

## How Cisco IT Reduced Telecom Costs Through Centralized Invoice Tracking

Invoice reconciliation and reporting solution reduces annual telecom expenses by millions.

### BUSINESS BENEFITS

- Automatic invoice reconciliation
- Billing errors flagged
- Prompt vendor notification
- 15% savings in overall telecom costs
- 5% annual reduction in telecom spending

“On average, 7 to 12% of telecom services expenses are in error.”

– Aberdeen Group, April 2003

**Years ago, Cisco was paying more than US\$300 million in annual expenses to an increasing number of telecom service providers—** with no way for employees and managers to understand or reduce these costs. To address this problem, in 1997 the Cisco IT team created the Telecom Cost Management (TCM) program, to design a system that would allow invoices to be centrally managed, as well as introduce a program to track and control telephony and data expenses. The goal was to adopt a strategic approach for the analysis and management of telecom costs and enable informed decisions about future operations

**Under the old system, managers** were being charged back for pagers, phones, and network connections, but had no idea what was being paid to particular vendors, or how much individual direct reports were spending on various services. Under the new TCM program, IT first centralized the invoice process and manually entered bills into a database. An analyst was hired to extract trends and data from the consolidated invoices, and the company started to receive its first useful information about this growing expense.

Centralized invoicing did not address all of the challenges, however. Cisco was growing and new services and service providers were being added every day. An automated solution was essential, and employees needed to be educated to cost-effectively use services.

**Two key components were developed to introduce an automated telecom billing process.** A centralized provisioning database was adjusted to include the required information for automatic invoice reconciliation, and vendors were quickly notified of billing errors, overcharges, or discontinued services. A services expense reporting tool was developed to generate detailed usage reports for users and their managers. The IT team sent out information in the form of “Top Talker” reports and “Tips and Tricks” to educate the Cisco staff about ways to cut their expenses, which caused users to be much more aware of their service usage and how it impacts corporate expenses.

**As a result of these initiatives, Cisco has reduced telecom expenses by 15 percent overall.** Since the inception of the TCM program, the company has saved millions of dollars by catching billing errors and changing spending habits. The invoice management solution has also changed the culture within the company—increased visibility has raised spending awareness at all levels of the company.

IT designs the tools and process to tame out-of-control service expenses.

**Case Study:** [http://www.cisco.com/web/about/ciscoit/work/case\\_studies/business\\_management\\_dl4.html](http://www.cisco.com/web/about/ciscoit/work/case_studies/business_management_dl4.html)

## FOR MORE INFORMATION

To read the entire case study or for additional Cisco IT case studies on a variety of business solutions, visit Cisco on Cisco: Inside Cisco IT [www.cisco.com/go/ciscoit](http://www.cisco.com/go/ciscoit)

## NOTE

This publication describes how Cisco has benefited from the deployment of its own products. Many factors may have contributed to the results and benefits described; Cisco does not guarantee comparable results elsewhere.

CISCO PROVIDES THIS PUBLICATION AS IS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Some jurisdictions do not allow disclaimer of express or implied warranties, therefore this disclaimer may not apply to you.



**Americas Headquarters**  
Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
USA  
[www.cisco.com](http://www.cisco.com)  
Tel: 408 526-4000  
800 553-NETS (6387)  
Fax: 408 527-0883

**Asia Pacific Headquarters**  
Cisco Systems, Inc.  
168 Robinson Road  
#28-01 Capital Tower  
Singapore 068912  
[www.cisco.com](http://www.cisco.com)  
Tel: +65 6317 7777  
Fax: +65 6317 7799

**Europe Headquarters**  
Cisco Systems International BV  
Haarlerbergpark  
Haarlerbergweg 13-19  
1101 CH Amsterdam  
The Netherlands  
[www-europe.cisco.com](http://www-europe.cisco.com)  
Tel: +31 0 800 020 0791  
Fax: +31 0 20 357 1100

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at [www.cisco.com/go/offices](http://www.cisco.com/go/offices).

©2007 Cisco Systems, Inc. All rights reserved. CCVP, the Cisco logo, and the Cisco Square Bridge logo are trademarks of Cisco Systems, Inc.; Changing the Way We Work, Live, Play, and Learn is a service mark of Cisco Systems, Inc.; and Access Registrar, Aironet, BPX, Catalyst, CCDA, CCDP, CCIE, CCIP, CCNA, CCNP, CCSP, Cisco, the Cisco Certified Internetwork Expert logo, Cisco IOS, Cisco Press, Cisco Systems, Cisco Systems Capital, the Cisco Systems logo, Cisco Unity, Enterprise/Solver, EtherChannel, EtherFast, EtherSwitch, Fast Step, Follow Me Browsing, FormShare, GigaDrive, HomeLink, Internet Quotient, IOS, iPhone, IP/TV, iQ Expertise, the iQ logo, iQ Net Readiness Scorecard, iQuick Study, LightStream, Linksys, MeetingPlace, MGX, Networking Academy, Network Registrar, Packet, PIX, ProConnect, ScriptShare, SMARTnet, StackWise, The Fastest Way to Increase Your Internet Quotient, and TransPath are registered trademarks of Cisco Systems, Inc. and/or its affiliates in the United States and certain other countries.

All other trademarks mentioned in this document or Website are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (0705R)