

Technology

Don't Get Carried Away by Inflated Telecom Bills

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Mr. David Solberg

If you run a business, then you probably know that telecom ranks as one of the four largest expenses for most companies. But did you know that more than 80 percent of telecom bills are wrong?

Discrepancies usually involve overcharges, services not received, discontinued phone and fax lines, and taxes and fees. Smaller companies (with less than \$10,000 in average monthly phone bills) can audit their own phone bills by paying special attention to these inflation culprits.

However, companies with monthly phone bills averaging more than \$10,000 will find that tracking and correlating all that information can be daunting to impossible.

This is why many mid- to large-sized companies are now turning to telecommunications auditors for help. A telecommunications auditor is a contracted consultant who aims to control telecommunications costs and dramatically reduce a company's expenses. The auditor assigns a team of qualified individuals to scrutinize invoices from domestic and international vendors, including local and long-distance phone bills, and Internet, fax and data system agreements. The basic audit finds unnecessary costs that "creep" into monthly bills.

What do you need to consider when selecting a telecom auditor? "Three things led us to choose our telecom auditor," said Chris Leininger, CIO of the Swedish Medical Center in Seattle, Wash. "Outstanding references, a meticulous methodology for identifying billing redundancies and a superb, client-focused account manager."

Here are seven other things to keep in mind:

1. A qualified team

Ask who will be on your auditing team. Look for highly qualified individuals. Ideally your team should consist of career people with backgrounds in auditing, law, writing FCC tariffs, witnessing utility rate hearings, managing complex billing systems and designing, installing and operating voice and data networks. The result is expert advice from people who know what they're doing. "We looked for a full-range of risk-free services, a very specific skill set that draws on technical know-how and diplomacy," said Dan Sullivan, CFO of Oregon-based Umpqua Bank.

2. An independent consultant

Consultive selling is currently very popular. Know how your consultant is being paid. Preferably your consultant should be independent of any service provider. You want your consultant to represent your best interests, and not have him recommend vendors who merely offer the biggest commission to the consultant this month. An independent auditor

(rather than one affiliated with a telecom company) will be able to provide the best broad range comparison-shopping.

3. Industry know-how

Experience counts. Look for an auditor who has other like-sized clients and references. Experienced auditors have the industry knowledge to responsibly navigate the rules, regulations and loopholes of corporate telecommunications, and leverage their professional and legal clout to help clients be taken seriously when negotiating with telecom companies.

4. Check references

Look for an auditor familiar with your industry and experience with a company of your size and scope.

5. The big picture

Look for an auditor who, in addition to reviewing all company invoices, contracts and records, will then go the extra step and reduce costs through shedding unwanted contracts, and consolidating others, thereby maximizing your company's strategy for the future. A qualified auditor should have a detailed strategic plan for reducing your telecom charges, including dozens of proven methods for detecting billing errors and a slew of "red flag" items to look for on invoices.

6. Proprietary software

Look for an auditing firm with proprietary software that can provide an ongoing monthly analysis of your bills. This software will aid your auditors with their ongoing efforts to prevent redundant charges and errors from creeping back into your bills. In addition, you should absolutely look for an auditor that offers free consulting hours. Don't accept anything less.

7. No-risk billing

Look for an auditor who will only get paid when you do. This is called no-risk billing. The auditor receives a percentage of the amount of money they save you. This way, they only make money if you save money, and you have nothing to lose by hiring them.

The bottom line

Telecommunications auditors are excellent resources for companies interested in eliminating unnecessary expenses and reducing telecommunications costs. Moreover, an outsourced auditor can save a company both time and money in the long run. While savings vary, on average, clients experience a 20 to 30 percent rate of return. That can be a big chunk of the bottom line. According to Sullivan, "as a result of our auditor's continuing efforts, Umpqua now saves, on average, \$50,000 in monthly telecom costs, which is a substantial sum of money."

Taking the time to choose a firm carefully will help guarantee your company the best results possible. You get what you pay for. Why pay more?

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