



telecommunications assessment & procurement project

One of the largest media conglomerates in the U.S., this client is a family-owned holding company that publishes 17 daily newspapers, approximately 30 weeklies and "shoppers," and owns 15 TV stations. It also owns more than 80 radio stations and controls 76% of one of the US's largest cable system with more than 6 million subscribers. The holding company owns an additional company that runs 115 automobile auctions worldwide and owns a majority-stake in a web-based auto trading company.

This holding company maintained the contracts for voice, data and Internet access for the family of companies. These voice, data, and Internet contracts include: AT&T, Qwest, Sprint, MCI (formerly WorldCom), Broadwing (now C III Communications), Cable & Wireless, and BellSouth.

This project's business objectives were:

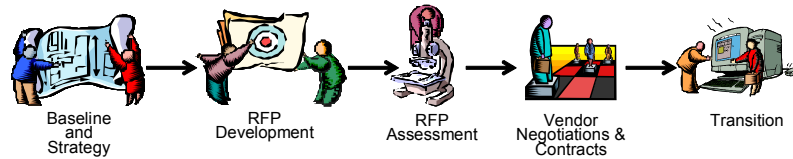
- Have service contracts and contract add-ons for voice, data, and Internet access all expire at the same time (e.g., coterminous contracts).
- Reduce the number of vendors from seven to two.
- Determine the most realistic price for services while (a) maintaining the highest level of support for the next two to three years and (b) achieving cost savings of at least 10% over what is paid currently.
- Design an effective transition plan for the migration to the new service contracts, if warranted.

Technology Consulting Associates, LLC (TCA) was hired to assess the telecommunications strategy and develop a procurement strategy to improve rates and service levels. This sourcing project's success or failure was measured against:

- The Client's ability to have predictable rates and costs for future network provisioning
- Reduction in the cost of service, with a provision to periodically reevaluate and change vendor(s) costs
- Simplify provisioning and contract management
- Support selection of services that best fit their changing business environment, without having to renegotiate contracts

vision

This sourcing project involved five steps. The steps started with collecting detailed information on what was installed, what might be needed over time, the mechanics of creating the RFP and evaluating the vendor's response. This was followed by contract negotiations and a separate planning process, for change management. The diagram below depicts the project steps.



results

This project produced the following deliverables:

- Request for Proposal for voice, data, and internet access.
- Evaluation matrix used to evaluate the responses from the vendors.
- Business case showing projected current costs, if nothing changes, versus projected costs from each of the vendors.
- Summarized vendor responses.
- Presentation and briefing document outlining:
 - ✓ Recommendation(s).
 - ✓ Iterative business case development, based upon negotiations.
 - ✓ Plan of action to change, including budget and work effort planning.
- High-Level overview of potential areas that might prove to be roadblocks to success.

value

This was a major consensus-building project undertaken by the holding company that involved over seven distinct business units. During the five month project TCA and the client achieved:

- An annual savings of approximately \$6M in reduced telecom expenses or a cost reduction of roughly 25%.
- Set the stage to transition from seven to two telecommunications vendors, at the appropriate time.
- Set the stage to incorporate wireless spending into their IXC and LEC spending in order to aggregate total spending and improve discounts in the future.
- Improved service level metrics measurement and terms with the new contracts.