



How a Health & Human Services Organization with 1,600 Locations Took Control of its Telecom Expenses

Telecom Overview

- 28,000 employees in 37 states
- 1,600 locations of all sizes
- 4,900 telecom accounts
- Average \$330,000 per month in telecommunications expenses
- Oracle AP system

Problem

- Decentralized telecom invoicing
- Paper- and labor-intensive payment process
- Frequent site moves
- Inability to audit telecom invoices

Results

- \$153,000 in past overcharges found and recovered
- \$35,000 (10%) per month reduction in spend

“At MENTOR, telecommunications spend is on a short list of key expense areas that receive company-wide attention and visibility. Cass’ online TEM system and their audit services have been a cornerstone of our efforts to reduce that spend by several million dollars since we began our relationship with them.”



Peter DeNatale, vice president and CIO
The MENTOR Network

Improved Process. Real Results.



Overview

The MENTOR Network is a national network of local human services providers. With 1,600 locations, The MENTOR Network offers an array of community-based services to adults, children, adolescents and elders in need.

The Predicament of Telecom Invoices

The goal of The MENTOR Network is to serve some of the most vulnerable of our society, starting with the fundamental need of safe shelter. The goal is to foster independent living, while maintaining communications with counselors, care givers and even emergency services when needed. The risk of service shut-off due to misdirected or unpaid telecom invoices can be catastrophic. “When service is shut off, human lives are affected. What’s at stake is the safety and comfort of a child, elderly resident or someone with fragile mental health.”

But the accounts payable group at The MENTOR Network struggled with the unique demands of paying its telecom invoices. Its dynamic, ever-changing housing environment averaged three site moves per week. Staying on top of these was a formidable challenge.

Change management, however, was just the tip of the iceberg. Invoice processing was equally burdensome. Every invoice arrived on paper. In some cases, one invoice could fill three boxes. Because accurate cost allocation was a priority, one employee spent 50% of her time on this task alone. The MENTOR Network didn’t have any more resources - or specialized expertise - to audit invoices prior to payment. The amount billed was typically the amount paid. Staff admitted, however, “We really didn’t have confidence that the charges were accurate.” Additionally, the process was decentralized; only about 40% of the invoices were being processed centrally, and the rest were paid locally.



Finding Help: Bringing in Cass

The MENTOR Network knew it needed a better way to control the process, increase visibility of its telecom expenses and find overcharges. But as eager as they were to implement a better process, there was no budget to add resources, applications, hardware or headcount to do the job internally.

Early in 2005, The MENTOR Network identified Cass as a well-qualified partner to help them transform the process. The accounts payable staff embraced and actively participated in the transition. Within weeks, Cass was processing 50% of The MENTOR Network’s invoices.

The Cass team, using an online TEM portal built specifically for managing complex telecom expense activity – brought drastic change overnight. With controls in place to audit every invoice at the most granular level of detail, overcharges were identified as common. In fact, Cass found errors in 10% of The MENTOR Network’s invoices. Additionally, Cass even found that The MENTOR Network was paying for other companies’ lines and for service to locations it had vacated years earlier. Cass engaged The Network’s vendors immediately to correct invoice errors and terminate unwanted services. It sought and obtained recovery with a number of vendors for overcharges. Over the course of the next six months Cass obtained more than \$150,000 in refunds for The MENTOR Network from its telecom carriers.



Cass continues to use its automated systems to audit every charge, reconcile orders, track inventory, allocate costs, and supply sophisticated expense management reporting. As part of its process, Cass approached each of The MENTOR Network’s vendors about converting invoicing over to EDI. What began as a paper process, Cass has converted to 97% EDI. The remaining invoices are imaged, and keyed if necessary, by Cass.

Best Practice TEM: EDI and Charge-Level Audits

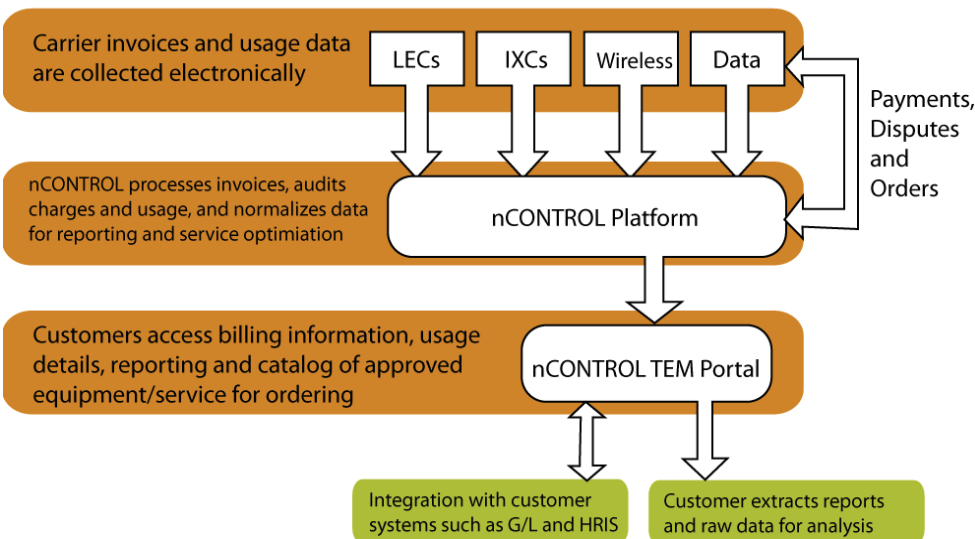
Converting paper to EDI means that, instead of receiving summary information, invoices can be analyzed at the most granular level possible – the charge level, which some carriers refer to as the Universal Service Order Code (USOC) level. The hallmark of Cass’ best-practice methodology, USOC-level audits, only becomes feasible when invoices are received electronically via ANSI 811 format, which essentially provides 100% of the invoice documentation. Other TEM methodologies

1. depend on paper invoices as the primary source of data content
2. accept EDI ANSI 811 invoice files, but don’t use all the data content, or
3. use alternative EDI file formats that don’t contain all USOC detail and therefore don’t allow for this most granular audit.

It is at the charge level where many of The MENTOR Network’s savings opportunities and overcharges were found.

The visibility The MENTOR Network has gained into its enterprise-wide telecom spending activity has become invaluable. With detailed information at its fingertips, The MENTOR Network now has a transparent and comprehensive view of its telecom activities across all locations. Cass also delivers a customized data feed directly into The MENTOR Network’s Oracle A/P system on a weekly basis. While Cass’ automated systems do the bulk of the work, the Cass staff manages routine communication with vendors, including dispute resolution and issues associated with electronic file transfer.

Cass Telecom Expense Management Architecture



Measurable Results

For The MENTOR Network's accounts payable staff today, telecom expense processing is 100% automated and paperless. The time savings are drastic: the same invoice that used to take one to two days to process now takes 10 to 15 minutes.

To date, Cass has identified 800 opportunities for The MENTOR Network to reduce costs. By acting on most of these, The MENTOR Network has reduced its telecom spend by \$35,000 per month – or 10%. Additionally, when Cass pursued recoveries from past billing errors, it collected 100% of sought-after credits and refunds for a total of \$153,000.

Cass continues its auditing, payment of invoices, detailed reporting, and file transfers to The MENTOR Network. Managing changes, ensuring contract compliance, and preventing casual billing and unapproved services continue to provide time savings and cost savings.

The MENTOR Network is overwhelmingly pleased with the results Cass has delivered. "We wanted to be able to rely on experts in telecom auditing and expense management without having to hire them. It was well worth it to outsource in this area to obtain this level of specialized expertise."

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Now The MENTOR Network has complete visibility into all facets of its telecom usage and expenses.

Cass Information Systems (Nasdaq: CASS) provides telecom, utility and transportation expense management services. Telecom expense management clients include Nationwide Insurance, Aarons Rents, Charming Shoppes (Lane Bryant, Fashion Bug, Catherines), Cumulus Media and Sonoco.



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