

# 10 Ten Ways to **SAVE MONEY** ON YOUR **Telecom Budget**



# Top 10 Ways to Cut Your Telecom Costs

Today every business and organization is trying to reduce costs. Telecom costs are one of those “every month” items getting into account payables which never seem to quit affecting the bottom line. While telecom is vital to running an efficient business, overspending on monthly bills have no benefit. One of the most common questions we receive from clients is “How can I cut our monthly telecom costs.” Here are the top ten recommendations to accomplish this goal:

## 1. Get a complete inventory of what you are paying for

While this sounds easy, most companies receive multiple bills from multiple carriers. Let’s face it – none of them are easy to read. Even those of us working in the telecom business have problems reading through the abbreviations, fees and charges. To get a good inventory, call all the carriers and get them to give you a list of lines, features, surcharges and fees – in English, including service addresses, – to compile a comprehensive inventory of all of the services you are paying for.

90% of the time this inventory will lead to someone in your organization saying, “Why are we paying for that? We don’t even use it.” If you don’t have the time or inclination to call all of the carriers and go through the “brain damage” of wading through automated attendants, being on hold and getting transferred multiple times to get the information, work with a good telecom agent who will do the inventory for you, normally at no charge. Most of all, do the inventory – it is the only path to accomplishing your goal.

## 2. Paying for items you don’t currently use, and how to know if you’re in the 50% of businesses who are.

You’ve now completed the inventory in step 1, and identified every telephone line you have, every DID number, every data circuit, every static IP, etc. Verify that you use everything in your inventory. Dial each number to see where it rings, check with the IT folks to see if you really use that DSL for emergency backup. Over 50% of the businesses we work with find items in their telecom inventory that they don’t have a clue what they are and what they “were” used for. Every item you can disconnect will save money month after month.

## 3. Remove unnecessary “Wire Maintenance Fees” from your accounts

Wire maintenance fees are often charged by the local carriers, and 95% of the time they are absolutely of no benefit. Wire maintenance fees were originally designed for residential customers who would have a problem with their home telephone line. They would call their local provider who would come out and find that it was a problem with the customers inside wiring. The provider would charge the customer a service charge, which the customer hated. Telecom providers’ solution was a wire maintenance fee the customer can pay monthly (forever). If they then have trouble on their line, they call the provider and they fix it at no cost regardless of the problem.

That is all well and good for the residential customer – but most business customers have a demarc location in a closet or computer room where their lines, trunks, and circuits terminate. The wiring from the demarc to the telephone system is typically done by the equipment vendor. So having wire maintenance fees on your lines is like having insurance on a car you no longer own – it is covering NOTHING! These fees can run from \$3.50 to \$10 per line per month. If they are on your inventory and your equipment is as described above – have them removed and save \$40 to \$120 per line per year!

## **4. How to understand Long Distance interstate versus intrastate and choose a carrier according to your usage.**

When you look at your long distance bill, having a great interstate LD rate of say 2.5 cents per minute does not mean that you have the lowest bill possible. Long distance actually has two rates, one is called Intralata (calls usually inside the state or a section of the state called a LATA) and one is for Interstate calls (i.e. calls between states). To make sure you have the lowest possible long distance charges you must analyze your companies usage and determine how many calls (and total minutes) are Intralata and how many are Interstate.

Many (and we do mean many) long distance companies have very low Interstate rates and very high Intralata rates – and many businesses have high call volume inside their state. Make sure your choice of long distance plan takes both rates into consideration for the lowest total cost. This applies to calls you are receiving on your 800 numbers as well.

## **5. How rounding on Long Distance billing increments and rounding on billing can save you 35% or more**

While we are on the subject of long distance the billing increment is a huge factor in total cost. If your current plan is a one minute minimum billing increment and you move to a plan with a 6 second minimum billing increment you will probably save 25% or more. Differences in carrier rounding provide the same benefit. Some long distance companies round their charge for each call to the nearest cent, others to four places and some to six places. Depending on your businesses volume each month this can make a 10 to 15% difference in total charges.

## **6. If you're using intrastate tariff rates, you could be overpaying by 25% or more**

If your business has private line circuits that are subject to either Interstate or Intrastate tariffs be certain that they are billing at the lowest possible rate between the two options. These tariffs were originally set up to provide a different pricing structure for lines that were only used inside the state (which almost always cost more) versus lines that carry interstate commerce. Now, almost every data circuit is used to carry interstate traffic be it access to the Internet, long distance access from a remote location, data look ups on remote servers, etc. The interstate tariff rates will often drop the cost of a circuit by 25% or more!

## **7. Which bundled services could save you money?**

Bundling saves money, whether it is bundling lines and long distance and DSL, bundling long distance with integrated access, or bundling lines together throughout your company nationally on a volume agreement. Find a good telecom agent to help you find ways to bundle your services and save 10 to 25%.

## 8. Integrated services improve performance and reduce cost

Integrating voice and data services onto a single platform provides the best way to improve performance of the data services AND reduce total cost for the combined services – often 20 to 30%. There are great ways to integrate which do not require any change out of telephone or data equipment. Carriers will often even include the necessary router as part of the package. This is the future of the industry. If a company is not looking at integrating services they are leaving money, and overall efficiency gains, on the table.

## 9. How to know if you're overpaying for 800 number fees

If you offer 800 services for your customers to call your business, make sure you aren't paying unnecessary charges. We routinely see bills where carriers are charging customers \$5,\$10,\$20 or even \$40 per month per 800 number. Most of the times if you call your carrier and tell them you are going to switch to another carrier because they don't charge for 800 numbers. All of the sudden... neither does your carrier.

## 10. Can someone make sense of all these fees, please?

The worst part of telecom bills is all the fees. It is a challenge to determine which are true taxes which everyone has to pay and which ones are fees set by the carriers. As an example, there is usually a PIC fee associated with a business line (for providing long distance access). This is NOT set by the government and varies greatly depending on the service and the carrier. If you have 20 standard business lines and each line carries a \$5 PIC fee that is another \$100 per month.

If you switch your service to a PRI T1 line which provides 23 lines on a single T1, you only pay 5 PIC fees for the entire circuit or \$25 for the 23 lines saving \$75 per month. Some Integrated Access T1's do not even have PIC fees. Fees become a substantial portion of your bottom line. If you are buying services based on the cost of the service before fees, you are probably not getting the best pricing possible for your bottom line. Check the fees.

## How to quickly and easily implement these 10 cost-saving measures

While all of these cost saving measures can be implemented on your own with some investment of time and energy – a good telecom agent, who has experience in dealing with these types of cost considerations, can sort through the pricing issues and reduce the total cost of your telecommunications services. This saves you time and money AND allowing you to do what you do best – run your business – knowing you are not overspending on an important part of your annual budget.

The OBJ group has has over 15 years of experience in the telecommunications field and can perform a **no-obligation billing audit** to get your communications expenses back under control. You receive a detailed analysis of all your communications expenses, and we'll verify your existing services. We then apply our expertise to reduce your costs and many times, also improve your performance.

**Added value to your business** – Over 75% of the bills the OBJ group audits have errors or opportunities to lower costs. If we find services which are wrongly billed, we request a credit on your behalf.

Contact OBJ group today at 1.800.761.5852, or online at <http://objgroup.com/Contact/Billing-Analysis.aspx> to receive your billing analysis, and let us help get your business running at peak performance with improved cost control.

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