

## WIRELESS STEWARDSHIP ~

### FOUR GUIDING PRINCIPLES TO REGAIN CONTROL OF YOUR EXPLODING WIRELESS EXPENSE

In the past fifteen years wireless devices have morphed from mere status symbols connoting love for gadgetry and contact convenience to genuine tools for conducting business. No longer is the excuse plausible that the businessperson away from the office is inaccessible. These ubiquitous devices utilized by young and old alike, have begun to replace the good-old reliable “land line” as the primary telephone connection in our homes, and have even been the catalyst for a new abbreviated language ~ LOL.

Interestingly as we’ve analyzed the evolution of wireless we’re struck by the demographic that has really driven the charge of innovation, the consumer. It was the consumer who first began to demand access to business resources, such as email, in order that they might be more efficient or at least well aware of what was going on while they were away from their offices. Ultimately businesses had to face the fact that their employees would want and even expect these devices. The exchange companies would come to expect is a commitment by these employees to work past normal business hours and be available while away from the office. A trade that seemed to satisfy all parties ~ at least initially.

Where were the wireless service providers in all of this? They learned their lessons well from their “wireline” parents. They knew a ground swell led by the consumer and their thirst for new & different technology would propel their products and services not only through the consumer segment but also the business segments. And what better way to capture the business market than through the enthusiasm propagated by the employees rather than a planned rollout of a more typical top-down business strategy.

One can only imagine the shrewd marketing managers at these companies knowing full well that to get more “product” out there you have to aim only at the “user.” The “owner” who pays the bills can’t adequately fight the rising tide of demand without great tumult. Even today as more and more applications have been added to the wireless supplier portfolios the focus seemingly remains on the consumer. It’s the consumer they reason who will introduce and demand the next new application or device at work for the sake of effectiveness and efficiency at their job.

***No wonder businesses are dealing with “runaway” wireless expense!***

In response, MacBeth Williams, through our experience working with the Fortune 1000, has developed four guiding principles to counteract the wireless expense explosion and return control back to the business.

The foundation and ***first guiding principle*** for effective Wireless Stewardship begins with a clear understanding of ***consumptive patterns***. A business cannot evaluate the cost or benefit of the asset and service without a clear understanding of the business use. Given that most organizations allow their users to utilize their business owned wireless device for personal use, it

is important to quantify this benefit or perk especially considering the current tax implications of this “blended” service and the potential impacts on the business’s overall tax liability. To mitigate these concerns many state run organizations, such as colleges and universities, have begun a move back towards individually liable contract structures rather than their previous corporately liable sourcing arrangements, offering in effect fixed monthly stipends.

A fixed stipend may work well for businesses that need only wireless voice communications, but potential security and risk concerns arise when confidential corporate data, such as email, is accessible via a personally owned device such as a Blackberry or iPhone. Additionally, company-licensed software deployed on individually owned smart phones could cause reporting irregularities and added liabilities. In any case, evaluating and quantifying consumption is a fundamental step in regaining control of your wireless expense.

Once you have organized a consumption data matrix, what do you do with it? Honestly, the next exercise is not for the faint of heart. Engaging the *second guiding principle*, it’s time to evaluate the *business value* plus personal perks and determine if the benefits outweigh the costs. Using a matrix to subdivide your user groups into rational categories, ask first if a corporately liable device is warranted for business use or does it fall almost exclusively into the “perk” category? Then ask yourself what is the business risks associated with device security for each specific category? What is the average cost of a user in each category? Based on this data begin to craft or rewrite policies to govern business and personal usage for each of these categories. Make sure to consider the impact of a given policy on consumption as well as behavior. The real challenge comes when it’s time to enforce these policies and apply governance. Governance or policy devoid of enforcement is useless. And unfortunately, many organizations that have published wireless use policies have experienced this first hand. So what is the answer?

If the corporation is serious about minimizing expense and maximizing value, enforcement of a straightforward wireless policy is a must. For any policy to be effective, the boundaries and the repercussions must be clear, and the policy must be enforced universally. To accomplish this, executive and cross-functional sponsorship is paramount. Without it, the policy will be doomed to failure and wireless expense will continue to balloon out of control.

You’re probably wondering why rates and contracts have not been mentioned yet. While structuring the lowest possible rates with maximum sourcing flexibility is an important objective, without consumption controls and strong policy, rates are virtually irrelevant. However, if you make the difficult decisions regarding policies and enforcement, you are ensuring mobility remains an affordable business expense. Now, let’s turn our attention to the area of *contracts and rate plans*, our *third guiding principle*.

As mentioned previously, carriers focused on consumer revenue control the domestic wireless market. The offered plans / pools, device options, and contract terms are all crafted to drive two year technology refresh cycles all beginning and terminating at different times. The corporate discount structures are based on actual users, typically a combination of corporate and personal, not a revenue achievement. Penalties for early termination are prevalent. All of these conditions serve to limit a corporation’s contract leverage, and thereby the flexibility and affordability of carrier change.

Many corporations have elected to move towards a “pay by the minute” model, casting aside hopes of rightsizing all of the plans and pooling options. However, the wireless carriers will still bake-in contractual commitments to ensure a minimum amount of revenue per device is obtained. Wireless carriers have taken a lesson from their wireline brethren’s playbook. They realize the path to commoditization is closely aligned with simplification. The more convoluted and complex the rate plans and contracts are, the higher the margins remain for wireless service.

In response to the complexity of choices, many clients have incorporated tools and software to “right size” their wireless services. These tools automatically review monthly plans and invoices isolating overage and optimization opportunities, and primarily on a quarterly basis, look to review pooling efficiencies. Again, carriers have crafted “bundles” which offer the lowest rate per minute to organizations, but the organizations are responsible for ensuring they optimize the bundles across their enterprise. Done manually, this optimization effort would consume too many “man” hours to render returns; however, with the advent of tools, these optimization efforts can be accomplished with extreme efficiencies. And thus *applying “Best Practices”* to select the proper toolset for your organization is our *fourth guiding principle* to enacting effective Wireless Stewardship.

Regaining control of wireless expense is not a simple undertaking. You can expect both internal as well as external roadblocks along the way. Executive and cross-functional program sponsorship is not optional. Corporate visibility must be high or the program will fall well short of intended goals. Crafting a strong contract with competitive market rates is only one piece of the puzzle. Assembling consumption matrices, along with calculating the business value of the assets and determining whether those assets should be corporately liable or individually liable with a stipend is trickier than negotiating the contract(s). But without exception, authoring corporate policy and governance standards, which are clear and easily enforceable, is the most challenging.

MacBeth Williams specializes in aligning the application of technology with business value and implementing defined innovative strategies to control expense.

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