



EQUINOX
Information Systems

Case Study

PAETEC minimizes Fraud Costs using Equinox Protector

“One of the things I immediately enjoyed about the Equinox Protector system is that I could understand how the system worked and how much control I had over it.”

Mary Hochheimer - Senior Manager of
Fraud & Subpoena Compliance, PAETEC

PAETEC Averts Fraud Costs by Using Equinox Protector

Less than one week after installing the Equinox Protector system, PAETEC was able to identify and stop fraudulent activity on their network. Furthermore, the payback period for PAETEC's original investment in the Protector system occurred in only a matter of months. By the end of Protector's first year in use, PAETEC realized millions in avoided-fraud losses. The recurring savings amount is many times greater than the ongoing ownership cost of Protector. These avoided losses characterize PAETEC's commitment to cost effective operations and to their clients who might otherwise be responsible for these costs.

PAETEC is one of the top 10 U.S. telecommunication service providers for business-class customers serving 86 of the top 100 Metropolitan Statistical Areas (MSAs). As such, PAETEC knows the importance of ensuring the security of their network and their clients' voice networks.

After a comprehensive search for a fraud management system (FMS), PAETEC chose the Equinox Protector solution. PAETEC's evaluation was based on cost, reliability, installation timeline, and customer support. In its years since deployment, Protector has enabled PAETEC to:

- Dramatically reduce their exposure to hard dollar losses due to fraudulent use of their network;
- Lower overall company costs by automating the management of their fraud protection efforts;
- Take a proactive approach to fraud management, because Protector identifies potential fraud trends in near real time;
- Increase customer satisfaction through minimized fraud exposure for their clients; and
- Realize substantial returns on their investment in a very short time period.

UNDERSTANDING THE FRAUD RISK

According to a 2009 CFCA survey, Global Telecom Fraud losses accounted for about 4.5% of total revenues—approximately \$72-\$80 billion annually. Additionally, VoIP Fraud losses accounted for 3% of industry revenues (about \$2.4 billion). Such figures substantiate that fraud is an enormous drain and must be combated with a powerful solution.

Some of the most prevalent forms of fraud in the industry include subscription fraud, PBX hacking, and VoIP fraud. Fraud is harmful to telecommunications service providers, as it both increases costs to the consumer and may damage the relationship consumers have with the provider. Despite explicit policies in place by telecom service providers that assert client responsibility in cases of fraud, end-user business customers often do not accept accountability for fraudulent charges.

FINDING A POWERFUL AND COMPLETE FRAUD MANAGEMENT SOLUTION

PAETEC understood the importance of fraud protection, so finding the right solution was critical to their success. PAETEC also had an aggressive growth path and needed a scalable system. PAETEC initially selected a vendor who worked for several months to create a customized solution only to abandon the project, leaving PAETEC in a difficult position. The false start by this vendor only re-emphasized PAETEC's need for a fraud management system backed by reliable support.

When PAETEC learned that Equinox supported 200+ usage record formats and handled high-volume transaction processing, they knew that Equinox had the necessary skills and technology to manage the evolving and growing PAETEC network. Equinox demonstrated Protector's flexibility and ability to grow with PAETEC—through acquisitions, personnel changes, and the incorporation of new switches and databases. PAETEC quickly found that the individualized and dedicated customer support provided by Equinox would allow them to adjust quickly to changing demands in the marketplace.

Finally, an important part of PAETEC's value proposition was to find a solution that would not substantially increase their operational costs. Protector's automated analysis of personalized customer profiles, escalating alerts, and case investigation tools allowed PAETEC to manage the system without paying for additional resources. Protector's investigation tools, profile analysis, and real-time reporting gave PAETEC all the information they needed without overloading them with useless data.

ACHIEVING INSTANT SAVINGS AND RETURN ON INVESTMENT (ROI)

Equinox's Protector was the most affordable product on the market based on PAETEC's evaluation. The low cost of hardware, along with a competitive on-going maintenance fee, provided PAETEC with a quick ROI. Additionally, the modifications made specifically for PAETEC were developed and installed in a short period of time. The quick timeframe meant that PAETEC users were trained soon after the software installation, which allowed them to realize immediate benefits in the form of fraud detection.

Protector also enabled PAETEC to instantly identify fraudulent activity by way of Hot List feature, a comprehensive collection of known fraud numbers compiled and maintained by Equinox. The Hot List allowed PAETEC to start monitoring activity from day one.

Perhaps most telling though is that in terms of avoided fraud losses, PAETEC experienced a savings over twenty times greater than the cost of operating Equinox Protector during its first year in use!

Equinox continues to update Protector, based on industry trends and the latest fraud schemes. The on-going enhancements and scalability of Protector allow it to be PAETEC's long-term solution. Furthermore PAETEC has been able to form working relationships with other carriers who also use the Equinox solution. PAETEC and other Equinox customers meet yearly at the Equinox User Forum to discuss relevant issues and possible solutions in the continuing fight against telecom fraud.

ENHANCING PAETEC'S VALUE PROPOSITION

While the primary objective was protecting their network, PAETEC found that Protector also helped enhance their customers' experience. The added benefits they gained by building their offering around the Equinox Protector proactive fraud management solution bolstered PAETEC's value proposition to their customers. Two specific instances of how they served their customers underscore the competitive advantage PAETEC achieved.

Case Example One

The first example involves a New York City-based organization who brokers shipping contracts for several large ports around the world. A total of sixteen T-1s supply voice services to the company's 700 employees at its corporate headquarters and remote-based offices. Over a period of several months,

the communications manager noticed a dramatic increase in their telecom bills and began investigating the cause. The communications department identified the source: a remote hack on the company's PBX allowed thousands of calls to be placed to obscure international countries.

The communications manager was concerned about this security breach and his department's ability to constantly monitor call detail records each month. A colleague recommended he contact PAETEC. A PAETEC representative analyzed the organization's communication needs and developed a comprehensive voice solution coupled with PAETEC's *Premier Managed Fraud Protection* built around the Equinox Protector platform. The communications manager quickly realized that PAETEC's 24 x 7 proactive circuit monitoring would protect his company from future losses. Now their services ride on PAETEC's reliable network and are protected by the PAETEC Premier Managed Fraud Protection service.

Case Example Two

Another example involves an advertising agency located in Miami, Florida. While the agency's expertise in advertising is unparalleled, its management found it difficult to manage and update the agency's PBX systems with the proper security procedures. As a result, an unknown hacker entered their CPE equipment and racked up \$15,000 in international call charges in a one-month period.

When the agency's contract was up for review, they issued an RFP for its telecommunication services. A PAETEC representative met with the agency team to analyze the company's needs. PAETEC offered the agency a cost-effective voice service solution as well as Managed Fraud Protection to stop further fraudulent toll charges on its bills. The agency's management team was impressed, as PAETEC was the only carrier to offer such a solution. PAETEC's ability to understand the customer's needs and address sensitive issues differentiated them from the competition. PAETEC was awarded the contract.

Today, the advertising agency is a satisfied PAETEC customer. Their full suite of voice services is protected by PAETEC's Enhanced Managed Fraud Protection that arises from the Protector software platform. For a nominal monthly fee, the agency is protected from unexpected billing surprises, with limited liability protection up to \$1,500. Additionally, PAETEC provides 24 x 7 proactive circuits monitoring for odd calling patterns, especially expensive international traffic.

GROWING WITH A LIFE-LONG PARTNER

PAETEC's decision to work with Equinox was initially based on Equinox's reputation in the industry for quality customer support and years of experience. However, Mary Hochheimer, Senior Manager of Fraud and Subpoena Compliance at PAETEC indicated that in the end, "We (PAETEC) chose Equinox Protector because of their willingness to treat business with PAETEC as a partnership." The long-standing relationship between PAETEC and Equinox has been a mutually beneficial endeavor. This shared commitment to each others' success ensures that PAETEC and Equinox will continue to have a successful partnership for many years to come.

About PAETEC

PAETEC, based in Fairport, New York, provides more than 100,000 U.S. customers with voice, internet access, security, and data center solutions. PAETEC supports more than 6.0 million access lines. The company was founded in 1998 with the avowed purpose of providing their business clients with “first-rate customer service.” The PAETEC “value-added” solutions encompass data center solutions, communications management software, equipment, and software and equipment financing programs as well as including assisting their customers in building and operating their own premium voice and data networks through. While there are many reasons why customers initially select PAETEC, their primary market differentiation and success still comes from adhering to their core value and mission to be the most customer and employee-oriented communications provider in the market.

For more information, visit PAETEC at www.PAETEC.com.

About Equinox Information Systems

Founded in 1986, Equinox Information Systems is a global provider of software solutions for the telecommunications industry. Providing a full range of software applications to hundreds of customers worldwide backed by exceptional customer support and years of expertise, the company offers solutions in areas critical to profitability and network efficiency, including revenue assurance, fraud management, mediation, network analysis, and custom application development. Equinox’s success in the marketplace is due largely to the belief that *family comes first*—and that their customers and partners are important extensions of the Equinox family.

For more information, visit Equinox at www.equinoxis.com or call +1 615-612-1200