

Fortune 50 Company Identifies \$6.3 Million Gap Outsourcing Costs

EXECUTIVE SUMMARY

The premise of outsourcing has always been to reduce costs and source the work to experts. However, there is an inherent conflict of interest that is present within these engagements. While the client wants to achieve cost savings, the vendor wants to maximize billing, especially in T&M engagements.

40%

HIDDEN CAPACITY
IDENTIFIED



20%

TEAM SIZE REDUCED



\$6.3

MILLION COST SAVINGS

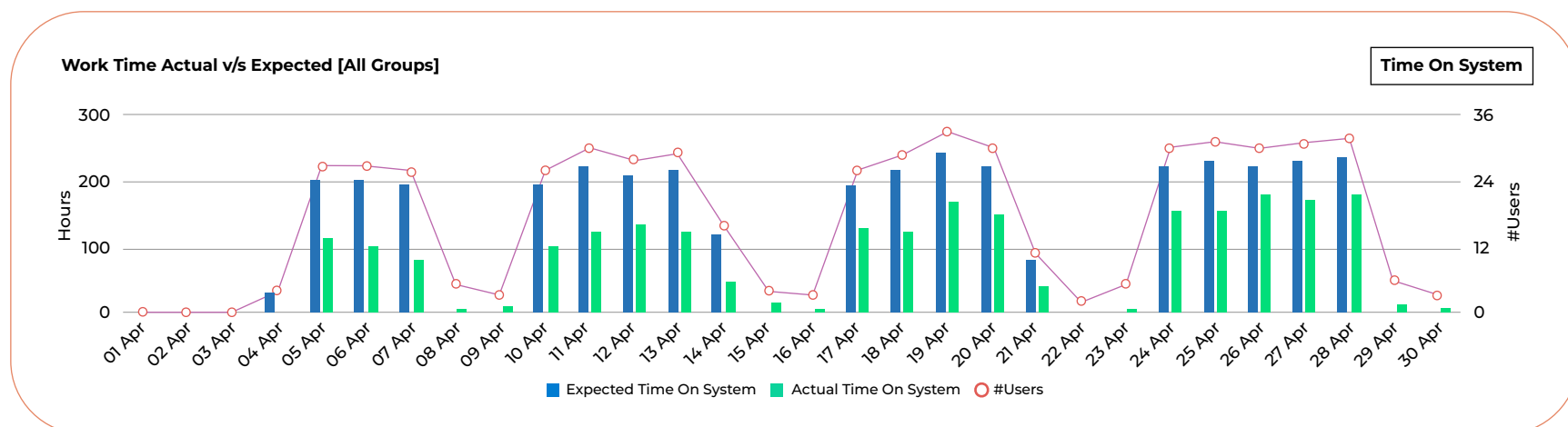


CHALLENGES

Our client, a multinational logistics organization, felt they were not getting value from their outsourced engagements. Time sheets showed the team was busy and they were getting constant requests to add more resources to the project, however, our client had nothing more than self-reported data from the vendor to justify it. Deliveries were being missed in parallel with their vendor asking for goal line increases from **5% to 7%**. Ultimately, the vendor team was becoming less productive and more costly.



Significant gap identified between the expected work time and delivered work time.



SOLUTION

ProHance was deployed across a test group of **400** vendor resources comprised of Testers and DevOps engineers in less than **72hrs. Within 30 days**, our client uncovered excess capacity spend of **\$6.3 million** due to the team putting in only **4.5 hrs** of work on average. Based on the data ProHance provided, our client was able to optimize the resource count and set strategic, data-driven SLAs.

ACTIONS

After uncovering more than **40%** hidden capacity, our client reduced the team size by **20%**, kept the other **20%** as a buffer while still maintaining the workload. Leveraging ProHance as the single instance of truth, they were able to redefine their governance practice and implement these data driven SLAs that ensured continuous value creation and cost optimization:

- ◆ No additional resources will be approved until the team is **85% utilized**.
- ◆ Backfilling of attrition will not be approved unless teams are **85% utilized**.
- ◆ Gap between the top and bottom performers should not exceed two hours. If so, bottom **20%** will be removed and not replaced.



RESULTS

These three SLAs enabled a **\$6.3M cost savings** that would have otherwise been spent on unused capacity. With this new level of visibility, our client now co-manages the engagement to aid in driving better work patterns that aligns with the SOW thus improving productivity overall, even with a smaller team size.

ProHance

ProHance is a comprehensive cloud-based enterprise workforce analytics solution that optimizes workforce performance and processes. ProHance's robust, intelligent analytics engine combined with its process automation capabilities drives measurable business outcomes, improves decision-making, enables continuous improvement and boost employee engagement. ProHance is used by leading Shared Services, BPO, KPO, and IT Services organizations across the globe.

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