

Keep talking, not spending

Ten tips for effective and efficient use of telecoms

Even when facing challenging economic times, businesses still need to communicate and rely on technology to connect with customers, partners, suppliers and their own employees. Cutting back on communications spending will have a negative effect in a long downturn. It will leave any business that does so with fewer options when conditions improve and at a disadvantage compared to competitors that continue to invest. However, there are 10 steps that can be taken to grow the value and use of communications, while controlling costs.

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BRIEFING NOTE:

This briefing has been written by Quocirca to address certain issues faced by businesses as they become more reliant on telecommunications, and their need to get the best, most cost effective use from it.

The report draws upon recent research programs as well as Quocirca's knowledge of the technologies available and business issues faced by organisations in this area.

Quocirca would like to thank all the respondents to the surveys conducted and thank all the vendors involved for sponsoring the varied research projects.

1. **Assess the current estate** – what communications services are currently in use and how will that change? Look to rationalise and consolidate, but do not blindly cut back on items bringing in value or that are saving costs elsewhere. Make ongoing assessments; the portfolio of assets shifts as employees come and go, or new services and suppliers are used. Mind the gaps and do not pay for unnecessary services or for leavers who have not been replaced.
2. **Prioritise shared or limited resources** – internet and wide area data connections will often run many services. Are the business critical ones being protected? Are there sufficient capacity or network services to meet the demands of the applications that depend upon these connections? Low cost connectivity can be a false economy, especially when applications such as e-commerce and conferencing can save other costs such as transport, energy and rent.
3. **Investigate supplier alternatives**. Are you getting the best deal? Could an existing supplier offer a better discount or a new supplier with more communications options offer a bundled service to reduce overall costs? Short term discounts, while welcome, do little to address underlying problems. Take a broader view of total communications needs and potential solutions rather than trying to make item by item savings.
4. **Incremental outsourcing** – staffing or skilling up to run the wide range of communication technologies required for even the smallest business is expensive. Can you outsource elements – e.g. device management, security or billing – to avoid needing in-house support and keep costs predictable?
5. **Disconnect usage from cost** – seek out flat rate tariffs so that employees are not discouraged from usage and operating costs are predictable. Investigate fixed per user per month services for software as a service (SaaS), voice over IP telephony, and other services.
6. **Converge budgets** – different technologies – mobile phones, fixed lines, laptops, data cards – may have been the responsibility of different groups or individuals in IT, procurement, finance and facilities. Move this into one place so that decisions are more strategic and less territorial. As technology converges, make sure budgets do too.
7. **Get outside help** - if your telecoms costs are large or complex enough – e.g. 50+ employees with mobile phones, or 100+ employees using a mix of internet, telephony and mobiles – consider engaging outside independent help, such as from a telecoms expenses management specialist.
8. **Device discrimination** – not everyone needs a desktop PC, laptop, mobile email, smart phone or mobile phone. Assess who needs what and match the business-supplied technology to that need. Support employees' personal choices as far as possible – many may believe they have access to better PCs, phones or technology at home – rather than adopting an expensive and unproductive 'standard issue for everyone' approach.
9. **Manage devices** – This helps with security and consistency, and avoids unexpected costs e.g. from former employees. This can be run and managed in-house, outsourced, or provided as part of a carrier contract, but it is generally better if a single platform, service or solution is used to manage across all devices and all users with all types of connections.
10. **Face up to personal usage** - Do you charge employees for personal phone calls and make them pay for broadband at home when it's partly used for business? What restrictions are appropriate for international calls, using the internet in the office, Wi-Fi hotspots, or premium rate numbers? Employees need to be aware of their personal usage and commitments, and managers must responsibly enforce controls based on a well-communicated company policy. Those with cost centre responsibility should also check and validate supplier billing.

Introduction

Businesses have always relied on communications, but as the methods and media for communicating have multiplied and the masses of people using each one has boomed, so too have costs. Simply cutting usage will not be beneficial to the long term health of any organisation, especially as not only is the technology evolving, but so too are the working practices and organisational relationships that capitalise on it.

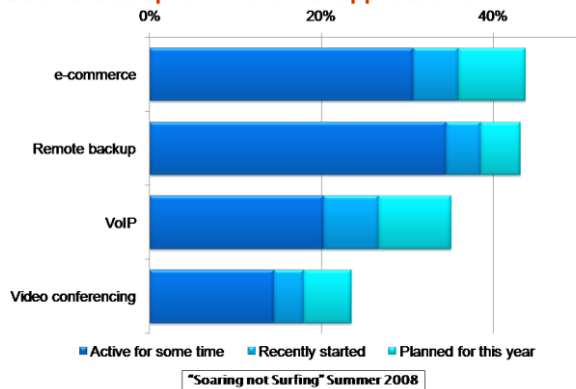
Pervasive Communication

The use of information technology has spread from smallish numbers of isolated powerful computers to pervasive access to information and applications from almost anywhere through open and interoperable standards. At the same time, telecommunications has grown in speed, capacity and reach from high bandwidth fixed to low cost mobile networks, meaning voice and data communications are everywhere too.

The IT and telecoms industries have ‘collided’ with a convergence around open standards, and this has increased the availability and use of technology for both consumer and business purposes.

One aspect that typifies the changes is the widespread availability and affordability of broadband that has enabled the world of e-commerce and other online services. Suppliers, partners and customers are now also likely to be ‘always online’, creating opportunities for widespread use of sophisticated internet applications (Figure 1).

Figure 1
Business adoption of internet applications



The use of the internet has evolved from a simple communications connection, and is now increasingly an integral and critical component of the business. This criticality and future potential has to be borne in mind when seeking suppliers and validating their offerings. Looking for lower cost or increased capacity at the same price will be false economy if the service fails or is not sufficiently flexible as the business evolves to new markets or locations.

Employee Mobility

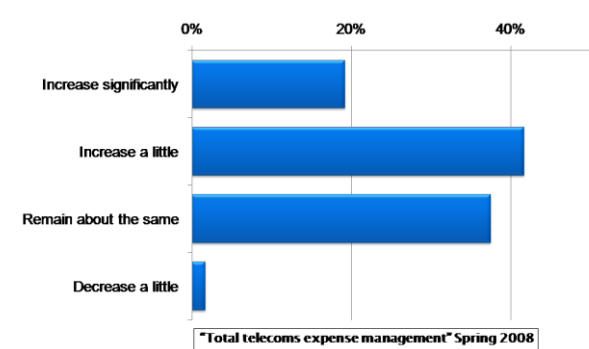
For most businesses it is no longer simply a matter of connecting locations and departments, but specific individuals. This means that more employees will be prepared to undertake business communications outside of regular business hours leading to a need for more flexibility of working time and location.

For employees this flexibility of working in both time and space means being able to connect to people and IT resources while mobile or working from home, as well as anywhere on any company premises. The combination of new online services and new working modes – mobile, home or remote

working – has an impact on the organisation structure and priorities for spending.

Depending on their job role, many employees have come to expect to use some form of mobile or remote access device – phone and/or laptop – and some form of network connection. Whether provided by the employee or the business, the mobile phone has become an important part of many people’s lives and has become a very useful business tool, and the number of mobile users continues to grow (Figure 2).

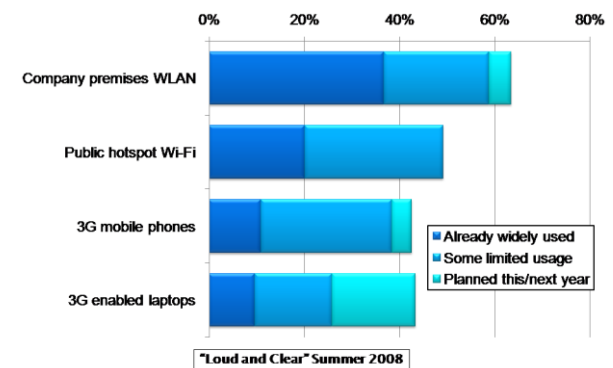
Figure 2
Change in number of mobile users over the next year



This growth has gone beyond voice telephony and simple messaging to include faster and more sophisticated wireless data connections for both phones and laptops (Figure 3). Most employees and businesses are dealing with day-to-day business issues and will not want to be distracted by having to make technology choices, but many of these mobile connections are being heavily marketed by operators in particular. The costs of cellular, third generation (3G) device and data cards have been falling, and airtime tariff options have been improving with more inclusive rates for voice as well as data, but the costs of using them is still a concern.

Wireless LAN (Wi-Fi) networks are also being used in many organisations to give additional flexibility, although outside the company premises in public locations, use is more limited, as costs can vary widely, and are often expensed as ad-hoc claims rather than being covered by corporate contracts with their associated economies of scale.

Figure 3
How many use fast mobile connections?



While the different communications options provide choice, they also introduce complexity and costs that are often difficult to match to accompanying tangible and specific benefits. This is easier where business processes are well defined and repetitive, but much harder to measure in the many instances where the employee is just ‘easier to reach’. Convenience and contact-ability do offer significant benefits to both organisation and individual, but have to be assessed

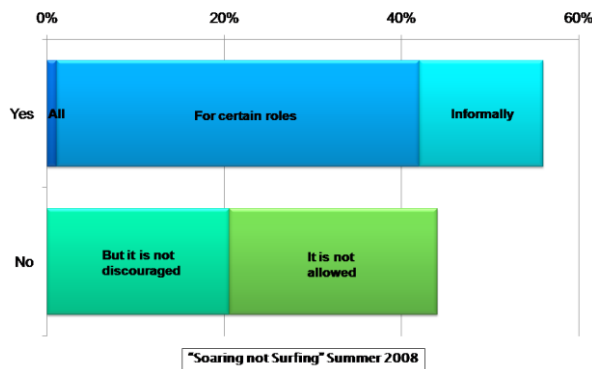
on more subjective criteria than visible cost and immediate return.

Working from home

More employees are working from home than ever; at least part time, for employment flexibility reasons or to extend the working day, especially where there is a need to communicate with those in other time zones. So it is not surprising that many organisations encourage working from home, at least for certain roles (Figure 4).

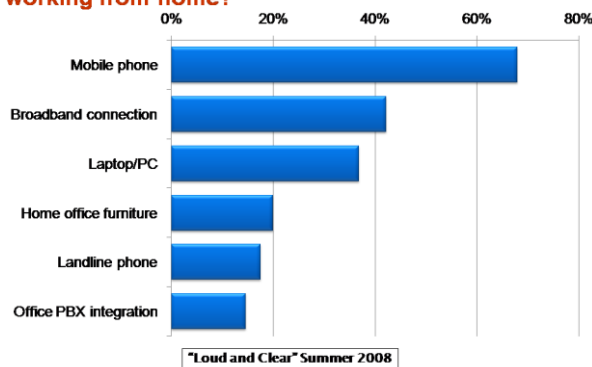
There are many aspects to weighing up the benefits and costs of working from home, especially if it is only for certain employees and only for part of the time. Reducing travel can have benefits for productivity and the environment, but there are aspects the employer needs to take into consideration, such as suitability for the role, the individual and how the organisation can retain control of its culture and costs.

Figure 4
Does the organisation encourage home working?



Many organisations provide the basic tools for employees to work from home – connection, by mobile phone and broadband – and sometimes get more involved if the working from home element is significant and the employee needs to be more seamlessly integrated into the organisation. This might involve soft elements such as the working environment – furniture, office supplies etc – or connection into the office communications with separate phone lines and integration to the corporate switchboard (Figure 5).

Figure 5
What is provided (and paid for) to support employees working from home?



These services can incur significant costs for the organisation, and many are unlikely to be used exclusively for business purposes, especially mobile phones – although many employees may have their own as well as a business issue phone – and a home broadband connection.

The use of broadband services from home is one particularly complex area, where the organisation not only has to balance

control of the connection – which provider, quality of service and security – but also costs, as the connection will no doubt be used for family and consumer applications too. Deciding how to apportion these costs will become harder as even more consumer services are delivered over the same connection as those used for business.

Employees have a home life too, and personal use is increasingly blurring with business. On the one hand, many now take work home and put up with being called out of hours, whilst on the other, management of domestic issues, such as banking and bill payments, are being carried out during normal working hours.

Employees also have broader social networks and, thanks to the internet, these are taking even more of their time and attention, perhaps despite the wishes of their bosses. Managing personal and business use of communications is a growing issue for many businesses, affecting voice, data, fixed and mobile needs.

However, for those whose work can be measured via objective results, rather than 'presence' or hours spent in the workplace, such flexibility can be more easily managed. Provided the employee meets their work targets and is not abusing the internet connectivity – using overly bandwidth intensive applications, or accessing inappropriate content - then everyone should be happy, even if the person has spent 30% of their time on personal internet use.

Service convergence

Not only are the differences between personal and business oriented technologies blurring, but open standards in networking around the internet protocols are allowing different forms of communication to merge. Combining, or converging, the separate strands of voice telephony – traditional fixed, mobile and voice over IP (VoIP) – is a feat in itself, but the industry wants us all to go a step further with the total unification of communications. This combines not only voice services, but also data (email, IM etc.) access – over fixed or mobile networks – taking the best elements of all, and offering a multitude of choices and solutions to the business or individual consumer.

Convergence is a term generally applied to several current technology trends in IT and telecommunications, but it applies equally well when looking at cost management. The many different services and providers need to be aggregated together into a broad strategy of total telecoms management, not just identifying expense, but also value.

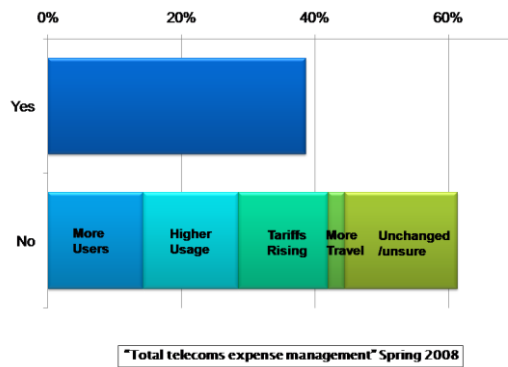
This has to correctly identify and allocate the relevant charges to the appropriate budgets at the right level of detail as well as provide an abstracted view of the implications to the business overall. For this, a high level of report-ability and cross-referencing is required, which may justify and require outside help. To operate effectively this has to take into account the difference in roles. E.g. a sales person will probably consume a larger amount of mobile voice/data than a deskbound employee, but an executive may rely on a mobile to remain in contact, even when in the office.

They in particular might benefit from a fully converged contract where the tariff bundles voice minutes irrespective of whether fixed or mobile. Or it might be worth considering investing in a converged technology solution e.g. femto cells, voice over Wi-Fi. Here mobile traffic is moved from the airwaves onto wires via a small, typically in-building, 'router' to then piggyback over and use a fixed network connection, such as broadband, to get to the wider mobile network.

Cost Challenges

Competitive pressures, especially from the consumer market and a maturing of the industry overall have resulted in either mobile tariffs falling or the volumetric size of call minute, text and data bundles to increase for any given cost. Despite this, an emphasis on telecoms cost reduction and attempts to control use, most companies are still seeing costs rise (Figure 6).

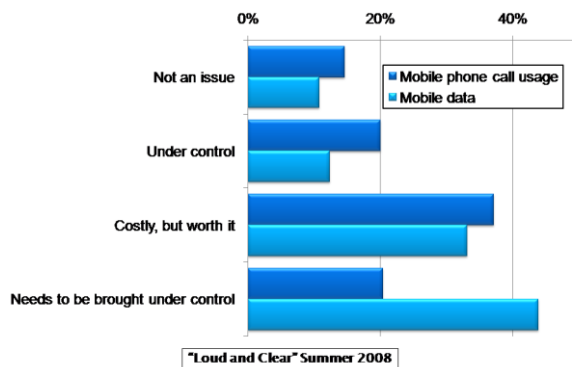
Figure 6
Has mobile spend fallen in line with tariff reductions?



Most businesses have more pressing concerns than adopting the latest mobile gadget and despite the business value in the use of mobile phones, cost is frequently a concern. Mobiles are the default phones for many, and while mobile data access might become as important over time, the challenge is making sure cost does not undermine value (Figure 7).

Many companies will feel that mobile phone costs need to be brought under control, and although most will believe they can easily justify their use, their worth will be under more scrutiny if the business economy deteriorates, and costs need to be cut.

Figure 7
How do mobile usage costs stack up?



Finding the right balance between cost control and delivering value is a challenge, because although it is fairly easy to

measure cost, it is difficult to quantify business value and put it on a balance sheet.

This affects management behaviour when setting objectives, which means that hitting budgets (and making savings against them when finances are tight) is far easier to measure than adding value, or even, working more effectively. The problem increases as budgets are split and passed further down the organisation in an attempt to increase individual responsibility. While this may have some impact in tackling cost overspend at an individual level, visibility of overall effectiveness is lost.

With a financial downturn in the global and many national economies creating an air of uncertainty and creating the need for urgent cutbacks, many businesses are rightly looking at their costs in greater detail. While communications is no doubt a significant element of cost for many businesses, it is also a significant enabler.

Simply allowing costs to spiral is not an option, but neither is a simplistic cutting back across the board a sensible approach for the longer term viability of the business. Changes in the technology and new business models have been increasing the options available to many businesses, and now is a good time to reassess communications needs and priorities to get the best out of what is available.

About Quocirca

Quocirca is a perceptual research and analysis company specialising in the business impact of information technology and communications (ITC).

The research results mentioned in this briefing come from three recent studies, from which the following reports originate:

- [Total telecoms expense management](#) (Spring 2008)
- [Soaring not Surfing](#) (Summer 2008)
- [Loud and Clear](#) (Summer 2008)

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