

CASE STUDIES

IT Cost Management

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Case studies

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These are some of our clients' success stories, including their perspective on what was really important to them and the results they achieved. Some client and organization names are withheld for reasons of confidentiality.

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Identifying 20% IT operating cost reductions

We engaged an enterprise infrastructure team to identify 20% in operating cost reductions.



Client

The client is a leading upstream oil & gas company trying to reduce IT operating costs at a time of slumping oil prices.

Situation

The IT Infrastructure team was required to reduce their operating spend by 20% while continuing to support high demand for services resulting from unchecked capital spend over the past few years. Team morale was low and people were sceptical savings could be identified.

Approach

We used a visual, outcome-focused facilitation approach to successfully engage the enterprise IT Infrastructure team and management to identify cost reductions by:

- Agreeing on areas of focus for potential cost savings
- Confirming the current state for the identified cost saving opportunities
- Modelling the desired future state by developing outcome maps and initiative summaries to understand potential savings, timing, resources and capital investment
- Developing target activity-based Cost Maps for infrastructure operating costs

- Developing a set of options and recommendations to create a roadmap for the proposed initiatives and validating the cost savings with the infrastructure team
- Support the team in presenting their work and results achieved to the executive team

Results

Infrastructure team members were successfully engaged in developing process and infrastructure capability improvements to achieve annual target cost savings of 18% in the first year and 20% in the second year. The team translated the target cost saving outcomes into clearly defined measurable activities that supported the expected results. The process enabled the Infrastructure team to take control of a difficult situation and lead the changes necessary to lower operating costs by 20%.

You were able to engage my infrastructure team in a way that I had not been able to do myself. My team took on what I thought was an impossible challenge, and yet were able to identify 20% in cost savings and the supporting investments required. This gave me hope!

— Manager, Infrastructure Operations

Estimating the true cost of properly sustaining SAP

Future operating costs, an IT support organizational model, and governance functions were determined for a new SAP implementation



Client

The client is a Western Canada employee owned company with \$2B in revenue.

Situation

To prepare to support a large SAP implementation, the IT leadership team wanted to identify improvements to key IT processes, implement a SAP centric organizational model, and better understand and manage the current and future operating costs for supporting SAP.

Approach

We provided Cost Management and Project Management expertise to a team consisting of SAP Enterprise Architect and ITIL/COBIT specialists from a leading western Canadian consulting firm. The team worked collaboratively with the client's IT Operations leadership team and completed the assessment within 12 weeks. The project approach included an

assessment of the current state, design and cost modelling of the future state organizational model, process maturity improvement plans, and an executive report of recommendations and roadmaps.

Results

The client has a future state organizational model for sustaining SAP and the rest of the IT environment. The client's team identified improvements to six key IT processes that will position the IT group to be better aligned with the business. Implementation roadmaps were developed and validated with the client. We developed detailed activity based Cost Maps for the current and future year budgets. The Cost Maps were used by the CIO to explain to the business executive team what changes in funding would be required to properly sustain SAP. The work built on the already strong capabilities of the IT Operations support group and positioned the group to engage the business more strategically in aligning IT services to business needs.

We were impressed by the way in which you got the entire team engaged. Your interactive approach, focus on knowledge transfer, and the excellent quality of your deliverables resulted in our team taking ownership for what they needed to do.

—VP Information Services

Determining the true cost of outsourced IT services

A national retailer improved its understanding of IT support costs and relationship with its outsourcing partner.



Client

The client is a fast growing national clothing retailer with operations across Canada.

Situation

Over the past few years, this national retailer had experienced rapid growth, outsourced all its IT operations, and implemented an enterprise-wide system. Alarmed at difficulties reconciling invoices to the services contract and a strained relationship with the outsourcer, the VP of IT wanted to develop a baseline of IT support costs for the new supply chain system.

Approach

Working closely with the client's and outsourcer's teams, we reviewed the services contract, change requests, monthly invoices, project documentation, support team structure and interviewed key stakeholders. A detailed cost model for application and infrastructure support for the supply chain application was developed and validated with the outsourcer and client. Findings, recommendations and a go-forward road-map to assist with contract renegotiations was provided to the client.

Results

We were able to model the true support costs for the supply chain application within a two-month period — something that the outsourcer had been unable to provide to the client. The working relationship improved between the client and outsourcer. Finally, the client felt they were much better prepared to achieve a positive outcome in upcoming contract negotiations.

We've never had this level of visibility and understanding of our IT service costs before.

—VP, Information Technology

Not only do we fully understand the outsourcer's support costs for our new supply chain system, but we've resolved many of the strains that were impacting our relationship.

— Manager, Vendor Relationships

Supporting benchmarking of \$150M in global IT costs

We developed a Cost Map used to benchmark \$150M in global IT service costs for a Canadian, US and UK oil and gas company.



Client

The client is a growth-focused global upstream energy leader based in Calgary with operating locations in the US Gulf of Mexico and North Sea.

Situation

The CIO was looking for a new approach to engage the business in more strategic conversations about the costs of IT services.

Approach

Using our Cost Mapping tool, framework and expertise, \$150M in IT operating and capital costs was modelled and benchmarked for three global divisions. Working remotely, a comprehensive cost model was developed for each division. We facilitated the development of cost management action plans while spending a week on-site with the IT leadership team in each location. The Cost Map was constructed to align with the client's benchmarking service provider, and a comprehensive benchmarking exercise was completed in less than half the time normally required.

Results

The global IT leadership team, for the first time ever, has visibility of the true cost of IT services. They are better prepared to engage the business in discussions about IT service costs and volumes, particularly for the annual budgeting process. Service managers are able to forecast and budget with more accuracy, as well as run scenarios to model the impact of a business change on IT costs and service volumes. The annual benchmarking

exercise is now much easier and quicker to complete, with an improved level of accuracy. The client has identified additional applications for cost modelling to support strategic IT decision making as it evaluates new technologies and sourcing options.

Cost Mapping is a unique offering. It is very strategic and gave us an understanding of our costs we did not have before.

— Chief Information Officer

The Cost Mapping approach moved along very well. There was no ‘fluff’ and it was really well thought through. The visual approach helped with engaging the team, and for me personally, to understand our costs. I am far better prepared to have conversations now with our CFO about our IT costs.

— US Division IT Director

In two weeks, I learned more about my costs than I have in the two years I have been here.

— UK Infrastructure Manager