

PIONEER PRESS

Billing Excess on the Line

As phone bills, rules, and services become more complicated, businesses find it's worthwhile to hire telecom auditors.

BY LESLIE BROOKS SUZUKAMO
Pioneer Press

Regis Corp.'s Joel Wiens didn't think much of it when the company's monthly phone bills started creeping up. A growing company has growing telecom costs, Regis' information technology vice president figured.

But when the bills kept mounting, he hired American Business Communication Inc., a Twin Cities-area telecom consulting firm, and ABC found more than \$700,000 in savings for Regis -- mostly due to billing mistakes.

That equaled about a quarter of what the Edina-based hair salon operator paid all its carriers during that period.

"It's a significant amount of money," Wiens said.

But the Regis experience is not unusual, says ABC president Nita Singh. Up to 90 percent of monthly business phone bills contain a billing mistake, she and other telecommunications experts say, and cost conscious businesses have begun hiring consulting businesses like ABC to audit the bills and dig out the savings.



PHOTO: JEAN PIERI, PIONEER PRESS

Nita Singh, foreground, is CEO and founder of American Business Communication (www.ambuscom.com), a telecom consulting firm. Her company recently partnered with Memo Enterprises (run by Tony Mendoza, background) to help businesses sift through their clients' telephone bills and related questions.

It's not easy. Regulations and pricing structures in the telecommunications industry are so complex that even technology executives like Wiens say they can't keep up with them all.

Up to 90 percent of monthly business phone bills contain mistakes, experts say.

The bills are intimidating, too -- stacked up, 18 months worth of Regis' bills measured 36 feet.

"If you don't know what you're looking for, you can miss things," Wiens said.

The ones who do know are discovering opportunities. During the plush 1990s, many companies didn't care much about the details of their phone bills; now they're finding out that it pays to hire telecommunications experts like Singh to scour their bills, line by line.

Aberdeen Group analyst Dana Tardelli said the recovery rate for auditing and consulting companies averages between 7 percent and 12 percent, with the biggest recoveries on the first audit.

U.S. companies pay \$250 billion for their phone services, and Tardelli believes the market for these phone auditors and consultants to be roughly \$25 billion. "I think this is a red-hot sector," he said.

Consultants like Singh agree. But audits, she said, offer only the "low-hanging fruit" for businesses looking to cut their phone bills.

Like many consultants, she has expanded her services -- negotiating a new telecommunications contract on a company's behalf, for instance, or

teaching a company to avoid buying unnecessary services or equipment.

Still, audits brought in the majority of her company's almost \$3 million in revenue last year, she says. Singh's company collects a percentage of the savings found; other firms charge flat fees.

A company needs a hefty bill before it makes sense to hire one of these companies.

Businesses should be paying at least \$10,000 a month on their phone bill before considering hiring ABC, Singh advised, adding "you can get as big a bank or bigger if your bill is \$1 million or more.

Singh, like many of these consultants, got her schooling inside the telecom industry she now dissects. She worked seven years for a telecommunications company called AllNet before quitting in 1990 to start her business.

"There was nobody out there helping the consumer," she said.

Businesses should be paying at least \$10,000 a month on their phone bill before considering hiring ABC.

With 12 employees, ABC is a medium-sized business in this industry, but it recently beefed up its expertise on government regulation by partnering with another newly formed communications consulting business called Memo Enterprises.

Memo is a two-man St. Paul-based shop created this year by the past deputy commissioner in charge of telecommunications at the Minnesota

Department of Commerce, Tony Mendoza, perhaps best known for his battles with Qwest Communications International, and his partner, Garth Morrisette. Morrisette is a former telecommunications economist for the Minnesota Attorney General's office and employee of Minneapolis-based Eschelon Telecom, a local business phone provider that, ironically, had come under Commerce Department scrutiny.

Many phone companies are cutting their staffs to save money or are using outdated billing systems, increasing the odds of mistakes.

Consultants don't believe that phone companies are intentionally trying to bilk their customers. But many phone companies are cutting their staffs to save money or are using outdated billing systems, increasing the odds of mistakes, said Roger Oustekkey, vice president of the MSS Group, a national consultancy that employs 210 people in Colorado and Georgia.

There's also a move afoot to automate the auditing process so companies can keep track of their costs almost as easily as balancing a checkbook. "You don't have to put a small army on it," said Chuck Machlin, CEO of Formity Systems, of Murray Hill, N.J., which uses a fully automated system for its customers.

Leslie Brooks Suzukamo covers telecommunications and technology and can be reached at lsuzukamo@pioneerpress.com or (651) 228-5475.



A Partner You Can Trust