

Telecom Industry

- Eliminate Performance Gaps
- Increase Profits
- Improve Business Performance

Project:

Implement strategy for energy procurement and utility bill reconciliation

Situation:

Two major telecom industry companies had a combined 25,000+ accounts nationally and both were adversely affected by the volatile electric and gas markets. Neither had a strategy for procuring energy nor did they have a stated plan for maximizing opportunities and minimizing the exposures inherent in a deregulated environment. This posed several problems:

- 1 The clients did not have the ability to audit their current energy expenses because of the large number of facilities across the nation.
- 2 Neither client could develop a comprehensive energy procurement strategy because they had limited data regarding their usage rate or usage pattern.
- 3 Utility bill errors could not be identified and reconciled with utility companies because local facilities did not have the resources nor expertise to understand local tariffs, contract provisions and rate codes.
- 4 Clients were experiencing late fees on 19% of all bills paid.
- 5 The clients experienced over 200 shut-offs during the prior year.

Objectives:

- Develop an energy database with query capabilities to provide a comprehensive and detailed management reporting system
- Develop an energy procurement strategy
- Eliminate late fees and billing errors
- Reduce/eliminate shut-offs

Challenges:

- Coordinating 15,000+ individual client sites, including cell towers, switching stations and call centers into one system
- Process ownership internally posed significant resistance to change
- Limited capital budget with very aggressive ROI expectations
- Long internal development cycles delayed benefits/realization of objectives
- Merging multiple accounting systems

The E Group Solutions:

- Direct all utility bills to E Group for monthly processing
- Capture usage and rate code data from each bill for data mining
- Audit all bills for savings opportunities
- Challenge late fees with utilities and establish rapid response system for bill payment to avoid future late fees
- Implement a procurement strategy optimizing tariff and transition period savings opportunities
- Use forward market hedging strategy to minimize exposures within predefined risk tolerances

Results:

- Bill auditing saved \$1.5 million for first 10% of accounts audited
- Exception and credit balance returns totaled \$1.2 million
- Late fees reduced by \$500,000
- Procurement strategy saved \$1 million for first 8% of accounts
- Shut-offs reduced from 200+ to only 2 in following year
- Total of \$4.2 million saved with 90% of total savings opportunity still to be realized. Resulted in 211% ROI in first year with a 4-month payback

