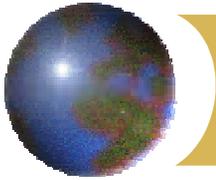


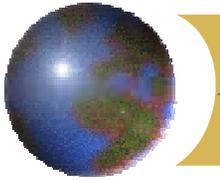
# *Mobile Communications Cost Reduction Pilot Program*

FAA Logistics Center  
Business Systems Group  
July 2000



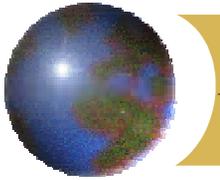
## *Mobile Communications Pilot Program Background:*

- Mobile Communications, such as cellular phones and/or pagers are an essential and expensive part of FAA operations.
- The Logistics Center spends approximately \$70,000 per year on contracts for mobile communications wireless devices, pagers and Cellular phones.
- Logistics Center will broaden it's program to reduce costs by using similar techniques used for government travel.
- Anticipated savings of 45%-75% of annual cost of providing employees with government equipment.



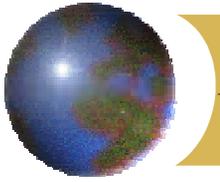
# *Mobile Communications Pilot Program Concept:*

- ✦ In situations where FAALC determines mobile communicating equipment is required, FAALC will give the employee a choice of use of a government owned phone/pager (GOP) or a private owned phone (POP), which will be reimbursed at a flat payment rate.



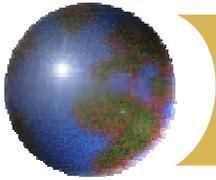
# *Mobile Communications Pilot Program Voucher Program Objectives:*

1. Getting mobile communications service and equipment (cellular phones and/or pagers) cheaper than today.
2. Utilizing the most user friendly concept for billing and tracking.
3. Limiting the number of hardware devices required for optimal communication and access.
4. Limiting users to just one piece of hardware. (one telephone and zero pagers)
5. Transitioning to a new concept in an expeditious and transparent fashion.



## *Mobile Communications Pilot Program Voucher Program Characteristics:*

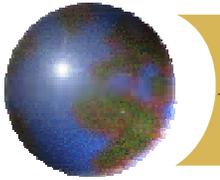
- ✚ When an employee elects to use their POP, rather than the GOP, eligible Logistics Center employees will be issued a voucher of \$30.00 for the right to access them through their POP.
- ✚ Only employees who the Logistics Center designated as requiring a GOP will be eligible for this program.



# *Mobile Communications Pilot Program Voucher Program Cost Analysis*

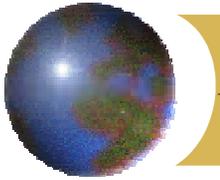
*(FAALC Users Over Five Month Period)*

- Current Nextel Program Cost:
  - \$6,375.00
- Current AT&T Pager Cost:
  - \$1,787.90
- Estimated Voucher Program Cost:
  - \$3,000                      52.00% Savings
- Estimated SWBT Program Cost:
  - \$4,565.00                  28.00% Savings



# *Mobile Communications Pilot Program Voucher Participants Requirements:*

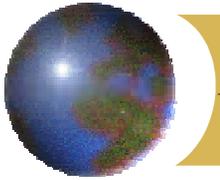
- ❖ Participant must be in a communications ready mode/status.
- ❖ Participant will maintain a private mobile communication system or POP that meets FAALC/Agency requirements.
- ❖ United States Government has no responsibility for POP equipment or service.



# *Mobile Communications Pilot Program*

## *What is in it for the US Government:*

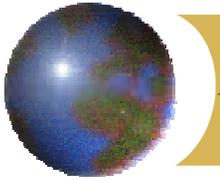
- The voucher provides the FAALC users and the agency with the following:
  - Immediate Return on Investment since there is no cost for phones or accessories.
  - Significant operational/administrative cost savings to the FAALC and the Agency over the current process.
  - No vendor switch over cost.
  - Simplistic/Transparent transition process.
  - The use of one piece of Telecommunications equipment per user.
  - The use of personal equipment.



# *Mobile Communications Pilot Program*

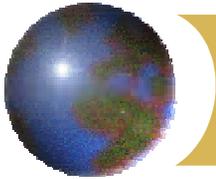
## *What is in it for the Employee:*

- ❖ Participants need only one piece of mobile communications equipment.
- ❖ Participants no longer have to carry equipment that is restricted from private use.



# *Mobile Communications Pilot Program Voucher Program Administration:*

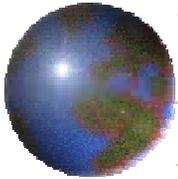
- Review current Cell Phone usage-utilizing data provided by AML-40 for each participant.
- Ensure eligibility of proposed participant.
- Review prospective participant's personnel cell phone vendor to ensure compatibility with the FAALC program.
- Each eligible participant will receive a \$30 voucher to augment their personal cellular service.
- Each participants first level supervisor or responsible party will be required to complete a Purchase Request (PR) for each user. Users that exceed their \$30 voucher in any month can claim the additional value.
- Each user will be required to submit to AMZ-100 a form 1164 in order to receive the pay-out.
- Program to be re-evaluated in one year.



**Mobile Communications Program Pilot Program Cost Options  
Usage Period September 1999 - January 2000**

Air Time (Min)	Long Distance Time (Minutes)					
	< 60	< 120	< 180	> 180		
<b>Current Nextel Program Cost</b>						
< 100	\$63.75	\$3,888.75	\$0.00	\$0.00	\$0.00	\$3,888.75
< 225	\$63.75	\$1,338.75	\$0.00	\$0.00	\$0.00	\$1,338.75
< 450	\$63.75	\$446.25	\$255.00	\$191.25	\$0.00	\$892.50
< 750	\$63.75	\$0.00	\$0.00	\$0.00	\$255.00	\$255.00
<b>Program Cost</b>		\$5,673.75	\$255.00	\$191.25	\$255.00	\$6,375.00
<b>\$30 Voucher per User</b>						
< 100	\$30.00	\$1,830.00	\$0.00	\$0.00	\$0.00	\$1,830.00
< 225	\$30.00	\$630.00	\$0.00	\$0.00	\$0.00	\$630.00
< 450	\$30.00	\$210.00	\$120.00	\$90.00	\$0.00	\$420.00
< 750	\$30.00	\$0.00	\$0.00	\$0.00	\$120.00	\$120.00
<b>Program Cost</b>		\$2,670.00	\$120.00	\$90.00	\$120.00	\$3,000.00
<b>Voucher Program Savings</b>					<b>52.94%</b>	<b>\$3,375.00</b>
<b>Proposed Southwestern Bell Program Cost</b>						
< 100	\$35.00	\$2,135.00	\$0.00	\$0.00	\$0.00	\$2,135.00
< 225	\$50.00	\$1,050.00	\$0.00	\$0.00	\$0.00	\$1,050.00
< 450	\$70.00	\$490.00	\$280.00	\$210.00	\$0.00	\$980.00
< 750	\$100.00	\$0.00	\$0.00	\$0.00	\$400.00	\$400.00
<b>Program Cost</b>		\$3,675.00	\$280.00	\$210.00	\$400.00	\$4,565.00
<b>SWB Program Savings</b>					<b>28.39%</b>	<b>\$1,810.00</b>
<b>Proposed AT&amp;T Program Cost</b>						
< 300	\$59.95	\$3,656.95	\$0.00	\$0.00	\$0.00	\$3,656.95
< 300	\$59.95	\$1,258.95	\$0.00	\$0.00	\$0.00	\$1,258.95
< 600	\$89.99	\$629.93	\$359.96	\$269.97	\$0.00	\$1,259.86
< 1000	\$119.00	\$0.00	\$0.00	\$0.00	\$476.00	\$476.00
<b>Program Cost</b>		\$5,545.83	\$359.96	\$269.97	\$476.00	\$6,651.76
<b>AT&amp;T Program Cost</b>					<b>-4.34%</b>	<b>-\$276.76</b>

\* Costs represent 5 months usage



## FAALC Cell Phone Plan Comparison

**Plan & Costs** (Monthly Plan minutes and monthly cost)

**Plan \$/minute** (Plan Costs per Minute)

**Marginal Cost** (Cost per minute from next smaller plan to next larger plan)

### Chart of Comparative Costs

	<b>Sprint PCS</b>	<b>AT&amp;T Wireless</b>	<b>Southwestern Bell</b>	<b>Voice Stream</b>
Plan & Cost	180 minutes/\$29.99	300 minutes/\$59.99	75 minutes/\$25.00	500 minutes/\$39.99
Plan \$/minute	\$0.1666/minute	\$0.19996/minute	\$0.3333/minute	\$0.08/minute
<b>Marginal Cost</b>	\$0.0625/minute	\$0.05/minute	\$0.1333/minute	\$0.125/minute
Plan & Cost	500 minutes/\$49.99	600 minutes/\$89.99	150 minutes/\$35.00	900 minutes/\$89.99
Plan \$/minute	\$0.09998/minute	\$0.14998/minute	\$0.2333/minute	\$0.09999/minute
<b>Marginal Cost</b>	\$0.10/minute	\$0.075/minute	\$0.075/minute	
Plan & Cost	700 minutes/\$69.99	1000 minutes/\$119.99	350 minutes/\$50.00	
Plan \$/minute	\$0.09999/minute	\$0.11999/minute	\$0.1429/minute	
<b>Marginal Cost</b>	\$0.10/minute		\$0.1000/minute	
Plan & Cost	1000 minutes/\$99.99		550 minutes/\$70.00	
Plan \$/minute	\$0.0999/minute		\$0.12727/minute	
<b>Marginal Cost</b>			\$0.08571/minute	
Plan & Cost			900 minutes/\$100.00	
Plan \$/minute			\$0.1111/minute	
<b>Marginal Cost</b>			\$0.08333/minute	
Plan & Cost			1500 minutes/\$150.00	
Plan \$/minute			\$0.100/minute	