Telecommunications Is Strategic: Executive Sponsors Secure Competitive Advantage for Enterprises

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Executive Summary

Today telecommunications impacts virtually every industry and sector. As more executives see opportunities to use communications to gain competitive advantage, it should become an area in which they take a more active role. Strategic deployments of new telecommunications applications include unified communications, cloud computing, mobility, Machine to Machine (M2M) and the Internet of Things (IoT). These deployments improve collaboration, mobility, new ways of doing business and productivity gains.

To be clear senior level executives do not need to become involved in all the ground-level details of implementing telecommunications networks, unified communications deployments, cloud computing, mobility applications, and TEM programs. Nonetheless, there are a number of areas where executives can have a significant impact in the success of their programs. The best practice is to have all or multiple senior level executives involved with telecommunications programs.

In this paper, ETMA will identify the roles that executives can play and the value of these roles to telecommunications management programs. This paper is written for senior executives, the managers that work for them and other stakeholders who are involved with telecom. ETMA is providing information to secure executives' involvement in telecommunications. This involvement will help to ensure better results for deployments of new communications technology, utilization of the telecom infrastructure and competitive advantage for enterprises.

The Case for Executive Involvement

A premium is placed on real-time data collection from the field. Communications enabled technology makes it possible to receive updates and exchange information in real-time to maximize responsiveness to market conditions. This allows decision-makers to do their jobs more effectively and find new ways to improve employee productivity. The corporate network and communications are indispensable to the success of organizations. As the world becomes more connected and mobile, telecommunications technology provides ways to meet customer demand with innovative applications and new ways of doing business.

Chetan Sharma, a mobile strategist, believes that the next 50 years will present unprecedented opportunities. He writes about the Connected Intelligence Era with the "confluence of mobile broadband network, smarter devices, pervasive connectivity, and our ability to program the intelligence around which will dramatically change every industry vertical from the ground up."

Organizations that use telecommunications most strategically to drive business processes and innovation correlate with C-Level involvement. An enterprise mobility survey from SAP found:
- 40% higher revenue growth for companies that provide users with mobile access to cross functional applications;
- Two times higher revenue per employee for companies with mature mobility best practices; and
- Four times higher operating margin for companies with mature mobility best practices

In addition to the gains from strategic deployments of telecommunications technology, there are financial considerations. On average, enterprises spend between 1% and 2% of all corporate revenue on telecom services. This means that telecom expenses are one of the top three expenses for most organizations. It would seem natural for executives to play a significant oversight role for telecom expenditures. Large expenditures contain opportunities for cost control and optimization, yet many organizations indicate that executives are not playing a role with telecommunications programs.

Perhaps lack of technical knowledge makes Chief Financial Officers (CFOs) and executives from Human Resources reluctant to get involved with telecommunications. Other executives like Chief Security Officers (CSOs), Chief Digital Officers (CDOs), and Chief Procurement Officers (CPOs) often don't see telecom as their area. Chief Information Officers (CIOs) and Chief Technology Officers (CTOs), may delegate telecom to other members of their team. As telecommunications becomes more strategic to enterprise success executives' need to take a more active role in this area.

Critical Steps to Gain Executive Involvement

Below are four critical steps to gain executive commitment and stewardship for telecommunications are:

1. **Sell the vision** of how telecom can positively impact the organization and potentially transform it.
2. **Unify telecommunications** technology under one department or steering committee.
3. **Establish metrics** to measure performance gains from telecommunications.
4. **Promote the results** that telecommunications produces.
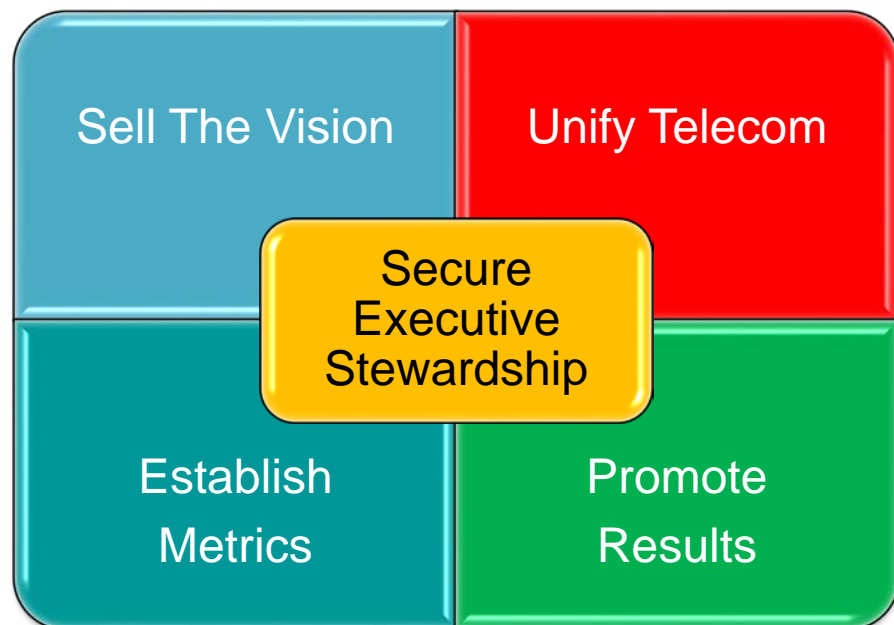
1. **Sell the vision** for ways that telecom can positively impact the organization and potentially transform it. Managers should learn how other firms are deploying technology. Let solutions providers know the goal is to find ways to transform business processes and provide new ways of doing business. Telecom managers should identify these goals and their impact to help attract executive interest.

2. **Unify telecommunications** technology under one department or steering committee. Many organizations have decentralized management of their telecommunications infrastructure. A decentralized approach can lead to problems where mobile applications and other technology do not integrate with network infrastructure and backend systems. While some corporate cultures and executives may resist creating a new department or unifying the program, a steering committee can help to unify the effort.

Regular meetings with peers can help provide visibility into different initiatives. In some cases, different groups have their own agenda. It is important to align different priorities to avoid conflicting agendas. Working with cross functional teams can help ensure that technical requirements and performance expectations are identified. This is critical to avoid missteps where the organization fails to establish internal alignment.

Some groups may not understand all the requirements. In some cases, implementation of one initiative may need to wait until other projects are complete. Executive sponsors can help ensure everyone works together. Establishing a consensus will ensure the organization gets what it needs. It will ensure that technology purchases integrate with network infrastructure and backend systems.

3. **Establish metrics** to measure performance gains from telecommunications. Executives can help identify what areas should be measured and rules for tracking gains. With cost savings projects try to establish an ROI upfront. For projects that seek higher operating margins measure revenue per employee or revenue growth. Different departments: finance, technology, sourcing and human relations can report specific contributions from deployments of new telecom technology.

4. **Promote the results** that telecommunications is producing. Telecom managers should work with marketing and human resources to develop the most effective ways to promote how the organization is benefiting from telecommunications innovation.

The Role of Finance Executives

Finance executives know that there are two primary ways that enterprises can improve its standing. Enterprises can cut costs or increase revenue. Evaluation of strategies and debate on the merits of growing revenue or cutting costs is often conducted in the boardroom. CFOs add value in this discussion by contributing their knowledge of finance and frameworks to manage expenses.

Finance executives:
- Establish rules for recognition of productivity gains and cost savings and reporting.
- Serve as a catalyst to establish the agenda for cost cutting;
- Set corporate standards and drive accountability for expenses; and

Section 404 of the Sarbanes-Oxley (SOX) Act requires that CEOs and CFOs of public companies personally confirm the adequacy of their internal controls relating to recognition of revenue and expenses. Telecom Expense Management (TEM) programs align with SOX efforts by helping automate the reporting and storage of key financial data about telecom expenses.

Increase Revenue
The second focus area for enterprises to improve their position is to look for ways to grow top-line revenue. CFOs are well positioned to ensure that scarce resources are allocated to growing areas. Mobile services speed real-time data collection from the field to increase revenue. Communication enabled technology makes it possible to receive real-time updates and transfer information to minimize conflicts, bottlenecks and delays. This allows stakeholders to do their jobs more effectively.

Cut Costs
Telecommunications services improve the bottom line with a positive return on their investment. Financial executives can oversee costs and improve accountability with expense charge-backs to business units for consumption of communications services. TEM programs ensure that spending is optimized, and offer ways to cut expenses without impacting employee productivity. TEM delivers with reporting on operating expenses by division, region, business unit, and employee.

These features enable TEM programs to improve employee productivity and reduce the costs of SOX compliance. CFOs can also provide assurances to board members that there are stringent controls in place, for one of the enterprise's top line-item expenses.

The Role of Technology Executives

Chief Technology Officers (CTOs), Chief Security Officers (CSOs) and Chief Digital Officers (CDOs) benefit from more effective corporate communications networks. CTOs can identify innovative uses and competitive advantage from deployments of unified communications, cloud computing, mobility, M2M and the IoT. CDOs may be able to leverage data from these programs to pioneer new ways to interact with customers. CSOs should investigate how new communications technology will mitigate security risk.

CIOs must balance limited or shrinking budgets with demands for more communications functionality and constant connectivity for employees that are no longer tethered to a singular work site. In addition, CIOs also seek to shift a great portion of the budget from "keep the lights on" ongoing operational activities to projects that promote innovation and competitive advantage.

Employees take it for granted that the network infrastructure will be running smoothly to provide access to critical business applications and data with no delays in processing time. Managing the network is a thankless task. CIOs rarely receive compliments when things run smoothly, but they are sure to hear from employees when there are problems.

Visionary CIOs will find that telecommunications technology provides a unique opportunity to shift resources from the "keep the lights on" budget to innovation. The latest communication technology will drive more efficient business processes, new applications, and better interaction with clients, new services and innovation for competitive advantage. This in turn will drive higher revenue per employee and revenue growth.

CIOs may delegate many aspects of day-to-day management of the telecommunications infrastructure to other members of their team, but there are some areas where CIO leadership is critical to:
- Drive adoption of telecom applications across different departments;
- Ensure system integration of telecommunications, unified communications, TEM, and Mobility programs with enterprise resource planning, human resources, and financial enterprise applications;
- Eliminate duplication of efforts with users entering data into legacy systems; and
- Drive standardization across different cloud software and adoption of one application to manage and report on telecom expenses.

The Role of Human Resources Executives

At first, it may appear that human resource professionals do not play a role in telecommunications, but there are several areas where their team does become involved. First, employee benefits packages and job offers often include corporate paid mobile devices and services. Second, human resource professionals may participate in committees that create corporate mobile policies and determine eligibility for Bring Your Own Device (BYOD) programs. Human resources will often assist with the on boarding process for new employees. Assistance from human resources on communications to new employees can help set expectations for the value of communications and expectations for expenses. In addition, HR executives can help measure and promote productivity benefits from mobility and unified communications initiatives.

The Role of Procurement and Sourcing Executives

The Chief Procurement Officer (CPO) and members of the sourcing team play a vital role negotiating contracts with telecom providers. Procurement executives create an environment that ensures new and incumbent carriers provide competitive pricing for business. Procurement executives play a critical role helping to evaluate alternative technology for communications. This helps to insure that contracts are based on future needs. When telecom professionals partner with the sourcing team, enterprises avoid long-term agreements with Minimum Annual Revenue Commitments (MARCs) and other provisions that prevent enterprises from adopting new technology.

Telecom professionals also need to engage with procurement executives to ensure that score card ratings of carrier performance are factored into the selection process. For example, bill accuracy and responsiveness to service requests are often neglected areas that should factor into determining which providers are the most cost-effective. In addition, partnerships with telecom and sourcing help to ensure that new contract pricing is implemented in a timely manner and that carriers adhere to new contract provisions.

Conclusion

Telecommunications is more than a simple utility. Visionary executives can utilize unified communications deployments, cloud computing, mobile services, apps and TEM programs to drive competitive advantage. Telecommunications technology improves customer relations, business processes, productivity through communications technology.

Organizations that use telecommunications most strategically are those that have C-Level involvement. It is important to obtain an executive sponsor at the outset. Executives can contribute their buy-in on projects. This is one of the most important factors in successful deployments of innovative telecommunications tools.

CFOs can establish rules for recognition and reporting of productivity gains and costs savings. For projects that seek higher operating margins, finance can work with HR executives to measure gains in revenue per employee and revenue from telecommunications. Finance also sets the rules for how to track and recognize savings.

CTOs help the enterprise gain competitive advantage and advance their careers by identifying innovative uses from deployments of unified communications, cloud computing, mobility, M2M and the IoT. Visionary CIOs can partner with CTOs and executives from business units to leverage telecommunications technology for new products and better ways to interact with customers.

CDOs can leverage data to improve operations and find new ways to interact with customers. CPOs and members of the sourcing team can identify the best suppliers, negotiate optimal contracts and insure that contracts meet the enterprises' changing needs.

Telecommunications managers need to get executives more involved in using communications technology to transform their organization. Gaining executive sponsorship of programs will have a significant impact in the success of technology deployments. Ultimately, executives are better positioned to secure resources and funding for these programs. Executive sponsorship will help drive more rapid adoption of new technology which will help secure better returns and competitive advantage for the enterprise.

About ETMA

In 2006, many of the largest Telecom Expense Management (TEM) solution providers established The Enterprise Technology Management Association (ETMA) to raise awareness and knowledge of TEM solutions. ETMA's ongoing mission is to improve the ROI of TEM solutions and service quality through the development and promotion of clear and understandable industry standards, reasonable performance metrics and to cultivate shared industry knowledge among TEM providers, business partners, telecom service providers, and enterprise clients. ETMA solution providers help their clients manage over $61 billion in telecom and data assets annually. Further, ETMA members subscribe to a Code of Ethics, which clearly differentiates their level of commitment to their clients. For more information about ETMA, please visit, http://www.etma.org, contact info@etma.org, or call ETMA's Executive Director, Joe Basili at 973 763-6265.

About Juvo Technologies

Juvo is a Total Telecommunications Management firm that enables clients to achieve significant financial benefits by maximizing telecom efficiencies. Juvo is able to achieve an average of 15%-25% telecom savings for its clients through the precise management of client's everyday telecom needs, including local, long distance, Internet, data, and mobile devices. Juvo's expertise, industry experience, and trademark software, all combine to provide its clients with industry leading telecom solutions to meet ever increasing demands.

Juvo, an active member of ETMA, the Enterprise Technology Management Association, has clients with operations in all 50 states, Canada, Mexico, and the United Kingdom.

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