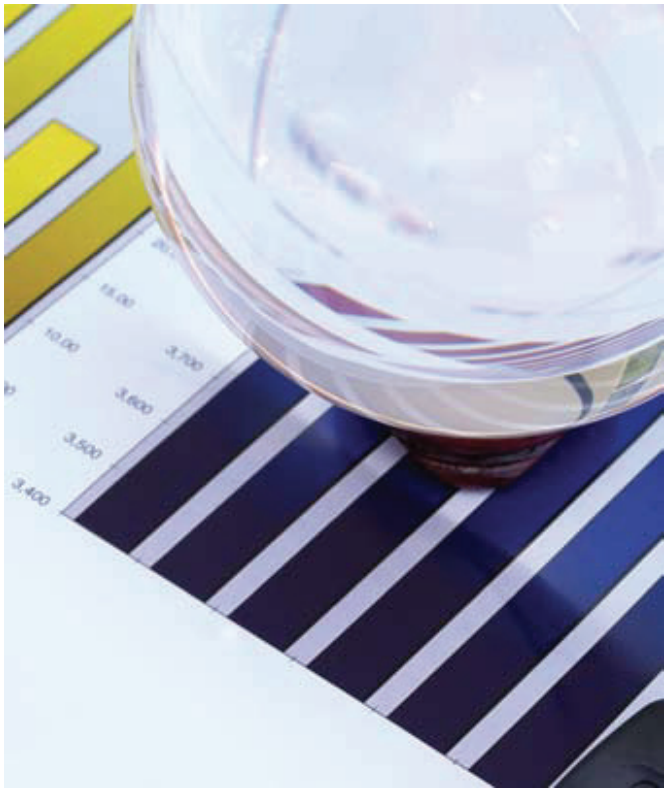
Telecom Expense Management Sees All, Knows All

By Richard "Zippy" Grigonis

Telecom Expense Management (TEM) is more than simply a way to identify telephone billing errors that can make up 15 percent or more of your telecom budget. TEM is now a big "umbrella" term that encompasses not just telephony but all communications expenses, such as the provisioning of mobile phones and wireless services including mobile wireless broadband computing. TEM now even impacts such things as inventories and business processes. It's becoming important for businesses everywhere. Perhaps that's why a Telecom Expense Management Industry Association Report reveals U.S. total spending on TEM to the tune of more than US$29 Billion.

One great example of a state-of-the-art TEM platform is PAETEC Software Corporation's PINNACLE Communication Management Suite, an Enterprise Resource Planning (ERP)-type integrated software application that delivers total Service Lifecycle Management (SLM) for IT resources. (Service Lifecycle Management is a proactive method of managing the internal service delivery and service support processes of a business.) PINNACLE from PAETEC is designed so that large enterprise customers are able to effectively perform communications lifecycle management and consolidate the management and delivery of all technology-related services.

Larry Foster, Vice President and General Manager at PAETEC, says, "PINNACLE is distinctly different from a traditional TEM solution. The industry and its products will go through many changes over the next few years. We call our suite a Service Lifecycle application. It's more of an ERP rather than a TEM solution. PINNACLE is not just focused on processing the bills – which is an important component – but we're taking an ERP approach wherein we're tying and/or relating many business processes that IT telecom handles put that into an integrated application suite. If you go back to 1990 to 1995, there were lots of GL and HR [General Ledger and HR] systems that eventually became CRM [Customer Relationship Management] and those have evolved into ERP. Dozens of companies evolved, and two powerhouses emerged, SAP and Oracle. I see the same changes happening in the TEM industry. Many niche players focused on just billing are partnering with other application vendors, and what we've taken is a different approach, building this application over the past 20 years into a very robust suite that manages everything from the provisioning and procurement through payment, disputes and chargeback. We're into infrastructure management, true lifecycle asset management with a major focus – our "sweet spot", if you will – enabling business intelligence across the IT."



"Traditionally you have OLTP [On-Line Transaction Processing] and OLAP [On-Line Analytical Processing]," says Foster. "We've taken a different approach, integrating those two frameworks into a single, scalable, Oracle framework. We're leveraging new technologies from Oracle, such as analytical views, and we've embedded them on top of our application so that they're all really in one framework. Oracle was at our most recent users' conference, because they're very interested in what we've developed. In fact, they've incorporated some of our technology into their latest release of their Oracle Database11g. We've been working with Oracle for the past three years."

"First there were apps running on mainframes, then they broke that up into client-server, then that evolved into three-tiers: application and database servers with a third tier [middle tier server] between the user interface [client] and the data management [server] components, which provides process management where business logic and rules are executed. We've incorporated all of those technologies into a technology platform which allows us to provide the same solution to our licensed customers as well as our hosted and managed customers. We promote and advocate portability, so if a customer loses their IT person, we can take the application, host it for them for a while, then they'll actually bring it back in when they get their resources back on line. We've essentially embraced the concept of Software-as-a-Service [SaaS]. It could be your internal asset or hosted, and it's

portable across all platforms. We've insulated ourselves from the operating system."

Over at Tangoe, Inc., they've also left traditional TEM in the dust, and have adopted a comprehensive communications lifecycle management offering designed to transform every aspect of your organization's fixed and mobile communications. Tangoe's CommCare suite of managed services has been formulated to bring control, visibility, and understanding to every critical process within your communications environment.

CommCare's complete Communications Lifecycle Management services are built upon Tangoe's patented technologies and functionality that optimizes all essential voice, data, and mobile communications and makes absolutely clear your communications infrastructure, future needs, and financial investment.

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At Amtel, Inc., their Amtel Enterprise Software Solution provides Telecommunications Procurement Management, Invoice Management, Auditing, Chargeback Accounting, Mobile Management, Vendor Contract Management and more. TIMS™ (Telecom Information Management System) is a sophisticated web-based platform developed by Amtel engineers to manage all aspects of an enterprise's telecom services. The system provides Total Telecom Management including hierarchical procurement, automated invoice processing, cost center allocations, Inventory management and customized reporting. The Inventory Manager creates and maintains a dynamic inventory of all the voice, data and mobile assets across an enterprise to a centralized location. It is updated automatically with changes made in Service Manager to keep it current and accurate.

Amtel's services have SAS 70 Type II certification hosting to achieve the highest level of security and compliance.

Managing the Mobiles

Avotus Corporation enables its customers to gain control over their complete global communications environment by bringing together eProcurement, Expense, and Usage Management into a fully-integrated solution called Intelligent Communications Management (ICM). Avotus provides verifiable cost savings of as much as 50 percent of an enterprise's current communications spend and a triple digit in-year ROI. Avotus' consulting and analytical services examine all areas of your corporate spend, not just voice, data and wireless. Their certified IT services teams support Oracle and SAP environments. Thus, by combining technology, automation, communications experts, and industry best practices, Avotus solutions both realize significant spend reduction and continuously verify all cost and process improvements.

Alan Gold, Chief Marketing Officer of Avotus, says, "TEM is a strange artifact that's been around for 20 or 30 years. When AT&T divested, everybody who no longer worked for a big carrier hung up a shingle and declared themselves an expert in this space. That created a world full of individual contributors, standalone consultants and a whole ecosystem of people. Some of the earliest people in this space were doing pure invoice processing. Companies such as Invoice Insight were taking big cumbersome bills, processing them, doing some base level of validation and sending them off to be paid. But then it started to evolve into looking at such things as inventory and lifecycle management and then mobile management and so forth. It wasn't until just a few years ago that the phrase 'telecom expense management' even existed. In fact, we launched our lifecycle management story back in early 2003, which we call Intelligent Communications Management, or ICM, our trademarked brand. So its story was always lifecycle management, from sourcing and procurement to operational expense and inventory management to demand management with call accounting and usage management."

"We set forth to build a technology set in this model and a set of services that wrapped around that technology to support the concept," says Gold. "Gartner examined this whole big diversified and heterogeneous industry and called it Telecom Expense Management. The industry sort of backed into a homogenous story that falls apart pretty quickly once you start taking a look at what the individual companies do. In the midst of all of this chaos there are over 100 companies that claim they're in this space in some way. Gartner tracks about 35 of them closely and there is a so-called 'top tier' of three to ten companies, which include companies entering the business such as large systems integrators with software vendor partnerships, and it includes the business process outsourcing people such as ourselves. The field is a sort of chaotic jumble."

"Clearly, from an industry perspective, there are far too many companies chasing the same dollars," says Gold. "This precludes a stable environment. So there will be a great deal of consolidation, which will revolve around building out a broad footprint of services encompassing all of a company's communications spend. You're already seeing that now with the various partnerships and expanded offerings that you read about with regard to mobility management and so forth. Just a few years ago you had standalone wireless optimization companies and people who specialized in only wireline. We're now starting to see all of that come together. We also see a trend of business processes being outsourced as opposed to companies buying software. I would say about 50 percent of the expenditures are driven by managed services of some sort, from partial to full outsourcing, about 25 percent would be pure software maintained by internal resources, and 25 percent to consultants, strategists, auditors and people doing episodic work for a company."

"From a functional trend perspective," says Gold, "the larger enterprises are global, and there needs to be a global solution.

Centralization is very useful and sometimes critically important to get visibility into something as expensive as a voice and data network, which is one of the top five expenses that a company has. Every percent of cost you can pull out of that helps the bottom line. But the real shift taking place concerns mobility management, not just invoices for landlines or even cell phones. Now we're talking about devices that sit at the edge of the network, and when you throw convergence and VoIP on top of it, you've now got a very different management challenge. There's corporate data at stake, and there's a fairly unregulated world on somebody's hip or in their briefcase. So we see the industry moving to a more holistic view of managing the communications environments."

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Keeping Things Simple

One radical way to deal with Telecom Expense Management is to simply adopt a communications system wherein you get to work with one provider, receive one bill at a flat rate, and deal with one company for support.

iPass, for example, helps mobile professionals who often struggle with gaining Internet access through a complicated and expensive combination of high hourly or day rates and individual subscriptions for cafés, local airport, and preferred hotel chains, since most WiFi hotspot services have limited coverage. Also, 3G alone is not a complete solution since broadband speeds are usually only available outdoors and in major cities. The solution from iPass combines WiFi and 3G into one simple service and allows users to access nearly 1,000 hotspots in more than 500 airports, including 83 of the world's 100 busiest. Also, more than 20,000 hotels such as the Hyatt, Hilton and Marriot; and tens of thousands of retail locations including Starbucks coffeehouses and McDonald's restaurants.

Piero DePaoli, Director of Global Product Marketing at iPass, says, "What we started off doing was a bit like an ATM or bank machine where you can be in another country and insert a card and input a code, and get money. We've basically built an authentication platform that allows a similar model to take place for ISPs. Then we extended that to the enterprise as companies were decommissioning RAS [Remote Access Servers] and it was also when enterprises became more comfortable with using the Internet for business; for employees getting access back to an internal corporate application, or email or what have you. At the same time saw an influx of home DSL and cable usage as well as the beginnings of WiFi. As higher bandwidth became available, we quickly realized that dial-up at some point was going to go away or become a smaller part of our business. Being able to extend our value proposition to higher speed networks was going to be a key strategy for us."

"So, we began our work in 2001 with Cisco, developing the first roaming WiFi platform by introducing Ethernet-enabled hotels in Asia in September of 2001 and then our first integration to WiFi hotspots through a relationship with Wayport in March of 2002," says DePaoli. "That model of getting users connected to WiFi has extended out to over 70 countries and 95,000 WiFi hotspots in various airports, hotels and cafes all around the world. Our customers base consists of 3,800 companies. We have 417 of the Forbes Global 2000 using our service and over a million active users using the service on at least a quarterly basis. We also have some carrier partners around the world using this platform to enable their services."

"There are two other aspects to our offering," says DePaoli. "First there's the client aspect, where we have the ability to make all of these networks look the same to users. They don't need to know that they're getting connected to a SingTel WiFi hotspot in Singapore, versus a BT Openzone hotspot in the U.K. – it all looks the same to them and they're able to do that in a uniform manner. We've also introduced the ability to get connected to 3G networks, thanks to our relationships in the U.S. with 2 EVDO providers as well as relationships in the U.K. and the Netherlands for HSDPA [High-Speed Downlink Packet Access] and then in Asia we have relationships in China, Japan, Singapore and Hong Kong that allow us to connect users to a variety of different mobile data technologies. So our value is that users can effortlessly connect to networks all over the world via the same client interface and with the same username and password. On the IT side, they get to work with one company, get one bill and have one company for support. And we offer the services on a flat-rate basis. Users roaming internationally with 3G cards and incompatible devices no longer generate runaway expenses."

Whether you take a radical approach such as this, or purchase a comprehensive TEM system, businesses in today's immensely competitive environment can no longer ignore the many functions telecom expense management offers. IT

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

The following companies were mentioned in this article:

Avotus Corporation
www.avotus.com

Amtel
www.amtelnet.com

iPass
www.ipass.com

PAETEC Software Corp.
www.pinnsoft.com

Tangoe
www.tangoe.com