



Customer Overview:

- ✓ A North Carolina based Grocery Store chain engaged Profit Advisory Group to audit their spend for Local, Long Distance, Cellular and DSL services.
- ✓ Spend volume: \$2,247,000 annually
- ✓ Project included nearly 250 locations

Key Challenges & Objectives:

- ✓ Challenges included data collection from 17 vendors.
- ✓ Client-Vendor relationships were virtually non-existent.
- ✓ Project objectives included cost reduction, invoice consolidation, development of a comprehensive contract strategy, more flexible terms and conditions and developing better vendor relationships.

Profit Advisory Group Solution:

- ✓ Utilization of Profit Advisory Group's Data Collection and Analysis process to inventory all vendors/invoices/contracts.
- ✓ PAG created a comprehensive inventory of all services currently in use by the client.
- ✓ All Contracts were reviewed for terms, conditions and expiration dates.
- ✓ PAG reviewed current invoices for contract compliance.
- ✓ Profit Advisory Group worked with the client and vendors on consolidation of existing services and cost allocation to appropriate cost centers.
- ✓ Competitive vendors were asked to submit detailed proposals based on the customer's business requirements and services used. Analysis of proposals included an evaluation of any technical requirements and contractual terms, to ensure suppliers were able to meet the customer's needs. PAG conducted extensive utilization studies to insure network was the right size to meet current and future needs.
- ✓ A formal Contract strategy was defined and implemented.
- ✓ PAG received quotes from existing providers to keep current business and insure client was receiving best-in-class terms.
- ✓ Profit Advisory Group worked with existing vendors to insure relationship improvement. Also, a schedule was established to improve communications and to hold vendors accountable for updates and billing reviews.

Results:



Client was able to reduce costs by nearly 30% or \$657,000 without any vendor change. Additionally, more favorable terms were added to the new agreements to insure that future changes could be made without penalty, services not being utilized could be cancelled with no penalty and bandwidth could be right-sized and the Grocer would only pay for services they were actually using. Implemented optimization strategies helped reduce cost.