



DEPARTMENT OF ADMINISTRATIVE SERVICES
BUREAU OF ENTERPRISE SYSTEMS AND TECHNOLOGY
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Telecommunications Audit Savings

Category	Information Communications Technology (ICT) Innovations
State	Connecticut
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EXECUTIVE SUMMARY

Telecommunications expenditures represent a significant portion of business costs, and the critical functionality of telecommunications services is recognized as an important factor in supporting transactions, general operations, and customer service aspects of an organization.

The range of costs for services is extensive, and there is a dizzying variety of services available to perform specific functions. Managing the selection of services and their costs is imperative and can yield remarkable savings and cost avoidance. Individual business units ordering and approving payments for these services do not always have the best information available to them to support decisions that they make about what to order and how much they should pay. Many telecommunications services provide no visible indication of their existence and aren't casually recognized as needing removal when unused, but they still generate a monthly bill.

The government environment typically, though not uniquely, exhibits some characteristics that undermine good management of telecommunications services:

- An urgency to order services but less urgency to cancel them.
- Business locations that don't frequently relocate and review their services.
- Telecommunications responsibilities as an adjunct duty to many unfamiliar staff.
- Confusing contracts.
- Delayed and confusing billing information.
- Rotating responsibilities that destabilize accountability or continuity.
- Telecommunications management as a low priority for funding as compared to many other critical public-facing government services competing for limited dollars.

This project illustrates a marvelous success story that overcame a number of significant challenges and can/should be replicated by other state governments. With absolutely no up-front or additional funding and using only a small fraction of the savings that the project itself generated, Connecticut reduced telecommunications expenditures by over 20%, saving over four million dollars. At the same time, statewide participation by agencies heightened their awareness of best practices.

CONCEPT:

The State of Connecticut operated an antiquated, inflexible monopoly-era telecommunications management system that begged for replacement. Over the years, the proliferation of new services had rendered it tired and useless. Agency managers were frustrated in trying to understand their bills, contractors suffered delays in payments and relentlessly dogged the payables department for status, the status of orders for services was constantly in questions and the orders contained precious little actionable information, and managers had few reporting tools. Unused services sometimes remained in place delivering no value beyond generating costs on the monthly bill.

The size of the workforce who could assist the agencies in using the system was shrinking with additional retirements in sight, and the State was faced with relocating the inefficient in-house system as part of a scheduled statewide transition to a new data center.

Ideally in addition to solving these problems, the staff of the various user agencies could benefit from additional education on optimizing their telecommunications services and expenditures and on maintaining a solid inventory of the extensive inventory of services that they had in place.

Replacement of the system would likely solve many of the problems, but during the time it would take to do that, significant costs would be incurred due to the current environment and it would be counterproductive to transition the poor data of the existing system into a new one.

Staff initiatives were productive on a small scale, but funds for additional staff or contract support were not in the cards.

The option of a public/private solution was conceived, with the target ideal scenario that:

- The project would be funded entirely from savings
- The expertise of existing staff could be fully leveraged
- Impact on staff/operations would be minimized
- Data could be cleansed for eventual transition to a new system
- Agencies could gain an education on best practices
- Agencies would obtain a clear inventory of services
- Accountability for expenditures would be improved
- Unused services would be removed
- Savings and billing credits would accrue to agencies
- The State would obtain best value for its expenditures

A Request for Information was issued to survey the market and the results were assessed to determine the best processes and compensation arrangement for the State and an eventual contractor. The RFI process results were utilized in development of a bid document that would provide rapid results with no loss of accountability and value for the State. Key requirements included that no payment would be made until after the State secured the savings or credits and

had validated that on a subsequent bill and that no agency would be forced to make any changes to services with which they did not agree.

The best value contractor was teamed with State staff to review issues of security and confidentiality (including encryption of data), to develop processes and reports, and to obtain familiarity with state systems, management and agencies.

As an initial pilot, our own agency was used as a test case to ensure that processes and policies were optimized prior to engaging an “outside” agency as a client, to test the capabilities of the contractor, and to identify any issues that would occur in the process of reviewing expenditures and current inventory, pursuing resolution including billing credits and savings, and in validating the savings on a subsequent monthly bill.

With the initial pilot successful, we were able to engage our Commissioner to sponsor the project with a letter to each agency head that reported on our success and invited them to enjoy the approximate 20% savings that our agency had achieved along with improved management and accountability.

Agencies were invited to participate in the order of the volume of telecommunications expenditures with the highest spenders at the top of the list, as well as based on relationships with agency staff and those that were most likely to have a high desire to help the project succeed. An introductory meeting was held with each prospective agency including fiscal, and IT staff, and then weekly work sessions were held in-person or via conference call/screen sharing to review the entirety of their expenditures in an expedited manner. As the portfolio of agency successes started to grow with most saving 20% or more and serving as references to the beneficial aspects of the project, entry into additional agencies required little persuasion.

SIGNIFICANCE:

The project greatly increased the education of staff and application of best practices in telecommunications management, served to complement the administration's policy goal of increasing accountability for state expenditures, improved overall efficiency, and improved the accuracy of information at agency and state level.

Impact on the agencies' staff was minimal and data was cleansed to provide better input for the new telecommunications expense management system (a separate project that has since been accomplished).

Perhaps most importantly to fiscal staff, agencies did not have to secure funds to obtain these benefits, since a percentage of the savings provided the funding.

Project financial milestones were celebrated with pizza luncheons by the project team and agency participants, giving all a great opportunity to strengthen relationships for the common purpose of the project's success and the financial and other benefits to the State.

IMPACT:

Before this initiative, the State was paying far more for telecommunication services than was required. This innovative, top to bottom review, returned money to the state from carriers and allowed agencies to spend critical resources on those items of greater importance. This process also created a clean set of data to migrate to the new telecommunications billing expense management platform.

This initiative has improved Connecticut's management of telecommunications expenditures and ensured that agencies have visibility into what they are buying and paying for. It provides them with a baseline for comparison with any new services that they might consider, and creates a heightened awareness of the cost of services.

Savings statewide exceeded four million dollars.