

Data Centre Contract MOT & Benchmarking

Client: confidential
Industry: property

At a Glance

- £1.5m current spend
- **£600,000** savings
- Improved contract and commercial position

Client Challenge

A constituent of the FTSE 100, the client is one of the oldest and largest property development companies in the United Kingdom, investing in retail and office property.

The company initiated this project due to a unique situation where they owned 10% of their IT supplier whilst at the same time providing 30% of their annual business, being the largest customer to a relatively small supplier.

The client required a full contractual review and benchmark of the pricing, to gain a clear picture of their current commercial position.

Solution

Turnstone conducted a complete contract review through its proprietary Contract MOT model. The negotiation strategy was set up on the basis of this review.

The next step was a benchmark analysis, which identified potential savings of up to 50%.

Outcomes

Cost savings

- Identification of £600,000 savings
- Identification of 23 red clauses and 28 amber clauses totalling 61% of the contract

Commercial benefits

- Identified risks
- A clear negotiation strategy document created

"We were in a unique situation where we didn't have the typical customer-supplier relationship with our data centre provider.

We also had a six year old contract that we knew needed to be renegotiated due to commercial risks and spiralling costs.

We deployed Turnstone to conduct a full contract review, compile a re-negotiation plan and benchmark our current costs."

CIO