

PAG RESOURCES

CORPORATE GUIDE

———— *to* ————

Understanding
& Reducing
Telecom Expenses



About Profit Advisory Group

PAG is a cost management consultancy headed by 2 partners with decades of experience working for various telecom carriers. In 2002, Profit Advisory Group was formed to help companies learn how to navigate the confusing and ever changing telecom services industry.

PAG levels the playing field for you.

Since it's inception, PAG has saved clients over \$200 million dollars in telecom expenses including more than \$1 million dollars in direct refunds due to inaccurate billing.

PAG knows the plays in your vendor's playbook because we used to play ball on their team. We trained their reps how to maximize profits and commissions. For years, we sold their services.

Now it is our mission to help you save as much as you possibly can on telecom. With almost 80% of telecom invoices containing errors, we know we can help you save money.



Ken Reda, Partner

Ken brings over 30 years of Telecommunications Sales & Management experience to Profit Advisory Group. He leads our operations and audit teams in the quest to save our clients from overpaying for telecom and IT services. He prides himself on his ability to find billing errors even other auditors missed!

Prior to signing on as a Partner at PAG, Ken was Regional Vice President of Sales for Birch Telecom, managing a sales organization consisting of 22 local offices with a total staff of over 200 people.

During his tenure at MCI/Verizon, Ken was responsible for an organization of sales professionals in North and South Carolina with sales revenue in excess of \$40MM, and always ranked among the top 5% of his peers within the sales organization for sales production.

Throughout Ken's career, he has utilized his management and expertise of the sales process to build highly effective teams which have successfully generated millions of dollars in new revenue, as well as a loyal client base.

Ken earned a B.S. in Economics from the James Madison University.

Barry Bazen, Partner

Barry graduated from Clemson University with a Bachelor of Science in Economics and started his career with Lanier as a Sales Manager.

Barry entered the telecommunications world when he moved to Charlotte N.C. and joined Global Crossing, where he became General Manager for North & South Carolina.

After moving to Charlotte, N.C. Barry joined Global Crossing, where he became General Manager for North & South Carolina. His tenure at MCI was very successful as he rose to Director of Sales & Service.

It was at MCI that Barry realized the need for a company like PAG. Many clients were confused by their bills and Barry realized this led to them being overcharged. Since 2002 he has made his mission to save companies as much as possible on the telecom bills.

Over our first decade PAG has recovered well over \$1M in credits and reduced client expenses by over \$150M. The average cost reduction for PAG Audit clients exceeds 20% annually.

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The Current State of Telecommunications

Telecommunications & Information Technology are 2 of the largest line item expenses for many companies. It doesn't matter if you are a small business owner struggling for survival or a Fortune 100 company who needs to deliver on Wall Street expectations, chances are you can find tremendous savings and refunds in your telecom invoices.

Technology changes very quickly and with recent moves to an all digital world and the emergence of new technologies like the Cloud, SaaS and VoIP, it is important that every business understand their telecom invoices so they can gain leverage over their telecom carriers and effectively negotiate for the best rates and best in class pricing.

While understanding your telecom invoices may seem like a long and sometimes boring task, putting in the effort will earn you serious dividends.

This guide is for small & medium sized business owners, CEO's, CFO's and IT professionals who are looking to understand their current telecom situation in an effort to reduce their telecom costs.

This guide will teach how to read your invoices and find the places many businesses are overspending on telecom. We will also explain some of the confusing acronyms that telecom carriers like to use in an effort to keep their invoices confusing and you overpaying. We will go through the different sections of a typical telecom invoice and tell you the steps you need to take in order to understand and lower your bill.

Let's get started...

How to Understand Your Telecom Invoices

The key to understanding your telecom bill is to do your research and take your time. Every industry has its share of jargon and acronyms, telecommunications is no different.

In fact, technical jargon and acronyms are sometimes used in an effort to purposefully make an invoice more confusing because carriers know that if you don't understand your bill you are less likely to challenge it.

One of the first things you need to do in order to gain a real understanding of your bill is to do some research. Gather all of your telecom invoices and go through them slowly and make a list of all the services for which you are currently being charged.

The Internet Makes It Easier

Telecommunications providers relied for a long time on their customer's ignorance when it came to telecom services. Like used car salesmen, they used the benefit of their "superior" insider knowledge to get clients to overpay for services.

But with the internet, you can learn every thing they used to keep from you. In the information age, knowledge is power.

Here are some valuable resources to help you get started:

[Telecommunications \(Wikipedia\)](#)

[Service Delivery Platform \(Wikipedia\)](#)

[POTS \(Wikipedia\)](#)

[FCC.gov](#)

[Google.com](#)

Most major carriers also have an “Understand Your Bill” section on their website:

[AT&T](#)

[Sprint](#)

[T-Mobile](#)

[Verizon](#)

Telecom Invoice Acronyms You Need to Know

Navigating the sites above, you will quickly realize that the telecommunications industry likes to use acronyms. You will also find these acronyms on your invoices so it is best to get a full understanding of as many of these acronyms as you can.

Here are 10 key acronyms that every CEO needs to know if they are going to understand their telecom bill and effectively negotiate for lower rates.

1. MRC – Monthly Recurring Charge (the monthly fee for a service)
2. NRC - Non Recurring Charge (usually an installation, set up or service call fee)
3. ETF – Early Termination Fee (fee to end your contract early)
4. MUTM – Make Up to Minimum (charge for the shortage between the Contractual Minimum amount of money to be spent in a month or a year and what was actually spent).
5. MARC – Minimum Annual Revenue Commitment (amount you commit to spend per year)
6. MUG – Minimum Usage Guarantee
7. ARC – Annual Revenue Commitment (carriers sure love to get you to make commitments!)
8. PRI – Obsolete local service that is typically more expensive than newer technologies
9. VoIP – Voice over Internet Protocol
10. MPLS – Multi-Protocol Label Switching



Don't flush your profits down the drain
Learn how to save BIG on your Telecom bill

[Request an Assessment](#)

A Comprehensive Breakdown of Your Telecom Invoice

The key to saving money on your telecom invoice is to first discover exactly what fees and charges are appearing on your bill. To determine these, you will need to be able to successfully navigate your telecom invoices.

There are many different components to your telecom invoices and you must understand all of them in order to control your inventory of services and your expenses.

Different major charges on any invoice are going to be Monthly Recurring Fees, usage charges and taxes & regulatory fees.

Telecom invoices will also occasionally contain NRC's (non-recurring charges or one time fees) for installations, set up fees, services calls & other non-typical fees.

Some services like Long Distance or Teleconferencing are usage based and these bills will likely contain a MRC (Monthly Recurring Charge) and then costs per minute.

Within the cost per minute there is also a wide variety of charges: outbound calls, inbound calls (for 1-800 type toll free service) and international calls are the main "yp level" types of calls. Within each of these types, there are IntraState, InterState, IntraLATA and Toll calls. Not confused yet? Don't worry, your carrier will get you there.

Usually there is a different rate for each type of call. Services like local, internet, and data are more fixed with MRC's. Within the MRC's there is often a cost for access (connection to your carrier's network) and also a cost for the size or quantity of your lines or circuits. Some Local invoices only have an MRC for the actual number of lines and features you use.

Wireless invoices also have MRC's, sometimes one for your voice plan, another for your data and still another for text plans. You may find these components are bundled into a single price point.

There can also be overage charges (per minute, per Meg for data and per message for texts). Of course, all types of services are also billed a variety of taxes and regulatory fees. Within these many fees are many opportunities for charges on services you are unaware you even have.

Another section of your invoice may contain "Third Party Billing". These are fees charged by a third party but your carrier is a billing agent for these services.

These fees are usually for services clients do not even realize they have been signed up for and are commonly referred to as "slamming" or "cramming" fees. Typically, a call to your carrier's customer service can help you with any questions you may have regarding these fees.

Here are links to Wikipedia pages that describe the origins of these shady practices and how you can spot them on your invoices.

[Telephone Slamming \(Wikipedia\)](#)

[Cramming \(Wikipedia\)](#)

Why Your Telecom Bill is Getting More Confusing

In order to lower your telecom bill you first need to understand the invoice. We have covered the structure of your invoice, defined some of the confusing terminology found on your invoice and explained which fees you need to be persistent about removing from your bill.

Unfortunately, telecom bills rank consistently among the most difficult invoices to understand.

Here are 4 reasons why that trend is not likely to change:

1. Carriers have different billing systems for their many different services. The billing components for local are different than those for Data or Wireless or for Long Distance. Carriers also have multiple billing systems due to the many mergers and acquisitions they have all gone through over the last few years.
2. Many of the services carriers bill for are charged a “base rate” (list price) and then have a series of discounts applied in order to get to the “net effective” rate (what the sales rep quotes). Any error in the application of the discounts results in an incorrect rate, which makes it difficult to determine actual costs.
3. There has been an alarming increase in the number of “Other Charges” that are for taxes and regulatory fees. Most clients do not have the time or inclination to follow the increases to be sure their bills are correct, so these fees are not questioned.
4. Many monthly charges are not fixed for the term of the contract - only the discount is fixed! If the base rate is increased, your “net rate” also rises. Most clients believe that they are paying less for services than they actually are, but the discounts “hide” the true costs.

How to Lower Your Current Telecom Bill

The following 4 steps will help you to understand the current telecom climate and your invoices. This understanding is the first step to lowering your monthly bill. Once the playing field is leveled and you are armed with the right information, you will be prepared to effectively negotiate with your carrier or even implement the RFP process to bring some competitiveness back to your telecom rates.

Performing these 4 simple steps will insure you will not overpay for services and gain an easy competitive edge:

1. Review all of your services and get a firm understanding of what services you have, what your pricing is and the status of your current contract.
2. Shop all of your services with your current providers to determine what discounts or promotions they are willing to offer.
3. Have each vendor also quote for all services that can be consolidated, or where a newer technology is a better fit. Antiquated services often lead to inefficiencies and over-charges.
4. Stay proactive! Be persistent & consistent. Work with your vendors and stay abreast of industry trends in order to save significant sums of money.

Implementing the above steps will help you gain an understanding of your current telecom charges. Once you fully understand your bill, there is an 80% chance you will find some savings and/or get a refund for mistakenly charged services.

You can't stop at just understanding your current bill. In order to maximize the amount you can save on your telecom bill you need to get leverage over your carriers(s) to negotiate a more auspicious telecom contract.

Here are 3 things you can do to gain enough leverage so your telecom carrier(s) will have to take you seriously during your next telecom contract negotiation.

- 1. Get Coterminous Expiration Dates:** Carriers do not want you to have coterminous expiration dates. They prefer that you have staggered contract end dates so you are never able to move all of your services at once. This makes you much less likely to change carriers and allows them to up your rates. **YOU MUST GET TO A POINT OF HAVING ALL CONTRACT END DATES BEING COTERMINUS.**
- 2. Lower Your Commitments:** Your carrier wants your total monthly spend to be "committed" under Contract. If your total expense is \$1,000 per month they want you to be on a \$1,000 per month contract. This makes it impossible for you to move any of your services away from them to a competitor, as you will be charged the full \$1,000 monthly regardless of your actual service usage. You will have ZERO leverage to renegotiate rates if you cannot realistically move any of your service away from them. **YOU MUST GET YOUR COMMITMENT LEVEL DOWN TO 40-50% OF YOUR TOTAL SPEND LEVEL.**
- 3. Get an Annual Commitment:** Your carrier wants you to have a monthly commitment, not an annual commitment. You may think that \$1,000 per month is the same as \$12,000 per year BUT IT IS NOT. If you have done what is in step number 2 above, then the \$1,000 per month commitment keeps you under Contract for the full 12 months in the last year of your Contract, but if you had an annual commitment you would have satisfied that commitment half way through the last year (if you were at a 50% commitment level), meaning you can renegotiate rates or change carriers a full 6 months earlier than if that same commitment was monthly. **YOU MUST HAVE AN ANNUAL, NOT A MONTHLY COMMITMENT.**

Is a Telecom Audit Right for You?

You may feel a little overwhelmed with the process of understanding & lowering your telecom bill. Many companies leave this task to their IT or Procurement departments but the truth is that telecom invoices have gotten so confusing it is often best to have a professional audit performed.

The reality of your workplace is that everyone is wearing multiple hats and trying to “do more with less.” An IT or Procurement professional with little to no knowledge of telecom tariffs, pricing guides, contract and billing formats will have a difficult time finding you significant savings on your IT invoice. This isn't their fault, Big Telecom makes these bills confusing on purpose.

The benefits of a professional telecom audit are that the audit can be done off-premise and not interfere with your employees day to day work schedule. Telecom experts, with insider industry knowledge, find refunds and savings your team doesn't have the expertise to find. You only pay the auditor after they find savings for you.

What You Will Get From a Comprehensive Telecom Expense Audit:

- Expert review of every line item on your invoices
- Thorough comparison of charges to contract and billing tariffs
- Identification of any billing mistakes
- Identification of under used (or un-used) services
- Identification of any credits / refunds due from your carrier

What to look for in a Telecom Expense Auditor

- Independence – While having a competitor go through your telecom bills will often result you saving money, there is still a large chance that you are not getting the best deal available. You should find an independent auditor with no allegiance to any one carrier.
- Industry Expertise – Telecom invoices are incredibly difficult to understand. You need an auditor who has a full understanding of telecom industry jargon and knowledge of the marketplace.
- Thorough – Your IT or Procurement staff may be able to find some of the “low hanging fruit” of savings in your telecom bill. Some auditors don’t go much further than that. You need an auditor with an incentive to find as much savings as possible and a reputation for being extremely thorough.

What to Expect from a Telecom Expense Audit from PAG

At PAG, our typical telecom audit client recovers up to 2 months expenses in refunds and credits and gets an overall reduction of 23% of the telecom spend. We bring our knowledge and experience to the audit process so we can get you these savings without having to go through a time consuming RFP.

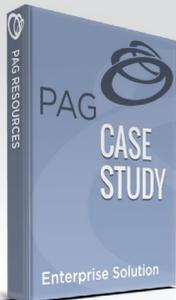
We pride ourselves on our industry knowledge, streamlined processes and the expertise to do the most thorough audit possible. Remember, we used to “play for the other team.” We know the tricks and tactics carriers use to extract as much revenue as possible from their clients.

It is our mission to save you as much money as possible on your telecom expenses.

With a Telecom Audit from PAG you can expect the best audit experience available. Our streamlined processes allow us to work off-site, without getting in the way of your staff. We have the insider industry knowledge you need to get the most savings from your audit.

We recently saved a client 70% on their monthly telecom expenses! While that is not a typical level of savings, we do have a 99.9% success rate and on average, you save 23% on your bill.

We believe so strongly in our processes and abilities that our compensation is results based and we only get paid after you see the savings on your invoices.



Telecom Strategy Done Right.
See how this retailer saved 40%

Get the Case Study