

The Cost of Not Acting:

*How Your Enterprise Can Achieve an ROI of
184% Though Managed Mobility Services
(MMS)*



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The Cost of Not Acting: How Your Enterprise Can Achieve an ROI of 184% Through MMS

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The Status Quo Problem for Mobility

Enterprises have traditionally taken a piecemeal approach to mobility and telecom management that has not been a coordinated, long-term strategy but rather a combination of disaggregated investments in technology, internal resources, and third-party relationships over time. Until a significant business case is presented, or a major catalyst event forces the enterprise to act, enterprises will often rely on the status quo.

In 2016, the vast majority of enterprise Telecom Expense Management (TEM) deals that Blue Hill observed were based on managed services environments. Roughly half of enterprises who seek managed services for TEM will purchase the full suite – expense management, mobile device management, logistics, and support – initially. The other half will invest through a non-linear, and multi-avenue approach involving financial, operational, technical, and strategic stakeholders attempting to address and prioritize a multitude of challenges including: cost and resource reduction; security, standardization, and support; mobile device management; logistics; and optimization.

Over time, enterprise mobility needs become more complex, rising up the enterprise hierarchy from the basic ability to use mobility, to security and governance, to the widespread adoption of mobility, and then finally to more strategic or transformative uses of mobility. There is a clear cost of not acting for mobility, in which an enterprise maintains the status quo despite the occurrence of “triggering events” that serve as a catalyst for the enterprise to consider a managed services approach.

AT A GLANCE

Report Description

This Blue Hill report will explore how enterprises can achieve financial, technical, logistical, and strategic value through managed mobility services.

About MMS

MMS is an approach to technology and expense management in which a vendor handles some or all aspects of an enterprise's mobile strategy. Enterprise mobility investments generally progress non-linearly.

Key Takeaway

Investing in managed mobility services provides the greatest opportunity for enterprises to realize cost savings, productivity gains, and long-term strategic value compared to the status quo.

Defining the Categories of Support for Enterprise Mobility

Managed Mobility Services should support some or all of the following components of enterprise mobility:

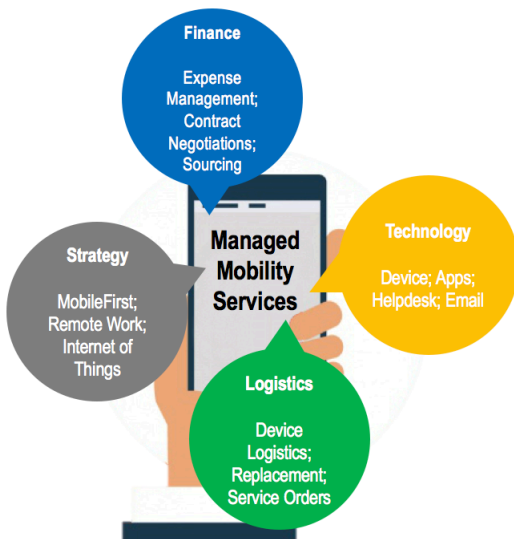
Financial: contracts, invoice management, payments, data consumption/roaming, dispute management

Technical: kitting, staging, content, data, identity, security, apps

Logistical: sourcing, device fulfillment, device repair/replace, device replenishment, device recycling

Strategic: mobile business assessment, health and security check

Figure 1: Key Paths to Managed Mobility Services



Source: Blue Hill Research, February 2017

What Can Go Wrong in Financial Management

Billing: Multiple distinct bills for each account arrive in non-standardized formats (including paper). Enterprises may need to manually review fixed and usage-based charges if the bill cannot be processed electronically.

Management: Bill complexity makes it difficult for enterprises to ensure charges are accurate, lines are still in use, and rate plans are not exceeded, as well as track zero-usage devices, international roaming, or data overages.

Reimbursement: Significant internal resources are required to define cost-effective reimbursements or to ensure employees have stayed within their contracted agreements.

Disputes: Disputes are not handled in a timely or orderly fashion, or are left unresolved. Time spent internally on resolving disputes is an opportunity cost for the enterprise that results in lost revenue potential.

The result? Mobility costs that are 20% or more overweight, based on Blue Hill estimates.

What Can Go Wrong in Technical Support

Integration: Mobile fleets are not integrated with consistent application and security features at an organization-wide level. Helpdesk support is multi-tiered and inconsistent, requiring internal and external coordination.

Support: Employees experience downtime or abandon corporate-approved applications in favor of using unsupported apps or mobile services. Enterprises have insufficient security for devices, apps, and data.

The result? Mobility becomes a risk to the enterprise through ineffective or absent security policies. Mobility is underutilized as employees experience frequent and lengthy downtime due to ineffective helpdesk and support resources. And, worst of all, mobility starts to become technical debt that slows employee productivity. Blue Hill believes that this cost of productivity is especially dangerous for revenue-producing departments such as sales, marketing, and service, where employees require access to accurate data.

What Can Go Wrong in Operations and Logistics

Inefficiency: Approval and eligibility processes are lengthy and complicated, requiring coordination with multiple vendors associated with supporting a single user. Unsatisfied and less productive employees are equipped with the wrong device, the wrong carrier, or no device at all due to logistical delays.

Short-term focus: Decisions are made on a department-wide basis, without a long-term operational plan.

The result? The enterprise is unable to fulfill digital transformation or strategic mobility initiatives. Device replacements take weeks or more to fulfill rather than hours or days. Multiplied over 10,000 devices with a typical lifespan of 24-months, this results in hundreds of employee-years spent with insufficient mobile device or app support.

What Can Go Wrong in Mobile Strategy

Strategy: Enterprises first need to understand what mobile pains they are seeking to solve, and for whom.

Deployment: For mobile strategy to work, companies must prioritize the right vendors, devices, applications, data, and business processes – this can be challenging when disaggregated through multiple third parties.

Permissions: Mobile policies must be seen through corporate governance, risk management, and compliance lenses to protect the company from relevant geographic, legal, physical, and business risks.

Processes: Departmentalized decision-making does not contribute to an effective, low-cost, and homogeneous mobile environment for the organization as a whole.

The result? The enterprise does not properly enable the mobile workforce with devices as an extension of worker productivity, rather than a hindrance to it. Mobile strategy is not coordinated as an overarching corporate initiative but is executed on a piecemeal and segmented basis without a long-term IT vision. Over time, mobile technology deployments that lack consistency or business logic become a weak point for the business.

Figure 2: Comparison of Costs of Not Acting, In-House Management, and Managed Services Strategies

	Cost of Not Acting	Cost to Recreate In-House	Cost of Outsourcing Managed Services
Employee Cost	High – 1 employee per 1,000 devices, or ~\$82K per year	Higher – 2-3 employees per 1,000 devices (\$164K-\$246K per year)	Low – IT manager handles unlimited devices for fully managed environment
Fees (late, overages)	High – ~1% late fees (~\$3 million/year for average F500 company)	Moderate – dependent on time spent	Minimal-None
Direct Mobile Costs	High – average of \$80-\$100 per user per month	Moderate – \$4-\$10 less than unmanaged	Low – \$15-\$20 savings compared to unmanaged
Employee Downtime	High – week+ per replacement	Moderate – dependent on device inventory	Low – 24-48 hour commitment
Service Order Placement	High – manual placement for all orders	Moderate – dependent on ongoing automation	Low – automation & carrier-specific processes
Support Costs	Unknown – managed by employees in place of core work	High – \$20+ per device per month	Low – \$5-\$10 per device per month based on SLA
Technical Debt	High – no traceability	Moderate – based on IT	Low-None – centralized

Source: Blue Hill Research, February 2017

Key Takeaway: The Cost of Not Acting

The **cost of not acting** is high, including monetary costs, opportunity costs, lost productivity, and technical debt. By Blue Hill estimates, unmanaged direct mobility costs can be 20% overweight compared to a managed environment. To put that into perspective, consider that the average billion-dollar revenue company has \$5-10 million in annual telecom/mobility spend, making this a million-dollar savings opportunity. Employee costs are high as potential revenue-generating activities are re-allocated to overhead or administrative tasks, and device downtime is frequent and lengthy. Finally, strategic cost is high – with the status quo, enterprises have taken a non-linear approach to mobility and thus rarely have a coordinated, long-term strategy in place.

Compared to utilizing an MMS vendor, the **cost to recreate in-house** the capabilities that an MMS vendor provides is significantly higher. Enterprise IT departments are generally already tasked with substantial responsibility with little time to dedicate to low-value tasks such as sorting through mobile bills and resolving carrier disputes. While enterprises may be able to re-create the capabilities of an MMS vendor in-house, they will typically do so at a much higher monetary, opportunity, and employee cost compared to a dedicated MMS vendor.

Finally, the **cost of managed services** is much lower than both the cost of not acting, and the cost to recreate the vendor's services in-house. By utilizing a third-party MMS vendor, the opportunity costs of employee time and productivity are returned to the enterprise as it can re-invest employee resources toward higher value, revenue-generating work. Between helpdesk, email, security, and invoice management, enterprises devote two-to-three full-time equivalents for every 1,000 devices based on Blue Hill discussions with enterprises. Based on an average annual salary of \$63,000 for an entry level telecom engineer¹ and a 1.3 multiplier for the fully loaded cost of an employee, this results in a labor cost of approximately \$164,000 - \$246,000 per year (\$164-\$246/device/year or \$13.67-\$20.50/device/month).

Unmanaged direct mobility costs can be 20% overweight. The average billion-dollar revenue company has \$5-10 million in annual telecom/mobility spend, making outsourcing to an MMS vendor a million-dollar savings opportunity.

Enterprises devote two-to-three full-time equivalents for every 1,000 devices, or a labor cost of approximately \$164,000 to \$246,000 per year.

The operational cost savings of using a third-party MMS vendor are equivalent to the value of several full-time employees in-house, whose time can now be re-invested in revenue-generating activities. Device replacement costs, for example, can be cut by one third, on average, by using an MMS vendor for logistics. Overall, Blue Hill estimates that the direct device and data costs of a standard enterprise can typically be

¹ Source: www1.salary.com/Telecommunications-Engineer-I-Salaries.html as of January 30, 2017

driven down to less than \$60 per device per month through a coordinated, well-managed, and effectively-sourced approach.

Based on conservative Blue Hill estimates, the cost reduction from IT resources and carrier expenses alone can result in a **3-year ROI of 184%** based on an assumption of 20% carrier savings in the first year that reduces as the environment is optimized, as well as 50% IT overhead savings. Blue Hill has seen carrier savings in excess of 40% and an elimination of direct in-house IT mobility support, which would increase this ROI substantially.

Figure 3: Three-Year ROI Estimates for Managed Mobility Services

Per 1,000 devices per month	Year 1	Year 2	Year 3	3 Year Total
Carrier savings	\$21,220	\$10,610	\$2,120	\$33,950
50% IT savings	\$8,540	\$8,540	\$8,540	\$25,620
Total savings	\$29,760	\$19,150	\$10,660	\$59,570
Est. MMS cost	\$7,000	\$7,000	\$7,000	\$21,000
ROI	325%	174%	52%	184%

Source: Blue Hill Research, February 2017

Conclusion

There is a clear cost of not acting for enterprises that fail to pursue opportunities to unify financial, technical, operational, logistical, and strategic mobility initiatives in-house or through a managed services approach. Blue Hill notes that, even with conservative estimates, Managed Mobility Services can provide higher levels of service compared to in-house management, and a **three-year ROI ranging from 150% - 450%** by reducing monetary, opportunity, and employee costs for enterprises. Whether enterprises pursue TEM and Managed Services from the same vendor or work with unique vendors for each, choosing best-in-class solutions in managed mobility from the onset enables the enterprise to future-proof its investments by working with vendors that prioritize long-term evolution to achieve strategic value and digital transformation.

About Wireless Analytics, LLC

Wireless Analytics is a Managed Mobility Services (MMS) vendor that provides wireless expense management (WEM), professional services, and technology solutions. Its wireless mobility lifecycle management approach supports enterprises with 100 to 20,000 mobile devices, including cell phones, data cards, smartphones, tablets, and Internet of Things (IoT) and Machine-to-Machine (M2M) devices in nearly two dozen countries world-wide.

Wireless Analytics has a range of mobile device management (MDM) software solutions and mobility platform partnerships to integrate with an enterprise's existing environment, including with MobileIron, AirWatch, MaaS360, and Microsoft Intune, among others. Its managed services offerings include procurement and IT asset management, carrier and invoice management, international mobility support, and 24-hour global helpdesk support (with 100% U.S.-based agents).

Wireless Analytics' cloud-based CLEAN (Communications Lifecycle Expense Analytics) platform provides visibility into wireless usage, expenses, assets, and compliance, as well as providing a customizable, easy-to-use order procurement platform. The platform can support multiple wireless carrier invoices and mobile billing accounts within a single interface, while its dedicated account team and analysts provide award-winning white glove support including customized reports and analytics to clients whenever needed.

Wireless Analytics in Profile: Demonstrating the Value of MMS

Blue Hill notes that Wireless Analytics aligns with our model of MMS business value. We have observed the following gains across key line-of-business, financial, and IT stakeholders working with Wireless Analytics for Managed Mobility Services.

Line of Business Stakeholders: Accelerated procurement and deployment of devices; a reduction in service disruptions; enhanced helpdesk support; reduced downtime; proactive training; increased productivity.

IT Stakeholders: Improved visibility into inventory; enhanced reporting; self-service capabilities; custom reports; IT cost savings; proactive management and support.

Financial Stakeholders: Upfront cost reductions (10-40%); ongoing program optimization; direct labor savings; savings in excess of cost of service (cost-neutral within 3 months); total savings of \$1 million.

For more information, please contact [Wireless Analytics](#).



About the Author

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Charlotte O'Donnelly is a research associate at Blue Hill Research supporting written and research topics in mobility, IoT, and telecom. She is primarily responsible for surveying the market and reporting on significant trends and developments from market leaders in this space. Charlotte also supports the analysis, writing, and creation of client deliverables, multimedia assets, and internal initiatives. Prior to Blue Hill Research, Charlotte worked in mobile technology and financial services consulting. Charlotte has a background in business, technology, and law, and is passionate about the intersection of these subject areas.



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Blue Hill Research offers independent research and advisory services for the enterprise technology market. Our domain expertise helps **end users** procure the right technologies to optimize business outcomes, **technology vendors** design product and marketing strategy to achieve greater client value, and **private investors** to conduct due diligence and make better informed investments.

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About the Author

Hyoun Park

Chief Research Officer

Hyoun Park is the Chief Research Officer of Blue Hill Research, where he oversees day-to-day research operations, delivery, and methodology focused on vendor and technology selection. In addition, Park covers analytics and finance technologies as a noted advisor, social influencer, and practitioner. Park has been named as a top 10 Big Data, analytics, and mobility influencer including quotes in USA Today, the Los Angeles Times, and a wide variety of industry media sources. Over the past 20 years, Park has held a variety of telecom billing management, mobility management, and IT management roles. Park holds a Masters of Business Administration from Boston University, and graduated with a Bachelor of Arts in Women's and Gender Studies from Amherst College.



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