

## Telecom Management Solutions



**David C. Perdue- CEO**

Asentinel is a customer-centric application-driven Communications Lifecycle Management company. Our mission is to provide the world's best Telecom Management (TEM) solutions. Asentinel addresses the challenges of global fixed and mobile telephony through a combination of technology, people and process. The lifeblood of all Asentinel solutions is Asentinel 9, a comprehensive, global TEM application encompassing the entire lifecycle of mobile, wireline, data and equipment assets. Whether deployed as Customer-Hosted or Cloud, delivered as a Self-Managed, Managed Service, Business Process Outsourcing (BPO) or as a Mobility Management solution, Asentinel is proud of our industry-leading 95+ percent client retention rate.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Perdue, would you tell us about Asentinel?**

**Mr. Perdue:** We are a software and solutions provider. Our software does three main things. One is that it automates the handling of telecom invoices. It also audits every line item of invoices finding the errors, and thirdly, as a robust reporting engine that does analytics on all of that data to help our customers negotiate better contracts and optimize their networks.

**CEOCFO: How are you able to audit successfully when it is tricky?**

**Mr. Perdue:** The way this works is that when a company subscribes with us, we will load into the system all of their telecom assets. For instance, all of their data and network circuits, all of their phone numbers for both wired and wireless, and all of their telephony equipment like routers and mobile devices. Then we load all of their carrier contracts and corporate business rules and policies – things they do not want to ever pay for – example, voicemail. Corporations expend a ton of effort trying to negotiate really good contracts with the carriers, and they really do not have any effective way of monitoring that before using our software. We extract all of the pertinent information out of those contracts and load it into the system so that when a bill comes in, as they do virtually every day for our customers, the software looks at every line item in the bill and compares it to all of that previous information. If it sees a difference, it flags it so that a human can look at that and say they know about it, it is okay, they approve it and they let it go through or it is an error and they can hit a button that sends a message over to the carrier. Invoice – there is an error, here is the line item where the error occurs, here is what is wrong; give us our money back. It automates that whole process. Further, in regards to automation, we run two-way links into the customers' enterprise system packages, accounts payable systems and even their HR applications so the whole process of those bills coming in, and being correctly reviewed and assigned, is automated. We get the carriers to convert to EDI, so the bills are coming in electronically and our software is doing all this massaging and then sending the corrected information over to accounts payable to be paid. It is allocating all the costs back to the various cost centers that the customer has, so it is doing all of that electronically and very quickly. It saves a great amount of time, reducing the number of people they have to have handling the invoices. It is a very efficient process.

**CEOCFO: Do the occurrences of a problem tend to get better the longer you are working with a company? Do the carriers pay attention? If a company calls them every day with a problem, do they do anything about it?**

**Mr. Perdue:** For example, Gartner had done some research into how much customers would typically save in the first year and how much they would save in succeeding years in order to prove or disprove the value of having something like this over the long haul. What it showed is that customers continue to save money year after year. When you think about it, it is for many different reasons. Errors occur in the invoices for many reasons. Sometimes it is the carrier's fault and sometimes it is the customer's fault. I will give you an example. Another thing that the customers do is that they can order their telecom circuits or whatever through our system. Once they place that order, then our system starts tracking that order. The software is so powerful that it is doing so much for the customer they continue to save money year after year. It is not just a one-shot deal.

**CEOCFO: Asentinel offers different levels of service. Tell us a little about the options you provide for your clients and who are your typical customers?**

**Mr. Perdue:** Generally speaking, financial companies jump all over this because financial companies generally have telecom bills that are huge. Typically, two to three percent of their total revenues might be telecom expense, so financial is a real big market segment for us, but there are many others too. Retail, for instance, is one. We have several clients in the retail sector. Some of them have literally tens of thousands of locations. We sell to companies that spend \$2 million a year or more on telecom and our clients reside in two dozen or so vertical industries. These are very large enterprises with thousands of employees, locations and telecom assets. We will typically save a customer \$1 million a year or more off their telecom spend.

**CEOCFO: How do you reach potential customers?**

**Mr. Perdue:** The old-fashioned way...through building relationships. We have a great feet-on-the-street Sales organization, a strong partner channel and various Marketing and branding strategies. We meet prospects and clients at trade shows and we exhibit or speak at various industry events. Word of mouth of course is always very powerful.

**CEOCFO: What is the competitive landscape?**

**Mr. Perdue:** There are still many of them out there. Most of the competitors do not have mature software like we have. We have the only patented, comprehensive telecom expense management software. We received our first patent in 2008 and our second one in 2010. We just received word the other day that we are about to receive our third patent. The patents cover over 100 claims, so it is a very strong patent package that we have. We do have many competitors out there, and many of them are quite small and have glorified Excel spreadsheets to be their software package. It is not very sophisticated.

**"We have a 95+percent client retention rate. Our customers really love us. We stress good customer service and a solution uniquely configured to each client's challenges, environment and requirements." - David C. Perdue**

**CEOCFO: When you are talking with a prospective customer, do they understand the difference?**

**Mr. Perdue:** They do when they take a deep dive into our solution. On the surface, it is kind of like saying I just need a car. Do you want a Volkswagen or a Bentley? Do you want to go fast or slow and do you want good gas mileage? It is the same at our business. When they initially respond say to an RFP or a request, it may look like there are many similarities, but the more a customer digs into it, the more he or she will see the differences and the value derived from Asentinel.

**CEOCFO: How has your technology and offering changed over the last few years?**

**Mr. Perdue:** We continually enhance our software application. We will put out a new release about every six months. We are now on release 9.4 and we will be releasing Asentinel 10 in the fall, so we are constantly improving it and making it even more sophisticated and stronger. It is a never-ending thing. We sell both perpetual licenses as well as subscription and we sell both customer-hosted as well as cloud-based solutions, where we host it. Whatever the customer would like to have, we can accommodate them. We surround this very sophisticated software with an array of managed services that we offer and also a business process outsourcing solution where they can outsource the whole management to us. Whatever their needs are, we can accommodate them.

**CEOCFO: Does there tend to be a trend toward one model or another in your clients or is it fairly mixed? Would you prefer it one way or another?**

**Mr. Perdue:** It has changed as the years have gone by. When we started the company in 2002, we purposed that we were going to be a technology company rather than a people-heavy enterprise because we believe that the problems are handled best by sophisticated software rather than just manually doing it. Before we started this business in '02, the typical large enterprise would have a team of outside consultants come in and analyze their telecom bills, find the errors there, help them get a refund, come back a few years later and do it all over again. That is the way it used to be done, because there was not any software to do like what our software does. When we introduced our software in 2002, it changed the whole model to where you do not need to have people come in every couple of years and look at your bills anymore. Our software is going to look at every line item on every bill, every day, all year long. That improves your cash position because now you are not paying out your cash and then trying to get the bad stuff back months or years later. This way, this keeps you from paying out erroneous charges. It saves you cash from day one.

**CEOCFO: What were some of the difficulties in putting the technology together?**

**Mr. Perdue:** The whole process really was challenging, and that is why it was not done until 2002. Before then, it was such a big problem that people just did not think anything could be done about it except manually going through the bills, finding the errors and helping them get their money back. They just did not realize there might be another way. When we got into the business initially, we had a credibility gap because customers could not believe it was this good and would do

all these things. Over time, of course, we were able to convince them otherwise. Other than that, I would say the biggest stumbling blocks continue to be even today that there are many companies out there that more or less rubber stamp their bills and pay them and they do not realize the power of a software like this and what it can really do for them. It can truly save them many people's time and free up their people to where they can make or spend their time doing more strategic and proactive things like negotiating a contract, optimizing their network or spending their day more efficiently than looking for dollars and pennies in these bills. When you think about it, these large enterprises are typically operating in maybe 20 states, perhaps all 50 states, and often in foreign countries. For instance, most of our customers have operations overseas as well as in North America. They may have operations in every state, and that gets complicated. If you think about it, every state regulates their telecom differently and they have a different tariff for each state. On top of that, you have a federal tariff for your inter-state telecom. All these different states are creating different regulations and rules surrounding telecom that when you get these bills in, you get them from Millington Telephone Company, Verizon, AT&T, Sheboygan Telephone Company or Century Link. You are getting them from all these places, and the bills look different. They are not laid out the same, and the terminology is very difficult to understand unless you have had some real telecom upbringing. The whole thing is just a big mess. It is very hard to get your arms around. What we see is that many big companies over the years do nothing more than rubber stamp bills because it is such a big thing. If they do not pay the thing quickly, the telephone company is going to cut them off. That is the worst thing in the world that can happen. You cannot have a branch, factory or office shut down because their phones have been cut off because they did not pay their bills on time. It is a horrible situation. What happens is that puts their processing people under the gun. If they do not get that thing approved, get it into accounting and get it paid roughly by the 20<sup>th</sup> or so of the month, they are going to be cut off and then the boss is going to yell at them why they did not get it paid on time. There are always pressures on this system, so most of the companies just want to get it paid and they do not care if it is right or not. If you do not have a great tool like ours, then you do not have the ability to do anything more than just rubber stamp it and get it out of there. With a tool like ours, our software is going to find the errors in there in minutes, highlight that and convert it in a message to the carrier to give them their money back. When it is under dispute, the carrier is not going to cut you off.

**CEOCFO: You recently announced over \$2 billion in client telecom spend under management as well as several other positives over the last year. What are the highlights and how do you continue the trajectory?**

**Mr. Perdue:** The trajectory is accelerating. As the word gets out that we do have very powerful software that saves peoples' time, saves them money, saves them cash and gives them the ability to see the big picture of their whole telecom expense, which is always a sizeable number for these large companies, we are just getting more and more people wanting to adopt it. That is a real plus. We are very proud of the fact that we do have \$2 billion under management now. That is a lot of telecom spend.

**CEOCFO: Do you need to add to your staff as you grow?**

**Mr. Perdue:** Absolutely!

**CEOCFO: What do you look for in your people?**

**Mr. Perdue:** Let me back up first. In the early days when we started out, we thought a majority of the companies would want to host the software themselves, put it behind their own firewall and control their own destiny by using our perpetual license. That was true in the early years. Just about all our customers did it that way. When we got closer to 2007 and 2008, we saw the market begin to shift. More and more companies wanted managed services surrounding this software and wanted us to host the software. We started supplying more and more managed services up to the point where we did it all using business process outsourcing. It is still built around the core of our software, so they get the power of our software and they get those services too. What we have seen, as the economic situation really got bad was that many companies in order to cut overhead would get rid of telecom staff as well as other staff. That put even more pressure on them to get the bills done, which really necessitated more and more that they use somebody like us.

Now back to your question...though we have great software, the basis of Asentinel is great people. Our staff is now in excess of 100 and the common denominator across them all is integrity, respect and a commitment to excellence. That pledge is to our clients and each other.

**CEOCFO: Put it together for our readers. Why pay attention to Asentinel?**

**Mr. Perdue:** Looking at it from their viewpoint, telecom is an expense and IT is an expense where if they do not have an effective way to measure it, they cannot control it. With us, they have visibility and an effective way to measure it and therefore to control it. Otherwise, it is an expense that is out of control. Do they really want to have that in their operation? With compliance and all the other pressure that they have to face, do they really want to have this leak in their ship? I think not. They really need us, and we do a good job for them. We have a 95+percent client retention rate. Our customers really love us. We stress good customer service and a solution uniquely configured to each client's challenges, environment and requirements.

**CEOCFO: *What is a concrete example of how your customer service might be over and above?***

**Mr. Perdue:** Let me tell you about a customer. I was at a conference not too long ago, and one of our customers was speaking at the conference. He was telling people how before they had our software how difficult it was to handle their telecom expense. They said that when they put in our software, within the first two years of using it, they had saved \$5 million in audit savings. These were errors that the software found that they were making erroneous payments for that they did not have to make. They saved \$5 million by using the software. They said that was not the great thing. He said the really great thing was that because of the business intelligence and analytics of the software and all the reporting mechanisms built into it that they were able to negotiate better contracts and optimize their networks; they saved an additional \$12 million doing that. In two years' time, they had saved \$17 million using Asentinel. Our software costs a fraction of that so they saved much more than five or ten times their cost. That is a real good payback.

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**BIO:** David Perdue began his telecom career in 1969 when the Carterphone decision by the FCC opened up the telecom network to competition. In 1972, he started his first company Telecommunication Systems of America, which was purchased by Northern Telecom (Nortel) in 1976. He served as President of Nortel's System Division and was promoted to Group VP for Strategic Planning. In 1979 he started his second company, ATS Telephone & Data Systems, which grew to be the largest privately held interconnect company in the United States. ATS was purchased by a forerunner to AVAYA nineteen years later. Along the way, Perdue started one of the first Cellular companies, which was later acquired by BellSouth; as well as one of the earlier competitive long distance companies, purchased by a forerunner to MCI. In addition to serving as campaign treasurer for several political campaigns, Perdue has served on numerous civic Boards including the MED (a \$1Billion regional safety net hospital), the Executive Committee of the Southern Baptist Convention - the largest Protestant Denomination in America - and is serving on the Board of Visitors of the University of Memphis, and the Triumph Bank Board.

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