

Breaking down the boundaries of network and communication sourcing



Assignment and client challenge

When you're delivering energy to customers throughout Europe, you need reliable, high-quality customer-facing and internal communications.

But in the 21st century, the network and communications provider just down the road may not be the best placed to serve your needs.

Our client found that, with its contract with a fellow German utilities company approaching its end, it was facing a 16% increase in run costs just to stand still.

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



Coeus approach and solution

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:

- 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
- Deliver significant cost savings



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.

Later on in the programme, Coeus have also worked hard to bridge potential cultural and physical gaps between the client and suppliers.

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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.

Outcome

Outcomes far beyond expectations

All the project's objectives were met or exceeded.

The new deal we provided our client with delivers:

- 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

€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**

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 will include 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

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