

## **TELECOM INVENTORY ACCURACY LEADS TO PROFITABILITY**

Inventory management is a key business metric, and it's all the more important when it comes to telecommunications. Unlike fixed assets, Telecom inventory is challenging to track because its existence is sometimes difficult to discern.

The Telecom Expense Management Industry Association (TEMIA) defines inventory as “elements which are defined as any item that appears on a bill or Customer Service Record (CSR) for a line, circuit, mobile line or service provided by a telecom service provider.” Clearly, lines, circuits and services are difficult to identify apart from billing records.

In addition, wireless devices and mobile services are not represented on CSRs. Wireless inventories require additional information such as the name, status, location and job function of the employee with whom the device and service are associated, plus the model of the device, phone number, serial number, service provider, contract terms, etc.

Complicating the whole Telecom inventory procedure is the fact that it's highly dynamic – there are constant moves, adds, changes and disconnects (MACD) to inventory.

It's critical that your TEM program operate in real time to ensure inventory accuracy. Delays lead to confusion, conflicts and loss of information. An inefficient inventory management system can lead to higher costs from billings for non-existent or unused devices or services. For example, if a phone line is no longer assigned to an individual or function, but just sits at an empty desk, that's an unnecessary cost that – multiplied by hundreds or thousands of instances – undermines profitability.

Inventory can be reconciled by confirming that all elements belong to you, that they're in use and are assigned the correct contracts, tariffs or other pricing arrangements.

In the U.S., your TEM system should require the telecom carrier to generate a Customer Records Information System (CRIS) update whenever there's a service or change order placed. This, in turn, updates the CSR, which lists the customer's records from the telecom carrier's database. Some inventory items can be requested from the carrier, but you should not rely entirely on its data. It needs to be confirmed by your TEM system. Your company's HR or financial systems also should be able to help identify inventory.

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Of course, many businesses have multiple service providers, so a company-wide Telecom database has to be able to integrate data from different carriers, around the world.

One way to capture your inventory would be to start with all billing information and build a database from that. However, the data also needs to be validated with calling surveys and inventory verification. Missing inventory elements should be identified through billing records, CSRs and carrier data. A TEM provider can create an accurate inventory as part of its scope of work when it first begins providing services.

Metrics can provide a diagnostic tool to identify areas for improvement for inventory management and change control. Project management and communications can focus on granular information about performance. Managers can understand the cause-and-effect relationships of business activities and carrier processes that impact TEM domains and the ultimate ROI. One benefit of this approach includes opportunities to identify and correct those business activities and carrier processes that adversely affect performance.

TEM metrics should be used for pre-planning, supplier selection, contracting, SLAs, project management, performance management and communications. These metrics work equally well for programs that are managed through business process outsourcing, internally managed programs, licensed software installed behind a corporate firewall, or hosted software offerings. They can be applied to suppliers' offerings, delivery, methods, process and tools.