

Best Practices In Managing Wireless Communications

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The first principle is that responsibility lies with the company, not the employee.

U.S. employees today enjoy unparalleled freedom thanks to company-sponsored wireless devices. Employers, meanwhile, enjoy the benefits of increased productivity and connectivity with employees. Thus, it's a 21st Century given that wireless devices benefit both employers and employees.

This unfettered freedom comes with a high price tag—about \$37 billion in annual wireless charges, and growing. Some estimate that the cost of wireless services has reached \$1,800 per employee per year and, within three years will account for 30 percent of corporate America's telecom budget. On the other hand, it's been estimated by the Meta Group that only 10 percent of organizations have sufficient visibility into their employees' wireless spending.

Stringent management of wireless devices can save corporations 20–30 percent of their wireless costs. For a corporation with 1,000 wireless users spending about \$1,800 per year per employee, that would mean an annual savings of up to \$540,000.

So it's surprising how little attention is actually paid to wireless expenditures. While the money is well spent, it's also likely overspent. The wireless budget must come under closer scrutiny. The first tenet of successfully controlling wireless expenses is to understand that ultimate responsibility resides with corporate management, not employees.

This article will examine the problems currently facing corporations, and will outline the four basic solutions that can be implemented to solve those problems:

1. Negotiate corporate national contracts.
2. Establish current inventory and central procurement.
3. Review individual usage and rate plans on a monthly basis.
4. Have management review bills and enforce corporate usage policies.

The first step is for an enterprise manager to recognize the problems that are now standing in the way of reducing and managing your wireless costs, starting with many of the freedoms employees currently enjoy.

■ **Problem:** *Employees often have the freedom to pick their own wireless vendor, service plans and equipment, resulting in the employee, not the corporation, controlling the wireless costs.*

The most common method of expense control is for organizations to provide a stipend (e.g. \$100 per month) to employees to cover their wireless expenses. They give employees the freedom to choose the provider, service plan and equipment. The employee simply adds the charge to the expense report and submits the bill as the receipt. Usually expenses are approved by management with very little inspection. Although these methods are easy to administer, they don't take advantage of corporate volume discounts and don't give employees the incentive to manage their usage or minimize their costs.

■ **Solution:** *Negotiate national contracts with your vendors, incorporating the following terms and benefits:*

—**Negotiate volume discounts.** Some vendors offer discounts only on monthly service fees, while others offer discounts on both access and usage fees.

—**Obtain rate plans tailored to your specific business environment.** For instance, a plan with unlimited or high numbers of local minutes may be better for employees who rarely travel, while plans with roaming or long distance better serve road warriors.

—**Keep the contract terms fairly low and reduce or eliminate cancellation fees.** A contract should run one or two years at most. With carrier consolidation and market pressure, what appears to be a good deal now may be expensive down the road. Since some employees are likely to leave before the contract expires, negotiate cancellation fees based on a percentage of total phones. For example, you should have the ability to cancel up to 35 percent of corporate devices in a year without penalty.

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—**Negotiate a hibernation plan.** These plans allow you to have certain phones remain active—but not in use—for small monthly fees between \$1 and \$5. When an employee leaves the company, the phone returns to the corporation and is kept in limbo for 60 to 90 days; then it can be reissued to a new employee several months later. This significantly saves on monthly charges and keeps the phone active without a reconnection charge.

—**Obtain free or reduced-cost equipment.** When signing a new contract, you should negotiate damage and property loss provisions; a specified number of annual replacements for lost or damaged devices; a new device or dollar credit every time a contract renews on an individual device, and significant discounts or free equipment.

—**Require centralized, computerized billing.** You should make certain that vendors send bills—via CD, Web or both—to the corporation or out-

side vendor, not the individual user. This removes the policy of paying employees a monthly stipend for wireless use that may not have occurred; gives the corporation a better handle on where and how the devices are being used; enables you to easily download the data into telecom management software tools; and allows flexibility in later modifying the plan.

—**Get service level guarantees.** Since cell phones are used for business, quality of service is essential. Make certain that vendors provide credits for dropped calls or poor service and closely investigate vendor quality guarantees.

■ **Problem:** *There is no individual wireless service plan that best covers all employees.*

■ **Solution:** *Divide wireless users between plans that best meet the needs of the users and prove most cost-efficient for the corporation.*

Employee wireless plans can generally be broken down into two types:

1. *Individual plans* are best for heavy users and employees who frequently roam out of their home calling areas. This type of plan can be divided into three groups.

—*Regional plans*, with no roaming or long distance charges within a small geographical area, would cover heavy users who rarely travel.

—*National plans*, with no roaming or long distance charges when on the carrier's network, are best purchased from a carrier with a large national footprint.

—*One-rate plans* are the ultimate—and usually most expensive—because there are no roaming or long distance charges. They are used selectively for employees who travel to secondary and/or rural areas.

2. *Shared minute plans* are the best plans for most users. With this type of plan, you lower the total cost per minute; avoid overcharges by pooling minutes between users; and reduce contract commitment shortfalls by buying the correct number of minutes based on historical usage. However, some vendors restrict the makeup of the group that

shares the minutes, based on geography, number of users, etc.

■ **Problem:** *The corporation has no set wireless usage policies, allowing employees to misuse and abuse their wireless services.*

■ **Solution:** *The corporation must develop and communicate a wireless use policy that will enable the company*

to manage usage and reduce overall costs.

In many corporations, this means overhauling the way wireless devices are controlled: Employees lose control; the corporation gains it. You should consider the following when setting corporate policy:

■ Have corporate phones be either all corporate liability, or all personal liability. If you decide to go corporate liability, consolidate all invoices into a master account according to vendor, making bill payment significantly easier. If you decide instead to go with personal liability, establish a reporting structure with the vendor to obtain electronic shadow invoices.

■ Establish and enforce a structured personal call policy based on how much use—in minutes, location, etc.—employees have, and set a method for employee reimbursement for acceptable personal expenses.

■ Assign an individual within the corporation or an outside vendor to handle all provisioning of new devices, service plan changes and terminations and inventory updates.

■ Consider keeping a stock of wireless devices that can be “rented” to infrequent users with air-time and rental costs charged back to the responsible departments.

■ Allocate wireless costs to your individual cost centers and make management responsible for controlling these costs.

■ Inform employees not to call internal toll free numbers from their cell phones.

The wireless use policy must address corporate vs. personal liability, as well as departmental chargeback

Service providers must be made aware of your wireless policy—but be aware that many carriers will naturally attempt to circumvent it by “accidentally” continuing to submit materials directly to your employees.

■ **Problem:** *Historically, corporate management has done very little to manage wireless usage and costs on an ongoing basis.*

■ **Solution:** *Provide management the incentives and tools they need to effectively manage their wireless costs.*

The wireless policies described above will have little or no impact if management is not committed to enforcing the policy. Policies can be most effectively implemented and enforced via software packages from companies including ISI Telemanagement Solutions, MSS Group and Traq Wireless. Run either by the internal staff or an outside vendor, these software packages aim to:

- Achieve immediate and ongoing savings without changing carriers or equipment.
- Automate the labor-intensive process of reviewing rate plans, tracking usage and making changes.
- Provide management with increased control and visibility over wireless costs and usage.
- Alert management of fraud or excessive personal usage by employees.
- Allocate costs by usage and other company guidelines.
- Consolidate total spend by vendor for optimum leverage during contract negotiations.

On a monthly basis, cost analysis software can be used to easily analyze every phone against all your current carrier’s rate plans to provide the best rate plan recommendations. Studies have shown that wireless providers derive more than half their revenue from over- and under-usage. A wireless user who exhausts only 500 minutes of a 1,000-minute plan is almost as big an expense to the corporation as one who uses 1,200 minutes of that same plan.

Ongoing bill analysis will also reveal inefficient and zero-use phones where rate plans can be changed or terminated to eliminate unnecessary monthly service fees.

Another benefit of a software solution is that the multitude of carriers and rate plans used by your company are rolled up into a single, flexible

online management system. Reports and online analyses can be completely customized to your organizational design—whether by carrier, employer, business unit or employee, and administrators and managers can grasp every category of their wireless billing. Customizable exception reports will focus a manager’s attention to areas that need further investigation, increasing accountability and control over wireless costs.

Organizations that use software tools to manage their wireless devices can see reductions of 10–30 percent of their annual budgets. The savings come in many forms:

1. Hard dollar savings from:
 - Better rate plan selection.
 - Aggregated vendor discounts.
2. Soft dollar savings from:
 - Better asset tracking.
 - Policy enforcement.
 - Reduced administration time.

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Conclusion

The growth of wireless connectivity has been a boon for corporations and employees. Employees are more productive, while their employers are more connected.

This has come at a price. Wireless plans, left untended, are a growing corporate expense, climbing into the billions of dollars annually with potentially millions wasted. In the past, tracking these costs would have required an expensive and time-consuming corporate structure overhaul that would, in all likelihood, minimize the financial benefits.

However, the cost of managing wireless expenditures can be greatly reduced through software specifically designed to track and coordinate wireless expenditures. Depending on the enterprise, this software may be run either in-house or by an outside consultant □

Companies Mentioned In This Article

ISI Telemanagement Solutions
(www.isi-info.com)

MSS Group (www.mssgroup.com)

Traq Wireless (www.traq.com)