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## The Return of Capital Expenditures - Good News for All of Us

By Tim Wise,  
Co-Founder & Co-President,  
Advocate Networks, LLC

While the last 18 months (also known as the Great Recession) have been extremely challenging for all of us, we are beginning to see the early stages of growth and reinvestment in enterprises. Specifically, over the past four months, we have seen a surge in demand for assistance from our clients and the broader market in infrastructure planning for data centers, telephony and contact center platforms. All of these initiatives demand significant capital expenditures exceeding a minimum of \$1 million with some over \$30 million. This demand should be encouraging all of us in terms of overall business confidence and future economic growth.

Beginning in January 2008, we saw these infrastructure projects pause or reduce in size, then permanently halt around September 15, 2008, corresponding with the Lehman failure. On that date, it was like every CFO instructed every CIO to stop spending money - especially on capital expenditures - and to cut operating expenses quickly. Now, with the economy on more solid footing and the realities of deferred capital investment on business growth, our clients are beginning to plan for those upgrades and reinvestments.

Regarding data center projects, our clients are now out of power and time is running out. Historically, many enterprises considered continued investments in internally owned data centers. Today's clients, however, lean towards external data center providers. The dynamics driving this trend are twofold: First, enterprises want to preserve capital for core investments - ones that typically generate revenue (versus a support function). Second, the power, infrastructure demand and management complexity required to maintain a high-availability data center is ever increasing (Tier 3 or 4 rating according to *Uptime Institute*).

The deferral of telephony and call center platforms investments are also now causing enterprises to be faced with significant end-of-life risks. The end-of-life risks are being accelerated as now many systems have gone 10-plus years without major investment. Another factor is the continued consolidation (or elimination) of many telephony and call center platform manufacturers. Enterprises are now on notice by many manufacturers that have "hard" end-of-life dates occurring in the next two to three years, while others are just speculative (i.e. the Nortel platforms). While these systems may still perform relatively well today, the impending end-of-life risk and the increased productivity

functionality of newer IP-based systems are motivating enterprises to begin planning for future systems and platforms.

While these interpretations are limited to Advocate Networks' observations within the market, Cisco's recent quarterly earnings announcement appeared to validate a rebound in IT infrastructure investment. If these observations are true, then the outcome should be good for all in terms of rebounding business confidence and economic growth.

To learn more about infrastructure planning for your communications and data center needs, please contact Tim Wise at (678) 987-5995 or [tim.wise@advocatenetworks.com](mailto:tim.wise@advocatenetworks.com).

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## The Contract Time Bomb

By Rob Stewart, Managing Consultant, Advocate Networks, LLC

How well do you know your telecom carrier contracts? Here is a test:

1. Do you have fully executed copies on file?
2. Can you identify the exact effective date?
3. Can you identify the exact rate-effective date?
4. Can you identify the termination date?
5. Does your contract (and revenue commitment) auto renew?
6. Are you fulfilling your revenue commitment?

If you cannot answer all of these, you are not alone - telecom contracts are long and complex. If you cannot answer any of these, you really have a problem.

As part of the assessment service at Advocate Networks, we continually find these questions unanswered, or find answers consisting of anecdotal information. Unless the client is aware of its contractual obligations, its growth, transition or upgrade strategy is critically impaired and its negotiations leverage is significantly reduced.

Contracts are mazes of details, and the devil is in the details. Many key elements are not specifically defined in contracts, but are merely described as "if, then" actions. Rarely is a contract-effective date actually written as a real date in a contract. Instead, a contract-effective date may be keyed off the date of the carrier's counter signature (whenever that may be), when the first service element is installed in a transition (whenever that may be), or when the "substantial completion" of a network upgrade or transition occurs (whenever and whatever that may be). In these cases, the only way to really know the contract-effective date is to request written verification from the carrier - and be prepared to debate based on your own facts. Advocate Networks has seen clients' interpretations of start dates (and therefore their commitment timelines) be off by six months. Needless to say, this has a significant impact on sourcing and transition strategies and leverage. You must know your contract timing to know your leverage.

Similarly, amendments can horribly confuse dates, especially chains of amendments over time. First, you must track the original contract start date, and then calculate how an amendment that merely adds months to the term actually determines the termination date. Sometimes a carrier will identify the timing of actions or deadlines (such as application of credits or eligibility for a rate review) by the number of the month in the term (e.g. "awarded in Month 23"). Without verifying the identity of Month 1, it is tough to calculate Month 23.

A subtle but potentially hazardous clause is the auto-renewal clause for a contract's term. Although this may seem convenient, we strongly advise against letting contracts auto renew, as a revenue commitment is usually tied to this. Carriers are generally more gracious in extending contracts while you source them, rather than letting you out of one that has already extended due to inaction.

Advocate Networks has seen too many enterprises waste leverage because they were not tracking their contract timing or obligations. If you are not sure of your obligations, please contact Rob Stewart at (678) 987-5926 or [rob.stewart@advocatenetworks.com](mailto:rob.stewart@advocatenetworks.com).

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## Advocate Networks and PRGX Form Strategic Alliance

Advocate Networks, LLC and PRGX Global, Inc. entered into a strategic alliance to expand the recovery audit capabilities they can deliver to their clients.

PRGX is the world's leader in recovery auditing and a pioneer in a new category of services called "profit discovery," the combination of audit, analytics and advisory services to improve client financial performance.

- **Audit:** Businesses in transaction-intensive industries inevitably leave money on the table across the procure-to-pay or merchandising processes. PRGX reviews the entire transaction cycle - contracts, pricing, rebates, returns, payments and taxes - to identify and recapture overpayments and add them back to clients' bottom lines
- **Analytics:** The foundation of recovery auditing is analyzing massive amounts of transaction data. For PRGX, that analysis has historically been limited to identifying payment errors, but its new services dig deeper to find out why clients are overpaying, how they can better manage costs, and what other profits are hiding in clients' operations
- **Advisory:** Finance executives regularly require outside help to identify and realize profit improvement opportunities. PRGX's new advisory services combine data analytics, deep functional expertise in finance and accounting, and a practical hands-on approach to help clients increase their operating margins by improving working capital, transforming finance and accounting functions, reducing costs across the enterprise, and implementing corporate performance management

"With PRGX's global leadership in profit discovery and Advocate Networks' recognized expertise in telecommunications, we believe our combined efforts will create outstanding results for our clients," said Scott Fogle, co-president and co-founder of Advocate Networks.

To learn more about recovery auditing and profit discovery, please contact Scott Fogle at (678) 987-5990 or [scott.fogle@advocatenetworks.com](mailto:scott.fogle@advocatenetworks.com).

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## MS Exchange is Ripe for Outsourcing

By Nick Grecco, CIO-in-Residence, Advocate Networks, LLC

For many CIOs, outsourcing is a way of life. For others, it is avoided at all costs. The decision to outsource is highly dependent on your particular situation; but for an organization with limited internal IT resources, outsourcing can have significant cost and management benefits.

To reduce costs and potentially improve service levels, investigate and selectively outsource those components of your operation that don't involve your core business, like email. While email is the backbone for all corporate communications, a carefully selected MS Exchange Managed Service Provider (MSP) will allow your company to focus on areas of operation which either cannot easily be replaced or need to be closely managed. Gartner research shows that 20 percent of companies will use hosted email of some sort by 2012.

While outsourcing MS Exchange can include the displacement of internal resources, other benefits include cost savings, security, scalability and reliability.

- **Cost:** Research shows that internally managing MS Exchange costs around \$35 per seat per month, compared to \$8-\$12 per seat per month when the service is outsourced. However, be aware that costs could increase to \$20 per seat per month when value-added services like mobile access, large mailboxes and archiving are employed
- **Security & Filtering:** Do you want your internal resources focused on security and filtering? If not, do you risk that one day your company may be the basis of a headline legal case? Being secure implies many things, but consider that an MSP should have better virus screening, spam filtering, archiving and forensics capabilities than what you have internally today
- **Scalability:** Consider your own internal process to add capacity. Most MSPs should have the capability to handle both your current and future needs on demand, and at a known cost
- **Reliability & Support:** You should expect a guaranteed uptime of at least 99.9 percent when working with an MSP, and also should establish ground rules for handling end-user complaints and escalations as part of the contractual obligation

There are many factors that can influence a CIO's decision to outsource MS Exchange, like opportunity cost and migration risk. But in many cases, the most significant reason to outsource is fixed costs and predictable costs to scale up.

The bottom line is that the outsourcing of MS Exchange should be given careful consideration. And, whether you consider outsourcing only MS Exchange or outsourcing complete management of all corporate messaging capabilities (including email, collaboration, calendaring, wireless, etc.), selecting a trusted MSP with a proven track record is essential.

For more information on outsourcing MS Exchange, please contact Nick Grecco at (678) 987-5906 or [nick.grecco@advocatenetworks.com](mailto:nick.grecco@advocatenetworks.com).

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## Customer Spotlight: Augusta Sportswear



Augusta Sportswear Group, headquartered in Augusta, Georgia, is the leading provider of team uniforms, athletic apparel, outerwear and school-inspired products to the recreational and elementary and high school markets. Augusta Sportswear approached Advocate Networks to directly negotiate its wireline and wireless services.

*On behalf of Augusta Sportswear Group, I would like to thank you for your assistance in the recent negotiations of our wireline and wireless services. Your industry experience and market knowledge were essential to our success and allowed our associates to concentrate efforts in other areas knowing that our telecommunication sourcing was in good hands.*

*Through the efforts of Advocate Networks, we reduced our annual telecommunications costs by more than 20 percent for each of the next three years and, at the same time, improved our flexibility by reducing our total financial commitment. In addition, we eliminated billing issues by combining our subsidiaries under one collective unit.*

*While the overall level of savings is impressive, we appreciate that our investment in Advocate's services will be recovered in less than four months. This is in line with your initial projections.*

*I could not be happier with the outcome of our engagement, and I hope that the partnership between Augusta Sportswear and Advocate Networks will continue in the future.*

*Sincerely,*

*Wade Vann  
CIO & VP of IT  
Augusta Sportswear Group, Inc.*

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## Advocate Networks Announcing New Sales Team Members

Advocate Networks welcomes two new team members, Keith Strong and Paul Salamanca, to its expanding sales force. Effective March 1, 2010, Keith and Paul joined us as regional vice presidents of sales, for the Southwest and Northeast markets, respectively.

Keith joined Advocate Networks from Avema Corporation, where he was the firm's regional sales director. There he successfully identified new sales opportunities, including closing the corporation's second-largest wireless mobility engagement. Keith has more than 15 years of sales experience with Fortune 500 companies, and has a Bachelor of Administration in Business Administration and Accounting from Paul Quinn College.

Paul previously worked at SkipBrokers, LLC, as its vice president of business development. Prior to that, he spent more than five years working with telecom expense management and software providers in national account executive roles. Paul has eight years of relevant sales experience and graduated from the University of Arizona.

"We continue to invest in our future by establishing a physical presence in key markets for our services," said Scott Fogle, co-founder and co-president of Advocate Networks. "Keith and Paul bring a fresh perspective, valuable experience and new energy to the Advocate Networks team. We welcome them to the Advocate Networks family."

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## Ongoing Community Service: Children's Christmas Parade



Members of the Advocate Networks team gathered early the morning of December 5, 2009 to volunteer for the 29th annual Children's Healthcare of Atlanta Christmas Parade. For the second consecutive year, Advocate Networks gave back to the community and kicked off the holiday season by participating in the parade's Wheels Committee, making sure groups in the parade were lined up and properly organized.

"We had an awesome time volunteering at the Children's Healthcare Parade," said Carrisa Baptiste, manager of wireless help desk and order management at Advocate Networks. "I'm sure we helped put smiles on a lot of children's faces while also representing one of our company's guiding

principles: 'Give back to the community - we have been given so much.'"

Attracting more than 300,000 spectators annually, the Children's Christmas Parade is the largest Christmas parade in the Southeast. Proceeds from the 2009 parade will help fund programs and equipment to serve the patients and families at Children's Healthcare of Atlanta. Children's is ranked among the top children's hospitals by Parents magazine and U.S. News & World Report, and has made an impact in the lives of children in Georgia, the United States and throughout the world. The Advocate Networks team is honored to volunteer for such an impactful and important organization.

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## Look For Us!

### **TAG Georgia Technology Summit**

March 24

Location: Cobb Galleria

Atlanta, GA

Web site: <https://s08.123signup.com/servlet/SignUp?Info=&P=1521974191157406300&PG=1521974182300>

### **CTAM's Cable & Telecommunications Industry Fundraiser: SkiTAM**

April 8-11

Location: Vail Cascade Resort

Vail, CO

Web site: <http://www.skitam.com>

### **VHA Georgia Trustee Institute**

May 5-7

Location: Ritz Carlton

Amelia Island, FL

Web site: <https://www.signup4.net/Public/ap.aspx?EID=201086E>

### **ATP Golf Tournament**

May 24

Location: St. Ives Country Club

John's Creek, GA

Web site: <http://www.atpconnect.org/event/6th-annual-atp-cio-golf-tournament>

### **The World of IT Financial Management**

June 21-25

Location: Jefferson Hotel

Richmond, VA

Web site: <http://www.itfma.com>

***Referrals are always appreciated (and rewarded)! Please contact Susan Schroeder at [susan.schroeder@advocatenetworks.com](mailto:susan.schroeder@advocatenetworks.com) for information about our referral program.***

***To learn how Advocate Networks can reduce your communications expenses, please contact Scott Fogle at (678) 987-5990 or [scott.fogle@advocatenetworks.com](mailto:scott.fogle@advocatenetworks.com).***

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