Leading retailer

Saving millions of dollars in operational costs with tight control of communications spend

Overview

The need
This leading retailer wanted to shrink its operational spend on telecommunications. How could it gain the required control over all of the telecom circuits, suppliers and contracts in its estate?

The solution
The retailer replaced spreadsheet-based management processes with IBM® Emptoris® Rivermine® Telecom Expense Management software – creating a single point of control for communications spend.

The benefit
Today, the retailer can identify and disconnect defunct circuits, audit supplier invoices and ensure that every contract delivers the expected value – unlocking millions of dollars in operational cost savings.

Like many large enterprises, this leading retailer relies on an extensive communications infrastructure to drive its day-to-day operations, and to connect its store network to central services and suppliers.

A company spokesperson explains: "Our communications systems are the beating heart of the organization. Practically every business process – from managing our nationwide retail footprint to opening new stores – depends on reliable access to wireline or wireless technology.

"Our investment in telecommunications reflects its importance to the business. Each day, we manage more than 943 orders for new services for the business, and the amount we spend with our suppliers adds up to millions of dollars each month."

Multiple truths, high spend
In the past, the retailer relied on multiple disconnected processes and systems to manage its communications spend. The company recognized a major opportunity to optimize its costs – but changing the previous ways of working presented tough challenges.

"The prior expense management strategy was based heavily on spreadsheets, which meant that tracking and auditing spend with each supplier was a complex, labor-intensive process," continues the spokesperson.

Creating a central platform to control communications spend requires careful change management. "The IBM team really took the time to get acquainted with our business culture. IBM helped us to align new workflows for ordering and inventory management with our preferred way of working – easing our transition to the new platform," says a spokesperson for the leading retailer.

Solution components

Software
- IBM® Emptoris® Rivermine® Telecom Expense Management

The spokesperson continues: "Different parts of the business would place orders for communications services using their own systems and policies. Because there was no handshake between the teams ordering the services and teams responsible for paying the invoices, there was no reliable way to ensure that our monthly invoice payments were accurate. Moreover, it was practically impossible to match an invoice to the agreed rates in a supplier contract and to ensure that we were obtaining the expected value."

Planning a centralized solution

The retailer targeted a solution that would enable it to gain complete, centralized control over its communications spend.

"One of the key functionalities we were searching for was the ability to track which of our telecom circuits were active, and which could be safely disconnected," adds the spokesperson. "We strongly suspected that we were paying invoices on devices that were no longer connected to the corporate network. However, without a trusted view of our data we risked disconnecting circuits that were still in use and causing disruption to the business."

Engaging an expert partner

After evaluating solutions from a number of different vendors, the retailer selected IBM Emptoris Rivermine Telecom Expense Management, delivered as a service in the cloud.

"Of all of the solutions we considered, we were most impressed with the versatility of IBM Emptoris Rivermine Telecom Expense Management," says the spokesperson. "The solution enables us to link our data on circuit inventories for a clear view of active and defunct assets. In addition, the flexibility of the IBM solution means that we can tightly integrate it with our own data definitions and nomenclature."

Deploying the solution

Working together with IBM, the retailer implemented and configured the IBM solution to act as a single source of truth for all communications spend data.

"We recognized that careful change management would be the key to delivering the new solution effectively," says the spokesperson. "Thanks to the expert support from IBM, we were confident that we could closely align the IBM Emptoris Rivermine with our existing business processes and systems. In fact, all data from the IBM solution is now replicated into our corporate inventory management database – enabling us to enhance expense management without disruption to other users in the business."

"Overall, we estimate that IBM Rivermine Telecom Expense Management is helping us to cut our operational costs by millions of dollars per year."

— Spokesperson, leading retailer

Tight control, optimal spend

With IBM Emptoris Rivermine Telecom Expense Management powering its communications audit processes, the retailer has achieved its objective of driving substantial cost savings.

"Rather than having multiple teams ordering services separately and without significant corporate oversight, we now have just eight approved users placing orders though the IBM solution," says the spokesperson. "These approved users can now track the progress of open orders in the system via a single, web-based dashboard. This offers us a heads-up view of any orders that are overdue, which is especially important for keeping important projects – such as opening new retail stores – on track."

Closing unused circuits

By drilling down through its communications data in the IBM solution, the retailer can ensure that any defunct circuits are closed down in a timely manner.

"We can now filter our data to pull up circuits that have not been used for an extended period, and investigate to determine if there is a valid reason, such as wireless circuits used only for special events," says the spokesperson. "The IBM solution enables us to remove defunct circuits, such as duplicated assets or corporate devices of users that have left the company, which saves thousands of dollars per month."

Reducing manual effort by 83 percent

The spokesperson continues: "Thanks to the high levels of automation in IBM Rivermine Telecom Expense Management, our accounts payable team has reduced the manual effort required to process invoices by 83 percent – enabling them to focus on other value-added activities.

"Crucially, the invoices that they receive have been thoroughly matched against their inventory, with disputes opened for any services that don't match – ensuring that we only pay suppliers for the services we are actually using and allowing the audit team to move forward with the discrepancies. Overall, we estimate that IBM Rivermine Telecom Expense Management is helping us to cut our operational costs by millions of dollars per year."

Reclaiming two million dollars

As well as delivering substantial operational cost savings, the IBM solution has helped the company to reclaim millions in costs from disputed historical payments.

"In the past, we were forced to rely on the carriers themselves to determine that our monthly invoices were accurate – today, that's all changed," explains the spokesperson. "Shortly after our IBM solution went live, we identified and reclaimed two million dollars in historical overpayments from one of our largest suppliers. Without the visibility we get from the IBM solution, it would have been impossible to identify overpayment errors like this one."
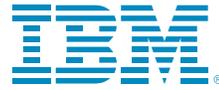
Planning for the future

Looking to the future, this leading retailer is planning to build on its success with the IBM Rivermine Telecom Expense Management solution and unlock further cost-efficiencies.

"IBM Rivermine Telecom Expense Management enables us to develop our supplier relationships and improve the value we obtain from our contracts," says the spokesperson. "We can compare our invoices with agreed contract rates, accurately track the status of open orders and compare service charges across different service categories. With this insight, it is easier to negotiate the best price for telecommunications services from the highest-performing suppliers."

The spokesperson concludes: "Managing communications expenditure in an organization of our scale presents complex challenges, and our journey with IBM Rivermine Telecom Expense Management is just beginning. By continuing our close collaboration with IBM, we plan to integrate additional functionalities for equipment management – enabling us to drive greater cost savings for the business."

For more information

To learn more about IBM Emptoris Rivermine solutions, contact your IBM representative or IBM Business Partner, or visit the following website: **ibm.com**/software/products/en/telecom-expense-management