



## Getting Your TEM Project Approved: Building the Business Case

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## Agenda

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- Welcome
- Telecom Expense Management (TEM) in the New Economy
- Industry Perspective
- Customer Case Study
- TEM ROI Maturity Model
- About AnchorPoint, A Division of MTS
- Q&A

## The New Economy<sup>1</sup>

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- Dot-Com Recession (2000)
  - A lesson in fiscal responsibility for the post dot-com world – the calculus of ROI and the art of “doing more with less”
- Today’s Recession (2008/9)
  - Calls for a deeper and more disruptive self-evaluation
  - Organizations must (finally) reduce the 70% to 80% of their budgets that goes to system upkeep to free up more money for investments that will tilt the competitive playing field
  - Forward thinking CEO’s and boards will stand for nothing less
- Difference
  - In today’s new economy you need to go above traditional ROI to stay competitive
  - You must deliver quantifiable and well documented value to the organization
  - The CFO will be back in 12 months to check on your savings

# Enormous Pressure on Companies to Maximize Cost Savings/Reduce Cost

- Economic market pressures
  - Declining revenue
  - Tightening credit markets
  - Unpredictable energy costs
  - Contracting real estate market
- Executive management facing stronger fiscal pressures
  - Corporate Profitability
  - EBIDTA
  - PE Ratios
  - Stock Prices
- Staff is typically targeted for cost cutting through layoffs
- CEOs and CFO's are seeking ways to cut costs today, implement long term cost saving strategies, and gain a strategic advantage for the future



## Why CIOs & CFOs are Looking at TEM

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- Need to Cut IT Costs in 2009 – *TEM Saves \$ Now*
- Need to Drive Down Long Term IT Infrastructure Costs - *TEM Saves 15%-30%*
- Need Centralized Inventory Management - *TEM Does It*
- Need to Save Staff Time - *TEM Saves up to 80%*
- Need to Move to VoIP - *TEM Provides Funding Source*
- Need tighter Wireless Management – *TEM Lowers Costs, provides an Inventory Baseline*
- Need Accurate Telecom Chargeback - *TEM Automates Process*
- Need to Manage/Optimize Contracts - *TEM Provides the information to do it*

## Getting Buy-In for a TEM Program

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- **Hard Dollar Savings vs. Soft Dollar Savings**
  - Decrease in telecom spend (hard)
  - Increase in available funds for IT investment (hard)
  - Increase in bottom line (hard)
  - Increase in telecom infrastructure visibility (soft)
  - Increase in process efficiencies (soft)
  - Increase in staff efficiencies (soft)
  
- **Enterprise Constituencies**
  - IT/Telecom
  - Accounting & Finance
  - Human Resources
  - Procurement

ROI = A performance measure used to evaluate the efficiency of an investment

## Standard TEM ROI Categories

Telecom Spend Reduction				
Savings Category	Invoice Auditing	Inventory Management	Cost Allocation/ Visibility	Staff Efficiencies
Industry Savings Range	10% - 15%	2% - 7%	5% - 15%	20% - 40%

Categories based on analyst research and industry data

## Standard TEM ROI

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- Incorporates a methodology based on industry best practice and analyst research
- Identifies areas for improvement with standard TEM categories
- Facilitates delivering a tool which can be used to create buy-in to the TEM project ROI and shared with the C-Suite
- **In today's economy, even with this compelling data, the ROI project champion has a difficult time selling this to the organization**
  - The C-Suite stills comes out of this exercise asking “What are we doing today to manage this expense? Does this ROI data factor in our existing procedures and/or tools?”

# ROI Maturity Model: Building the Business Case for Today's Economy

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## TEM ROI Maturity Model – Taking it Further

- While the standard ROI model facilitates identifying savings based on industry averages, it lacks a “personalized” perspective for each of the TEM lifecycle activities
  
- A TEM ROI Maturity Model
  - Applies consistent and objective performance standards
  - Enforces that TEM is a series of processes, not (just) a software application
  - Maintains focus on the entire lifecycle, not only auditing and cost recovery
  - Considers your organizations current performance for each lifecycle step
  - Increases your confidence in the accuracy of your analysis and “C” level confidence in the recommendations
    - Includes a well-thought out methodology
    - Analysis supports conclusions

 Maturity Level	TEM Lifecycle Stage					
	Order	Inventory	Audit	Pay	Allocate	Evaluate
Optimized	 <p>Savings Opportunity</p> <p>Current Maturity Level</p>					
Proactive						
Responsive						
Passive						

## Four Levels of Maturity

<p>Level 1 Passive</p>	<ul style="list-style-type: none"> <li>• Company's processes are undefined or ad hoc</li> <li>• No consistent tool set</li> <li>• No consistent policies</li> </ul>
<p>Level 2 Responsive</p>	<ul style="list-style-type: none"> <li>• Some defined processes</li> <li>• Most activities done without automation</li> <li>• High level of staff time</li> </ul>
<p>Level 3 Proactive</p>	<ul style="list-style-type: none"> <li>• Processes more broadly defined and consistently followed</li> <li>• Automation of repetitive low value tasks</li> <li>• Regular reporting</li> </ul>
<p>Level 4 Optimized</p>	<ul style="list-style-type: none"> <li>• Well defined and enforced processes</li> <li>• Extensive use of automation</li> <li>• Proactive alerts on compliance issues or abuse</li> <li>• Ongoing refinement of policies and processes</li> </ul>

## Building The Maturity Model – A Lifecycle Approach

- Starts with customer goals and objectives of TEM
- Factors each step in the TEM lifecycle (expands on standard industry categories)
- Enforces that TEM is a series of processes, not (just) a software application
- Maintains focus on the entire lifecycle, not only auditing and cost recovery
- Considers your current performance for each step of the lifecycle
- Facilitates gap analysis for TEM lifecycle processes



### Examples

- \_\_\_ Reduce the overall cost of telecom spend.
- \_\_\_ Centralize telecom information for future technology decisions.
- \_\_\_ Establish a common technology platform for managing high volume/growth areas (V, D, W), for today & the future, supported by common core processes.
- \_\_\_ Save staff time (fill staff gaps) allowing them to focus on value-added business needs by improving, streamlining and automating key telecom processes.
- \_\_\_ Improve asset management, enabling accurate asset owner assignment down to the department and program level.
- \_\_\_ Improve the detail, accuracy and availability of chargeback information.
- \_\_\_ Improve contract management for today and future decision making

## Evaluate Existing TEM Lifecycle Activities

**Order:** Receive new order requests from internal customers and place orders with vendors

**Example** - Describe in 2-3 sentences describe how you perform this step for voice, data, and wireless services. How many orders a month are received for each services?

- Example – I receive 20 orders per month for wireless devices by phone, and email. I log into the vendors web site and place the order. I do not separately track when the order was received. I enter the owner and Tel# into a spreadsheet.
- Voice
- Data
- Other



## Determining the ROI

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- **Gather data from TEM interview and evaluation process for each step in lifecycle**
  - ROI questions determine what company is currently doing
- **Quantify where on the Maturity Model an organization is today for each TEM process step**
  - Set of consistent and objective Key Performance Indicators
- **Compare existing environment to the customer's goals for each step of the TEM Maturity Model**
  - Identifies specific areas where your performance can be improved by your TEM solution
- **Calculate a potential savings percentage based on how far from optimal the client is**
  - Lower the score, higher the savings potential

## Profile

- Leading Health and Beauty Retailer
- Over \$2M in wireless spend
- 14,000 employees & > \$8 billion in revenue

## Challenges

- Rapidly growing wireless spend
- Little visibility into wireless features per line, e.g., text messaging
- A series of silos for information (spreadsheet)
- Managing wireless consumes a great deal of staff time
- No visibility for making future wireless decisions as part of their business strategy


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## Approach


- Interviewed key decision makers and stakeholders
- Documented goals for wireless TEM initiative
- Collected current business practices in each of lifecycle areas
- Evaluated responses against AnchorPoint's maturity model KPIs resulting in a gap analysis
- Identified key opportunities for process improvement to achieve goals
- Calculated potential savings based on the gap between current and optimal practices

# TEM Maturity Model Case Study – Savings Potential

	TEM Lifecycle Stage					
Maturity Level	Order	Inventory	Audit	Pay	Allocate	Evaluate
Optimized	Savings Opportunity					
Proactive						
Responsive	Current Maturity Level					
Passive						

## Case Study Savings Potential

- 10-12% potential hard dollar savings
- \$200,000 to \$240,000
- Greatest savings opportunities in improving processes in Inventory and Evaluate stages

	TEM Lifecycle Stage					
	Order	Inventory	Audit	Pay	Allocate	Evaluate
Maturity Level						
Optimized	Savings Opportunity					
Proactive						
Responsive	Current Maturity Level					
Passive						

## Summary

- In today's new economy you need to go above traditional ROI to stay competitive
- Start with your TEM goals & objectives
- Factor each step in the TEM lifecycle
- Consider your current performance for each step of the lifecycle
- Maintain focus on the entire lifecycle, not only auditing and cost recovery
- Deliver quantifiable and well documented value to the organization

### ROI Checklist

- Align key stakeholders (Telecom, IT, Finance, Procurement, C-Suite)
- Identify and gather data on existing processes
- Assess existing vendor data (voice, data, wireless by carrier/vendor)
- Set realistic expectations (timelines, etc.)
- Ensure corporate commitment

## About AnchorPoint, A Division of MTS

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## AnchorPoint at a Glance

### Background

- TEM Division of MTS, leader in enterprise TEM solutions & customer care and billing systems (CC&B)
- Financially strong TEM industry leader
- TEM HQ: Framingham, MA  
R&D Operations: Atlanta, GA  
Hosting Operations: Marlborough, MA  
Help Desk: Austin, TX



### Award-Winning, End-to-End TEM Offerings Winning Industry Acclaim

- Fully integrated wireline & wireless TEM offerings
- Experts in building a People, Process, Technology spend management approach
- Award-winning capabilities recognized by analysts

### Competitive Advantages

- Customer focus - \$2M-\$20M
- Managing nearly \$2 billion in annual telecom expenses
- Best of breed technology solution
- Strong relationships with wireline & wireless ecosystem including carriers, device manufacturers and ISVs
- Map-to-Win<sup>SM</sup> implementation process
- World class wireless Help Desk with Partner, Movero
- International capabilities



Q&A

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