

Sumerian helps UK bank recover £6.3 million overcharge for outsourced voice and data service

Client challenge

A leading retail bank with one of the largest IT environments in the UK was in the final contractual year of its outsourced voice and data service, and had just received the final invoice from their supplier. As part of the contractual negotiations held several years prior, the supplier had underwritten cost-savings through the use of convergence and service management improvements in order to reduce the bank's annual operating costs. Each year end the supplier reviewed its progress against these commitments, and where not delivered, issued a series of annual credit note refunds to off-set any shortfall.

As the contract reached its final year in 2008, the supplier calculated a final credit note to conclude the contract arrangement in readiness for contract renewal discussions. However, as part of the final credit-note calculation, the supplier believed that it had over-compensated on previous year refunds and so reduced the final credit note to a figure that was considerably less than the bank was expecting.

The bank was already using Sumerian's service to manage both its critical applications and internal service recharge process. In approaching Sumerian to assist, the bank envisaged that by applying IT Analytics and leveraging the data and knowledge built up for the service recharge process, Sumerian could enable them to receive an independent, data driven audit that would help them to challenge the final credit note figure. Crucially, the challenge to the final credit note had to be presented to the supplier within a tight deadline, making the task a complex and labour-intensive undertaking for the bank to conduct themselves.

Sumerian solution

Sumerian's understanding of the bank's voice and data environment through its existing services proved a distinct advantage in gaining a fast and accurate picture of the issue at hand. Sumerian's capture of data from multiple sources across the bank's IT environment correlates service usage against business division demand and supplier billing to produce internal service recharging. This baseline understanding could then be leveraged to great effect by enabling Sumerian to accurately analyse the bank's historical invoices against the cost-saving calculation provided by the supplier. This was achieved by creating a model which provided a complete listing

The challenge

- Large UK bank with enterprise voice and data environment
- Supplier billing required investigation
- Sumerian analysis transformed data into intelligence

Value delivered

- £6.3 million pound discrepancies identified and recovered
- Gained visibility into voice and data service for improved ongoing management and contract negotiation.

of all voice and data circuits, with a breakdown by year, usage, expected and actual charges - indicating where discrepancies were evident. In order to recalculate the credit note figure for 2008, Sumerian compared the total savings actually delivered as derived from the model against the committed underwritten savings as stated in the contract, with the expected credit note simply being the difference between these two totals. When compiling the final analysis report, Sumerian kept in mind that the findings needed to be easily understood by the bank so that it could carry out its own independent negotiations directly with their supplier.

Outcome and results

The resulting analysis delivered a highly favourable result for the bank by identifying a £6.3 million pound discrepancy spanning the lifetime of the contract. Sumerian presented the findings directly to the client team so that they could clearly understand the approach taken to calculate the final totals and corresponding credit note figure. Additionally, a report was prepared for the bank so that they could discuss directly with the supplier and illustrate where the discrepancies lay.

£ 6.3 million savings



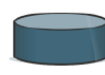
Modelling and analysis



Historical invoices




Supplier's savings calculations



Service recharge data





The ability for Sumerian to leverage data from its pre-existing services enabled a rapid turnaround of the analysis for a relatively small additional charge to the bank, with the final report findings being delivered within just ten days. As a result, the bank was able to present independently corroborated evidence of its case well within the supplier's cut-off time.

Without Sumerian's pre-established knowledge of their environment, the bank would have found it difficult to determine the discrepancies themselves. Instead, through leveraging both this and Sumerian's analytical tools and techniques, the bank was able to successfully present its dispute to the supplier and receive a multi-million pound refund.

More information

For further information on Sumerian or to arrange a demonstration of our services, contact us on 0141 229 7580, e-mail us at info@sumerian.com or visit our Web site at www.sumerian.com

