



**Telecommunications Lifecycle
Management**

Effectively managing the telecommunications (telecom) lifecycle can be a significant challenge. The increased demand for telecom services to meet the needs of today's business environment, technological innovations, industry deregulation, and consolidation complicates this further. Meeting these needs requires a comprehensive management approach to the entire telecom lifecycle. Strategy, planning, optimization and cost reduction, audit and control, and ongoing management and support are all critical to effectively managing telecom services.

Implementing successful management strategies and controls for telecom services, a significant expense, is an opportunity for organizations to improve overall efficiency and reduce costs.

The following are several factors affecting the industry and creating challenges for organizations in managing their telecom environment.

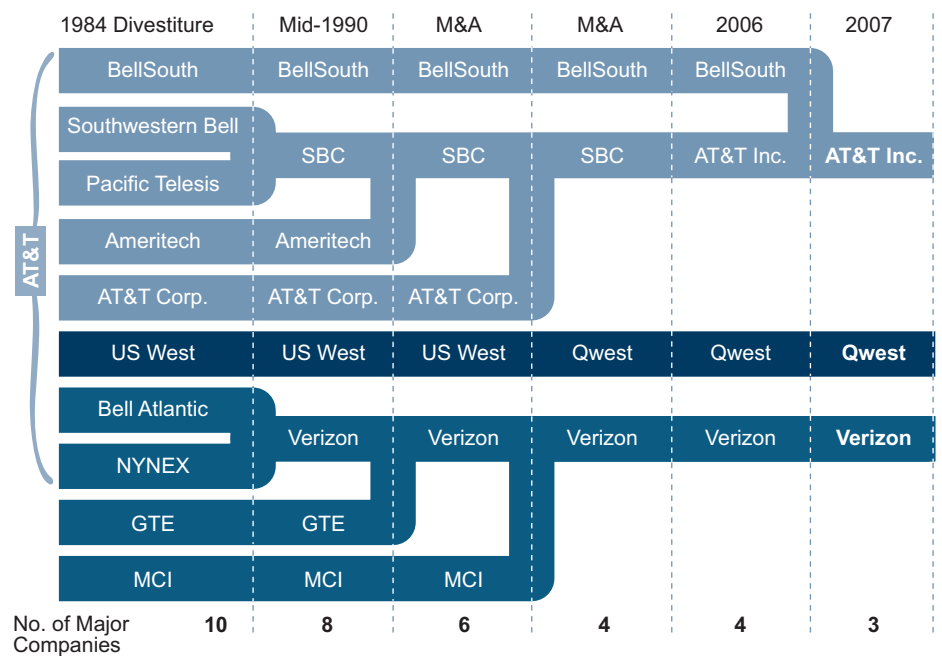
Industry Consolidation

Deregulation, large scale mergers, and industry consolidation have created new issues and challenges. Large-scale mergers that combine telecom vendors often lead to reduced customer service and account team changes as vendors attempt to integrate customers from newly acquired businesses. Recent consolidations have contributed to less price competition within the telecom industry, and buyers must be aware of changes to policies, contracts, and billings as a result. Less industry competition due to M&A activity has eroded the perceived leverage organizations have during contract negotiations with vendors, because there appear to be fewer alternatives to consider. *Figure 1* demonstrates major consolidation in the wireline telecom industry in the U.S.

Next Generation Services

Preferences and demand for next generation services and bandwidth have increased exponentially. Rapid advances in data and wireless technologies continue to emerge and create new

Figure 1: Major U.S. Wireline Telecom Consolidation



Source: "Industry Surveys Telecommunications: Wireline", Standard & Poors, August 3, 2007

services. Voice over Internet Protocol (VoIP) and Multi Protocol Label Switching (MPLS) are two of the many technologies that are bringing more bandwidth and features at a lower cost. Knowing how to effectively leverage and position new technologies to meet business needs, reduce costs, and improve the end-user experience and productivity is essential in maximizing the telecom dollar.

Vendor Prescriptions

Organizations often rely heavily on vendors to stay informed of evolving telecom services and their potential benefits to the organization. Many receive prescriptions from vendors for their telecom solutions that are standard vendor offerings, not customized for the client organization. Instead, organizations benefit from being descriptive when working with vendors and service providers, dictating exact details regarding how all aspects of telecom services must fit their business. A descriptive approach delivers customized solutions for organizations as is demonstrated in *Figure 2*.

Many business challenges hinder organizations from successfully keeping their telecom services optimized.

Global Visibility

One of the top challenges of managing telecom services and costs is the lack of clear, global visibility into telecom spend and consumption. Locations in various domestic and international geographic regions, serviced by multiple providers, leave many organizations with limited visibility into who places orders, which services are provided, and at what price. This is further complicated by varying formats, terminology, and classifications across vendors.

Relevant Benchmarks

Finding relevant benchmarks and insights, especially regarding fair-market pricing and favorable contract terms for telecom services, presents a significant sourcing challenge. Deregulation of the telecom industry has led to customized, contract-specific pricing strategies, making benchmarking and comparative pricing

information difficult for organizations to obtain. Telecom providers often enter into custom contract agreements specific to each organization with no standard rates and terms across customers. Additionally, relying on independent research can be difficult, as sometimes it is sponsored by interested parties. Without specific industry knowledge and expertise, it is difficult for organizations to know if the price and rate options they are considering are truly competitive.

Implementation of TEMS

Telecom Expense Management Solutions (TEMS) are commonly implemented before other key steps in the telecom lifecycle have been properly assessed and addressed, resulting in applying software solutions to monitor and manage a sub-optimal, cost inefficient environment. TEMS providers are typically not incentivized to address the environment as a whole, but rather only what their software and services can address.

Invoice Consolidation

Many organizations receive thousands of telecom invoices each year. Lack of invoice consolidation has an impact on an organization’s ability to effectively review and process invoices and monitor billing discrepancies. Telecom service providers issue invoices in varying formats (electronic, online, and paper), making standard reporting, monitoring, and review difficult and extremely labor intensive. Many organizations use a manual-type process, which leads to misplaced invoices, increased costs, and late payment fees, and is not ideal for performing automated audits and creating useful reports.

Figure 2: Approaches to Structuring New Telecom Agreements

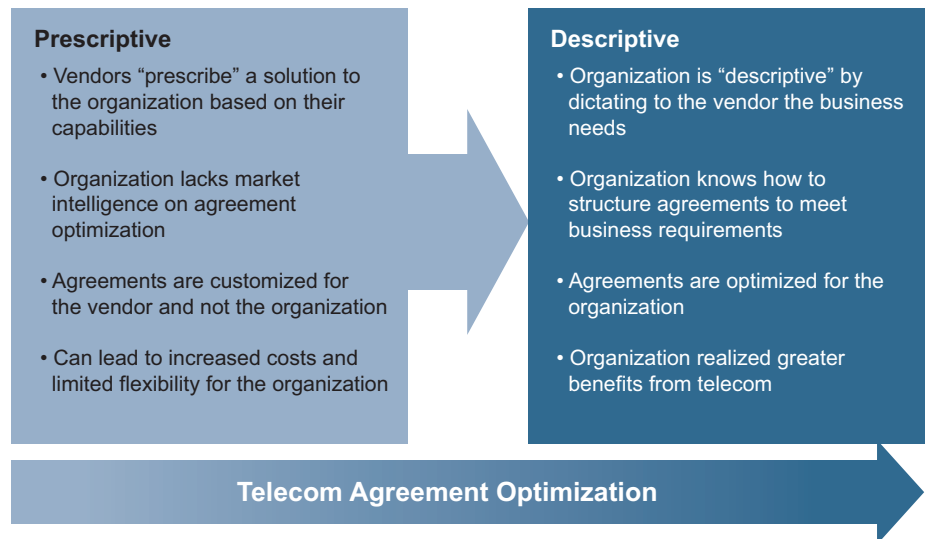


Figure 2 compares two approaches organizations commonly take when structuring new telecom agreements with vendors.

Source: Huron Consulting Group

Organizations can benefit in many ways by implementing a holistic telecom lifecycle management program.

Figure 3: Telecom Lifecycle



- By doing so, an organization can:
- Significantly increase savings and reduce cost
 - Improve service and support levels
 - Easily view telecom services, utilization, and cost
 - Proactively manage services and vendors
 - Leverage technology to increase productivity
 - Balance services with needs and requirements
 - Eliminate duplicated or unused services
 - Standardize features and options
 - Decrease billing errors

Source: Huron Consulting Group

Best in class telecom management takes a systematic approach to managing the telecom lifecycle. The telecom lifecycle starts with developing an overall global telecom strategy and plan for the organization and all of its subsidiaries based on needs and goals. Key in developing a strategy and actionable plan is a clear view into the current state of usage, capability, and cost. This entails verifying or building an inventory of the telecom infrastructure and services, the cost of those services, the providers delivering them, and any contractual obligations that exist. At that point, service and vendor consolidation, as well as leveraging the overall global spend to renegotiate more favorable agreements, can be considered. Consolidation or migration to new service providers or service platforms (e.g., migrating from frame relay to MPLS) may be beneficial. Management becomes more standardized and automated, allowing organizations to better monitor and verify services, review invoices for billing errors and payment, identify contract compliance issues, and have accurate reports and a thorough understanding of how the telecom program is serving the overall strategy of the organization. Significant reductions in cost are achieved as well as improvement in service levels.

Gaining better visibility and control of telecom services and vendors is critical because of the complexity surrounding the procurement and management of telecom services and assets. By implementing a telecom lifecycle management initiative, an organization can achieve an increase in profitability, competitiveness, and productivity. Professionals with focused industry and market knowledge are crucial to optimizing an organization's telecom environment relative to its business needs and realizing the savings that result from strategically managing the telecom lifecycle.

Acknowledgments

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