

Mobile Expense Management

AKJ's Strategy to Tackling Personal Use of Mobile Phones

Most organisations with a large volume of mobile users have started to see increases in their mobile telecoms costs and usage. This increase in cost is often associated with growth in business and personal mobile data and internet usage, roaming and texting. In addition; the way in which mobile costs must be accounted for is changing, making mobile management a compliance and corporate governance issue for large organisations also.

This document provides an overview of AKJ's 7 stage process which we designed to help users become accountable for their expenditure and to encourage responsible usage. AKJ believes that education of users is the most effective mechanism that can be used to gain long term cost and usage control of mobiles and we believe that our model offers the simplest and most cost effective approach to achieving this accountability and for reducing costs.

- **Phase 1: Insight Review** – this is an initial review & analysis to identify current issues and challenges faced by the business when managing mobiles (tariff issues, inappropriate usage, SMS, roaming, zero usage accounts etc.)
- **Phase 2: Establish Inventory** – during this phase we create an accurate inventory of users and analyse their usage based on historical billing data (where available) to create a benchmark against which future costs and usage can be measured to determine success
- **Phase 3: Establish Policies** - agree usage policy and whether the business simply wishes to control personal usage or actually reclaim costs from users. This phase will also review the best way to manage the service for the business.
- **Phase 4: Educate users in Pilot Phase** – during the pilot phase (typically 3 months) users are re-educated or introduced to the mobile usage policy of the business and through the use of monthly usage statements via e-mail (paper & post also available) we start to make them aware of their own usage and costs. Users can also be requested to use one time tagging to help to simply identify personal calls.
- **Phase 5: Review Pilot Results** – based on the overall usage data and any numbers declared as personal during the pilot phase, we re-run all of the data to compare the pilot usage against the benchmark data to establish any changes in trends and impact of the program. This will include assessing personal usage and identifying where ongoing improvements can be made to increase controls and further drive down costs.
- **Phase 6: Ongoing Reporting and Monitoring** – in addition to the monthly user statements, AKJ will create and distribute exception management reports to business managers to help to further control inappropriate usage and the reinforce the monitoring message. Where tagging is used to identify personal usage, the personal and business usage will be separated and the business can chose whether to simply use this information to ensure that the business is compliant in its accounting of VAT and personal data, or whether it wishes to recharge users for personal costs. As part of the program users will be continuously reminded of the mobile usage policy.

- **Phase 7: Increased Control Measures** – where the business does not achieve satisfactory results from the phased and educational approach, AKJ will advise on additional increased control measures that can be used to stem inappropriate usage and costs. These can include the use of barring, user cost caps or limits, business tagging (where all calls are deemed personal unless tagged as business) and in its most extreme form online declaration where users are required to declare all monthly usage via an internet based system.

Phase 1: Insight Review

Deciphering business from personal calls can be a very complex and time consuming task and is only really possible with the co-operation of the user. There are however indicators that can be used to determine the likely level of personal usage within a business mobile estate. Typically between 10% and 25% of a company's mobile call usage can relate to personal usage.

Personal usage is however just one aspect of usage and identifying inappropriate usage or opportunities to use mobiles more effectively can also yield significant results.

The Insight Review is designed to provide an initial top level overview to help understand how users are currently using their mobiles, to identify examples of where inappropriate usage is occurring and to highlight opportunities to reduce costs and cancel unused services. Typically this review is based on AKJ's best practice guidelines; however these guidelines can be tailored to your business where there are existing guidelines or issues that need to be reviewed.

Phase 2: Establish Inventory

An accurate inventory of users is an essential part of managing a mobile estate. Typically as many as 1 in 20 business mobiles are either not in use or in some cases in use but by a former employee or business unit. Undertaking an accurate review of the user base and compiling information about devices and services used will help the business to control costs going forward.

As important in the measurement of costs and usage however is the ability to benchmark future usage against current and historical trends. Deployed effectively a mobile expense management policy will make users accountable for their costs and drive down personal usage. By measuring historical usage and costs the business can gain a far greater insight into whether the solutions being deployed are working.

Where a business implements a policy to reclaim personal usage from employees, overall usage will typically fall as some users will choose not to use the business phone for personal calls.

As part of this phase AKJ will undertake a review of the historic billing data to provide clear and reliable usage stats for measurement against future usage.

Phase 3: Establish Policies

No single policy can ever hope to address the requirements of every business. Whether your business wants to reclaim usage or simply wants to ensure good corporate governance and VAT compliance, the policy that is implemented must be both fair to employer and employee, measurable and enforceable.

As your organisation tries to develop a reasonable policy you will probably face a variety of objections; however it is worth remembering that the mobile expense management policy can be tailored to overcome these issues. Common examples include:

Objection: We expect employees to work late, so a call home should not be classed as personal.

This is perfectly reasonable; however whether you reclaim the cost of the call from an employee or not it is still personal usage that must be accounted for. AKJ can implement tailored call allowances or even ensure that calls to certain registered and approved personal numbers are not charged to employees if required.

Objection: Employees have had their mobile phones for sometime and it has always been treated as a benefit, we can't remove this.

Whilst a business may choose to allow personal usage as a benefit, the personal usage element must still be accounted for when reconciling VAT. Furthermore businesses have an obligation to ensure that shareholders funds are used in appropriate ways under sound corporate governance. Educating users on the importance of using phones effectively and providing a choice as to whether excessive personal usage is charged is part of best practice management.

However your organisation wishes to tailor its mobile policy, we can ensure that the solution deployed meets the requirements of finance, HR and users.

Phase 4: Educate users in a Pilot Phase

With a fair policy agreed, users need to be educated about the policy and their own mobile costs. A large proportion of businesses provide their users with no visibility of their individual mobile costs and usage, and most organisations fail to continuously reinforce their policies.

Providing users with visibility of their usage is an essential step to educating and driving out costs. Using your supplier billing data AKJ can seamlessly import and allocate costs against each user. With these costs allocated, we can generate a monthly usage and cost statement in your organisation's brand which will be delivered automatically by e-mail to the user each month.

The content of the e-mail and reports or statements provided can be as simple or detailed as you require and can even include additional information including:

- ✓ Calls made in breach of policy or exceptions
- ✓ Year to Date History
- ✓ User Costs vs Average User
- ✓ Alerts where cost or usage thresholds are exceeded
- ✓ Reminders on Policy
- ✓ General Information (helpdesk numbers, roaming advice, faults etc)

Where users do not have ready access to e-mail, then AKJ offers a full printing and fulfilment service at a nominal additional cost.

To increase the effectiveness of the service and improve compliance when accounting for VAT or if your organisation wants to reclaim personal usage from employees, AKJ recommends that intelligent call tagging should be considered.

Call Tagging is a service available from most of the major mobile service providers (including O2 and Vodafone) and allows a user to insert a * after a dialled number. This * is then shown on the itemised call billing and is traditionally used for employees to tag personal calls. Unfortunately whilst the principle is fine, manual tagging of each personal call is normally not used effectively within businesses. Typically; where tagging is offered, as few as 10% of users actually use it regularly.

Most numbers dialled are retrieved from the contacts within a phone and it is rare for users to want to go through their numbers and update personal numbers with a star in front, in addition the insertion of a * in front of a number will mean that the CLI recognition element of a mobile will no longer work for calls with a * prefix.

AKJ has adapted this facility to create an innovative new service that is simple to use and effective for employees. First of all businesses need to decide whether calls by default should be considered to be personal or business. This simply allows us to establish whether a call with a * prefix should be treated as personal or business. If most calls are assumed to be for business, users would be asked to use the * prefix on personal calls and vice versa.

Instead of being asked to prefix all personal calls, AKJ has developed a system known as “One Time Tagging”. The user is requested to prefix a personal call once and once only if they want to register that number as a personal number. The AKJ billing platform will automatically acknowledge the number from that point on and all calls to that number will be marked as personal.

During the Pilot phase all numbers which are tagged once, will be captured and stored in the system, which enables us to re-run the data at the end of the pilot phase to generate an accurate overview of the usage.

Some businesses are choosing to adopt a much harder approach to mobile usage and request that users tag all business calls. [Any untagged number will then be assumed to be personal]. Whilst this approach is highly effective at reducing costs (or transferring costs to users) it also leads to users regularly being billed for business calls which they then have to subsequently claw back through expenses, creating additional administration costs. By using the “One Time Tagging” process all business calls can be captured more easily; however in addition AKJ can also import business contact databases and cross reference tagging from all users to ensure that business calls are easily captured.

AKJ recommends that One Time Tagging is implemented over a period of 3 months to give users the time to get used to the service and for a more comprehensive database of numbers to be collected. Typically One Time tagging can be implemented at about 1/2th of the cost of requesting staff to use an online solution and requires very little user administration.

Phase 5: Review Pilot Results

Having re-educated users on the policy and given them visibility of their mobile usage and costs, the business can start to refine the controls and reporting that are to be used to manage the estate. Using the data from the pilot phase, AKJ will analyse this against the historical data to provide a summary of the initial impact of the program. Within this we will review:

- Reduction in Usage (Number of Calls and Duration)
- Use of Call Tagging
- Personal Usage Levels
- Calls in breach of Policies
- Unused or Low Usage Accounts
- Mobile Data Usage
- SMS Use
- Inter Company Use
- Roaming and International Usage

To support clear and effective management of users, AKJ recommends that information from this review is used to refine any reporting and policies and that line managers are educated as to the overall business issues and the objectives from the ongoing reporting and monitoring.

Phase 6: Ongoing Reporting and Monitoring

Users must be confident that the mobile costs are being regularly reviewed or costs will quickly start to increase. As part of the ongoing service, AKJ will distribute management information to business managers to help them to reinforce the message that costs and usage are being monitored. These reports can include monthly summary of their team's costs and usage, call management and exception reports and details of usage in breach of policies. Ideally line managers should be given accountability for enforcing sensible usage; however this is not always possible.

Where call tagging is being utilised to split business and personal usage, AKJ can adapt the user monthly statements to show personal and business usage separately, and if these costs are being reclaimed by the business, we can provide an electronic file for your expenses system or accounts department to help streamline the processing of these recharges.

Phase 7: Increase Control Measures

The key principle behind the AKJ approach to mobile management is that when educated and accountable for their mobile usage and costs, and with suitable monitoring and management in place then users will on the whole be responsible in their use of the mobile devices.

On a continuous basis AKJ will work with your business to refine the process to generate the maximum results; however in certain instances where either the business is unable to get users to participate in the program effectively or where the results are not significant enough, there are a range of additional control measures that can be introduced to help to improve results.

These can include:

- Call barring at network level
- Imposing user cost limits (either at network level or internally beyond which calls are charged to users)
- Business tagging (where all calls are deemed personal unless tagged as business)
- Pro-Active reminders to users – alerting the user and their manager where cost limits, policies or procedures are not adhered to

As a final stage of the process of managing mobile usage, businesses can consider using an online declaration system. Technically these systems are very comprehensive and will enable users to allocate personal costs on an ongoing basis and provide a wide range of management reports and controls to the business.

As with all online systems of this nature they require a high level of end user interaction and require significant resources to cover the administration of users (passwords, chasing to complete declarations etc). These systems are more suited to service based businesses where users have ready access to the internet and where average monthly usage is high; however in extremes can deliver results where an educational and management approach fails.

Summary

Tailoring a mobile expense management solution to a business is essential if it is going to achieve the required results. There is no such thing as a "one size fits all" solution. There are however a wide range of options available and whether your organisations wants to gain a better insight into costs or wants to implement a rigid personal reclamation policy, AKJ can provide objective advice of the best solution at a price to meet requirements.

Finally whilst personal usage is often high on the agenda, mobile expense management can also offer a wide range of additional benefits for the business that will deliver significant additional cost savings:

- ✓ Invoice Validation – identifying overcharges on billing
- ✓ Inventory Management – identifying and rationalising unused devices
- ✓ Enhanced Procurement – providing detailed benchmarking and pricing information to support negotiations
- ✓ Cost Centre Apportionment – automatically apportioning mobile costs to financial cost centres
- ✓ Management Reporting – providing a range of in depth management information to highlight cost saving opportunities