

From client contract at risk to \$4m saved - in 2 weeks

When a multinational IT company realised a key customer project was at risk, it turned to our **Strategic Delivery Assurance (SDA)** methodology to ensure a deliverable plan and strengthen the customer relationship.

BACKGROUND

Hewlett Packard Enterprise (HPE) was engaged to outsource IT services for Deutsche Bank (DB) in a deal worth around \$1.6 billion. During the down-select/due-diligence phase, HPE became concerned about the aggressive milestones for the Transition and Transformation (T&T) programme.

Keen to avoid contractual difficulties in the early stages of an important client relationship, and with a desire to work in a long-term partnership with DB, HPE wanted an independent, rigorous assessment of the risks to the initial programme milestones, which were tied to significant payments and penalty clauses.

HPE believed this pro-active stance would secure its reputation and ensure that DB achieved the planned financial and reputational benefits downstream in the programme. HPE chose to work with De-RISK because:

- Based on previous engagement experience, **De-RISK SDA** delivers an excellent return on investment.
- We have a reputation for rigorous assessments that produce accurate predictions.
- Our **SDA** methodology and results help to reassure all parties in the programme.
- Clients receive recommendations for delivering objectives on time and on budget.
- **SDA** works quickly, reducing downtime and impact on the team.

PROJECT HIGHLIGHTS

- Engaged to help Hewlett Packard Enterprise (HPE) assess the strategic risks in initial programme milestones
- Used **SDA** to rigorously analyse programme estimates and associated assumptions from both HPE and Deutsche Bank
- Provided percentage confidence of meeting the milestones and of projected delays to programme based on current assumptions
- Facilitated specific action planning to manage assumptions and mitigate delays
- Helped to secure HPE's credibility and reputation with its new client
- Saved HPE \$4m, delivering exceptional return on investment.

In this case, we were able to predict that initial transition and transformation milestones were likely to be missed by three and a half and five months respectively.

A QUICK, ACTIONABLE RESPONSE

Time was short so we carried out an assessment within just one week. Using our bespoke **SDA** process, we mobilised Stage A of our model, building a Potential Critical Path Network. We used the interview process to capture estimates and associated assumptions to allow a Monte Carlo analysis of all the potential critical paths. The results led to an immediate action: the service commencement date of the contract was moved back along with the first primary Transformation Programme milestone. With clear scientific data available, the client was happy to sign up to the new target.

We added Stage B to capture the non-timescale strategic assumptions, followed by a full joint Risk Review Board. Associated governance processes were established to agree specific action plans and monitor their progress on a monthly basis. Customer confidence was underpinned by the on-time delivery of the initial transition programme milestone followed by the first transformation deliverable.

THE VALUE TO HEWLETT PACKARD AND DEUTSCHE BANK

Our initial report showed the probability of achieving the desired milestones: the predicted delays, and the risks – highlighted by the assumptions – that would need to be managed to get back to the plan. In this case, it was clear that it was advantageous to both parties to accept the delays predicted and then formalise the new milestones and ensure that they were met. It also clearly demonstrated the opportunities available to HPE. They could both manage the existing contractual engagement and engage in potential new business with DB by managing the identified risks that were being caused by both parties.

This report was followed up with specific action plans that demonstrated how HPE could reduce delay times and keep the end client on-side. Following the analysis, we facilitated an agreed solution with HPE and DB for a new set of initial milestones for the T&T programme that all parties could support. The programme duly met these milestones.

Subsequently, the HPE team calculated that, using the evidence collected by our methodical approach, they would save \$4m by not triggering the contractual penalty clauses and by meeting the key payment milestones on time. In addition, and more importantly, HPE's credibility was preserved with DB at the crucial early stage of the relationship.

"Being invited in at an early point in the programme meant we could quickly target the key strategic risks, giving HPE the chance to bring proactive solutions and ideas to its client and deliver a workable and achievable outcome. Realising a multi-million dollar saving on a relatively modest investment made a real difference to the engagement and De-RISK was delighted to be asked to support a similar tender for another large-scale project as a result."

Keith Baxter, Managing Director, De-RISK

Cut through complexity: How Strategic Delivery Assurance brings predictability and assurance to your clients' programmes

