Democratizing Communications Lifecycle Management for SMEs:

One Source Communications Serves Enterprises Spending $3 Million or Less on Telecom

An AOTMP Research Whitepaper

Table of Contents

INTRODUCTION

For years, small-to-medium enterprises (SMEs) with annual telecom expenditures ranging from $200,000 to $3 million (equating to annual revenue of $7 million-$300 million) have had to fend for themselves as they tried to corral the costs of deploying technologies such as MPLS, fiber, VoIP, SD-WAN, wireless and more. Most telecom, IT and mobility management vendors have continued to target the Fortune 1000, leaving the SMEs severely underserved, with fees out of reach for this neglected segment. As a result, many SMEs commonly deal with three main challenges:

1. Lack of visibility into spending, trends and inventories, resulting in limited informed decision-making
2. Few, if any, specialists to support telecom and IT infrastructure, and maintain pace with technological change
3. Inability to scale telecom quickly in times of rapid growth

The solution comes by moving past Telecom Expense Management (TEM) thinking and into a broader, more comprehensive mindset – that of Communications Lifecycle Management (CLM). Partnering with the right CLM vendor will enable a SME to move into evolved telecom (IT and mobility) management success; this happens when telecom management transcends the goal of cost control and becomes a strategic contributor to business results. Such a vendor will fully manage – through people, not Software as a Service – every task from procurement to payment, including usage optimization, cost recovery, ongoing expense management, and service and support. SMEs can expect outcomes outside of cost savings such as:

*   Improved employee productivity
*   Streamlined workflow
*   Centralized management
*   Insightful decision-making
*   Optimized communication and technology expenditure

All in all, teaming with an experienced, reliable CLM vendor will help SMEs level the playing field against their Fortune 1000 counterparts.

TYPICAL TELECOM MANAGEMENT PAIN POINTS FOR SMES AND HOW TO IDENTIFY THE RIGHT CLM VENDOR TO ADDRESS THEM

It's important to address some of the standard, overarching telecom management pain points SMEs face and show how working with the right CLM vendor should overcome them. Five key findings stand out when assessing trends among SMEs spending $3 million or less each year on telecom.

1. Sourcing and Procurement/Portfolio Optimization

Typical issues for SMEs include:

- Lack of visibility into telecom assets to determine optimal portfolio mix
- Lack of industry expertise
- Confusion with paperwork
- Lack of resources to manage ordering of fixed and/or mobile assets
- Inability to sort through the multitude of carriers

Indeed, AOTMP Research has found that organizations trying to do sourcing and procurement themselves spend an inordinate percentage of their time on these activities within the sourcing and procurement cycle (see Figure 1).[1] Handing over this task to a CLM provider will free enterprise experts to focus on more productive and strategic activities.

Figure 1: Time Spent on Sourcing and Procurement Activities
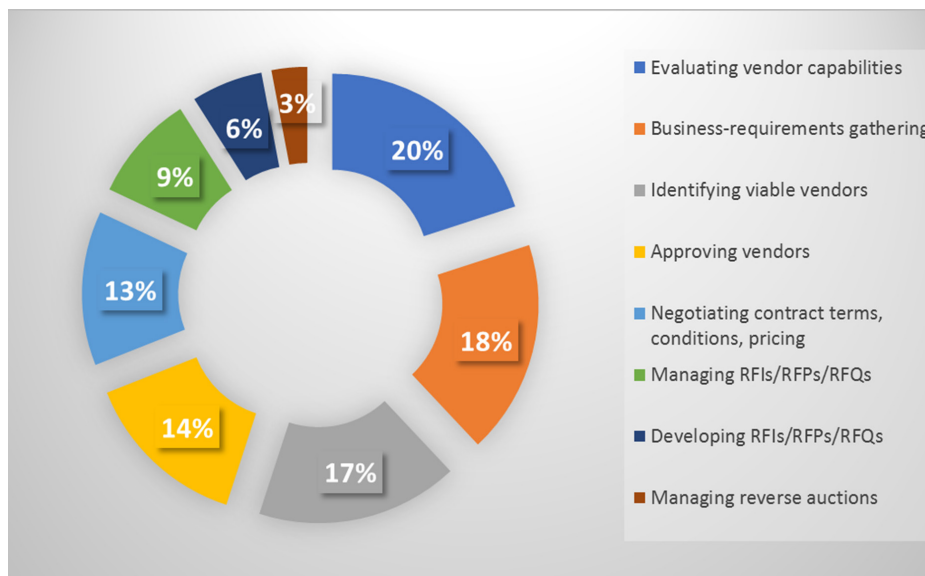
Source: AOTMP

When evaluating third parties, SMEs need to vet vendors for compensation transparency and pricing structure. SMEs should avoid vendors that do not disclose benefits from carrier commissions; they also should avoid those marking up margins to deliver sourcing and procurement cost savings only during the initial contract term. Cost savings are unlikely to continue beyond that time because these vendors lack financial motivation to promote such activity. That's the first reason why choosing the right CLM provider often proves the best starting point. A fully managed option looks at end-to-end contract lifecycle management and:

- Identifies and eliminates unnecessary services through inventory centralization
- Remains carrier-agnostic to ensure SMEs receive the best rates possible
- Manages those contracts continuously to avoid rate hikes

---

1 *Strategic Sourcing: Accelerating Telecom Vendor Performance and Business Value*

- Oversees the commissioning and deployment of fixed and mobile assets

- Negotiates new contracts before they end to cement best possible pricing

2. Ongoing Expense Management/Bill Payment

Typical issues for SMEs include:

- Erroneous carrier invoices
- Unexplained expense peaks
- Inaccurate cost allocations, particularly for multi-locations
- Cumbersome cost-allocation process
- Numerous invoices to process and pay
- Missing invoices resulting in late fees

Vendors that provide one-time savings through an initial audit and seek compensation on a contingent basis will not take away these pain points. A thorough CLM vendor will go beyond an initial audit, and ensure continued expense management that eliminates billing anomalies and keeps outlays consistent. This will enhance return on investment significantly – more than that of a one-time audit, where errors are likely to recur.

AOTMP Research has found that vendors discover a higher percentage of errors than enterprises do on their own. These mistakes add up, considering that organizations report 9 percent of total monthly fixed, and 8 percent of total monthly mobile, invoice dollars contain errors (see Figures 2 and 3).[2] Furthermore, organizations are aware that follow-up actions don't stop when they receive a report containing billing discrepancies. They have to follow up with the carrier to dispute erroneous charges, which is a time-consuming task. With limited resources at their disposal, SMEs can rely upon a third-party CLM vendor likely to do this, ensuring the necessary credits are recovered.
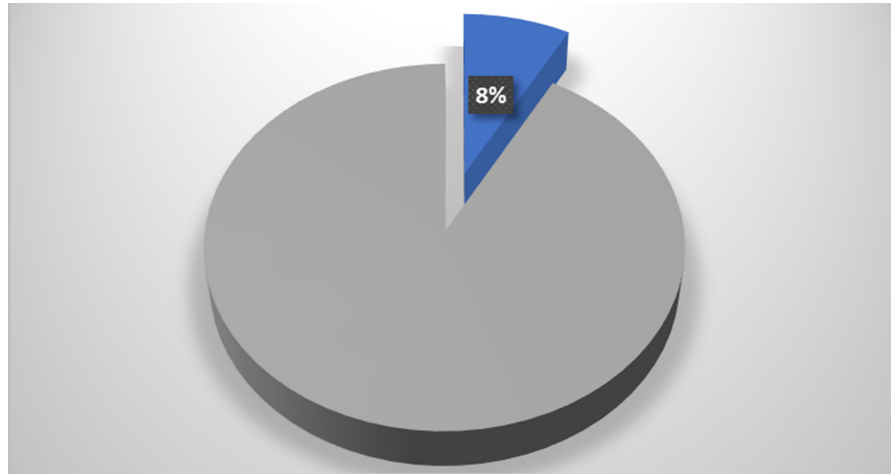
Figure 2: Percentage of Fixed Invoices that Contain Errors Each Month

9%
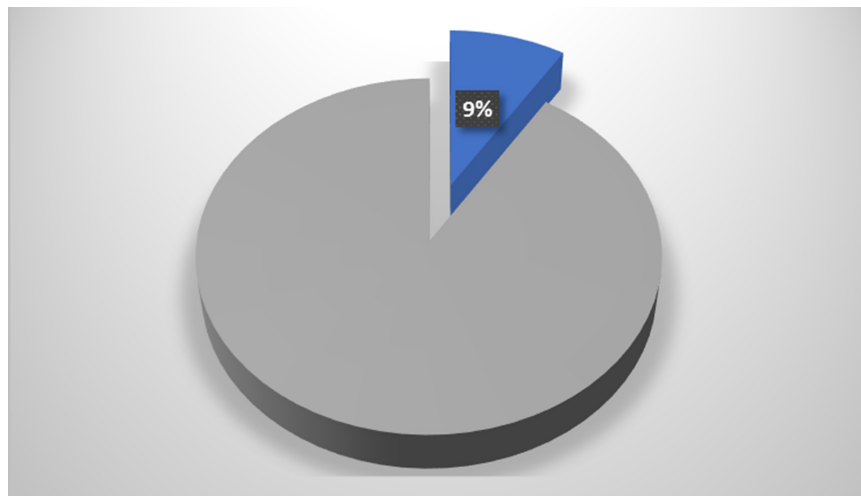
Source: AOTMP

---

2 *TEM/WMM in 2017: Business-Value Driver or Expense to Cut?*

Figure 3: Percentage of Wireless Invoices that Contain Errors Each Month

8%

Source: AOTMP

Additionally, bill payment is an oft-ignored, but crucial, factor to reduce late payment fees and combat erroneous charges from carriers. Despite best efforts and good processes, enterprises frequently are charged late-payment fees by carriers, due to delays in mail distribution, invoice review, approval or remittance. AOTMP Research indicates that late payment fees amount, on average, to 1-2 percent of total annual telecom spending. That means enterprises spending $3 million each year for telecom can be paying upwards of $60,0000 unnecessarily. The addition of a third-party CLM vendor may introduce further payment delays if that vendor does not provide payment services and organizations are left to themselves to pay the invoices. In addition, vendors that do pay invoices often require the use of escrow accounts, many of which have the potential to fail regulatory compliance (e.g. commingling of funds) and must be vetted.

These issues can be avoided by contracting with a CLM vendor that prepays invoices and charges in arrears once invoice error money has been recovered from the carrier. This takes pressure off the enterprise and may be an attractive option to SMEs that do not want to lay out the capital for erroneous billing charges. Recovering erroneous charges often is more difficult after a bill has been paid. Right now, AOTMP Research shows that 20 percent of organizations use their vendors for bill payment (see Figure 4).[3] However, enterprise demand for these services is growing.

Figure 4: Percentage of Enterprises Relying on Vendor for Bill Pay

20%
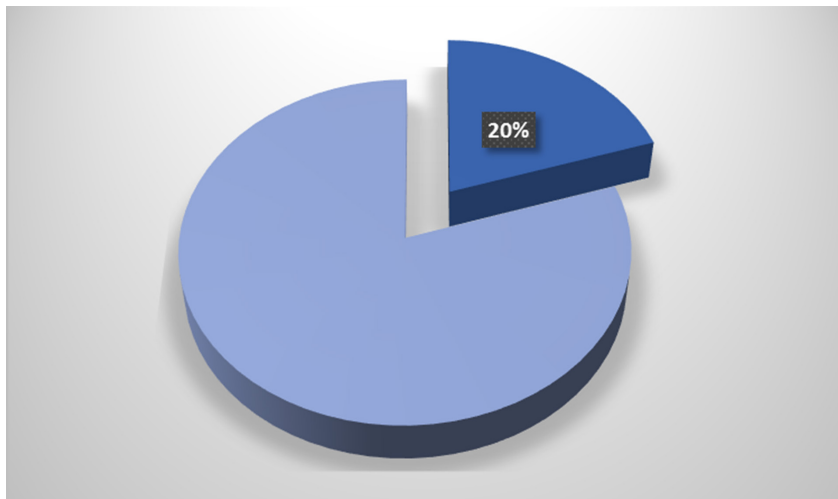
Source: AOTMP

3 *Less Than a Quarter of Enterprises Outsourcing Bill Payment to TEM/WMM Vendors*

3. Usage Optimization/Cost Recovery

Typical issues for SMEs include:

- Ever-changing business needs add volatility to telecom usage and can trigger frequent overage fees
- Initial contract negotiation does not account for future growth or contraction
- Lack of knowledge about carrier processes to pursue cost recovery
- Lack of visibility into, and understanding of, telecom usage and trends

The caveat here is that enterprises must be clear on who will act on the ensuing reports. Software as a Service TEM companies use software to provide information through reports. However, the onus falls on the enterprise to take actions on these reports. A thorough CLM vendor not only will conduct up-front contract negotiations, but also execute on new contracts. That vendor will aggregate all invoices into one document, analyze and validate all bills, and share reports to prevent indiscriminate usage. A good vendor further will evaluate usage trends and business needs, and work with carriers to implement optimization recommendations, conduct billing disputes, and confirm the receipt of proper credits. These processes can only be managed effectively by people, not programs or reports.

4. Service and Support/Help Desk

Typical issues for SMEs include:

- Lack of internal resources, which can increase mean time to repair
- Lack of centralized support accountability
- Remote employees/field offices often need to provide their own support

When considering a CLM vendor, ask about the number of specialists dedicated to help desk services, where the help desk is located, and what time help is available. A strong CLM vendor will keep help desk staff-to-account ratios high and provide 24/7 localized support. Relying upon enterprise resources to contact the carrier for support typically results in long hold times and unproductive employees. With the assurance that employees will receive quick, responsive support through a CLM vendor, enterprises can expect improved employee productivity, efficiency, and morale. SMEs also should explore how the CLM vendor charges for its help desk support to ensure that no hidden fees come to light later. Many charge by the hour or by a block of time.

5. Location Changes (Addition or Divestiture)

Typical problems that arise in this scenario include:

- Inadequate project management, resulting in missed deadlines and exceeded budgets
- Confusing paperwork (especially with change of ownership documents)
- Lack of visibility into inventory from an acquired property

Ask the CLM vendor about either the percentage or number of specialists dedicated to project management and moves, adds, changes, and disconnect (MACD) activities. A good vendor will not only be experienced in these areas but also well-staffed. In addition, certain TEM vendors license and supply software to load invoices and do not provide full lifecycle management services. These vendors do not offer services to quickly ramp up telecom and spin off infrastructure for enterprises that often acquire and divest locations. An excellent vendor will project-manage property acquisition/divestiture, and provision telecom and IT services on time, and on budget.

INTRODUCING ONE SOURCE COMMUNICATIONS

With those pain points in mind, and some guidelines for addressing them, meet One Source Communications, a CLM vendor with nearly 30 years' experience serving small-to-medium enterprises. The company primarily targets community banks, quick-service restaurants, and property management firms. Unlike other vendors, One Source is uniquely structured and resourced to support middle-market enterprises with $200,000 to $12 million in annual telecom spend, often generating triple-digit return on investment.

One Source's fully managed approach means people, not software, handle all aspects of the wireline communications lifecycle and all facets of mobility. This covers expense management and bill pay; usage optimization and cost recovery; portfolio optimization, and sourcing and procurement; and service and support/help desk. One Source even dedicates one-third of its teams to help desk, one-third to ordering services, and another one-third to project management – so there is no scrambling to help clients, and staff are experts at what they do. One Source focuses on results for its clients and hires the head count to achieve them. Further, the company holds reviews with customers on a regular basis to maintain a personal touch and field any inquiries. The company's latest Net Promoter Score of 85, and its 99 percent retention rate, both speak to high customer experience levels.

One Source is based in Greenville, N.C., and employs nearly 200 people.

CONCLUSION

Partnering with the right CLM vendor does not need to cost the SME an excessive amount of time or money. And while clients often will see double- and sometimes triple-digit hard-dollar return on investment, there's the added benefit of soft-dollar improvements that translates into improved employee productivity, efficiency, morale and business uptime. Asking probing questions and doing proper due diligence will help SMEs identify the most appropriate CLM vendor to achieve desired business outcomes.