



PAG

CASE STUDY

Manufacturer

Customer Overview:

- **A national Paper and Plastics Manufacturer engaged Profit Advisory Group to audit all of their Telecom spend.**
- **Spend volume:** \$1,350,000 annually.
- Project included **multiple locations and divisions.**
- Company has acquired of competitors over last 5 years. Some acquisitions were partial (certain divisions/business units, but not entire company).

Key Challenges & Objectives:

- Challenges included extensive data collection, including many invoices still in the names of previously acquired companies.
- Billing was shared between our client and still remaining business units of acquired companies.
- Project objectives included creating an inventory management system so services belonging to recently acquired companies could be removed, achieving cost savings, negotiating new Contracts, implementing formal Contract strategy, redesigning Procurement Policies and deployment of Strategic Sourcing initiative.

Profit Advisory Group Solution:

- Thorough data collection using PAG Data Collection process.
- Creation of comprehensive inventory of all services and item by item verification of location/ownership of inventory.
- Worked with Carriers to separate inventory not belonging to client, consolidated invoices and insured all financial responsibility assigned correctly.
- Remaining inventory examined to determine what was being used. Technology comparison performed to identify opportunities for improved efficiency.
- Obsolete services cancelled and remaining inventory entered into PAG Inventory Management System.
- Invoices reviewed for contract compliance. Billing errors were detected and resolved.
- Existing Vendors contacted to review current services and contracts. Discussions for renegotiation were initiated.
- Competitive bids and promotions utilized to reduce costs and create more favorable Contractual terms and conditions.
- The new Procurement Policies and Contract strategies were utilized together to allow Strategic Sourcing initiative to be launched successfully.

Results:

Client was able to reduce cost by almost 27% or \$365,000 with minimal vendor change. PAG secured credit in excess of \$100,000 for billing errors ranging from incorrect rates /discounts to services still billing after disconnection was requested. The number of invoices processed monthly was decreased by 50% and cost center accounting was 100% automated. Technology upgrades in some instances updated antiquated services while increasing bandwidth. The new Procurement Policies insure that all MACD orders are handled properly and the Inventory Management System allows IT to isolate any given Telephone or Circuit ID number instantly. Finally, client was able to replace all Wireless devices at no charge and without changing carriers through a renewal credit in response to a competitive bid we secured.



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