

Mining For Gold In Your Back Yard

Uncovering unknown carrier costs

By Claudio Vergara, Director of Engineering, Glow Networks

Have you ever looked at your telephone bill? It's chock full of jargon. They try to explain the jargon in the information boxes on the back of the bill, but it makes no sense. If you're like me and the bill looks like last month's and a 10-second scan of the itemized list of dialed calls doesn't reveal any abnormal numbers, you write the check to the phone company and forget about it. Now take that experience, multiply it by several thousand and add a complex method of tariffs and rules, and you could be looking at the average service provider, wireless provider or large enterprise network.

Since the Telecommunications Act of 1996, the FCC and the carrier community have been at odds over tariffs and the rules that govern general carrier billing. It's not the carrier's fault that things may fall through the cracks now and then – it's not easy being an IXC, you know. Everyone is demanding to have this T1 or that OC-12 up by yesterday and the carriers are placed under tremendous pressure to accommodate. As Thomas D. Kins, vice president of Telecom Solutions at TEOCO, says, "Billing errors are frequent and difficult to spot, while overcharges directly affect a carrier's bottom line. Creating a bill is itself a complicated process that produces a complex document to audit."

As a consumer, we argue over calls we don't make and those that we don't remember making. Unfortunately, this kind of logic is not passed onto the business community. The reason: those who pay the bills aren't the ones who know the usage of the network elements and are relying, in many cases, on blind faith. Some attempt to

simplistically justify the costs by applying a ballpark growth factor (Well, we grew our subscriber base by 10 percent, so I should be expecting that much more in my carrier accounts payable for this month). Such justification dooms many dieters, too.

As a "corporate consumer," you are not alone. Jim Marsh, a senior consultant at TMNG, says, "I have seen [operators] who have paid for circuits that they haven't ordered or for ones cancelled months before. A simple item to correct, but due to the stove pipe manner in which many [operators] operate, the correlation between network supporting circuits and the actual billing is seldom accomplished." The practices are simple concepts to grasp. Marsh continues, "Auditing the telco expenses is like balancing your check book or reviewing a monthly charge statement. It's a necessary evil to assure that you have not made any mistakes and you are only paying for what you use."

Easier said than done, no doubt. The hurdles from the typical corporate structure do not easily facilitate an overnight transition to a complex process. Implementing tools and a heightened awareness of the potential impact must tear down the barriers between the infrastructure organizations and accounting.

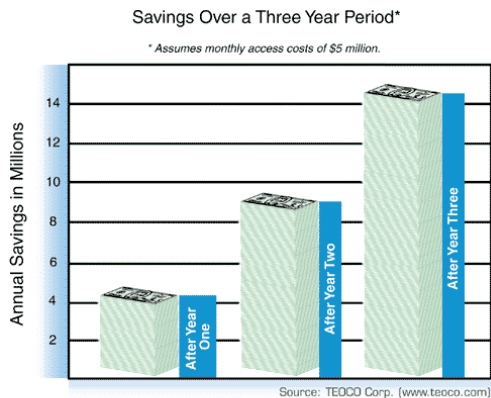
"According to most industry experts, outsourcing is the solution for many companies because of the lack of trained auditors and the high attrition rate of the experienced ones," says Kins. "Typically, an outsourced service bureau acts as a carrier's internal auditing department, operating from an offsite location, and performing a

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variety of functions, from simple invoice summaries to an end-to-end solution.

It brings in all the electronic invoices on a system set up specifically for that carrier, sets up the carrier's database and employs auditors dedicated to that carrier. It can provide carriers with customized services, including electronic interfaces with vendors, access audits, dispute and settlement management, and all types of reports.”



Telecommunications companies save **6-8%** in annual access costs when using billing reconciliation software for managing network costs.

Glow Networks completed such a task for a telecom carrier. The carrier suspected there were unaccounted losses due to unused or underutilized circuits. Glow Networks performed a physical audit and inventory of all the carrier's circuits in nine different regions. The systematic, port-by-port analysis yielded startling discoveries. Yes, indeed, there were situations where the carrier had unused circuits, but Glow Networks also found a few other anomalies. Circuits that were nowhere to be found during the physical audit were being

billed, orders had been duplicated, disconnect orders were carried out but the circuits were still

in the billing records, and in some cases multiple carriers were charging for the same circuits. A total of \$1.2M in annual expenses were uncovered in a little over two months. As Marsh states, “A failure to perform an adequate audit can make the difference between a profitable or unprofitable quarter.”

The story does not end there. In addition to the market-by-market ammunition, Glow Networks also realized that the root of the problem was the lack of a centralized common database that could be used throughout the company. Glow Networks developed iDSX[®], a network inventory management tool. This web-based application was written in JAVA so it can be used on a multitude of platforms with no difference in functionality. iDSX[®] graphically displays the complex network topologies of each network, and can easily export information on circuits-per-market, cost and contact information.

The powerful cross connect tool within iDSX[®] is ideal for operations and maintenance personnel. With a single point of access for network information, carriers are able to recoup costs, remove expenses, reduce down time (no more looking for info in different places) and can overall increase operational efficiencies. Forging ahead in such a competitive environment will now be that much simpler and cost effective for our customer.

Glow Networks delivers network expertise to optical and wireless equipment vendors and service providers. Through network planning and analysis, deployment, training, and operational consulting services, we help our clients increase revenue, manage capital and operating expenses, improve time to market, and increase their competitive advantage. We combine proven methodologies, processes, and software tools with highly experienced professionals to enable our clients to create new levels of customer value. **Glow Knows Networks** SM