

Now Needed More than Ever

By Richard "Zippy" Grigonis

Whether you call it Telecom Expense Management (TEM), Telecom Spend Management, Telecom Lifecycle Management, Communications Intelligence or Total Communications Cost Management, the telecom expense management industry is becoming immensely important to organizations attempting to keep costs under control, occurring just as the TEM industry itself is set for contraction as wireline and wireless TEM vendors seek to merge and establish new partnerships.

A surprising number of the 20 or so major TEM players have been around for many years, honing their skills and increasing their capabilities as the business world slowly caught on to the importance of what TEM offers. For example, MDSL was founded back in 1995 in both New York and London, and is now a major player in OnDemand Market Data and TEM services. MDSL's more than 150 customers include those in the world of finance with locations in the U.S., Europe and Asia. In 2004 MDSL launched its popular OnDemand service. By providing MDSL's solution as an OnDemand service, global customers can now quickly and dramatically improve their cost control and reduce telecom spending through accurate inventory and bill reconciliation. MDSL's global integration partners includes BT, SAP, ARIBA, CTI, Citrix, Reuters, Bloomberg and more.

Intelligent Communications Management on a Global Scale

Avotus Corporation has enhanced the concept of Telecom Management Services with a wide range of management and advisory services, business process outsourcing, and technology-based solutions. Avotus brings together eProcurement, Expense, and Usage Management into a fully-integrated solution they call Intelligent Communications Management. They help their customers reduce costs, improve processes and gain control over a company's entire communications environment.

Alan Gold, Chief Sales and Marketing Officer, at Avotus, says, "Historically, before there was the first mention of TEM that I was aware of, we had actually branded 'Intelligent Communications Management' as a term for what we felt was the lifecycle management approach to the whole communications environment. Coming as we did out of a usage management world, we assembled many capabilities including e-sourcing, procurement, provisioning and inventory management, and then we added one more set of capabilities, the actual invoice management. When TEM emerged as the industry term, it immediately seemed limiting. These days we talk about telecom management



solutions and telecom management services because we want to be all-inclusive, but I think if you were to survey a number of our colleagues in the industry, I think they would agree that TEM as a term, while recognizable, is probably pretty limiting in scope compared to what a lot of companies like Avotus and others in the market actually provide to their customers. The analysts and the press seem able to brand these things."

"The buzz around TEM, as expected, increases as the economy becomes challenging," says Gold, "and as companies are scratching their heads trying to figure out how it is they can find a way. Of course, it all starts out with, 'How can I save money?' And there are a number of things within the TEM umbrella that have a direct, solid line, to get to a savings estimate. Once they start to consider it they realize that TEM is an overstated term, but you can't manage what you can't see. That broadens the 'aperture' a bit and soon they start to think about getting control over what they've got. They start saying 'Hey, I didn't know we had so many Blackberries,' or 'I had no idea we had so many mobile phones.' TEM is also increasingly part of cost management and profit initiatives, right across our customer base."

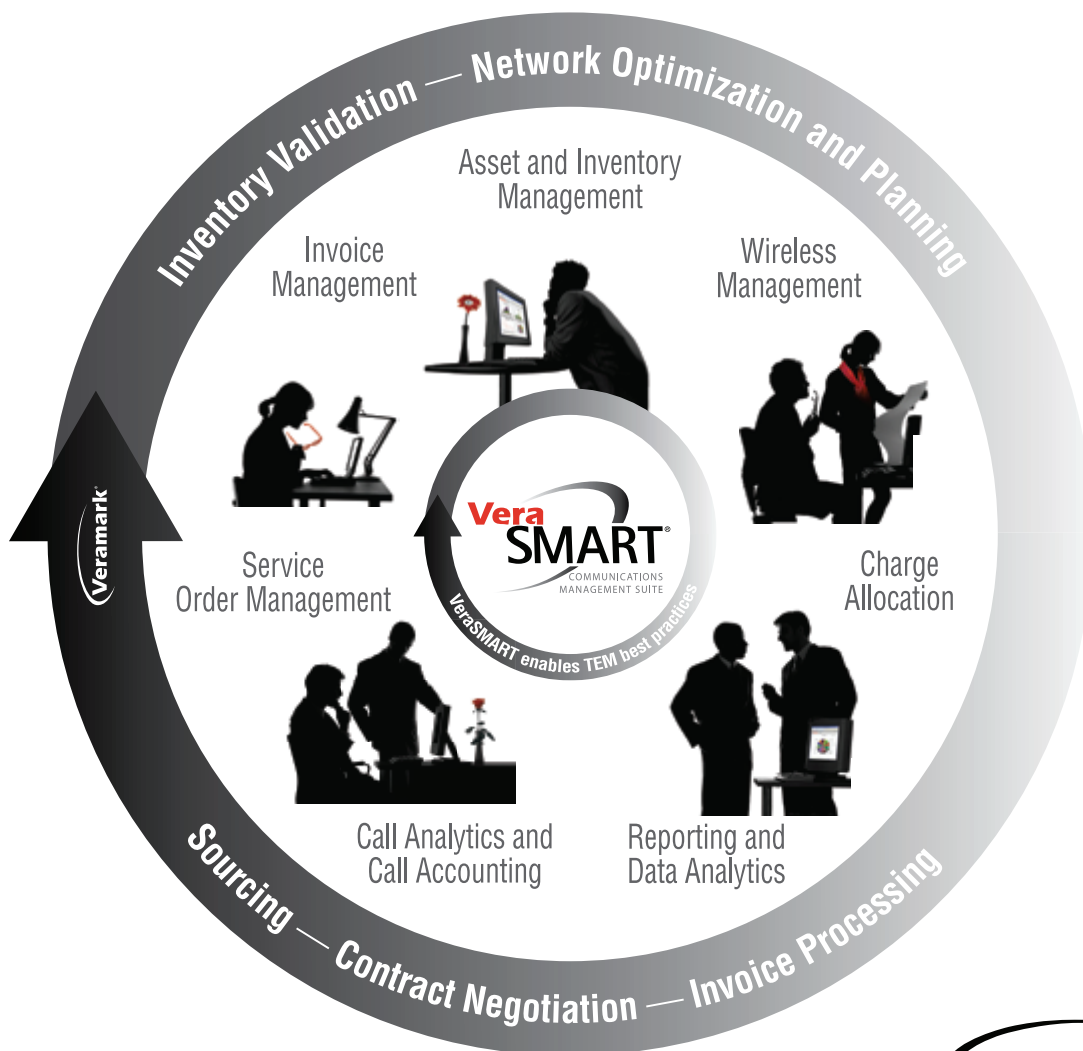
"The related trend is that we're seeing companies increasingly look this more holistically," says Gold. "I'm thinking of our recent and soon-to-be-announced very large contract with a global maker of electronics goods. It was stipulated from the beginning that this would be a global rollout. Up until a relatively short time ago, we would have seen RFPs that were very specifically for the U.S. or North America spend, or for European spend, with the possibility of going global at

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some point in the future. But we're starting to see people asking for much more large and holistic approaches to these things."

"A third trend we see, we believe has implications for how RFPs are done," says Gold. "Right now, as in many industries, the RFP takes on a life of its own. The process starts out as a number of RFI's, and even if it goes directly to an RFP, things get 'tossed over the transom' and they all start to look alike. If some technology gets 'hot' you'll suddenly see RFPs, because companies decide to chase the idea. But what we're starting to see is that companies are very interested in engaging with us at a consulting or advisory level first. This trend has been growing quite a bit. The good news is that we anticipated it by expanding into more consultative areas and adding advisory services and things of that nature, because TEM isn't just about processing invoices. Things have been very interesting lately. I would say half of our inquiries are along the lines of, 'We have this problem to solve and this what we want to accomplish in the long term. We think TEM can do it for us. What do you think?'. That opens the door to a much more objectives-based, analytically-based and discovery-based approach, which ultimately yields much better results in the long run than just squeezing some quick money out of the invoices and inventory."

Robin Brown, Vice President of Marketing at Telwares, says, "Mobility has become somewhat alarming for the enterprise, because their expenses for mobility are increasing and they tend to not have their arms wrapped around it so well..."

Quickcomm is a huge provider of TEM software solutions worldwide. Founded in 1997, Quickcomm has since supplied "Global 2000" companies and other large organizations to seamlessly optimize telecom expenditures across the enterprise and improve the bottom line. The company has made several big announcements in 2008, including the launching of the first web-based TEM application, Quickcomm Enterprise.

Mark Evans, CEO, says, "I'm also a proponent that TEM is not the right term for all the things we do. But everybody knows the term TEM. There's been a lot of consolidation and rumors of consolidation in the industry. For the most part, that's been among the 15 or 20 serious TEM industry players. In particular companies are acquiring little, companies that offer specialized functionality. For example, the acquisition of ISG [Information Strategies Group] by Tangoe. Last year we also saw acquisitions by traditional TEM companies that had been dealing with fixed wireline services, which gave them the mobility edge. But what I find interesting in 2008 has been a great deal of activity from Asia PAC. For example, the big outsourcing companies in India are heavy into IT at the moment and they've acquiring companies so they can secure a footprint on a

global scale. That has in turn affected the chemistry of the situation. There's now all manner of rumors and acquisitions by the big Indian TEM companies of smaller TEM companies. HCL, one of the bigger Indian IT companies, acquired Control Point Solutions. That's the first of what I believe will be many such moves."

Quickcomm's Louis Crespo, Vice President of Marketing, adds, "What's interesting is that we've always predicted this — that the big outsourcers handle the carriers and sort of 'own' this space. And now it's happening. I expected the big American companies and IBMs would do their acquisitions, but what's happened is that companies coming out of India at the moment are in acquisition mode. Regardless of what it does for the players in the TEM industry, it's going to be good for the customers. Even the bigger players among us are relatively small companies compared to the multi-billion dollar giants that can acquire them, resulting in more service. Some of my counterparts over the years have been predicting this. They say that the 15 or 20 players out there wouldn't be able to accommodate TEM demand when it really takes off on a global scale. 'Global' is an interesting key point. If I looked at 2007 and the first part of 2008, most of our competitors have scrambled to gain global applicability with their products and because Quickcomm hails from Australia, we always had a global viewpoint with our product — we always designed global applicability into it right from the start. That's because Australia alone didn't have enough customers to support where we were taking the company. And we've been riding the wave since then and have added big global clients, who recognize we can deal with invoices in different languages, currency conversions and considerations of telco idiosyncrasies in each region. Indeed, Cisco selected us because we have the ability to implement all over the world."

The Wireless Explosion and "What-If?" Scenarios

Rivermine provides automated solutions (both software and managed services) enabling organizations to achieve visibility of and control over telecom expenditures. Rivermine prides itself on having saved Fortune 1000 companies and large government organizations (e.g. the U.S. Postal Service) millions of dollars per year. There sophisticated TEM solutions automate the entire "telecom lifecycle" including contract sourcing, ordering, inventory management, invoice processing/auditing and reporting/analytics.

John Shea, Chief Marketing Officer of Rivermine, says, "TEM is a limiting term, and we'd support a better one. In any case, we definitely see increased demand for our TEM software and services. Our sales grew by 180 percent the first half of 2008 as compared to the first half of last year. We handle the whole swath of TEM solutions that customers are looking for. If somebody wants on-premise software, we can do that. If they want SaaS [Software as a Service] we can do that. If they want a full managed service where we've got our hands on the keyboard and they're just looking at reports online and that sort of thing, well, we can do that too."

"As for trends, wireline is hot but wireless is hotter," says Shea. "Companies must deal with their ever-increasing device population. International is very hot as well — we're getting many requests for support around the entire lifecycle, from ordering

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and provisioning through to the invoice processing, overseas as well as in domestic markets. About a year ago, IBM selected us after they searched for a single vendor with which to work in this space. IBM is bringing us into quite a few countries internationally. And many companies with which we deal have headquarters in the U.S. but they also have international offices that must be supported. So we're seeing a lot of demand on the international front. Yet another big demand thrust is heavy interest in business intelligence types of capabilities — going outside of TEM. We can maintain a single repository of invoice and financial information on the network, as well as inventory information, that that data can be leveraged to make intelligent decisions in the enterprise about a company's network and what they're going to do with their wireless solutions."

"We have support for 'what if' scenario analysis, where people can run simulations. For example, they can ask themselves, 'What if I change this part of my network to VoIP? How much will it cost? How long will it take me to convert? What if I do so-and-so with my wireless devices?' The software has many capabilities, such as our 'TEM Atlas' where people can look at a graphical representation of what's going with their different network routes, and how much each route costs and where ordering problems may be occurring, and so forth. Thus, we can take TEM to the next value level, far beyond just getting the bills straight."

"This industry went through various 'waves' over the years. In the first wave about 10 years ago, vendors tried to handle the problem by just throwing a lot of humans at it. Then in the past five or six years, companies such as ours, which really focus on doing TEM with a software-powered approach, started appearing and picked up some momentum. Of course, we have many humans performing services too, but it's our automated software approach that really helps you unlock a whole new level of capabilities. You can do ordering and have a single database capture it and check the invoices against the orders in the inventory, then do the what-if analysis, and pull in invoices electronically into the software, and so forth. The software has really taken this business to a whole new level."

Doing the TEM Tango with Tangoe

Tangoe is one of the biggest TEM players, having expanded the concept tremendously so that companies can achieve the operational benefits of what they call "Communications Lifecycle Management", relating to every aspect of an organization's fixed and mobile communications. Tangoe's CommCare suite of managed services is designed to bring visibility, control and ultimately understanding to any and every critical process in your company's communications environment. Furthermore, CommCare, built with patented technologies, optimizes all essential voice, data, and mobile communications from end-to-end.

Recently, Tangoe announced that Information Strategies Group, Inc. (ISG), a Parsippany, New Jersey-based provider of telecom and IT expense processing services and technologies, would now operate as a division of Tangoe. ISG's call accounting product and billing chargeback and allocations software and services practice are expected to extend the depth and breadth of Tangoe's established software and technology-enabled managed services. The management expertise in billing and processes that ISG developed over the past 10 years, as well as their experience in international and domestic communications cost processing, further enhances Tangoe's CommCare managed services offerings. Moreover, ISG's existing client base of IT and telecom invoice processing customers will also gain access to Tangoe's suite of wireless lifecycle management solutions while retaining their current solutions supported by current account management and support teams.

Rick Pontin, Chairman of Tangoe, says, "I was the CEO of TRAQ Wireless, which offered its Mobile Lifecycle Management system enabling customers to better manage wireless equipment and services. Tangoe's President and CEO, Al Subbloie and his team, sat down with our team and we formed the industry's first integrated communications provider TEM system. A few companies followed our lead. We've had quite a bit of healthy success in bringing a fixed and mobile platform together, to the point where we felt that one of the things that would still be very important in the industry



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would be to begin to consolidate and think about how we grow, not only through organic growth, but also in those situations where combining with another company would add value in terms of scale, size, profitability, services that get offered to the market.”

“We spent a lot of time looking at what good combinations of services would be good for our customers and add strength to our portfolio,” says Pontin. “As part of that process, in early 2008, we initiated discussions with ISG, which was clearly a customer service leader in the industry. ISG has a great reputation in their customer base in terms of services that get provided to them. Also, from our perspective, there are some services that ISG offered that we thought was essential to our portfolio of products and services, since they ‘filled the holes’. For example, there two major products: One is a set of call management services or ‘call accounting’, if you will, that now allows us to offer call management services in addition to TEM services within our market base. Also there’s a very large call rebilling service set that ISG offers to very large corporate customers, which fills out that section of our portfolio. So, we could put together an unbeatable combination of customer service reputation with a single point of contact, products that we could initially leverage and sell into the existing Tangoe base, again building strength.”

“We also wanted to find a partner where we could sell some of our services into existing customer base of a company that with which we would combine,” says Pontin. “For example, ISG has 43 customers, none of them have wireless services. Tangoe has well over 100 mobility managed services customers. So we see this joining of the companies as a great opportunity to offer ISG customers a whole set of mobility services that add value, drive both ROI and choice for customers, from a company that, as we move forward, will have a single portfolio of services that cover the entire industry landscape, from basic invoice management to advanced managed services to call management solutions to rebilling solutions.”

Five Heads are Better than One

Telwares’ provides comprehensive telecom management solutions to Global 2000 companies that are hunting for ways to control their expenses across voice and data, wireless and wireline, and domestic and international services.

“I believe that by the middle of 2009, the term TEM will be looked at as being obsolete,” says Mazzulo, “and only a small portion of the problem. Anybody who claims that they’re a TEM vendor will be minimized...”

Lois Liebowitz, Telware’s CMO, says, “Telwares was formed over the years by the merger of five companies in the TEM space. As a result, Telwares now has diverse strengths in different areas of what’s called the TEM Lifecycle. We’re somewhat unique in that we didn’t emerge from one area, such as software development space, as did many of our competitors. We were formulated by firms occupying various marketspaces. For example, the legacy Telwares came from the professional services space, the sourcing, procurement and negotiation space. We were and are very well known for that. We also bought other companies that were very strong in the call accounting space and management services space. The company operates in the U.S. but since late 2007 we’ve expanded into the global markets, because we detected a trend there – firms are asking for global solutions. If not everywhere in the world today then certainly they want to start on a roadmap that leads them to a unified approach, particularly if they’re a larger firm.”

“The whole mobility space has really exploded since 2007,” says Liebowitz. “Using TEM or Telecom Lifecycle Management to manage mobility has certainly become extremely hot in 2008. Some of our clients tell us that they spend more on mobility and wireless services than they do for wireline services. Not only do they spend more, but the growth percentages are greater and they have much less handle

on what’s going on. Earlier in 2008 we introduced a range of services very specific to wireless. I would add to this the trend of a firm’s wanting to look at the whole picture of their enterprise, and they want an integrated approach. They don’t want to deal with things piecemeal, such as separate platforms for wireless and wireline, another

platform for U.S. operations, and other platforms for other regions. Instead, firms now want a holistic methodology.

Robin Brown, Vice President of Marketing at Telwares, says, “Mobility has become somewhat alarming for the enterprise, because their expenses for mobility are increasing and they tend to not have their arms wrapped around it so well. We found out that the ‘pain’ is there from both our existing clients and RFPs that we receive from prospective clients. They’re sounding the alarm. The RFPs are beginning to look alike and are asking for the same things. Those are complex functions. TEM used to be just scrutinizing bills, of managing and processing and validating corporate telecom invoices. Now, however, it’s device management, lining up employee names and cost hierarchies, and corporate hierarchies with the devices themselves. Within that you encounter the matter of smartphones versus cell phones, and who gets help desk support and VIP service and who doesn’t. Enterprises are thus now asking for a very complex menu. Companies such as Telwares and a few of our competitors are able to offer a comprehensive Lifecycle Approach as opposed to traditional TEM, with all its limitations.”

Getting the Holistic View

Veramark Technologies offers TEM solutions for Invoice Processing and Audit-

ing, Invoice Payment, Inventory Audit and Optimization, Wireless Management, Asset and Inventory Management, Procurement and Order Provisioning, and Call Accounting. Veramark's TEM solutions can be delivered as licensed software, or as a hosted SaaS (Software as a Service) solution.

Tony Mazzullo, President and CEO of Veramark, says, "We're right in the middle of the TEM business and we're doing very well. We can extract all kinds of information and our rules-based engine is able to identify and highlight services that are not being utilized, charges that don't seem quite right, taxes tariffs and more. At the front end is inventory audit and the ability to go out there and validate the organization's description of who owns what and what assets have been assigned to who. We ensure that the data is correct before it's entered into our system. At the back-end are the ongoing processes of running reports, and identifying who interfaces with the carriers to discuss the turn-on and turn-off of services, and dispute and obtain refunds on charges, all the way to paying the carrier and doing a procure-to-pay service. So, Veramark today is a complete procure-to-play pay company and the enabling technology is ours."

"I believe the TEM market will continue to be robust, even during economic times when companies are not looking at leakage in their expenses," says Mazzullo. "They only want to spend money that provides value to the organization. Telecom expenses are operational expenses that represent 10 or 20 percent of the total cost of managing that entire communications network. In addition to cell phones and landline phones where there's an expense per call and you check against the actual call record through the switch, there are many other expenses that go into simply having that communications network in an organization. For example, somebody purchased the phones, routers, switches and computers that comprise the basic infrastructure. In any sizeable organization, there are millions of dollars of capital investment that has been made. There's a cost to that capital. There's an amortization schedule. Those costs are necessary for the privilege of paying those carrier bills. If you didn't have phones, there wouldn't be any carrier bills. Aside from the capital expense, there's the labor component

of all the people who support the network. There are service contracts that are a component of the total cost of that communications network. There's training and travel costs associated with training. In view of all this, Veramark is expanding horizontally all of these many expense categories, and we're going to aggregate all of them to give the chief financial officer and finance/accounting team one holistic view of expense management and investment management of your communications network. That's exciting, and to me it's truly the next generation of TEM."

"Everyone we've spoken with – customers, resellers, analysts such as Gartner and Aberdeen – all concur," says Mazzullo. "Everybody appears to come to this same conclusion. Of course, it's a non-trivial problem, but we believe we understand it as well or better than anybody in this industry. That's because, in my previous company, we built a general-purpose spend analytics tool for the company we worked for, and I brought the team that built it over to Veramark. So we already understand fairly deeply the spend analysis of travel, training, service and capital investment, and all the associated challenges. We are also very close to becoming an OEM of one of the leading business intelligence software platforms on the market. We're going to integrate and bundle that in with our VeraSMART platform to provide basically market-leading, multi-dimensional data analytics in order to truly provide enterprise-class information and reporting, dashboarding, analytics and the ability to interactively work with those analytics to obtain the kind of information that an accountant, financial person, or high-level manager needs in order to consume and quickly make business decisions. We call it Communications Intelligence. For us, that's where things are evolving."

"I believe that by the middle of 2009, the term TEM will be looked at as being obsolete," says Mazzullo, "and only a small portion of the problem. Anybody who claims that they're a TEM vendor will be minimized. Whether it's Communications Intelligence or Total Communications Cost Management, some term will appear that's much broader in scope than TEM, and brings much more value to the CFO. TEM really started out providing value to the telecom manager, and in 2008, for the first

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time, interest in it has crept into the office of the CIO. In previous years, of course, the CIO couldn't have cared less. But thanks to the recession of 2008, CIOs everywhere are paying attention, because TEM saves money. To get to the next level and have the CFO care about these solutions, you've got to demonstrate proficiency with Total Cost Management. The other piece of it, which is exciting and we've got a great handle on it, is the allocation of costs across the organization. First you've got to achieve visibility, then you've got to get the data in a format where you can make business decisions against it, and then the third piece is to be able to take all of those costs and allocate them actual network usage. Who's using the phone and in what department? Who's using the digital network for video? For text? Who's using the mobile devices for text and voice? If we get data on all of those costs and we relate it to actual usage, now the CFO can get a very clear, unbiased view of how the investment and operational expenses are being consumed by the various departments, projects and people within the organization. A CFO will get excited with a vendor capable of providing the holistic view and help allocate the charges."

"The next step is predictive analysis and trending, which allows us to use the information to plan next year's expenses," says Mazzulo. When we reach that state with Communications Intelligence, I think it will be a huge phenomenon. It will bring about a complete transformation, and TEM will be only a small piece of it."

From Soup to Nuts

Some major carriers, whose bills spurred the development of TEM decades ago, are now moving into this lucrative space, offering a galaxy of visualization and analytic services and capabilities. Take Verizon, for example, one of North America's great network operators in both wireline and wireless markets. Mark Chodoronek, Executive Director for Customer Enablement for Verizon Business, says, "Our overall, driving strategy has been to allow our customers through multiple access points to access their expense and their billing data, generally through three types of levels that we have

identified, ranging from 'low-touch' to 'high-touch', and anything from using the existing portal today in the self-service environment to creating electronic interfaces through EDI and VZ450 access, and we provide telecom expense management in our managed services area as a viable product offering to support our customers' overall solutions needs in the billing and expense management area. In the area of self-service, as of two weeks ago, we've integrated the Verizon Wireless portal into a newly named portal for all enterprise customers, called Verizon Enterprise Center. Our overall goal is to satisfy both wireless and business customers so they can deal with a single portal environment and to pull the billing information, the historical information that's saved up to seven years, the ability to look at existing invoices, to be able to examine all invoices across both Verizon Business and Verizon Wireless by account, by global summary, and so forth. They now have the ability to drill down to the individual bill level as well as to the individual line item. They can also generate analytic reports, sorting by department, by BTN, MTN, or whatever. They can do reports based on spend and usage, or whatever other metric. The whole intent is to make it easier for the customer to access their billing information online in a self-service environment."

"We seem to have more and more customers going online, whether it's to the portal or using more systems connectivity using EDI [Electronic Data Interchange]," says Chodoronek. "Customers are pulling their information electronically, paying electronically – be it funds transfer, purchase cards, pre-paid cards, credit cards or print & pay – so we've offered a number of payment options that customers are using and are accessible through the portal as an example. Viewing invoicing is always popular, whether it's specific to this month or previous ones in terms of doing billing analytics, are always eyed on the portal, an area in which we've invested heavily. We've made it easier for the customer to access their billing information and there's a level of sophistication with our Bill Manager product; you can download our proprietary TEM software to the desktop or server cluster, and you can then pull your billing information from the portal and sort the billing information into whatever configuration you desire,

generating executive management reports with charts along the way if you wish."

"In cases where customers must deal with large revenues and billing transactions, Verizon offers a very strongly-supported EDI," says Chodoronek. "We also provide EDI to third-party TEM vendors. We support a large number of TEM vendors out there, not only within our billing space but also in our eBonding space where we have the capabilities to do repairs through the TEM vendors, orders, inventory, and do circuit tests as they expand. Effectively, in the EDI space, using the 811 protocols, we have some customers that with which we do EDI, and they use our VZ450, which is sort of our proprietary standard, if you will. Customers get the billing information directly from our system and into theirs, then they overlay either TEM software, or software that they've developed, and then they manipulate the billing information as they need to, then report it out. Indeed, we won an award in 2007 in the CRM category, in particular the EDI space."

Whatever you call it, Telecom Expense Management is becoming a vital component of just about any kind of organization. There are times when you've got to spend some money to save a lot of money, and the current era appears to be one of those times. ■■

Richard Grigonis is Executive Editor of TMC's IP Communications Group.

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