



The Savings are in the Details

by Bob Nerz

SD-WAN projects are an opportunity to leverage a new technology. Most SD-WAN projects also aim to capture substantial savings by deploying less expensive bandwidth or renegotiating contracts. But without careful attention to detail, the forecasted savings may not materialize.

If it's been a while since you've conducted a total review of all telecom spending, SD-WAN projects are a perfect opportunity to get started. But reviewing telecom spending is a hybrid skillset. Many IT professionals don't have the time or patience to review tedious billing details. On the flip side, billing analysts typically lack the technical knowledge and context to understand what's on an invoice. They don't know what questions to ask. They don't know where to get answers. They may give up in the face of unresponsive IT folks and carriers. That can lead to unnecessary telecom spend. Here are some horror stories encountered over the years:

Horror Stories

- A carrier conversion stalled at 90% complete, resulting in paying for the old carrier's expensive "core site" port for two years longer than necessary.
- After a circuit upgrade, the company continued to pay the carrier for both the new and old circuit for many years.
- One year after contract renewal, 50% of billed items were still at incorrect rates.
- Cancellation of old circuits was never confirmed after closing offices. Examples:
 - A company was still paying for service to a former CEO's residence 6 years after he resigned
 - A company was still paying for 12 POTS lines at a NYC office it had vacated 15 years before
 - A company was still paying for one frame relay port years after frame relay became obsolete
 - A company was still paying for a voice PRI at an office they had vacated years before

So get serious about reviewing all telecom spend and turn your old invoices into gold

Rather than just focusing on spend related to SD-WAN, take the opportunity to review all telecom spend. You may be amazed by what's lurking in your inventory. By employing a professional with both a technical background to understand your environment and business skills to hold the carriers accountable, you may be able to turn your old invoices into budget gold. A recent example:

Success Story

A company forecasted bandwidth savings of 35% from their upcoming SD-WAN project

- By carefully reviewing their entire network inventory more savings were identified, which increased the savings to 51%
- Based on this success, voice services were also reviewed. New options afforded by SIP resulted in 56% savings on their voice spend.
- The cost of using an outside professional to review telecom spending paid for itself with just 2 months of incremental savings.

Make sure you have someone with both technical and financial savvy when devising your next-generation WAN strategy.

If you ask a technical person or vendor to propose your next generation WAN strategy, they may not even consider options with the lowest life-cycle TCO (total cost of ownership). In the example below, with a collaborative approach the client was able to implement a future proof strategy one step beyond SD-WAN, namely NO-WAN.

Strategy Success

A company deployed Office 365 to move email, storage, collaboration, and voice to the Cloud. In parallel, they moved all remaining apps to Cloud-based alternatives such as Workday and Salesforce. This essentially ended their need for a Wide Area Network (WAN). Rather than implement SD-WAN, they implement NO-WAN. NO-WAN means no site-to-site connections whatsoever. All external connections were to Cloud sites. All collaboration apps used Cloud-based sites as their hub including email, chat, team folders, conferencing, and voice.

- Field offices went from having MPLS, Internet, and a Voice PRI to having redundant Broadband Internet. The average telecom cost per branch office went from \$1,900 to \$400 per month or 79% savings.
- To reduce vendors and network devices, they went with Meraki, who offered a unified family of edge devices, switches, and wireless access points that could all be managed from a unified Cloud-based portal. This simplified their vendor profile and reduced their staffing burden.
- By choosing low-cost broadband vendors as both primary and backup, they were able to size each link to meet their *full need*. While Meraki can support dynamic load sharing, they chose to keep it simple and went with active/failover instead.
- This strategy was extremely simple to deploy compared to the complexity of adding an SD-WAN overlay to an existing multi-vendor WAN.
- While not yet a suitable strategy for all legacy networks, this company is already aligned with the inevitable future of networks and applications.



Bob Nerz

About the Author: Bob Nerz founded Network Technology Consulting (NTC) in 1995 and serves as its principal consultant. NTC focuses on the needs of large companies making complex network transitions to address changing technology, expanding business needs, and cost reduction. NTC provides the services needed for successful projects including: capacity planning, strategic sourcing, financial analysis, implementation management, and performance measurement. Prior to NTC, Bob had over a decade of experience with hardware and software companies in the computer-networking field including: Motorola Codex, Concord Communications, and American Power Conversion. Bob holds a B.S. in Engineering from Drexel University and an MBA from Harvard Business School. Linked in: www.linkedin.com/in/bobnerz

Remember, the savings are in the details!



**Network
Technology
Consulting** tm

508-698-1000
800-653-4182
bob@nerz.net

Copyright © 2020 Network Technology Consulting and Robert F. Nerz. All rights reserved.