

“RAISING THE BAR”, THE EVOLUTION OF TELEMAGEMENT

One Cannot Manage That Which One Has No Visibility. There's no hiding the fact that business spending on telecom services, especially spending on wireless telecom services, is increasing dramatically. Industry-analyst firm Yankee Group estimates that businesses now spend a quarter of their telecommunications budgets on wireless.

YOUR COMPANY'S SKY-HIGH CELL PHONE BILLS DOESN'T MEAN SALES STAFF ARE DILIGENTLY CALLING PROSPECTIVE CUSTOMERS

They could be calling lost family members for all anybody knows. The Yankee Group estimates that less than half of large corporations analyze the wireless spending habits of their employees or manage their wireless services centrally. Wireless expenses are usually handled by many different departments and business units with employees commonly combining their wireless bills with the rest of their monthly expenses.

Bills From Telecom Providers Are Ripe With Errors. Aberdeen research group indicates that 7% to 12% of telecom service charges are incorrect. Why the high error rate? Telecom bills are large and complex, the result of the large number of rate plans available and the variations in carrier billing systems. It's common for a large telco to rely on several unique billing systems and databases. Separate call centers are often staffed just to handle customer account inquiries. Inventory is a perpetual moving target and the rate table updates are often neglected. With that, one is not surprised that carriers generate billing errors as often as they do.

The economy may be booming, but global competition and rising energy prices are ensuring companies stay focused on controlling costs and streamlining internal processes. Telecommunications, for many companies is considered to be the most poorly controlled expense. With increased competition among carriers and more choices in devices and accessories, companies are now putting telecommunications budgets under tougher scrutiny.

The challenge: Few companies have a detailed understanding of how much and with whom they're spending on wireless and the service.

The reason: Telecom purchase decisions at most companies are poorly controlled and widely decentralized.

In fact, a June 2004 Aberdeen study of telecommunications spend practices of 115 companies uncovered the following:

- Up to 85% of a typical company's telecom bills are not audited and are simply paid in full. For bills that are validated, billing analysts most often examine just a subset of invoices associated with the largest spending.
- There is a lack of insight into telecom spending. Forty-five percent of companies are actively managing less than 50% of overall telecom spending.

The solution: Outsourced wireless management and optimization service.

An additional company initiative being recommended by the Aberdeen Group, the analyst firm that actively studies enterprise telecom spend management is to “consider a business process outsourcer to support your efforts if telecommunications is a non-core category.”

Companies like Alliance Information Systems Inc. in Canada and Traq Wireless Inc. in the US not only reduce total wireless costs but they also help manage the business environment. One must also consider the following business process areas:

- Expense management (controlling costs of procuring the infrastructure, ensuring accuracy of invoices, assessing best practices/policies, etc.)
- Infrastructure management (system administration of the switches, handling moves/adds/changes, etc.)
- Usage management (call accounting including tracking proper usage, allocation of call expenses back to proper departments, etc.)

A company is then forced to approach this segmented environment from different perspectives. The IT department (which, in many companies includes communications) looks at optimizing the infrastructure components. The finance department, responsible for procurement and expense management, often looks for areas of cost-reduction in usage and expenses. Added to this are the auditors. These three groups approach the communications problem with ideas for their responsibility areas, those parts of the business with which they understand and are most familiar.

To track excessive users and abusers, some companies have demanded that their carrier provide audits of cell phone usage so that controllers have a better sense of unusually large bills.

But experts note that in many instances companies will have several carriers they use, which then creates an auditing nightmare for finance managers each month. Companies looking to gain better control of and increase visibility over their wireless costs are turning to a wireless management and optimization service.

The wireless management and optimization service, among other things, examines the call-detail records for all wireless phones and uses proprietary predictive algorithms for future usage — including roaming and long-distance charges. Unlike the telecom carriers who’s optimization service is always four to six months after the fact, meaning that the usage has occurred before a recommendation can take effect, management and optimization services such as allianceone™ ensures all users are on the most cost effective rate plan based on their usage before the usage begins. Todd Heuver, Vice President of Alliance Information Systems based in Calgary states that an additional 20-50% savings is available to large companies that currently belong to their carrier’s free optimization service.

Given the large savings companies are experiencing with these new wireless management and optimization services, experts believe that cell phone management and optimization services will become fairly commonplace in the next few years. They also believe many companies will consolidate the management of their wireless services, having a single department to oversee procurement and payment.

STRATEGIC VALUE

As companies review their wireless communications, many mistakenly look at them as an administrative burden rather than an opportunity. However, for those companies that choose to seize the opportunity, the payoff from an outsourced wireless management and optimization service could be in the tens to hundreds of thousands of dollars. These savings can be used to offset increases in volumes as well as to fund other critical technology issues.

ABOUT ALLIANCE INFORMATION SYSTEMS

Alliance Information Systems is proudly Canada's only cross-carrier provider of enterprise wireless management and optimization solutions. Headquartered in Calgary, Alberta, Alliance Information Systems and the allianceone™ tool provide companies with unprecedented cross-carrier visibility into their wireless spending.