Software licensing

Commodity sourcing

SMARTER PROCUREMENT DELIVERS MASSIVE £2.2M SAVING FOR SWINTON

2 million auto policy holders	Harmonised purchasing	Rationalise suppliers
50 year heritage	leverage Softcat vendor relationships to deliver savings	delivered £2.2m in savings

Swinton is one of the UK's largest insurance brokers, and for over 50 years has been helping people find insurance. Today, they offer a wide range of insurance products and have over 2 million auto policy holders through a network of 350 branches nationwide. Their knowledgeable advisors are always on hand to discuss every insurance need and help customers find the right policy.

The Challenge

Following the introduction of a new procurement function, Swinton had ambitions to operate a more programmatic approach to the acquisition of new technology that the business would require. The vision of buying at scale to leverage the greatest possible economies was at the heart of this approach, brought into focus by a bold IT transformation project. This project combined with their business as usual (BAU) requirements for IT would amount to a significant spend in the coming 12 months.

To ensure the success of this plan, Swinton felt they needed to rationalise their supplier base and unify all IT purchasing under one capable partner. As one of six existing suppliers, Softcat were invited to tender for the opportunity. "We were highly impressed with how they presented themselves through the tender process and the level of commitment they demonstrated to our plans. This, plus their scale of offering, was what ultimately clinched the opportunity for them," explains Tim McKay, IT Procurement Category Manager at Swinton.

Excited about the prospects the new partnership could yield, Swinton began working closely with Softcat to build a plan that would deliver a £1million saving on the IT department's original budget of £4million to cover every item of new technology which would be required over the period. A 25% saving was a steep target, especially as quality was not to be compromised either, but with a smart approach and faultless orchestration, both teams believed the objective was achievable.

The Solution

The first step was to build a comprehensive list of requirements and determine what time constraints existed on each item of equipment or software asset. "It took some time to build; we looked over historic buying patterns and our pre-sales specialists worked closely with the IT team at Swinton to sanity check the solution and make further recommendations, provide roadmap advice and future proof the environment. We worked on the basis that there would inevitably be some movement on the final configuration but it gave us a great platform to work from, with all of the vendors in question," continues David Bennett, Enterprise Team Leader at Softcat.

Principally, their requirements would encompass four main vendors consisting of HP, NetApp, Microsoft and VMware. The list was then broken down into smaller groups of requirement by vendor, so meetings could then be arranged to discuss commercial terms and discuss technology selection. "We hoped that being given a clear indication of what we were looking to acquire would demonstrate how serious we were, and motivate our chosen vendors into giving the most favourable prices. Likewise, we hoped that Softcat would bring to bear on our behalf their standing and influence in these negotiations," comments McKay.

Having such clarity surrounding what would be required also encouraged the vendors to share with Swinton unique insight into technology roadmaps which would put them at the cutting-edge of what was possible in each field of requirement. In fact, with at least one of the vendors, they were the first in the UK to deploy a new line of products, enabling them to enjoy further technological advantages.

Guided by Softcat, the procurement program also sought to harmonise purchases with the best times to buy from the vendors, aligning commitments with quarter, half-year and year-end deadlines, when the vendors would be most compelled to offer better savings. If equipment was not needed immediately, it would be stored in one of Swinton's own data centre facilities or in Softcat's warehouse until required.

As expected, requirements changed as the project matured. Softcat helped refine the kit list using their experience of similar solutions, so as requirements for individual components changed, they made further recommendations which would continue to fulfil the technical brief, but still deliver the economies being sought in procurement.

Critical to the programme was the amount of software which would need to be acquired. Unlike physical equipment, software is often subject to complex licensing agreements which are time consuming to manage and difficult to keep track of. Thanks to their long heritage in software licensing, Softcat worked hard to simplify these arrangements on behalf of Swinton. "They wanted to maintain as much flexibility – essentially the option to remove software if they needed to, yet consolidate agreements where possible. Similarly, contracts were terminating at different points through the year which was proving cumbersome to manage," adds Bennett.

To solve this challenge, Softcat proposed wider software agreements with the vendors where relevant to introduce a degree of consolidation, but most importantly arrange for many of the contracts to co-terminate on the same day. This gave a high degree of freedom to pick and choose the software needed, but have the simplicity of a single bill to cover everything in use. "With one vendor, we consolidated 10-20 individual agreements into a single unified arrangement which alone delivered a £200k saving. We were staggered at what we were able to achieve with Softcat's guidance," enthuses McKay.

The Benefits

So positive was the response seen from the approach that about half way through the programme the CIO upgraded the target from £1m to £1.25m proposed savings. Impressively, by the time the programme had concluded the target had been surpassed by some way. "We smashed it!" exclaims McKay, "We delivered £2.2m in savings in the end. This is essentially bottom line profit for Swinton and has been very well received in the business!"

Whilst the transformation project was an exceptional event, the experience has focused Swinton on what is achievable through smarter procurement. As such, the programmatic approach to defining requirements 6-12 months ahead has now become their model for achieving the best commercial leverage. "Working alongside Softcat we are convinced we can make ongoing savings. Further acknowledgement of the partnership and savings was provided by CIO Ian Chapple. "Softcat is a key partner for Swinton and has worked hard to maximise the value for us over the last 12-18 months," comments Chapple.

Why Softcat?

Put simply, Swinton believe achievement of the programme would not have been possible without Softcat's involvement. "From the outset, I was very clear that I wanted to work closely with them to prove the benefits of procurement to the wider business, especially as the procurement function was so new. They delivered on this in spades and together we have formed a fantastic working relationship which works to both our benefits," states McKay.

Key Facts

- One of the UK's largest insurance brokers
- 50 year heritage
- 2m auto policy holders
- Network of 350 branches nationwide

Critical Success Factors

- Rationalise suppliers to one preferred partner
- Deliver a £1m saving on a £4m budget
- Zero compromise on quality

Solution Highlights

- Defined comprehensive list of requirements to incentivise vendors
- Harmonised purchasing with most favourable times to buy
- Leveraged Softcat status and relationship with vendors for even more favourable commercials
- Consolidated and co-terminated plethora of software agreements

At a Glance

- Delivered £2.2m total savings
- Almost double original expectations
- Defined blue print for future technology procurement