

Telecom Expense Management and Billing Audit Consulting Services



Brad Clark - Co-CEO
The SpyGlass Group, LLC.



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CEOCFO: *Would you tell us the concept and vision for SpyGlass?*

Mr. Clark: We started the company back in late 2001 with a single purpose; to assist financial executives in reducing telecommunications operating costs. My personal background is exclusively in telecommunications ranging in functions from traditional service sales to systems engineering, billing analysis and billing design. I always had the idea that finance executives needed help maneuvering through telecommunication billing because it is very complex. It's an area of the P&L that is difficult for our clients to analyze on their own. The concept was to be an independent service provider and assist our clients with professional service offering designed to reduce costs. SpyGlass does not have relationships with any telecommunication providers and we do not resell services or have agent relationships with any voice, data, internet or wireless providers. We exclusively provide billing management consulting services to our clients. The vision of the organization was to create a nationwide presence to become the biggest and best at what we do. Over the past fourteen years, we have successfully done that.

CEOCFO: *There was a time when every business would get weekly calls from somebody looking to analyze their phone bill and make recommendations. What is the competitive landscape today?*

Mr. DeAngelo: The competitive landscape for us is not very significant. One thing that differentiates us from the other telecom consulting firms is the ability for us to take our services market nationwide. We have a sales team that is coast-to-coast and are able to get conversations started with finance executives and organizations a lot more efficiently and quickly than the small competitors are. The other firms that are in the bill auditing space are typically one, two and three-man operations; very small shops with former carrier salespeople who have gone out on their own. Our sales team, being that it has nationwide coverage, is able to get conversations started with finance executives more efficiently and quickly on a broader scale.

Mr. Clark: That is a very important part of our story because to a certain degree it requires an evangelical approach where once we make contact with a potential client, we have to educate them on why telecom is an important cost center to which they need pay attention. We present the difficulties of them doing what we do on their own. Because it is highly specialized and it is nothing finance executives wake up thinking about, it is an important reason that we need to have a nationwide sales force that can quickly be in front of people to explain what our offering is and why they should pay attention to it.

CEOCFO: *Is that because most people today do not think there is really much difference between various services in telecom?*

Mr. DeAngelo: Yes, that is true. What develops in the mind of the finance executives is telecommunications is a necessary utility and therefore a cost of doing business. Obviously, they cannot be without phones, internet and data services and it therefore takes on a utility-based mindset where they feel like, from a cost reduction point of view, it is not anything they can get rid of and at the same time, cannot be impacted. Not to mention, there are always more important costs to focus on, so that utility-based mindset develops where the bill comes in and it just simply gets initialed and paid every month without much scrutiny. The finance executives are focusing his or her attention on much more mission critical

costs centers that are very important to their business and typically cost communications is not in the top three, four or five cost centers that are perceived as mission critical.

Mr. Clark: The error in thinking is that as long as my long-distance rate per minute is low and as long as my internet access charge seems competitive, all of my telecom expenses are fine. The reality is that our telecom audit service not only looks at those two small pieces of the whole picture, but it digs a lot deeper into telecommunications tariffs, the way that services are taxed and the way that services are utilized. A big component of what we do is to do usage analysis to make sure that everything the client is paying for is actually in use. In nearly 95% of our bill audits, there is some form of unused service the client is paying for, but not necessary.

CEOCFO: *Would you give us an example?*

Mr. Clark: A perfect example is an environment where a company shuts down a location or moves locations. We often see this school systems; a school will shut down and move or a school consolidates. It is very common for there to be services that are still technically installed at the site and actively billing, but obviously not in use. This error doesn't jump off the page on a phone bill, rather, it's part of the monthly service charge, but invisible without significant investigation. Our analysis turns up things like that which result in savings going forward when we correct the problem. There is a retroactive analysis performed in our client engagements as well. This entails a contract vs. bill analysis that identifies bill errors and results in cash coming back to the organization.

CEOCFO: *Are you able to judge quality of service as well?*

Mr. Clark: What we do is not necessarily a quality of service audit; that is really more up to the client to determine. We will have clients approach us and say they do not like their current provider, so as part of the engagement, they want to switch providers. That is something that we can help them maneuver. Being completely provider neutral, our effort and our desire is not to go to the clients and recommend a wholesale provider change. That can be disruptive and result in service outages. Our first course of action is not to come in and recommend a wholesale telecom provider change, but to make sure that services are billed correctly and make sure that the client is using everything they are paying for. This, in addition to making certain all the tariffs and taxes are applied appropriately, is the recipe for a comprehensive audit.

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CEOCFO: *Where does the human element work with the technology?*

Mr. Clark: Being a professional services organization, there is a huge human element. Our TEM experts work with our clients daily on their technology needs and help them navigate through complex telecommunications billing. It requires not only a huge investment in human capital, but that group of people needs to be highly educated on telecommunications systems and billing. Our process also relies on human-to-human interaction of our staff dealing with the provider staff in the particular markets that they operate to obtain quotes and implement solutions.

CEOCFO: *How do you reach out to potential new clients and let people know you exist?*

Mr. DeAngelo: We have a nationwide outside sales force all major markets in the US. In addition, these outside salespeople are supported by an inside sales/business development team located in our corporate headquarters in Cleveland. The outside sales job is to reach out to finance executives in their geographic territory to introduce our consulting concept to those CFOs. Since many finance executives are not even aware of this type of cost reduction consulting, an evangelical process takes place with our sales person to that finance executive to make them understand why we exist. It is our sales person's job to that education and ultimately get them interested enough where they want to perform an engagement with us. Our sales team is reaching out and giving all that CFO outreach directly in the markets where they live nationwide.

Mr. Clark: In fourteen years we have amassed over 5500 clients that have done engagements with us across the country so there is a fair amount of referral work that happens there as well especially within particular industries. Cities and counties oftentimes will share ideas in particular states about cost reduction and when we do successful engagements for people in those industries and that works for us quickly.

CEOCFO: *What have you learned about navigating some of the challenges working with a government entity?*

Mr. Clark: We do not encounter many challenges. Whether the telecom service is provided to a government entity or law firm or manufacturing company, phone bills are the same. There are occasionally different approval processes we need to

navigate if there is a board of county commissioners or school board, for example. I don't consider them challenges, just a different purchasing process and not really a barrier for us.

CEOCFO: *How do you stay ahead of changes in regulations and technologies?*

Mr. Clark: Our staff who performs the audits and delivers/implements recommendations deal with telecom billing and services every day. By nature, this keeps them familiar with current technological and pricing components in all the US markets we operate. Change in regulation or technology are identified very quickly, especially because we perform so many audits on a regular basis. Perhaps the biggest change we've seen over the past 3-5 years is the significant increase in our clients' wireless spending. Mobile expense management has become a much larger part of our services.

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

SpyGlass

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