

Your 2021 Guide

**Negotiate Stronger Telecom Contracts
and Avoid Hidden Costs**



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Take Back Control Of Your Telecom Costs

2020 has been a year of unprecedented disruption. Organizations of all industries and sizes have been confronted with tough decisions, cost-cutting initiatives and budget changes across the board. In the new year, it is critical for technology spending to evolve to enhance value, aligning IT investments with business strategy. Organizations are on a mission to cut extra business expenses and reallocate those cost savings to fund important IT initiatives and innovation. In fact, 80% of businesses anticipate year-over-year tech spending to stay the same or increase in 2021, with more than a third of budget increasing being influenced by COVID-19.

Telecom expenses have long been a thorn in your side, but one of the best places that you can question to reduce costs. For years, telecom carriers, brokers and other service providers have thrived by driving companies like you to pay for more services than you need, burying fees in your invoices and contracts, and increasing rates with little explanation.

Our guide will allow you to take back control over your telecom contracts and connectivity, so you can optimize services, and reduce costs to put that money towards your IT budget to fuel strategic business initiatives such as technology optimization to support and protect remote workers.

Complexities in Finding Cost Savings

In Q3 of 2020, 54% of companies still needed to make further IT investments to support remote employees. Your organizations technology landscape is increasingly complex making it difficult to find cost savings that can extend IT budgets and save your organization money. There are several challenges that are very common across businesses large and small.

UNDERSTANDING YOUR CONTRACTS

Despite dispositions due to COVID-19, service providers are holding organizations to their contracts. These contracts tend to be complex and come with revenue and asset level commitments, making it difficult for organizations to make carrier or technology changes without incurring liability charges.

MANAGING INVOICES AND DISPUTING CHARGES

If you're not actively monitoring your invoices, there might be discrepancies or inaccuracies that you aren't aware of. The major issue here? You're still paying for them. Your carrier or service provider might also hike rates unexpectedly, charge fees for who knows what or fail to apply earned discounts to your bill. These problems all take valuable time away from your company to correct – time that shouldn't be lost in the first place.

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NEGOTIATE STRONGER TELECOM CONTRACTS AND AVOID HIDDEN COSTS

PROJECT PLANNING

Now more than ever, **IT leaders are expected to juggle and manage several new initiatives with a limited team which is always a daunting task.** There are several moving parts and things can go wrong, potentially leading to downtime for an organization's locations. Downtime is the single biggest challenge with modernizing legacy technologies. If the interruption is a certainty, determining the ideal time slot in today's global business environment is challenging. And if the disruption is merely a possibility, the plan to ensure prompt recovery is a business-

3 Strategies For IT Cost Reduction

One of the most efficient ways to trim costs is to take a closer look at your telecom invoice expenses from a processing, payment, and auditing standpoint. **Telecom and network expenditures account for 2-5% of a company's revenue according to industry standards and roughly 38% of the total IT spending according to Gartner.** This amount can be substantial depending on the size and scale of the business. Implementing best practices in the management of your telecom expenses can translate into significant cost savings.

Further, the technology optimization projects themselves must be efficiently supported and managed to ensure there is no derailment from the budget and downtime for your organization that could lead to substantial losses in revenue is avoided. Below are 3 strategies you can implement to ensure you make the most of your budget in 2021.

TAKING CONTROL OF YOUR CONTRACTS

Pricing and Quotes – You can double check your pricing by doing some comparison shopping. Obtain pricing from 2-3 reputable providers and evaluate. However, be careful in selecting carriers. Stick to local telecom providers, local cable providers and competitive telecom providers that can meet your business needs. Pricing typically depends on service type and the location you are trying to cover.

Agreement Negotiations – Negotiations can be very time consuming, therefore it is important to determine if it is best for your organization to negotiate with a single provider that can service all locations or use multiple providers across locations. If your locations are in major markets, there is a good chance that you will find a single provider that can service all locations. However, if your locations are not in major markets, you may struggle to find a single provider that can service all locations. Additionally, you need to look at your service needs. If you need unified communications when deploying VoIP services, a single provider would be most efficient. In other cases, such as negotiating internet services, you will often find better bandwidth and pricing by negotiating with local service providers. Many national providers will purchase that service at wholesale at a price close to local provider's retail pricing. The national provider will mark up the price to earn their revenue, and you can be left paying more for the service. The best practice is to shop around multiple providers to confirm that you receive the best price.



of the total IT spending is attributed to telecom and network expenditures.





When negotiating a telecom contract, what are specific terms to look for in the agreement? With any negotiations, you will need to prioritize your needs to ensure you obtain the best terms possible. Below are a few terms to watch out for to optimize your contract:

Auto-Renewal Clause

Providers include language in the agreement renewing services automatically at the end of the original term. Most providers renew for 1-year periods, however there are some providers that will renew for the same term length as the original agreement. If you miss it for example, you could potentially turn your 3-year agreement into a 6-year term and if you cancel you will incur early termination fees. A contract renewal can be canceled with 30-60 days' notice to the provider and can be removed from most agreements. It's typically recommended to remove this clause when you negotiate upfront, when possible, to ensure you are getting the best price each term.

Master Service Agreement (MSA)

When available, request an MSA that allows you to simplify negotiations by covering future service orders. By having an MSA, you can order services in the future using the same terms and conditions that you already agreed to.

Rate Review

Request a rate review at the mid-point of the agreement with an option to adjust based on market rates. It is best to request this on large multi-site agreements with internet or data circuits. This allows you to review your contracted rates compared to industry rates halfway through your agreement. You are required to do the heavy lifting to obtain quotes from alternative providers at the mid-way point, but if you find a lower rate, your provider will adjust the pricing.

Contract Renewals

Most providers will consider a renewal when there are 6 months or less remaining in the original contract. This timeframe can be less with some providers. The time needed to review a contract with a provider can vary based on size, scope, and goals that you have set for the renewal. If you are considering switching providers, you need to allow time to migrate services if you choose to do so. In most cases, requesting quotes 90 days before a contract expires is enough time to ensure there is no lapse in service if you decide to switch. You can often sign a renewal before your original contract expires allowing you to shave time off the original term and take advantage of any new pricing discounts.

WHEN SHOULD YOU LEAVE THE AUTO-RENEWAL CLAUSE IN THE CONTRACT?

You should consider leaving the auto-renewal clause in place if you are concerned that you will not have enough time to re-negotiate services or switch to a new provider in order to avoid a lapse in service or a significant price hike.

Technology Clause

As the industry evolves, there will be new technologies that come out in the years ahead that no one knows about today. Incorporating the technology clause allows your organization to upgrade services to a newer technology. If the provider does not offer that technology, the provider will allow you to terminate services without a penalty. This is intended to cover those future technologies that don't exist today.

Business Downturn Clause

The Downturn in Business clause will allow your organization to close a certain percentage or number of locations without paying an early termination fee. This is intended for a multi-site agreement, but it does not require many locations. However, there are a few caveats. First, the customer cannot port any services to another provider; all services must be disconnected and any number port will create a termination penalty. Second, there is a limitation on the number of locations or percentage of locations that a provider will allow. It is usually around 10% or less of the total locations.

Early Termination Fees

You can adjust the Early Termination Fee (ETF) clause in some term contracts. Depending on the opportunity, you may be able to negotiate an "ETF Waiver" that allows your organization to disconnect services or port services to another provider without termination charges. When you're negotiating services, be sure to include at least 10% of your mobile device total as the number of devices you would be able to disconnect without any early termination fees. Keep in mind, this should be reserved for larger contract negotiations. For smaller negotiations, we recommend negotiating a Downturn in Business clause.

Ramp-up Period

A ramp-up period clause is important for large multi-site agreements that require a specific monthly or annual commitment. This clause allows your organization to take a certain amount of time before all services are billing. This is often necessary when there are existing contracts involved or the time to install services will take longer than the billing commencement date. However, some providers will offer a 3-month or 6-month ramp-up period in their agreement, but they will add 3-months or 6-months to the end of the agreement. For example, this could turn a 36-month agreement into a 39-month agreement.

Free Months

Free months is a clause where the provider will offer 1 or more free months of services. This is often necessary when there are existing contracts involved or the time to install services will take longer than the billing commencement date, similar to a ramp-up period clause. For example, some providers will offer 1 free month for each year in the term. Essentially, a 3-year term would have 3 free months. This is often something that can be added by just simply requesting it. Be mindful that you can usually only add free month or a ramp-up period clause, you cannot add both to your contract.



MANAGE TELECOM COSTS AND WIN DISPUTES

Cost Verification – When performing cost verification, the aim is to identify, document, and assess the organizations costs. It is the act of creating a snapshot of relevant cost details in a centralized and easily accessible system. This strategy assists in the effective assessment against a pre-determined benchmark, efficient auditing, optimization, and dispute management later down the line. Organizations utilize services from different carriers who provide cost details in different formats and platforms. Being able to document these details in a uniform design saves an organization time from having to interpret and work with different data sets which ultimately saves money.

Cost Revision – Cost revision comes in the form of right-sizing your carrier plans, removing underutilized features, decommissioning zombie devices, documenting billing errors and submitting disputes. An organization may not be successful in a cost revision strategy if it has not performed cost verification because documentation may be non-existent – the organization may not have a clear view of what costs need revision and its impact to organizational activities. The telecom landscape is rapidly and consistently changing therefore, an organization also needs to be constantly adjusting to these realities. It means reviewing and tailoring services to be aligned with organizational needs thus ensuring the organization is only paying for appropriately sized services rather than for underdelivered or underutilized ones.

A part of cost revision is dispute management and cost recovery. Disputes are often time-consuming and can be costly; however, organizations that are knowledgeable of their telecom landscape will be successful in this activity. A good dispute requires understanding of what services are due to the organization versus what was delivered by the carrier. Timely review of costs is imperative because some carriers only allow a certain timeframe for disputes to be recognized. Missing this window could mean months of paying for invalid charges. Having a quality and current understanding of costs is also important as carrier invoices can contain complex information and can be dispersed throughout multiple locations or services. Keeping on top of trends, technology, and practices will help with a solid dispute.



22%

of telecom invoices contain errors



of businesses get charged with late fees from telecom providers

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PROJECT PLANNING SUCCESSFULLY

The first thing to determine is the most important aspects of the project to you, your team, and stakeholders. Each business is unique so not every single plan is going to look the same for every site or organization. Some projects are completely based on sites being converted to a new system like POS or SD-WAN gear, where others are not. Determine with your stakeholders if success is defined by completed numbers, savings or pre-determined sites each quarter.

Keep in mind that with every project, problems will arise. However, **challenges lead to opportunities**. You have an opportunity to determine resolution or a protocol to mitigate future situations. Be as objective as possible and always support your colleagues and stakeholders involved. Do not enter the "blame game" but feel empowered to honestly assess the situation and determine what improvements can be made. If you have a risk log, check to see if the problem that occurred was something that was identified at the beginning of the project planning process. If so, this can help determine what the next steps are and may not be as damaging as you initially thought the problem was. All in all, identify exactly what the problem is and talk with your team to determine exactly what occurred. Treat it as a "lessons learned" and be sure that you keep an objective atmosphere.

The Proof Is In The Savings

CASE STUDY: FORTUNE 500 BOTTLING MANUFACTURER

Increased ROI



by partnering with One Source to strategically manage telecom contracts and costs.

Gained back 10 FTEs



through a **partnership with One Source**, freeing up valuable administrative time for more critical business activities.

In all, this company saved



\$1 MILLION+

in contract management costs.

HOW DID THEY DO IT? BY PARTNERING WITH ONE SOURCE FOR STRATEGIC TELECOM MANAGEMENT.

One Source managed sourcing, procurement and contract negotiation through their individual carriers and handled service implementation and troubleshooting. After initial implementation, we kept monitoring and working to optimize their portfolio over time. This end-to-end service is what we call Communications Lifecycle Management (CLM).



One Source Helps You Take Back Control

At One Source, we merge technology, industry knowledge and dedicated team members to provide our clients cost management expertise including invoice management, invoice audit, and dispute recovery. Our processes and technology enable us to have real-time visibility into our clients' telecom costs allowing their teams to focus on other high impact tasks.

We are a unique business in that we are completely carrier agnostic and always make decisions that are in the best interest of our customers. We have a large team of experts ready to audit and negotiate contracts into one consolidated bill, always with your best interest in mind.

One Source Communications was founded in 1989 to provide solutions for its clients to meet their increasingly complex communications needs. It is now the leading provider of fully managed Communications Lifecycle Management for mid-market enterprises. Today, One Source manages more than 1,000 customers, 20,000 business locations, and over one million assets throughout all 50 states in the U.S. In addition to traditional Telecom / Wireless Expense Management services, One Source provides 24/7 local helpdesk, procures and provisions telecom/IT, provides strategic inventory management, and handles all service requests. One Source frequently generates triple-digit ROI for customers through contract negotiation, portfolio optimization, and ongoing expense management. One Source's approach empowers businesses to focus on customers and revenue-generating activities.

Find us online at [OneSource.net](https://www.onesource.net), or connect with us on [Facebook](#), [Twitter](#), or [LinkedIn](#).



It's time to take back control of your telecom expenses. [Contact us](#) to learn more about our fully-managed solutions.

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