

# TELECOMMUNICATIONS – DIVERSIFIED INDUSTRIAL CONGLOMERATE

## GLOBAL STRATEGIC SOURCING

### CLIENT BACKGROUND

\$7+ billion diversified conglomerate, our client participates in multiple industrial segments. The Company's portfolio business units are leaders in the markets they serve, both in their local markets and across the globe. Principal customers engage in the Energy, Communications, and Product Identification industries, among others.

### CHALLENGE

Client had no central, coordinated purchasing of its telecommunications solutions. All of the major global providers as well as local providers were used across the client's 250+ production and sales locations, minimizing purchasing power benefits.

### EVALUATION

The Gibson team gathered and analyzed the client's telecommunications supply base and annual business requirements and spends. Potential savings opportunities were uncovered and various technical and organizational issues impeding cost-effective performance were identified. Specifically, the Gibson team.

#### The Gibson Team

- Conducted interviews with business unit management teams and IT professionals to understand current state and business needs related to telecommunications
- Identified opportunities to include all global, national, regional and select local suppliers within the supplier qualification process to obtain tremendous operational benefits and lower overall cost
- Developed three target categories as opportunities for strategic sourcing – data lines, wireless solutions, and conferencing.



## RESULTS AT A GLANCE

**\$2.9 MM**  
IN REALIZED SAVINGS  
(39%)

**REDUCED SUPPLY BASE TO ONE CORE PROVIDER FOR ALL TARGET CATEGORIES.**

**PROVIDED CLIENT WITH INSIGHT INTO TRUE LEVEL OF TELECOM SPEND FOR FIRST TIME**

**IMPROVED PRODUCT OFFERING FOR CLIENT'S EMPLOYEE BASE**

**ESTABLISHED ALLIANCE MANAGEMENT REVIEW PROCESS TO ENSURE ONGOING SUCCESS OF PARTNERSHIP**

## APPROACH

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To achieve total cost savings, Gibson Consulting implemented a Strategic Sourcing project targeting Telecommunications with an annual sourceable spend of approximately \$7.4 million. Gibson then:

- Gathered and outlined data requirements and detailed purchasing profiles of the three target categories
- Trained client team in Methodology, Executive Communications, Negotiations,
- Executed Executive Interviewing, Supplier Due Diligence and Alliance Management to ensure sustainability of improvements
- Invested significant time and resources to thoroughly understand the industry and the marketplace
- Defined and carefully developed category specific negotiable issues for effective/efficient negotiations
- Challenged client to consider all providers through the evaluation process

## RESULTS

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Cost savings were achieved by reducing the client's supply base and significantly improving alliance management.

- Realized \$2.9 MM (39%) in savings annually.
- Reduced supply base to one core provider for all target categories
- Provided client with insight into true level of telecom spend for first time.
- Improved product offering for client's employee base
- Established alliance management review process to ensure ongoing success of partnership.
- Developed a central point of contact and support to administer the relationship between organizations
- Improved business unit compliance monitoring by migrating all telecommunications purchases to a master corporate account.

