zLinq

The State of Telecom Management: 2024

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Abstract

The Challenge of Telecom Management

Managing telecom is an increasingly challenging job, as telecom managers and other stakeholders grapple with new technologies, multiple vendors, and complex, multi-player procurement processes. zLinq sponsored a survey of telecom managers, executives, and staffers to discover the state of telecom management in 2024. The results reveal a segment of corporate life where concerns run high and satisfaction with the state of affairs is relatively low. One of the most pressing issues is an overriding sense that companies are overpaying for telecom services, a problem compounded by a lack of visibility into vendor pricing.

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Introduction

Increasing Complexity

Telecom management is a challenging job, as this survey of telecom managers reveals. Survey respondents share that they must deal with increasing technological complexity, new services, and multiple vendors. They wear many hats and work with a variety of stakeholders. They lack visibility into the telecom estate and have trouble tracking their spending. In fact, as the results show, a lot of telecom managers think they may be overpaying for telecom, but they can't be sure. Without accurate benchmarking or the ability to track spending accurately, it becomes difficult to budget for new initiatives.

Highlights

- Challenges in telecom management include managing a broad mix of services of technologies and taking responsibility for new trends, like remote work and cybersecurity.
- Telecom managers have many roles, including accountability for cost management, procurement, contract management, and incident management.
- Nearly half of companies surveyed are dealing with three or more vendors for voice; 47% work with between 5 and 14 vendors.
- There is room for improvement in telecom management:
    - 51% of respondents are “Somewhat,” “Not Very,” or “Not at all” satisfied with their telecom service performance.
    - Multiple teams, perhaps too many, are involved in telecom management, with 47% of respondents saying that two to three teams managed telecom at their companies, and 30% said they had more than four.
    - Top concerns include customer satisfaction and employee satisfaction.
    - 58% of respondents said that telecom initiatives were completed on time and to-requirements “Some of the time,” “Seldomly,” or “Never.”
    - 42% of telecom managers are concerned with service outages, which occur 3.8 times per month on average.
- Satisfaction with telecom procurement is low:
    - A multiplicity of teams is involved in procurement.
    - Respondents give middling marks to auditors, aggregators, and agents.
- Telecom managers perceive they are overpaying, a problem compounded by a lack of visibility:
    - 83% of respondents suspect they are overpaying for telecom services.
    - 60% think they are paying “more than we should” for voice.
- Visibility into the telecom estate is mediocre at best:
    - 42% track telecom estate on spreadsheets.
    - 55% do their own research on if they’re paying competitive rates.
    - 34% rely on carriers.
    - Only 20% rely on a TEM to manage invoices, though 35% of companies with <5,000 employees use TEMs.

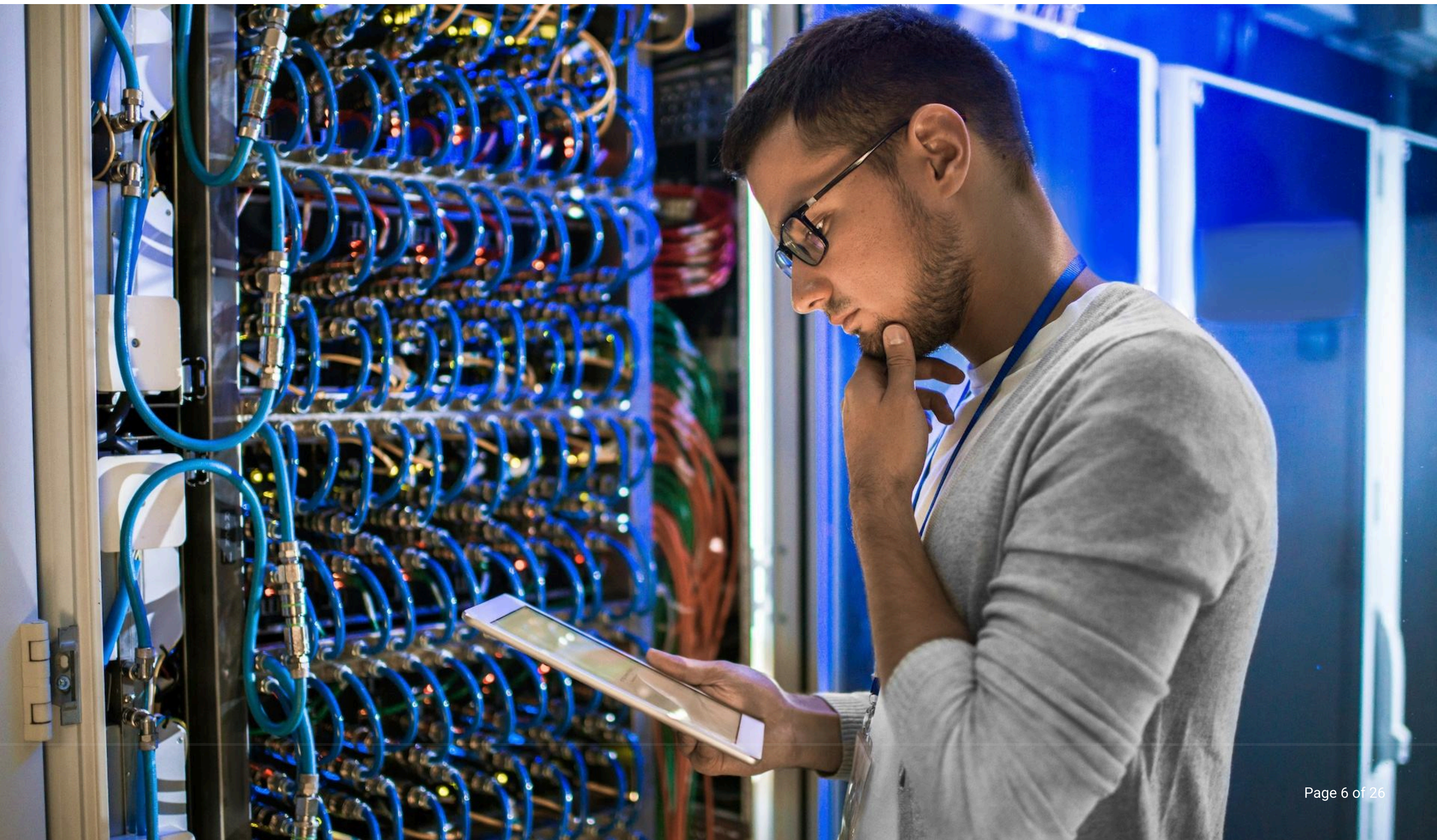
Demographic Summary of Respondents

This survey represents the views of 352 respondents, 93% of whom work in IT roles at companies ranging from 500 employees to more than 5,000. Nearly half are Managers. Twenty-eight percent are Directors. Ten percent are Vice Presidents or Senior Vice Presidents. Respondents come from a variety of industries, including manufacturing (16% of respondents), business services (13%), and finance (13%). For complete survey demographics, please see the Appendix.

Challenges in Telecom Management Today

Increasing Complexity

Telecom management has never been easy, but it has grown more challenging and complex in recent years. In an earlier era, telecom managers may have had to oversee a handful of PBXs and long-term relationships with a small group of vendors. Today's outlook is quite different. Companies are managing telecom through a broad range of services and technologies, including cloud PBX and applications like Microsoft Teams. The roster of vendors has grown dramatically. Managers wear multiple hats now, with responsibility for cost-management and procurement, along with service level agreements (SLAs). As "Plain Old Telephone" (POTs) lines disappear, a host of new trends, such as 5G and the Internet of Things (IoT) are commanding managers' attention.



Companies are managing telecom through a broad mix of services and technologies

Modern companies have more than one way to manage telecom services. Just 26% of respondents say that they rely on the venerable on-premises PBX to manage calls. Over half said a cloud PBX was their method, while a striking 60% said they use Microsoft Teams. (Fig 1) This result should not be surprising, given that voice calls are now just part of a much broader collection of communication techniques. Today's employees may want to conduct text chats, have video calls, share files, or hold web meetings in addition to simply talking on the phone. A single tool like Teams offers a great solution for these varying needs.

Figure 1 – Responses to the question (Q32) "How do you manage phone calls?" (select only those that apply)

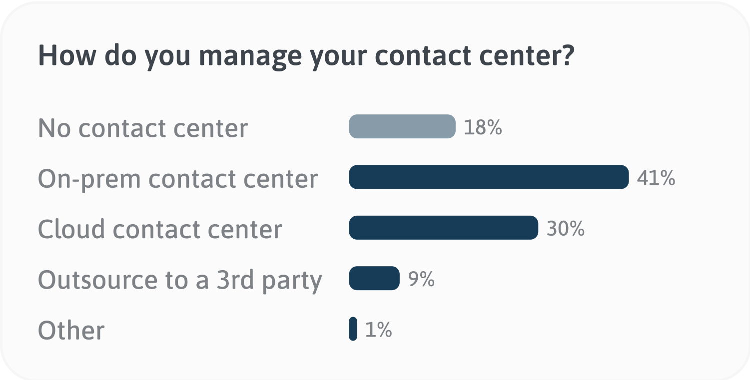


Figure 2 – Responses to the question (Q33) "How do you manage your contact center, if you have one?"

The contact center is another major area of telecom management focus for 82% of respondents. Managers are hands-on with contact centers. Forty-one percent said they have an on-premises contact center, versus 30% who use a cloud contact center. Just 9% outsource their contact center call management to a third party. (Fig 2)

Regarding the wide area network (WAN), another area of telecom management responsibility, over two thirds of respondents said they use a virtual private network (VPN) for its management. Half use a software-defined WAN (SDWAN), while 25% use Multiprotocol Label Switching (MPLS). A decade ago, MPLS would have likely gotten a much higher number. The trend toward digitization and the merging of IT with telecom has resulted in widespread use of VPNs and SDWAN for WAN management. (Fig 3)

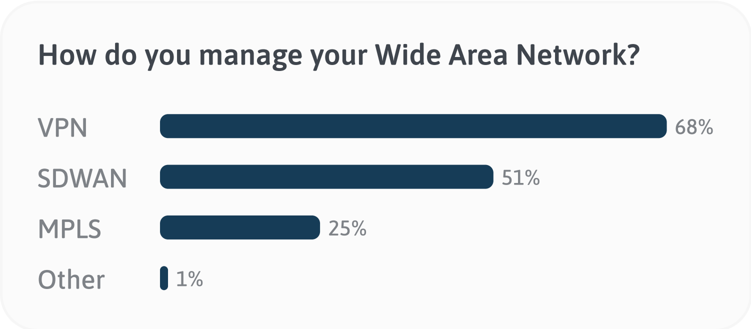


Figure 3 – Responses to the question (Q34) "How do you manage your Wide Area Network?" (select just those that apply)

Telecom managers have more than one job to do

Telecom managers have a lot of roles to play. (Fig 4) Just under half of respondents say they are involved in such wide-ranging activities as cost management (50%), procurement (47%), contract management (45%), and incident management (45%). This would appear to be a demanding job. At any given time, a telecom manager is likely to be dealing with an incident, a new contract, cost overruns—or at least budgeting.

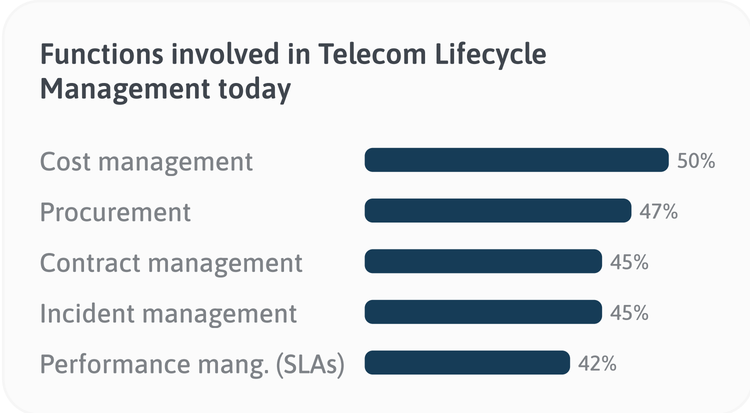


Figure 4 – Responses to the question (Q20) "Which of the following functions are involved in Telecom Lifecycle Management today?" (select all that apply)

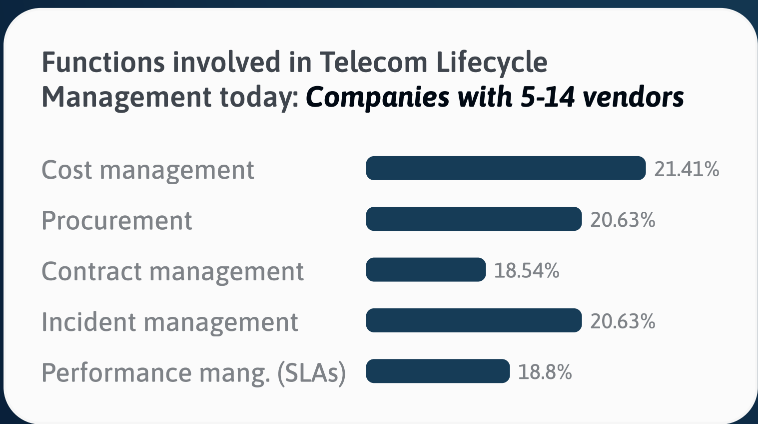


Figure 4 – Responses to the question (Q20) "Which of the following functions are involved in Telecom Lifecycle Management today?" (select all that apply)

Nearly half of companies are dealing with 3+ vendors for voice

Telecom managers are working with a lot of vendors. Thirty-seven percent are at companies with up to four telecom vendors. (Fig 5) Nearly half, however (47%) have between 5 and 14 vendors. That's a lot of vendors to track. Eight percent have between 15 and 29!

Vendor complexity

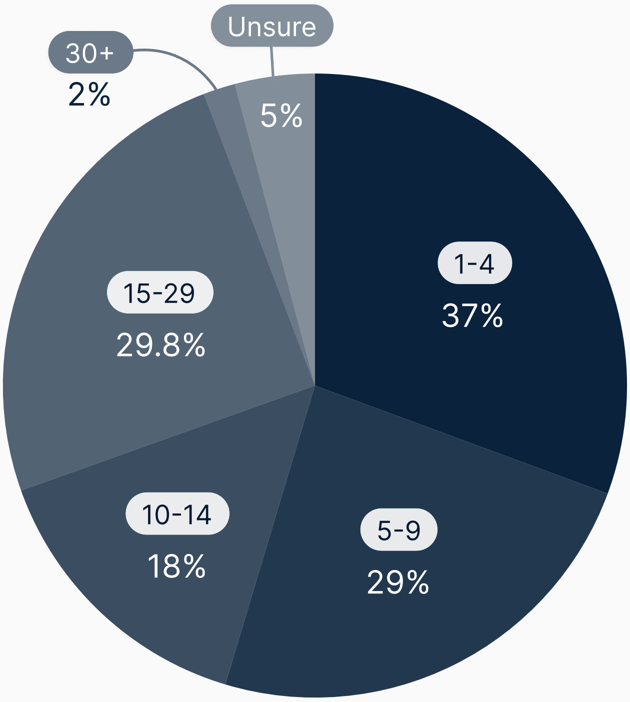


Figure 5

Looking at the mix of vendors by category of function reveals even more complex variety. Forty-eight percent of respondents have more than three voice vendors. (Fig 6) Fifty-two percent have more than three messaging tools. Fifty-six percent have more than three collaboration tools.

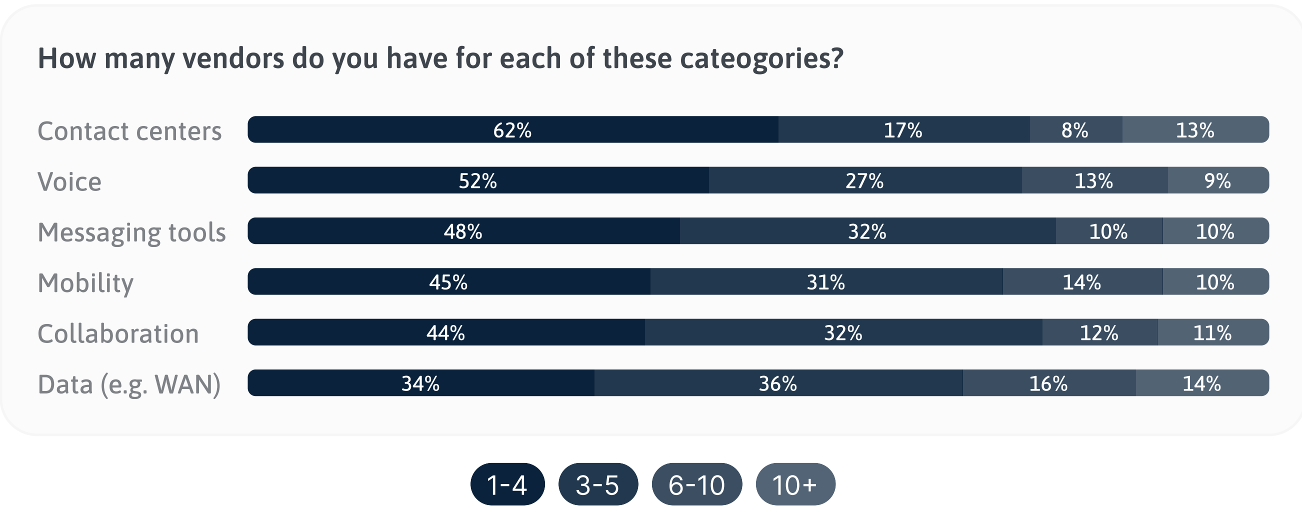


Figure 6 - Responses to the question Q8: How many vendors do you have for each of these categories?

POTs is disappearing

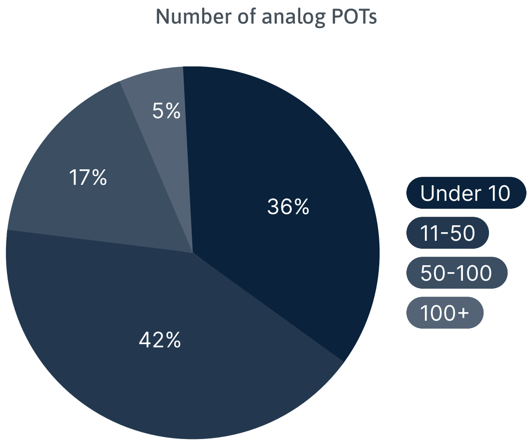


Figure 7 - Responses to the question Q31: How many analog POTs lines do you still have in your environment?

The old analog phone line is going away. This is not a big revelation, but the scale of its disappearance is notable. (Fig 7) Thirty-six percent of respondents are at companies with fewer than 10 POTs lines. Forty-two percent have between 11 and 50 lines.

Needing to keep up with new trends

As telecom managers grapple with multiple responsibilities and more vendors than ever before, they must also contend with new trends that affect their jobs. Cybersecurity, for example, which was not on the telecom manager's radar screen until about a decade ago, is now the top trend they feel they must follow, cited by 60% of respondents. Half felt that remote/hybrid work, another trend that barely existed before 2020, is a trend that's most relevant to their businesses.

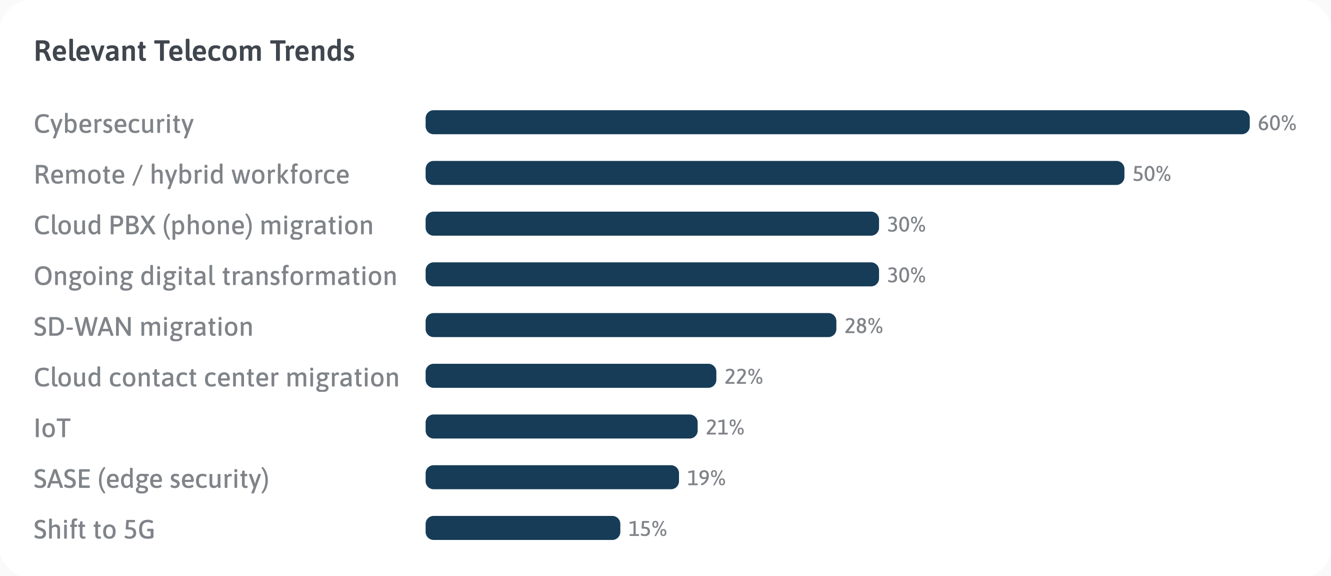


Figure 8 - Responses to the question Q18: Which of these Telecom trends are most relevant to your business? (Select those that are most relevant)

Increasing Complexity

Some of the trends cited here represent active projects. For example, 30% of respondents feel that cloud PBX migration is most relevant. As Figure 1 shows, this trend is resulting in cloud PBX being a favored technology for managing calls. Cloud contact centers (22%) represent a similarly active trend to be watched.

Respondents spoke to the need to keep with new trends, with one saying, "The rise of remote work has heightened the importance of telecom management in supporting distributed teams." Another respondent was concerned about security. He said, "With the increasing reliance on digital communication channels, ensuring the security and compliance of telecom systems is paramount." A third respondent also commented about compliance, noting, "Monitoring changes in telecom regulations and ensuring ongoing compliance is crucial for avoiding legal issues and maintaining business operations."

The State of Telecom: Room for Improvement

This survey reveals a cohort that is frustrated by the state of telecom, with a sense that there is room for improvement on more than one front. Satisfaction with telecom services is not high. Many different teams are involved in telecom management, which complicates the work. Telecom initiatives tend to run late. Outages are frequent. The procurement process is difficult, also affected by the involvement of multiple teams. In this challenging environment, a large majority of respondents suspect they are overpaying for telecom services. The tracking of telecom expenses tends to be deficient. And, budgeting is not easy because respondents find it hard to get accurate data on telecom pricing.

Respondents are not very satisfied with various aspects of telecom services

Satisfaction with telecom capabilities is not high. Asked to rate their satisfaction with various aspects of their telecom services, around half of all respondents answered “Somewhat,” “Not Very,” or “Not at all.” (Fig 9) For example, 51% of respondents were somewhat satisfied, or less, with the telecom performance. Fifty-five percent were somewhat satisfied, or less, with telecom features. Six in ten were somewhat or less than satisfied with time to value, and a striking 65% were somewhat or less than satisfied with the cost of their telecom.

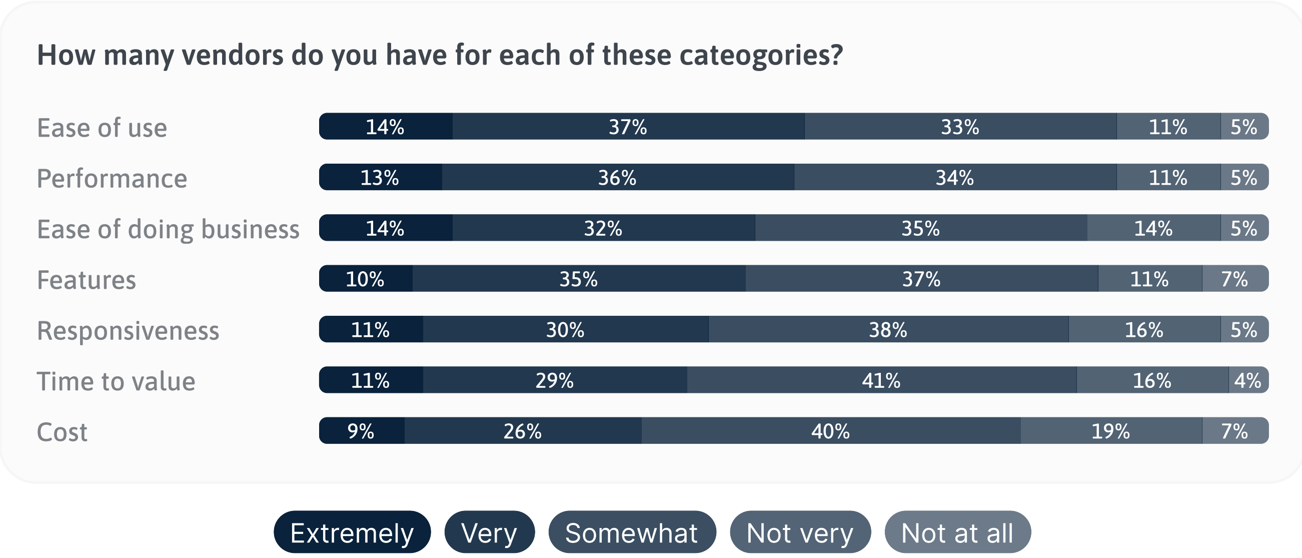


Figure 9 - Responses to the question (Q23) “How satisfied are you with your telecom capabilities in these areas?”

Top concerns include customer satisfaction and employee satisfaction

What, specifically, is concerning to telecom managers? (Fig 10) As respondents indicated, customer satisfaction ranked at the top of the list, with 39% saying that it was a concern. Employee satisfaction was tied for first place. The inability to respond to issues on a timely basis was a concern for 33%. Other concerns include disconnects (33%), ineffective cost control (31%), and reputational impact (26%). These findings suggest that telecom managers do not enjoy strong relationships with their vendors. Many aspects of the customer-vendor relationship seem out of alignment based on this data.

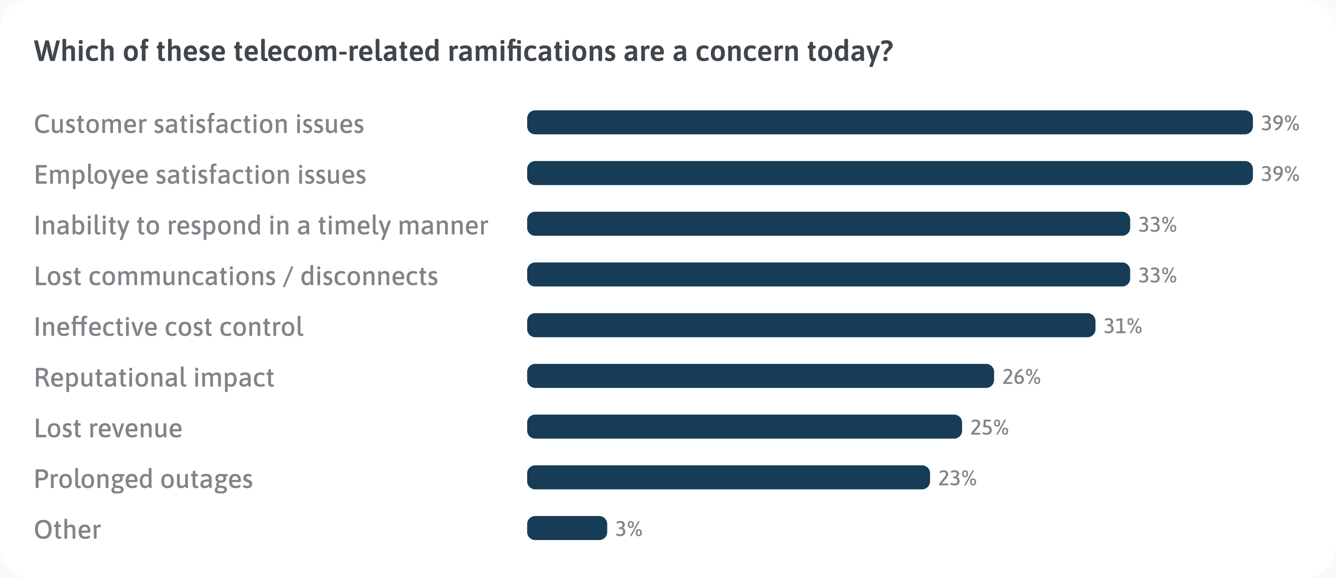


Figure 10 - Responses to the question (Q19) "Which of these telecom-related ramifications are a concern today?" (select all that apply)

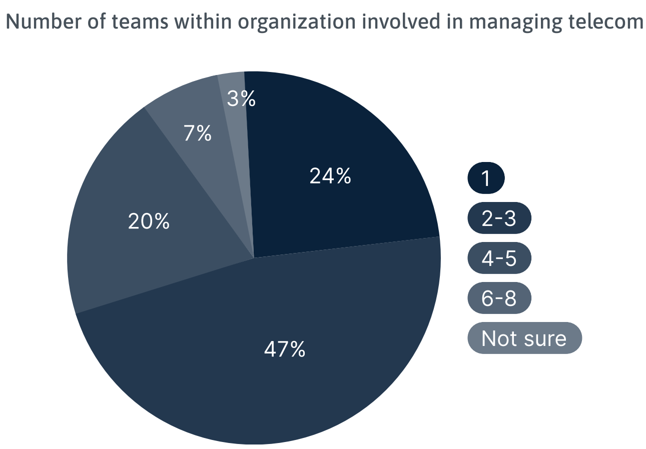


Figure 11 - Responses to the question (Q7) "How many teams within your organization are involved in managing telecom?"

Many teams are involved in telecom management, perhaps too many

One factor that may explain some of the dissatisfaction shared by respondents is the number of different teams involved in telecom management. (Fig 11) Organizations with just one team handling telecom management represent just 24% of respondents. Nearly half had two to three teams, and 30% had more than four teams.

Breaking these findings down by company size shows that the bigger the organization, the more likely it is that multiple teams are involved. Just 7% of companies with 5,000+ employees had a single telecom management team, compared to 48% of companies with 500-999 employees, and 45% of companies with 1,000 to 4,999 employees. There seems to be an inflection point in the segment with 4 to 5 teams, however, with 62% of 500-999 companies having that many teams, versus just 14% of 5,000+ companies. When it comes to organizations with 6-8 teams, all company sizes are similarly represented, with between 32% and 36% reporting that many teams.

Company size	500-999	1K-4.9K	5K+
1	48%	45%	7%
2-3	43%	40%	17%
4-5	62%	24%	14%
6-8	32%	32%	36%
Not sure	20%	40%	40%

Number of telecom management teams, by company size.

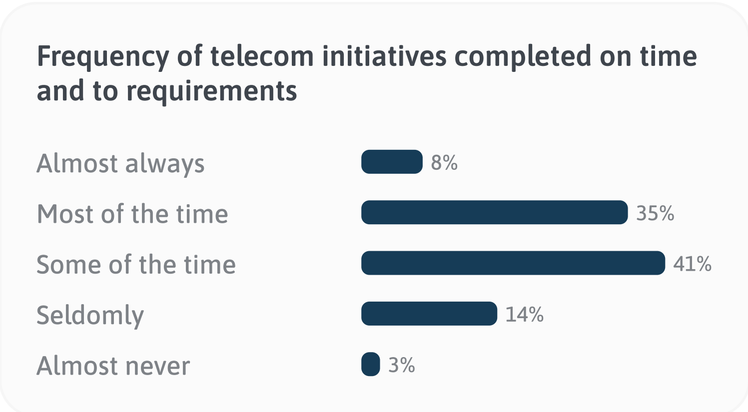


Figure 12 - Responses to the question (Q22) "How often are telecom initiatives completed on time and to requirements?"

Telecom initiatives tend not to be completed on time and to-requirements

The ability to complete a telecom initiative on time and to-requirements is a measure of telecom management effectiveness. Survey results showed sub-optimal outcomes in this regard, with almost six in ten respondents say that their initiatives were completed on time and to-requirements "some of the time," "seldomly," or "almost never." (Fig 12) Thirty-five percent said "Most of the time" and a small fraction, 8%, said "almost always."

It's not clear why projects are delayed and incomplete, but taken with the other factors measured in this survey, including a multiplicity of teams and new workloads like 5G and IoT, it should not be surprising that managers are not able to get initiatives done the way they want. The number of vendors did not affect these findings. Companies with 5-14 vendors reported similar rates of initiative completion.

Respondents are concerned about service interruptions

Telecom managers have a variety of concerns, some of which are serious to them. Forty-two percent find the potential for service interruptions to be "Most concerning." Unexpected rate increases are "Most concerning" for 18% of respondents, with another 30% expressing some concern about the risk. Thirty-four percent were concerned about keeping track of assets, while 32% were concerned about move/add/delete (MACD). (Fig 13) These numbers suggest that telecom managers lack clarity and confidence as to what is actually happening in their telecom estates.

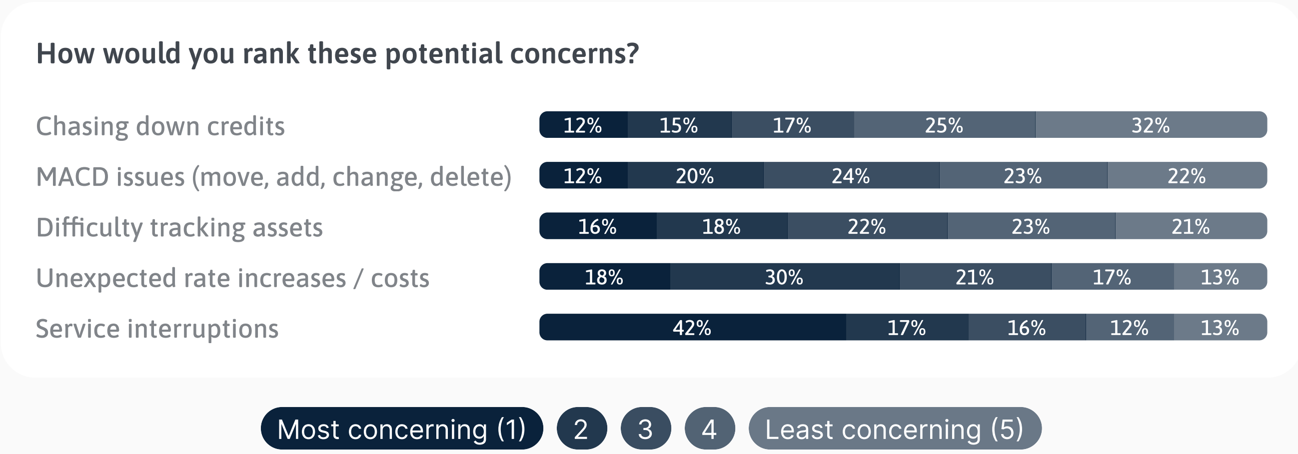


Figure 13 - Responses to the question (Q24) "How would you rank these potential concerns, 1 being most concerning?"

Outages are relatively frequent

Is a single telecom service outage in a month a serious problem? A generation ago, a monthly phone outage would have indicated very poor service. Today, with IP-based telephony and the reliance on data networks for telephone calls, it may not seem that bad. If one's job is to manage telecom, however, any outage is likely to be painful.

Outages tend to happen for two reasons. One is due to a problem with carrier service. The other is a consequence of non-payment, which can arise when there is limited visibility into infrastructure and misalignment between departments. For example, IT thinks that accounts payable (AP) is paying the bill, but they aren't.

This survey shows that 27% of respondents experience one outage a month. The average number for all respondents is 3.8 averages a month. That's not a happy number. That's a "the boss is calling and you better have an explanation" sort of number. Having a complete inventory view and visibility into payment processes would help alleviate this problem.

"It's essential to identify common causes of telecom outages, such as equipment failure, network congestion, software glitches, human error, or natural disasters," said a respondent. He added, "Understanding these causes can help businesses implement preventive measures and contingency plans." Another respondent suggested that businesses have robust mitigation strategies in place "to minimize the impact of telecom outages." In particular, he said, "This may include redundant infrastructure, failover mechanisms, disaster recovery plans, and proactive monitoring to detect and resolve issues promptly."

Low Satisfaction with Telecom Procurement

What is the organization's level of satisfaction with telecom procurement services`

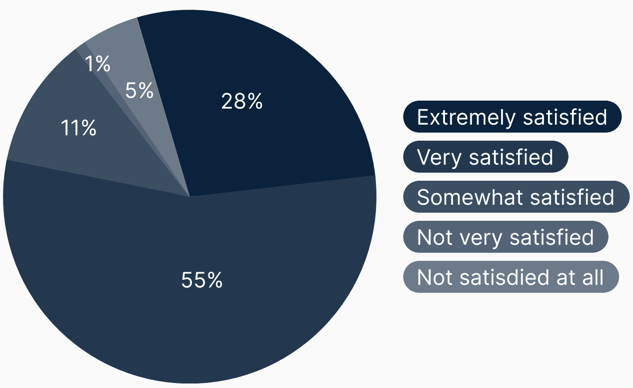


Figure 14 - Responses to the question (Q16) "What is the organization's level of satisfaction with telecom procurement services?"

Procurement emerges as a problematic area for telecom managers. Asked, "What is the organization's level of satisfaction with telecom procurement services?" 55% of respondents replied that they were "somewhat satisfied." Overall, 67% were somewhat or less satisfied. Only twenty-eight percent said they were "very satisfied." Drivers of low satisfaction appear to be the involvement of multiple departments in the procurement process and the lack of effectiveness by auditors, aggregators, and agents. Levels of satisfaction were similar for companies with between 5 and 14 vendors.

Many departments are involved in procurement

Respondents are working with multiplicity of teams in procurement. Given that multiple teams are involved in telecom management (see Figure 11), it should not be surprising that departments ranging from IT (76% of respondents) to procurement (26%) and finance (27%) are involved in telecom buying decisions. The business unit (27%) and executive management (47%) are also involved. (Fig 15) That's a lot of stakeholders to wrangle, each with their own needs and priorities.

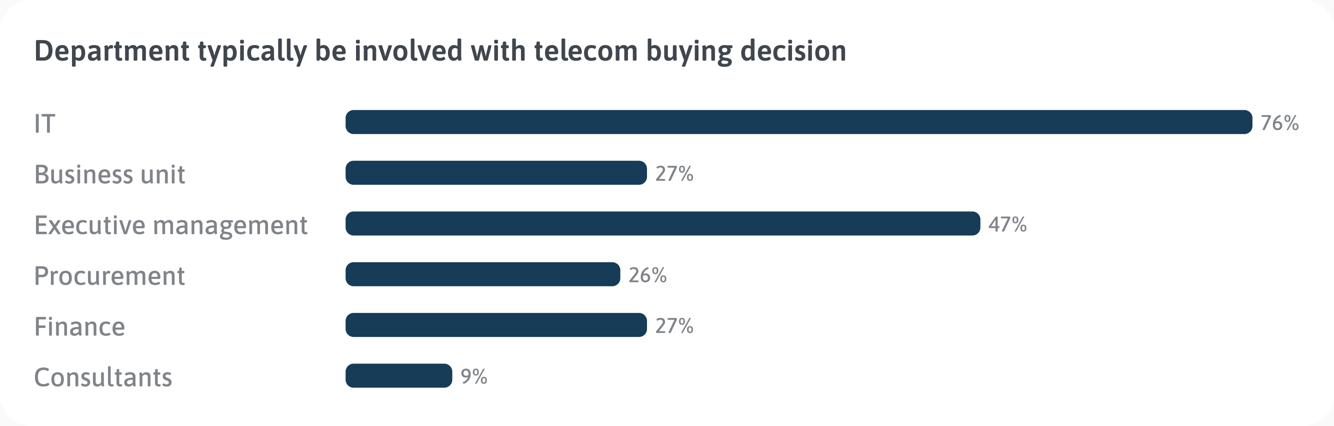


Figure 15 - Responses to the question (Q6) "Which of the following would typically be involved with Telecom buying decision?" (select all that apply)

Respondents give middling marks to auditors, aggregators, and agents

Auditors, aggregators, and agents can help the telecom procurement process move forward smoothly. In theory, they offer insights into vendors and pricing. Respondents didn't appear to be very pleased with these services, however. (Fig 16) Over half described them as "Fairly effective," and less than a quarter said auditors, aggregators, and agents were "Extremely effective." Between 16% and 22% characterized them as "Not effective at all." One possible reason for these generally negative views is that providers are being asked to take on tasks that are outside of their main competencies. The results for this question were very similar when looking only at companies with 5 to 14 vendors.

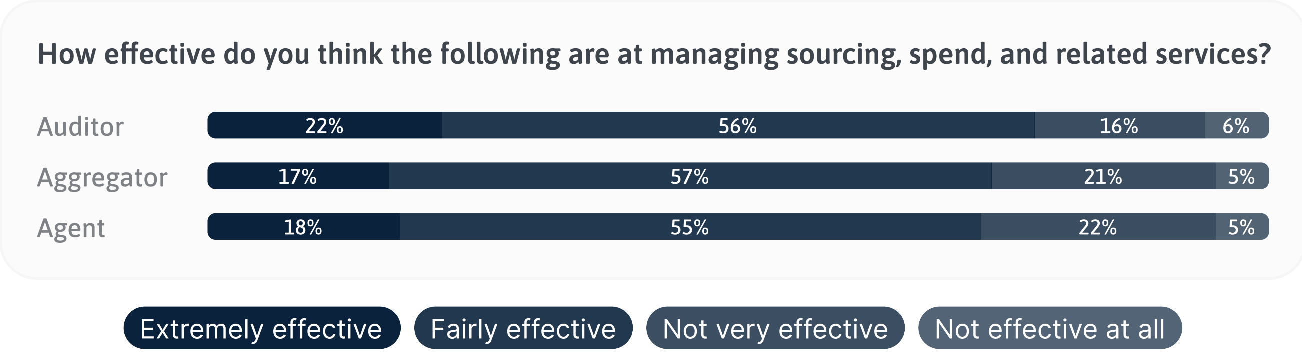


Figure 16 - Responses to the question (Q14) "How effective do you think the following are at managing sourcing, spend, and related services?

Overpaying for Telecom, a Problem Compounded by a Lack of Visibility

This survey depicts difficulty with telecom procurement and concerns about overpaying for services. Many teams are involved in procurement, a factor that can get in the way of optimal procurement outcomes. In addition, telecom managers expressed that they had limited visibility into their spending and potential savings from alternative service providers.

83% of respondents suspect they are overpaying for telecom services

When asked "Do you suspect your company is spending more than it should on telecom products & services?" (Fig 17) an astonishing 83% of respondent said they were either "Possibly," "Probably," or "Definitely" overpaying. Thirty-eight percent said they were "Probably" overpaying. Only 12% said "No," they weren't spending more than they should. This is a startling finding. Over eighty percent of respondents are not sure if they are getting the best prices. Subsequent data points from this survey start to reveal what's really going on.

Suspect that company is spending more than it should on telecom products & services

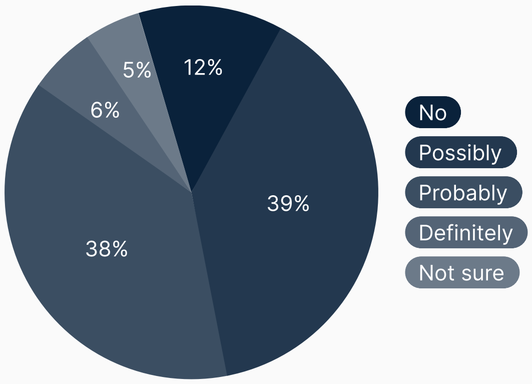


Figure 17 - Responses to the question (Q10) "Do you suspect your company is spending more than it should on relecom products & services?"

60% think they are paying "more than we should" for voice

Going into further detail, respondents got to characterize their perceptions of spend by category (Fig 18). As the figure shows, between 25% and 32% felt they were spending "Somewhat more than we should" on services like voice, collaboration, and messaging tools. Between 16% and 19% said they were spending "A lot more than we should." With voice, 48% believed they were either spending "somewhat more" or "a lot more" than they should. Of great interest is the fact that 10% and 14% said "We have no idea if we are overspending or not." That's quite a revelation. It speaks to a lack of data about pricing in the industry.

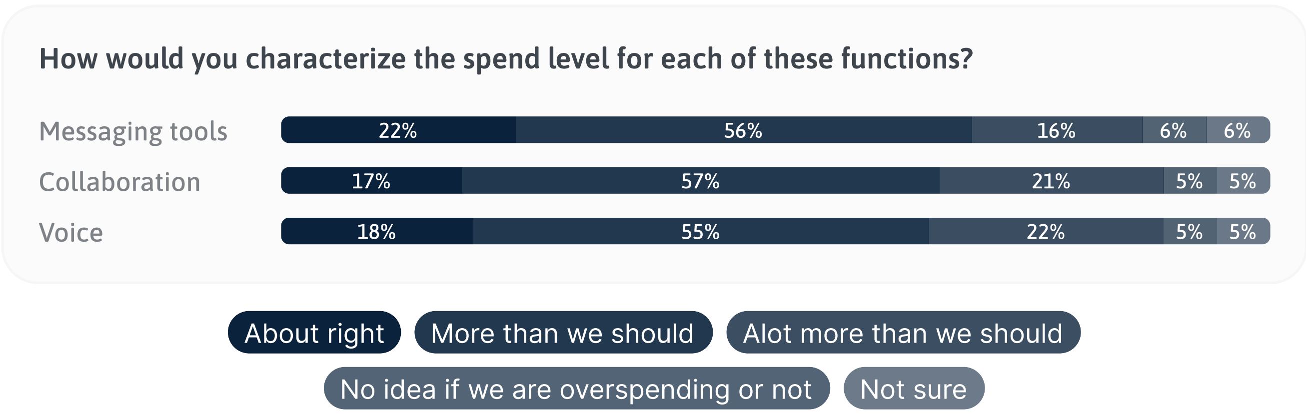


Figure 18 - Responses to the question (Q11) "How would you characterize the spend level for each of these functions?`

Visibility into the telecom estate is mediocre at best

Respondents' sense that they are overpaying for telecom services points to a lack of visibility into the telecom estate. A number of factors contribute to this situation, including a reliance on spreadsheets for tracking telecom, a lack of consistent rate research methods, and variations in invoice management.

42% track telecom estate on spreadsheets

Achieving visibility seems like a challenge. (Fig 19) Forty-two percent of respondents use spreadsheets to manage basic visibility into their telecom estates. That represents the largest contingent. Seventeen percent—one in six—said they had no way to manage visibility at all. Thirty percent use an asset management solution, while another 26% have an asset management solution they created themselves. Twenty-seven percent use a telecom expense manager (TEM), aggregator, or auditor.

Spreadsheets are almost certainly not going to be an optimal way to have visibility into the telecom estate. Asset management solutions can be effective for visibility, but not everyone is using them. What's going on? It's possible that the number of vendors in use, coupled with how many teams are involved in telecom management, leads to a situation where it is difficult to get consensus and adoption of any single system of visibility.

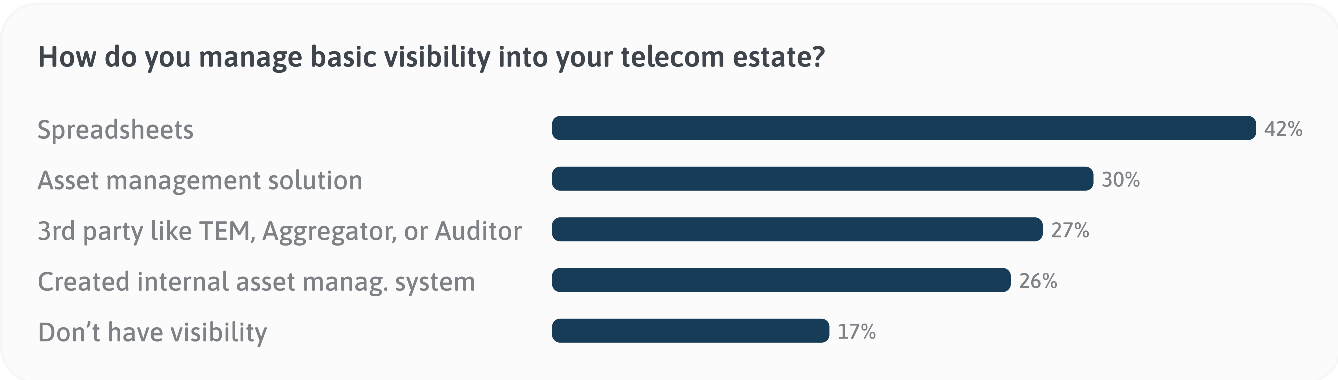


Figure 19 - Responses to the question (Q9) "How do you manage basic visibility into your relecom estate?" (select all that apply)

Companies that have between 5 and 14 vendors seem to be more in control of how they manage visibility into their telecom estates. Just 11.83% say "We don't have a good way to manage visibility" versus 17% for all respondents. About 29% use spreadsheets, versus 42% overall. (Fig 20)

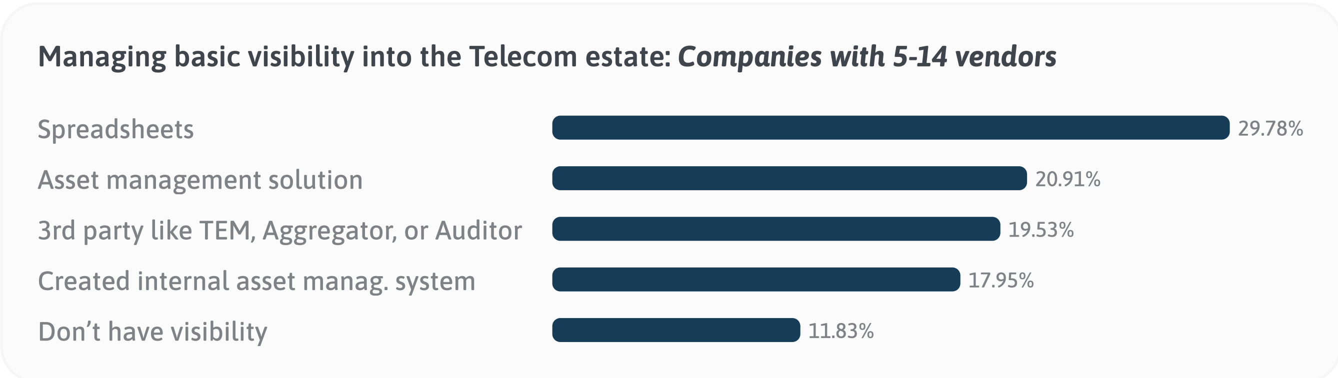


Figure 20 - Responses to the question (Q9) "How do you manage basic visibility into your relecom estate?" (select all that apply) – for companies with 5 to 14 telecom vendors.

55% do their own research into whether they're paying competitive rates

A lack of clarity about rates is another visibility problem affecting telecom managers. (Fig 21) Indeed, one in five respondents is not sure that they have a "good handle" on how they compare to others when it comes to rates. Data is critical overall, as one respondent explained. He said, "It is very important to Emphasize the importance of data-driven decision making and analytics in telecom management."

Fifty-five percent do their own research, while 34% rely on the carriers themselves. Neither of these is likely to be an effective approach. The carriers do not have a strong incentive to share how competitive their rates are, though some do. Another 22% use agents or brokers, but they too may have agendas that preclude them from providing the kind of visibility into rates that telecom managers need. Thirty-five percent rely on industry data, which can be a good source for rate data.

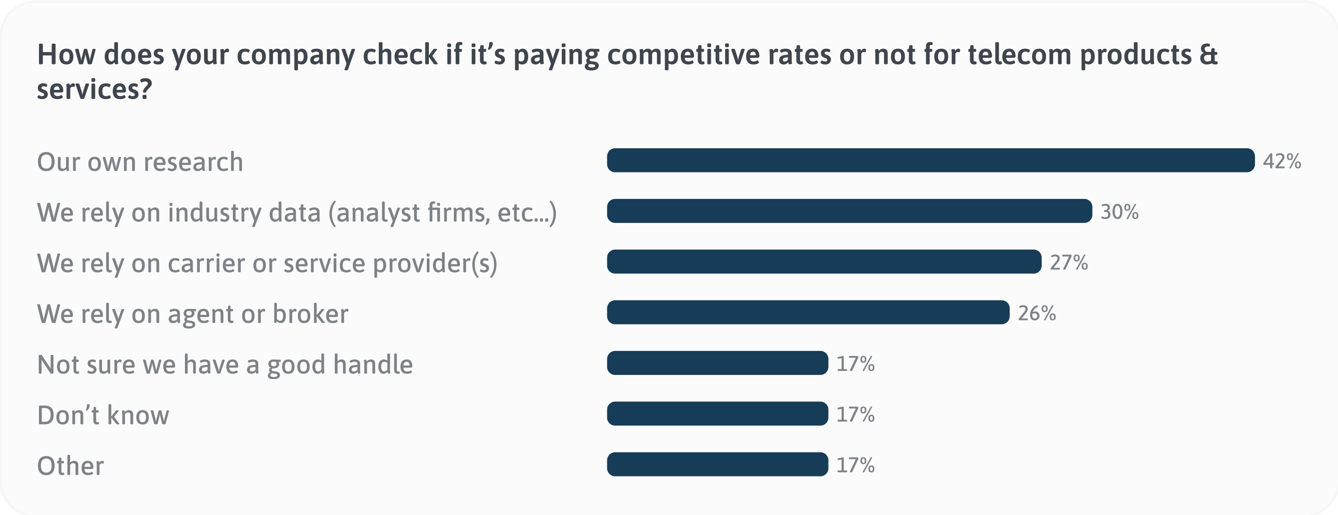


Figure 21 - Responses to the question (Q12) "How does your company check if it's paying competitive rates, or not for relecom products & services?" (select all that apply)

Looking at these findings, it is not surprising that between 9% and 14% of respondents said they don't know if they're overpaying. Doing one's own research or relying on carriers will lead to a state of affairs where telecom managers aren't sure if they are paying competitive rates.

Do you rely on a Telecom Expense Management (TEM) provider to manage your telecom-related invoices?

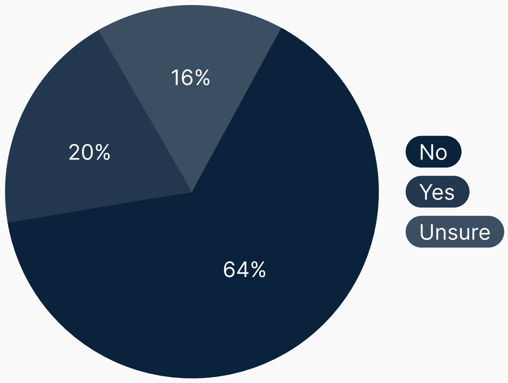


Figure 22 - Responses to the question (Q21) "Do you rely on a Telecom Expense Management (TEM) provider to manage your telecom-related invoices?"'

Only 20% rely on a TEM to manage invoices

Further to the issue of visibility, only 20% of respondents are using a TEM provider to manage their telecom related invoices. (Fig 22) In addition to processing invoices, TEM providers can conduct analysis of spend and produce reports that provide telecom managers with insights into how much they are spending and whether they are paying competitive rates. The 64% of respondents who are not using such services are missing out on that path to visibility. Opinions about the value of TEMs appear mixed, with one respondent sharing, "TEMs and agents are a mixed bag. They are occasionally helpful, and occasionally useless. It depends almost entirely on the people involved."

TEMs are usually more suited to bigger organizations. Sorting the results by organization size, 35% of companies with more than 5,000 employees rely on TEMs for managing telecom invoices, versus just 16% of companies with between 500 and 999 employees.

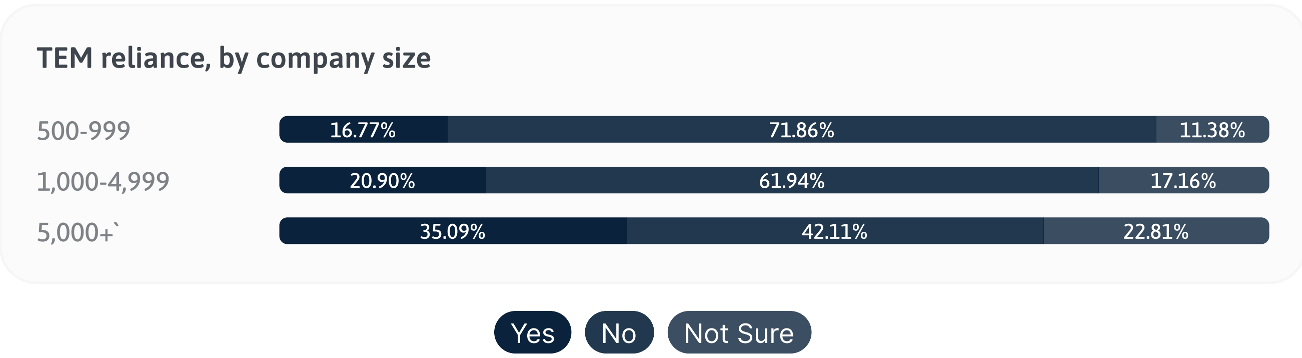


Figure 23 - Use of TEM, according to company size (number of employees)

Budgeting is challenging as a result

Poor visibility into telecom management and spending translates into challenges with budgeting. Half of respondents said “It is difficult to roll up a budget considering it is made up of many different components, necessarily from different vendors.” A further 44% said it was hard to keep track of rates due to fluctuations, while 30% dealt with inaccurate invoices that were not general ledger (GL) coded or had errors. Or, they simply couldn’t access the invoices at all.

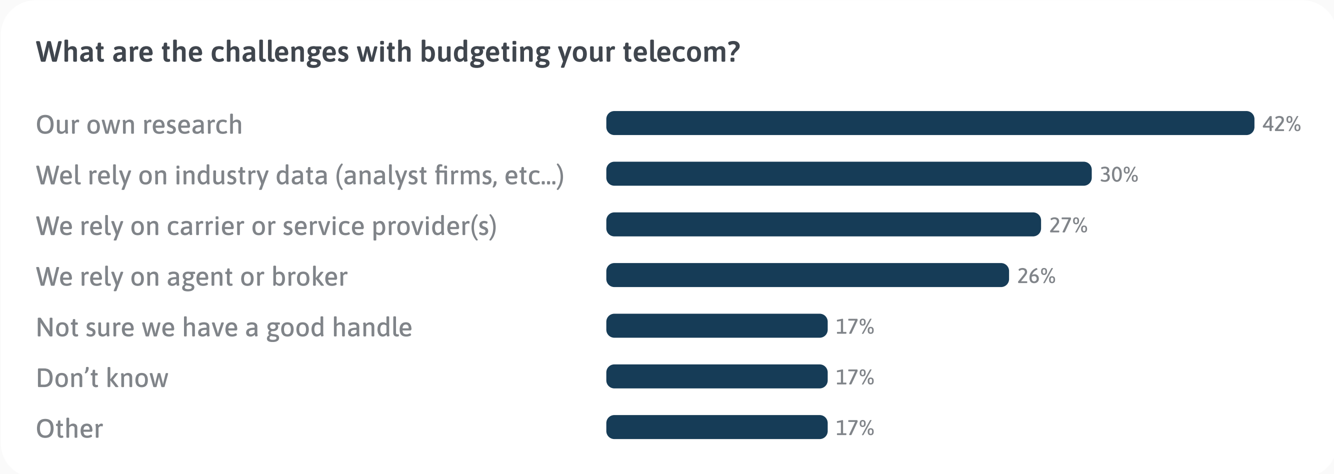


Figure 21 - Responses to the question (Q12) “How does your company check if it’s paying competitive rates, or not for telecom products & services?” (select all that apply)

Budgets are tight, in any event. Half of respondents said a rate increase would come at the expense of another line item. This finding is revealing in terms of management difficulties and the potential for stress. (And, it’s worth recalling that 42% of respondents are concerned about having an unexpected rate increase.) Telecom managers don’t have good visibility into their spending, so it’s not easy to budget for services. Nor are they sure they’re paying competitive rates. At the same time, a rate increase will knock something off the budget. For this reason, it is difficult to plan ahead and follow through with new projects, because a rate increase could unexpectedly wreak havoc on the budget.

To make things more complicated, fees are not the only concern when it comes to budgeting, a respondent remarked. He said, “Budgeting for telecom is very tricky and there are many expenses that you find out along the way that you never thought of.”

Takeaways

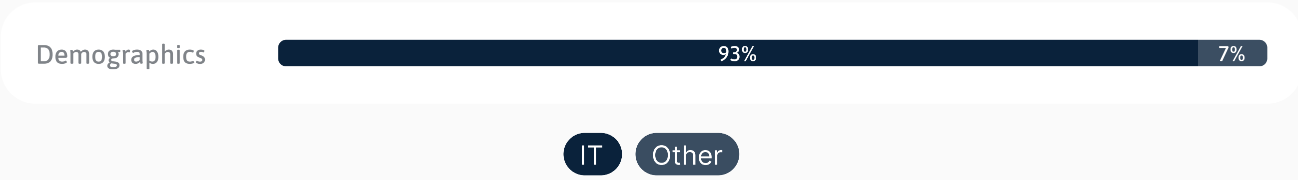
Viewed in aggregate, these survey results create a picture of telecom management as a somewhat frustrating role. A collection of interlocking challenges creates an environment where it's hard to make progress and improve service. While dealing with a host of new technologies and services, telecom managers have more than one role and oversee multiple vendors. Outages are more common than anyone wants. Visibility into the telecom estate and spending are sub-optimal—with managers tracking their work on spreadsheets and relying on vendors for competitive pricing information to a great extent.

As a result of these factors, telecom managers are largely unsure if they are overpaying for services. Satisfcation with procurement processes is low, due in part to the many teams involved and apparently ineffective auditors, aggregators, and agents. Budgeting and plans are difficult to execute because a rate hike will force the cancellation of planned initiatives.

There is reason to be hopeful, however. The nature of the problems affecting telecom managers suggests the path to a solution. Better visibility and greater awareness of competitive pricing should help telecom managers achieve better control over their operations. Better vendor management tools and telecom management platforms could enable stakeholders to become more effective at saving money, reducing service interruptions and related stressors—paving the way for coherent, reliable budgeting and planning for projects that will make the telecom sector of a business part of its formula for strategic success.

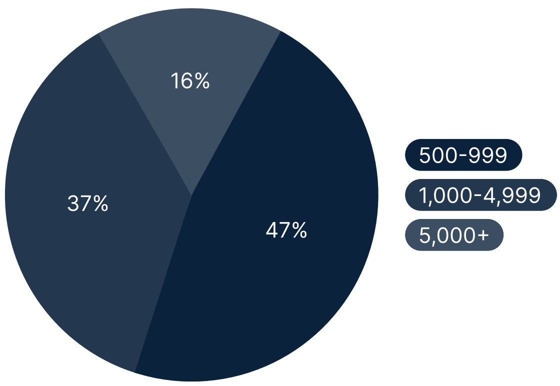
Appendix

Survey Demographics

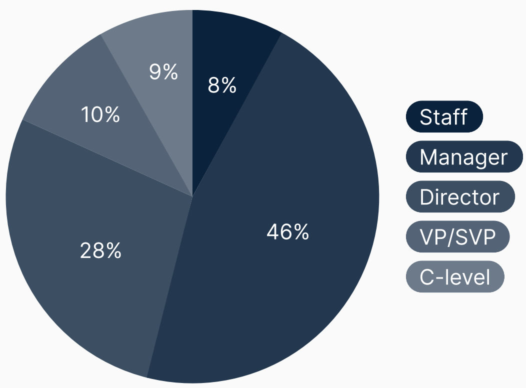


Q: What is your role in the organization?

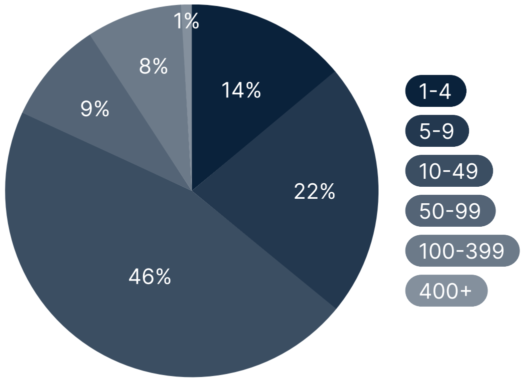
Q3: Roughly how many people are employed in your company?



Q26: What is your organizational level?



Q4: How many locations does your organization have?



Q: Please select your organization's primary industry