

## Project: MOT & Renegotiation of Key Software Contract

Client: confidential - global asset management bank  
Industry: finance

### At a Glance

- **A key system**, with a billion dollar trade volumes
- Contract heavily favouring supplier, with **major risks** for the bank
- High solution costs
- Commercial position significantly improved

### Client Challenge

One of the largest asset managers in the world, the client is the asset management arm of a leader in financial services and operates in 100 countries.

Over a number of years, the client had used a single supplier's solution, which had evolved to become key to the bank.

An initial review of the contract revealed major risk exposures and significant costs to the client, which triggered a comprehensive contract MOT and renegotiation plan.

Lacking in-house specific expertise for subsequent negotiations with the supplier, the bank engaged Turnstone to manage the mid-term renegotiations.

### Solution

First, a cost benchmark revealed that server hosting prices and day rates were significantly in excess of market norms, with questionable costs for the software itself.

Second, using Turnstone's proprietary Contract MOT methodology, a full analysis of the contract was conducted.

26 'red' clauses were identified, which put the bank at serious disadvantage and high risk.

These were chiefly around:

- Weak service descriptions and poor SLA's with no meaningful commitment or redress
- Unfavourable payment and cost mechanisms, with no cost granularity
- Nothing around Exit – in terms of the cost and what, when, and how

A negotiation plan was drawn up based on these reds and on the benchmark results.

Turnstone were then engaged to commence a structured and methodical renegotiation process with the supplier.

### Outcome

Around half of the red clauses were resolved in the initial rounds of negotiation, with the remainder concluded with the roll out of a completely new agreement at next renewal. In addition, an alternative hosting provider was sought, to reduce the cost of hosting.

The bank are now in a safer position with regard to this critical system and will be in a stronger position at contract renewal. The process has also laid the foundations to explore the wider market and competitor offerings.

*"We were delighted with Turnstone's careful approach to this critical supplier.*

*Firstly their 'Contract MOT' revealed the meaningful risk areas in the contract. More importantly, the subsequent negotiation plan initiated a successful mid-term renegotiation with the supplier.*

*Out of this we achieved several important improvements, which helped to secure our position and gain clarity on the cost"*

**Senior Vice President  
of Technology for EMEA**