

The no-risk customer renewal

How do you minimise the financial risk of running more than 200 IT projects simultaneously?

CLIENT

LOGISTICS GIANT TDG

PROBLEM

HOW TO KEEP 200 IT PROJECTS RUNNING ON BUDGET SIMULTANEOUSLY

SOLUTION

BPG METHODOLOGY MINIMISES RISK

RESULT

MULTIPLE SIMULTANEOUS IT PROJECTS ALL BOUGHT IN WITHIN BUDGET



TDG is one of the world's largest logistics companies. It provides "outsourced supply chain management" - including processes and systems to manage the stock of its clients as if the clients managed the warehouses themselves.

It's a business in which margins are cut to the bone and so every cost is under close focus. That includes IT, where TDG faces more than the usual number of problems in avoiding cost overruns. Each time the

company adds a new client, typically TDG must integrate that client's systems with its own centralised warehouse management system (WMS).

That means the company runs more than 200 IT projects a year, 40 of which are warehouse-management related. And since, as every IT director knows, IT projects often run over budget, TDG identified IT costs as a high-risk area that needs close attention.

In fact, cost reduction was one of the first tasks given TDG's Group IT Director Mike Branigan when he took on that position in 2003. An ex-managing director of one of TDG's subsidiaries and a supply-chain expert with more than 23 years experience, Branigan was given a tough job - to find ways to integrate new-client systems faster while decreasing TDG's overall IT-related financial exposure.

Branigan's solution was to look across the industry for methodologies that met three criteria. First, the methodology had to ensure that individual project costs are capped - fixed to the budget planned. Second, the methodology had to scale to work across TDG's wide range of IT development. And third, the method had to be transferable to TDG staff when it was used, so that it could be incorporated within TDG's existing project management framework without additional charges.

The only group whose methods met Branigan's criteria was Best Practice Group, a consultancy that specialises in helping organisations bring in IT projects on budget and working as expected. As a first project, Branigan asked that group to bring its IT procurement-management toolkit, a combination of technical, contractual and procurement expertise, to bear on a high-budget contract renewal.

"A long-standing customer," Branigan explains, "was looking to renew their contract, which involved significant and potentially quite expensive change to their WMS and integration with TDG. They wanted to implement a new, market-

leading WMS. And operationally, our role also increased; we worked with an alliance partner to manage inbound stock sourced in the Far East.

"The customer had a specific piece of software in mind - an international WMS supplier with whom we had not worked before. So I asked BPG to review planning, tendering, supplier relations, milestones and penalties, contracts and future plans. BPG was asked to ensure that there would be no surprise costs in the project.

"BPG helped TDG bring the project in within budget - and within eight months rather than the usual 18. I found their process so intuitive it was straightforward to incorporate within our own internal process. We now do the majority of project management ourselves but retain a mentoring agreement with BPG for reassurance that we can ask for advice on unusually complex matters. I still intend to ask BPG to manage very high-budget projects. But everything else TDG will manage itself - but now our potential financial exposure is contained no matter how many projects we take on."

Best Practice Group PLC



The only guarantee in IT

Best Practice Group is a consultancy that helps clients bring in IT projects on budget and working as expected. We close the gap between traditional IT, contract, procurement and vendor expertise to bring you risk-free IT, every time. **Want to know more?** Call our advice line 0845 345 0130 or take the BPG project-management masterclass at www.bestpracticegroup.com.