Cutting IT operational and software costs by millions of pounds for a leading UK bank.

Overview.

A leading UK retail and commercial bank, traditionally considered one of the "Big Four" clearing banks, approached ECS to substantially reduce software-licensing costs.

The Challenge.

The bank believed it was wasting millions of pounds on unnecessary software licences. It decided to undertake a thorough review to better understand and apply the appropriate product use rights in order to realise important savings.

ECS' team of commercial, software licence and technology specialists were appointed and embarked upon a Commercial Optimisation Programme (COP) to leverage all licence entitlements.

ECS also provided advisory services to support contract negotiation with vendors, audit preparation and other software asset management activities.

The Solution.

The ECS team undertook the following steps:

1   A baseline assessment of IT contracts;

2   External benchmarks by specialist benchmark companies;

3   Reviewed the controls associated with demand for additional software licences and metered usage of third party applications;

4   Reviewed the license approvals processes;

5   Reviewed the processes associated with employee moves, including joining and leaving;

6   Determined which applications could be optimised to reduce the number and use of software licences;

7   Closely scrutinised PSTN telephone invoices;

8   Set up a desktop device amnesty campaign;

9   Right-sized operational services;

10 General asset decommissioning.

What value did ECS bring?

- Experience providing optimisation and other agile services to UK and international banks;

- Specialist expertise in commercial contracts, software licencing, technology and benchmarking expertise;

- Considered and pragmatic approach;

- Proven ability to quickly identify cost savings and provide clear ROI.

The benefits.

ECS quickly pinpointed 'low-hanging fruit', identifying savings worth approximately £9.4m. Of this, 70% were recurring cost savings. ECS also identified further significant savings targeted for the future. Functional heads, budget owners and finance business partners have validated these savings.

Representative benefits:

- Reducing mainframe MIPS usage and cost exposure by over £2m;

- Implementing controls such as demand and supply estimating, and a proactive review of software, to reduce MIPS usage across the mainframe estate, thereby reducing costs by £1.7m;

- Ran benchmark project to enforce contractual arrangements with managed telecom services supplier, resulting in approximately £4m annual savings;

- Saved £120k by scrutinising PSTN invoices and group databases to identify thousands of orphaned lines and other redundancies from previous consolidations and related activities;

- Ran a desktop device amnesty campaign which yielded significant desk space, and reduced stockpiles, including collecting over 1500 desktops and laptops collected;

- Right-sized operational services agreement with a major supplier, generating rebates worth £600k;

- Over £500K savings from general asset decommissioning.

Further targets include:

- Reduction in MIPS expenditure and LPAR rationalisation;

- Asset rationalisation and decommissioning to cut hardware maintenance; re-purposing released hardware; reduce physical frames and DC footprint;

- PSTN demand management to end zero billing lines;

- Migrate database to alternative products;

- Rationalisation and consolidation of mainframe software products;

- Review of Linux licence usage against contract;

- Software product amnesty: re-use/resell software products no longer in use;

- Novate existing IT vendor contracts and leverage economy of scale opportunities;

- Carrier cost analysis for further rationalisation;

- Supersize asset rationalisation, consolidation and decommissioning by bringing together all asset, application, LPAR decommission requests/initiatives;

- Tracking and managing demand of Microsoft Enterprise licence to right-size renewal.

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