

TELECOMMUNICATIONS EXPENSE MANAGEMENT ASSOCIATION

STATEMENT OF FUNDAMENTAL PRINCIPLES

I. General Purposes

We believe that the Association should exist to develop and promulgate a clear definition of the term “Telecommunications Expense Management” to the marketplace and do so for the exclusive benefit of its members.

We believe that the Association should improve the awareness and general market perception of the TEM Value Proposition through its marketing efforts.

We believe that the Association should take a leading role in Client Education as a vital resource to improve client success and referencability.

We believe that the Association should leverage its collective managed service clout and considerable domain expertise to impel the carrier community to improve billing and service processes that will improve the client experience and ease Member interactions with them.

We believe that the Association should provide its members with beneficial services that focus on creating greater opportunity and increased profitability.

II. Defining TEM

A proper definition of Telecommunications Expense Management elevates the industry and allows the marketplace and the carrier community to understand what we do and the value we bring.

- While “telecommunications expense management” has certainly evolved over time and made significant strides this decade, no crystallized definition of what TEM is has become well known to the marketplace. We believe there is a critical need within our industry to set this definition.
- TEM is fundamentally about assisting and empowering our clients to make smarter choices with their telecom dollar at each stage of the service lifecycle including sourcing, contracting, ordering, allocation of cost, processing of payments and by extension, forecasting spending.
- While the methods of empowerment can take many forms and while a single solution need not take in all lifecycle elements, the objective of our offerings ought to be more effective management of telecommunications spending. Our solutions support our clients on an ongoing basis with both sophisticated software applications and a variety of managed services relationship models.
- **We believe that successful implementation of the TEM Value Proposition requires an effective embrace of technology to meet the needs of our clients.**

III. Membership

We believe that we should extend membership to firms that offer a continuum of services and products that assist their clients in understanding their usage, inventories and expenses and thereby validating, reducing and managing costs effectively, via both mature processes and advanced technology solutions.

- While we believe no universally acceptable and enforceable numeric or financial threshold exists to qualify a candidate for membership, we believe that our members should have a substantive history of providing TEM services to their clients. To qualify for membership, firms must show a significant commitment to the fundamentals of TEM, evidenced by having several referencable clients and by having provided TEM services for a minimum of three years.
- Membership in TEMA ought to have substantial value to our members and should be considered a differentiator in the marketplace; to insure this occurs we should be selective in our offer of membership.
- There should be a rigorous accreditation process for new applicants for membership to safeguard the good name of the Association, the interests of our clients and the marketplace in general.

IV. Code of Ethics

We believe that the Association should charge its members to conduct themselves under an ethical charter in both client engagements and in its relationships with fellow members.

- In order to insure the integrity of the services our members offer and the credibility of our industry in general that TEMA should adopt and enforce a "Code of Ethics".
- Our members must renew their ethical covenant with the Association on an annual basis. The Association has an obligation to its members and their members' clients to enforce its "code of ethics".
- It is the ethical responsibility of every member to insure to the best of their ability that the services they offer will adequately meet the needs of the potential customer.
- We believe that firms which directly or indirectly function as a carrier or receive compensation from carriers for favorable positioning with end-users have an inherent conflict of interest with the goals of the Association. To the extent that members may be receiving fees from carriers, the Association requires that such arrangements be ethical, non-collusive, not-client-specific and fully disclosed to both TEMA and the members' clients. A provisional exception is made for wireless activation fees for a period of time as determined by the Board.

V. Internal Governance

We understand that needs among members are rarely identical and the benefits we seek from creating an Association are going to vary; we recognize that no two members are exactly alike or share identical interests.

- We are a diverse group of companies. We differ in size, scope and approach; As a consequence, hard and fast quantitative stratifications are difficult to establish and impossible to enforce. There is no single measure that would allow us to effectively measure and rank ourselves.
- Our members are highly competitive; they will look for advantage at all times In spite of all these issues we share many things in common and that TEMA can provide tangible value. We all want to succeed and prosper. We all want to raise the end-user's awareness and perception of what we do. We all actually gain when any of our collective clients are more referencable. We all want more effective relationships with the carriers. We all believe that a single enforceable code of ethics should bind us to an acceptable standard of conduct.

Given that each of our prospective members will want to exploit points of commonality for individual gain, self-governance in a highly competitive environment will be challenging. Therefore, generally -

- In order to work together for our individual good, we must operate with some level of trust; we must build permeable and overlapping "communities of interest" and we must avoid static categories and impenetrable structures that lead to hard factions; we must take care to govern through compromise and coalition if we are to succeed.
- Our governing structure should be such that consensus-building is normative and practically required. Our governance should require us to exercise our creativity and summon our negotiating skills to create the types of services which will directly benefit our members individually and collectively. In due course, the services we provide our members should be the product of vigorous, dynamic, honest and ethical debate and horse-trading where everybody derives benefit and greater opportunity.
- The Association should not allow any individual member or group of members to dominate the proceedings, initiatives or benefits of the Association.

VI. Government

We believe that a properly constituted Board of Directors is necessary for beneficial governance of the Association.

The composition of the board ought to reflect the general composition of the membership.

We believe that to be effective, the Board must also be small

We believe that so as to govern efficiently, the board must delegate the development and maintenance of key initiatives to the standing committees of the Association.

We reaffirm that effective governance of a diverse membership demands that we legislate, administer and finance initiatives on the basis of consensus and that therefore

- Standing Committees ought to be chartered by the Board based on the four mission objectives of the Association: Marketing Initiatives; Client Education; Carrier Relations; Member Development
- Membership of these committees ought to reflect the diversity of the community.

The creation of additional Standing Committee charters and the approval and funding of initiatives will require a 60% majority vote of the Board. For the common good of the Association and the individual members of each Forum that the Association should be responsible that the execution of funded initiatives.

VII. Programs

We believe that measuring industry growth quantitatively is a valuable endeavor. Ultimately the greater indicators of our success and collective health are the referencability of our clientele and the general marketplace perception of the effectiveness of services our members provide.

We believe that the Association should develop initiatives that provide real value to our member firms with an over-arching mandate of improving both the climate for opportunity and client referencability.

We believe that we will have failed in our mission if any of our members does not derive substantial benefit from the variety of Member Services Initiatives we develop.

We believe that certain services ought to appeal to certain communities of interest more than others and that objective, impartial and enforceable criterion established for entrance into a Forum are occasionally appropriate. The Association should never adopt exclusionary barriers to our members.

A. Marketing Initiatives

We believe that the Association can and ought to assume its rightful role as the pre-eminent spokesman in promoting the value proposition of TEM solutions to a wide audience

- **We believe** that the Association should regularly meet with domain knowledge experts and other independent opinion-makers. We should do so neither to the exclusion of the direct efforts of individual firms nor with any bias for or against individual firms but to help shape the depth and breadth of their coverage.
- **We believe** it is important to establish beneficial relationships with print and electronic media outlets.
- **We believe** that it is important to distinguish ourselves in the marketplace from non-members through branding and reputation.
- **We believe** that our marketing initiatives should always convey a consistent, positive message that TEM is empowering and beneficial as a means of overcoming challenges.
- **We believe** that without bias, TEMA should to expose and educate the marketplace to the great variety of solutions available through website, tradeshow and media initiatives, without pointing towards any specific vendor.
- **We believe** in healthy, spirited competition between appropriate member firms for appropriate client business. The Association should actively seek to create opportunities for our members.
- **We believe** that the Association should never point prospective clients in any specific direction or intervene in an existing competitive process.
- **We believe** that our members should be able to offer a fair, reasonable and sustainable price for their solutions. The marketplace alone should determine those prices.

B. Client Education

We believe that there is an inexorable link between effective client education about TEM solutions and industry growth.

Education is the indispensable key to clients assessing their needs and efficiently finding and implementing appropriate and scalable products and services. Smart client choices create faster returns on investments, greater visibility and thus greater empowerment. These are the essential elements that drive greater referencability. If our clients are successful in selecting appropriate and scalable solutions, we grow individually as members and collectively as an industry

- **We believe** and we re-affirm that the customer alone must ultimately determine their needs, the appropriate solution and what constitutes "success". It would be inappropriate to point potential customers toward specific member firms; we also think that subjective lead generation activities and subjective matching services are inherently problematic.

- **We believe** that the Association should establish Pre-Client Education Program as an essential element of its mission to drive more opportunity into the TEM marketplace and appropriately supporting client efforts to find appropriate solutions.
- **We believe** that the Association should serve as an Information Clearinghouse and provide appropriate tools to prospects who request them.

We believe that it is vitally important that the Association take an active and balanced role in increasing TEM domain expertise in the end-user marketplace.

- **We believe** that the development of TEMA-branded expertise and talent would create a valuable class of certified telecom professional with sought after skills. We believe that this would fuel new opportunities for our members.
- **We believe** that a properly conceived Certification Program is also an important means of developing talent in the end-user environment that is necessary for the long term success of our industry.

C. Carrier Relations

We believe that it is in the substantial interest of our clients and our members that we make a concerted effort to change the nature of our relationship with the carrier community and that such effort requires leveraging our “spend under management” and collective domain expertise.

- **We seek** to develop a **Carrier Liaison Program** that would seek to create greater efficiencies through standardization in Dispute Resolution and enhancements to electronic invoicing and ordering.
- **We seek** to develop a **Carrier Scorecard Program** where we would collect empirical data on invoice accuracy, Bill formats, Customer Service, Dispute Resolutions and Order Processing.
- **We believe** that the Association has an opportunity to develop a role in which we might speak as advocates for our clients and business end-users as industry experts. This might include providing experts and expert testimony.

D. Member Development

We believe that the Association has an important role to play in the development of our members. That role however must be constrained so as not to provide exclusive benefit to any member firm or to the commercial detriment of any member,

- **We believe** the Association should foster the development of **Executive Forums** to foster organic dialog, alliances and inter-operability between member firms in order to facilitate both member and client success.
- **We believe** that the offering of solutions that do not adequately meet the unique identified needs of our customers are not in the customer’s interest and do harm to the good name of the Association generally. We believe the Association should

develop methods to hear complaints from both end-users and TEMA members and develop a **Peer-Review Process** for the benefit of all members as well.

- **We believe** that TEMA should create a **Certified Associated Partner Program**. The CAP program would develop non-member firms that may not meet the definition of a TEM Provider but can provide ancillary bandwidth and niche services in conjunction with member-provided services. The CAP program would be by nomination only with limited by size.
- **We believe** that it is critically important that we understand the marketplace's perception of our solutions. We should regularly conduct scientifically valid **Client Benchmark Studies** to ascertain how our clients think we are doing; It is important that these approaches be both vendor-agnostic and vendor-blind. We should understand the needs of the non-client using scientifically valid approaches as well.