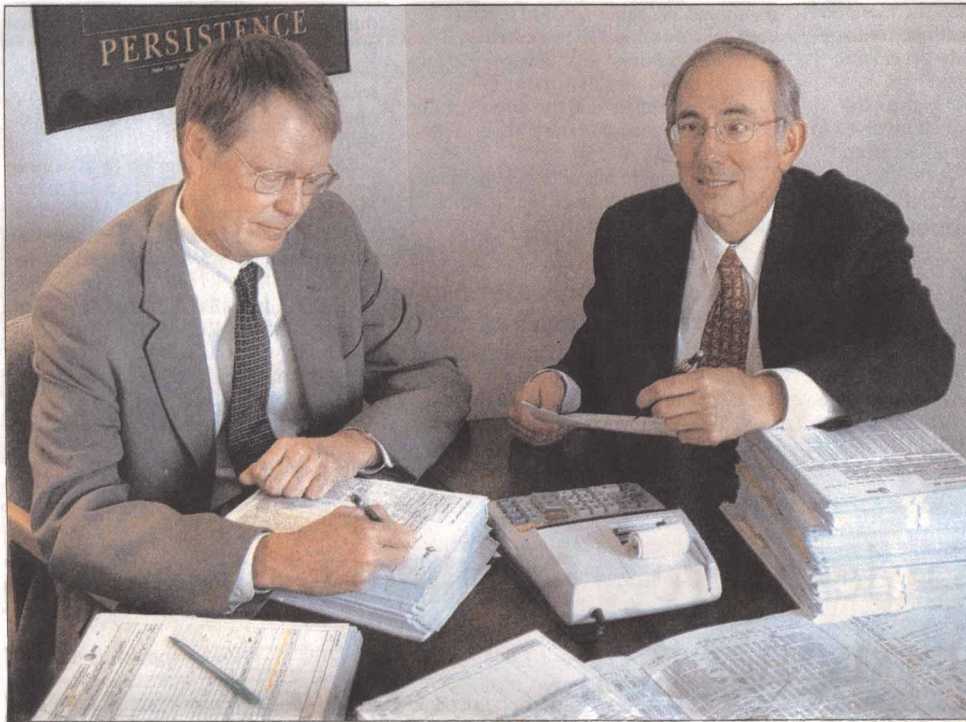


The Oregonian

INSIDE OREGON BUSINESS

A weekly look at businesses' strategic decisions



BRUCE ELY/THE OREGONIAN

David Solberg (left) and Lyle Adams, managing partners of Solberg/Adams, use skills developed as accountants to scour phone and Internet bills to help clients save money.

SOLBERG/ ADAMS

Mission: To reduce company expenses by controlling telecommunications costs, including local and long distance phone bills, Internet, fax and data systems.

Services:

Audits: Solberg/Adams audits invoices from domestic and international vendors and splits savings with the client company.

Bill reviews: For a fee, Solberg/Adams will review and pay all telecommunications bills of a company. It does not get a portion of savings found by this service.

Address: 8285 S.W. Nimbus, Suite 151, Beaverton, OR 97008

Phone number: 503-292-3131

Web site: www.solbergadams.com

Errors add up to profit

A Beaverton firm makes good on mistakes on client phone bills

By JONATHAN BRINCKMAN
THE OREGONIAN

David Solberg and Lyle Adams seem like mild-mannered businessmen, with low-key ties and neatly pressed shirts, until you ask them what they do for a living.

Then you glimpse fire.

The two are managing partners of Solberg/Adams, a Beaverton consulting firm that specializes in examining corporate telephone and Internet bills and finding excess charges. Solberg/Adams then negotiates with the company or companies that provided the service, settles on a lower bill, and splits the savings 50/50 with the client.

Success? The company finds savings in 50 percent of the bills it examines, the two say.

Savings? Solberg/Adams is able to cut its clients telecommunications bills by an average of 25 percent, they say, which translates into \$20,000 to more than \$1 mil-

lion, depending on the size of the company.

"This is about righting wrongs and finding better ways to do things," said Solberg, 57. "Everyone here is enthusiastic and detail-oriented."

The company began operations in 1993, before the telecommunications revolution that brought widespread Internet use, ubiquitous cell phones and cut-rate long distance calls. It rode the telecommunications explosion, drawing clients that needed help with data systems as they grew. Now the economy is slower — but demand for Solberg/Adams' service is rising, not dropping.

"It seemed like a good business plan from the start," Solberg said. "Phone bills never go away."

One service the firm offers: It finds contracts offered by telecommunications companies to make sure clients are getting the best deals possible.

The company is thriving during a time of economic

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Bills: Qwest acknowledges consultants' role

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malaise for two more reasons, Solberg and Adams say. Corporate managers, pressed to keep improving their data delivery systems as technology advances, use Solberg/Adams to track the billing side. And with the economy slow, many companies are desperate for ways to cut costs.

"There's a lot of turbulence in the telecommunications system now," said Fred Peterson, executive director of Tracer, a trade association representing commercial telecommunications users. "These audits are a way for companies to hold the line on costs."

Qwest Communications International, a regional telephone company that has 16.9 million customers in 14 states, including 1.4 million in Oregon, has no problem with what Solberg/Adams does. "As businesses are streamlining and cutting in-house staff, they may find it beneficial to use consulting firms for bookkeeping and accounts payable functions," Stacia Dahl, a Qwest spokeswoman, said.

A decision to grow

Solberg/Adams was founded when Solberg called Adams and asked him to join a venture in which the two men would use their accounting skills to audit telecommunications bills. The two had been accounting majors together at Portland State University and both studied at Willamette University College of Law.

Adams accepted. The pair ran a low-profile consulting firm for the next six years. Then, in 1999, Solberg decided it was time to hire more people. "We were getting more work than the two of us could handle," Solberg said

The number of employees at the firm has since increased from five in 1999 — Solberg, Adams and three assistants — to 13 today.

The company is privately held and the two decline to disclose revenues. But they say sales have increased by 29 percent to 35 percent a year since 1999.

"People need us during boom cycles, when they are trying to manage their growth, but they also need us during bust cycles, when they are trying to control costs," Adams, 57, said. "We provide a way for our clients to keep a level of experience and stability at a time when they are reducing their work force."

Phil Nyegaard, manager of the telecommunications division of the Oregon Public Utilities Commission, which is in charge of regulating telephone companies in the state, understands why businesses like what Solberg/Adams does.

"It's difficult to get information," Nyegaard said. The utilities commission, for example, knows about telecommunication companies that provide local service in Oregon because it regulates those companies. Interstate and international service, however, is not tracked by the commission.

Bringing equity

Solberg/Adams hired Elizabeth Carroll from AT&T in 2001. There she was a top saleswoman, recognized for three years for being in the upper 1 percent of sales. Carroll compares moving from AT&T to Solberg/Adams to a lawyer moving from defense to prosecution.

"Before I felt like I was always having to defend our phone bills and our billing," she said. "Now I'm sitting on the other side."

Part of their job, Solberg and Adams said, is simply finding billing

errors. Bringing an auditor's approach to reviewing telecommunications charges — one client jokingly calls it the "green eyeshade technique" — often brings quick results.

John Loewen, the firm's operations officer and a veteran in the telecommunications industry, ticks off the kinds of things Solberg/Adams finds: incorrect rates, bills for services the company is not getting, discounts not being applied appropriately, payments being ignored.

Occasionally, Solberg said, his firm even finds that companies are being billed for disconnected phone lines.

But there is more. Philosophically, Solberg and Adams say, they see themselves bringing equity to the relationship between telecommunications services providers and their clients.

Service providers have a natural advantage because their customers don't know what kind of deals other customers have, Adams said. Solberg/Adams scours Federal Communications Commission records to see what contracts have been offered to other customers and then seeks to get the same deal for their client.

"Service providers like to keep you in a vacuum," Adams said, "they know that's where they have the advantage."

Solberg describes it as a strategic game, akin to two wary adversaries: "They know that we know. We know what other people have been offered." He adds that the company keeps its client information confidential.

Regular reviews

In addition to scouring bills on a one-time basis, and taking fees on a contingency, Solberg/Adams also

offers a service where it reviews and pays all a company's telecommunications bills each month. That service is called VTB, for virtual telecommunications billing. Solberg/Adams charges a monthly fee and does not collect contingencies for savings it finds.

Solberg/Adams gets about 30 percent of its income from its VTB system, Loewen said. Now the company is promoting that service and wants it to become its major revenue source.

Continuous review is better than one-time audits, Adams said, because billing errors tend to reappear. "You fix it once, but things keep creeping back," he said.

Louisiana-Pacific, a wood products company based in Portland, has Solberg/Adams handle all telecommunications bills. LP's total telecommunication tab, covering 50 locations across the country, is about \$4 million a year, said Jeff Duncan, Louisiana-Pacific's chief information officer.

"They've saved us a whole lot of money," Duncan said. "I won't quote you a number, but it's material."

Corillian, a Hillsboro company that designs software for online banking services, is another company that has Solberg/Adams review and pay its telecommunications bills.

"What they bring to the table is experience with people we deal with," said Carl Cox, Corillian's assistant controller. "They have a good understanding of contracts and make sure we are getting the best available deal out there on the marketplace."

Jonathan Brinckman: 503-221-8190; jbrinckman@news.oregonian.com