Top 10 Reasons Why Clients Spend WAY TOO MUCH... For Telecommunications

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I know what you're thinking, only "10 Reasons"? Telecommunications and networking companies are easy to pick on, but we would argue that most organizations spend so much more than they need to on networking and telecommunications services from the standard and no so standard providers. Whether it is services such as traditional voice, MPLS, SD-WAN, SIP trunking, Internet or wireless mobility. It is an epidemic of excess and we successfully demonstrate to our clients every day that it does not have to be this way. Add to this trend away from on premise voice services and contact center solutions to hosted voice services and Contact Center as a Service, all of these services are often ripe for cost and configuration optimization, as you are no doubt paying more than you need to someway, somehow.

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1 Overestimating Your Ability to Negotiate a Telecom Agreement

As an organization, you are at the mercy of the telecommunications and networking suppliers when it comes to negotiating agreement pricing and terms and conditions that offer you protection and flexibility. What you don't know can and does hurt you (both economically and strategically), as the suppliers are well-trained to secure the best margin and lowest discounts, you're willing to accept.

Don't be fooled by seemingly high discounts where the list pricing is set by the provider, often a moving target and at a cost often detached from the true value of the product in the market. Without the expertise and exposure to a wide-range of competitive market pricing over a broad range of markets, suppliers, and regions, you can only guess if you are getting a good deal.

Doing a Request for Proposal can only take you so far, as all the carriers participating are playing the same game, striving to keep their rates as high as they can manage while still seeming competitive, yet with few suppliers controlling the market, we commonly see oligopolistic sector behaviors as telecommunications suppliers are only willing to let go of dribs and drabs of concessions in order to remain in the deal. Aside from pricing, there are a myriad of terms and conditions that go hand in hand to enable flexibility and organizational protections - which is just as important as rates to create a truly optimized agreement.

2 Inadequate Bill Review

Telecommunication bills are notorious for being inaccurate and difficult to understand, or so brief that you have no idea what you're paying for. Think this is an accident? The language is arcane; the formatting is jumbled; filled with all sorts of codes and acronyms that nearly require you to have a background in semiotics to know which end is up on your invoice. The invoices often appear to be unmercifully long and daunting, which is why many clients don't even consider doing a monthly bill review/audit. I can't tell you how many times I've asked a client how often they do a bill review, with the response that is if it has as many pages as last month it's probably okay.

There are so many class and subclasses and sub-sub-classes of services on your typical voice invoice, with access types, calling types, country sources and destinations and billing increments with rates and discounts associated with everything it makes you dizzy just thinking about it, much less actually conducting a thorough billing review or audit from time to time. Trying to tie the rates in your invoice back to your agreement to ensure you're receiving the rates outlined in your agreement is another challenge, with actual net rates in the agreement often non-existent and replaced by simple discount levels that require you to find the base rates in some obscure "service guide" on the supplier's website.

3 Not Understanding Your Agreement

Depending on the scope of services, the typical telecommunications agreement, notably from carriers like AT&T and Verizon, can be notoriously complex, long and difficult to understand. The base rates are often not included, so you may have a discount with no basis of what was the list cost. You can ask to have these rates put in your agreement for easy reference, but you'll likely get push back because the provider often does not want to codify something in an agreement and make it difficult to change in the middle of your term. A simple service like an MPLS or an internet circuit will have so many options tied to it; making it difficult to understand what you are actually consuming and what you should be charged.

It is imperative you understand your agreement from end to end, as this helps you understand what you are paying for and enabling a more effective bill review. It is also vital to know what your financial commitments are and what flexibility you have regarding those commitments should your business downsize, technology needs change, or should you become subject to an acquisition or divestiture.

4 Using Sub-Optimal Technology

Some technology is just going to be difficult to get away from for some time, namely the individual analog circuit (aka business line, POTS or "1FB") as long as we have a need for fire alarms and other requirements for outdated modem technology before they catch up with IP-based communication, although even in this area there are emerging wireless options that emulate a standard phone line that should be investigated. Do you still have T1s and ISDN PRI hanging around? It probably time to either ditch the idea of hosting your own phone system or move to SIP trunking if you have not already. Not only is it more cost effective, it is much more flexible and scalable. If the efficacy was not enough already, you know the market is right when Amazon gets involved with their Chime Voice Connector, a pay-as-you go SIP trunking approach.

Looking to change your approach to Contact Center hosting and your contact center solution? Contact Center as a Service (CCaaS) is the real deal with many solid SaaS based offerings that remove the on-premise investments; albeit to a SaaS subscription services that entails its own challenges in cost management. There the standard bearers in this space including Genesys, Avaya and Nice CXOne, but also newer players such as Five9 and, yes, Amazon with their Connect product.

Consider an end-to-end audit of your technology consumption and develop a roadmap that incrementally replaces legacy technology or telecommunications access circuit approaches that are more effective and less costly.

5 Too Many Telecom Suppliers

Out of necessity, particularly with geographically dispersed organizations, it is difficult to avoid collecting a multitude of telecommunications carriers particularly those small local exchange carriers in the remote locations servicing your voice and data requirements. However, there are also many options to simplify your breadth and scope of providers that pay benefits in easing supplier management, creating more purchasing leverage, reducing the bill review burden and making things much easier during the agreement renewal process when soliciting new offers.

In addition to local exchange carrier aggregators like Granite, most of your larger carriers like AT&T, Verizon Business and Lumen offer a deep portfolio of services to meet your needs. Of course, you don't want to put all your eggs in one basket so to speak but consolidating your services under fewer suppliers when evaluated with an informed view of the suppliers and the market will reap tangible savings and fewer supplier management headaches.

6 Excessive Capacity

Its tempting to size your network circuits, whether it is MPLS, boardband, dedicated internet or any of the above behind your SDWAN solution, in such a manner to accommodate theoretical peaks in usage, often based on the number of employees in a location. This is usually a flawed approach, particularly with Covid so many employees still working from home. The result is overpaying for network capacity that is grossly overprovisioned for the need.

How mature is your performance and capacity management on your network? Do you tend to subscribe to a port size that accommodates peak usage, but without visibility into the application profile that makes up this traffic? Many organizations oversubscribe the capacity on the wide-area network to avoid latency and enable greater throughput, but often needlessly and without taking advantage of class of service or other means to throttle traffic that has no business consuming the entire pipe (like email, file transfers, etc.). The use of dynamic port on Ethernet also allows you to flex more easily within a 100 Mbps, 1G or 10G access circuit to use just what you need and be charged more efficiently accordingly. SDWAN technology also give you significantly more performance management capabilities to help you size your network capacity, particularly if you are arbitrating that capacity between two or more circuits for a location.

7 Inefficient Wireless Rate Plan Management

Many of our clients are challenged with managing wireless mobility expenses, with many sources that contribute to inefficient consumption of wireless voice and data services. However, a key source of inefficiency is having users in the wrong rate plan, either underutilizing usage within voice, data or text plan or going over the plan limits and incurring overage charges. However, to their credit, rate plans have become simpler from the carriers and there is more use of unlimited rate plans, which removes the need to managing voice or data pooling and the rate plan balancing that comes with it.

8 Poor Wireless Mobility Governance

Most employees want to do the right thing to keep their mobility expenses in check, but they don't know what they don't know, so training and reinforcement of cost savings techniques is important and in tandem with governance to ensure the training is adequate and being followed.

However, the real opportunity is to ask yourself why the company is providing mobility services and phones to the employees in the first place. We are not saying that mobility services are not required for the employee, but rather why provide this service when just about every employee has their own personal phone and manages their own mobility plan with their preferred provider (likely on some sort of friends and family plan). Referred to as Bring Your Own Device (BYOD) or bring your own rate plan, consider getting out of the headache of managing mobility services in your organization (and all the overhead of adds, moves and changes). Allocate a stipend for employees to expense all or portion of the mobility expenses to the company instead.

BYOD and Mobile Device Management (MDM) to address security concerns and allowing for a partition between personal and business use on the Smartphone, adds an entirely new dimension to managing these expenses, particularly if your strategy is to require employees to sponsor their own rate plan on their own device for organizational use or enforce a cap on monthly wireless expenses for the employee.

9 Unused Services

In addition to over capacity, it is also not uncommon to lose track of your telecommunications inventory, particularly for those individual POTS lines out in the field after closing an office or moving to T1 or SIP trunking. The carriers are also notorious for not processing cancellations properly, leaving it up to you to ensure something was cancelled when you requested. Again, this gets back to the complexity of the billing, diversity of products and the multitude of suppliers that makes keeping on top of telecommunications elements that are active or inactive very challenging.

The same problem applies to wireless mobility, with an employee's assigned phones that either goes unused from time to time or leaves the company without a proper process for terminating or reallocating their wireless subscription. Telecommunications audits often cover many obsolete or unused services, and identify real savings, but it is often a challenging, tedious and time-consuming process.

10 Incorrect Rate Implementation in New Agreement

The most common event creating billing irregularities is following a new deal or amendment to an existing agreement with new, lower rates involved. It is not uncommon to have the new rates wrong or not implemented in a timely manner, like at the beginning of the next full billing cycle.

Unless you specifically request a billing review after the first full billing cycle after a new agreement, the telecommunications providers are not normally going to independently find these issues and correct them proactively. It is up to you to do this and it requires your ability to interpret your agreement and translate this into what the billing should be.

To make matters worse, the carriers often put a 12 or 6 month (or often times even less) limit on how far back you can dispute an invoice, so getting on top of this quickly can be extremely important. Strangely, the errors in the agreement implementation are rarely in our client's favor. Coincidence? We think maybe not.

NET(net) is often involved in helping our clients navigate the complexities of telecommunications, and helping them to achieve the high value and optimized costs in their telecommunications related technology and acquisitions. Please contact your NET(net) representative today to see how we can help you.

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