



Department of Defense Enterprise Enlists Invoice Insight for Telecom Cost Management

Executive Summary

Not surprisingly, telecommunications services are a key component of U.S. Department of Defense (DoD) enterprises' operations as they coordinate their efforts with other DoD agencies. One particular enterprise currently spends more than \$35 million on local and long-distance services across the United States to connect its network of facilities and units.

Seeking to gain cost savings and cost avoidance on services where appropriate, this DoD enterprise turned to technology from Manassas, VA-based Invoice Insight to help give it the visibility into detailed telecommunications spending to cut costs and gain closer control. In the first year, the DoD enterprise expects to achieve \$1 million in savings through optimization activities on local services alone.

Business Challenges

To support its communication efforts, the DoD enterprise uses 33,000 telephone lines scattered throughout the United States at more than 900 facilities. It also relies on a variety of private branch exchange (PBX) switches and long-distance services, including a toll-free program, phone cards, and conference calling, amounting to \$36 million spent on telecommunication services annually.

Because of this extensive telecommunications requirement, the DoD enterprise had been working with a third-party firm to pay its telecommunications bills every month.

"With an effort that is as big as the DoD enterprise, we try to contract out as much of this work as we can," said the chief telecom officer at the DoD enterprise's Network Services Division.

However, the DoD enterprise found that it had little visibility into its spending, either by category or by any rebates that its payment provider may have been able to recoup. When it did request more information, it often discovered that it was being charged extra for these details.

Selection Process

Approximately 18 months ago, the DoD enterprise decided that it needed an information technology platform that aggregated the information on its bills and provided it in easy-to-request and read reports at no additional charge.

It assembled a team to conduct a formal procurement exercise, considering its incumbent and a number of additional telecom cost management companies. It selected [a large prime contractor] that partnered with Invoice Insight because it believed that the company's BillPort Web-based telecommunication usage and billing data analysis product was designed with the enterprise user in mind, rather than the telecommunications service provider.

Deployment and Results

On December 1, 2003, the DoD enterprise moved its approximately \$8.4 million annual local phone service, telecom billing analysis, and payment business to Invoice Insight. Since that time, it has identified \$1 million in savings that it expects to recoup over the next year.

These savings come from a number of areas, including canceled services that were still being billed, "casual" off-contract billing for long-distance usage that should have gone under the preferred long-distance provider contract, and late payment fees that the government should not be charged.

"It is looking very, very good," the chief telecom officer said. "Costs are already coming in under schedule."

He also noted that some of the improvement has come from changing the DoD enterprise's own behavior, such as discontinuing premium services like "busy call-back" options that DoD personnel are not supposed to use.

"We ask them to use their fingers and dial [numbers that have been busy] themselves," he quipped.

He noted that having detailed information at his fingertips through the Web-based reporting in the BillPort tool has allowed him to focus on more strategic activities. He is responsible for supervising new facility services; overseeing ongoing service moves, adds, changes, and deletions (MACDs); and addressing service interruption issues, such as lightning strikes.

Lessons Learned

"I wish I could have gotten into the automated arena earlier," the chief telecom officer said. "A manual system just cannot respond to the requirements of an elephant [like a DoD enterprise]."

Future Outlook

The DoD enterprise is looking to expand its work with Invoice Insight to include other telecommunications services, like wireless, as well as its 800-number program, calling cards, and conference-calling services.

"We can cut cellular service costs [by] 25% to 50% just by making people aware of their usage and the plans they have in place," the chief telecom officer said.

Eventually, he hopes to be able to apply similar discipline to the DoD enterprise's data network, which currently falls outside of his domain. However, he has already been able to dedicate more of his time to investigating new telecommunications approaches like Voice over IP (the Internet Protocol allows calls to be routed over the Internet) to see if the organization can save more money there.

Aberdeen Conclusions

This DoD enterprise stands ready to help protect the American people, and although today's environment calls for extensive telecommunications support, the organization cannot be worrying about billing minutia. However, as a taxpayer-funded entity, it has the responsibility to spend its dollars very wisely. By leveraging advances in back-office technology to give it better cost and compliance control, the DoD enterprise is now better prepared to focus on the field.

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This document is the result of research performed by Aberdeen Group that was underwritten by Invoice Insight. Aberdeen Group believes its findings are objective and represent the best analysis available at the time of publication.