

The National Summit on **TELECOM EXPENSE MANAGEMENT**

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ROI: Nitty Gritty Ways to Quickly Impact your Bottom Line

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Session Topics

- How to Start
- Consolidation - The Many Benefits
- Value of an Inventory
- Simple Audit
- Optimization
- Strategic Sourcing
- Questions

How to Start

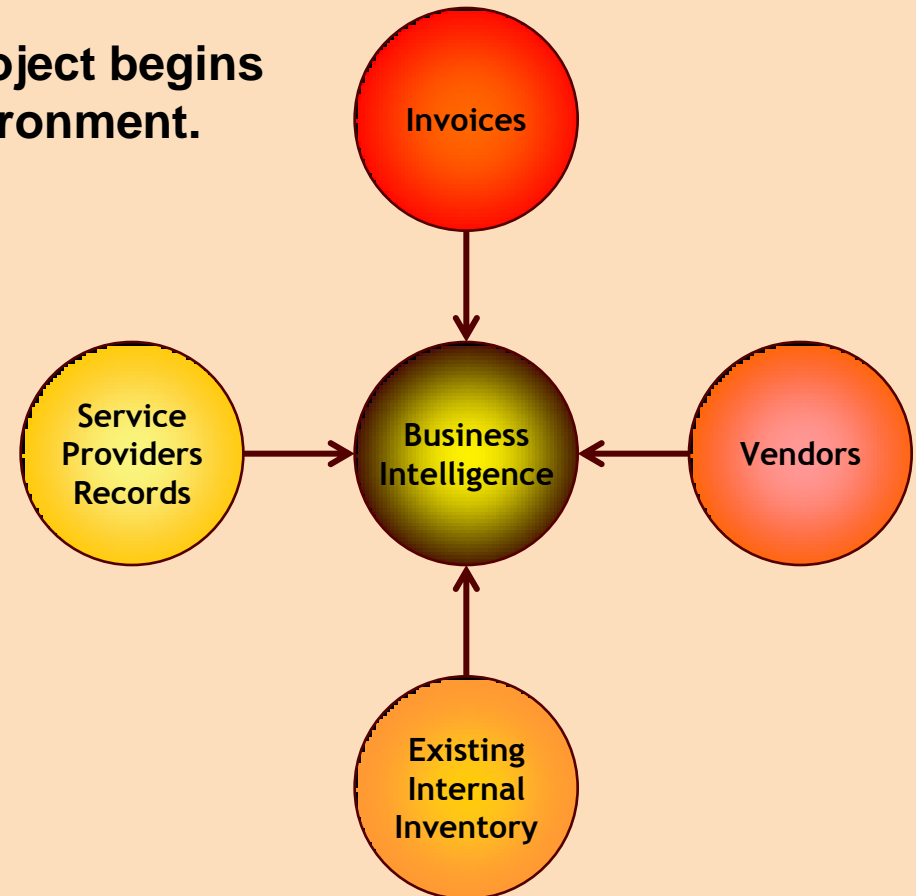
The start of any cost containment project begins with an understanding your true environment.

1 Gathering Business Intelligence

- Identify your total number of Invoices
- Identify your total number of Vendors
- Gather your Vendor Agreements
- Gather your existing inventory records
- Request inventories from your providers

2 Build a Circuit/Asset Inventory

- Add site addresses
- Add monthly recurring costs
- Add install dates
- Add contract dates



Value of an Inventory

- Provides the details needed to begin any type of cost reduction project.
- Total Cost of Ownership visibility
- Knowledge of your network services costs at a granular level
- Affords you the ability to perform trending analyses
- Delivers a 90%+ accurate Data Set



Ways to Impact the Bottom Line

What to do with the Intelligence. . .

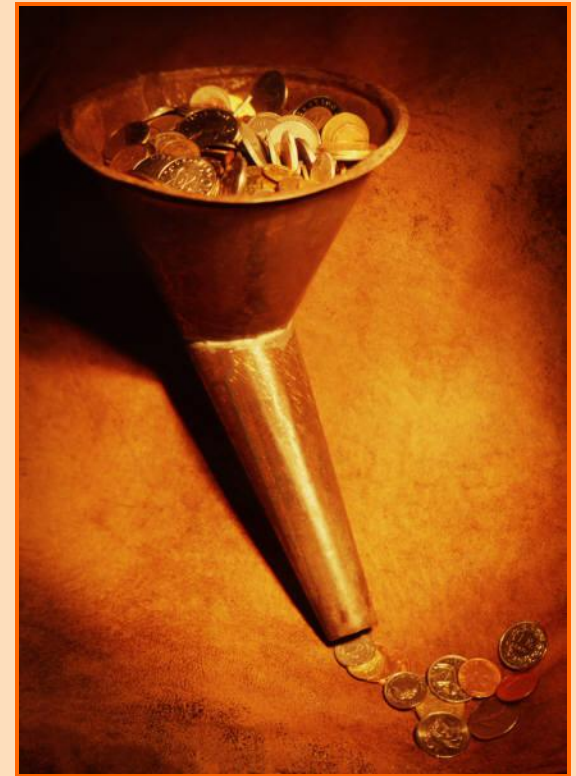
- 1 **Consolidate:** Vendor & Invoice consolidation can generate hard and soft dollar savings in excess of 25% of the annualized management expense.
- 2 **Compliance Review:** Simple Contract Rate Validation can generate in excess of 3% of the annualized telecom expense.
- 3 **Optimize:** Trending the data will immediately identify areas of opportunity
- 4 **Source:** Half the battle and the most time consuming task in negotiating a new agreement is knowing what you have



1 Consolidation

What to do with the Intelligence. . .

- Invoice Consolidation can positively impact your organization's soft costs by more than 75% through efficiency gains
- Vendor Consolidation can reduce your vendor management costs and increase savings by pooling the spend
- Eliminate paying Late Fees on individual accounts by processing invoices faster



Consolidate and Save

- Reduce your processing costs for all invoices by sending out one check per vendor instead of several dozen
- Create efficiencies in managing your vendors by dealing with a select few providers covering all your telecom needs
- Reduce Late Fees by paying your consolidated invoices

33-75% Savings

25-50% Savings

Up to 3% Savings

2 Compliance Review

What to do with the Intelligence. . .

- Perform a Trend Analysis of the data to determine exceptions by vendor and service type.
- Perform rate analyses on all the usage components for all your billing.
- Cross reference data against your Moves, Add, Changes & Disconnect information including site lists
- Check to see if any Promotional Discounts were offered and applied to the billing.



Compliance Savings

- 15+ Years of experience has dictated that trending the information will generate savings from an error perspective.
- Providers rate tables are notorious for fluctuating and changing midway through the contract.
- Cross reference data against your Moves, Adds, Changes & Disconnect information including site lists
- Check to see if any Promotional Discounts were offered and applied to the billing.

1-3% Savings

1-3% Savings

1-3% Savings

1-3% Savings

3 Optimization

What to do with the Intelligence. . .

- Trending costs of similar type services for your different providers will help identify a potential cost savings.
- Reconciling your working inventory to your billed inventory will generate additional areas of savings for your organization.
- Identify and eliminate outdated, unused services will also impact your bottom line.



Optimization Savings

- Trending costs of similar type services for your different providers will help identify a potential cost savings.
- Reconciling your working inventory to your billed inventory will generate additional areas of savings for your organization.
- Identify and eliminate outdated, unused services will also impact your bottom line.

3-5% Savings

3-5% Savings

1-3% Savings

4 Sourcing

What to do with the Intelligence. . .

- Benchmark
- Open Up Agreement
- RFP



Sourcing Savings

- Trending
- Reconciling.
- Identify

3-5% Savings

3-5% Savings

1-3% Savings

Historical Data

This data represents 10+ years of TEM Audit & Optimization Results.

Results varied by client but these conservative savings estimates were derived from a culmination of several hundred engagements.

The list is provided as a means of letting you determine how to approach cost reductions and get the biggest results from your efforts.

TEM Exercise	Estimated Savings %
Contract Review	1%
Rate and Tariff Review	2%
High Capacity Service Review (T1's, T3's, Sonet)*	1%
Dial Tone Review*	0.50%
Tax Review	0.50%
Surcharge Validation*	0.50%
One time charges and Credits	0.10%
Special Billing Arrangements*	0.50%
Usage Review*	0.50%
Directory Assistance*	0.10%
LEC Billed LD*	0.10%
3rd Party Charges (Cramming)*	0.10%
Miscellaneous Call Charges (Collect Calls, 900 Calls, 800 Intrastate Calls)*	0.10%
Strategic Sourcing	3.00%
Services still billing at closed or downsized facilities	1.00%
Services still in billing that were disconnected	0.50%
Services found not working from on-site inventory	1.25%
Services found not being used from on-site inventory	1.00%
Old technology or aged circuits	0.50%
Zero usage projects	0.25%
Services found not in use not working by remote testing	0.25%
Services remotely tested not to be working	0.25%

Questions?

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