

Case Study: PCM Uitgevers Reaps Rewards from EquaTerra's Years of Experience and Best Practices with Outsourcing Deals

EquaTerra lends its scoping, vendor policy and governance expertise to Netherlands publisher

At a Glance

Company Profile

One of the three largest publishers in the Netherlands that is responsible for four major newspapers, several smaller newspapers and five book publishers

Services Featured

- Outsourcing Support and Ongoing Management:
 - Request for Information
 - Request for Proposal
 - Partner Selection
 - Contract Negotiations
 - Transition Design and Support
 - Financial Control and Legal Support
 - Shared Services

Business Processes Involved

- Information Technology

Executive Summary

This case study details how PCM Uitgevers relied upon EquaTerra to help it overhaul its operations with a complete IT outsourcing initiative. As one of the three largest publishers in the Netherlands, PCM Uitgevers is responsible for four major newspapers, several smaller newspapers, and about five book publishers. PCM Uitgevers wanted to outsource its entire ICT department. A vendor had been selected, but the publisher was not impressed. PCM Uitgevers sought assistance. It needed an expert to help with scoping, vendor policy and governance. EquaTerra stepped in and executed a comprehensive approach – from RFI through contract signing – that resulted in tangible results for PCM Uitgevers. The success of the project led PCM Uitgevers to retain EquaTerra for an additional two years.

Business Challenge

Low Customer Satisfaction, Under-Skilled Staff and Soaring IT Costs Prompt Complete Outsourcing

The subsidiaries of PCM Uitgevers depend a great deal on their IT infrastructure. Although PCM Uitgevers had managed the Year 2000 issues and updated some of its systems and applications, most of the applications and supporting infrastructure needed major updates. In addition, customer satisfaction for the IT service was low, staff members were under skilled and the IT business had extremely high costs in comparison to the marketplace. As such, the way forward was clear. PCM Uitgevers decided to outsource the complete central ICT organisation, consisting of desktop servers, mainframe, telecom, application maintenance and application development, which included approximately 150 full-time employees.

PCM Uitgevers set out to achieve the following objectives from this outsource:

- Lower and flexible IT costs
- Access to state-of-the-art knowledge and infrastructure
- Ability to free up management time in order to focus on core business activities

When PCM Uitgevers embarked on this ambitious programme, it had retained another consultancy firm. However, this firm was not meeting expectations. PCM Uitgevers asked EquaTerra to take over the management of the entire process.

Note: This case study was written prior to EquaTerra's acquisition of Morgan Chambers in September 2007. All "Morgan Chambers" references throughout this document have been changed to "EquaTerra" to reflect the new ownership and brand.

How We Helped

EquaTerra Plays Critical Role in PCM Uitgevers' Transformation

EquaTerra supported PCM Uitgevers throughout all stages of the outsourcing process, including:

- Designing and managing the request for information (RFI), which included advice on vendor selection and first steps in vendor policy and governance
- Designing and managing the request for proposal (RFP), which included constructing an accurate RFP, setting up the business case, governance modelling and interpreting the vendor responses
- Supporting PCM Uitgevers with the selection of the successful partner – Pink Roccade
- Supporting and advising throughout the contract negotiations
It was here, in particular, that the specific IT knowledge of EquaTerra was used to PCM Uitgevers' advantage, with legal advice also provided by EquaTerra.
- Designing and supporting the transition of the services to the new provider as well as preparing the two organisations for the upcoming transformation process
Not only did EquaTerra guide PCM Uitgevers through the implementation of the contract, it also worked with the organisation to set up a strong demand organisation, which, with training and education, helped the organisation adapt to the new IT buying approach.
- Working with PCM Uitgevers as financial controllers for the initial transition and transformation period, ensuring the perceived benefits and costs were inline with those detailed by Pink Roccade in the contract. EquaTerra then transferred this knowledge and expertise back to the client so that it could successfully manage the relationship going forward.

After the transition was complete, EquaTerra continued to support PCM Uitgevers to ensure that the contract and relationship that had been established was a success for both parties.

EquaTerra Takes Deliberate Action to Get Publisher Back on Track

PCM Uitgevers asked EquaTerra to step in at a time when it was struggling to get the desired benefits or have its expectations met by a competitor. As such, EquaTerra quickly took on the role of project manager, reviewed the entire process inline with the key strategic objectives of the organisation, and subsequently made a number of fundamental changes to the project. EquaTerra immediately established a team of business representatives and incorporated them into the decision-making process. EquaTerra also shared its methodology with the project team giving them access to 11 years worth of experience and best practice implementing these types of solutions. Because PCM Uitgevers was struggling with a capacity/knowledge issue in the financial area, EquaTerra also assigned a financial specialist to the team.

EquaTerra provided advice and support at both the strategic and operational levels throughout the process. During the negotiations, EquaTerra provided additional legal support for setting up the contract. EquaTerra ensured that all team members received training and support so that they were adequately equipped to take on their new roles in governing the selected supplier.

In addition, EquaTerra organised workshops to establish the new demand organisation and provided coaching and stakeholders within the organisation to ensure that they would successfully be able to implement the new model.

Finally, EquaTerra continued to support the organisation during the transition and transformation of services. This included items such as setting up a new billing model (charging customers for services, as well as making costs flexible, tooling to monitor the business case as it changed over time, etc.).

Results

PCM Uitgevers Reduces Costs by 40 Percent, Embraces Future

EquaTerra's involvement in the PCM Uitgevers outsourcing deal led to the following benefits:

- Transformation from an insourced ICT organisation to a complete outsourced relationship in one year
- Successful transition of 150 full-time employees from PCM Uitgevers to the prime vendor Pink Roccade
- 40 percent cost reduction, after three years, of the complete ICT services
- Flexible and transparent cost models, now used as a model for future engagements by both parties
- Standard and high-quality ICT services
- A new governance model and organisation including improved demand management, which through better projection and management of demand has enabled an additional cost savings of €2-3 million
- Detailed monitoring of all service levels and steering of possibilities for the future

Due to the success of this project, PCM Uitgevers retained EquaTerra for an additional two years. During this period, EquaTerra helped PCM Uitgevers with the IT outsourcing of a new joint venture, and the sourcing strategy and subsequent implementation for its HR department, which included elements of shared services as well as outsourcing.

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, Middle East, Africa 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.

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