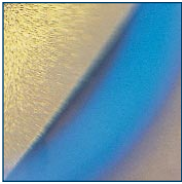


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CANADIAN

TREASURER

April/May 2003



Sorry, wrong number

Telecom costs may be one of their top five costs, but companies often spend more than necessary. Here's why.

By: Roger Yang & Lakme Segaram





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IN THE PAST, THE ONLY COSTS RELATED TO TELECOMMUNICATIONS involved equipment, local phone lines and long distance charges. Now, companies pay for Internet access, cell phones, wireless devices such as Blackberries, competitive local and long distance services, fax lines, and the telecom charges of telecommuters.

There are more types of lines and services as well, such as Digital Subscriber Line (DSL), cable, ISDN, T1's and T3's.

More vendors: There used to be just one service provider – a local monopoly such as Bell Canada, MT&T, BC Tel or AGT. Now, many more providers compete for your business, and each has a different name for similar products.

More pricing changes: Contract and tariff pricing make telecom one of the most difficult costs to understand. As well, many organizations are locked into higher-priced long-term agreements while current prices are much lower.

The telecom collapse: Telecommunication companies struggle to cut costs, resulting in a deterioration of service levels. This means that, even if a service provider has agreed to lower the price, it may be too under-staffed to implement the change promptly, if at all.

Organizations can take several steps to reduce their total telecom expenses:

Consolidate: Especially if you have multiple locations, you may get dozens of invoices each month. This makes it costly to administer and keep accounts up to date. Fewer bills to pay means that your staff can concentrate on other matters, including checking telecom bills for accuracy.

Consolidate vendors as well. When you reduce the number of vendors, you can offer more business to them, and

negotiate better pricing based on larger volume.

Negotiate more straightforward contracts: By insisting on simplified agreements, you reduce your chances of being mis-billed for service, and it's easier for you to manage your costs.

Check rates: Even if you just want to keep your present service provider honest, you should issue Requests for Proposals to see what other companies have to offer. In checking rates, you should also verify that the pricing you agreed upon is what you're actually being billed.

Electronic billing: Receiving your bills electronically, even if each vendor uses its own proprietary software, helps you cost-effectively analyze your cost structure and look for possible savings.

With the right third-party tools, you can really manage and monitor your costs. In fact, an increasingly common practice today is to outsource management of telecom invoices.

Inventory your services: Be sure you're actually using all the services for which you're paying. You may have closed an office recently, or cut back on the number of lines being used in another office. Are these changes being reflected in your bill?

Watch those cellphones: Company-provided cellphones can be a huge cash drain. In some cases, companies issue

phones unnecessarily – for example, to staff who don't leave the premises as part of their work. You need to set policies on who requires a phone, and how much talk time or costs you allow them. More sophisticated management tools allow you to spot anomalies, such as too many personal long distance calls.

Breaking down silos: We often find that telecom costs aren't being watched effectively, because this category falls between the IT department, procurement and accounting. IT's main interest is ensuring that the organization has the services it needs on a reliable basis; procurement negotiates the contracts; and accounting is responsible for paying the invoices. Often information is not communicated effectively when new rates are negotiated or when services have been disconnected, resulting in billing errors going unnoticed.

Outside assistance: Because of the complex and fast-changing picture, it is often difficult for an organization to make sure it is getting the best possible service and pricing arrangements. Outside professional assistance can help. You should look for a company with solid experience evaluating telecom requirements and expenditures. Some work on a flat fee basis, some on a percentage-of-savings model, and some will let you choose which you prefer. You can also obtain software that allows you to do much of the work yourself.

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Mr. Yang is the founder and CEO of the company. After attending the University of Waterloo in Engineering, he left to work at one of the first local line resellers in Canada. Since then, Mr. Yang has spent the past 6 years building the company from the ground up, developing the sales process, analysis software and business format.



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