

Case Study: EquaTerra Delivers Ground-Breaking Outsourcing Deal for Thomas Cook Client sustains major cost savings and builds on efficiencies of original outsourcing deal

At a Glance

Company Profile

One of the U.K.'s largest travel companies with more than 10,000 staff employees.

Services Featured

- Shared Services
- Offshore BPO
- Global Service Provider Selection
- Service Provider Contract Negotiations

Business Processes Involved

- Finance and Accounting
- Human Resources
- Payroll
- Information Technology

Executive Summary

This case study details how EquaTerra helped one of the U.K.'s largest travel companies chart new territory, moving its shared services centre offshore to India. With the growing demands and innovation associated with the global travel industry at its door, the company needed a new approach to achieve cost savings while maintaining superior customer service. Thomas Cook U.K. & Ireland (Thomas Cook) achieved not only major and sustainable cost savings, but it was able to retain and build on the efficiencies of the company's first outsourcing deal, which was signed in 2001.

The Business Challenge

Less Cost, Greater Benefit

Thomas Cook is one of the U.K.'s largest travel companies, employing more than 10,000 staff. During the period of 2001 to 2002, as part of a major cost business transformation exercise, it created a shared services centre (SSC) providing Finance and Accounting, Human Resources, Payroll and IT services to the business. This centre was subsequently outsourcing to a leading IT and BPO service provider.

The travel industry worldwide is ripe with new business models which deliver innovative travel services at increasingly reduced costs — an industry standard and challenge that Thomas Cook could not ignore. The company provided unrivaled service — but it had to reduce its cost base while maintaining and growing that service, enabling it to continue to create and improve customer service levels. One way to do this was to further reduce the cost of its back-office functions.

Support was needed from industry experts who could work with Thomas Cook to identify the best suppliers for the job and negotiate a deal, which provided step-change cost reductions. The objective was to have a contract with additional savings built in over the life of the contract, while Thomas Cook maintained “as is” and “better” service levels regardless of the location of the supplier. EquaTerra was engaged to fill this role.

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 Leads Thomas Cook U.K. & Ireland through Service Provider Vetting

EquaTerra supported a thorough competitive procurement process with a mix of suppliers who have offshore capability – India and U.K.-based, best-of-breed and one-stop-shop. The process was driven by a comprehensive Request for Proposal (RFP) and supported by a series of facilitated workshops, which enabled the suppliers to ensure that their solutions effectively aligned their capabilities with the needs of Thomas Cook. EquaTerra then supported Thomas Cook in the down-select to a final shortlist of suppliers and facilitated parallel negotiations leading to Best and Final Offers (BAFO).

EquaTerra Navigates Client Through Contract Negotiations

Finally, EquaTerra worked alongside Thomas Cook in the process of developing and negotiating the contract and associated schedules to ensure that they fully encapsulated the agreed upon scope and maintained the focus on continuous cost improvement.

In addition, EquaTerra drew on its experience in the market and maintained executive-level relationships with the major service providers, ensuring that the most appropriate suppliers were selected and that they remained focused on the needs of Thomas Cook throughout the bid process.

Results

Savings Soar While Services Remain Steadfast

As a result of the support that EquaTerra provided, Thomas Cook achieved a reduction of over 25 percent on its existing cost base. EquaTerra ensured that the contract with the supplier mitigated the risk of transferring the services offshore, maintained ongoing flexibility for Thomas Cook, and delivered continued focus on service and cost performance. The demands in offshoring remained with the supplier and their job was to manage risk to deliver flawless service to Thomas Cook.

“EquaTerra proved, in its second assignment with Thomas Cook, to be a professional and objective broker, bringing insight and introducing high-calibre potential suppliers to the tender process. EquaTerra added great value gained from its knowledge of the outsourcing market.”

Ian Ailles, Managing Director of Specialist Businesses, Thomas Cook U.K.

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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