

How to Manage Telecom Costs

Introduction

Aggressively managing vendor costs is not a high priority for most companies; as their primary focus tends to be on serving customers and building their business. If the vendor costs are reasonable and stable and the service adds value, most companies view vendors as “no brainers.” However, some simple things can be done to greatly reduce telecom costs and show a high return. Every dollar saved is an extra dollar in profits that can be re-invested in the business or returned to the owners.

Why Telecom Costs?

Every business has these costs; they’re substantial and can be dramatically reduced.

Every business needs to communicate with the outside world – this requires internet connections, long distance calls, toll free numbers, conferencing, T1s and PRIs, and good old fashioned phone lines. Telecom costs often run to \$1,000 per employee per year. With aggressive management costs can fall to \$500 per employee per year.

Opportunity Knocks Today

There are many reasons why telecom costs can fall. Historically the big telecom companies are expensive regulated monopolies with very reliable products but increasingly poor customer service. This explains the fair number of billing errors. The second big reason is that most companies don’t know the details of what they’re paying for; primarily because their bills are unclear and there are so many services. The last big reason why costs can fall is that there is a lot more competition in certain types of services and businesses can take advantage of de-regulation and competition to negotiate much better rates.

The biggest reason why companies’ telecom costs can fall by 50% is that most companies aren’t given the information they need to make an informed buying decision. Ask yourself what FREE information does each of your telecom vendors give you to help you make an informed buying decision? Clear and usable inventories of services purchased, competitive quotes from other vendors, lists of potentially underutilized services?



Anything less is a waste of money.

When managing telecom, you've probably found that it is almost impossible to answer even the most basic questions:

- What are we paying for?
- Do our inventories match up with our invoices?
- Are we paying too much?
- Can we negotiate better contracts?
- Can we move to less expensive carriers?
- Where are all of our telecom services?
- Are we paying for unused lines and services?
- Are there newer more cost effective technologies?
- Are we over capacity?
- Are we getting the best return on our investment in telecom?

You don't need to rely on guesses when you can get answers.

What Steps Do I Take?

To avoid unnecessary expenses, most companies make sure their provider's latest bill is in line with the previous bill. To drastically bring costs down, one needs to conduct periodic reviews. This can be done internally by the person most knowledgeable about your company's telecom needs or outsourced to Berlin Pacific.

An in depth review you can help you with questions like:

Am I:

- Buying excess capacity?
- Getting the best rates?
- Unclear about inventory?
- Wanting proof of savings?



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Key Step List:

Inventory- The number one task is to create an inventory of the services you're paying for. Have a list of each service, including how much it costs and what it is for. Have whoever is in charge of telecom create this list.

Check for Billing Errors- Check the cost of each service against the quotes you got and contracts you signed.

Check for Unused Services- Periodically evaluate your services. Lines that are no longer in use are still billed to companies. Keeping on top of which of your current services you need, can end up saving you a lot of money.

Negotiate New Rates- With many commonly purchased services, rates have recently fallen quite dramatically. It is possible to ask one's account managers for new deals, or use competitive quotes to get a new deal. Of course most businesses don't have the time to stay current on the latest pricing and what can and can't be negotiated, so outsourcing this can help.

Tracking- It is important to follow up with telecom vendors. They don't always cancel services, fix billing errors, give credits, or implement the contracts you've negotiated. Keeping a file listing everything can help, and regular e-mails or phone calls following up are important.

What Next?

The above steps will create dramatic savings. Many executives and decision making parties simply don't have the time to decipher vendor bills, create and review a thorough inventory, request changes, and ensure their vendor implement their requests. They have a business to run. If you can relate to this feeling, it might be worth spending time to evaluate alternatives to adding another large project. Outsourcing this process may potentially be a good idea for your company. It is important to make sure that anyone you work with provides professional services, not just software or admin support which are valuable but won't create savings on their own. Deliverables to look for include –

- End to end cost saving implementation / project management
- Complete and useful inventories
- Understanding of telecom services and fixing of service issues
- Detection of underutilized and unused services



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- Billing error detection
- Current market pricing
- Contract negotiation with your existing and new vendors
- Contract and new service implementation and project management
- Cost saving documentation
- Open issue tracking
- High percentage cost savings

[Anders Mikkelsen](#) is the Managing Director for Berlin Pacific. Berlin Pacific is a telecom efficiency consulting company that helps small and medium sized businesses cut costs and improve business operations. Please visit www.berlinpacific.com for further information.



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