



TELECOMMUNICATIONS CONTRACT MANAGEMENT: BIG SAVINGS TO BE FOUND



Continuous management of your telecom contracts can help you reduce the costs of your telecom and IT services and make sure that you gain the most from the contract.

Can you answer these questions?

- ❖ Where are your telecom contracts?
- ❖ What are your current contract rates?

Your telecom contract documents usually end up in a file either in the AP or Legal Department and are forgotten until the contract comes up for renewal. There are many ins and outs within telecom contracts and they can be quite complicated and confusing. You may also run into big spend results if these contracts are not managed and monitored on a regular basis.

Continuous management of your telecom contracts can help you reduce the costs of your telecom and IT services and make sure that you gain the most from the contract. Knowing your current contract will also help when it is time to renegotiate the terms..

Knowing how to Negotiate your Contract

You must really be on your toes when negotiating a telecom contract. If you are not up-to-date on your knowledge of the telecom industry, you could negotiate away huge savings opportunities that could affect your competitiveness in the marketplace and incur penalties that could take a big chunk out of your bottom line.

It is important you have a plan for negotiating your contract with your telecom vendor. You need to be aware of any clauses that state your contract will automatically renew after a period of time which could lock you into another contract which may not suit your business needs.

Telecom contracts almost always favor the telecom vendor. Therefore, you should negotiate for flexible clauses and high commitment levels from your vendor. Know the current rates and trends before you sit down with the vendor to negotiate. Be ready to guide the vendor in the direction of the rates that would most benefit your business savings.

Always keep in mind, no matter how large your company may be, this will not sway the telecom vendor to give you the better rates. The telecom vendor is out to give you the highest rate that will yield them the most profit.

In order to be better prepared for your telecom contract negotiation, you should already know what your current usage and spend are and you should know the regulations and rules for your area. Do not rely on the vendor to supply you with this information, as they may mislead you on the numbers and put you in a costly situation later.

You will also need to consider future changes that may take place during your contract term that could run you into big spending if there is no mention of future growth already in your contract. You are dealing with people that know how to build a contract to their advantage and know how to input terms that will give them back the savings you think you have negotiated in a lower rate.

When it is time to start negotiating your contract, it is imperative that you have knowledge of what your specific needs are so that you are able to lay these out in your request for a proposal. A good request for proposal will dictate to the telecom vendor: what services you expect from them, what rate you are willing to pay, and specific pricing caps. Starting your negotiation at a lower level will ensure flexibility throughout the negotiations. It would also benefit you to negotiate the time period allowable for implementation. In this way, you stay in control when you enter the implementation phase of managing your telecom contract. You must not forget to leave room for technology changes, company structure changes, etc. Another important step in requesting a proposal for your telecom services is asking detailed questions concerning your specific needs for your equipment and software.

Once you have received the vendor proposals, it can be a very overwhelming and tedious task to analyze the responses. Therefore, you should also specify the format in which you wish the vendors to respond. This will make it much easier for you to sort out the differences among vendors.

The telecom world is constantly changing, and contracts are far from standard. The more knowledge you have on current trends and vendor processes, the better prepared you will be for the Request for Proposal step of negotiating your contract. You can lose up to 20% of potential savings if your telecom contract is not negotiated properly. Entering into telecom contract negotiations without being fully knowledgeable of these factors can cost your business severely.

Knowing how to Implement your Contract

Now that you have your contract negotiated, it is time to enter the implementation phase. If you do not take full control of the implementation phase of your telecom contract, you may not receive the services for which you spent so much time negotiating and could cost you major savings in the long run.

Good management of your telecom contract implementation is imperative to ensure that you start reaping the benefits of your savings immediately. Whether transitioning to a new vendor or staying with your current vendor, you should have an experienced and knowledgeable project manager to oversee and create a transition plan and/or schedule. This will help to avoid multiple invoices and charges during the change over to the negotiated services in your contract. Making sure that all disconnects are performed immediately will also help to avoid being charged for services that were not negotiated in your contract. It is also important to make sure that you are not invoiced for services not yet delivered. Obtaining credits for these types of mistakes/errors can take a long period of time to get resolved if not handled immediately.

Knowing how to Administrate your Contract

We have come full circle and are at the point where the contract gets put in a file with AP or the Legal Department. As you do not want to lose control of the contract and the negotiated terms, you will need to make sure that a copy of the contract has been given to the Telecom Manager and/or Project Manager so that they may familiarize themselves with the rates and terms of the contract and have it on hand for any inquiries that may arise.

Continuous contract monitoring is an extremely important part of getting the most out of your telecom contract. This entails constant scrutiny and enforcement of rates, terms of the contract and implementation. If your terms are not met, you could be bombarded with erroneous charges that could be disastrous for your telecom spend budget.

Most contracts have specific demands that you as the client must meet in order to keep the contract valid and avoid severe charges. These need to be monitored closely to ensure that you do not fall short of your terms and incur huge fines. Commitment levels is one of the largest demands that is negotiated in a contract. If you should fall short of these commitment levels, you could pay extensively for this. You should have a database for your own records that you can compare with vendor reports to make certain a miscalculation does not put you below your commitment level.

Keeping on top of the current trends and rates is another aspect of administrating your contract. This will also help you when it is time to re-negotiate your contract. Knowing and managing your telecom contract will make it much easier to resolve any invoicing disputes that may occur and will help to ensure that you have received the proper credit when earned and that you have not been overcharged for specific services. When you find a credit due and a request is placed to receive the credit, you must make sure that you are requesting the credit under the terms of your contract, looking for special terms or language in your contract that is required for submission of a credit request, or your claim could be denied.

Knowing how to Optimize your Contract

Optimization of your telecom contract can be a very time consuming job; however, this could save you a huge amount of money in the end and is worth the time to keep track of improvements that could be made to the contract.

One aspect of optimizing your telecom contract includes warranting that more cost effective services are being used in place of switched services. Many people do not realize when using dedicated T-1s and their long distance is PICed to their provider that they will be charged switched rates. Frame relay networks and anyone who may have more than ten T-1 circuits in place could also be hit with these charges. Any new services not provided in the contract, but added at a later date, should first be negotiated as an amendment to the original telecom contract to avoid being charged the higher rates.



Another attribute that could help to optimize your current telecom contract would be to conduct Annual contract reviews and mid contract renegotiations, being careful not to increase commitment levels and extension of your contract lowering your current savings. The success of this aspect will depend on how well the other processes of your telecom contract management have been controlled.

Better Position Your Business

It is critical that your telecom contract complies with agreed-upon billing terms, and effectively covers all appropriate call categories. Routinely renegotiated telecom contracts can ensure you decrease your contract rates and improve your vendor terms and conditions, and that you are only paying for the services you actually receive at the appropriate contracted rate and terms, and you are getting the best rates available.

Having the most up-to-date knowledge of the current trends and spends in the telecom market means that your business can be better positioned to modify existing agreements, obtain overpayment refunds, collect unfulfilled credits, make advantageous decisions regarding spend commitments, and enter into superior new agreements.



Symphony Spend Management Solutions at a Glance

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2003: Teletron (originally founded in 1989)

2004: Stonehouse Technologies, Inc. (originally founded in 1978)

Our Telecom Expense Management enables organizations to implement a closed-loop expense management process, resulting in greater control and cost reductions. No matter where an organization stands in implementing expense management best practices, Symphony Services' expertise, processes and technology can help achieve the next level of management and savings. From managing assets to analyzing service provider invoices, Symphony Services delivers global insight into what transactions are made within an organization – and at what cost. Our Telecom Expense Management has over 300 clients spanning various industries, such as financial services, manufacturing, hospitality, retail, consumer products and pharmaceutical.

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- ❖ 3 of the top 5 aerospace and defense manufacturers
- ❖ 3 of the top 5 motor vehicles and parts manufacturers
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Contact Details:

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