



Generating Internal Support for Telecom Expense Management

Report

*Industry Research
from AOTMP*

November 2009





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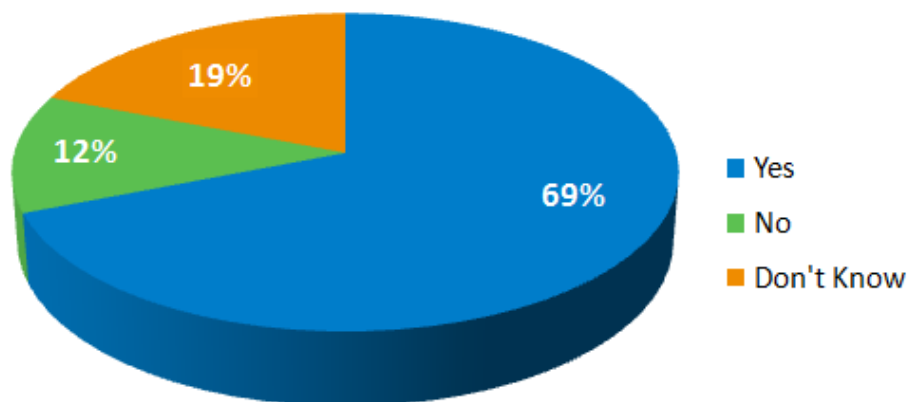
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Executive Summary

One of the most critical steps for any enterprise considering the implementation of a Telecom Expense Management (TEM) program is gaining internal support for the initiative. All TEM programs need internal support in order to be effective and sustainable. If there is a lack of support for the program, particularly within senior management, the program will undoubtedly fail to get off the ground or will be short-lived. Therefore, it is critical that enterprises emphasize this aspect of the process in order to ensure success for any TEM program.

Outlining the objectives, goals and requirements for TEM is an effective first step when attempting to establish a TEM program and obtain internal support. This ultimately demonstrates a clear understanding and vision for program implementation, as well as business value for the organization, by those responsible for making the case for the program. Based on AOTMP research, 69% of enterprises documented their objectives, goals and requirements when establishing a TEM program, leaving 31% which did not take this step or were unsure if these items had been established.

Figure 1: Were TEM Objectives, Goals, Requirements Documented?



Source: AOTMP, November 2009



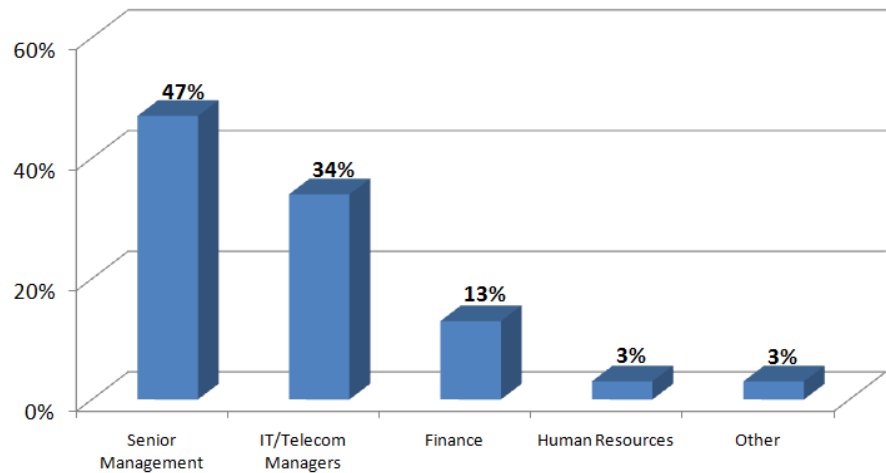
Chapter One: Identifying Key Stakeholders

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There are many potential stakeholder groups within an organization to consider when seeking acceptance for a TEM initiative. Each group will be influenced and affected differently so it is imperative that messages be tailored, relevant and targeted to each audience. Based on AOTMP research, the stakeholders in which enterprises identified as being the most critical when securing support for TEM included senior management followed by IT/Telecom managers.

Figure 2: Gaining TEM Support – Most Critical Stakeholders



Source: AOTMP, November 2009

Senior executives obviously have a stake in TEM performance as the results directly influence the bottom-line. IT and Telecom departments are impacted as the services they deploy and manage will be monitored in an effort to reduce costs and generate efficiencies within the telecom environment. Other areas like Finance and Human Resources are also affected, particularly as the exchange of financial and company-related information may be involved. Each stakeholder group must have a clear understanding of what the TEM program seeks to accomplish, and what the initiative requires from both the company and individual departments.



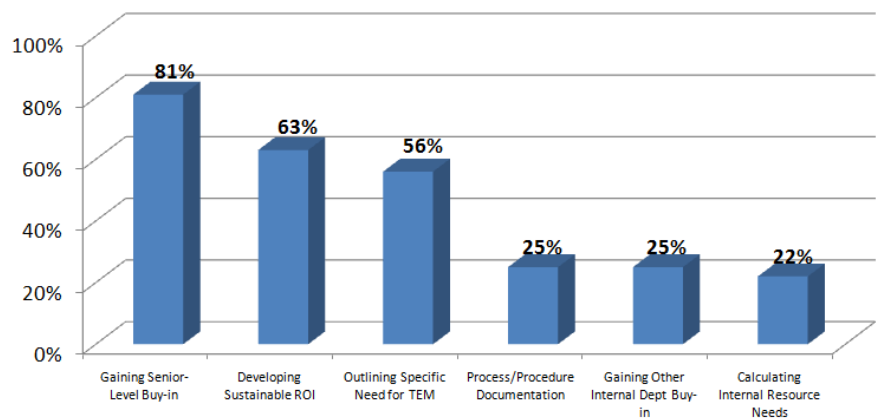
Chapter Two: Generating the Business Case

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Generating support for TEM while establishing an effective and sustainable business case requires the consideration of many different facets. If value to the organization is not established and then communicated effectively to influential stakeholders, it will become difficult to obtain acceptance for the vision. AOTMP research reveals the most critical areas to consider when establishing the business case for TEM include gaining executive buy-in, developing a sustainable ROI and outlining the specific business needs for TEM.

Figure 3: Most Critical Areas - Establishing TEM Business Case



Source: AOTMP, November 2009

As previously established, obtaining approval and backing from senior level executives is paramount to the success of any TEM initiative. Demonstrating real, sustainable ROI in terms of both hard dollars and through process and operational efficiency gains supports this process. Furthermore, developing the specific need for TEM while documenting stated objectives ensures there is a clear, business-impacting vision from the onset of the program.

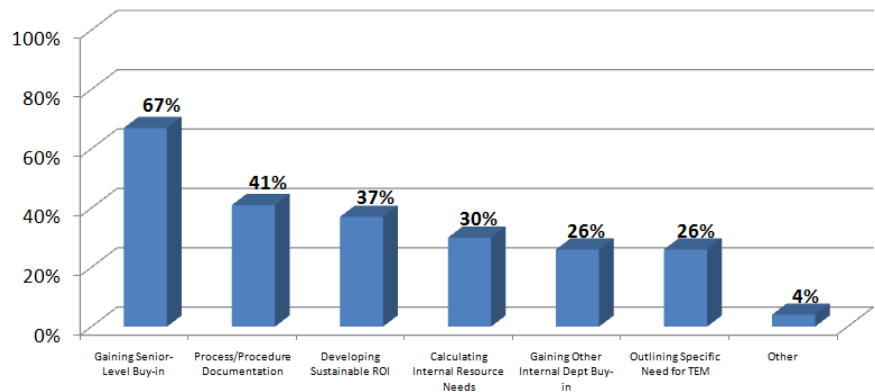


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Looking more closely across the activities which enterprises expressed as being the most critical when establishing the business case for TEM, AOTMP also explored areas presenting the greatest challenges in establishing a business case. From the research findings, enterprises indicated that gaining executive buy-in generated the largest obstacle, followed by outlining process and procedural changes and developing a sustainable ROI. A well-rounded business case will not only include benefits to the company, but also demonstrate how other departments are influenced through the implementation of a TEM program.

Figure 4: Greatest Challenges - Establishing TEM Business Case



Source: AOTMP, November 2009

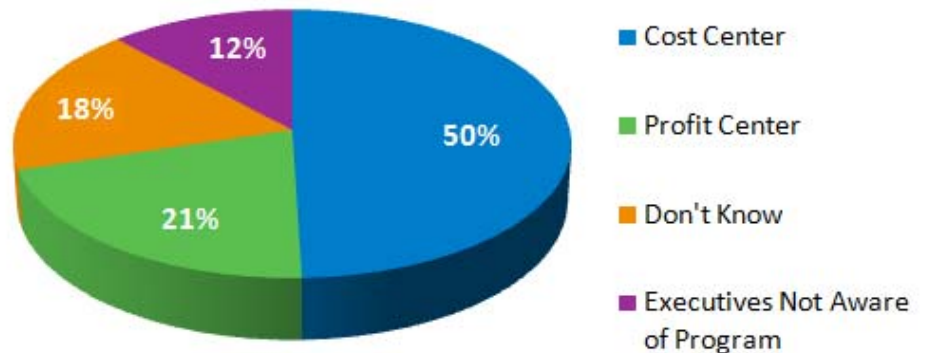


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Ultimately, the business case should support and lead to a perception that TEM will become a profit center for the enterprise. Most functions within any organization can be categorized as either a profit center, because they contribute to profit for the organization, or a cost center, which is viewed as generating expense for the company. In order for TEM to become a key, sustainable practice within the enterprise, it must be viewed as a profit center by the organization. Based upon AOTMP research, about half of established TEM programs were viewed as cost centers by senior management.

Figure 5: Senior Executive View of TEM Program



Source: AOTMP, November 2009



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Chapter Three: Standards and Best Practices

AOTMP best practices outline Telecom Expense Management as five core management activities:

- **Sourcing** activities consist of identifying Suppliers, evaluating their capabilities and creating an environment for Suppliers to compete on pricing, service quality and reliability.
- **Invoice Processing** encompasses processing paper and electronic billing media, auditing, and bill payment. Auditing of expenses to contracts, tariffs and inventory is also included.
- **Service Ordering** is the process of placing service orders with service providers to obtain services or make changes and/or disconnect existing services from telecom service providers.
- **Inventory Validation** activities include aggregating all inventory data, normalizing the data, mapping data to a unified repository, determining data accuracy to enable proactive management of services and assets across the telecom environment. Change control reconciles move, add, change and disconnect activity against a validated inventory baseline.
- **Reporting and Analysis** activities produce and communicate detailed and accurate information on telecom expenses, budget tracking and Supplier performance tracking.



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

Central to AOTMP's Telecom Expense Management standards and best practices is methodology that promotes informed decision making and success monitoring to achieve intended results. AOTMP has outlined best practices to consider when gaining internal support for telecom expense management:

1. Perform Needs Assessment

- Evaluate business objectives
- Evaluate operational objectives
- Evaluate financial objectives
- Evaluate technical objectives
- Ensure objectives align with overall company strategy

2. Develop the Business Case

- Identify key stakeholder groups
- Develop the anticipated financial ROI
- Identify soft dollar savings obtained through process, operational and automation efficiencies
- Ensure short, mid and long-term benefits are identified



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3. Articulate the Business Case

- Present the business case at the executive level
- Obtain an executive sponsor for TEM
- Communicate benefits as well as anticipated involvement and procedural changes to other identified stakeholders
- Establish cross-functional team to monitor and track TEM progress, challenges and opportunities



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Conclusion

Gaining internal support for TEM can be a long and difficult process. However, the importance of this critical step cannot be overstated. From AOTMP's recent *State of the Industry* report, enterprises indicating challenges with existing TEM programs often referenced an incomplete business case as a leading problem. Often, objectives surrounding cost reduction or expense management lead the motivation for business case development. While these objectives cannot be discounted, evolution of needs assessment beyond pure financial aspects serves to promote development of a business case for a sustainable program suited to meet current and future business needs. Through activities such as conducting an initial needs assessment, and compiling a sound and comprehensive business case for key stakeholders within the organization, the enterprise can increase the likelihood that TEM will ultimately be accepted and become an effective cornerstone of the organization for years to come.



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Appendix A: Research Methodology

Research Demographics

AOTMP collected benchmark data from a variety of industries to examine the topic of generating internal support for TEM. The findings in this report represent benchmark data from 231 enterprise professionals across 22 different industries that had visibility into their telecom expense management program.

Job Title/Function:

- Sr. Mgt/CIO/CFO/VP 6%
- Director/Manager 52%
- Staff 30%
- Other 13%

Geography:

- North America 93%
- Europe 6%
- Asia Pacific 1%

Annual Revenue:

- Above \$1 billion 52%
- \$50 million - \$1 billion 29%
- Less than \$50 million 18%



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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 AOTMP

AOTMP is the leading provider of information solutions for managing enterprise telecom and wireless environments. Our proprietary certifications, benchmarks, standards and best practices deliver measurable improvement in efficiency and productivity for managing wireless, voice, data and network services. From Fortune 50 companies to SMB, enterprises seeking the best return on telecom and IT services turn to AOTMP's industry research, advisory services, events, educational programs and performance management systems to achieve operational and financial efficiency.

Research & Benchmarks

AOTMP conducts industry-leading research to provide benchmarks, reference points, case studies and reports that deliver timely and relevant insight. We help enterprises make confident, informed decisions affecting their telecom and IT environment, and provide information to recognize trends affecting performance and efficiency, determine budget allocations and resources, and understand how others are achieving success.

AOTMP University

Implementing and executing best practices in your enterprise begins with a staff that understands and supports industry standards. AOTMP University offers staff development and training packages to educate telecom and IT professionals on best practices for driving efficiency and optimizing budgets. You can learn more about our certification programs, online training courses and certified professional program at www.aotmpuniversity.com.



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Advisory & Consulting Services

Our team of industry experts can help you improve and gain visibility into your current management processes, and understand how to effectively measure performance. Put the power of AOTMP's expertise to work in your telecom and IT environment to create the most effective telecom environment management program for your enterprise.

Tools & Resources

AOTMP offers a comprehensive array of tools, templates and reference information for telecom financial, operational, and technology management. Tools like our online Telecom Knowledge Base (TKB), supplier directories, Telecom Environment Management newsletter, and other resources help telecom and IT professionals increase efficiency, make tactical decisions, cut costs, and plan strategic moves.

Events & Programs

AOTMP produces several industry events and programs throughout the year to bring end users, industry experts and suppliers together for education, networking, and collaboration. Our events and programs include semi-annual virtual conferences, monthly web events, an Industry Advisory Board, and an annual in-person conference featuring AOTMP's *Industry Excellence Awards* recognizing the successes of both enterprises and suppliers in telecom environment management.

Performance Management

Our Efficiency First System helps you apply standards and best practices throughout your enterprise to drive continuous improvement of people and processes using benchmarks, metrics and scoring algorithms. AOTMP's Performance Index provides a consistent means of evaluation, and our comprehensive methodology enables you to optimize performance in your telecom environment, and then leverage telecom assets to drive growth, profitability and competitive advantage.

Additional information on AOTMP publications, programs and research can be found at www.aotmp.com.

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