

Veramark Case Study

Telecom Expense Management solution generates first-year ROI of 400%

This case study illustrates how a well-designed and implemented Telecom Expense Management (TEM) solution can pay for itself in less than a year and generate ongoing hard and soft dollar savings.

Situation

TEM is a business approach to managing telecom services (voice, data, and wireless). A combination of software and services enables effective cost management of telecom – maximizing services while minimizing total costs.

With over 3,700 nationwide locations, more than 21,000 wireless devices, and over 150,000 communications lines, our client was spending over \$150 million annually on domestic telecommunications. Each business center and branch location generated significant telecom expenditures. Telecom services were delivered through a large number of providers and each supplied invoices in various formats. The client was struggling with the management of their wireless devices, an unknown inventory of services, and a significant lack of overall control of their telecom expenses.

The client was using a basic solution for call accounting, work orders and cable management, but the software was reaching end-of-life. The finance department was using spreadsheets to manage invoices – a segmented, time-consuming and painstaking process.

Making their job more complicated, a corporate merger necessitated a move toward consolidating and automating business processes, and standardizing communication expense management procedures throughout the organization.

Without the expertise or resource capacity to implement an internal TEM solution, the client sought a single strategic supplier to provide a onetime up-front audit of all their telecom assets and contracts, and then to provide a number of ongoing TEM services with the goal of gaining visibility into, and control over, their entire telecom environment.

After a lengthy RFP process and a thorough review of vendor offerings, the client chose Veramark as its TEM provider. “Our ability to migrate their telecom data from multiple legacy systems into a single database was an important advantage for us,” said Jim Taylor, Veramark’s Director of Engineering. “The client quickly saw the value and flexibility that our solution offered.”

Solution



Veramark® designed and deployed the solution in accordance with the company’s proprietary 4-step implementation process.



Step 1: Foundation — Put the implementation on a solid footing.

The Foundation phase included:

- On-site kick-off meeting
- Jointly-defined goals and Mutual Success Criteria (MSC) that clearly defined targets for both project teams
- Assignment of roles and responsibilities to ensure clear communication and rapid execution
- Accelerated 14-week implementation schedule reviewed and approved by both project teams. Veramark TEM implementations for clients of this size typically take about four months; the schedule was compressed in this case to meet strategic goals within the IT organization

With the Foundation carefully laid, this critical TEM program was ready to be built.

Step 2: Blueprint — Upon client approval of the project plan, the project teams moved into step 2 of the implementation, the Blueprint phase. The Blueprint includes both an inventory audit and requirements definition.

For the inventory audit, Veramark dove into the client’s environment and thoroughly examined the services they had, how they were being used, and how they were being billed.

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Fortune 500® company saves over \$5.7M in first year with Veramark solution

Companies can forfeit up to 30% of their landline and wireless expenses by not controlling all aspects of telecom procurement, invoice processing, rate oversight, plan optimization, and asset management.

The inventory audit included:

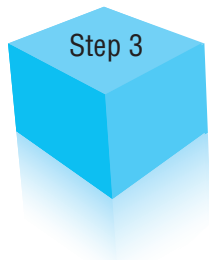
- Data gathering to document corporate locations, voice and data services, Customer Service Records (CSRs), vendor invoices, and contractual rates
- Verification of all wireless numbers and land line services and circuits by location. Each number was called up to three times to verify that billed circuits, services and lines were actually in use, that discontinued services were no longer being billed
- Reconciliation of invoices to CSRs and service contracts. Service contracts were reviewed and evaluated in light of services actually being used
- A competitive analysis, to determine if there were alternative providers or plans that would be more cost effective for the level of service the client was using.
- Identification of overcharges and pursuit of historical credits
- Documentation of all findings, quantified savings, and future projections. Deliverables included inventory reports, line verification reports, and recommendations for best practices and issue resolution

The inventory audit findings and recommendations served as the basis for workflow, integration, and reporting requirements. The Veramark team worked closely with the client to design workflows for:

- Invoice approval
- Dispute management
- Moves, adds, changes and disconnections
- Land line and wireless provisioning

In addition, the Veramark and client teams collaborated closely to define requirements for data integrations with ERP, HR and LDAP systems, and to design reports for operations, finance, and executive dashboards.

Step 3: Construction — With the Blueprint in hand, the implementation moved into the Construction phase. The Veramark project team:



- Built clean inventory (from the completed audit) into VeraSMART
- Created workflows with automation to eliminate redundancy
- Established thresholds for invoice processing to automatically identify incorrect billings and begin the dispute process
- Consolidated accounts and reduced the number of monthly invoices from 1200 to 900
- Configured integration points with SAP and the proprietary HR system

- Defined new corporate policies and planned the roll-out process to yield maximum success

Also during this phase:

- Where service verification showed that the client was paying for deactivated numbers or unused trunk lines, the provider was asked to remove those unused services from the bill
- Where invoice analysis uncovered billing errors, disputes were lodged against service providers
- Where contracts and services plans were found to be ill-suited to actual usage, new, more cost effective agreements were negotiated with carriers.

Step 4: Move In — During the Move In phase, Veramark rolled out the new managed services for ongoing TEM processes, including invoice management, dispute resolution, provisioning, and reporting.



These processes are supported by our VeraSMART® Communications Management Suite, which provides centralized data management and an integrated application platform for managing the client's data and services. By migrating to VeraSMART, the client was able to consolidate all telecom data into a single database, replace multiple applications with one integrated suite, and eliminate time-consuming and error-prone manual processes.

The client is using the full VeraSMART suite, which includes components for Call Accounting, Charge Allocation, Invoice Management, Asset/Inventory Management, Service Management, and reporting. Because VeraSMART is Web-based, every user in the client organization can access the application and generate reports through a standard browser in addition to the reports that are automatically pushed to them via email.

Veramark's managed services team utilizes the Invoice and Service Management components to validate and process invoices against the telecom service, inventory, tariff, and contract information in the system. All paper invoices now go to an invoice processing center where they are efficiently keyed into the system within three days of receipt. This relieves client resources from performing this task and frees them to focus on their primary responsibilities.

The VeraSMART Charge Allocation component accurately distributes monthly telecom expenses to the appropriate business units within the client organization. The Asset and

“In today’s difficult economy, controlling telecom costs is crucial to improving the bottom line. Organizations are using TEM to achieve cost savings and improving efficiencies,” said Josh Bouk, Veramark’s Vice President of Customer Services.

Inventory component handles cable management, while the Call Accounting component provides visibility into PBX usage at two major corporate locations. The Veramark team worked with the client to define and implement workflows within VeraSMART for managing all telecom inventory, including standard phones, pagers, calling cards, Blackberries and cell phones, as well as telephone lines and circuits. And finally, the VeraSMART EZ-Share™ middleware solution enables the client to share data with accounts payable, general ledger, and other internal information systems.

To ensure a smooth rollout and rapid adoption, Veramark provided training for all users of the system, including system administrators and report users.

Benefits

Implementation began in January, 2007 was completed on schedule by the end of March, 2007—the entire implementation only took fourteen weeks total.

During the next nine months, the solution generated \$5.7 million in verified savings and credits, as well as additional soft dollars resulting from improved productivity, faster invoice processing, and better decision support.

Land line savings

Land line savings contributed \$1.3 million to the total. This was primarily in the form of credits obtained from carriers for loose traffic charges and other errors discovered during review of the client’s invoices.

The evidence of improper charges provided leverage for renegotiating with carriers and rerating calls.

- One local carrier agreed to waive carrier access charges, which alone saved hundreds of thousands of dollars
- Close reading of contracts and invoices led to savings from other carriers as well. For example, one of the client’s long distance contracts read “any reporting charges and fees shall be waived” but they clearly were not
- Another carrier was simply not billing the client at rates stipulated in the contract

Holding these carriers to the terms of their contracts delivered significant savings to the client.

Wireless savings

The majority of savings came from the wireless side. While calling 21,000 wireless numbers was not easy, it was very rewarding. The Veramark team discovered that thousands of numbers were either not assigned or were assigned to non-

employees. These numbers were disconnected. Invoice review played an important role in this process. If a questionable account showed zero usage during consecutive billing periods, the client had no qualms about pulling the plug. All told, approximately 4,000 numbers were removed from the client’s wireless bill, yielding over one million dollars in savings. Plan optimization and inventory management saved millions more.

The Key to Ongoing Success

Veramark continues to provide this client with cost-saving, managed services for:

- Invoice approval
- Dispute management
- Moves, adds, changes and disconnections
- Provisioning
- Wireless optimization

The success of these ongoing TEM services depends on a number of factors, including:

- **Maintaining an accurate inventory** — The benefits gained by an inventory audit, such as ability to validate invoices against assets, are maintained only as long as the inventory remains up-to-date in the system
- **Policy enforcement** — Adherence to policies, such as those governing wireless provisioning and appropriate use, must be monitored and enforced or they will fail
- **Visibility** — Monthly reports generated out of the VeraSMART system provide status, trends, and recommendations to key management and operational personnel

“In today’s economy, controlling telecom costs is crucial to improving the bottom line,” said Josh Bouk, Veramark’s Vice President of Customer Services. “This case study is a compelling example of how a TEM solution from the right provider can help organizations rapidly reduce operating costs and improve business process efficiency.”



About Veramark Technologies, Inc.

Veramark is a leading provider of communications management solutions that help organizations gain visibility into their communications networks and reduce expenses associated with their voice, data, and wireless services and infrastructure. Veramark solutions, which include software and services for Telecom Expense Management (TEM) and Business Process Outsourcing (BPO), provide business intelligence for managing complex unified communications networks on a global scale. For more information on Veramark visit us on the Web at www.veramark.com or call 585.383.6806.

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