

KPMG Advertorial for Line56 Magazine



Performance Improvement And Cost Takeout

IMPROVING OPERATIONAL EFFICIENCIES WHILE REDUCING COSTS

How do you realize cost-savings without sacrificing operational performance?

At KPMG Consulting, our Performance Improvement Cost Takeout (PI-CTO) solution can help you reduce costs and at the same time improve performance. We use a methodical approach including: systematically monitoring IT expenditures using well defined and relevant metrics, prioritizing recommendations, and determining what is needed to rapidly expose savings and mobilize cost-saving resources.

Our PI-CTO solution can help you realize the following business objectives:

- **Reduce costs**—Eliminate redundant technologies.
- **Establish measurable results**—Set goals, track improvement.
- **Deliver better service to users**—Effectively leverage IT investments, improve efficiency.
- **Achieve predictable outcomes**—Identify cost takeout opportunities and manage change.
- **Sustain improvement**—Implement effective knowledge transfer of best practices.

State of North Carolina

KPMG Consulting helped the State of North Carolina review and validate the process for evaluating proposals for statewide local and long distance voice communications services from LEC and CLEC providers. We assisted the state in developing service level commitments and contract terms and conditions that would be negotiated with vendors and provided a final recommendation. An estimated 10% - 20% was saved in communications costs.

Typical Situations Where Opportunities For Performance Improvement And Cost Takeout Can Be Found

Our team has helped numerous businesses realize IT cost savings, enhance productivity, and improve IT operational performance. In connection with these efforts we have found five situations that typically contain "hidden" opportunities for cost takeout programs. If you are facing one or

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"To remain competitive, companies must identify 'hidden' opportunities for cost takeout that will also simultaneously improve organizational performance."

more of the following situations, we can help you find and leverage opportunities for performance improvement and cost takeout.

Top Five Situations for PI-CTO Opportunities:

- **Numerous business units operating in silos**
- **Post-mergers and acquisitions**
- **Mature contracts arriving at expiration**
- **Global operations associated with international cost and performance disparities**
- **Numerous vendors or suppliers operating in the same environment**

PI-CTO Focus And Top PI-CTO Solutions

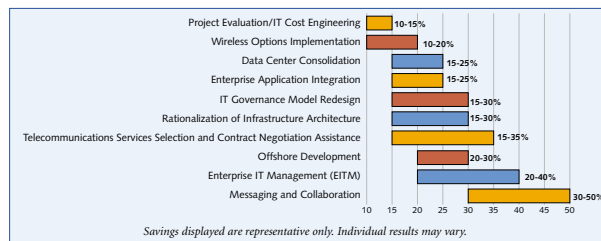
To reduce operating costs, KPMG Consulting helps identify savings such as outsourcing, consolidation, integration. We combine these activities with PI-CTO focus that include hardware, staff, and facilities. Using the focus factors, we have identified combinations that serve to reduce performance. The resulting cost savings are prioritized according to their impact. With this in mind, the top ten situations that can leverage PI-CTO and cost takeout include the following:

1. **Project Evaluation/IT Cost Engineering:** Large IT project budgets benefit from efficacious plan management, plan, and track IT costs. 10 to 15 percent savings.

2. **Wireless Options:** When experiencing rapid growth and therefore multiple moves, companies can minimize costs by using Wireless Local Area Networks (WLAN) technology. Reduced cabling leads to lower cable installation and maintenance costs, typically yielding 10 to 20 percent savings.
3. **Data Center Consolidation:** Identify and measure data center costs and develop an action plan to cut these costs. Divisions that consolidate effectively can typically yield 15 to 25 percent savings.
4. **Enterprise Application Integration:** Define and deploy a reference architecture based on the use of middleware tools. Middleware, bus technology, message brokers, etc., eliminate the manageability problem yielding 15 to 25 percent savings.
5. **IT Governance Model:** Define a global delivery model for IT services across the enterprise, using a variety of programs that can transform the IT department and generate long-term savings of 15 to 30 percent.
6. **Rationalization of Infrastructure Architecture:** Simplify infrastructure architecture for core, distribution and access networks. Entities that plan and simplify

architectures can typically yield 15 to 30 percent savings.

7. **Telecommunications Services Selection and Contract Negotiation Assistance:** Review contracts for voice and data services to identify potential for operational savings. Organizations that re-examine and re-negotiate these contracts can typically yield 15 to 35 percent savings.
8. **Offshore Development:** Create a balanced mix of offshore and onshore resources in order to yield 20 to 30 percent savings.
9. **Enterprise IT Management [EITM]:** Organizations that automate, integrate, and eliminate redundant EITM processes such as fault management, change management and performance management, can typically yield 20 to 40 percent savings.
10. **Messaging and Collaboration:** Define, plan and manage the migration from an insourced to an outsourced model for the delivery of commoditized messaging and collaboration services to the enterprise for 30 to 50 percent savings [e.g.: from insourced Lotus Notes to outsourced Microsoft Exchange].



Our PI-CTO professionals have helped selected corporations save millions of dollars per year through various PI-CTO programs. With deep industry experience and superior technical skills our professionals are able to implement performance improvement and cost takeout initiatives across virtually any IT environment and any type of industry including communications and content, consumer and industrial markets, financial services, high tech, healthcare, and public service sectors.

As you look across your enterprise and your virtual enterprise, we can help you identify potential options for saving significant dollars through a PI-CTO program. For more information on Performance Improvement and Cost Takeout and other KPMG Consulting solutions, visit us at:

http://www.kpmgconsulting.com/solutions/network_solutions/infrastructure_strategy.html

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