

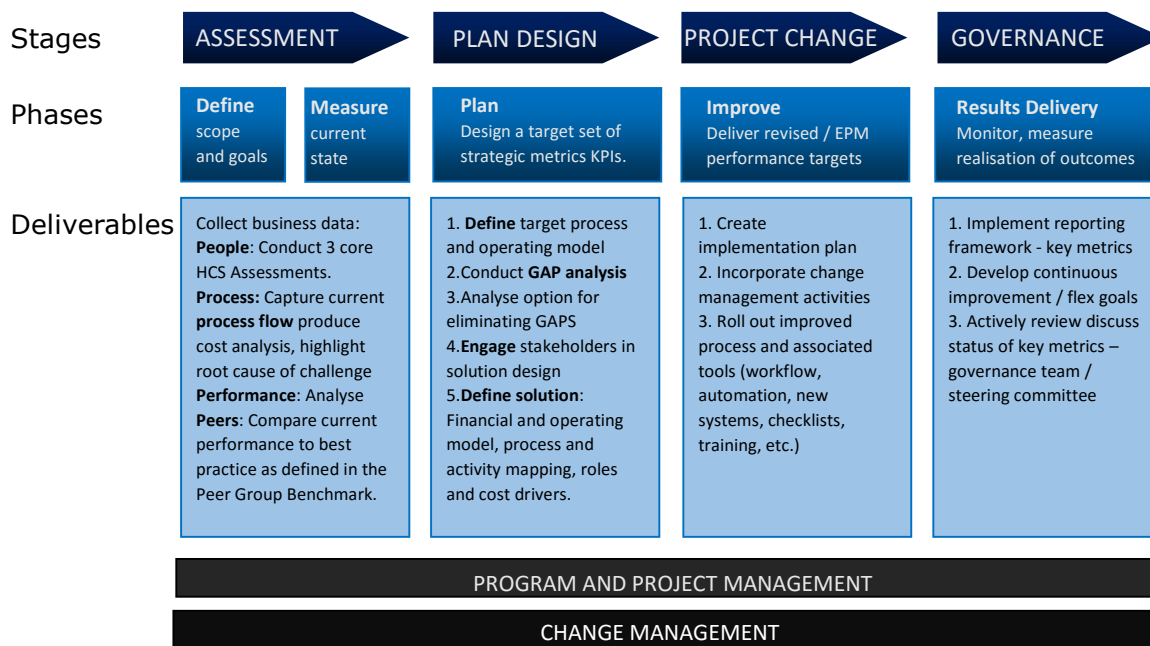
## Case Study – Delivering Incremental IT Cost Reductions circa £3.9M through Rebased Rolling Forecasts

### OVERVIEW

My client, a Commercial Director for a Global Management Consulting Firm, faced a particular challenge when her client, the COO of a Major UK utility provider, wished to reduce her IT Infrastructure costs, from circa £60m, and so demanded a solution.

The COO happened to be a particularly detail oriented individual, perhaps even more so than senior executives in a similar position. Either way, at that time, the incumbent consulting team lacked the necessary capacity to meet their clients' requirements. Non delivery would spell disaster, it simply was not an option.

### HIGH IMPACT MANAGEMENT™ PROPRIETARY TRANSFORMATION APPROACH



### PROJECT SUMMARY

I was engaged to re-design a more effective client facing solution. We undertook critical analysis of more than 40 service providers and their costs and constructed a suite of interconnected models (the solution). It was later presented to the client; who's remarks were "this is the best piece of work I have ever received from..." (the consultant).

Needless to say the model was adopted and went on to become the "go to" source document for a large commercial team. It formed a keystone in the clients' contractual relationship. Specific balanced scorecard (KPI) metrics would determine extent of my clients P&L and thus her profitability.

## **KEY SOLUTIONS DELIVERED**

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- Three year, monthly rolling accruals based cost forecast (past, present and future).
- Price / volume Variance analysis of Actual to Plan and the Forecast Outturn.
- Quarterly Cash Flow re-forecast.
- Cost control over a service provider pool comprising in excess of 40 companies.
- Project management costs controlled for a large team of project managers.
- Reconcile 6,000 lines and circuits BT and Vodafone telemetry inventory database.
- Dashboards designed for KPIs and Graphical Trend analysis.
- Consumption data and tariff tracking to support contract negotiations.

## **ESTIMATED INCREMENTAL SAVINGS £3.8M - EVA £21M**

The solution was capable of forecasting IT infrastructure costs to within a 1% tolerance of accuracy versus the plan. A tolerance that was in fact a contractual obligation. We used graphical analysis to effectively scan cost trends and highlight material variances.

We identified many abnormal cost patterns across several key service lines. This in turn led to service investigations. We won several cost rebates from major Telecom providers on behalf of the client. One month **we recovered £250,000 from BT** alone, and many thousands from Vodafone, who are notoriously poor with their billing accuracy.

**Needless to say the cost savings amounted to many multiples of our fees.**

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