



Outsourced Telecom Management

A better way to manage telecommunications

A Digital Direction White Paper

Communication is at the core of every business. We are in an age of ever increasing demands for instantaneous communication and global reach. The importance of telecommunications to an organization cannot be disputed. Advocacy based models of telecommunication are the only solution to the ever-increasing difficulty of navigating the complex telco environment of today.

Why Outsource Telecom Management?

CIO's and the Technology Organization

Chief Information Officers are more than ever being tasked with delivering consistent technology quality to the business. The technology organization is no longer viewed as a support function. Progressive companies are now leveraging technology thought and leadership to enable business goals. These exciting changes are replete with opportunities for growth and change for IT leaders and their organizations.

Now the Reality: CIO's are being asked to use technology to improve their business while keeping existing systems and core infrastructure intact. One of the biggest challenge CIO's face is the demand to be creative and innovative while at the same time keeping costs low and more importantly, predictable. Just to add a degree of difficulty, IT leaders are being asked to accomplish all of this with smaller staffs.

Telecommunications Industry Consolidation

The last half decade has been one of turmoil in the telecommunications sector. The constantly changing environment has led to a collapsing of the number of companies and rapid consolidation in an attempt to compete on a national and international scale.

The consolidation that has taken place has led to many challenges for customers. The recent spate of mergers have led to a less competitive, more complex telco environment making it more difficult for customers to obtain the services they need at the best prices.

Carrier mergers have meant more customers for the carriers with less staff to support them.

Even worse, due to the ever increasing size of their organizations, the carriers have become less agile, more prone to mistakes in pricing and implementation, and generally more difficult to deal with.

The CIO's Telecommunications Quandary

The pace of change in the way we communicate over the past twenty years has been staggering. The PC, mobile device, email and the internet have fundamentally changed the speed and nature of global communication. With the advent of MPLS networking, the promise of consolidated communications where everything is just another application on the network is at hand. The problem concerns how to make

the great leap forward with the constraints of a limited staff. You need to hire staff to maintain core systems that are most vital to the business. Even the largest IT staffs do not have all of the expertise in house to deal effectively with the telcos.

The problem with the inefficiency of the telcos is that it causes your team to be inefficient as well. Your staff does not have the time to negotiate the ever-changing, complicated telecom maze. Your valuable technical resources are being wasted as hours of their time are spent swimming against the giant telco tide of ordering, billing, and service issues. What is the cost to your organization when your staff spends countless hours ordering a circuit or trying to get a downed circuit back up and working?

Outsourced Telecom Management: Help is on the way

Digital Direction's Outsourced Telecom Management (OTM) is a transformative process that leverages a unique mix of people and software to reduce costs while increasing operational efficiency.

Our combined experience creates the perfect telecom manager.

You need a partner who can be flexible and adaptable when the carriers cannot. OTM takes on the burden of dealing with the telecom companies. Having an OTM partner also ensures the optimization of contracts and pricing. Digital Direction works entirely in the telecommunications world. We stay ahead of trends in technology and just as importantly contracts and pricing.

With OTM, your already stretched thin IT staff can remain focused on the business and use their core competencies to deliver the business value they were hired to provide.

Navigating the Telecom Maze

Two dramatic shifts have happened in recent years that have led to the difficulty many companies are having managing their telecommunications today.

First, carrier merger and consolidation has taken place at an unprecedented level. This has led to a couple of problems for the end user consumer of telecom services.

- The major carriers have become big, unwieldy, and generally more difficult to deal with. The disparate number of billing and ordering systems have left even the employees of the carriers confused and disoriented.
- The reduction in the number of viable competitors has resulted in a greater level of control over pricing and contract conditions by the carriers. After nearly a decade of price competition in the telco world, rates have begun to stabilize and actually are starting to rise.

- Carrier marketing is not your reality. The image being provided of single companies providing all communications services seamlessly across the globe is very far from the truth of the matter. There are still myriad networks, systems, and people who have not been integrated (and may never be). The recent spate of mergers has yet to deliver any meaningful customer gain.
- In an effort to prove to Wall Street that the mergers were in fact a good business decision, the carriers continue to cut their service organizations to the bone in order to show dollar saving “synergies”. Often times, the most experienced customer service employees are being let go in order to clear salary from payroll and being replaced with low wage domestic or off-shore call center employees with little or no telco experience.

Second, the continued reduction of companies’ IT staffs has impacted the effectiveness of these departments.

- Companies are asking IT organizations to accomplish more then ever with less headcount. IT leaders are being tasked with accomplishing business goals with ever decreasing staffs. CIO’s must make decisions about staff that bring the most value and expertise to the company. This typically means hiring technologists who specialize in the core systems and infrastructure of the company.
- Because of budget limitations, most organizations cannot hire an employee to specialize in all things telecom. Typically organizations are tasking high priced knowledge workers with telecom minutiae such as ordering, billing, and trouble ticketing.
- Even organizations that can afford to hire telecom-only talent tend to have people that specialize in one aspect of the telecom lifecycle. WAN experts tend to be very weak on local services. People who are strong on ordering and provisioning may not be very good at billing, contracts, and expense management. Negotiation and procurement specialists often times tend to be deficient on the technology aspects of telecom.

More bureaucratic carrier processes mean more potential for things to go wrong and bigger challenges in resolving problems.

The previous two points result in negative consequences for customer and tremendous benefit to the carriers.

- More bureaucratic carrier processes mean more potential for things to go wrong and bigger challenges to resolve problems.
- There are fewer legitimate competitive choices for the enterprise customer. The carriers realize this and have built an increasingly complex system for contracts and pricing.

- There is an increasing number of billing errors (by the way, they are almost always in the carriers favor!) that are becoming harder to resolve. This leads to customer cost over-runs that were not accounted for in the budget.

Digital Direction: Building the Perfect Telecom Manager

In order to manage telecom properly, it is very important to understand all of the pieces that make up the lifecycle of telecommunications. Digital Direction has broken down telecom to 15 points from the inception and order of a service through the re-contracting or disconnection of said service.



A Clean Telecom Environment: You Can Get There from Here

You are not alone in your frustration with your telco providers. Most companies experience the same problems. What it takes to make the problems disappear is a partner who understands what to look for and more importantly how to fix it. Digital Direction provides that expertise through a five-step process.

Step 1. Assessment: Digital Direction takes a look at your entire telecom infrastructure at the onset of this process. We take a holistic view of your entire

telecom universe and inventory all of the services, bills, and contracts you have in one place.

Step 2. Cleanup: Once we have a view of your telecom infrastructure and the costs associated, we begin the cleanup process. Digital Direction's experience in recognizing where cleanup needs to be done typically results in a 20-25% average reduction in annual telecom expenses ***without the disruption of a change in carriers.***

Step 3. Process Improvement The key to the success of OTM is the improvement in the process of dealing with carriers on our customers' behalf. Digital Directions' project management team has on average over 20 years of experience working for the carriers. Their understanding of the telcos' internal processes leads to decreased order delivery times, decreased billing, and significantly decreased problem resolution time.

Step 4. Ongoing Operational Improvement: A natural progression from the process improvement phase is the improvement of internal operations for our customers. OTM leads to shorter cycle times as well as better use of internal IT talent. IT projects that are reliant on network connectivity will now be completed on time. Additionally, OTM leads to definable telecom costs for the IT team, preventing surprises that will corrupt your budget forecasts.

Step 5. Lifecycle Management: A key step in OTM is the management of the end of the telecom lifecycle. OTM ensures that you avoid costly contract expirations and confirms that services are disconnected and billing stops when you no longer need them. We ensure that you receive the best rates available and challenge incumbent carriers to continually re-earn your business.

Digital Direction: How We Deliver OTM

Digital Direction successfully delivers OTM because of our inimitable combination of telecom familiarity, streamlined processes, and proprietary tools.

Your staff will never spend 5 hours trying to get a T1 turned up again!

- People - OTM begins and ends with people. We are telecom experts. Our combined experience and team approach delivers the perfect telecom manager that has negotiated millions of dollars of contracts and completed tens of thousands of telecom transactions to your company.
- Software - Our team uses our proprietary software platform to keep your telecom inventory intact in one place and billing correctly. We keep records of all of your contracts, terms and conditions, and expiration dates so there are never any surprises.

- Expertise - Each month we complete over a thousand telecom transactions on our customers' behalf. We stay ahead of the constantly changing telco company processes so our customers don't have to.
- Expense Management - Digital Direction continually monitors changes in pricing and contracts throughout the telecom industry. We continually benchmark prices and our relationship with over 50 different carriers keep us informed of rate changes, promotions, etc. We will deliver the right service at the best price with no sales agenda.
- Process - OTM uses a defined set of process that is repeatable and delivers measurable results to our clients.

OTM and Improved Telecom: Total Cost of Ownership

Total cost of ownership is a tool that has been used by IT organizations for a long time to understand the true cost and value of hardware and software solutions. Digital Direction believes that the same rules can be applied to your networking environment. Rather than treating your telecom as a public utility, OTM allows you to fully understand the dollars being spent on telecom and the true value those services are providing to your business.

- Telecom Expense Management (TEM) - Digital Direction manages and constantly monitors your telecom expenses, rates, and contract terms. We ensure that you get the right services at the best price. Unlike carrier reps, we do not have a vested interest of revenue growth and margin targets.
- Expense predictability - OTM allows our clients the knowledge that their telecom expenses will be fixed and foreseeable with no surprises.
- Dispute resolution - Carrier over-billings are fixed quickly and painlessly. We understand the cost of money and do not believe that the carriers should be earning interest on your money while billing disputes drag on for months. After an initial cleanup of your accounts, Digital Direction audits your entire telecom inventory every 6 months and returns *100%* of recovered money back to you. Our goal is to ensure that the carriers are honest.
- Demonstrable cost savings - Digital Direction believes in "prove it" based results. We deliver quarterly reports to our customers that show the amount of telco work we are accomplishing on your behalf and more importantly the measurable cost savings that we are achieving for your organization.
- Better use of internal resources - No more of your valuable knowledge workers' time will be spent on small or relatively unimportant telecom details. Your staff will never spend 5 hours trying to get a T1 turned up again!

Summary

Digital Direction is a partner that understands your business needs and the right networking products to meet those needs. OTM controls your costs and improves your operational efficiency. We deal with the telcos so you can focus on your business.

CUSTOMER CASE STUDIES



Challenge

Storck, A 100 year old plus candy maker famous for brands such as Werther's Original and Riesen was faced with the challenge of managing an increasingly complex telecom environment paired with the demands of staff reduction. The explosive U.S. growth of the company led to a lack of understanding about carrier services, contracts, and expenses.

Digital Direction Method

Storck brought on Digital Direction's team to help clean-up the telecom environment and ensure that Storck was receiving the right services at the best prices. Using OTM, Digital Direction has taken over most of the day-to-day telecom operations for Storck allowing the short staffed IT team to focus on core business infrastructure and applications. Digital Direction has also helped Storck implement their business continuity plan ensuring a higher level of service availability.

Results

Storck has realized a 55% reduction in year over year carrier expenses. Digital Direction's efforts have also provided Storck with a more reliable network while reducing fixed and usage based costs. Digital Direction was also able to obtain a one time credit from carrier over-billing equal to nearly three months worth of Storck telecom spend.



Challenge

Segal McCambridge Singer & Mahoney a Chicago based law firm with 300 attorneys in 7 U.S cities faced the challenge of managing many different carriers across the different geographies they are located in. Even carriers they had strategic relationships with did not provide a single point of contact. Segal also had a sense

that there were many mistakes in their billing but they were not able to adequately quantify the problem.

Digital Direction Method

Segal hired Digital Direction to consolidate telco vendors across the country, achieve better economies of scale, and provide a single point of contact for all telecommunications needs. The Digital Direction project management team was also utilized to manage the transition from Frame Relay to MPLS architecture.

Results

Digital Direction has provided a single point of contact for all Segal telecommunications needs. The MPLS network was installed seamlessly, on-time, and on budget. Segal has achieved a 35% reduction in their annual telecommunications spend since signing on with Digital Direction. They have also received one time credits from carrier over-billings exceeding \$275,000.



Challenge

Quality Screw and Nut a large manufacturer of screws, nuts, and fasteners, with 20 locations around the globe was faced with the challenge of trying to keep up with rapid expansion that led to overbuying and overspending in order to turn new sites up. The pace of change created an environment that was very difficult to manage in terms of additions, disconnects, and expenses. Additionally QSN had to create disaster plans in the wake of the 2005 Gulf Coast Hurricanes that left several of their sites without communications for over one week.

Digital Direction Method

QSN has leveraged Digital Direction's OTM team to clean up the telecom environment on the heels of their phenomenal growth. Digital Direction has managed a migration to a new WAN provider as well as consolidating providers across the country. Digital Direction has also worked with QSN to create a disaster recovery plan to mitigate future long-term outages and the associated loss of business that ensues.

Results

QSN's business continuity plan has been rolled out to all locations and has led to a complete elimination of downtime in both tests and instances of actual outage. Digital Direction acts as a single point of contact managing multiple carriers across QSN's enterprise. QSN partnership with Digital Direction has enabled a reduction of their overall telecommunications expenses of 30%.