Completing a True-Up of the Client’s Constructed Cell Sites

EXECUTIVE SUMMARY

While partnering with various general contractors to build cell sites throughout their Northern California market, the client did not have the adequate bandwidth or internal personnel to financially true-up their cell sites, resulting in millions of dollars in overpaid invoices for site equipment that was never installed.

Skill Sets Supported

Project management and coordination, construction management, site acquisition management, data analysis, documentation review and tools, including Oracle products, SharePoint, Microsoft Excel, FileNet and NORAD.

Client Profile

Headquartered in Texas, the client is a multinational telecommunications corporation providing wireless voice and data services, mobile broadband, and long distance and local voice coverage. TEKsystems has delivered IT support and solutions to this client for over 20 years.

Situation

The client, a multinational telecommunications corporation, regularly partnered with various general contractors, or “turf vendors,” to build cell sites around the country to expand their customers’ cellular reception and service. Every year the client prepared a plan of execution (POE) for the contracted vendors, outlining the number of sites that needed to be built and/or modified, and the capacity and bandwidth requirements for each site. Based on the POE, general contractors would estimate the various drivers/equipment (e.g., number of antennas, radio clamps and batteries, mule tape) needed for each build, and subsequently bill the client for those components after the site was built.

However, due to the large number of sites built every year, the client didn’t have the bandwidth or resources to compare estimates versus actuals; this would involve revisiting each site and confirming the number of drivers that were actually installed and whether they differed from the original estimates. The client relied on a third-party company to review each site, though they only followed a surface-level rubber stamp process that ensured site documents were uploaded into the client’s overall project tracker and that a purchase order (PO) was generated and sent to the client. However, the third party’s review did not take a deep dive into each site project to account for installed components at a granular level. Additionally, construction managers who oversaw site construction immediately moved on to build and/or modify the next project so they were unavailable to verify the specific drivers for the site upon completion. As a result of the gap in communication between the construction managers and the client’s finance department, the client was often unknowingly overbilled by the general contractors they relied on.

Having partnered with TEKsystems for over 20 years on a variety of projects, the client looked to us to provide a team to true-up their cell site build program. The client wanted us to review the contractors’ invoicing to verify what drivers were actually installed at each site, check to see if POs were accurate and determine whether the payments the client was making were justifiable. We met with the client’s director of construction and engineering and presented our suggested plan to true-up the client’s cell sites within their Northern California market.
Solution

Under a managed services model, TEKsystems would provide a team of four technical consultants to conduct an in-depth review of the client’s current true-up process to identify gaps in communication between construction teams at each site and the client’s finance department. We would complete a three-week pilot audit of 50 cell sites randomly selected from a sampling of sites in the Northern California market to determine the accuracy of the current third-party auditor services, check to see if POs to support each project were complete and verify if they were correctly added to the client’s project tracker. Our team would also identify areas for process improvements to ensure that supporting documentation for each cell site was accurate, contractors were correctly billing the client and that the client’s finance department was only paying for the actual components installed at each site.

TEKsystems’ true-up team was also extremely flexible in adjusting to add-on work requests by the client resulting from changes to the build plan, new forecasting requests and additional work that was added to the original scope of work as our partnership developed. This flexibility helped strengthen our partnership.

Benefits

Our pilot identified a high-degree of inaccuracies and inefficiencies within the client’s existing true-up processes, including missing documentation and POs to support cell sites, incorrectly approved funds for the sites and gross overbilling by the general contractors. Due to the success of the pilot, and based on the depth and severity of our findings, the client asked TEKsystems to continue supporting the true-up of their cell sites throughout their Northern California market.

Drawing on their trust in our ability to provide high-quality resources through our proprietary Staffing Quality Process®, the client requested we expand our technical team to meet the growing need for additional support. Within one month of the pilot, TEKsystems’ Telecommunications team ramped our team to include 11 highly skilled IT professionals with expertise in project management, construction management, site acquisition, data and finance analysis, and project coordination. After two months of successfully driving change within the client’s internal true-up processes, we further scaled our team to 18 resources to keep pace with the thousands of true-ups needed in the Northern California market and with the client’s future POE.

Our team retroactively reviewed more than 2,300 cell sites built within the past three years, supplying on-site technical teams to complete an in-depth review of billed components against what was actually installed. During the true-up of these sites, we found that on average the client was overpaying by 31 percent per cell site. Through suggested process improvements in documentation and streamlining the communication process between the contractors and the client’s finance department, we were able to reduce inefficiencies to roughly 19 percent. This insight has allowed the client to more accurately anticipate the cost per cell site and forecast with more accuracy their yearly POE.

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Our team also identified more than $12 million in overbilled site drivers by the various contractors. Through validated true-up documentation, these findings were passed along to the contractors who subsequently credited the client back-owed funds that could be applied to future projects. The client was able to apply the surplus savings toward building additional cell sites outside of their original POE, which enabled more opportunities to generate.

We were also able to reduce the time to true-up a cell site. While it took the previous auditing vendor 376 days to rubber stamp each site, TEKsystems was able to complete the same review in 57 days. Stemming from our ability to drastically reduce true-up time, 60 days is now the new standard for any auditing vendors partnering with the client.

Based on our ability to provide qualified resources and deliver an extremely effective true-up, the client is exploring additional markets that TEKsystems could support in this capacity, including Southern California, Florida, Colorado and the Northeast. The client is also considering TEKsystems for additional staffing and TEKsystems Global Services® partnership opportunities across other areas of its business.