

Nationwide Building Society Desktop Strategy, Sourcing and Transformation



Nationwide is the largest building society in the world; the UK's third largest mortgage lender and second largest savings provider. Nationwide has mutual status; it is owned by and run for the benefit of its members.

The Project

Engaged initially to support Nationwide in the sourcing of its network services, Xantus was asked to review its desktop strategy and implement a new sourcing model. The programme delivered commercial benefits exceeding £15M, plus significantly improved customer services. The new contract delivers competitive 'per user' desktop pricing, saving 25% vs the internal costs, and Nationwide benefits from industry-standard processes and toolsets.

The Nationwide Building Society wanted to improve its IT services to deliver a better end user experience, reduce costs and to add greater business value. It began with a review of the way its IT services were being provisioned, and, for the first time in its history, considered outsourcing select services to achieve its aims. With staff welfare a top priority, Nationwide turned to Xantus Consulting to successfully deliver the new sourcing model.

Xantus' Approach

The consultants quickly and comprehensively bridged the gap between the starting point (the absence of any service definition) and the end point (an industry-standard contract for desktop services that complied with Nationwide's rigorous requirements).

Xantus introduced the concept of desktop 'services', recommended a future target operating model, developed a cost model for the existing desktop functions and wrote a module-based procurement documentation, before successfully leading the project through supplier selection, contract negotiation and service transition.

As a result of the successful outcome, Wendy Stratford, a Principal Consultant at Xantus, was shortlisted for the MCA IT Consultant of the Year Award 2009.

PHASE 1

Requirements definition

Working with Nationwide, Xantus documented the existing desktop service; the teams involved, the costs, and the key stakeholders. This information had not been collated before, and was crucial in allowing analysis of the benefits and risks of future service recommendations. Nationwide's 'ideal desktop state' was then defined in detailed Target Operating Model and procurement documentation, explaining Nationwide's objectives in terms of services, commercial principles and future requirements. Clear decision criteria for the objective assessment of suppliers and final outcomes were defined.

Xantus recommended that Nationwide approach the sourcing process in a modular fashion - within the ITT, each of the core elements of the service was broken into a separate 'module'. Suppliers were asked to provide responses to each module, outlining the value they would add in each element, but also how the modules could be combined to create a more comprehensive service.

The benefit of this approach was that the stakeholder group could clearly see the justification for outsourcing the wider service, creating economies and providing the partner supplier with a real opportunity to improve the service.

PHASE 2

Proposal validation

To support the accurate assessment of the suppliers' proposals, Xantus led detailed reviews of the commercial, technological, service and governance aspects of the proposed deals. Structured scoring was undertaken against key decision criteria.

Within the commercial work stream, Xantus created a cost model to confirm all the current desktop costs. This informed detailed negotiations

This informed detailed negotiations with the supplier, resulting in significant savings on operating costs.

The technical work stream explored the infrastructure developments proposed by the supplier. Previous experience enabled Xantus to focus its investigation, exploring and challenging a number of assumptions stated in the proposals.

Within the service and governance work stream, Xantus provided industry experience to ensure that service definitions were comprehensive and that service levels were appropriately balanced to meet requirements at an acceptable price, and advised on the retained roles that would be needed to manage the service and supplier.

PHASE 3

→ Contract negotiation

Following the selection of a preferred supplier, Xantus provided a comprehensive structure for the contract, developing the key service, commercial and technology principles, leading throughout the detailed drafting of the contract schedules and negotiation. While these discussions are detailed and often lengthy, it is a vital process to ensure that there is clarity in all of the elements of the contract, and that each party understands their obligations. The contract was agreed on time, and defined financial savings in line with Nationwide's business case.

The Benefits

As a result of this engagement, Nationwide now has in place a new outsourced service agreement which is based on industry best practice and delivers improvements in service efficiency and significant cost savings of over £15M.

In addition, the programme delivered a number of high value outcomes across the desktop service including:

- A full understanding of the total cost of ownership
- A pay-per-use service and commercial model which can be used to make the business units more accountable commercially for the services they consume
- Centralisation of functions and elimination of function duplication
- A robust service model with clear accountabilities and responsibilities
- A sound basis for technical and service transformation and improvement

By having better understanding on its costs and service element pricing, the IT function is now in a position to start charging its services back to the business, making the various business units more accountable for their IT spending, and improving forward planning and demand management.

In addition to seeing through the handover to the outsource partner, Xantus spent three months working with Nationwide to create a handover plan. During this period, Xantus transferred all of the knowledge and information from the contract negotiations to Nationwide, enabling the company to be completely self-sufficient in future.

Value Delivered

Rather than imposing pre-defined templates and methodologies, Xantus listened, advised and applied best practice in a way that directly addressed the sponsor's needs - even when that meant challenging the original .

The Client's View

Annette Vancil, the desktop programme sponsor at Nationwide commented "Xantus was instrumental in the successful outsourcing of our desktop service. It had tremendous influence on the approach to the project, and helped to shape our thinking to ensure that we optimised the project scope.

"I was very impressed by the team's personal commitment and productivity, and the way they distilled complexity into something visual and easy to understand. Xantus kept the breadth of the scope in mind throughout, making connections between different elements of the project to ensure the overall approach was cohesive.

Peter Stafford, divisional director for IT at Nationwide, adds: "Xantus consultants were experienced, pragmatic and professional people who brought an external view and helped us drive through to a successful conclusion that works both for us and our partner."

Further Information

For further information on this and other similar assignments carried out by Xantus please contact: **Catherine Sanders on 0161 246 6018 or email catherine.sanders@xantus.co.uk**

xantus consulting

fremantle house 2 oakwater avenue cheadle royal business park cheshire SK8 3SR

tel: +44 (0)161 495 2330 fax: +44 (0)161 495 2331 email: info@xantus.co.uk www.xantus.co.uk