



Here are three telecom expense management (TEM) questions we are often asked, and answers provided by our TEM experts.

What single aspect of TEM provides the greatest value?

Of all the components of an integrated TEM solution, sourcing management is the single largest contributor to driving a compelling ROI. The results generated from sourcing projects are among our most predictable in terms of the general categories for TEM services. Our historical findings approximate the following breakdown for the entire TEM lifecycle:

1. Benchmarking/Sourcing – 40%
2. Optimization – 25%
3. Audit – 20%
4. Policy Management – 15%

What are the resource requirements of a TEM solution?

The resource requirements of a TEM solution depend on many variables (spend, number of invoices, scope of services, number of MACDs, complexity of GL coding, cost allocations, international mix, number of vendors, etc.). It's safe to say that an integrated lifecycle TEM solution will reduce staff requirements for the scope of processes it encompasses. And of course, TEM BPO solutions reduce in-house FTE demands to a minimum.

In what ways can TEM be mismanaged?

- **Failure to outsource** – Mismanagement can occur when organizations try to manage the TEM solution internally when they don't have the necessary skills, resources, or infrastructure to do so.
- **Lack of support across the organization** – Lack of buy-in from management or critical business units can sabotage success by limiting adoption. Symptoms include inaccurate inventory, off-contract purchases, and failure to enforce TEM best practices.
- **Lack of training** – TEM solutions will fail to meet expectations if users are inadequately or improperly trained, leading to mismanagement or failure to fully (or correctly) utilize the system.
- **Failure to actively manage the system to match business needs** – Failure to actively manage the system to match changing business needs can be counterproductive and alienate users: for example, forcing cost centers to accept a type of expense reporting that does not match their business processes, when the system is capable of generating reports that do. The best TEM solutions offer flexibility to meet changing needs, but the organization must have an ongoing process to identify and evaluate these needs, and to configure the system to meet them (to the degree that the system is capable). Functionality left on the shelf is value lost and a symptom of mismanagement.

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