

Nine Ways to Reduce Business Telecom Expenses

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If your business has slowed down, attacking expenses is a smart way to ride out the economic storm. Your telecommunication expenses are probably the fourth or fifth largest line item on your P&L each month, making this a great place to save money. Instead of writing “OK to pay” and handing your next bill to the Accounts Payable staff, spend 15 minutes and take a deeper look at what you are paying for. Most businesses can save 15% to 30% with little or no capital expenditure, and very little time invested.

Here are nine ways to start saving fast:

1. **Internet Access** – Prices for bandwidth (kbps or mbps) have fallen 20% or more in the past 24 months. Call your current carrier or broker for updated quotes on DSL, Cable Modem, T1 and fiber Ethernet services. Remember that, besides speed, these services all vary greatly on reliability, synchronous upload and download capabilities, latency, jitter, etc.
2. **Voice Services (Local)** – If you make a lot of local calls (within 16 mile radius) you may be paying two to 10 cents per minute for these calls. Ask your carrier or consultant to suggest an unlimited plan if it makes sense. Be sure when committing to these unlimited local plans that other services aren't being bundled at higher rates.
3. **Voice Services** – (Outbound Long Distance including “Toll”) Rates for local toll, in-state long distance, inter-state and international all vary. If you spend more than \$200 on these types of calls, are paying more than 4 cents per minute or if you are being billed in one minute increments, it's time to shop. If you spend more than \$700 monthly, consider a “Dedicated” T1 that can bring your per minute cost down to under one cent per minute.
4. **Voice Services (Inbound “Toll Free” 800)** - If you use a toll-free number and average more than \$200 monthly, this may be an area to save money. Rates for inbound services are probably different depending on whether the call originated in state versus out of state. Are you being billed in one-minute increments? If so, ask for six-second increments. If your customers are all in state, or in particular states, you can request that the toll-free number be made available only to those states. This stops employees from having friends call in from other areas.
5. **“Integrated” Voice and Internet T1** - One of the latest methods for cost reduction is to get a T1 line that handles both voice services and internet duties. This is a great solution for small businesses with as few as four lines, or up to 20. We suggest several back-up “copper” analog lines, along with an inexpensive DSL to take over if downtime occurs on the T1. Competitive carriers like Telepacific, O1 Communications, and XO have been offering these integrated services for much

longer than AT&T and Verizon, so they have a huge lead in market share and installation proficiency, and are generally less expensive.

6. **Conference Calling** - Many businesses overspend on conferencing services at 12 to 30 cents per minute per participant. “All you can eat” free or flat monthly fee conferencing minutes are available from a variety of service providers, although most VoIP-based and suffer in quality. If you need higher quality, look for services in the six-cent cent to 10-cent-per-minute range that use “switched” services instead of VOIP. Toll-free number versions will add two to three cents per minute.
7. **Electronic Fax (Efax)** - If you’re still using a paper fax machine to receive inbound faxes, consider an “efax” provider. Including paper, ink, machine wear and tear, and phone lines, most companies are spending four to eight cents per page to receive a fax. Other issues include privacy, retrieving from outside the office, busy signals, number “ownership”, and the obvious “green factor” of using paper. Services start at \$5 to \$25 a month per number from service providers, and you should not have to pay per page (aka “unlimited”). In house efax software can also achieve the same results; however phone lines are still needed to “feed” efax servers, and can be expensive to buy, maintain, and program.
8. **“Crammed Services”** - Carriers like AT&T and Verizon allow other companies to bill for “add on” services, and many are not legitimate. Look for a phantom website listing service, a voice mailbox you’ve never subscribed to, or a high-priced long distance carrier that has somehow attached itself to one of your lines. Then call, cancel and ask for a rebate.
9. **Unused Services** - It’s a fact that if all businesses turned off the lines and other services they are paying for each month but aren’t using, carriers like AT&T would be in serious financial trouble. But that’s not your problem. Ask your phone company to send you a current “CSR” (customer service record) that outlines all of your services. Make sure you can identify all numbers and services you are being billed for. CSRs are usually confusing, so ask for help from an independent telecom consultant rather than your carrier representative. Keeping everyone on their toes is a good thing when it comes to telecom expense negotiation.