



Global Media Company

Background

The client is a global leader in the music industry, with over 5,500 employees worldwide and operations in over 50 countries. They occupy a premium position in the music recording and publishing market.

In collaboration with its private equity parent, the client had embarked upon a major restructuring of the recorded music business. The goal was to deliver an aggressive £200m per annum reduction in operating costs, and 1,500 – 2,000 in headcount.

Transformation of the finance function was identified as a key means of achieving this target, particularly through the outsourcing of selected finance and accounting processes.

Objectives

Working with an incumbent service provider, the client drafted an outline outsourcing plan. This encompassed almost all of the processes delivered through the existing finance shared service centres in the UK, Central Europe and the US. This included AP, AR, GL, accounting and royalties processing, and resulted in 300 FTEs in scope.

Having developed this outline solution, the client had to rapidly validate, refine and conclude a sourcing agreement, in order to meet the transformation timeline being driven by other change and consultation across the business.

Alsbridge plc was brought in to ensure the incumbent 'sole source' provider offered a competitive solution and price, and to help conclude the negotiation process in as short a time as possible.

Alsbridge Approach

Alsbridge led the Commercial workstream, from initial provider proposal through to contract signature, and post-deal support thereafter. The key areas of Alsbridge activity included:

- 1. Leadership of Commercial workstream** – Alsbridge led and programme managed the contracting workstream, acting as the primary subject matter expert on all contracting matters. Alsbridge also chaired weekly status meetings between client and provider and worked with the client to set the overall commercial strategy.
- 2. Evaluation and shaping of the proposed solution** – Alsbridge validated the scope, baseline FTE numbers, volume numbers, and technology solution, providing guidance to the client on retained organisation design, consultation, and change issues.
- 3. Negotiation of commercial and contractual terms** – Alsbridge facilitated initial engagement with the supplier, rapidly agreeing a key set of business principles to accelerate the detailed contracting process. Alsbridge coordinated the overall negotiation process between client and provider, advising the client on positioning, market norms and drafting key sections of the contract and schedules. These included charging mechanism, service level mechanism and service level metrics change management.

4. **Development of the business case and price negotiation** – Alsbridge led both the client's own internal business case process, and pricing negotiations with the supplier. Alsbridge developed the client's business case model, coordinated pricing input from supplier using proforma templates, and benchmarked supplier pricing against the Alsbridge market database of contracts.
5. **Post-deal support** – Alsbridge provided training and coaching to the client's team, for example; how to manage the charging and service management processes and developed training materials for the client's retained organisation.

Alsbridge impact

As a consequence of Alsbridge involvement:

- The client gained assurance that the deal was price competitive, in line with market best practice.
- The final deal price was reduced by £2m as a result of Alsbridge business case benchmarking, bringing service delivery and transition costs into line with market averages.
- The client gained expert assistance in the shaping of the contract, in terms of key terms and supporting schedules, such as; service levels, transition planning, and charging mechanism.
- The client benefited from the deep expertise of Alsbridge in the sourcing lifecycle, from solution design, contracting, commercials, benchmarking, to transition planning, consultation advice and programme management support.
- The client was able to focus on the important issues; Alsbridge experience helped the client avoid getting bogged down in details or arguments that they could not win, and instead concentrate on material points of contention.
- The client gained from the flexibility of Alsbridge, and ability to fill gaps in the internal team, bringing on extra resources as required at short notice.

To find out more about Alsbridge, please contact us today on +44 (0)20 7242 0666 or email helen.ricardo@alsbridge.eu
We look forward to hearing from you.

Europe plc
22 – 24 Ely Place
London
EC1N 6TE
UK
Tel: +44 (0)20 7242 0666
Email: enquiryEUR@alsbridge.eu
www.alsbridge.eu

