



Telecommunications Audit Summary

May 16, 2011

SpyGlass

The SpyGlass Group, Inc.—Confidential

Executive Summary

The SpyGlass Group, Inc. was hired by the City of Franklin, IN ("Franklin") to perform an independent audit and analysis of its voice, data and Internet services for all its locations throughout the city. During the course of this audit, SpyGlass performed the following work:

- Met with Franklin personnel to (a) identify the telecommunications and Internet services that are in use by Franklin and the outside companies providing such services, and (b) gather copies of bills and contracts for the audit.
- Developed a site-by-site inventory of all services that are being billed by Franklin's various telecommunications providers
- Compared the completed inventory with services currently in operational use by Franklin at all its facilities for purposes of identifying unnecessary and/or under-utilized lines or services.
- Compared the completed inventory with current contracts and tariffs for the purpose of identifying inconsistencies that could result in retroactive recoveries for Franklin.
- Performed a scalability analysis on the services being provided based on Franklin's intended use of the services and its number of users.
- Researched and developed recommendations for Franklin to cut costs going forward.

SpyGlass identified issues that will result in forward looking savings of approximately **\$16,308.48 annually**.

Please see the summary of findings below:

Recommendations

Centrex / POTS Lines

Franklin has 2 ISDN PRIs installed at the 2801 N. Morton St. location which provides dial tone to at least 5 additional locations over Franklin's data network. In addition to this service, Franklin has Centrex and POTS lines which SpyGlass is questioning. For sites that utilize the ISDN PRI, there should be no Centrex or POTS lines present except for specialized tasks or to serve as backup. Below is a list of individual lines sorted by location which SpyGlass recommends converting into DID (Direct Inward Dial) numbers on the PRI. The reasoning behind this is that the PRI has the capacity to single handedly provide dial tone to all sites without the need of additional lines. If all lines listed below are converted to DID numbers per this recommendation, Franklin will reduce annual telecom spending by **\$5,453.28**.

2801 N. Morton St. – Potential savings: \$4,825.44

CenturyLink Account Number 317 736 8169

317 736 7244	317 736 5493	317 736 6840
317 736 8967	317 736 4215	317 346 6591
317 736 3677	317 736 4008	

359 S. Main St. - Potential savings: \$627.84

CenturyLink Account Number 317 736 8169

317 736 3629

Site Specific Recommendations

2801 N. Morton St

Excessive ISDN PRI

Prior to the involvement of SpyGlass the City of Franklin's local service was primarily delivered using 2 CenturyLink ISDN PRIs. Each PRI provides 23 calling channels over a T1, for the combined ability to accommodate 46 simultaneous phone calls. Specifically 1 PRI was setup to handle outbound traffic, and the other for inbound.

SpyGlass suspected that 46 channels/2 ISDN PRIs may be excessive to handle Franklin's actual usage. To confirm whether or not both PRIs were necessary, SpyGlass performed a traffic study on the CenturyLink PRIs. The data from this study showed us exactly how many minutes were being used over a 2 week period. From this study we were able to estimate that less than 35,000 minutes of usage were crossing the PRIs. This led SpyGlass to recommend a reconfiguration of all traffic to route over a single PRI. The City of Franklin has been operating this way since the end of April with no issues of busy lines.

This research indicates that a PRI can be eliminated due to lack of use, SpyGlass recommends proceeding with a disconnection order which will reduce annual telecom spending by **\$8,208.96**

70 E. Monroe St

Excessive Line Feature

Throughout the course of the audit, SpyGlass discovered an instance of caller ID attached to a fax machine. SpyGlass recommends Franklin investigate if the location's phone system can provide these features or if they are even in use or necessary. If it is found that these services can be removed from the billing for any reason, doing so will reduce annual telecom spending by **\$126.00**

Long Distance Service Analysis

SpyGlass performs a comprehensive analysis on long distance services. This analysis is designed to ensure that the relationship between the local accounts and long distance accounts are structured properly, billing correctly, absent of excessive fees and the rates are market-competitive. This analysis consists of the following:

PIC and Reverse PIC Analysis

PIC is an acronym for Primary Inter-exchange Carrier and is simply the carrier that is assigned to provide service for local toll and long distance calls. SpyGlass performs an analysis on both the local accounts and the long distance accounts to make certain these are configured properly. Incorrect PIC designation can be indicative of many problems, including “Slamming” and other excessive billing situations. The PIC and reverse-PIC analysis also determines if the local and long distance accounts are in sync with each other. The PIC analysis identifies the local toll and long distance carrier that is assigned to each of the lines from the local provider’s perspective and the reverse PIC analysis focuses on the long distance accounts to ensure all of the lines listed on the long distance account are actually owned by Franklin. If there are numbers on the long distance account that are not owned by Franklin, it creates an environment that could contain excessive fees or in more serious cases, result in Franklin paying for long distance calls that do not belong to you.

Rate and Fee Analysis

All usage from Franklin’s long distance accounts is evaluated to determine the overall per-minute rate and to make certain the fee structure is not excessive. SpyGlass first compares these rates against the contracted rates to determine if there is any discrepancy which can create the opportunity for retroactive credit. We then compare the actual rate received against the commercially available rates offered by competitive carriers in the market to determine if Franklin is on the most cost economical plan available in each of the service territories. If either of these two exercises reveals any issues, SpyGlass will recommend steps to correct them with the ultimate goal of reducing the overall long distance costs.

Excessive Long Distance Rates

The City of Franklin has a total of 7 long discounts accounts, all with CenturyLink. The rates received by all 7 of these accounts are out of line with currently available market rates. Not only are the rates excessive, but every account is littered with various line charges and account fees as well. To remove the excessive fees and lower rates SpyGlass has obtained competitive quotes from CenturyLink, Easton and Qwest and the associated savings with each provider is shown below.

CenturyLink	\$899.17
Easton	\$1,735.84
Qwest	\$2,520.24

Each of these carriers is an excellent opportunity to achieve cost savings, the service quality between each provider would be virtually identical. By implementing this recommendation the City of Franklin will be able to save up to **\$2,520.24**.

Next Steps

As part of this audit and at no additional cost, SpyGlass performs all desired implementation activity that is desired by the client. In order to perform the appropriate actions on behalf of Franklin, the following actions are required:

- 1) **Client Review**—SpyGlass has identified issues in this document that will provide savings for Franklin. Franklin now needs to carefully review these recommendations and decide on which items Spyglass should implement.
- 2) **Implementation Meeting**—Once Franklin has determined which items to implement, an in-person meeting or conference call will take place between Franklin and SpyGlass to review the items to be implemented.
- 3) **Implementation**—SpyGlass will implement all recommendations that have been determined by Franklin and provide full written documentation of these actions upon their completion.
- 4) **Payment**—Once implementation is complete, SpyGlass will issue invoice(s) for the items that have been completed.

Item	Description	Annual Savings	Early Termination Fee	One Time Upgrade Cost
1	Convert POTS lines to DID			
	8 @ 2801 N. Morton St.	\$4,825.44	\$2,412.72	\$660.75
	1 @ 359 S. Main St.	\$627.84	\$313.92	\$0.00
2	Excessive ISDN PRI	\$8,208.96	\$12,852.00	-
3	Excessive Line Feature	\$126.00	-	-
4	Long Distance Provider Options			
	CenturyLink	\$899.17	-	-
	Easton	\$1,735.84	-	-
	Qwest	\$2,520.24	-	-