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## **How to Achieve Value from a Telecommunications Services Audit**

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Cost containment is one of the top challenges facing healthcare financial managers. In an ideal world, telecommunications services bills would be easily understood, user friendly, and always accurate. In the real world, those bills are challenging to decipher, frequently incorrect, and growing in number.

You may have been solicited by a firm offering to audit your telephone bills, promising to provide "substantial savings." You may have wondered, "Is there anything to this?"

The answer is a qualified "Yes."

Let's consider a few questions, and then decide whether these claims of savings have merit.

### **Who Are Telecommunications Consultants?**

Consultants who provide knowledge on technical or legal issues often have advanced degrees and certifications. However, there is not yet a certification for telecom consultants analogous to CPA, MCSE, or CCNE. So, how do you evaluate a company that wants to look at your phone bills?

Ask the company how long its consultants have been in the business of telecommunications consulting. You do not want to be someone's test case. Ask for a list of clients that you can call regarding their experience and results with the company. Ask the company for its staff's resumes, background, and actual experience.

### **How Are They Paid?**

There are several different ways that telecommunications consultants can be paid. Some firms offer a contingency fee program, in which the consultants are paid a percentage of the savings they uncover. Ideally, the consultant will schedule invoicing to coincide with the implemented savings, so that you pay the fee out of actual savings.

Ask the company:

- How are these "cost savings" going to be defined?
- Are fees payable for cost savings achieved in one year, two years, or more?
- What about refunds that they obtain for you from your carriers?

As with any good business relationship, make sure that the terms for telecommunications consulting services are defined and agreed upon in writing. Some firms may charge a flat fee per engagement, while others may charge on an hourly basis.



If you are speaking with a consultant who will recommend different carriers or service providers, ask if the consultant is receiving a commission from the carrier. In this case, a consultant may be similar to a financial planner who makes recommendations regarding insurance or investments, charges a fee to the client, and is also paid commission on the products sold.

A key question to ask is, "If I hire you, how much better off will I be over 12, 24, or 36 months?" You should require the consultant to implement any recommendations that you have approved. Otherwise, you may end up paying for recommendations that have not been implemented due to lack of time or understanding internally.

### **What Will the Consultant Do?**

Before beginning a project, your consultant should provide you with a written scope of work, a timeline, and a schedule of deliverables. Scope of work defines what services will be examined in an engagement. These services can include (but are not limited to) local and long distance phone service, facilities analysis (meaning circuits or lines), data (meaning internet connectivity or data networking services), pagers, and wireless/cellular phones.

Has your consultant documented how much of your time or your staff's time will be required to complete the project? Other than during the initial information-gathering period, the consultant should require very few hours of your staff's time to perform an analysis. The best consultants will have you approve a letter of agency, which allows them to contact your current carriers for information regarding your services. While an LOA may allow the consultant to make changes to your services, make sure that you maintain the right to approve in writing any changes to be made. The consultant can then work directly with your carriers to gather information. As the engagement comes to completion, you should be presented with documentation of the savings, refunds, etc., that have been uncovered and how they were uncovered.

### **Why Can't My People Do This?**

In many organizations, headcount has decreased while responsibilities have increased. In addition to the fact that everybody is busy, the specific tasks involved in conducting telecom-spending analyses are time-consuming. Many telecom and accounting staffs have more work to do than they have time available. Technical personnel who keep equipment running, or accounting staff who do not have specific telecom expertise, cannot reasonably be held accountable for mastering the ever-changing intricacies of telecom contracts and billing. Adding the task of performing an in-depth telecom study to their duties can be a recipe for frustration.

### **What's the Bottom Line?**

Telecom billing is complex. A fresh set of eyes from a consultant who works with telecom billing issues every day can be key to finding errors made by your service providers or to uncovering ways to make your telecom processes more efficient. Using a consultant to discover areas for telecom savings and enhanced value will not reflect poorly on you or your staff. Funds that are not spent on telecom services are funds that can be better deployed elsewhere in your organization.

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