



Global Implementation of Fixed and Wireless Telecom Expense Management Programs

Report

*Industry Research
from AOTMP*

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“International telecom expenses are expected to increase 20% over the next 12 months which represents an increasing need for global fixed and wireless telecom services, but also presents additional opportunity for enterprises to overspend.”

Source: AOTMP, January 2010

Executive Summary

The decision to expand a domestic-centric TEM program into international locations requires careful consideration and planning. Each country has its unique rules and regulations on how fixed and wireless telecom information can be handled. Furthermore, dealing with different currencies and languages on telecom invoices can be cumbersome for departments processing them and consolidating multi-country information into one centralized view. The enterprise may perceive these challenges to be too overwhelming to overcome, inhibiting international telecom expense management practices from ever being initiated.

However, now is not the time to turn a blind eye on managing international fixed and wireless telecom expenses. Based upon AOTMP research, companies with an appreciable amount of international telecom expense anticipate their international expenses will increase by almost 20% over the next 12 months. For organizations spending millions of dollars on telecom, this staggering increase further represents the need for global fixed and wireless telecom services. However, this also presents additional opportunity for enterprises to overspend and uncover savings as well as generate internal efficiencies.

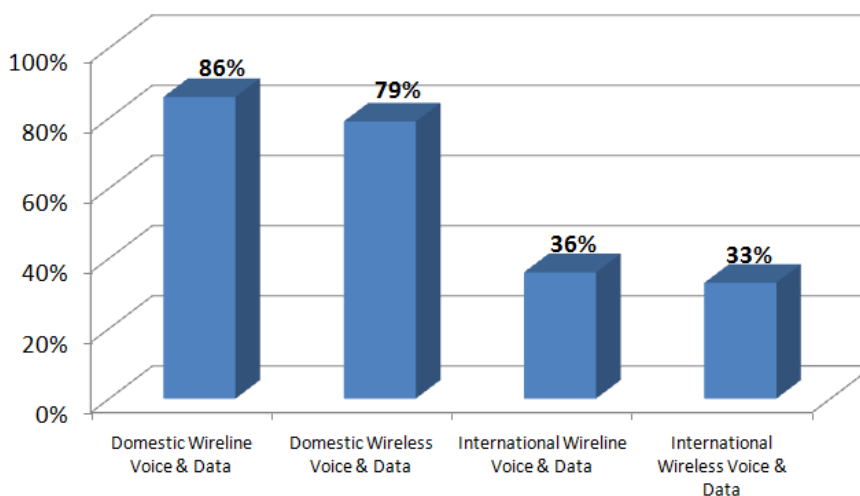
To illustrate the lack of focus on global telecom expenses, AOTMP assessed the presence of international fixed and wireless components within today's TEM and Wireless Mobility Management (WMM) programs. Only one-third of enterprises indicate that they incorporate fixed and wireless international expenses into their programs. Enterprises are missing valuable opportunities to further reduce their telecom expenses, eliminate waste and generate procedural efficiencies by focusing on their international locations.



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Figure 1: Components of TEM and WMM Programs



Source: AOTMP, January 2010

"A country-by-country approach should be taken in order to accurately assess which TEM activities will be performed, who will perform them and what implementation challenges may exist."

One of the first steps the enterprise must take when preparing for a global fixed or wireless telecom expense management program, is defining international TEM for the organization. In other words, what will the international TEM program ultimately look like? For example:

- What are your overall objectives?
- Do you require a global consolidated view of inventory and expenses?
- Which activities will be performed?
- Who will perform the activities (internal or outsourced)?
- What rules and regulations exist that might hinder our efforts?

Modeling the entire international initiative based upon an existing US-centric program is not recommended because of the variances in how individual countries allow the processing and handling of information, invoice payment requirements and cultural differences. Instead, a country-by-country approach should be taken in order to accurately assess which TEM activities will be performed, who will perform them and what implementation challenges may exist.



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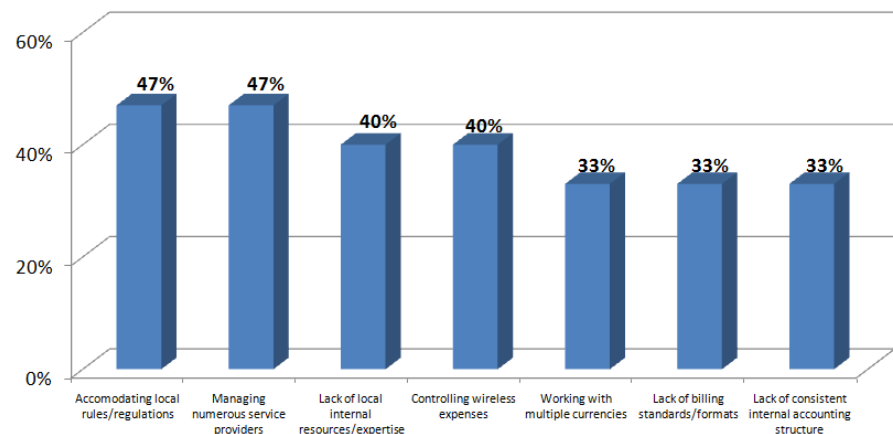
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Overcoming Global Challenges

There are many benefits of implementing TEM practices and methodology across the entire organization. Having a global and centralized view of telecom expenses provides valuable information that can help companies determine ways to help reduce expenditures and move fixed and wireless environments forward. Inefficiencies within processes such as invoice management, inventory creation and validation and service order processes can also be uncovered to provide further advantage to the enterprise.

However, implementing a global TEM program does not come without challenges. Based upon AOTMP research, the top two challenges identified are dealing with local rules and regulations and managing multiple service providers. The subsequent pages of this report further examine the top challenges in managing their international telecom expenses and provide thoughts on how to overcome each obstacle.

Figure 2: Greatest Challenges Companies Face Managing International Telecom Expenses



Source: AOTMP, January 2010



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Accommodating Local Rules/Regulations

In order to establish an effective telecom expense management program, one must first understand the rules and regulations that govern each country. Each location may have different requirements in terms of how personal data must be handled, so understanding the various nuances in each country is critical to ensuring compliance with regulatory statutes. For example, The European Commission's Directive on Data Protection prohibits the transfer of personal data to non-European Union nations that do not meet the European "adequacy" standard for privacy protection. However, companies can become Safe Harbor certified in order to meet the privacy standards established by the Directive. Furthermore, some countries prohibit carriers from sending invoices outside of the country while other nations consider phone numbers as "personally identifiable information" and require the suppression of the numbers in order to protect privacy. Other countries will have more stringent terms and conditions around invoice payment that dictate how and when bills can be paid. For reference, Figure 4 provides a listing of specific challenges within some countries and regions of the world.

Overcome this Challenge by: Ensuring all rules and regulations are clearly understood. Contact internal counterparts within the countries of TEM deployment to ensure adherence to local laws. If you are considering a TEM Supplier to help manage international expenses, ensure they are knowledgeable of local data requirements and have experience with global implementations. It is also important that the company has appropriate credentials, such as Safe Harbor certification, to further ensure regulatory compliance. The U.S. Department of Commerce's International Trade Administration has created a website which provides a listing of all US-based companies that are Safe Harbor Certified at <https://www.export.gov/safehrbr/list.aspx>.



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Figure 3: Country/Region Specific International TEM Challenges

Country/Region	Challenge
European Union Countries	Prohibits the transfer of personal data to non-European Union nations that do not meet the European "adequacy" standard for privacy protection.
Germany	Carriers can not send invoices overseas
Philippines	Out of country payment transactions must go through the Bank of Philippines
Portugal	Carriers can not send invoices overseas
South America	Invoices must be paid within 15 days or face potential disconnect for some services
Spain	Carriers can not send invoices overseas

Managing Multiple International Service Providers

Although it would certainly simplify matters from a management perspective, no one service provider will be able to provide telecom voice, data and wireless services across every part of the globe. For reference, Figure 5 displays network maps for some of the leading service providers. With this, enterprises are dealing with many different service providers across the world, each with unique billing formats, contract terms and ways of doing business and managing these relationships can quickly become a quagmire for the enterprise.

Overcome this Challenge by: Identifying local internal telecom experts who can speak the local language and can build meaningful relationships with service providers. They should have familiarity with the overall telecom process from procurement-to-payment and have an intimate understanding of the data rules and regulations that govern the country and any unique cultural nuances.



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Figure 4: Service Provider Network Maps

Service Provider	Network Maps
AT&T	Network Map Unavailable
British Telecom	BT Network Map
Deutsche Telecom	Deutsche Telecom Network Map
France Telecom/Orange	France Telecom/Orange Network Map
Sprint	Sprint Network Map
Telecom Italia/ Sparkle	Telecom Italia/Sparkle Network Map
Telefonica	Telefonica Network Map
Verizon Business	Verizon Business Network Map

Lack of Internal Resources/Expertise

If a company does not have sufficient internal resources to help manage international telecom expenses, the program will certainly be on the path for failure. Any TEM initiative must have the people and resources behind it to succeed. Local resources provide the advantage of having a working knowledge of the bidding process, invoicing requirements and any cultural nuances that reside within the country.

Overcome this Challenge by: Considering outsourcing TEM related activities to a supplier with global implementation experience if internal resources and expertise are not available. These suppliers can alleviate some of the internal resource constraint by managing telecom expense management activities. When evaluating suppliers, ensure the specific TEM activities that the supplier can perform (and in which countries) are thoroughly understood and that they have resources to provide in-country support. For a listing of TEM suppliers promoting global capabilities and experience, please visit AOTMP's TEM Directory at www.temdirectory.com for more details.



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Controlling Wireless Expenses

Wireless expenses are growing at an exponential rate for enterprises, and for many, costs are spiraling out of control. One of the main challenges companies face is regulating wireless use for international travelers. Without the proper plans in place, many companies may only realize these travelers have racked up an exorbitant amount of roaming charges once the bill arrives.

Overcome this Challenge by: Evaluating the international needs of the wireless user base and plan accordingly. Roaming charges are the main culprit for spiraling international wireless costs. Ensure international travelers are equipped with the best possible rate plan for the countries they expect to visit. Alternatively, local SIM cards can be purchased with minutes and used on an as-needed basis to help reduce roaming costs. For reference, you can visit The GSMA's website at [GSMA Roaming](#) to find the best roaming prices in Europe. You can also visit [GSM Coverage Maps](#) for GSM coverage information for over 860 networks in 219 countries/areas of the world.

Dealing with Multiple Currencies

There are approximately 170 different currencies being utilized across the world today. From a TEM reporting and data aggregation perspective, if a centralized view and comparison of telecom expenses across the globe is required, a common currency is needed. With the multitude of conversion rates followed by conversions taking place on an inconsistent basis, the process can become very cumbersome for the enterprise.



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Overcome this Challenge by: Automating the conversion process as much as possible. If manual processes are currently being used, some TEM suppliers offer the ability to provide this level of conversion through their technology. Enterprises must also utilize a consistent approach when performing conversions. Performing conversions once or twice a year may lead to significant shifts. A more accurate conversion will be applied closer to the time when the services were consumed. Utilizing invoice issue dates or payment dates for conversion periods are two alternatives. The key, however, is to utilize a consistent, common practice across the entire enterprise.



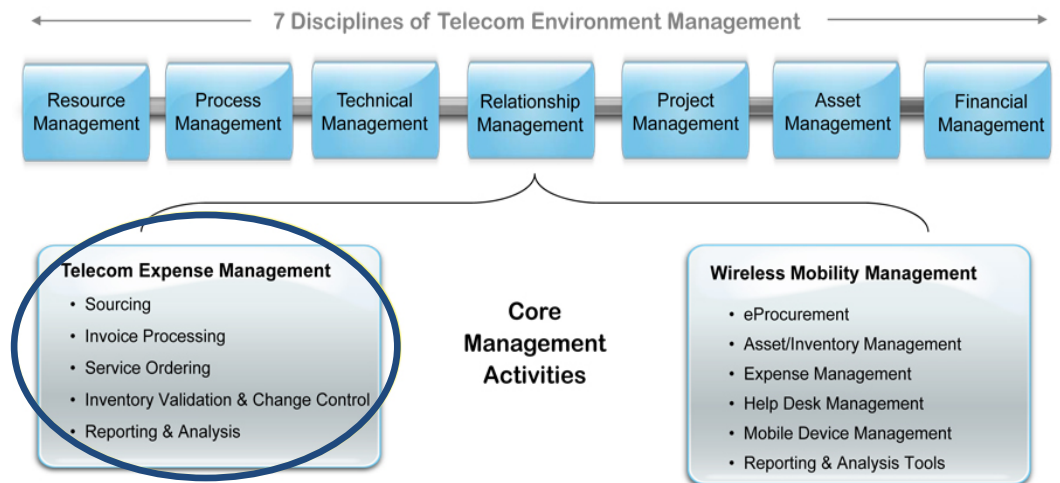
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Best Practices for International TEM Deployments

AOTMP's Telecom Environment Management model is based on a framework for managing a telecom environment across seven disciplines. Our approach to telecom environment management considers the contributions and responsibilities across every discipline in order to achieve the best possible return on telecom and IT services. AOTMP has also defined 11 core management activities within Telecom Expense Management (TEM) and Wireless Mobility Management (WMM) that influence the seven disciplines of telecom environment management.

Figure 5: AOTMP's Telecom Environment Management Model, highlighting Telecom Expense Management core activities



Integration of these practices into the management of a telecom environment provides the ability to drive effectiveness across operational, financial and technical performance objectives and their contribution to overall business requirements.



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Central to AOTMP's standards and best practices is methodology that promotes informed decision making and success monitoring to achieve intended results. As part of a best practice around the global implementation of fixed and wireless telecom expense management programs, AOTMP outlines the following considerations when preparing for an international TEM deployment:

- 1) Clearly define the scope of work for the international TEM deployment and build the business case. Determine the specific activities that will be performed and who will be responsible for each activity.
- 2) Obtain sponsorship from executives with global responsibilities. This will ensure consistent methodology and processes can be applied across the organization and a better success rate at securing internal resources across the globe.
- 3) Establish global cross-functional team to ensure TEM deployment success. Identify local experts with knowledge of telecom service processes including contracts, invoice receipt/payment and sourcing practices. These people serve as subject matter experts and will need to speak the local language. Ensure roles and responsibilities are clearly defined.
- 4) Utilize the services of a TEM supplier if local resources and expertise are not available. Visit AOTMP's TEM Directory at www.temdirectory.com for additional information regarding leading suppliers.
- 5) Ensure rules, regulations and cultural differences across the countries in which you operate are clearly understood in regards to data privacy, invoice procedures, etc., to ensure local laws are being followed.



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- 6) Identify objectives for visibility and control of global telecom inventory and expense. If a centralized view across the world is a requirement, then:
 - a. Utilize a centralized repository for all voice, data and wireless telecom inventory. Separate storage locations will cause procedural inefficiencies and inaccuracy of data while limiting the effectiveness of reporting. Through this process, apply consistent naming conventions to inventory items.
 - b. Conversion of expenses into a common currency must take place. Establish clear guidelines on when and how this conversion will take place. Some TEM suppliers are able to automate the currency conversion process through their technology.



Appendix A: Research Methodology

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Research Demographics

AOTMP collected benchmark data from a variety of industries to examine international fixed and wireless telecom expense management strategies. The findings in this report represent benchmark data from 327 enterprise professionals across 24 different industries that had knowledge of overall globalization strategies for TEM. Of the total number of companies participating, 76% have a global presence.

Job Title/Function:

- Sr. Mgt/CIO/CFO/VP 6%
- Director/Manager 57%
- Staff 26%
- Other 10%

Geography:

- North America 99%
- Europe 1%

Annual Revenue:

- Above \$1 billion 46%
- \$50 million - \$1 billion 33%
- Less than \$50 million 21%



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About AOTMP Research

AOTMP research is supported through data collected from a variety of sources. Data points are collected through enterprise and supplier benchmarking projects, training and certification events, research surveys, frequent hot topic polls, virtual conference audience polling, live conference audience polling, and AOTMP Access benchmarking events. AOTMP's data point contributors include over 60,000 IT, telecom and business professionals, supporting domestic and international enterprises and industry suppliers. Data points contributing to research are carefully analyzed using advanced statistical methods. Research findings are confirmed through test/retest validity methodology and, therefore, paint an accurate picture of the industry. The clarity and detail of AOTMP research is unmatched in the practice of telecom environment management, and AOTMP expertise translates analysis into actionable findings representative of the industry and all related industry segments.

About the Authors



Timothy C. Colwell, AOTMP Vice President of Knowledge Operations

Tim Colwell leads the teams responsible for standards & best practices, research, benchmarking and training & certification. Tim has 17+ years of industry experience in helping Fortune 500 and Forbes Private 50 enterprise and industry supplier organizations achieve excellence in the financial, operational and technical performance management of a telecom environment.

A thought leader in telecom environment management, Tim's expertise spans performance benchmarking, process engineering, budget management, contract negotiations, asset & inventory management, and relationship management. Tim is a patent author and leads product development for TEMOS, a performance management system designed to optimize enterprise telecom environments. Prior to joining AOTMP, Tim spent three years as Director of Support Services for a telecommunications consulting firm where he refined and implemented telecommunications best practice methodologies across 500+ client consulting engagements. Tim holds a BA in Telecommunications from Indiana University.



Scott Lawrence, AOTMP Director of Research

Scott has over 14 years of experience developing and collecting market research on behalf of global Fortune 500 enterprises within the telecommunications and IT industries. In his previous role as a senior research manager, Scott led teams to accomplish research objectives by designing studies that yielded actionable information while helping clients understand the impact of the results. Scott has a B.S. in Marketing from Ball State University.

Scott is responsible for designing and managing AOTMP's research activities which includes research publications, market landscapes and benchmarks within the areas of telecom expense management and wireless mobility management. Scott also works as an advisor and subject matter expert for AOTMP's research services.



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About AOTMP

AOTMP is the leading provider of information solutions to drive efficiency and productivity across fixed and wireless telecom environments in the enterprise. Our industry research, advisory services, events, educational programs and performance management systems focus on People, Process and Performance to deliver measurable improvement in efficiency and productivity.

We invite you to learn more about how AOTMP can help you improve efficiency and productivity across:

Driving efficiency + productivity across



People

Improve performance and productivity of telecom/IT staff through comprehensive knowledge resources and industry-leading training and certification programs to improve execution of tactical and strategic initiatives.

Process

Optimize telecom environment management operations by integrating best practices and methodologies to improve workflow processes, operational procedures, departmental policies and supplier/vendor relations.

Performance

Establish meaningful benchmarks to ensure the best possible service and value for your enterprise and its end users, while evolving telecom to serve as a strategic asset for driving business growth.

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