

**Developing an Exceptional TEM
Program:
Best Practices for Enterprises and Suppliers that
Raise TEM Performance through Key Performance
Indicators and Industry Standards**



Why are TEM Standards and KPIs Needed?

Lack of TEM standards has lead to confusion. ETMA is seeking to raise the bar by introducing industry standards that will improve performance for all TEM programs.

Telecom Expense Management (TEM) has evolved from simple programs to complex offerings to meet customers' specific needs. Efforts to develop tailored solutions for clients have made the market appear to be more complex than it really is. It is like going to a restaurant that has suddenly changed its menu by adding hundreds of combinations of entrees that are now written in foreign languages. You are hungry so you go to your favorite restaurant to order food that will satisfy your hunger, but it is much harder to know if you will like what you order.

ETMA is working to establish standards and Key Performance Indicators (KPIs) that can be used by managers and personnel that are performing operational roles at enterprises and suppliers. Customers need standards that can be used to help answer critical questions.

- ***What are the essential elements of a TEM solution?***
- ***How can I clearly define the scope of work?***
- ***How can I streamline the buying process?***
- ***What are the critical factors that contribute to supplier performance and a better return on investment?***
- ***How do my results compare to “best practice” performance metrics?***
- ***What Service Level Agreements (SLAs) will drive results?***
- ***How will I measure the success of the TEM solution?***

Requirements for TEM Standards and KPIs

TEM engagements vary considerably from one client to the next, and suppliers vary in their capability and focus. Our goal is to provide clear points of comparison and guidance for measuring TEM results that will help to eliminate confusion and raise performance of all TEM programs. Ideally these standards will work like “miles per gallon” for cars. The standards and KPIs must meet the criteria list below:

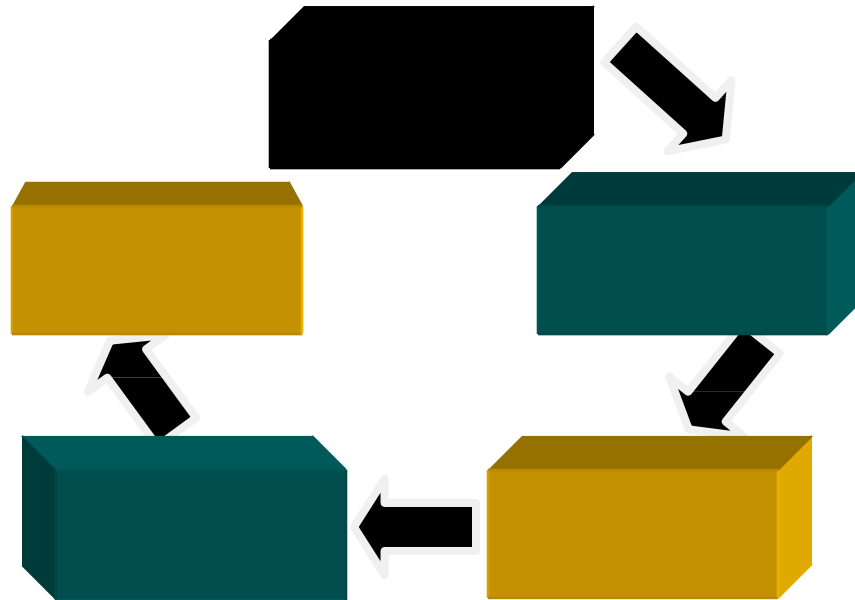
- **Openness** Each measure, its definition, and calculation must be completely open and visible to all interested parties.
- **Quantitative vs. qualitative** The standards should provide clear quantifiable measures that are objective, granular, and comprehensive.
- **Universally applicable** The standards must be able to be applied and provide valid outputs or results and immune to variances in methods, process or tools applied. **Standards must apply regardless of whether the TEM program is managed internally, licensed software installed behind a corporate firewall, hosted software, or a business process outsource solution.**
- **High inter-rater reliability** No matter who applies the metrics, the results will be the same given the same input data. There will be minimal variance between measures, given the same data.

When Should TEM Performance Metrics Be Used?

The earlier TEM performance metrics are applied, the stronger the more productive the program. TEM performance metrics can be applied as benchmarks to measure the “before and after” impact of changes in process, methods, or tools. Ideally, TEM metrics will tie directly to the TEM program ROI.

TEM performance metrics should be used for pre-project planning, TEM supplier selection, contracting, SLAs, ongoing project management, measurement, and communications.

Figure 1: When to Use TEM Performance Measures



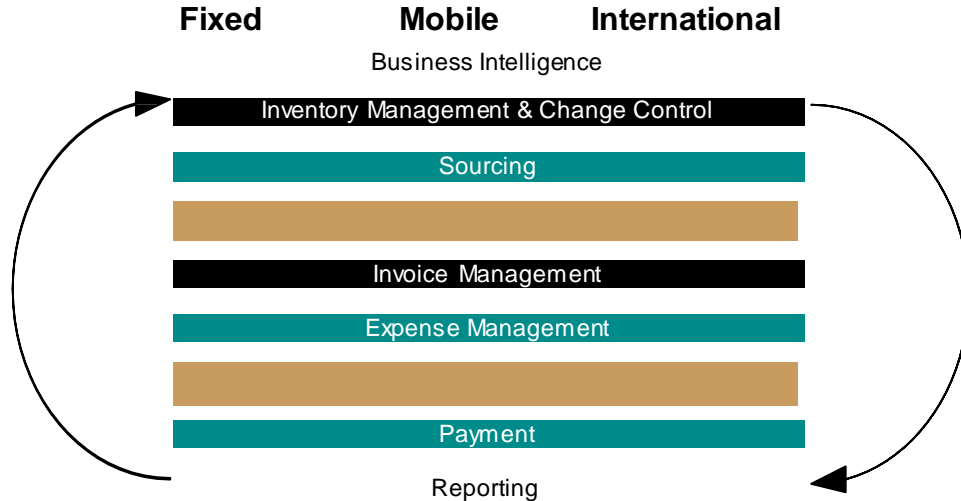
TEM planning and design makes it possible to identify business goals and requirements that map to questions which will allow enterprises to compare each supplier’s capabilities. This streamlines the evaluation process and enables organizations to establish contracts and SLAs for performance requirements that are necessary to drive program objectives, business impact, and projected Return on Investment (ROI).

With this approach, project management, measurement, and communications can focus on the achievement of specific performance results. For example, threshold values must be established to measure performance in each specific area. If the business objective is to gain an ROI from reducing costs by eliminating billing errors, streamlining labor intensive invoice processing, and cutting late payment penalty fees, then threshold values need to be mapped for each of these areas. This initial review of standards and KPIs will focus on the core domains of TEM programs.

Defining Telecom Expense Management

An effective TEM program manages the full lifecycle of a telecom expense with a focus on eight major service domains of inventory management and change control, sourcing, procurement and fulfillment, invoice management, expense management (including validation and optimization), usage chargeback, bill payment, and reporting which provides business intelligence.

Figure 2: TEM Components



Aligning TEM Performance Metrics to TEM Components

These standards and KPIs have a direct link to TEM value, ROI, and vendor SLAs.

Analysts will play a role in helping to drive adoption and establish threshold values for these standards.

Areas of emphasis and challenges in delivering TEM programs vary from management of fixed, mobile, and international services, but the performance metric tied to each domain does not change. Market participants may also have different names for service domains or their units of measure, but the information that will appear in the next report makes it possible to understand the information and translate the nomenclature for their environment.

Each TEM service domain maps to a unit of measure, performance metrics, and calculations that are objective, quantifiable, granular, and comprehensive. The next report will provide an explanation of the performance measures and outline specific calculations for each area.

The next report will also provide more specific definitions for each TEM service domain, business goals that are addressed by each domain, things that can be learned from KPI performance standards. The second paper in this series will show how standards can identify things that can go wrong with TEM programs and the actions which must be taken when positive or negative results are identified from each metric.

Our goal is to provide critical information that can be used by enterprises and suppliers to raise the performance of their TEM programs.

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 \$31 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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