Call to Action:
Improving Carrier / Operator Billing

Telecom Expense Management
Industry Association

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Executive Summary

TEMIA seeks to promote efficiency through greater standardization in telecom carriers' electronic billing media. The first phase of this initiative starts in the United States with fixed wireline services. It will move next to wireless services. The third phase will be a call for more standardization for telecom bills outside the U.S.

TEMIA members have expertise and a competitive advantage based on their ability to process electronic bills, but lack of standards for carrier billing causes unpredictable delays implementing Telecom Expense Management (TEM) programs. The quality and detail in bills that telecom carriers provide varies widely. It not only varies among providers, but different clients with the same services from the same provider find differences in billing detail and quality.

Enterprises and TEM suppliers also incur high costs in capturing and normalizing data from different telecom carriers' billing. Below are four sections that outline challenges with telecom carrier billing and a call to action for TEMIA members and enterprises to work proactively with carriers to develop standards that will improve billing.

1 - Electronic vs. Paper Bills

Why are bills received in electronic format considered unreliable by most carriers for payments? The total amount due on electronic bills rarely matches paper bills. Carriers often require customers to use a summary version of the paper bill for payments. Differences between paper and electronic bills are more than just rounding errors. Often the bills don't match due to variations in the bill cycle between paper and electronic bills. In addition, differences between EDI, web and other forms of billing for the same invoice accounts need to be addressed. While there is a standard format for EDI records, each carrier implements and maintains it differently. Bills should adhere to the TCIF EDI Billing Guidelines for ANSI ASC X12 Version 4010 for EDI invoicing, including but not limited to 811 level nine USOC and call level detail. All versions of the bill should contain the same level of detail, and be equally reliable for audit back to contractual rates and terms and bill payment.

2 – Replace VANs with AS2 Transmission of Bills

Why has the telecom industry clung to expensive VAN (Value Added Networks) for transmission of EDI bills rather than Applicability Statement 2 (AS2)? AS2 is a specification to ensure the proper level of security verification, message integrity and privacy for EDI and any type of file transmitted over the Internet Cost sensitive retailers have replaced expensive the expensive VAN protocol with AS2 which is now the most popular method to transmit EDI files outside the telecom industry..

3 - One Carrier One Bill

Why can't enterprises receive one bill each month from their carrier or operator for all of its services? Telecom providers process bills on different dates for different services. Larger organizations have big challenges managing different dates for invoices that span multiple cities, states or countries. This occurs in part because carriers have a regional schedule for processing and printing bills based on NXX codes. This creates greater complexity for enterprises to track bills and ensure bills are paid on time. In addition, measuring usage to ensure that volume discounts are applied properly is nearly impossible.

Instead of billing for services by region or service, carriers should start with the customer and provide the entire enterprise with the same bill cycle for all of its services. With this approach, all billing data would be run to produce the bill on the same day each month rather than having bills run for different services in different locations on different days.

Even after dedicated efforts by enterprises and TEM solution providers to consolidate bills, most businesses receive more than 1,000 bills each month from their telecom service providers. Lack of consolidation of billing systems has led to a situation where carriers produce too many bills and create unnecessary transaction cycles for each client.

4 – Invoice Dates and Bill Payment

What causes significant delays between the invoice date, receipt date and date that funds are applied to an invoice after it has been paid? In many cases, customers receive actual bills two weeks after the date that was printed on the invoice. This problem is compounded by the time that it takes for the payment to be applied to an invoice after the funds are received. Carriers may apply payments that are received from lockbox or virtual lockbox locations once a week rather than once a day. This is significant. If the funds are transmitted using an Automated Clearing House (ACH) to the carrier on a Tuesday and the carrier only applies credits to its enterprise customers' accounts once a week, on Monday the customer's payment will be considered late. Delays in applying the funds can produce late payment penalties or service disconnects.

Call to Action –The Solution

Suggested Text for Contracts with Telecom Providers

The text below is prepared and published as a guide for informational purposes. It should not be construed as legal advice. Enterprises should consult specialist with knowledge of telecom contracts and legal counsel before finalizing their contract with telecom carriers / operators.

The telecom carrier / operator agrees to provide electronic billing according to TCIF EDI Billing Guidelines for ANSI ASC X12 Version 4010 EDI invoicing, including but not limited to 811 level nine call and USOC level detail. Bills shall be transmitted using the AS2 (Applicability Statement 2) standard. Electronic bills must contain as much or more detail than paper invoices and be accurate and reliable for audit reconciliation to contractual rates and terms and bill payment.

Electronic bills will be able to be used for bill payment and they will reflect the same values and amount due as paper bills. As inventory items are changed or new items are added, these items should not generate bills in paper format. Instead, these items shall be added to the client's existing EDI bills.

Carriers will reconcile paper and electronic bills to ensure there are no discrepancies in the invoice amount or timing of when billing is invoiced. The entire enterprise will have one bill cycle for all of its services. All billing data will be run to produce the bill on the same day each month rather than having bills run for different services in different locations on different days.

Delays between the invoice date and the date an invoice is received shall be minimized. For electronic bills, enterprises should receive the invoice within one day of the date it was prepared. In addition, carriers shall apply payments within one day after it was received.

This language addresses four critical areas.
1. **The level of detail** that will provided in the billing (811 level nine call and USOC level detail and as much or more detail than paper invoicing)
2. **Bills will be reliable for auditing** to contractual rates, discounts special terms and conditions.
3. **Bills for paper and electronic must match and be equally reliable for payment.**
4. **Delays between the invoice date, receipt date and date that funds are applied to an invoice** after it has been paid shall be reduced.

Contract requirements will not change carrier billing if there is no Service Level Agreement (SLA) to enforce them. The challenge is that most SLAs deal with compensation for loss of service. For example, compensation for prolonged circuit outages could be a credit of 5% to 15% of the cost of its cost.

With carrier billing SLAs should include penalties and in extreme cases provisions to drop service. The SLAs would cover requirements that providers supply billing though AS2 transmission, offer sufficient level of detail on bills, make all bills auditable, assurance that paper and electronic bills match and prohibition on excessive delays for lags between the invoice date and actual receipt as well as application of funds, after receipt, to the invoice.

Enterprises should consider penalties that reflect between 2% to 10% of the bill. The exact figure must be determined prior to finalizing a contract for new services. It should reflect the costs that these infractions add to enterprises and/or third party TEM Solution Providers that are processing the bills. The threat of changing providers often has limited impact on carriers because they know the cost of making a change to enterprises is too high. A second approach is to disqualify vendors that have bad records of complying with these requirements from consideration when sourcing services. At a minimum, enterprises should factor the additional costs of doing business with providers that fail to comply with these requirements. This approach may prevent the lowest cost provider from winning business if they have poor billing practices.

TEMIA seeks to work constructively with telecom carriers to help them gain efficiencies in billing because that will help our members and customers. TEMIA plans to work with its Best Practices Industry Standards Committee to develop international standards. Many international telecom service providers do not use EDI. The UN/EDIFACT standard is the most prevalent in Europe. This is a complex topic because the costs of enforcing EDI may fall more heavily on smaller telecom service providers, countries, and TEM Solutions Providers. Some may interpret billing standardization as a threat to competition, but the industry needs standards for carrier billing. This will reduce costs associated with billing for telecom carriers, enterprises and TEM Solutions Providers. The TEMIA website (www.temia.org) has more information about this topic. Information about TEMIA committees is available at http://www.temia.org/home-mainmenu-1/temia-committees.

About TEMIA

In 2006, many of the largest Telecom Expense Management (TEM) solution providers established The Telecom Expense Management Industry Association (TEMIA) to raise awareness and knowledge of TEM solutions. TEMIA's ongoing mission is to improve the ROI of TEM solutions and service quality through the development and promotion of clear and understandable industry standards, reasonable performance metrics and to cultivate shared industry knowledge among TEM providers, business partners, telecom service providers, and enterprise clients. TEMIA solution providers help their clients manage over $61billion in telecom and data assets annually. Further, TEMIA members subscribe to a Code of Ethics, which clearly differentiates their level of commitment to their clients. For more information about TEMIA, please visit, http://www.temia.org, contact info@temia.org, or call TEMIA's Executive Director, Joe Basili at 973 763-6265.