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**Business Insights**

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## **Telecom Expense Management Professional Gold Miners Wanted**

Most of us are busy focusing on Sarbanes, system and process improvements, and the routine accounting close. There is never enough time, resources, or expertise to address everything within our direct control, much less what may lie in someone else's turf; especially if there is a manager assigned.

CEOs usually focus on revenue growth and expect the CFO to minimize expenses – regardless of turf. One of the typical top three expense items is telecom (data lines, voice, long distance, pagers, radios, cell phones, PDA devices, etc.). Unfortunately, few of us can afford to have on staff the level of expertise and time necessary to optimize and manage telecom. Disagree? Let's take a test. Answer yes or no to each statement.

- The phone company sends me accurate bills
- I get my phone bills, understand them, and audit them before paying
- I compare my phone bills to my phone contracts
- My coverage and services are the lowest total cost in the industry
- I track all lines and charges and maintain an asset inventory for all moves, adds, and changes.
- I have a full-time telecom expense management expert on board

Here are the facts. 87% of all telecom bills are wrong – and overcharge by an average of 12% (Aberdeen). Most people don't know how to

read a phone bill and understand the charges. Even if they can, how many stacks of bills do you receive? Most telecom bills cannot be tied to a telecom contract. Most telecom contracts are hugely one-sided in the favor of the telecom company. An estimated \$1.2 billion in annual savings will be routinely found by third party professionals by 2007 (CFO IT). Few companies ever track telecom assets, lines, and line capacity utilization. Most telecom managers focus on keeping the business running, not optimizing costs – they seldom have the time or expertise to do so.

So why should you care? What impact to your profit line would occur if you could save 30% of the cost of mobile phones, long distance, local service charges, data lines, PDAs, pagers, internet charges, and equipment maintenance charges? For small companies, this could mean thousands of dollars per year. For medium to large sized companies, it could be worth millions of dollars – each year.

As stewards of your company's financial condition, as business partners with your CEO, and as you need to demonstrate measurable successes on your resume, should these savings be left in your supplier's pockets or be used by you? Would you rather be giving your money to telecom companies or to invest in revenue growth, product development, systems and process improvement, or bonuses?



There is a caution here. According to Garner (IT Industry Analysts), there are over 70 firms to help you reduce your expenses. In our opinion, most have only partial solutions and leave the hard part (implementation) to you. We recommend you find help to complete the full cycle of Telecom Expense Management – audit, strategic contracting, implementation, and ongoing management solutions. Lastly, many of these companies are comprised of former telecom company tactical employees, not business people and not strategic people. You need it all: tactical, strategic, and business savvy solutions.

Telecom expense savings are like an annuity. Once the savings faucet is turned on, they continue year after year. The sooner you get started, the sooner your annuity begins. It's your money. You deserve it back – every last penny.

Jim Villwock

**Interested in making more money?** Give us a call. There is no charge for asking!

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