Are You Throwing Away Money on Conferencing?

Understanding the hidden fees that drive up your bill

When it comes to conferencing, transparency in billing isn't always easy to come by.

Audio and web conferencing invoices can be some of the most difficult to decipher that an IT professional receives. Pages of call history, unclear 'extra' charges, and rates you don't remember agreeing to.

It's almost as though most conference call providers want you to get overwhelmed by the detail so that it's just too painful to make sense of the situation or compare with an alternative. Sound familiar?

When it comes to conferencing, transparency in billing isn't always easy to come by. So, it's important for IT professionals to understand how some of the most common rates, 'hidden' fees, and pricing structures can add substantially to their company's bill each month.

Punishing dial-in rates for mobile and international calling

Despite advances in audio and web conferencing over recent years, 'dialing in' with a dial-in number and access code continues to be the primary way most people join conference calls. Because of this, most conference call meeting invitations include a range of dial-in numbers, allowing guests to choose which number to use based on their location.

These dial-in numbers are one of two different types: either freephone (toll-free) numbers (e.g. 0800 in the United Kingdom or 1800 in the United States), or local access (toll) numbers (e.g. 0207 in the UK or 1 (415) in the US).

Toll-free mobile surcharges

When dialing in from a mobile phone rather than a fixed-line phone, toll-free numbers in most European countries work quite differently than they do in the United States or the United Kingdom.

For instance, in Germany, the Netherlands, Austria, Belgium, Ireland, Italy and Spain (to name a few), there is a hefty surcharge on the conferencing provider when toll-free numbers are dialed from mobile phones. These surcharges can run upwards of 30 pence per minute and are passed on to customers with a mark-up.

If your users regularly host calls with guests in Europe, or your users are frequent travellers in Europe, double check your bill to see if they're often joining calls from their mobile phones. If so, swap out the toll-free or freephone numbers for local access numbers in your conference call invites wherever possible.

International

There are certain notorious countries where dial-in rates are strikingly higher than rates in the United States or United Kingdom, for instance India and China. Given that these countries are known for being common hubs for international business, it's not surprising that businesses with frequent guests from these locations may balk when they see their conferencing bill.

In these cases, offering a dial-out alternative (where the conference calls out to the guest to bring them into the meeting) will dramatically reduce costs and provide a better experience for the user. There are many more service

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providers offering international termination into China and India than there are service providers offering international origination from China and India, and as such, dial-out prices are materially more competitive than dial-in.

As an aside, dialing in from China is not only painful in terms of cost, but also in terms of usability. In China, many dial-in numbers only work from a limited set of service providers' phones, which can cause problems for conference call guests, particularly those who are travelling. It's always a good idea to ask your conferencing provider for numbers that can be dialed nationally in China.

Legacy rates for dial-out

While dialing in is still the dominant method for joining conference calls, dial-out (where the conference service calls out to an attendee to bring them into the meeting) is fast emerging as an alternative that offers a better user experience.

Until recently, the use of dial-out was pretty rare. Very occasionally a host may have requested the assistance of a live operator to dial out to a particularly important guest. Skilled live operators weren't a trivial expense and so, unsurprisingly, dial-out was historically considerably more expensive than dialing in.

With modern times comes modern dial-out, and certain conferencing products now facilitate dial-out on-demand, eliminating the need for users to remember long dial-in numbers and access codes. However, while live operators are no longer required for dial-out, too often rates for dial-out remain at or near legacy levels. While there will be exceptions, companies should be paying less for dial-out than dial-in. If not, challenge your provider or check with another provider to compare rates.

☆ **TOP TIP**

Make sure you're paying less for dial-out than dial-in. If not, check with other providers to compare rates.

> The result, unfortunately, is that most users just carry on dialing in to audio-only calls, and the company is left with a pile of unused web licenses.

Web conferencing licenses aren't all they're cracked up to be

A few years ago, many companies made the jump to invest in web conferencing. Understandably, there was a desire to make the typical conference call experience richer and more productive, and web conferencing tools, with their multitude of features and capabilities, seemed appealing.

Web conferencing is most commonly sold by subscription – offering a specific number of licenses for a set monthly charge. This arrangement is generally beneficial for both parties, as the customer knows what they're spending each month and the provider is guaranteed revenue. That said, there are a few ways that license pricing for conferencing can cost companies money they didn't anticipate.

Unused licenses

It's not uncommon for companies on subscription pricing to notice that a significant portion of their conferencing licenses are going unused, and many may be barely used at all.

The most logical explanation for this lack of usage seems to be that as clever as many of these web conferencing products may well be, they're also quite feature-heavy and require user training. For specialist users – e.g. company trainers or IT desktop support staff – training isn't usually an issue as these products are must-haves to do their jobs. However, for the majority of mainstream business users, attending training for a conferencing tool is simply a non-starter. The result, unfortunately, is that most users just carry on dialing in to audio-only calls, and the company is left with a pile of unused web licenses that they can't offload until their next renewal point.

Inflexible renewal periods

With license pricing usually comes an automatic renewal, and for some companies, battling the renewal discussion nearly a quarter or more before their contract is up can be quite a burden. A missed renewal deadline can leave companies either locked in to their provider for an additional year or saddled with a hefty early termination fee. To ensure the best experience with web conferencing, look for a product that is simple and requires little to no training, and pricing that is usage-based rather than subscription-based.

Outdated fees & legacy charges

If you haven't reviewed your conferencing agreement in a while, it might be worthwhile to look for any legacy fees still appearing on your bill. While less common nowadays, there are few types of charges that were fairly common when reservationless conferencing first took off, but are now mostly obsolete.

Overage fees

These fees, typically hefty, would be applied any time a companyexceeded their monthly allowance of minutes. While overage fees may still be relevant in some cases, the fees themselves should be reasonable – i.e. not significantly more than your per-minute rate. If your company has purchased a web conferencing subscription, you should expect unlimited service in most instances.

Minimum call charges

It wasn't uncommon for conferencing providers to require a minimum call charge, which applied to every call, regardless of duration – even misdials. The justification for such minimum charges stemmed from the days when each call was booked by a live operator at a certain time, with a certain number of guests and for a certain duration.

The charge was essentially an administrative minimum. With automated, reservationless products, these charges should have disappeared a long time ago.

Other miscellaneous 'service' charges

These may be listed as anything from additional 'service support charges' to 'environmental charges' or even 'general administration fees,' and they're all worth investigating if you're regularly seeing them appear on your bill.

> ☆ **TOP TIP**
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> Keep an eye out for legacy charges like excessive overage fees, minimum call requirements, or "miscellaneous" services found regularly in your bill.
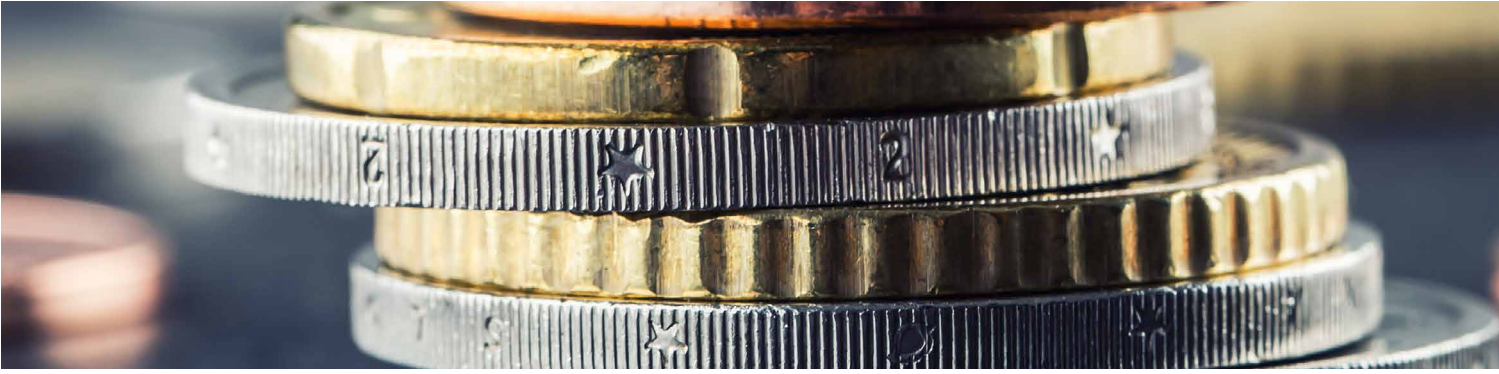
When 'free' is more accurately 'the most expensive'

There are a number of 'free' conferencing services that have gained popularity in recent years. While enticing at first impression in their marketing, these services are only 'free' in the sense that the company won't receive an invoice at the end of each month. It doesn't mean that they're not paying in a different way.

In the United Kingdom, for example, free services usually require you to use non-geographic 0844 dial-in numbers. Even when dialed from a landline phone, these numbers aren't cheap; a business will typically pay 5.8 pence per minute to their fixed-line service provider.

The bigger problem, though, is when users join these services from their mobile phones. The combination of access and service charges to dial that 0844 number from mobile varies by operator, but is typically around 40 pence per minute.

The company will actually be paying the phone company far more than they'd be paying a conferencing provider, not to mention the reputational cost of unhappy business partners whose mobile bills have skyrocketed as a result.

Finally, the cost of wasted time

On top of the hidden charges or unexplained rates, there is a bigger cost of conferencing that doesn't get as frequently discussed – the cost of wasted time. A recent survey of frequent conference callers by Research Now found that nearly a third of the time spent on conference calls – roughly 13 minutes per call – is wasted dealing with distractions that have nothing to do with the business at hand (like waiting for everyone to join, taking attendance, dealing with background noise or struggling with a presentation), and are in large part a result of failings with the conferencing technology itself.

This wasted time is the equivalent of approximately £14 / $16 billion per annum of lost business value. Shocking, considering it's about three times the amount spent on conferencing services in the first place. To mitigate this cost, businesses should look for a tool that focuses on offering a better experience and addresses these time-wasting frustrations head on.

Conclusion

Conference calls are a critical part of conducting day-to-day business and a requirement for any organization that deals with distributed teams, external partners and customers, or remote workers.

As businesses move towards delivering a truly 'digital workplace' and providing best-of-breed tools for collaboration, conferencing will continue to be an important part of the mix.

However, conferencing invoices too often lack transparency and are stuck in the industry's past with legacy cost structures rather than those found with modern SaaS products. When providers engage openly about their charges and help their customers use their products wisely, the result can be lower charges for customers and higher gross margins for providers given modern underlying cost structures.