



Thomas Cook

Morgan Chambers developed a ground breaking deal that saw the shared service centre of Thomas Cook move to India and in so doing delivered major and sustainable cost savings, as well as retaining and building on the efficiencies of the company's first Outsourcing deal (signed in 2001).

Introduction

Thomas Cook UK & Ireland is one of the UK's largest travel companies, employing more than 10,000 staff. During the period of 2001 to 2002, as part of a major cost business transformation exercise, it created a Shared Service Centre (SSC) providing Finance and Accounting, Human Resources / Payroll and IT services to the business. This centre was subsequently outsourced to a leading IT and BPO service provider.

As part of its continuing focus on costs the company recognised that greater leverage could be gained by looking 'off-shore' for its business transformation resources and therefore needed to identify a supplier who could deliver the SSC, and continue to manage the SSC on a 'like for like' service.

The Business Issue

The travel industry in the UK, and globally, is continually being challenged by new business models, which deliver innovative travel services to the market at increasingly reduced cost.

Thomas Cook needed to reduce its cost base whilst maintaining and growing its unrivalled service. This enabled it to continue to innovate and increase customer service levels. One way of doing this was to focus on further reducing the cost of its back-office functions.

Support was needed from industry experts who could work with Thomas Cook to identify the best suppliers for the job and negotiate a deal which provided step-change cost reductions. The objective was to have a contract with further savings built in over the life of the contract and Thomas Cook to have 'as is' and 'better' service levels regardless of whether supplier was offshore. Morgan Chambers was engaged to fill this role.

What Morgan Chambers Delivered

Morgan Chambers supported a competitive procurement process with a mix of suppliers who have off-shore capability (Indian and UK based, best of breed and one-stop-shop) in order to fully explore the available market. The process was driven by a comprehensive Request for Proposal (RFP), and supported by a series of facilitated workshops which enabled the suppliers to ensure that their solutions effectively aligned their capabilities with the needs of Thomas Cook.

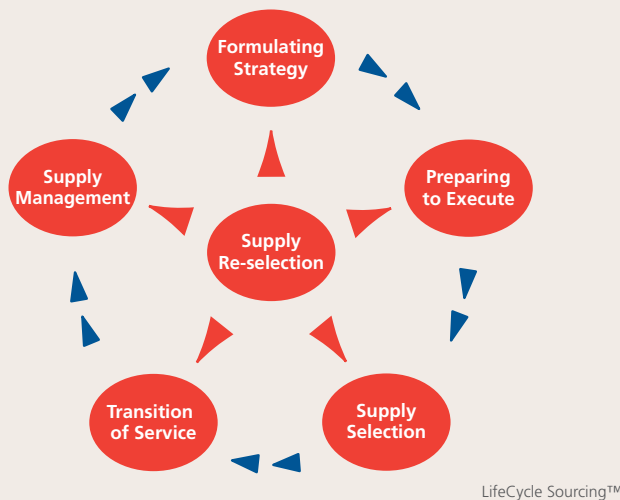
Morgan Chambers then supported Thomas Cook in the down-select to a final shortlist of suppliers and facilitated parallel negotiations leading to Best and Final Offers (BAFO).

Finally, Morgan Chambers worked alongside Thomas Cook in the process of developing and negotiating the contract and associated schedules to ensure that they fully encapsulated the agreed deal shape and maintained the focus on continuous cost improvement.

“Morgan Chambers proved, in its second assignment with Thomas Cook, to be a professional and objective broker bringing both insight and introducing high caliber potential suppliers to the tender process. Morgan Chambers added great value gained from its knowledge of the Outsourcing market.”

Ian Ailles, Managing Director of Specialist Businesses,
Thomas Cook UK

Morgan Chambers' Approach



Morgan Chambers utilised its LifeCycle Sourcing™ framework to fast track the development of the RFP (the initial draft was prepared within four working days) and tailored the process to ensure that it delivered on Thomas Cook's specific requirements and timescales.

Additionally, Morgan Chambers' experience of the market, and the continuing executive level relationships with the major service providers, were leveraged to ensure that the most appropriate suppliers were selected and remained focused on the needs of Thomas Cook throughout the bid process.

Finally, Morgan Chambers leveraged its leadership in best practice contracts to develop an industry leading deal for off-shore shared services.

Benefits Realised

As a result of the support that Morgan Chambers provided, Thomas Cook achieved a reduction of over 25% on the existing cost base. Morgan Chambers ensured that the contract with the supplier mitigated the risk of transferring the services off-shore, maintained on-going flexibility for Thomas Cook, and delivered continued focus on service and cost performance. The demands in offshoring remained absolutely with the supplier and their job was to manage risk to deliver and flawless service to TCUK.

Established in 1994 with a single purpose – to provide high quality, practical and totally independent advice on the best client Sourcing solutions, Morgan Chambers remains true to these principles today.

We employ business and service delivery experts who passionately believe that balanced Sourcing strategies deliver sustainable business advantage and huge flexibility. Whether in-house, Shared Services or utilising external suppliers, we drive innovative, accountable and measurable solutions.

Europe's leading specialist Sourcing advisory firm, we employ over 60 full-time consultants from eight offices world-wide. With more than 1000 client engagements in over 60 countries, we have unrivalled experience in achieving successful results.

To discuss how your business can achieve the full potential from Sourcing deals, please contact:

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