

TAMING WIRELESS IN BUSINESS

**NEW SERVICES AND CAPABILITIES
INCREASE COMPLEXITY OF
CORPORATE MOBILITY MANAGEMENT**

WITH: *TEMS/WEMS Terms to Negotiate*

**A WHITE PAPER BY DAVID WISE
MANAGING DIRECTOR
MINDWIRELESS**

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Executive Summary – Optimization Can Yield Big Savings

Companies today are challenged to offer flexible, reliable and up-to-date communication opportunities within their business environments to enable their employees mobility. Those responsible for managing wireless expenses and programs see the cost of these devices growing at an overwhelming rate. .

Most do not have the necessary tools to monitor or control this spending or the bandwidth to implement strategies that would better optimize overall company usage. .

Gartner estimates that centralizing management of wireless devices can achieve first-year savings of 20% to 30%. In large enterprises that spend millions annually on wireless programs, these savings can exceed two to three million dollars in a single year. Yet Gartner also estimates that only 30% of large enterprises have formalized their wireless expense management services (WEMS).

So why aren't more companies taking advantage of the potential savings?

It's simple. Most companies do not have the staff, resources, or necessary reporting capabilities to consistently track, monitor and analyze employee wireless device usage. . Often, managing costs is limited to tracking the biggest spenders within a company or simply identifying the employees with the most significant usage pattern shifts from month to month. Worse still, often wireless expenses are left to individual managers to monitor.

Adding to existing management challenges, companies today must offer flexible communication opportunities within the business environments to enable employees to be on the road with their clients.

Wireless technology is no longer a minority technology in business. In fact, it's growing at a faster pace than landline systems. The expectation, among most industry analysts, is that wireless telecom expenses will double in the next five years while other telecom expenses decrease.

Yet despite lower costs per minute, businesses are spending more than ever on wireless services. Those responsible for managing wireless expenditures see costs growing at a disproportionate rate, but don't have the necessary tools to monitor or control spending and implement strategies that would better leverage overall company usage.

Billing management and optimization are among the effective methods for driving costs down, even beyond negotiated corporate discounts (See Telecom Negotiation Tips . Page 9). However, few enterprises can do an effective job of this on their own. That's where outsourcing WEMS comes into play.

This paper will explore ways to maintain optimum corporate mobility and achieve savings, improve accountability and streamline processes by looking at:

- Trends and technologies that are resulting in business dependence on wireless communications;
- Options for controlling costs in a widely distributed and/or mobile workforce via centralized or decentralized wireless management; and
- Decreasing overall costs and building for future efficiencies by adding and controlling sophisticated, new technologies like GPS asset tracking, data services and Wi-Fi.

Business Success Increasingly Depends on Wireless Communication

Today's highly mobile workforce depends on more than just cellular phones and pagers to support the needs of their clients. Increasingly, wireless-enabled data devices . PDAs like BlackBerrys, Treos and now iPhones include data, voice and video capability and are increasingly driving business productivity.

Most organizations, regardless of industry, identify communication as a critical issue and end up deploying a great deal of wireless technology. While there is consistent opportunity across almost every industry, companies with a large mobile workforce stand to benefit most by implementing a WEMS solution. Consulting firms, national construction companies or organizations with large numbers of field service workers or widely distributed sales teams . all tend to have a higher percentage of wireless devices per employee.

According to Gartner, a typical enterprise spends \$15 million a year on telecom, processes thousands of wireless invoices monthly and experiences an average of 7% to 15% error on its expenses. The Gartner research indicates that up to 85% of telecom bills are not audited.

New, more complex wireless technologies are increasing employee usage as they add another set of challenges beyond cost. Increased wireless voice usage and the adoption of data services for e-mail access create the burden of managing a growing number of wireless devices, security concerns, customer service and other related issues.

These high-priced devices and services must be managed as corporate assets with efficient processes in place for selection, approval, ordering, configuration, updating and distribution. Security risks must also be managed by establishing effective inventory control and access procedures. Furthermore, as employee wireless usage increases, so does the burden on the IT help desk. This generally forces the IT department to take on additional responsibilities and taxes its already stretched resources.

Several years back, **Computerworld** coined the term '*Prosumers*', describing the young users of voice/data-rich cellular phones that were bringing their favorite consumer devices into the workplace, creating new headaches for IT managers. These users used their handheld devices not as toys, but as essential tools that they have already integrated into their lives.

This influx of devices has forced already-stretched IT managers to become enforcers, and is requiring careful planning at the highest management levels. Policies must be developed to control devices and applications to limit security gaps and IT headaches while still winning the support of end users.

Industry analysts report finding few enterprises, less than 30%, that have a solid handle on managing wireless expenses. For many firms, the answer has been to outsource their corporate mobility management to firms such as mindWireless. By outsourcing, these companies gain deeper understanding of the total cost of ownership for their wireless expenses . devices, plans and help desk services . as they gain stronger security controls over their company data.

Managing the Mobile/Distributed Workforce

Some IT managers are already holding a tough line on handhelds and wireless devices, while others have tried to accommodate innovations. Depending on the business environment, employee usage of wireless devices can be highly controlled or very flexible.

Enrollment and Procurement to Control Device Usage/Distribution

For instance, large corporations, financial institutions and health care providers are subject to the compliance codes for Sarbanes Oxley or the Health Insurance Portability & Accountability Act (HIPAA). Lapses could result in leaked customer or patient information and bring severe federal fines as well as damage to the firm's reputation.

In these environments, a typical knowledge worker might carry a laptop, a corporate-approved cell phone and a handheld device capable of transmitting encrypted data. All devices are treated like desktop computers with regard to access privileges and rules about what data can and can't be loaded on them.

Inappropriate use of picture and video phones could spell catastrophe for these customer/patient-sensitive firms. Workers in these types of organizations should not be allowed to use or attach a personal device to the firm's network. The best way to control wireless device use is to manage procurement of approved devices, employ online enrollment and procurement tools to track users, devices and plans.

Enrolling a device enables a manager to track that device to a specific user and allocate invoices against that device and the appropriate department. It also facilitates rate plan optimization.

Online procurement, particularly when it's tied to an enterprise resource planning (ERP) platform, ensures that users are ordering only corporate-approved devices and the plans that are available for their given role. Only client-approved vendor products and negotiated rate plans are presented in the online catalog.

To be effective, enrollment and procurement must incorporate products and plans from the multiple carriers that most enterprises use via a single site.

Gaining a Grip on Wireless Asset Tracking

On the wireless side, companies have traditionally allowed employees to choose their own vendors, rate plans and equipment. Today, as companies realize the amount of money spent on wireless devices and services, they are recognizing the importance of managing the process.

Progressive companies are significantly changing the way they view wireless device usage and are beginning to manage it as a company asset. One can draw a parallel to asset management of laptops or PCs, both of which are generally well managed within corporations. Without asset management, the company loses track of the equipment and cannot control the purchasing decision.

Centralized vs. Distributed Management

One of the decisions each organization must make is whether to use *centralized* or *decentralized* wireless management. The easiest way to decide which type of management would be best is by balancing wireless device usage with the primary user profiles (professional vs. trade). In general, the more wireless billing management is centralized, the greater control company management will have over related expenditures, and the higher the savings potential.

Decentralized Billing

Decentralized billing can be the right solution for some organizations. If the organization is not

focused on minimizing wireless costs and allows employees to expense only a small portion of their wireless costs, then decentralized billing is likely the right solution.

Unfortunately, many organizations that use decentralized billing are often surprised when they take the time to analyze the results. An S&P 500 software company recently studied the effectiveness of its policy, which limited employee wireless reimbursement to no more than \$100 per month. They found that the average expense reimbursement was actually more than \$122 per month, with employees applying the \$100 limit as an allowance, then expensing the full allowance even if their actual wireless charges were less.

What are the odds that the same scenario is repeated in most large organizations? As with any financial policy, unless audited and monitored regularly, abuses will occur and costs will climb.

Centralized Billing

The driving force for many organizations in adopting centralized wireless billing is management control and cost minimization. Centralized billing management enables more efficient management of all aspects of a wireless program. Individual users or departments can continue to receive copies of their invoices (often called shadow bills) so they can monitor, audit and contribute to the management of their wireless accounts.

With some carriers, centralized billing provides additional rate plans and billing alternatives, such as minute sharing or pooling, that can reduce costs. The increasing usage of text messaging, which can create huge monthly cost spikes if not properly managed, has made optimization of these charges through pooling an even more valuable process.

Producing and processing a single invoice is clearly more cost efficient for both the wireless carriers as well as the enterprise customer.

Here's an example. When a Fortune 100 energy company evaluated the end-to-end cost of processing expense reimbursements and vendor payments, it determined the average total processing cost was \$12 per device. Based on its usage of 4,000 wireless phones, it determined it was spending more than \$575,000 annually just processing wireless invoicing. For this client, centralizing the wireless billing clearly resulted in a business process improvement.

Wireless billing optimization can be effective in a decentralized billing environment, but a centralized environment provides the maximum savings and right-sizing opportunity.

Detailed Reporting for Cost Visibility/Accountability

Centralized billing provides the foundation for the greatest level of wireless management and control. When centralized billing is provided in an electronic format, whether EDI, CD-ROM or some other format, the ability of a manager to manipulate, evaluate and analyze billing data from a holistic perspective provides insight that cannot be attained with a decentralized view.

Each wireless provider delivers immense volumes of data that can provide great visibility into wireless usage, from department or group divisions down to the individual call. This visibility is a very powerful tool when harnessed to analyze data.

A Software or Services Issue – Or Both?

While more and more companies are moving to corporate-liable subscriptions for their employees, a large amount of the wireless expenses incurred by employees are still reimbursed via monthly expense report submissions. Cost management solutions offered by third parties still cannot incorporate these expenses due to lack of access to the personal billing records of individual-liable subscribers. It becomes yet another layer of complexity in the billing platform that must be managed and which requires additional software and tools.

Whether you elect to manage your wireless programs internally (insource) or externally (outsource), there are several issues for consideration.

- **Experienced WEMS Team:** Effective WEMS management requires a staff competent with high-level analysis techniques such as predictive statistics and variance testing. These are some of the basic skills needed to take a historical series of data (six to nine months) and predict a developing trend in the number of minutes your wireless end users will use in the coming months. Along with a statistical / analytical background, a WEMS team must have an intricate knowledge of the wireless industry, the carriers and their billing structures. Insight into billing options and techniques will lead to a good analysis, producing deeper savings.
- **Software Platform:** An organization must either procure or develop an application that measures and optimizes monthly billing for its wireless users. With millions of data points produced monthly from the carriers, a sophisticated database is needed to warehouse the data, such as Microsoft SQL or Oracle. Importing capabilities must exist for each wireless carrier as well as an analysis engine that can adapt to the differing billing methods of each carrier and account for the ever changing billing models. If your company uses multiple carriers, then the data often arrives in different formats and is useless unless it's integrated into a common report. A software platform, like mindWirelessqmW SMART, can bring the data into a common format for analysis. When properly analyzed, the data can yield significant cost savings, but this analysis requires time and expertise.

The investment to build a well trained staff and develop or buy the software to manage the business processes that drive corporate mobility are often far higher than outsourcing the process to a specialist.

Adding and Managing Sophisticated New Technologies

Growing consolidation in the telecommunications space is resulting in telecom management service providers that can offer both fixed and wireline services. These two markets are also coming together at the enterprise level and are moving under the umbrella of the IT department, becoming more closely aligned with the fixed telecom network. Although the obvious conclusion might be that the blending of fixed and wireless assets will inevitably create the need to work with one outsourcer that can efficiently manage both fixed and wireline expenses, there are significant differences. Wireline and wireless services are unique in the way they interact with end users, their support requirements, their billing methods and often the vendors.

One of the exciting new technologies that is impacting business today is the availability of wireless hotspots that enable wireless VoIP. Cell phones that switch between standard VoIP or move to the cellular network when the user is outside of a hotspot are becoming increasingly common. Doctors,

therapists and nurses are using this technology in hospitals that have been converted to hotspots, keeping them completely connected to their patients' records.

VoIP is already driving complexity in billing and rate plan optimization, and will result in significant increases in the organization's overall spending on wireless if not managed effectively.

Another increasing cost in corporate mobility management is data. The widespread use of smart phones with data, audio and video capability, and the widespread use of text messaging, is driving the per-line cost up.

mindWireless helped several national firms with distributed vehicles implement GPS tracking in their wireless devices so that they can manage their large, mobile assets on the fly. The GPS services add yet another level of complexity to be managed within their wireless program to keep the costs from spiraling.

Managing Costs to Grow Business

Total Cost of Ownership (TCO) in this complex wireless environment includes not just the device but the voice/data plan, program management software and the user support services for employees. Gartner estimates that less than 30% of U.S. businesses have employed a formalized WEMS solution to manage this increasingly expensive business productivity area.

By applying sophisticated statistical models to wireless device usage data, mindWireless has exceeded industry averages by delivering savings of 30% to 40% of total wireless expense in the first year by centralizing and optimizing wireless management services. In addition to cost reduction, WEMS offers:

- **Increased management visibility** – More detailed user data for better decision making, planning and budgeting.
- **Improved asset management** – Businesses can quickly see how, and by whom, every device is used.
- **Reduced costs** – Corrects the 30% to 40% of corporate wireless users on the wrong voice, data or feature rate plan or not taking advantage of available discounts.
- **Ensured compliance** – Clearly identifies personal versus corporate use and provides auditable documentation to comply with various regulatory requirements.

TEMS/WEMS Terms to Negotiate

mindWireless encourages telecom managers to seek the following terms and commitments that should be required of each carrier:

- ▶ **Eliminate early termination fees** or provide a certain number or percent of total lines free (i.e. 10% of active lines).
- ▶ **Free overnight shipping on all orders.**
- ▶ **All activation fees waived.**
- ▶ **All domestic roaming fees waived.**
- ▶ **No charges for caller ID or voicemail or other standard features.**
- ▶ **All rate plans made available to corporate users** (whether promotional or non-promotional). Plans available to the general public are available to your corporate users.
- ▶ **“Flat rate” price availability** with unlimited mobile-to-mobile and off-peak.
- ▶ **Unlimited voice minutes plan.**
- ▶ **Purchase from any carrier-owned or carrier-authorized agent store** or outlet and receive the same discounts on service.
- ▶ **Dropped Calls Credits** for any calls redialed within 60 seconds.
- ▶ **All credits applied within 10 business days.**
- ▶ **Annual Rebate** of X% (typically 2%) of billed employee and corporate services.
- ▶ **Rate Plan Changes** may be made at any time **without** extending contract end dates and take effect at the beginning of the CURRENT billing period and not at the next billing cycle.
- ▶ **Change Request Process** stipulating that all requests are processed within five business days.
- ▶ **Support Escalation Team** with clear escalation ladder to get urgent issues resolved quickly.
- ▶ **Monthly electronic billing/usage data**, at no charge. Data must include all charges and usage for voice and data at a summary and activity level detailing on-peak, off-peak, %a-network+and other points for all usage and charges.
- ▶ **Fully disclose billing options** and the ability to provide consolidated invoices nationally with sharing of minutes across all company phones.
- ▶ **No daily surcharges** should apply.

mindWireless Can be Your Agent in Carrier Negotiation

mindWireless is solely focused on corporate wireless management and is ranked among the industry leaders by major analyst firms. We go to bat for your team, armed with a full knowledge of what is available from each carrier and what you should receive. mindWireless has assisted many national and international companies in negotiating single- and multiple-carrier contracts that have achieved up to 40% annual savings. Put mindWireless on your teamō call (713) 429-1100 or e-mail info@mindwireless.com. **www.mindwireless.com**