

# Telecom Expenses Management

## > Overview of TEM

Very popular in the United States, Telecom Expenses Management is seeing renewed interest in Europe in an economic environment where competitiveness is synonymous with cost reduction, expenditure control, and increased operational efficiency. On average, telecom expenses represent 15% to 25% of the IT budget of a large company. Yet, the maturity in managing these expenditures is highly variable. It often comes down to manual treatment with rudimentary tools, requiring significant human resources, with often unsatisfactory results. By

turning to TEM solutions and services, IT departments are seeking better visibility of their telecom expenses, an upstream check of invoices and their payments, industrialisation of ordering processes, and prevention of costly, even abusive practices.

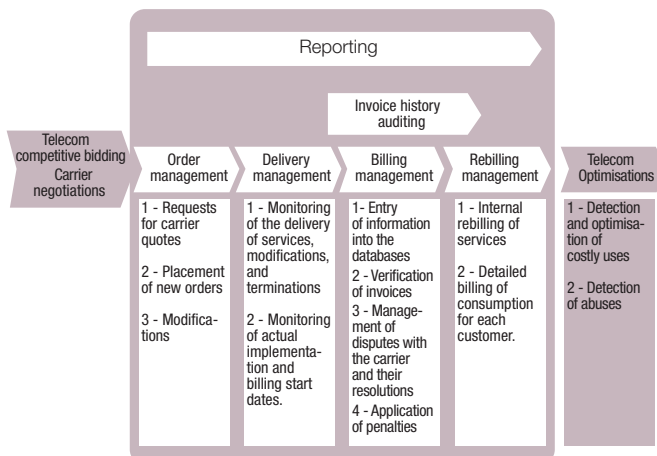
TEM solutions and services are involved in this regard at different stages of the telecom management operational process (see diagram in left column) in order to industrialise and automate as much as possible.

## > Scope of TEM

Under the umbrella of TEM services, we find an entire type of telecom services ordered from

carriers. The following table summarises some of them.

Telecom response management process



Telecom services

Telecom service category	Example
Site connection	Standard copper or fibre connection Secure connection with dual penetration, dual feed, dual connection to the carrier's POPs
Physical media	Dark fibres
Bandwidth service	Wavelength Ethernet connections SAN connections Leased lines
Private network services	IP VPN Ethernet VPN
Access to public networks	Internet X25
Telephony	Fixed Centrex Mobile
Communications	Audio conferences Video conferences

## > Market players

The TEM market remains an unconsolidated market with a multitude of players (~ 200), each with their strengths and weaknesses. While the list may be significantly reduced, it is difficult to obtain a top 5, as the uniqueness of each company, its specific needs, its geographic coverage, and its own strategy for operational management of telecoms are all factors that determine this choice. Nevertheless, the following various models are distinguished:

Business Process Model	SW Integration Model	Providers	Examples
In-house staff	In-house or SaaS	SW editor or System Integrator	Symphony Tangoe
Managed Service	In-house or hosted	System integrators	Dimension Data
Business Process Outsourcing	None Use of own tools	IT Outsourcers Telco Providers	HCL Technologies OBS, AT&T

In our view,

TEM saw the beginnings of its European expansion with projects that were already concrete, even in France. In this unconsolidated market, **the BPO model** is the most attractive, as it **helps to protect against risks associated with the multitudes of players while outsourcing a non-strategic activity for the company**. Carriers have a card to play, but their position remains paradoxical, as they would monitor themselves. The independent model

is more comfortable and avoids the risks of conflicts of interest.

In the near future, TEM players will seek to differentiate themselves more in order to stand out from the mass and offer services with high added value. The interesting ways that are appearing are:

- Management of mobile terminals;
- Appropriation of new activities
  - a. Upstream: management of telecom competitive bidding, negotiations, and carrier contractualisation
  - b. Downstream: telecom optimisation
- Expansion of the spectrum of expenses management to a non-telecom scope (equipment maintenance contracts, for example)
- Development of advanced reporting for forecasting, benchmarking of prices, carrier negotiation support, simulations, etc.

**The key success factors for IT departments are:**

- 1 - Choosing a model and an appropriate provider to ensure all TEM activities,
- 2 - Auditing the historical information and controlling the existing situation
- 3 - A solid exit and reversibility strategy, which is the predominant factor. ■