

5 Step Telecom Audit

Maximizing Communications Dollars

COLLABORATION INSIGHTS

Telecom is typically one of the top 5 expenses in any organization. However, staying on top of these expenses is much more involved than most small businesses have the time or resources to take on. The reason behind this difficulty is because the communications industry is constant in one area: CHANGE. Pricing plans, promotions, and new technology change the telecommunications environment virtually every day. It's not uncommon for a carrier to reduce per-minute costs or fixed monthly costs and not inform customers of the new pricing structure.

The good news for small business is that once you do the work to clean up, the ongoing maintenance is less daunting thanks to tighter controls and informed processes going forward. A detailed telecom audit can yield up to 50% savings, while a more realistic target would be in the 12%-35% range. Even at the low end of the range, it's well worth the time invested. The objective of this article is to supply you with a common sense approach to audit your communications bill.

Step 1: Create an Inventory

At this stage of the game, keep it straightforward and simple. Don't worry about the technical jargon found on the bill. There will be plenty of time for that in a later step. The key components here are to make sure you know exactly what you have in the following 3 areas:

1. Voice - Local, Long Distance, Toll Free, etc.
2. Data - Internet, Private Lines, Wide Area Networks
3. Wireless - Devices and plan information

It's good to be as detailed as you can be at this point on these components. For instance, if you know that you're using DSL for data, what are the upload/download speeds? Again, if you don't know up front, you'll find it later. The reason to mark it here is so that it will make it easier to spot when you're looking at the bill.

Step 2: How do you use your services?

This is a very critical step in determining if your current services are a proper fit for what your

business needs. Provided below are some sample questions you may want to answer. Feel free to add questions to this list, as your answers will not only provide information on the efficiency of utilization, but can also be used to help devise a perfect world scenario for your communication strategy.

1. What is the approximate ratio of incoming/outbound calls?
2. How many calls am I likely to have going on at any one given time?
3. Do I have specific timeframes when call volume or web traffic spikes?
4. Do I have high concentrations of LD calls going to a specific area? to a specific location?
5. How does my organization utilize the internet for business purposes?
6. Does my organization frequently upload or download large files (video, music, graphics, etc.) to/from the internet?
7. What departments do we pay wireless costs for?
8. Are wireless expenses reimbursed, or corporately liable?

Again, this list is not comprehensive. It's a good start to get you thinking.

Step 3: Match the Invoice to Your Inventory

For this portion of the exercise, it's best to take 3-4 months of bills to compile. Fewer than 3 months can skew results if there are any valid prorated charges that show up on a given month's invoice, while more than 4 months just becomes an insurmountable pile of information without really any added benefit.

You will want to create a column listing each individual charge component on your bill. To the best of your ability, you will want to organize the information based on service types and charge types within each service (example: Inbound Interstate LD) Once you have a complete list from the 3 invoices, you can now begin the process of matching inventory from Step 1 to the columns in this "bump" sheet.



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The fallout that doesn't match at first glimpse will likely contain a lot of the technical jargon that we must now try to make sense of. The good news here is that Google is fast and free! For instance, one of the charges you may see is called EUCL. A search on google yields over 130,000 results, with the top entry defining the "End User Common Line" charge without even having to click into the site.

Any charge components you are unable to figure out can go to a question sheet. At the end of the entire exercise, you will want to have your account rep clearly explain what each of these charges are.

Step 4: Analyze

At this point, you may want to take a step back and try to clear your head of all the fresh acronyms. With a fresh cup of coffee, get your mindset back to first two steps: What do I have & how do I use it?

Approaching this step in the right mindset will help you quickly identify which charges are just facts of life on your current plan and which ones can be done away with. Ask yourself these questions:

1. Were there charges for features on the bill that I don't recognize? Or, maybe I recognize them, but can't remember what they are really useful for. (Example: Remote Access to Call Forwarding on a circuit is helpful for disaster recovery planning, but is it a necessary component for your communications strategy?)
2. Are there any errors on the bills?
3. Do I have unused lines or circuits?
4. Am I paying unnecessary fees? (late fees, Directory Assistance, data or texting usage, etc)
5. What am I **not** thinking of? (Example: If I have 25 employees, but only have 5 lines occupied at any given time, do I need to dedicate a full line to each individual? Or would it be just as effective to pay for 6 or 7 dedicated lines that can be shared by 25 extensions, freeing up the remaining bandwidth for data?)

Step 5: Making Sense of it All

This final step should outline the audit's findings into a useful report that will enable your next move. This report should include:

1. A cost model defining voice, data, Internet access, wireless, etc., as a percentage of total, percentage by location, etc.
2. All the inventory telephone and circuit numbers, baseline costs, annualized costs, trending, inventory descriptions with costs, and some basic statistics (e.g., total calls and minutes) by location, destination, and averaging. For example, a report might show that office A has 10,000 minutes of interstate calling, 5,000 intrastate, and 2,000 international, with 7,000 calls per month.
3. Fallout report that spells out which services/features can be cut from your current configuration, as well as lists services/features that could be added to provide a more efficient use of your communication spend.

Armed with this information, you're now ready to approach your carrier to reimburse you for any errors uncovered and to put together a fresh pricing proposal for your services, including any configuration changes/suggestions. You will also want to find out what other carriers are available in your area, and engage them to provide pricing for a solution fit for your business.

If you would like assistance in any aspect of your audit process, let us know. We can collaborate to insure that you maximize the impact of every communications dollar you spend. Give us a call at 888.851.2243 or email at info@collaborationinsights.com.

