



AMALGAM INSIGHTS

Analyst Insight

4 Pitfalls To Avoid When Choosing A Technology Expense Management Solution

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EXECUTIVE SUMMARY

Key Stakeholders:

Chief Information Officers, Chief Technology Officers, Chief Financial Officers, Finance Directors and Managers, Procurement Directors, Telecom Directors and Managers, Mobility Directors and Managers, IT Architects, Vice President/Director/Manager of IT Operations, DevOps Managers, System Architects, Product Managers, IT Sourcing Directors and Managers, IT Procurement Directors and Managers

Why It Matters:

Technology Expense Management (TEM) solutions can help companies with the IT Rule of 30, Amalgam Insights' rule stating that every unmanaged IT spend category averages a 30% opportunity to cut costs, including telecom, mobility, cloud, and software. However, this 30% achievement is highly dependent on selecting the proper solution with the correct criteria. This report provide four important considerations as companies work on selecting a proper TEM solution

Top Takeaway:

Remote work, powered by cloud services and mobility, is here to stay. Enterprise IT must take steps now to protect the organization's finances. Every dollar spent on technology must serve a purpose, and every asset and service must meet a need. To optimize the financial environment of the IT ecosystem, Amalgam Insights recommends avoiding the common pitfalls documented in this report to effectively partner with a strong TEM vendor to cement positive financial outcomes.



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LOOK OUT! AVOID THESE 4 PITFALLS WHEN CHOOSING A TEM THERE'S NO TIME – OR MONEY – TO WASTE

2020 will stand out as the year remote work and digital transformation turned into reality for enterprises en masse, not just a few. COVID-19 upended most organizations' expectations of normalcy and set the stage for new ways of operating over the long term. Even though a fair number of businesses intended at some point to return to at least some in-office presence, most still saw remote as the mainstay model of the future. That adaption came with two major consequences related to technology. First, as the pandemic spread throughout the world, IT departments suddenly had to support employees with cloud- and mobile-first technologies – and many headed into that challenge less than prepared. Second, as a result, organizations almost instantly shifted spending. They rushed to add cloud services and licenses, and more mobile devices and connectivity, while shutting down premises-centric networking and applications.

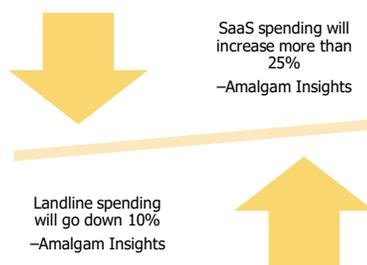
Warning: Some important governance got lost along the way.

Enterprises will absorb the impact of all that movement and digital transformation for years. While a pandemic eventually passes, the work-configuration and technology changes brought about by the novel coronavirus in 2020 will affect businesses for years to come. And while much of that comes with perks (e.g., happier employees, lower overhead), it also exposes a pressing reality: Many enterprises lack the tools and skills for managing unfamiliar and fluctuating technology expenses. Now, organizations must fix that problem or keep hemorrhaging thousands, or millions, of dollars for no defensible reason.

ENTERPRISES UNDER PRESSURE

The pressure for enterprises to correct and properly oversee technology expense management will only grow. Amalgam Insights sees two primary motivations for this: More spending and, at the same time, more emphasis on accountability.

Consider that Gartner predicts worldwide IT spending will increase 4% in 2021 alone as organizations implement more digital transformation initiatives, mainly for remote work. Broken down, Gartner says firms will funnel more money into projects including data center systems, enterprise software, devices, and communication services.



These spend categories house plenty of nuance. For instance, regarding data center systems, Amalgam Insights expects that the majority of this growth will come in supporting cloud providers such as Amazon, Microsoft, and Google, rather than in traditional data centers.

For communications, Amalgam Insights projects that legacy landline telecom will decline by 10%, as much of this spend diverts to both wireless telecom and Software as a Service expenses.

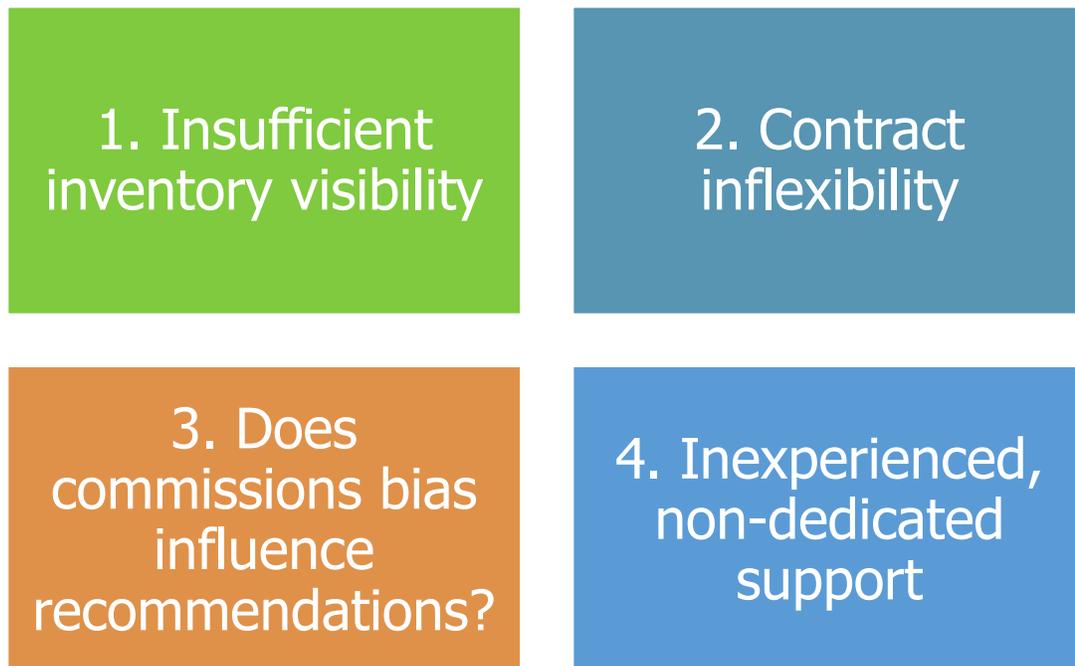
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Speaking of software, Amalgam Insights forecasts that Software as a Service will grow by more than 25% as organizations opt for SaaS over premises-deployed applications.

As this all takes place, enterprise leaders will apply ever-greater scrutiny to technology spending. That is because, regardless of short-term recoveries, the harsh imprints of COVID-19 look to last. Indeed, the International Monetary Fund says the economic fallout from this most recent pandemic may endure for decades. In line with that, 22% of chief information officers say they are concerned about technology rollouts straining company financials, according to a study conducted by McKinsey & Company. Amalgam Insights believes this study reflects the extreme uncertainty most CIOs – and their CEOs and CFOs – share about this volatile business environment. And yet, they cannot pause digital transformation if they hope to compete with strength and agility in “the next normal.” Therefore, heads of IT inevitably will face responsibility for ensuring the enterprise spends well on its technology, and manages all associated expenses with thoroughness.

Amalgam Insights recommends organizations do not take on this daunting task alone. Too much can go wrong or overlooked. A variety of vendors specialize in technology expense management (TEM), which encompasses telecommunications, mobility, cloud, networking, software, and related accessories. However, not every provider delivers on assurances or commitments. As such, even though IT leaders are under the gun to control technology expenses, Amalgam Insights advises slowing down and meticulously evaluating providers.

FIGURE 1: FOUR KEY PITFALLS FOR TEM SELECTION





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Picking the first TEM that comes along may well backfire. As a longtime, on-the-ground expense management analyst firm, Amalgam Insights understands the financial chaos that erupts when a TEM either does not manage, or mismanages, technology. Enterprises cannot afford further disruption to their budgets or workflows.

Signing with a TEM that fails to follow through on promises and capabilities will cause long-lasting, hard-to-reverse pain, often in the form of these pitfalls.

Steer clear of these issues from the start. Look for a TEM that brings unique and proven countersolutions to each of these four areas. As the effects of COVID-19 have illustrated, and as ongoing economic circumstances underscore, IT managers, directors, and executives have zero room for error.

PITFALL 1: HINDERED INSIGHT INTO INVENTORY

Solution: Verification, transparency, and access

It happens again and again: An IT manager needs details about the enterprise's inventory, but comes up against deficiencies within the TEM system. The most common issues? Outdated audit results and the inability to drill down by line item to the inventory details of circuits, devices, and services.

What's the deal with audits?

An audit reveals a static, one-time glimpse into the state of an enterprise's IT environment. It may or may not be accurate, depending on whether all circuits, devices, licenses, and other assets were accounted for during data-gathering, and in a relevant time frame. Amalgam Insights has witnessed repeatedly the turmoil that arises when relying on the results of an audit performed once, especially since an audit typically becomes obsolete within six to twelve months. Rates change. Lines get disconnected, yet the organization continues to pay for them. The same issue applies to devices such as smartphones and tablets. Employees leave the company but their cloud application licenses and services remain active. All this skews costs and causes the enterprise to overpay.

To prevent this situation, look for a TEM that verifies inventory on an ongoing basis. Amalgam Insights recommends the provider perform platform-assisted audits regularly. This may translate into quarterly, or even monthly, audits that are assisted by real-time inventory and a mature TEM practice. Experts also should delve into every aspect of the IT environment to uncover significant service, asset, and licensing anomalies. A frequent audit cadence combined with painstaking exploration will furnish the enterprise with a valid and reliable inventory. Plus, the related task of optimization, discussed later in this report, can only be correct when the data feeding it are equally precise.

Okay, what about inventory?

One of TEM's value propositions lies in having a centralized inventory database. This means IT uses one platform to view all circuits, devices, and services, as well as their associated information. Ideally, drill-down details will include service addresses (which are not the same as billing addresses), circuit speeds, features, and long-distance carrier codes. Such accessibility and visibility allow managers to allocate costs, provide support, and manage change. Effective and thorough TEM hands enterprises the power to do that, in part by enabling insight into inventory details. Look for a TEM that supplies this level of intricacy. The advantages cannot be overstated.



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On the whole, a top-tier TEM will conduct regular audits and test circuits. This will give clear insight into the current state of the IT environment and point to any inaccuracies that require correction. Such a TEM also will provide inventory details so IT managers may allocate expenses by code, or pinpoint services and devices as needed.

Business Value Takeaway: Shifting time to higher-level activities. IT managers and their staff will save precious time when they do not have to hunt through old audits or spreadsheets and try to update them on their own, or when they do not have to fight for invoice or account information. This saved time frees employees to focus on strategic matters that will empower the enterprise – think optimizing environments, upgrading circuits and services, and aligning IT services and inventories to business needs. In an era where every dollar counts and innovation makes all the difference, Amalgam Insights deems these proficiencies highly worthwhile.

PITFALL 2: LOCKED-IN CONTRACTS THAT AMPLIFY ENTERPRISE RISK

Solution: Flexibility and guaranteed satisfaction

Now, more than ever, enterprises could use the chance to test a TEM vendor before locking in to a contract, which typically spans three years. Customers also would benefit from signing with such a provider without fear of penalties should something change. Too much investment is at stake. Organizations want to know without a doubt that they are teaming with the right, reliable provider – a mandate that heightens during precarious times. These days, no enterprise has room for delayed implementations (even though they may be receiving bills from the TEM provider) or expectations that fall short (such as rolling out a platform without promised capabilities).

Some TEM companies do away with the worry by granting a test period or proof of concept. Amalgam Insights considers this a no- to low-risk opportunity for enterprises. IT departments should work with their governance and security departments to clinch initial buy-in as they trial their expense systems. The trial should not necessarily access sensitive data. It should, though, give a specific amount of time to work with the TEM across defined activities. The customer gets to interact with the vendor's platform and people, and judge accordingly. Look for a TEM that supports trial periods that create meaningful improvements in how the enterprise operates.

The most appealing offers go beyond a trial period and also eschew penalties for backing out of a contract. Do not expect to encounter this option at every TEM. After all, no provider wants to lose clients – and few open themselves up to the possibility of forgoing some financial gain should that happen.

This all adds risk for a vendor, of course. If the TEM provider does not make good on its guarantees, the customer will walk. However, some TEMs invite that risk because they have the people, processes, and technology – and, therefore, the confidence and track record – to back their promises. This gutsiness means the TEM will advocate for its clients, looking out for them before looking out for itself.

Business Value Takeaway: Avoiding investment risk. Test periods let IT managers and directors evaluate potential TEM vendors without rush or commitment. This allows operational managers to assess a TEM within the context of the business environment. The trial run further avoids initial cash payments before the solution passes muster. And no-risk contract language lets enterprises pivot according to their needs, not the provider's, should that transpire.



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PITFALL 3: THE TEM MAKES RECOMMENDATIONS BASED ON PROVIDER COMMISSIONS

Solution: The TEM is open about its incentive structure and unquestioningly works on behalf of the customer's best interests.

Quite a few TEM vendors team with telecommunications service providers and equipment manufacturers as agents or resellers. This means they serve as an intermediary between the provider and the enterprise, and earn commission on sales. Many vendors keep that commission for themselves – and this can make sense if the vendor is open with the end user about the structure of the relationship. These TEMs generally charge lower fees because they will reap revenue on the back end. For other TEM firms, though, this approach runs contrary to company ethos. In these cases, the TEM vendor returns those commissions to the customer in the form of credits, although typically on new contracts only.

Be aware that if a TEM receives commissions, it may show enterprise pricing as a lower rate that is then made up on the back end. In addition, some TEM providers also require customers to buy services (mobile, devices, wireline) through them. Often, this happens because they receive commissions from those carriers. For some enterprises, these realities may present no issue. However, all IT managers will want to investigate the TEM vendor's commission stance to avoid lock-in that may result in spotty service and/or paying more money over the contract term.

Amalgam Insights believes TEM vendors should do the right thing to maintain customer loyalty and retention. Vendor commissions represent an opportunity for TEMs to share the wealth with the client. Providers that credit the enterprise in some way or reduce fees based on these commissions go above and beyond to ensure satisfaction. In such instances, organizations should not switch carriers or device brands just to get some commission. The provider must check all the requisite boxes. When that occurs, receiving a cut of the sale simply serves as a bonus.

Business Value Takeaway: Cost savings. Any time IT can add money to the organization's financials, the C-suite takes notice (positive, one would hope). The same applies when IT shows how it saves money overall. Both of these contributions are crucial, especially in a tough economic climate.

PITFALL 4: INEXPERIENCED OR UN-DEDICATED SUPPORT ON EACH INITIAL CONTACT

Solution: Account-specific personnel with regional expertise

An enterprise can team with a TEM vendor that hits all the high notes only to discover glaring gaps on the support end. This usually comes to light in the form of time zone hindrances, language barriers, excessive movement among support tiers, and absence of carrier expertise, subject matter, or account knowledge. A lot of TEM providers outsource technical and account support overseas to cut down on labor expenses. Some of those subcontractors shine. Others, frankly, do not. When vetting a TEM vendor, then, do not overlook the support factor. Key aspects to consider are as follows.

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Easy access to support.

Enterprise IT should have the ability to easily reach the TEM support team. There should be no need to endure chat functions, scroll through FAQs, or suffer through phone trees for enterprise-grade support. Rather, the user should have the confidence that he or she will get through to someone who can answer a question right away, or know the expert to bring into the conversation.

Support-staff location.

TEM support personnel should match the regional time zones, familiarity with regional language usage, and an understanding of the regional business environment. This eliminates frustration over syntax or semantics so that technical and account issues receive the attention and resolution.

Trained, dedicated support.

Finally, a standout TEM vendor will pair every customer with its own support team. This speaks for itself. Trained, dedicated support personnel know a client's stakeholders, as well as the account's technical and financial attributes, and have a vested interest in ensuring the customer's satisfaction. In today's world, personalized service makes all the difference.

Not every TEM vendor acts on each of those bullet points. An outstanding TEM provider will shore up its portfolio with support teams that meet all three criteria.

Business Value Takeaway: Improved time-to-resolution. Strong TEM support will give time back to strained, overworked IT departments. It also will accelerate the time needed to troubleshoot issues and onboard users onto a TEM platform. The enterprise will see more efficiency in managing IT costs and inventory and, as a result, gain strategic value from IT.



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VENDOR PROFILE: TELLENNIUM

When comparing TEMs against the pitfalls in this report, Amalgam Insights views Tellennium as one of the providers certain U.S. enterprises will want to vet. Tellennium targets businesses with technology environments based in the United States. It also focuses on U.S.-headquartered multinationals spending most of their technology budgets in the United States.

Based in Kentucky, Tellennium manages network, mobile, cloud, software, and other enterprise expenses. It differentiates itself based on its invoice processing and reporting, U.S.-based support team, and depth of inventory that allows for frequent and accurate auditing.

In terms of inventory, Tellennium meets or exceeds Amalgam Insights' requirements by supporting regular audits, and interactive and detailed invoice reports.

The provider also fulfills Amalgam Insights' expectations for TEM contract flexibility. Helpfully, Tellennium extends guaranteed-satisfaction clauses, placing the burden of customer retention on itself. While a customer would invite its own headaches if it chose to switch providers, it would not have to shoulder fines for breaching a contract.

As part of its flexibility, Tellennium offers a Savings Trial before an enterprise commits to signing. (To be clear, a number of TEM vendors have similar policies – most will conduct a proof of concept so the client may make an informed decision.) The length of Tellennium's test period can vary by customer. Regardless, it features a one-time audit and optimization of all the spend and inventory information the clients wants analyzed and includes access to the company's proprietary expense management platform and its technical support. Tellennium positions this offering with a guarantee that it will provide savings that outweigh its fees, or the client will not pay. During the trial, Tellennium's software and people assess even some non-IT spend categories. Besides fixed, wireless, cloud, software, and devices, the vendor also looks at utilities and waste. Not every TEM supports domains outside of IT; doing so provides enterprises a more complete picture of their spending. Having IT and non-IT spending data in hand equips Tellennium to procure or re-negotiate services..

Next, recall the option for the enterprise to collect on commissions when switching to a new carrier. Tellennium acts as an agent for a number of carriers. However, the company does not require an enterprise to buy services through those partners; Tellennium knows the customer may have existing relationships it wants to maintain. Yet, in the event an enterprise wants the TEM to procure carrier services, Tellennium passes received commissions directly to the client.

Last of all, Amalgam Insights urges IT managers, directors, and executives to give great weight to the quality of support from a potential TEM. Even the best deployment can unravel without the support team and tools to underpin it. Tellennium's setup is designed to serve enterprises in the United States.



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AMALGAM INSIGHTS RECOMMENDATIONS

The process of choosing a technology expense management vendor can consume excessive amounts of IT managers' time and cause frustration. Discovering that all that effort led to picking an inadequate fit only exacerbates the situation. It does not have to be that way. A number of TEM vendors excel. With that in mind, here are selection criteria that TEM vendors under consideration should provide:

- **Provides granular detail** for each device, service, and feature, and cross-charges that information to a specific person, department, and/or project. Make sure the TEM system updates this detail each month as service orders, invoices, and inventory are all checked against each other.
- **Provides a trial that includes your current IT environment.** In a perfect world, this will include implementation, account management, help desk support, data integration, and any other critical aspects for a functional test run. Moreover, look for payment terms that align with a fully functional, in-production deployment, and that show savings.
- **Helps the enterprise realize savings in multiple areas,** such as:

Mobile devices still connected to the enterprise's voice and/or data plans, even though they might go unused

Mobile devices assigned to an employee who has departed the business and taken the phone, tablet, or laptop with him or her

In-use smartphones or tablets running on high rate plans, or configured for nonessential roaming, international access or too much data

Unused and/or over-configured wireline pipes

Unused and/or over-stuffed SaaS licenses

Support for additional spend categories, which may include utilities, waste, labor, real estate, and other non-technology categories that impact IT and operations departments.

- **Operates on a no-fault basis if you want to change vendors.** TEMs should win business by providing a better service, not by forcing contractual compliance or shoving legalese clauses at the IT department.
- **Lets end users try out the TEM support team.** IT needs to validate that the communications, technical knowledge, and service-provider experiences match with those of key IT stakeholders, technical support, and help desk staff.



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CONCLUSION

Remote work, powered by cloud services and mobility, is here to stay. Enterprise IT must take steps now to protect the organization's finances. Every dollar spent on technology must serve a purpose, and every asset and service must meet a need. Partner with a strong TEM vendor to cement those outcomes.

Fortunately, the Technology Expense Management selection process has matured in significant ways over the past few years. The onus falls on CIOs who want to optimize cost structure and save millions of dollars to take advantage of the highest-quality TEM services. Use the recommendations in this report to conduct due diligence that will yield measurable business value and customer satisfaction.

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ABOUT AMALGAM INSIGHTS

AMALGAM INSIGHTS

Is a leading research and advisory firm focused on the financial, programmatic, and cognitive tools that multiply the value of enterprise technology including the following research practices: Technology Expense Management, Analytics and Data Management, Data Science and Machine Learning, Accounting and Finance Technologies, DevOps and Open Source Development, Talent Management, Learning & Development, and Extended Reality.

KELLY TEAL, SENIOR RESEARCH ANALYST

- Kelly Teal has worked as a journalist, editor, and analyst for more than 20 years. At Amalgam Insights, she covers expense management, and the range of technologies, vendors, processes, and practices that entails. She does so with an emphasis on business value. Kelly helps end-user organizations understand the tools at their disposal, and the ways in which they can improve finances and operations.

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