

# Telecom Audit Training Module

## **Telecom Contracts: Audit Terms and Conditions**

**Part 1: Negotiating and Implementing a Contract**



# Types of Contracts

## Contract Type

- Equipment
- Local -- Long Distance
- Data -- Internet
- Teleconferencing
- Toll-Free
- Wireless

## Contract Format

- Term
- Volume
- Bundle
- Plan



# Negotiating Contracts

**LONG DISTANCE  
CONTRACT**

**1. Lower Rates**

**2. Terms and Conditions**

**3. Credits**

**4. Service Levels**

**5. Customer Clauses**



# Request For Proposal

- ❖ **Begin process 12 months before contract ends.**
- ❖ **Create wish list.**
- ❖ **Send bids to 3-5 carriers.**
- ❖ **Specify rules for submitting bids.**
- ❖ **Make bids due in short timeframe.**
- ❖ **Compare proposals.**
- ❖ **Select top two contenders.**
- ❖ **Renegotiate terms for final bids.**
- ❖ **Sign contract.**
- ❖ **Implement changes.**



# Contract Terms

Most initial contracts are carrier boilerplate agreements.

Longer Terms  
Mean Lower Rates

Negotiation  
Time Frame –  
Up to 12  
Months

MARCs Can  
Help or Hurt



# Negotiable Items

**MARCs**

(Minimum Annual  
Revenue Commitment)

**Rates**

**Service  
Levels**

**Signing  
Credits**

**Service  
Types**

**Terms &  
Conditions**



# Long Distance Contract

Contracts can be negotiated for low rates and PICC credits.

Voice Services - Outbound Switched Access Call Detail

Date	Time	Number Dialed	T Y P E	Number Called	Place Called	C O D E L E T C L R A P	N R T A W T M i n s K E	Total
1129	22:34	(303)		1034				
1129	22:41	(806)		2109				
1129	22:47	(603)		9552				
1129	22:49	(912)		6604				
1130	08:19	(910)		9053				
1130	08:20	(910)		9053				
1130	08:20	(910)		2552				
1130	08:58	(912)		6604				
1130	09:22	(706)		3400				
1130	09:42	(314)		3789				
1130	09:47	(314)		5239				
1130	10:06	(615)		8651				
1130	10:11	(309)		3737				
1130	10:14	(850)		3132				
1130	10:37	(706)		6128				
1130	10:42	(561)		6172				
1130	11:15	(702)		5405				
1130	11:17							

Description	Billing Units	Recurring Charges	Non-Recurring Charges	Total
Misc and Equipment Charges				
Carrier Access Charge	1	\$57.40	\$0.00	\$57.40
<u>Carrier Access Charge</u>	1	\$57.40CR	\$0.00	\$57.40CR
Total Misc and Equipment Charges		\$0.00	\$0.00	\$0.00
Estimated Discounts and Promotions				\$0.00
Estimated Taxes & Surcharges*				\$0.00
Total Additional Charges		\$0.00	\$0.00	\$0.00

\*Taxes may include Universal Service Fees.



# at&t Platform Billing



A bill with a BAN  
may be a contract or  
a "thrifty" account.

Invoice BAN: 8582  
Statement Date: 07/11



Amount of Last Bill	Payments Applied through	Adjustments Applied to Balance Due	Balance from Previous Bill	Current Charges Due 1	TOTAL AMOUNT DUE
82.39	82.39CR	0.00	0.00	90.52	90.52

## Bill Summary for

### Previous Charges and Credits

Amount of Last Bill 82.39  
Payments Applied through ..... - See Account Summary (Invoice BAN) 82.39CR

### Adjustments Applied to Balance Due

AT&T Long Distance .00

**Total Adjustments Applied to Balance Due** 0.00

**Balance from Previous Bill** 0.00

### Current Charges

AT&T Long Distance 90.52

**Total Current Charges Due by** 90.52

**Total Amount Due** 90.52





# at&t "Thrifty" Rates

## Call Charges

Calls for 732-  
Switched Outbound Voice

Domestic

	Date	Time	Place and Number Called	Type	Rate	Min:Sec	Amount
1.	JUN 14	6:45pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87
2.	JUN 15	12:44pm	TOMS RIVER NJ 732	1012 Direct	Peak	01:00	0.97
3.	JUN 15	6:55pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87
4.	JUN 16	12:49pm	FREEHOLD NJ 732	1977 Direct	Peak	01:00	0.97
5.	JUN 16	7:02pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87
6.	JUN 17	3:07am	MULLICA HL NJ 856	1168 Direct	Off/Peak	01:00	0.87
7.	JUN 17	1:16pm	JERSEYCITY NJ 201	1523 Direct	Peak	01:00	0.97
8.	JUN 17	5:15pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87
9.	JUN 18	7:01pm	MULLICA HL NJ 856	1168 Direct	Off/Peak	01:00	0.87
10.	JUN 18	10:36pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87
11.	JUN 19	4:25pm	JERSEYCITY NJ 201	1523 Direct	Off/Peak	01:00	0.87
12.	JUN 19	5:49pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87
13.	JUN 19	6:53pm	FREEHOLD NJ 732	1414 Direct	Off/Peak	01:00	0.87
14.	JUN 20	4:57pm	DEDHAM MA 617	'821 Direct	Peak	01:00	0.97
15.	JUN 20	7:00pm	NEWBRNSWCK NJ 732	'505 Direct	Off/Peak	01:00	0.87



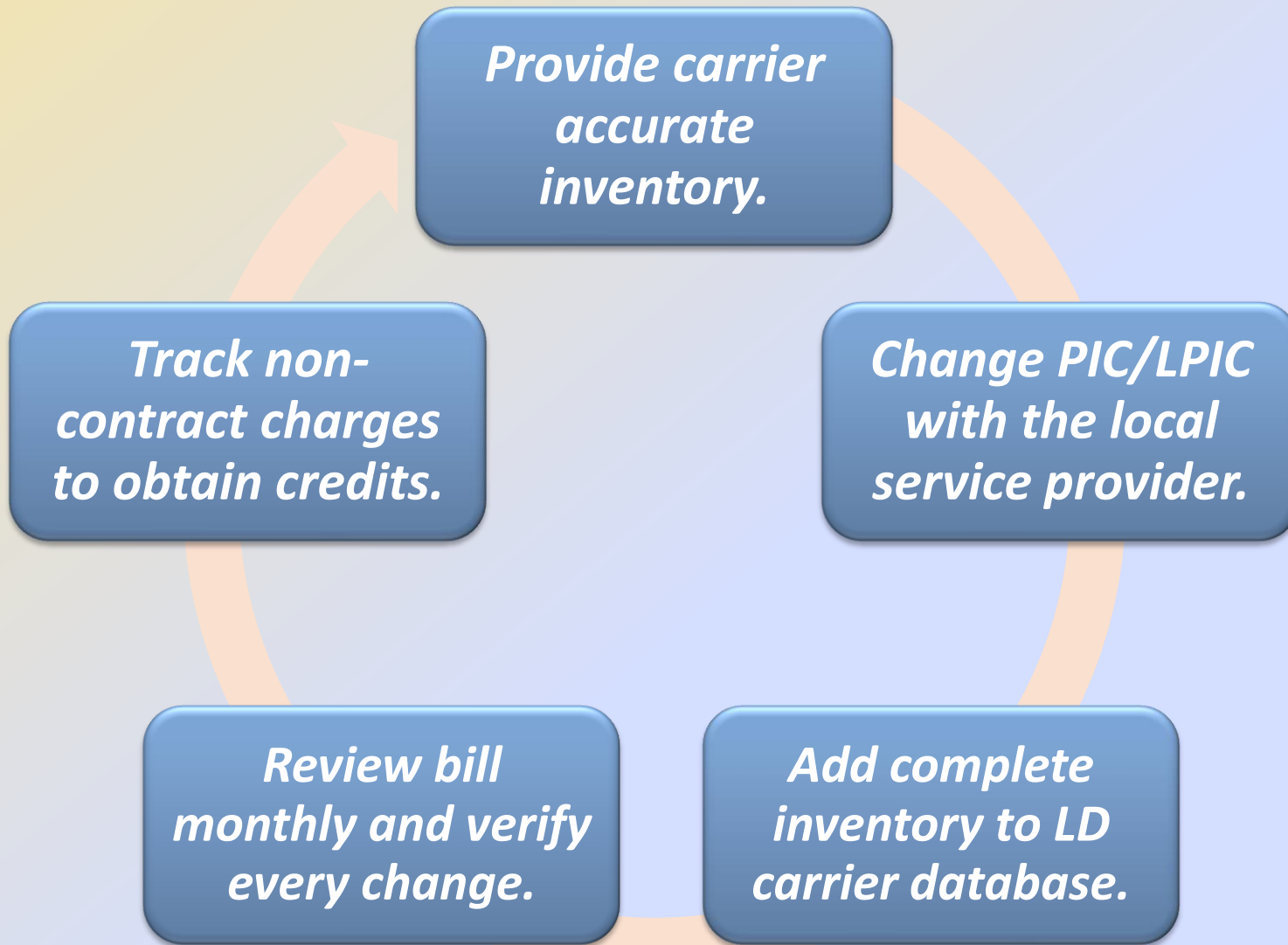
# Contract Implementation

If it sounds too good to be true. . . ***RUN!***

- ✓ Sales reps negotiate the contract.
- ✓ Order or billing reps implement the contract.
- ✓ Take control of the contract implementation.
  - ✓ Only use the carrier to place the orders.



# Contract Implementation



  
***Keep tickler file to track credits given within the contract term.***



# Long Distance Thrifty Account

## Where do thrifty bills come from?

Just one phone call can create a new account.

## Why do they happen?

1. A line doesn't have a long distance designation, or PIC, so it defaults to at&t, code 0288.
2. A PIC has been designated with the local carrier, but the bill has no contract associated with it.
3. A PIC is correct with the local carrier, but the line isn't in the LD contract database.
4. A PIC code is correct for the LD carrier, but not correct for the contract rate.



# Long Distance Thrifty Account

## TO AVOID THRIFTY ACCOUNTS:

Call the local carrier and change the local toll and long distance Primary Inter-Exchange Carrier (PIC) code.



Call the long distance carrier and add the phone number to the LD database.



And do both of these **BEFORE** you make a phone call.



# Long Distance Thrifty Account

Account Number	Bill Close Date	Payment Due
059 001	11/	12/



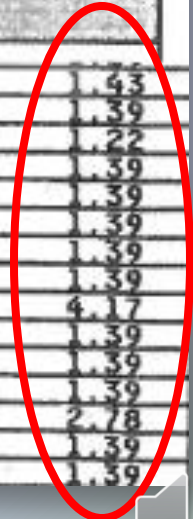
ENTE [REDACTED]	REF # 404
<b>AT&amp;T Business Service</b>	For Billing Inquiries 1 800 847-3595 To Place an Order 1 800 222-0400 For Repair Service 1 800 222-3000

number with no contract

Total Current Charges	Account Status
LONG DISTANCE CHARGES DIRECT DIALED 111.77 TOTAL LONG DISTANCE CHARGES \$111.77 TOTAL SURCHARGES 29.60 TOTAL CURRENT CHARGES \$141.37	PREVIOUS BALANCE 1.30 PAYMENT RECEIVED 10/27/ 1.30 <sup>R</sup> TOTAL CURRENT CHARGES \$141.37 TOTAL AMOUNT DUE \$141.37

\*\*\*\*IMPORTANT MESSAGES ABOUT YOUR ACCOUNT\*\*\*\*

7. OCT 26 8:22A AUGUSTA GA 706	-8239	1	DDC	DAY	1.43
8. OCT 26 4:37P MONROVIA CA 626	-2102	1	DDC	DAY	1.39
9. OCT 27 10:33A COLUMBUS GA 706	-7657	1	DDC	DAY	1.22
10. OCT 28 9:36A ROGERS AR 479	-5198	1	DDC	DAY	1.39
11. OCT 28 10:07A ROANOKE VA 540	-3581	1	DDC	DAY	1.39
12. OCT 28 10:08A HOUSTON TX 713	-0319	1	DDC	DAY	1.39
13. OCT 28 10:20A ETTLENARDWD MO 573	-2058	1	DDC	DAY	1.39
14. OCT 28 12:03P GIBSONIA PA 724	-6366	1	DDC	DAY	1.39
15. OCT 28 4:12P EUFAULIA AL 334	-4828	3	DDC	DAY	4.17
16. OCT 31 10:51A DALEVILLE AL 334	-1242	1	DDC	DAY	1.39
17. OCT 31 4:00P SAN JOSE CA 408	-3065	1	DDC	DAY	1.39
18. NOV 01 10:36A AIKEN SC 803	-2008	1	DDC	DAY	1.39
19. NOV 01 11:56A BATONROUGE LA 225	-8289	2	DDC	DAY	2.78
20. NOV 01 2:57P OGDEN UT 801	-2391	1	DDC	DAY	1.39
21. NOV 01 3:10P LINCOLN CA 916	-0325	1	DDC	DAY	1.39



# Long Distance Thrifty Account

Account Number	Bill Close Date	Payment Due
059 01 001	1/09/	2/09/



page 1

WA1	REF # 4	16
AT&T Business Service	For Billing Inquiries	1 800 847-3595
	To Place an Order	1 800 847-3595
	For Repair Service	1 800 222-3000

Total Current Charges	Account Status
LONG DISTANCE CHARGES MONTHLY MINIMUM CHRG 01 20.95 TOTAL LONG DISTANCE CHARGES \$20.95 TOTAL SURCHARGES 9.32 TOTAL CURRENT CHARGES \$30.27	PREVIOUS BALANCE 29.79 PAYMENT RECEIVED 01, 29.79¢ TOTAL CURRENT CHARGES \$30.27 TOTAL AMOUNT DUE <b>\$30.27</b>

\*\*\* IMPORTANT MESSAGES ABOUT YOUR ACCOUNT \*\*\*

**Account Status**

**account billing minimum charges**

AT&T applies a \$20.95 minimum charge to accounts when long distance usage falls below \$100.00. Based on your business needs, you may qualify for additional AT&T products and services that could result in avoiding this charge. For more information, please contact the Billing Inquiries number on the first page of your bill.



# MCI Thrifty Account on Local Bill



BILLING NUMBER 404 M70-  
BILLING PERIOD DEC 25, 2009

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**old thrifty account on back of local bill**

Invoice Date: 12/13/  
ENTE

Account Number: 4DT9

Current Charges (See Service Summary)	4.90
Current Taxes and Surcharges	0.15
<b>Total Current Charges, Taxes and Surcharges</b>	<b>5.05</b>

**Service Summary**

Other Fees	4.90
<b>Total Current Charges</b>	<b>4.90</b>

**Taxes and Surcharges**

1. Carrier Cost Recovery Charge	0.15
<b>Total Current Taxes and Surcharges</b>	<b>0.15</b>

Thank you for choosing MCI, a Verizon company.

**Other Fees**

2. Carrier Access Charge	0.24
3. Federal Universal Service Fee	0.67
4. Billing Option Fee	3.99
<b>Total Other Fees</b>	<b>4.90</b>





# Local and Long Distance Contract

Bell		Bell Canada bill		Page	2/	3
<b>Information</b>						
<p>Late payment charge: A late payment charge of 3.00% per month (42.58% per annum) from the bill date if we have not received your payment before your next bill date.</p> <p>Bell Canada registrant numbers            GST/HST (Goods and Services Tax) / (Harmonized Sales Tax) 100458652</p>						
<b>Current charges - Detail</b>						
Monthly services (May 19 to Jun 18)						31
Equipment rentals (May 19 to Jun 18)						.00
Chargeable messages	6.04	.14				6.18
<b>Current charges</b>	<b>288.27</b>	<b>36.62</b>				<b>325.09</b>
<b>Current charges - Monthly services and equipment rentals</b>						
<b>Monthly services</b>						<b>Amount</b>
6 911 emergency service access						1.02
1 Jack						.00
5 <u>Local Link agrmt 36mo non Bell toll</u>						236.90
5 Local link access						.00
1 Local Link tracking 36 mo MCP						.00
1 <u>Bus Line agrmt 36 mo non Bell toll</u>						44.31
5 Local Link Feature Package B						.00
5 Local Link Pack-unrestricted ntwrk						.00
4 Centrex number replacement						.00
1 Bus In agrgmt tracking 36 mo						.00
1 Terms of serv mailout suppression						.00
1 Business line						.00
<b>Monthly services</b>						<b>282.23</b>

This account is correctly billed on a 36-month agreement for line charges, and the long distance is with another carrier.



# Local and Long Distance Contract

## Current charges - Monthly services and equipment rentals

Monthly services	Amount
6 911 emergency service access	1.02
1 Wiring with Centrex III-dem pt-CPE	.00
2 Local Link agrmt 36mo non Bell toll	94.76
2 Local Link agrmt 36 mo Bell toll	90.76
4 Local link access	.00
1 Local Link tracking 36 mo MCP	.00
1 Bus Line agrmt 36 mo non Bell toll	44.31
1 Bus Line agrmt 36 mo Bell toll	41.46
4 Local Link Feature Package B	.00
4 Local Link Pack-unrestricted ntwrk	.00
3 Centrex number replacement	.00
1 Bus In agrgmt tracking 36 mo	.00
1 Terms of serv mailout suppression	.00
2 Business line	.00
1 Per Call TM - long distance	.00
<b>Monthly services</b>	<b>272.31</b>

correct contract on lines

wrong contract on lines



# Local and Long Distance Contract

## Chargeable messages

	Date	Location called	Number	Start	Duration (min)	Code*	Charges	Savings and/or Discounts	Plan Type**	Amount
<b>59!</b>										
<i>Long distance calls (Your plan savings appear in the summary - chargeable messages, if applicable.)</i>										
1	Apr 24	Calgary	AB 403 585	07:52	1	8 Z	.69	.10		.59
2	Apr 26	Whitby	ON 905 535	16:41	3	8 Z	1.38			1.38
3	Apr 27	Newmarket	ON 905 777	14:29	2	8 Z	.92			.92
4	Apr 27	LosAngeles	CA 323 308	16:24	2	8 Z	1.38			1.38
5	May 01	Barrle	ON 705 091	09:33	1	8 Z	.58			.58
6	May 07	Coboconk	ON 705 378	11:46	1	8 Z	.58			.58
7	May 15	Bradford	ON 905 387	13:12	1	8 Z	.46			.46
8	May 16	Montréal	QC 438 824	13:03	1	8 Z	.69			.69
9	May 18	Newmarket	ON 905 722	11:11	2	8 Z	.92			.92
Sub-total carried to the summary - chargeable messages							7.60	.10		7.50
<b>59!</b>										
<i>Long distance calls (Your plan savings appear in the summary - chargeable messages, if applicable.)</i>										
10	Apr 23	Vancouver	BC 604 852	09:40	1	8 Z	.69			.69
11	Apr 24	Hamilton	ON 905 001	08:04	1	8 Z	.46			.46
12	Apr 24	Hammond	IN 219 570	11:07	1	8 Z	.69			.69
13	Apr 25	White Rock	BC 604 010	15:42	1	8 Z	.69			.69
14	Apr 26	ThunderBay	ON 807 915	08:08	1	8 Z	.69			.69
15	Apr 26	Ottawa	ON 613 587	09:08	1	8 Z	.69			.69
16	Apr 26	Ottawa	ON 613 101	09:12	2	8 Z	1.38			1.38
17	Apr 26	Winnipeg	MB 204 993	13:49	1	8 Z	.69			.69
18	Apr 30	Vancouver	BC 778 036	10:17	1	8 Z	.69			.69
19	Apr 30	Tiverton	ON 519 000	15:02	1	8 Z	.69			.69
20	May 01	Halifax	NS 902 676	14:16	1	8 Z	.69			.69
21	May 02	Ottawa	ON 613 988	16:22	1	8 Z	.69			.69
22	May 03	Ottawa	ON 613 666	14:45	1	8 Z	.69			.69
23	May 07	Hamilton	ON 905 445	14:27	1	8 Z	.46			.46
24	May 09	Silver Spg	MD 301 123	10:08	1	8 Z	.69			.69
25	May 09	Rome	GA 706 529	12:20	2	8 Z	1.38			1.38
26	May 09	Niagara Lk	ON 905 946	13:10	1	8 Z	.46			.46
27	May 09	Niagara Lk	ON 905 946	15:19	1	8 Z	.46			.46

Lines on the wrong contract affect LD prices on the bill.



# Local and Long Distance Contract

Current charges - Monthly services and equipment rentals		
Monthly services		Amount
2 911 emergency service access		.38
1 <u>Long distance network charge</u>		<u>8.95</u>
1 <u>Local Link non contracted</u>		<u>60.24</u>
1 Local Link pkg-AX fixed cfb/cfd		.00
1 Local Link Pack-unrestricted ntwrk		.00
1 Per Minute savings plan		.00
1 Per Minute Canada savings plan		.00
1 Per Minute international plan 1		.00
1 Per Minute intraprovincial plan		.00
1 Per Minute US savings plan		.00
1 3 pr Station connection-trad PB		.00

The non contracted line is \$60.24.

With no contract, there is a long distance network charge.



# Long Distance Contract Credits

- b) **Two Months Free.** A monthly credit will be applied to the customers' account in the 7<sup>th</sup> and 13<sup>th</sup> months of service with Bell. The credit will be calculated based on the average spend from the previous five full billing periods.

**From:**

**Sent:** Thursday, September 10,

**To:** Karen Thatcher

**Subject:** FW toll rate request @ 1.9 cents/min

Karen,

Here is our signed agreement from Bell for long distance.

**From:** Karen Thatcher [<mailto:kst@telconassociates.com>]

**Sent:** Thursday, September 10,

**To:**

**Subject:** RE: toll rate request @ 1.9 cents/min

Hi Kris,

Thanks. Did you guys get your credits in the 7<sup>th</sup> and 13<sup>th</sup> months of the contract? If they go off when you signed the agreement, it should have been in December and June.

**From:**

**Sent:** Thursday, September 10,

**To:** Karen Thatcher

**Subject:** RE: toll rate request @ 1.9 cents/min

No, we did not.

Customers  
may forget  
the terms of  
contracts that  
were signed.



# Correcting Errors

- ❖ Contact carrier to address issues.
- ❖ Get carrier billing department involved.
- ❖ Be firm on how you want problems corrected.
- ❖ Identify a carrier contact who wants to help.
- ❖ Be persistent in getting changes made.
- ❖ Be persistent in obtaining credits.
- ❖ Document promises carrier makes regarding corrections.
- ❖ Get order numbers, due dates, and rep name.
- ❖ ALWAYS REVIEW BILL AFTER IMPLEMENTATION.



# Contract Summary

**Contracts save a lot of money, but always. . .**

- ✓ *know all available contract options.*
- ✓ *accurately estimate usage, which determines rates.*
- ✓ *understand all terms and conditions.*
- ✓ *note all service levels promised.*
- ✓ *remember when credits are given.*
- ✓ *accept the termination fee potential.*
- ✓ *weigh all factors before signing a contract.*

**Once you are in a contract. . .**

**Make sure you receive everything you are entitled to from the contract.**





I hope you enjoyed watching this training module and learning about negotiating and implementing a contract.

To purchase additional training modules, or to review the variety of services TelCon offers, please visit our websites:

[telconassociates.com](http://telconassociates.com)

[telecomaudittraining.com](http://telecomaudittraining.com)

Thanks!

Karen Thatcher, President

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# Telecom Audit Training Module

## **Telecom Contracts: Audit Terms and Conditions**

**Part 1: Negotiating and Implementing a Contract**

