

*In this project, we reengineered the production support environment, looking activity-by-activity to understand what was being performed by vendors. We then integrated best practices for those activities, achieving 30% guaranteed savings, process improvements borne by the vendors, and greater cost visibility.*

## CLIENT SITUATION

- Fortune 100 company with production support spend in excess of \$50MM per year
- Steady spend increase driven by environmental complexity
- Necessary investments in process improvements not being made
- Most contracts were time & material, with limited visibility into the underlying activities
- Performance measurement metrics were loosely defined – i.e., no financial impact to the vendors in case of poor performance

## KEY LEVERS

- Activity-level breakup of vendor responsibilities and associated costs
- Fair market value assessment of the true support required and underlying reengineering opportunity
- Long-term visibility through multi-year contracts
- Effective performance metrics

## OUR IMPACT

- Ensured 30% guaranteed savings – entirely driven by vendor reengineering
- Shifted towards multi-year fixed-fee contracts reducing the administrative burden
- Achieved unprecedented level of visibility into the cost drivers, even though contracts were fixed price
- Secured vendor financing for the investments required for the reengineering
- Institutionalized extensive performance monitoring system, with financial incentives