

Case Study – Global Professional Services

Itica lead the network service renewal process for a Global Professional Services Organisation.

We took the client and supplier through a structured process that reduced costs for both organisations and delivered improved services to the client.

Benefits Delivered

- > Savings of 23% over current spend
- > Opportunity savings of over £500,000
- > Demonstrable service improvements
- > Return on Investment of 666%

Background

Our client is a professional services organisation with operations throughout the world. The Network Services contract was due to expire and Itica was engaged to run the renewal process.

The client did not want to go to the expense of running a full competitive selection process, as they were generally happy with the incumbent supplier. However, the client wanted to ensure that any new contract would meet their needs for the duration of the contract and that it would remain competitive.

We recommended to the client that a selection process should be run in the same manner as a normal competitive process, but with key differences:

- > Focus on the changes required to improve the services from a business perspective
- > Itica to provide an independent market assessment
- > Only engage the incumbent supplier

The client recognised that this approach would reduce costs whilst delivering their service and contract requirements.

Return on Investment

Itica has modelled the single supplier approach in comparison with a multiple supplier Request for Proposal to produce an indicative Return on Investment for clients looking to reduce their costs during the contract renewal process.

The key cost drivers were entered into the model and it produced:

- > Estimated saving of £536,000
- > Estimated ROI of 666%

Therefore, the client would save over £500,000 by following the Itica recommendation and dealing with one supplier rather than approaching multiple suppliers.

Cost saving elements

- > **Reduced cost of change**
Staying with the existing supplier reduces the costs associated with changing to another supplier, such as; hardware costs, project management etc.
- > **Resource costs reduced**
Internal and external resources will spend less time dealing with a single supplier
- > **Price reductions achieved earlier**
Approaching multiple suppliers will delay the realisation of savings from the new contract

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Actions

We used our four-stage consultancy process to renew the Network Services.

Discover

- > Understand the current state
- > Document what needs to change

Structured interviews were held with key business leaders and with the IT team to establish how the current service was operated and to determine what needed to change.

Define

- > Establish the desired state
- > Generate options for Service, Technology and Implementation

The feedback from the business was prioritised and a set of "Infrastructure Maxims" were defined and agreed. These articulated the key attributes the Network services must meet and are used to measure the services, to ensure they meet the businesses needs.

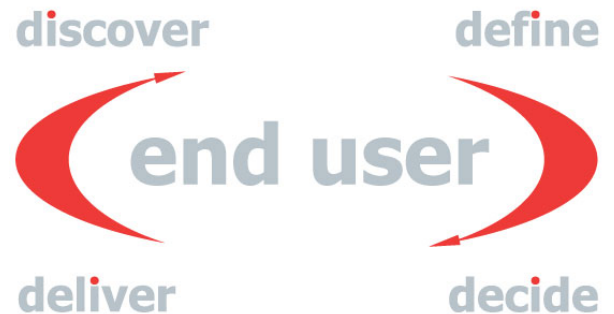
Decide

- > Agree the options for each service
- > Perform the Market assessment
- > Negotiate the contract

Itica performed an independent market assessment that confirmed that the pricing from the incumbent supplier was competitive and that they could meet the requirements as defined by the Infrastructure Maxims.

Deliver

- > Implement the changes to the services and the contract



Results

Client:

- Significantly reduced the overall cost of renewing the Network Services Contract
- Delivered savings to the business sooner than would have been achieved with a formal RFP
- Received competitive pricing from a supplier who could meet their requirements
- Improved service delivery
- ROI of 666%

Supplier:

- Retained a significant customer
- Significantly reduced the cost of retaining the customer
- Passed additional savings to the customer in recognition of the reduced cost of the process

