

Delivering Post Merger Cost Synergies



➤ Jonathan Moffat led the procurement workstream to deliver EBITDA improvement and improve shareholder value.

Overview

The organisation had merged but due to significant barriers (both governmental and regulatory) there had been little progress in delivering any synergies.

Further, the culture of the organisations had not been driven by cost efficiency. The parent company had evolved from effectively an entrepreneurial organisation that had been in a near monopoly for its services so the culture needed changing as well as the bottom line.

The Challenge

To identify and then implement a programme of efficiency and procurement initiatives to reduce annual operating costs by 30% over a 2 year time period whilst embedding a change in the culture to implement much more cost control.

The Solution

1. Established a clear baseline on costs by category, supplier data and key contracts across the organisation.
2. Developed a governance process to work with the broader transformation programme which was run by one of the big 5 consultancy firms.
3. Identified 25 opportunities and ranked them according to bottom line impact, duration and complexity.
4. Established a stakeholder influencing plan to ensure that the initiatives which would involve significant change or have potential resistance from internal and external stakeholders would proceed.
5. As each initiative was delivered, the results went through an agreed validation process.

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The Outcome

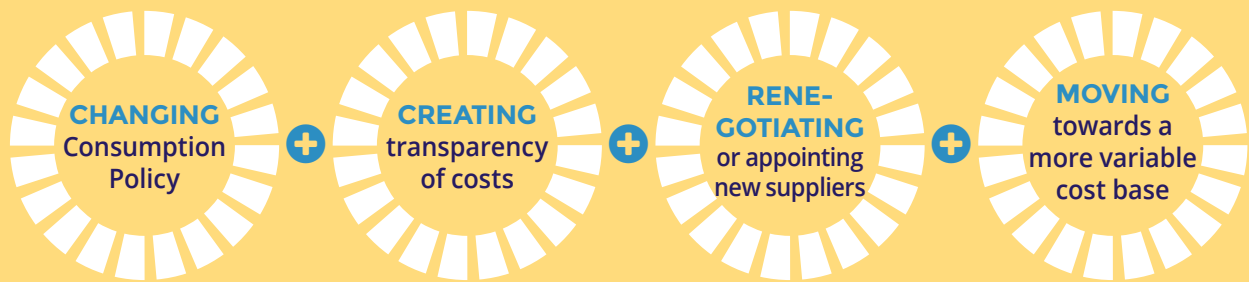
The targeted savings were delivered over 2 years.

The programme

The programme consisted of substantial initiatives such as renegotiation of material outsourcing agreements, creation of BPO initiatives and restructuring commercial arrangements with key technology suppliers.

Savings

Savings were across all categories of spend and involved a mixture of:



The programme also consisted of initiatives with a small financial impact, but which were designed to change the culture within the business.



Services delivered

- ✓ CXO²
- ✓ Cost Reduction
- ✓ Customer Relationship Management
- ✓ Increasing Equity Value