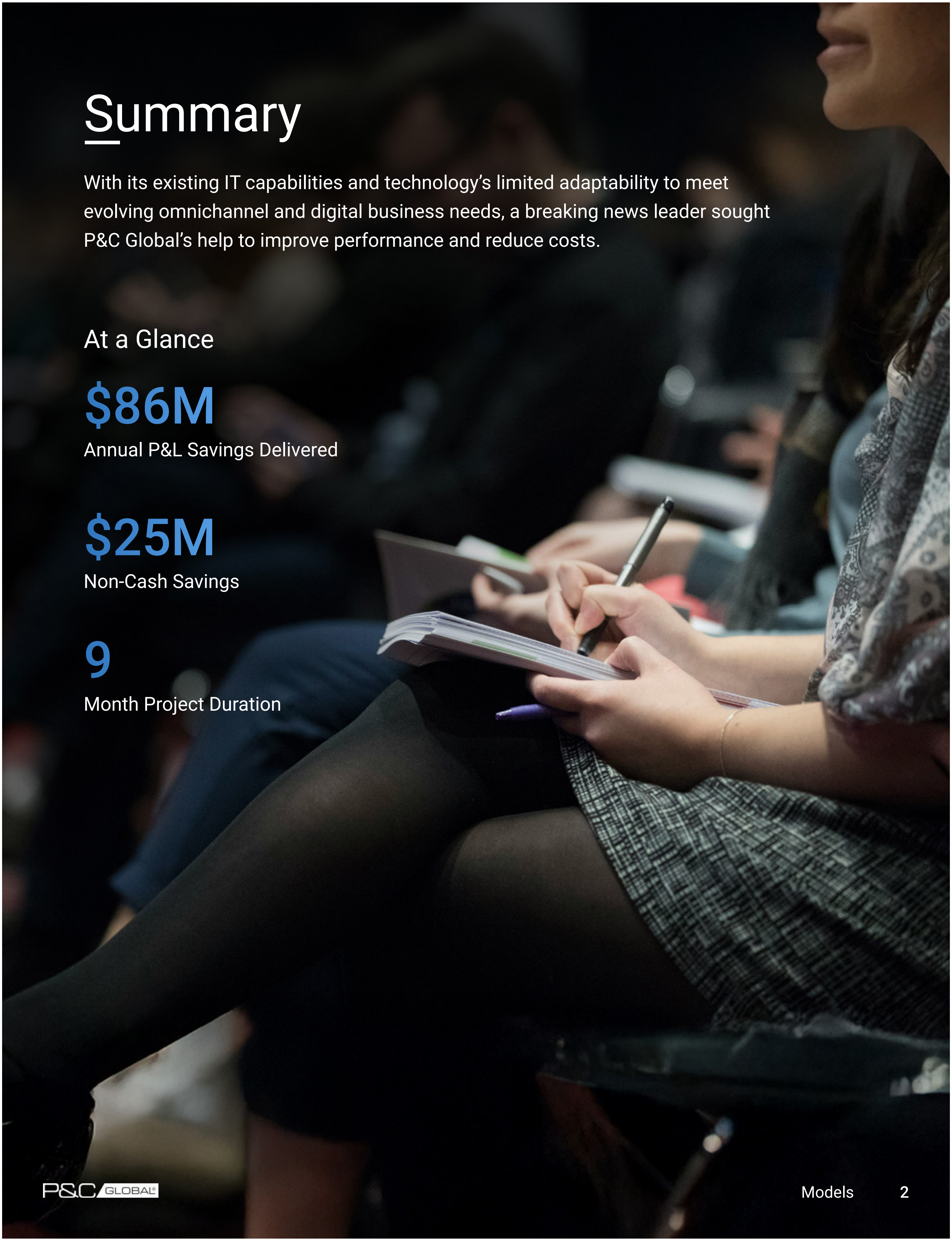
P&C GLOBAL

December 2024

Models:

# Global News Org Revamps IT & Procurement Models to Improve Performance, Reduce Costs

# Table of Contents



# Summary

With its existing IT capabilities and technology's limited adaptability to meet evolving omnichannel and digital business needs, a breaking news leader sought P&C Global's help to improve performance and reduce costs.

## At a Glance

**$86M**

Annual P&L Savings Delivered

**$25M**

Non-Cash Savings

**9**

Month Project Duration

# The Situation

NewsCo*, a globally recognized leader in providing breaking news and high quality, omnichannel content and content dissemination technologies, was looking for pragmatic, exacting solutions to reduce its operating costs without breaking its long-standing social contract with its global workforce. The costs associated with newsgathering and content dissemination technologies had skyrocketed during the proceeding 5 years. Major investments were made in developing and evolving content gathering and dissemination platforms, but business requirements were outpacing IT's ability to deliver. Platform reliability and scalability grew increasingly complex and unreliable despite ever increasing investments. In addition to escalating IT costs, the revenue impact from existing and emerging competitors created both P&L and balance sheet pressures prompting NewsCo to request P&C Global's help in evaluating and identifying realistic solutions, where possible.

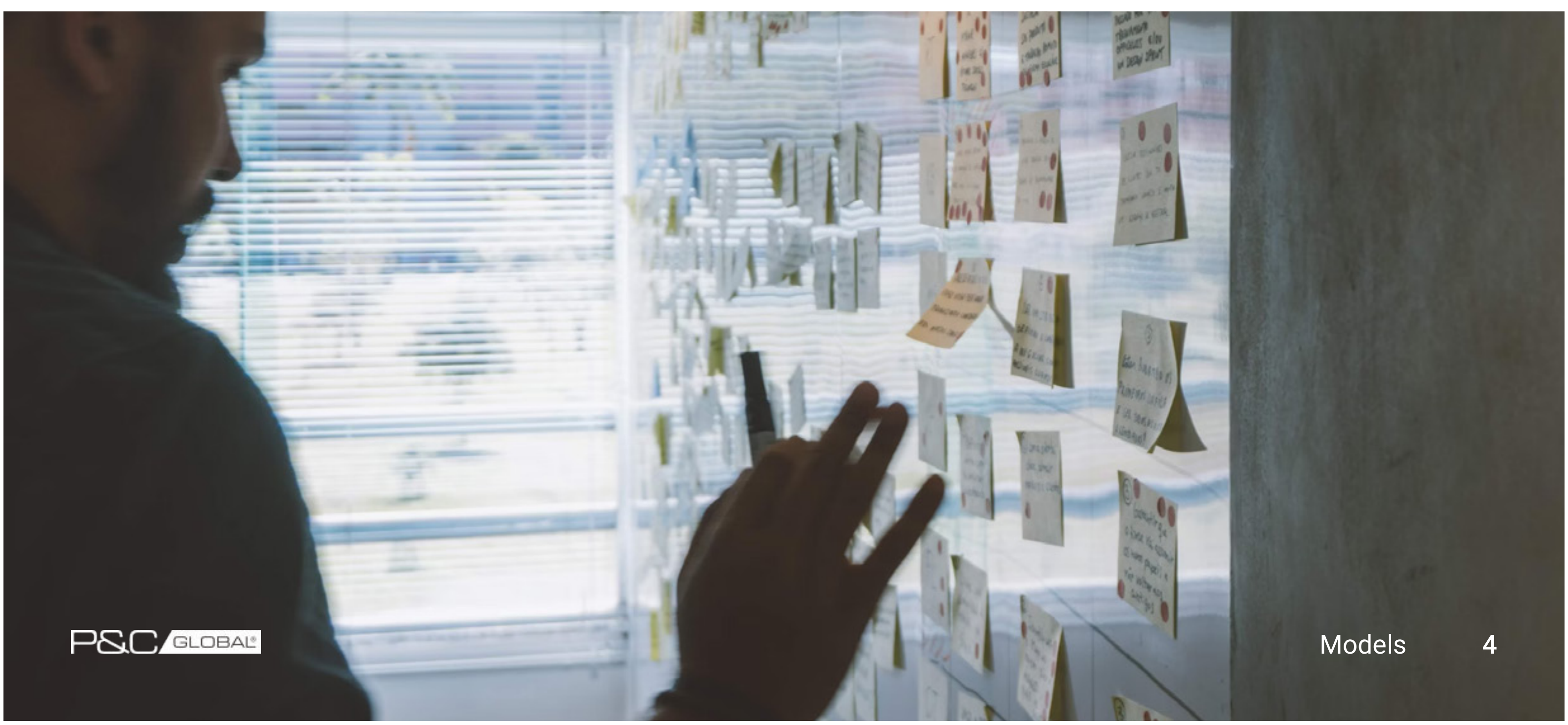

* Per the client's request, any identifying information has been excluded.

# Our Approach

P&C Global worked closely with NewsCo to identify a focused list of priority areas for cost reduction, to quantify the potential savings opportunity, and to map out the process and structural work effort required to obtain the most effective outcomes. Together, we agreed to a 9-month timeline from the beginning of the project to full implementation of structural changes and an initial conservative forecast of $25-30M/year cost savings opportunity.

To accomplish this, we:

- Identified the cost areas with the greatest potential for improved performance outcomes and reduced costs: IT, Procurement, Telecommunications, and Employee Benefits.
- Conducted a deep analysis of each of the priority cost reduction areas to understand the current state and identify the barriers to achieving full potential.
- Engaged and worked with C-level leaders to establish agreement and joint ownership of the overall plan which was essential for long-term success. Given the organization's rich legacy and its vast global scale, engendering cultural change was critical and vital to overall success.
- Assembled, led, and educated a cross-functional leadership team, accountable to NewsCo for effective delivery of the targeted savings, to get them emotionally invested in the effort and outcomes.
- Created and implemented a set of prioritization and governance processes and a performance dashboard to align cost reduction efforts with business objectives.
- Assembled and led individual work teams to deliver the transformative cost reductions targeted from each of the identified cost areas.



# Our Recommendations

P&C Global recommended four major transformation initiatives to deliver the performance improvements and cost reductions sought by NewsCo:

Outsource the IT functions which are non-strategic to NewsCo and can be done more effectively externally–improving reliability, scale, and time-to-market for the development of new revenue generating and differentiating technologies.

Leverage the infrastructure and telecommunications buying power of a global outsourcer to consolidate and reduce associated expenses and gain access to new technologies and service levels inaccessible to NewsCo.

Transform the procurement function and eliminate the ad-hoc, departmental buying practices to consolidate, gain proactive visibility to spending, and maximize negotiating power with vendors across the globe, including:

- Implementation of previously licensed procurement module from SAP to streamline procurement processes, automate routine activities, and enable real-time integration with financial systems.
- Implementation of a new organizational model for procurement, identification of talent requirements, and delivery of recruiting services which added core competencies essential to enduring success.

Use a private healthcare exchange to provide more robust health, dental, vision, and prescription insurance coverage for the two largest groups of employees and retirees, reduce associated operating costs, and gain a substantial, one-time reduction in balance sheet liabilities.

# The Results

During a fast-paced 9-month engagement, P&C Global provided a robust set of enduring outcomes enabling NewsCo to meet its business needs for years to come. The results included annual savings of $86M, which was approximately 55 times P&C Global's fees.

1

Reduced IT and telecommunications operations costs and capital requirements by outsourcing non-strategic functions to deliver $60M/year in operating savings.

2

Transformed procurement organization, new talent, and enabling processes to deliver $20M/year operating savings.

3

Rebid the group health insurance program and led the process and contract negotiations to completion–delivering both improved coverage and benefits while reducing annual operating expenses by $6M/year and $25M reduction of balance sheet liabilities.

Outsourcing non-core business functions are now part of NewsCo's culture and best practices. NewsCo transformation stakeholders–both C-level executives as well as the hundreds of employees across all individual work teams–took ownership of the goal, the significant efforts, and the tremendous accomplishments.

P&C®
GLOBAL

pandcglobal.com

**P** +1 (214) 624-9575
**E** info@pournader.us