

## Case Study

# Government Ministry

Livingstone helps public sector organization optimize contract position and achieve significant savings

## Exec Summary

This Livingstone client is a central government organization based in Europe, with hundreds of thousands of employees working across numerous agencies and public bodies.



### The challenge

#### Optimize and renegotiate Microsoft Renewal

Livingstone was initially engaged by this client several years ago to help deliver transformation support while the organization was undergoing an IT strategy change. It was looking to implement an innovative technology solution to support its needs and requirements while also reassessing how it deployed and managed its infrastructure. As part of this architecture transformation, the organization realized that a large portion (40-60%) of the costs involved included software licensing and so turned to Livingstone for expert guidance on how to optimize these costs.

Livingstone worked alongside the organization's program delivery and commercial management teams and ultimately delivered an optimized ITAM model that saw millions in savings and helped the organization reassess its financial and strategic approach to software and licensing. Due to the success of this initial project, the organization then asked Livingstone to help it optimize and renegotiate the upcoming renewal of a Microsoft contract that spanned the entire organization.



### The Analysis

#### Making savings, meeting technical objectives and consolidating contracts

Considering the complexity of the organization's operations and how it is structured, Livingstone's mandate to assess, optimize and renegotiate its Microsoft contract across the organization as a whole was a huge undertaking.

Livingstone first set about validating and assessing the technical needs of the organization, looking at each operational area and its unique set of cloud and software requirements. This initially proved challenging as the Livingstone team needed to liaise with numerous stakeholders across each agency to assess their needs. They discovered that each had technical objectives to meet, but that these weren't necessarily aligned to a single optimized licensing strategy.

Another challenge the Livingstone team faced was the multiple Microsoft contracts with varying end-dates and contents that were scattered across the organization. One of the key goals set for Livingstone by the organization was to consolidate these into a single contract, reducing overall costs and streamlining the licensing processes.

The challenge here was to bring each agency together. Prior to Livingstone's involvement, each agency was operating and negotiating their own contract, with little cross-agency collaboration, and with limited experience of engaging vendors at the required level. This overall approach wasn't delivering the outcomes or the benefits that matched the organization's service, scale or deployment requirements.

"We knew this would be most effectively achieved by providing its IT and commercial teams with a strategic ITAM framework that would ensure ongoing optimization and savings. The teams have readily taken to this approach and witnessed its benefits, and we look forward to our continued work together."

-Head of Optimization - Livingstone





## Optimization process

### An optimized BOM and improved communication

Livingstone helped the organization to standardize and optimize a software licensing and cloud strategy which could then be consolidated into a single, core, enterprise-wide cost-effective contract framework.

With an overall view across each agency and by working closely with the IT and commercial teams, as well as relevant stakeholders, Livingstone was able to assess the organization's current Microsoft software and cloud usage and see where changes and cost-savings could be made. This information then enabled Livingstone to map out an optimized Bill of Materials (BOM) for the overall organization that accommodated its large and varying demand, while also making savings.

The organization established a central intelligence function that promoted cross-organization communication and shared-learning. Livingstone's experience and knowledge were also a fundamental part of this function, and meant the organization as a whole could evaluate requirements and develop a technical and operational strategy together, with the centralized team in place to validate and finalize contract dependencies.



## The Outcome

### Streamlined negotiations

Livingstone's team also helped the commercial team put together a contract negotiation strategy that would give them an agile agreement with Microsoft – one that both met their needs today, and was also flexible enough to meet future requirements.

Thanks to Livingstone's deep industry experience and knowledge, its team of experts was able to give the organization an optimized view from across the marketplace which helped the commercial team to understand the concessions they should be asking for during negotiations.

Coupled with the optimized BOM and improved internal collaboration, the organization was on track to achieve the best possible outcome by providing the business cases necessary to support their required contract outcomes.

Livingstone also delved into how the organization transacted with its reseller partner and defined what a good reseller contract and service delivery proposal should look like.

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