

**OPTIMISING PERFORMANCE
AND
REDUCING COSTS OF
NETWORK AND COMMUNICATION
SERVICES SOURCING**



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AWARDS

Awards for this project include:

- Global Sourcing Association Awards: Winner of 'International Project of the Year' (2018)
- Management Consultancies Association Awards: shortlisted for 'Commercial Management', 'Change & Transformation' and 'International Project categories (2019)



ASSIGNMENT AND CLIENT CHALLENGE

Our client, a global energy firm, found that it was facing a 16% increase in Network Services run costs just to stand still.

The temptation to simply remain with the incumbent provider was strong as services were generally stable and any change or transition potentially long and complex to implement.

However, pressure from the business to reduce cost and an awareness of emerging network and Cloud managed communication technologies encouraged the client to explore transformative options from the market.

At the very least, the client wanted to keep its run costs at the same level. Ideally, it wanted a strategic partner, who would commit to helping it drive cost reduction and innovation.



COEUS APPROACH AND SOLUTION

The client appreciated that Coeus bring deep market and technology insight without being aligned to any particular vendors or technologies. This independence allowed us to take a broad view of potential solutions and suppliers before carefully shortlisting to the optimum mix of technology and supply chain.

The other advantage of taking this open-minded approach is that we were able to test the capability of new market entrants alongside traditional Telcos and Systems Integrators. This accelerated the transformation agenda to evaluate the art of the possible now alongside a consideration of future technology roadmaps.

By pursuing a competitive tender approach, suppliers were incentivised to re-think local carrier options that drove much better price outcomes for the client.

Coeus has a proven approach to contract renegotiations, that not only helps ensure value for the customer on day one, but also ensures mutual benefits for both organisations to support long term service and commercial imperatives.

Working within an agreed timebox, with both the supplier and the client, we helped to identify opportunities for the supplier to reduce their cost to serve and therefore the cost to the client.

It is critical to timebox this investigation, so that the option of tendering the services is still available and thus creating leverage. Throughout the exercise, the benefits were measured against the alternative 'go-to-market' option.

In this case the final recommendation and decision was to tender the services. This was agreed as this approach would deliver, even in the worst-case outcome, a small improvement against current spend - something which was not achieved through negotiations with the incumbent.

Coeus then supported the client through the process of going to market, negotiation of a new and innovative contract frameworks, and transitioning to a new supplier.

We partnered closely with the client throughout the project, working with IT and business stakeholders from across its pan-European operations to:

- Deliver significant cost savings
- Identify the best managed communication services solution for the client's needs
- Forge a strategic, innovation-focused partnership with the chosen supplier
- Minimise any business disruption during the migration of services

TECHNOLOGY INNOVATION

From a technology viewpoint, the solution brought widespread transformational improvement:

- Network components were refreshed to be SDWAN ready
- Hybrid WAN was introduced as a cheaper resilient solution at non-critical sites
- Simpler but more robust integration with the client's business partner sites
- Enhanced network-wide monitoring and security under a single span of control
- Evolution to a Wireless First Strategy for WAN with NextGen WiFi at 4 key sites
- New Cloud native and user-friendly RAS solution
- Introduction of more Local Internet Breakouts supporting Cloud solutions and reducing core network traffic
- Widespread elimination of physical desk phone to help enable the businesses objective of flexible working
- A regulatory compliant and flexible Cloud solution for Trader telephony
- New core video conferencing platform that integrates conferencing suites, Microsoft Skype for Business endpoints, including desktop clients, and bridges legacy technologies to extend usable life of existing assets
- Cloud based on-demand and real time video content delivery.

ALIGNING DIVERSE REQUIREMENTS

Given the international nature of the client's business and the complexity that this would add to the new contract, Coeus engaged key stakeholders in all eleven of the client's territories from the very start of the process.

This was crucial to not only understanding the many implications of the differences in local regulations, but to ultimately building an organisation-wide consensus on any final deal; each territory had a significant degree of autonomy over its IT spend and, in some cases, would have been able to find cheaper solution options locally.

To this end, the Coeus team established a radiating set of communications with IT and business stakeholders and key decision-makers, and regularly ran workshops with more than 40 attendees from a variety of countries, gathering together a broad range of insights and perspectives.

ITERATIVE SELECTION PROCESS

As the tender process progressed, the Coeus team helped the client conduct its initial engagements with a range of international vendors, challenging them to share and test their innovative solutions, offering constructive feedback, iterating on its most promising ideas, and finally selecting a shortlist of two, one of which was the incumbent.

This approach to sharing of requirements and developing solutions, through iterative vendors workshops, ensured that the right solution - at the best price point - was achieved in an accelerated fashion compared with a traditional RFI and RFP process.

After a thorough analysis of each proposal, the commercial case for switching to suppliers was overwhelming, and because Coeus had guided the client carefully through the entire selection journey, the final approval process was remarkably straightforward.

A COLLABORATIVE ENVIRONMENT

Over the course of the programme, Coeus have fostered an open and collaborative culture between the client and suppliers.

This was particularly critical in the early stages to ensure that the market believed that the client was serious about looking for a new supplier. Utilising senior executives to meet with potential suppliers helped to overcome concerns that this was not a 'stalking horse' exercise.

Coeus were retained to help support the migration, and within this capacity worked hard to bridge potential cultural and physical gaps between the client and suppliers.



OUTCOMES FAR EXCEEDED EXPECTATIONS

All the project's objectives were met or exceeded. The new deal we provided our client with delivers:

- **€92 million in savings**
The client's decision to go to market and rigorous selection process is set to deliver a projected €92m in business case savings.
- Modern and flexible modular contract framework
- 12 new and 45 enhanced SLAs
- 47% run-rate savings over five years
- A much broader service catalogue
- Improved lead times

ACCELERATED VALUE AND CERTAIN OUTCOMES

Despite its international scope and many complexities, the project was run with rigour and delivered on time and budget.

Using Coeus' expertise in change delivery, we ensured that the transition approach was realistic, achievable, and above all ensured benefits would be realised:

- Clear acceptance criteria and staged payments
- Initial savings before the end of the existing contract
- A de-risked final service cut-over

We're proud to say senior executives have described this as the best run project they've ever seen.

INCREASED FLEXIBILITY

The client's new agreement has a modular structure with simpler, more transparent terms, tailored to the market for each service. e.g. with shorter standard contract lengths for services where barriers to transition are low.

This will allow the client to be even more flexible and strategic when sourcing suppliers going forwards.

PROACTIVE INNOVATION

Having been encouraged to innovate by the tendering process, the solution for the client includes best-in class technology.

It's also committed to creating:

- 1% of all revenues re-invested into innovation fund
- A joint Innovation Council
- A Knowledge Academy
- Best-practice exchange programmes

CLIENT FEEDBACK

“Coeus acted as our trusted partner on this journey – helping us embrace best practice and innovation.

As a global organisation, understanding and appreciation of different cultures is important. The Coeus team demonstrated this and continuously adapted the way in which they engaged stakeholders based upon their learning characteristics and local ways of working.”

Head of Vendor & Contract Management, Global Energy Firm

The Network Sourcing Team



John Gorrell

John is a multiple-award winning Strategic Sourcing specialist whose recent accolades include winning the 'Sourcing Works - Value Creation' Award (2019), the 'International Project of the Year' Award (2018) and being a Finalist 'Strategic Leader of the Year' category (2018) at the *Global Sourcing Association* awards.



Vishal Patel

Vishal helps organisations deliver benefits from Cloud and Network technologies.

Achievements include advising a large European company with the tender and migration of contact centres and unified communications services to a new provider, saving €60m+.



Simon Reynolds

Simon has a strong track record of, helping clients embrace digital technology and transition. He was shortlisted for 'Team Leader of the Year' at the MCA Awards (2019) and lead the International Project of the Year (GSA Awards (2018)), a Network and Communications Sourcing programme.

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