

## Uncovering Telecom Savings in Local Exchange Services

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Telecom is a large, untapped spend category many companies find challenging when assessing cost-saving opportunities. Where to begin?

Telecom suppliers have a distinct advantage over vendors in many other industries -- management's reluctance to jeopardize a business's networking infrastructure design in order to transition to an alternative supplier.

As a result:

- Incumbent suppliers tend to be much less flexible in reacting to marketplace pricing or other business requirements.
- The Sourcing organization has multiple obstacles to overcome - the incumbent supplier and the multiple internal organizations where ownership of telecom services is often fractured between Sourcing, IT, Telecom and Facilities.

A significant part of telecom expenditures are for Local Exchange Services\*\* (see definition) which present unique difficulties and challenges to the task of finding cost savings:

- There are at least 50 individual state tariffs applicable to the same type of services.
- Companies have little or no access to actual published rates which change periodically.
- If services are not centrally managed there is no payment history available.
- Discounts are minimal.

- Invoicing tends to be on paper and approved for payment locally with minimal or no central review.

*However savings from 13% - 20% can be achieved if you know where to look.*

In addition, the following benefits can be applicable to Local Exchange Services:

- Website portal access for account management and on-line tracking of new orders, repair requests, etc.
- Billing designed to match customer accounting requirements (GL codes, departments, regions, cost centers).
- No cutovers (overlapping services) with the LEC for analog services; simply a billing change.

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**Paladin Associates Inc.** is a Sourcing Cost Reduction company with a unique understanding of opportunities to reduce costs in Telecom spend categories. By partnering with key solution providers, Paladin Associates Inc. can deliver a fully managed alternative with fast-track bottom line realization.

For more complete information, visit: <http://www.PaladinAssociatesInc.com>

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**\*\*Local Exchange Services (LEC) Definition:** A company providing local telephone service.

- The incumbent Local Exchange Company (ILEC) is the local telephony company (telco) in place prior to deregulation, after which one or more competitive LECs (CLECs) were introduced.
- LEC companies are also sometimes referred to as "telcos." A "local exchange" is the local "central office" of an LEC. Lines from homes and businesses terminate at a local exchange.
- Local exchanges connect to other local exchanges within a local access and transport area (LATA) or to interexchange carriers (IXCs) such as long-distance carriers AT&T, MCI, and Sprint.