<sup>3</sup>Kowalke, Mae, "Ways to Curb Costs from BYOD," *Telecom Expense Management*, February 25, 2013, <http://telecom-expense-management.tmcnet.com/articles/328069-ways-curb-costs-from-byod.htm>, Accessed 02/26/2013.

<sup>4</sup>Park, Hyoun, *Recovering with Telecom Lifecycle Management: Transforming Communications for Topline Growth in 2010*, Aberdeen Group, p. 4.

<sup>5</sup>*Ibid*, p. 5.

<sup>6</sup>*Ibid*, p. 23.

<sup>7</sup>*Ibid*, p. 16 (Figure 6: The Best in Class Invests in the Right People).

<sup>8</sup>*Ibid*, p. 28.