

# Case Study: EquaTerra Helps Major Electric Utility Bring IT Services Back In-House

## Company Saves Over \$9 Million in IT Costs

### At A Glance

#### Company Profile

(Energy & Utilities) This company is a major electric utility company in North America.

#### Services Featured

- Sourcing analysis
- Insourcing
- Benchmarking
- Negotiations
- Contracting
- Transition

#### Business Processes Involved

- IT

### Business Challenge

A major electric utility needed to optimize its IT delivery budget in order to meet its post-merger financial targets. Infrastructure and Operations annual expenses needed to be reduced from \$120 million to \$104 million per year in just two years.

### How We Helped

As a component of their savings strategy, the company asked EquaTerra to conduct a complete sourcing analysis. EquaTerra began with a tower-by-tower cost study, comparing the current outsourcers' prices to potential in-house delivery expense. EquaTerra also benchmarked the outsourcers' prices against industry averages. Based on this information, all of the prices were renegotiated with the outsourcers and two towers, Asset Management and Network Services, surfaced as opportunities for insourcing. Termination letters were delivered to the outsourcer and EquaTerra led the insourcing projects to build the in-house capabilities for those towers. In those cases where suppliers changed as a result of the renegotiations, EquaTerra led the process integration effort to ensure a seamless transition. Finally, EquaTerra helped build the service delivery management organization required to achieve unified service delivery among the now blended in-house / external vendor delivery team.

### Results

Approximately 12 months into the effort, the renegotiations and insourcing efforts have already led to substantial savings for the company: Asset Management – \$1 million annual savings; Network Services – \$2.3 million annual savings; Fiber Management – \$800k annual savings; Voice Service – \$1.5 million annual savings. And in all cases the service delivery improved as a result of the efforts as well.

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### About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

[www.equaterra.com](http://www.equaterra.com)

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