



WIDEPOINT SOLUTION REVIEW

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## Not All Telecom Audits Are Permission-based Audits. The Answers to 9 Common Questions Reveal Why

This paper explains the benefits of a professional Telecommunications Audit and why you should consider one. Answering questions we've actually received, we also expose some common pitfalls you may not be aware of, and how you can avoid them by asking the right questions of your prospective auditor.

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## Overview

Telecommunications contracts, ordering processes, and billings are complex. Service and pricing is a dynamic environment in which carrier service offerings vary and evolve. Ensuring that carrier contracts are enforced with the carrier and used in accordance with policy by the mobile user is a serious challenge that most organizations simply don't have the resources or expertise to keep up with. And yet not doing so can be extremely costly.

A telecom audit can dramatically reduce costs and recover money already paid to carriers. The savings that can result—10-50% reductions in ongoing telecom expenses are not uncommon—could surely be put to better use.

Taking the first step is often the hardest part. Where do you start? How can you be sure a provider is working on your behalf at all times to find you the best deals and cost savings—and providing the documentation you need to confirm it?

*Carrier bills can have up to a 7% error rate. An audit can generate savings between 5% and 40% of annual telecom spend.*

The following nine questions are ones we are commonly asked about telecom audits and specifically WidePoint's Permission-based Audit. The answers, illustrated using our own practices and methods, shed light on what you should be aware of when engaging an auditor, what to expect from your audit, and why not all telecom audits are created—or conducted—equally.

## What is a telecom audit and how is a Permission-based Audit<sup>SM</sup> different?

A Permission-based Audit<sup>SM</sup> (PBA) is an in-depth look at your historic and current telecom-related expenses with an eye to recovering past billing errors by vendors and identifying strategies for reducing future costs. PBA takes a deep dive into your contracts and applicable tariffs and service offerings—all of the information that underlie your telecom invoices. For wireline service invoices this includes analysis to the USOC (Universal Service Order Code) level, rates, and rate applications for domestic and international long distance and rates and rate applications for each element of network services. Subscribed services are reviewed for opportunities to reduce cost through strategies such as service rationalization and contracting. Wireless invoices are analyzed for conformance to contracts, adherence to enterprise wireless policy, unauthorized features or services, feature cramming, and cost reduction through Rate Plan Optimization and feature optimization.

Permission-based Audit<sup>SM</sup> got its name through our already established processes and in response to historic and current reports of customer dissatisfaction with the telecom audit firms they had previously hired. In some cases, customers did not receive the benefits for which they paid or were billed and were liable for payment without receiving benefits.

WidePoint wants you to know that:

1. YOU are in full control of your PBA at all times.
2. You do not pay WidePoint until you have received—and fully understand—our documented results of recoveries and/or savings.

This means:

- WidePoint presents its findings and approvals to you and asks permission to proceed. You do not have to accept any recommendation; however, you are barred from doing it yourself for a period of one-year from the date of rejection.
- WidePoint proceeds only upon receipt of your signed acceptance of a recommendation.
- WidePoint manages implementation of that recommendation as a project that includes all elements required to bring it to a successful conclusion.
- WidePoint Quality Assurance is a part of every implementation and documents the successful outcomes (e.g., refund received, error corrected, cost reduced, etc.)

*WidePoint is vendor neutral and at no time receives any commissions or compensation from a vendor or service provider. Our only focus is serving you, our client.*

### Why should I consider a PBA?

Telecom invoices, tariffs, and contracts are complex, can be difficult to understand, and are subject to frequent customer order activity that often does not have the needed quality assurance elements. Carrier failure to correctly implement contracts happens regularly. Further, there are occasional gaps in account administration which may result in services being billed after orders to be disconnected, paying for services that are no longer needed, paying for services at closed facilities or failure to take advantage of new and less costly offerings. According to seminal research by Aberdeen Group, 7-12% of telecom invoices are incorrect. Our auditors findings continually validate this high rate of errors.

### What kind of results should I expect from a PBA?

Typically, a PBA can produce combined recoveries and future savings of 7% to 10% of annual wireline telecom expense. Unusual cases have produced savings and recoveries of more than 30%.

Wireless savings as a result of audit and optimization are usually in the range of 15% to 30%. Customers who elect full outsourced management with WidePoint realize an average savings of 26.8%. Actual case studies document more than 35% reduction.

### How long does it take to realize benefits from the PBA?

WidePoint begins to audit as soon as we receive billing information. Initial claims may be filed within two weeks of project commencement and refunds or savings realized in as little as 45-60 days depending upon the carrier billing cycle. Recovery and cost reduction findings are delivered throughout the process and may be submitted as they occur or at weekly or bi-weekly project meetings.

## What are typical areas of recovery from vendors?

- Services billed but not installed
- Services ordered disconnected, but still billed
- Services billed, but not ordered
- Services billed contrary to tariff
- Billing of services no longer offered
- Billing in excess of contract
- Billing errors in supplier accounting systems
- Misapplication of taxes and surcharges
- Cellular telephone features and contract audit

*WidePoint's PBA is no risk – it has saved commercial and government enterprises millions of dollars in historic recoveries and ongoing cost reduction*

## What are typical sources of future savings?

- Services not used or needed
- Negotiation or renegotiation of contracts
- Mobile device optimization and continuing plan management
- Mobile device audit
- Excessive service (e.g., over trunked)
- Trunk group optimization
- Unused facilities
- Incorrect call routing
- Improper toll billing
- Alternate services or service arrangement
- Alternative technologies (services or equipment or both)
- Alternative vendors

## How do you document PBA results?

For recoveries, WidePoint obtains the carrier billing that contains the issued credit. In some cases, a check may be requested. For recurring monthly billing errors, WidePoint re-orders the carrier customer service record (CSR) and audits it to ensure that correcting orders have been implemented.

For future savings, WidePoint works with our client to establish baseline expenses. Following implementation, WidePoint measures the results achieved against the baseline and calculates the realized savings. For usage-sensitive items this is performed monthly, for twelve months following implementation. In the case of wireless, results may be re-optimized after each monthly review as the need is determined.

WidePoint presents its documentation for review prior to billing.

## Under what circumstances is the auditor paid for recoveries or the reduction of future costs?

WidePoint is paid only after our recommendation is implemented. Documentation of the recovery or saving is then presented and agreed to by our client.

## How much effort do I have to make to have a successful PBA engagement?

Most of the work will occur in the discovery phase. Invoices, contracts, and other documentation must be gathered. Missing documentation may be available from the carrier. Depending upon your circumstances it may take anywhere from a half to three days to gather information.

During analysis, questions will arise about potential findings. These normally require little time to resolve.

You will participate in regular project meetings so that you are fully informed about project status and outstanding issues. Recommendations are often presented during project meetings. Meetings occur weekly at the beginning of the project and last for an hour or less. Meetings become less frequent as the project matures and may be bi-weekly or monthly later on.

## What will the audit cost us and what kind of ROI should we expect?

There is no “out of pocket” cost for the audit. All fees come from either the recovery of monies already spent or from the reduction in future costs for which a customer generally has already budgeted. WidePoint fees are a percentage of the recovery or future savings and are billed only after our client has those savings in hand. Because of this, PBAs are 100% self-funding and have high ROI.

## About Permission-based Audit<sup>SM</sup> (PBA)

Permission-based Audit<sup>SM</sup> (“PBA”) is the comprehensive cost recovery, cost reduction, and contract negotiation service offered by WidePoint Corporation. It is based on what was in 1973 a revolutionary approach to audits, how clients are charged for audits, and the relationship of the client to the auditor. We changed the audit world by legitimatizing telecom auditing and creating a fair and rational structure for success fees. Moreover, those fees were fully documented and charged over time as customers realized recoveries and documented savings. As a result, a practice of excellence was established that led to our selection as the audit and consulting partner of many enterprises. They include:

- State Technology Agency: \$2,004,771.75 in savings
  - Carrier usage recovery - \$1,380,308.29
  - USOC audit recovery - \$198,471.18
  - Non-Bell usage recovery - \$425,992.28
- Major Healthcare products provider
  - Historic recovery - \$487,722.32
  - Reduction of ongoing cost - \$673,698.72

- North American Division of an International Hi-tech Manufacturer
  - Historic recovery - \$1,250,000.00
  - Reduction of ongoing cost - \$2,105,000.00
- Major Personal Care Products Manufacturer
  - Historic recovery - \$75,200.00
  - Reduction of ongoing cost - \$594,644.00

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### About WidePoint Corporation

WidePoint is an IT specialist providing telecommunications management and cybersecurity solutions utilizing its advanced information technology products and services. WidePoint has several wholly owned subsidiaries holding major government and commercial contracts. WidePoint enables enterprises and agencies to deploy fully compliant IT services in accordance with government-mandated regulations and advanced system requirements.

For more information, please visit us at [www.widepoint.com](http://www.widepoint.com).

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