

# CONTROLLING THE Wireless Bite

As cell phones and wireless devices eat up a larger share of telecom budgets, companies battle to control costs.

by Sara Gilbert

Joel Larkin has a bit of historical perspective on the price of wireless communications.

Larkin, now the director of retail distribution for Plymouth-based wireless-services provider Select Communications, has been in the industry for more than a dozen years. He remembers when the cost of a wireless minute was almost too prohibitive for most businesses to consider. "Fifteen years ago, you paid between 40 and 70 cents a minute," Larkin says. "I remember when 25 cents a minute was a great deal. Now you have unlimited nights and weekends. So on one hand, the price has come down. But at the same time, people are buying bigger buckets of minutes, so the costs are still rising."

Containing those rising costs has become a conundrum for many companies. As wireless devices—from cellular phones to personal digital assistants such as PalmPilots and BlackBerrys—become both more common and

more necessary in day-to-day business, the bills have mounted. Businesses in the United States now spend 25 percent of their total telecom budgets on wireless services, according to a report issued by The Yankee Group, a business research and consulting company based in Boston. For some businesses, that means millions of dollars.

And there's more to consider than cost per minute. Many companies find themselves dealing with multiple programs from multiple carriers, often paying different rates for different services. And how do you determine how many minutes to buy? If you plan for too few, you pay exorbitant overage fees; if you buy too many, you are paying more than necessary. There's also the ever-present issue of how those minutes are being used—for business or personal calls. Managing all of that can become an administrative nightmare, tying up time and resources.

"Many organizations are pulling their hair out trying to get control of this," says Mike Haigh, partner at Haigh,



Todd & Associates, a telecommunications management firm in Minneapolis. “They just don’t know how to do it.”

### Coverage Confusion

Although it would be ideal, Haigh says that in many cases it isn’t feasible for a company to get all the coverage it needs from one carrier. “It’s a necessary evil to have more than one carrier,” he says. “It all depends on coverage areas and services.”

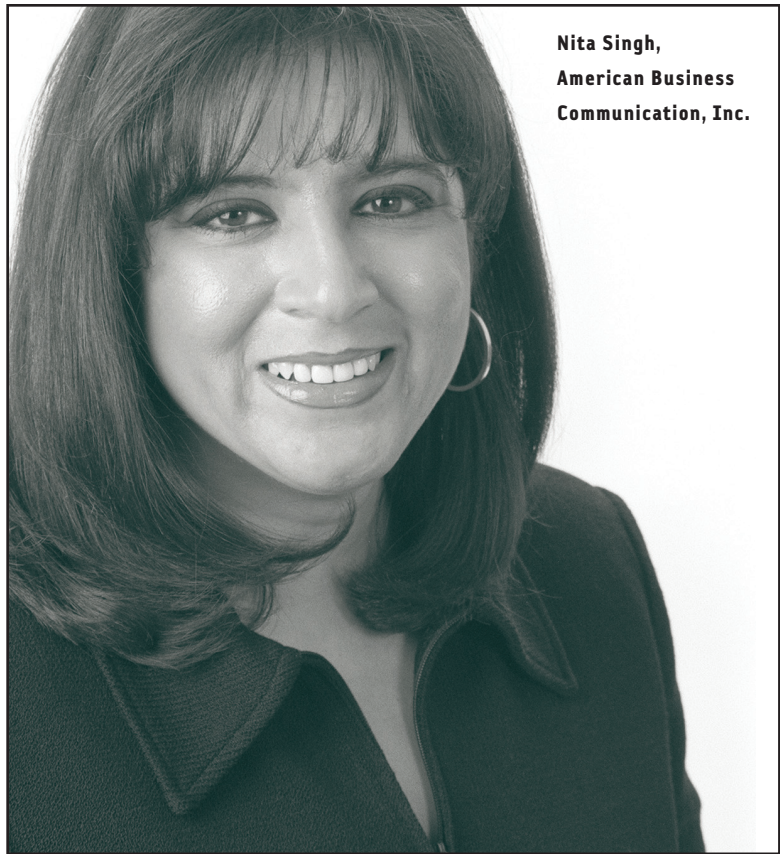
Coverage issues are most problematic for those doing business in multiple states or countries or for those who travel for business. A service that works well in the upper Midwest may be unavailable in Texas, for example. International calling, meanwhile, is not provided by all carriers; with some, it can be both inconsistent and expensive. Even within Minnesota, coverage is inconsistent.

“We do some work with a state agency that would really like to use one common program for all of its phones,” Haigh says. “But the reality is that when you get up on the North Shore, for example, some programs just won’t work.”

The key, then, is to consolidate as many services as possible into as few plans as possible. The more volume you have with each vendor, the better the rates become. It also allows a company to pool minutes for large groups of users, which can help avoid overage charges.

There are several options companies have when setting up wireless plans for their employees. Some allow employees to set up their own plans and then expense all or a portion of the fees. Some set up stipends to help offset the wireless costs of their employees, while others purchase the hardware and the services themselves. Each option has both advantages and disadvantages, says Nita Singh, CEO of Maple Grove-based American Business Communication, Inc., a telecommunications management company.

Allowing employees to expense wireless costs is problematic, she says,



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**Communication, Inc.**

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because the company has no control over which plans they use. “The employee might choose something that is too robust and then not utilize what they’re paying for,” Singh says. “Or they go too cheap and get nailed on overages.”

Stipends, or fixed-budget payments, can help solve that problem—but only if the right research is done about who needs what allowance. “Let’s say you give everybody an \$80 budget,” Singh says. “Some users might need that much, some won’t. If the average user would only bill \$40 a month, then you’re spending more than you need to.”

Creating a corporate program by buying hardware and services for employees eliminates some of that guesswork and gives the company more control over its costs. It also gives the company more leverage with its carriers in terms of pooling minutes and negotiating contracts, but it leaves the company 100 percent liable for all of the costs associated with the devices—especially for those devices that are lost, damaged, or not returned when an employee leaves the company. “If you can afford to have a certain amount budgeted for loss control, then that might be okay,” Singh says.

Singh says her company assesses all the usage within a company before making a recommendation about how to make it more efficient. Sometimes she suggests software programs that can help companies track usage and right-size plans accordingly. Sometimes she recommends that an independent consultant like American Business take over management of all wireless services for the company. "There is just no cookie-cutter answer about what is best," Singh says. "It depends on the culture and environment of each company. It's totally based on each individual organization."

### Minutes Matter

Perhaps the single biggest consideration in a wireless plan is how many minutes to prepay for. Although the tendency may be to start out with as small a package as possible, Larkin advises businesses to do exactly the opposite.

"Start big," he says. "Too often, people start too low and then they get overages. That's the most expensive part of wireless. If you go over your minutes, you may pay 40 cents a minute, as opposed to 4 cents a minute. That adds up fast." Haigh agrees: "I think it's much better to oversubscribe than to under-subscribe."

Victor Mack, Verizon Wireless's director of business sales for the Great Plains region, says his sales representatives work closely with clients to determine exactly what plan best fits their needs. "Minutes are absolutely essential to the overall experience of our clients," Mack says. "Our assessment is used to match them to an appropriate rate plan. We know our clients would have a bad experience if their actual usage exceeded the plan."

One of the benefits of a corporate program is the option to pool minutes. Instead of having a limit for each individual user, the company as a whole can subscribe to a bulk sum—say, 50,000 minutes. "It doesn't matter

which phones eat up the minutes," Haigh says. "Some will use more, some will use less."

Whether the employee uses those minutes for business or personal calls will always be an issue. Because some plans include unlimited nights and weekends or large allotments of time, some companies don't worry about personal calls. In those cases, Singh says, it can be unnecessarily costly and time consuming to track employee calls. But if usage routinely exceeds the allotted minutes, it is important to find out why.

Larkin says that although some companies have policies about cell phone usage, more are related to safety issues—such as using wireless while driving—than personal use. It's easier, he says, to plan for the personal calls. "Be smart on the front end," Larkin says. "Many plans include free long distance and unlimited nights and weekends. So you can restrict usage during business hours, but not worry about it afterwards."

### Professional Help

Of course, many companies do worry about their wireless plans, often because they don't have the time or expertise to adequately manage the plan. "Administration is critical," Haigh says. "If someone is not paying attention to all of this, you'll spend money that you don't need to spend. This needs to be part of someone's job—and it needs to be someone who understands it, not just someone who is responsible for paying the bill."

Singh and Haigh agree that whoever is in charge of the plan needs to have the time to scrutinize the bills on a monthly basis, both for billing errors and for extra services employees may have signed up for. "You need to have a vigilant eye," Singh says. "You need to keep an eye on invoices for mysterious charges and billing glitches . . . The telecom industry is fraught with billing errors, and wireless bills are no exception."

You also need to be vigilant about watching for new plans and promotions from carriers. Although companies can sometimes get better deals in a long-term contract, it's important to include verbiage that allows the company to take advantage of better rates, should they become available.

"The longer the commitment you make, the better deal you'll get," Haigh says. "But you need some protection against market competitiveness. If the market changes, if there are new programs that would reduce your rates substantially, either from that carrier or others, you need to have the opportunity to go back in and redo the contract."

Some businesses find managing all of those details too cumbersome to be done in house and outsource the work. "We have clients who tell us they don't have the time or the expertise to manage their wireless internally," Haigh says. "When you bring someone in who has that focus, there's a strong likelihood that it will pay for itself."

When Singh's firm took over the management of one company's wireless devices, it was able to create a first-year savings of more than \$2 million. First, American Business renegotiated the service contract with another vendor. Then, it cut off service to hundreds of cell phones that could not be accounted for and implemented a management process that helped the company better track its devices—including bringing cellular decisions back to the corporate level, rather than the branch level. "For them, the expense was a no-brainer," Singh says.

"It's important to find someone you can trust," Larkin adds. "Find someone who can really talk to you about all the features and benefits, someone who can go through the bills, look at the usage, and maximize how you're using your money . . . If you do it right, you will see a benefit." **TCB**

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