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**EVUA/OVUM Telecom Expense Management (TEM)**

**Workshop**

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## Background

The need to control corporate network costs has featured consistently as one of the top three concerns for CIOs (as reported in the EVUA/OVUM Annual Members Surveys). The complexity and scope of global network services has increased exponentially in recent years resulting in a greater volume and complexity of contracts and expenditure. Workforce mobility and the range of diverse services has led to a lack of management control and cost visibility. The majority of CIOs do not know what their total telecom spend is – but all know it is increasing fast, with mobile data the least well controlled.

Many MNCs have managed the more traditional fixed line services through benchmarking reviews and EVUA/OVUM has been reporting global VPN pricing for nearly ten years. Such management techniques, whilst still valuable, have limited effect within the extended scope of new converged network services. Management of user devices and the need for a more Total Cost of Ownership (TCO) view cannot be delivered through benchmarking alone, and a new style of telecom expense management is emerging to help solve the CIOs network cost problems.

Accenture presented their solution at the EVUA/OVUM conference in Budapest in June 2007. This subject attracted a high level of interest from both users and suppliers, and it was requested that EVUA/OVUM developed the theme through future activities and events. Consequently a TEM Workshop was held in London in November 2007 to kick-off the establishment of a programme of activities in 2008, starting with in-depth coverage at the next EVUA/OVUM conference in Dublin in February 2008.

## Objectives

EVUA/OVUM workshops are development forums aiming to establish common areas of interest and determine some joint activities that will benefit the whole community. They form part of the programmes run by Special Interest Groups (SIGs) made up of focused users, suppliers and analysts.

Workshops normally attract an equal mixture of users, suppliers and analysts (five of each roughly). Such is the interest level in TEM and the relatively new (to EVUA/OVUM) suppliers that the TEM workshop attracted 27 attendees including 16 suppliers.

### **The TEM workshop had four basic objectives:**

- to understand the processes and components of TEM
- to share best practices
- to introduce market players
- to determine an EVUA/OVUM TEM support plan.

## Summary

Accenture kicked off the session – Sheena Hinton described the implementation activities undertaken by their TEMPO team. Short presentations were given by seven suppliers – Symphony, Quickcomm, Calvi, Tangoe, MDSL, EDS and Ezvim – inviting discussions on topics ranging from life-cycle management and processes to device and billing management software. EVUA members can find a copy of these presentations on the EVUA website ([www.evua.org](http://www.evua.org)).

### **Some important observations were highlighted during the workshop:-**

#### **(1) Organisation and governance**

Most MNCs have very disparate geographic and service organizations managing networks. Processes therefore differ and are unlikely to be inter-connected in the medium-term without centralized control and management. The result is a lack of visibility and control of costs by a single entity.

Prior to any decision to explore and evaluate a TEM solution, TEM initiatives must have the buy-in of all departments affected – including procurement offices and human resources. Whilst the benefits of a good TEM implementation are clear, it does not carry the same importance as, say, network services, which are critical to the day-to-day running of a business. Attractive as the benefits list may be, it is all too easy for an enterprise to defer a decision to buy once the salesmen have gone home.

The decision to go with a TEM solution does not alone guarantee its success however. Prior to implementation, TEM must be championed at the board level. One of the suppliers who presented at the workshop cited a company where a TEM implementation failed because the TEM champion left shortly after contract signing, and the company didn't pick up where the TEM champion left off.

With usage of devices such as mobiles and portable PCs by staff on a 24x7 basis, many facilities are now considered partly personal and costs are incurred indiscriminately on a very disparate basis. Privacy laws across Europe add to the complexity of management, with restrictions on how personal data can be handled posing some problems for TEM providers.

#### **(2) Process and life cycle management**

Reviewing costs and bills is often just treating the symptom rather than the cause. All workshop attendees agreed that it is important for users (supported by TEM suppliers) to take a process view of telecom management (on a global or at least regional basis) in order to manage overall services and costs efficiently.

The obvious first step to successful TEM is to measure service costs – without measurement information it is impossible to manage improvements. It is also vital

that each enterprise defines TEM in their own environment – scope, internal processes and management.

### **(3) Privacy and compliance**

Different countries have different laws governing personal privacy and information management compliance. Although all TEM users and suppliers have encountered these demands, at best the wheels have to be re-invented several times and at worst privacy and compliance have not been respected.

This area is considered to be one that collectively – through EVUA/OVUM – would benefit greatly from having a shared, evergreen view of privacy and compliance rules on an international scale.

### **(4) TEM service not software**

Enterprises should view TEM as a process and a managed service not just a simple software tool. However it is often necessary to kick-start the initiative by installing a piece of TEM software in an area to demonstrate a quick cost-saving win and thus gain the buy-in of senior management and all affected enterprise divisions.

Many TEM suppliers are increasingly positioning themselves as solutions providers rather than just software license sellers, often through relationships with carriers or systems integrator. The market in USA is more mature than Europe in this respect – Europe suffers from greater international supply complexity, whilst AsiaPac presents even greater challenges.

### **(5) Support demands**

A number of other critical support areas were discussed at the workshop including multi-lingual requirements, currency conversion and internal recharging. The development of converged services (fixed-mobile, data-voice) and unified communications is adding to the complexity and necessity for a TEM support strategy. Many carrier and other supplier services are prone to billing errors due to inconsistency, level of detail and methodology. Enterprise attempts at managing such suppliers and costs are very labour-intensive and are themselves prone to errors.

### **(6) General**

It is important for enterprises freshly embarking on a TEM strategy to know where and how to start. TEM is essentially Business Process Re-engineering and requires high-level support to champion it. Consultancy can be engaged at every level of the development process (either through a TEM supplier, prime carrier, systems integrator or externally) to help provide an understanding of current contracts, existing device fleets, usage levels, costs, processes and people.

TEM is still in its infancy in Europe. More MNCs increasingly have business requirements placed upon them to control network facilities and costs, and to be compliant with recent demands for corporate information control. Some have already built internal processes and services. Mobility services in particular are seen to be a huge problem for enterprises and, as a consequence, a big TEM opportunity for TEM providers.

Both EVUA and OVUM are now extending their businesses to develop support in this area. The EVUA has now begun to establish a SIG to manage a TEM programme; OVUM is keen to engage with both users and suppliers to encourage TEM development and take-up (especially in Europe in 2008), and is currently researching TEM in the European context.

### **(7) The TEM market**

Examples were quoted at the workshop of the percentage success rate of RFP responses by suppliers. The biggest factor in rejection currently is not the award of business to a competitor but the indecision of the customer to proceed. This is generally due to the customer expecting a simple solution by purchasing a software tool rather than embarking on a review of their processes and requirements. It is also due to confusion about the various TEM providers, and the decision to implement not being taken prior to assessing TEM solutions, with proper champions – something we alluded to earlier in this paper. As a result, the decision simply gets pushed to the side in favour of more immediate issues.

Many TEM suppliers understand their limitations and are developing relationships with operators, ERP software vendors and systems integrators. Much TEM software is sold to operators and systems integrators who provide managed TEM services to enterprises, and this is an increasingly important channel for TEM providers if they are to succeed in the market.

EVUA and OVUM will work with all parties to help develop new service delivery models. EVUA will also continue to demonstrate best practices through the publication of case study presentations and papers.

## **Follow-up**

### **The EVUA/OVUM TEM programme for 2008 will include:**

- establishment of a Special Interest Group (SIG)
  - TEM suppliers EVUA membership
  - coverage at the ICT Strategies conference in February (Dublin)
  - development of process and governance model templates
  - publication of best practices and user experiences
  - focus on TEM at the Germany workshop in Q2
  - inclusion of TEM at the Mobility Solutions conference in June (Berlin)
  - development of international privacy and compliance statements
  - inclusion of TEM at events to be held in USA and AsiaPac.
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