

**A Call to Action:
Overcoming the Conundrum of
Telecom Invoices and Electronic Billing**



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Executive Summary

ETMA is calling for greater standardization in electronic billing media that telecom service providers use. We propose to start in the United States with fixed wireline services and move next to wireless services and work with electronic billing media that telecom service providers use outside the North America region for international carrier services.

While a number of ETMA members have expertise and a competitive advantage based on their ability to process electronic billing, lack of standards for carrier billing causes unpredictable delays in implementing Telecom Expense Management (TEM) programs. The quality and detail in billing that telecom carriers provide varies widely. A telecom carrier's billing detail and quality among its different services varies. Clients frequently assign blame to TEM suppliers for quality of billing information, level of detail, and implementation delays. Enterprises and TEM suppliers also incur high costs in capturing and normalizing data from different telecom carriers' billing.

The Argument against Paper Bills

Receiving paper bills for telecom services is inefficient and labor-intensive. Many organizations report that the costs of processing a paper invoice are \$75-\$50. With consumption of fuel for delivery of bills and energy to produce paper use of paper bills is not good for the environment. In addition to the administrative and mailing expenses, there are costs to archive and paper bills. After processing the bills, there are significant costs to archive, shred and dispose of the paper bills.

Errors in processing paper bills and delays in processing bills that arrive by mail can lead to late payment penalties and uncontrolled service disconnects. When bills come in an electronic format, TEM systems can automate bill processing, expense validation, optimization of expenses, expense chargeback, reporting, and trend analysis. Electronic billing can help improve cash flow, and optimize working capital by making it easier to predict the timing for receipt and payment of bills.

The Conundrum of Electronic Billing

Several obstacles have prevented widespread adoption of electronic billing. Many large companies have finance and accounting departments that believe they need physical paper bills to audit bills. In fact, billing that is received in the EDI format listed below will provide more detail and enable firms to conduct more effective audits. Auditors can use the processing power of computers to identify billing errors in a comprehensive systematic manner, and identify areas for further investigation.

Telecom service providers have challenges as well. They must secure management support and coordinate different groups that have roles in managing billing including Regulation and Tax Specialists, Legal, Revenue Management, Network Operations, Information Services, Finance, Audit, Marketing, Procurement, Sales, Accounts Receivable, and Customer Management. The initial implementation costs for a carrier to convert to electronic billing are significant.

Complexity

Telecom service providers process UDRs (Usage Detail Records) or Call Detail Records (CDRs) for different services including voice calling, data transport, and other services for a wide variety of products. The systems that collect billing information often produce a variety of different data formats. These billing systems are highly complex. For telecom service providers, rollouts of new technology are a top priority. Establishing billing standards and planning for billing new products receives less attention. In addition, downsizing at telecom service providers has eliminated many of the personnel with expertise in these billing systems.

Unpredictable Regulatory Actions

Telecom service providers face unpredictable intervention from government regulatory agencies. As telecom service providers acquire companies, concerns regarding a carrier's level of market share can often lead government regulators to intervene and demand that some offerings or divisions be spun-off. Therefore, many telecom service providers find that it is less costly to keep billing platforms separate and avoid expenses associated with consolidating and implementing electronic billing.

Cost

Telecom service providers also face considerable costs to convert all of their different billing platforms to one standard electronic format. Verizon and AT&T each have more than 15 types of billing platforms that produce different bills. Each of these billing systems is highly complex. It can cost millions of dollars for telecom service providers to implement electronic billing.

Inconsistent Electronic Billing Formats

Electronic bills are not consistent across telecom service providers. Telecom service providers provide a wide variety of billing formats including CD-ROM, CSV files, EDI, HTML web bills, MS Excel spreadsheets, PDF and other electronic media from carriers' billing applications. In fact, the same carrier will often provide different bills depending on the size of the customer or the types of services that they use. A small customer may download from the carrier's website. Medium size customers may use the telecom carrier's billing application, and large customers may receive EDI bills. Access to these different billing platforms may come through regular mail, e-mail, downloads from carrier websites, FTP downloads, Value Added Networks (EDI VAN), private networks, or other mechanisms.

The Solution

ETMA is seeking to drive widespread adoption of Electronic Data Interchange (EDI) billing. It provides for structured transmission of data that meets agreed upon standards. EDI is the data format used by the majority of electronic commerce transactions in the world. Most telecom providers in the United States have adopted the American National Standards Institute (ANSI) Accredited Standards (ASC) X12 standards for EDI.

ETMA proposes to start with fixed wireline services in the US and expand this standard to wireless services. Next, we shall work to establish a similar standard for telecom service providers outside North America. This program must start with telecom carriers' customers. Customers should formally request that telecom service providers present uniform data through EDI billing by inserting the language listed below into their contracts with service providers.

Use This Language in Contracts with Telecom Providers

The Vendor agrees to provide electronic billing according to TCIF EDI Billing Guidelines for ANSI ASC X12 Version 4010 EDI invoicing, including but not limited to 811 level nine call and USOC level detail. Billing must contain as much or more detail than paper invoicing and be accurate and reliable for auditing back to contractual rates and terms and bill payment. As new inventory items are added, these items will not automatically generate bills in paper format. Instead, these items shall be added to the existing EDI billing format.

This language addresses three critical areas.

1. **The level of detail** that will provided in the billing (811 level nine call and USOC level detail and as much or more detail than paper invoicing)
2. **Billing will be reliable for auditing** to contractual rates and terms.
3. **Billing must be accurate for bill payment.**

ETMA will seek to work constructively with telecom service providers to help them gain efficiencies in billing because that will help our members and customers. We recognize that most international telecom service providers do not use EDI. The UN/EDIFACT appears to be the standard that is the most prevalent in Europe. ETMA plans to work with our International Billing Work Group to develop international standards. This is a sensitive topic because the costs of enforcing EDI may fall more heavily on smaller telecom service providers, countries, and TEM suppliers. Some may interpret billing standardization as a threat to competition, but the industry needs standards for electronic billing. If you are interested in supporting this activity, please register to join our International Billing Work Group (<http://tiny.cc/lfsb>). You can learn more about this committee and other committees at www.etma.org or go directly to the web page at <http://tiny.cc/vzmlp>.

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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