

Public Sector | Government Department

Central Government organization optimizes its Microsoft contract position & realize huge savings



This Livingstone Group client is a European central government organization operating across many different ministerial departments, employing tens of thousands of staff across a variety of services.

Livingstone Group was initially engaged by this client several years ago, after having been recommended by another central government organization for which Livingstone had delivered significant savings and contractual optimization. Livingstone was engaged by the client to help optimize and renegotiate its upcoming Microsoft Enterprise Agreement renewal. Importantly, the organization was looking to move product consumption away from a traditional IT licensing model over to cloud-based services, in which it was investing heavily, namely for products such as Office 365 and Azure. This consumption transformation was a huge adjustment for the client in terms of on-going committed contract costs, and new management dynamics. Entering into this multi-year transitional agreement, the organization knew it needed to optimize its commercial position during the initial contracting process.

Livingstone's team of experts was brought on board and worked alongside the organization's IT and commercial teams to validate technology demands and model the financial impact of the desired cloud services, presenting strategic, optimized commercial options to meet the customer technical and services requirements but at the minimum of cost and contract risk.

Overcoming challenges

The initial part of the engagement was aimed at driving technical awareness of business demands and validating product strategy around the new Microsoft technologies and contractual options. As a large, complex organization with diverse requirements across different services and departments, and with numerous programs operating across various different timelines, Livingstone's experts needed to help the organization understand its current Microsoft estate and establish reliable and validated predictions of usage.

An additional part of the challenge was to help the organization better understand how to optimally contract and deploy technology aligned to their transformation planning and to ensure that the investment cycle was optimized rather than having all purchases on the contract made from day one. This would help it avoid paying for technology when it hadn't been deployed, regardless of how good the discounts looked.

“Like many public sector & central government organizations, this client was looking to undergo a digital transformation project of their IT assets & make a huge move to the cloud, in as cost-effective & streamlined way as possible. Knowing that they were “all-in” with Microsoft, they had heard about the good work we were doing from other government departments & they contacted us”

Chief Strategy Officer,
Livingstone Group



Another key challenge of this engagement was the time constraints involved, as Livingstone was given a ten-week window to complete the contract optimization ahead of negotiations.

Current estate analysis & a look at future requirements

To achieve a well-rounded view of its current standing, Livingstone conducted an analysis of the organization's Microsoft estate, taking everything from entitlements, current contracts, product usage, support requirements and current cloud consumption into account. Livingstone's team also conducted gap reviews to ensure that the product terms were correct for the organization's usage and that supported dependencies were aligned.

Livingstone also needed to properly validate and document the organization's future requirements. To map out a clearer view, Livingstone's team ran a number of technology strategy workshops to engage directly with the technical teams. Here, it was able to profile cloud user requirements for the future and assess how the organization intended to roll out and deploy its new, intended cloud products.

Controls were also put in place with stakeholders at each level to ensure their intended plans were properly validated operationally, commercially and technically, and subsequently could be optimized as the organization moved closer to the new contract.

Contractual & commercial optimization

The Livingstone team set about implementing a commercial and contract solution to support the optimization of the organization's current and future Microsoft positions.

This included optimizing the bill of materials (BOM). Livingstone took all of the organization's technical and product requirements, and – using the data collected from the current estate analysis and the organization's transformation plans – assessed, remodeled and validated the requirements. The Livingstone team then presented an optimized BOM in terms of metrics, licensing and commercial options, that would allow for optimal, cost-effective procurement that still served the organizations requirements.

In addition, the Livingstone's team constructed the contractual framework, identifying what aspects needed to be included in the new contract that would best support the organization and where concessions could be made that wouldn't negatively impact operations.

When it came time for negotiations, Livingstone's team was on hand to support the organization to ensure that the contract was commercially viable. This included writing and ensuring an optimized reseller tender, as well as conducting a best and final review of the contract through an executive review and impact assessment of future opportunity and risk.

Huge cost savings & future optimization

The optimized contract was incredibly well-received by the organization, and achieved significant savings. From the original estimate provided by Microsoft to the final negotiated outcome, this client achieved a 45% contract cost-reduction, a massive saving in addition to the standard public sector organization discount.

Looking forward, Livingstone's optimization process has guaranteed alignment with the organization's future usage requirements, meaning it can operate optimally now and in the years to come. A key part of ensuring this smooth-running is strong senior sponsorship, an aspect which Livingstone carefully cultivated by working very closely with senior stakeholders, taking their specific views of the desired outcome into account, and keeping them informed throughout the entire optimization process.

As a result of these achievements, Livingstone looks to continue working with the client in order to best manage and optimize the licenses throughout the agreed contractual period.

“We were able to deliver huge savings for this client by optimizing their cloud & software consumption, helping them understand their on-going needs as an organization & provide high-quality analytics & negotiation support to optimize their future requirements”

Chief Strategy Officer,
Livingstone Group