

CASE STUDY: IT

CLIENT	Global IT Outsourcer
PROJECT	Global IT outsourcing agreement - Defence and Aerospace
CONTRACT	TPI Type and bespoke contract
CONTRACT VALUE	£1.2B over five years
WORK SCOPE	Global outsourcing agreement including systems integration, infrastructure and applications development and support, consulting, procurement and ad-hoc managed services.
BLAKE NEWPORT SERVICES PROVIDED	Senior experienced resource to fill commercial director's role over 18 month period



SITUATION

The outsourcing agreement was of high value and provided a broad range of services to 16 diverse businesses globally. As a result the contract itself was voluminous and complex. The end-user pursued business growth and development through acquisitions, divestments and JV's. The end-user was also an early adopter of technology innovation. There was constant change through the exit and entry of business under the scope of the agreement. There were also regular changes to existing services and introduction of new services exploiting new technologies. Further, the end-user's vendor management approach was dominated by its commercial teams and their often dubious understanding of the agreement. The service provider had been beaten heavily with the contract over the previous two years and the overall profitability of the commercial relationship had declined significantly.

IMPLICATIONS

In an environment with constant change and an end-user who used the agreement as a stick to manage its service provider, a lack of advice and support from a senior experienced commercial resource presented a genuine risk to revenues and margins.

OBJECTIVES

The objective of the commission was to provide a senior experienced resource to eliminate and/or mitigate the risks to revenue and margin i.e. ensure margin's accurately reflected risk. The resource was required to manage the client's commercial team, provide advice to the senior management team, ensure a positive interaction with the end-users' commercial teams and to manage processes including: contract change, negotiations, disputes and bid management/business assurance.

BLAKE NEWPORT SOLUTION

Blake Newport provided a resource with 18 years commercial experience. The resource was professionally qualified in dispute resolution. The resource also had significant experience of large IT outsourcings and delivery of complex IT service programmes. Blake Newport's client made a long-term commitment to the resource.

OUTCOME

Blake Newport's resource was able to support the service provider's senior management team to ensure that revenues and margins derived from new business and from change to existing business fairly reflected the associated risks. Improved bid management/business assurance processes meant that both the service provider and end-user were better able to recognise, quantify and manage risk. Outstanding commercial disputes were also resolved providing a foundation for a more positive commercial relationship that could focus on strategic relationship and service development. A strong endorsement of Blake Newport's solution lay in the fact that the service provider actively tried employ the Blake Newport resource directly and was even willing to pay a significant 'transfer fee'. Further, when the service provider sought to discontinue the use of the Blake Newport resource in line with corporate cost control objectives, the end-user formally complained. The Blake Newport resource successfully negotiated with the end-user to support the delivery of profitable business and avoid the revenue leaks associated with significant scope creep arising from the end-user's often dubious understanding of the agreement.