



## Ewing Irrigation Pulls A One-Two Punch to Improve Telecom Expense Management

In a strategic initiative to gain complete control over telecom expenses and processes - from procurement to MACDs to cost accounting - Ewing Irrigation, a 200-store retailer, began a two-pronged initiative. The first stage: engage a wholesale telecommunications provider. The second: engage Cass for telecom expense management.



*Improved Process. Real Results.*



## Client Profile – Ewing Irrigation

Ewing Irrigation is America’s leading supplier of landscape materials, water management products and conservation solutions. With 200 locations in 22 states, Ewing offers thousands of products - as well as education programs - to professionals in the landscaping, turf, golf, industrial and agricultural industries.

### Problem

A successful and growing organization, Ewing knows its stuff when it comes to irrigation and landscaping. As much as possible, the company focuses its resources where they matter most: product management, distribution, store management and market education.

When it comes to support functions like IT and accounting, Ewing tries to be as lean as possible. Its management prefers to focus internal resources on critical functions and, where possible, partner with outside experts on specialized projects and non-core services.

Ewing’s accounting group uses an in-house, proprietary accounting system to efficiently handle the great majority of the company’s invoices. Costs are allocated to a granular level – such as business unit, location and even employee. But when it came to processing the hundreds of telecom invoices it received each month, some of which were several inches thick, efficiency was far from the norm. In the words of Accounts Payable Manager Andee Mitchell, “telecom invoices aren’t like other invoices.” Mark Finstad, Ewing’s controller, can testify to the many factors working against them:

- Manually entering expense data was time-consuming and inefficient.
- The invoices were too complex to audit; Ewing’s staff lacked the time and ability to understand the charges and compare them with their contracted rates.
- Ewing’s detailed approach to GL coding made the cost allocation process especially slow.

But these weren’t their only challenges; visibility was also a major problem. Ewing had high-level expense data, but no details. Were they paying for lines no longer in service? How exactly was their money being spent? Telecom represents a significant expense for Ewing, but management lacked the appropriate visibility to analyze these costs. So with a strategic desire for expense management and process improvement, they looked outward for a telecom expense management (TEM) solution.

Ewing created a two-pronged approach. The first step in their initiative was to work with a wholesale telecommunications solutions provider. By securing the services of a wholesaler, Ewing centralized its procurement of local services, as a better alternative to dealing with several carriers. Wholesalers provide savings through volume pricing and deliver process improvement by acting as a “one-stop shop” for telecom services. Wholesalers also consolidate invoices, which lessens some of the workload associated with the “pile of invoices” organizations would otherwise need to process. While wholesalers provide invoice data, they are typically not in the business of auditing invoices for overcharges, analyzing the invoice data, applying business rules for GL coding, or developing the data into meaningful business intelligence. These functions must still be performed, either in-house by the customer or through engaging with a full-service TEM provider.

*Ewing created a two-pronged approach:*

- 1. Consolidate with a wholesaler*
- 2. Implement telecom expense management*



## Solution

The second part of Ewing's initiative to gain control over its telecom expenses was the engagement of a TEM partner. Ewing chose Cass to provide TEM services including invoice auditing, detailed expense and usage visibility, GL coding and ongoing cost containment.

This type of dual partnership is not an uncommon approach to telecom expense management: Many companies find that the optimal strategy is to partner with both a wholesaler and a TEM provider. Ewing continues to use the wholesaler, who passes invoices and all supporting details to Cass. Ewing relies on Cass for invoice processing, maintaining an accurate inventory, making optimization recommendations and providing visibility through a robust business intelligence portal. This online engine allows the Ewing team to run reports and drill down to granular data regarding telecom spend, usage, inventory and more.

Ewing's TEM solution completely automates the process of auditing and paying telecom invoices. Cass has converted 86% of Ewing's invoices from paper to an industry-specific electronic standard - EDI ANSI 811. When invoices are received via EDI ANSI 811, the most granular level of expense detail can be captured by the Cass TEM software application, facilitating robust, automated audits of each charge item on every invoice, every month. Such audits ensure the elimination of recurring invoice errors, which are commonplace in the telecom industry.

Another common problem in the telecom industry is billing for inactive or disconnected lines. Almost every organization that implements a telecom expense management solution quickly discovers that it has been paying for disconnected lines, sometimes for years. The same was true with Ewing: "Cass has identified errors on all types of invoices, including those from our local carrier. Cass found that the carrier was billing for lines that we had disconnected from them and moved to AT&T."

When billing errors are found, Cass contacts the vendor to correct them. Ewing's accounts payable manager logs into the online portal a few times a month to approve invoices for payment, and transfers funds to Cass just before payments are submitted. The portal provides complete visibility to the process. Electronic payments, which are made through Cass' banking operation, give Ewing additional peace of mind.

Accounting files are transmitted weekly from the Cass system into Ewing's accounts payable system. GL coding is performed during invoice processing, so accounting for telecom expenses is remarkably easy.

"The Cass system is very, very easy to use," Mitchell added. "We feel confident in the data; our team is responsive, and I get answers to my questions. Those give us a great feeling of comfort."

*"We feel confident in the data, our team is responsive, and I get answers to my questions."*



## Complex Payables

A few types of payables within an organization – such as telecom and utility bills – can be categorized as “complex payables.” Complex payables (aka “specialty payables”) are characterized by:

1. High complexity – Invoices are difficult to process and audit due to transaction volume, complex rate structures and/or specialized service fees (a telecom bill can be hundreds of pages long and contains all three of these).
2. High error rate – Both large-dollar errors as well as repetitive, small-dollar mistakes that if not corrected, drive up costs substantially.
3. High content value – The data has high business value when it can be converted to actionable business intelligence.
4. Require specialized process – Most vendors will call to inquire about late payments. But some providers – such as utility companies - will not call; instead they shut off service. Specialty processes must generate alerts for missing bills to prevent shut offs and/or late fees.

These unique attributes explain the necessity for specialized solutions that (1) efficiently process high invoice volumes (2) use automated processes to audit all line items against contracted rates, and (3) provide detailed spend and usage information through dynamic business intelligence.

## Results

The benefits of Ewing’s decision to outsource telecom expense management are felt across the organization in both cost and time savings. Hard-dollar savings – which have been adding up through identification of overcharges and inactive line billing, as well as optimization recommendations by Cass – are measured and reviewed monthly with their Cass account manager.

Ewing also expects to achieve additional savings when contracts come up for renegotiation. Accurately knowing spend by carrier, store and more facilitates carrier consolidation and rate bargaining.

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*Ewing’s financial group now has complete visibility to spend - by store, carrier and more.*

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Mitchell appreciates the substantial time savings the Cass solution provides. Before, she spent “what seemed like days” pouring over telecom invoices. Now, when she receives emails notifying her that invoices have been processed, she logs on to approve payment, and she’s done. “I can’t even compare the time it used to take versus now. Now, it’s done, and I don’t worry about it. The time savings are huge.”

And the company’s management is impressed as well. Financial and IT managers use dashboards and dynamic reports to quickly and accurately access telecom spend information for financial reporting and budgeting purposes. And without much work on their end, management continues to see the savings add up.

Everyone agrees that Ewing has succeeded in achieving a best-practice solution by outsourcing a non-core function, while keeping its limited resources focused on the critical functions that they do best.