



Experience the commitment®

A TRUE PARTNERSHIP STORY



NOA AWARDS 2012
WINNER OF BPO CONTRACT OF THE YEAR

The project referenced in this brochure was delivered by Logica, which CGI acquired in August 2012.



Strategy

Under the terms of the Balancing and Settlement Code (BSC), ELEXON is mandated to outsource the majority of the work required to manage the energy market. Therefore, the energy operators which fund ELEXON put its procurement and supplier management processes under significant scrutiny. Value for money is essential.

In 1999, CGI won an initial £150m outsourcing contract to build, finance, operate, develop and maintain the central systems that underpin the market and manage and operate it for ten years.

When this contract was nearing completion, ELEXON decided to minimise the risk of outsourcing all of this work to one supplier by splitting the contract between two companies. CGI won the contract for business process outsourcing of the network and the hardware services.

ELEXON selected CGI because it needed to ensure that the contract delivered:

Immediate and long-term cost savings

Savings are shared amongst ELEXON's customers, so they receive a tangible benefit.

Reliability and robustness

Customers must receive a consistent service 24x7.

A positive customer experience

There must be continuous improvements to service.

The successful management of change was also a necessary skill to ensure the introduction of a new supplier – contracted to run the applications – did not negatively impact performance or the working relationship that had developed.

ELEXON five strategic priorities

1
Actively manage, and continually improve BSC services to ensure that we deliver in an efficient, effective and economic way

2
Drive efficiencies and savings in our operational business

5
Invest in our people for the benefit of our industry

3
Improve the customer experience and develop richer customer relationships

4
Develop our services and adapt our business to address industry challenges



Partnership approach

A professional exit from the applications contract by CGI set a strong foundation for the future of the partnership.

CGI ensured that any knowledge was transferred professionally to the new subcontractor. "It must have been a tough cultural change handing over the applications service," says Sara Titmuss at ELEXON. "However, CGI were incredibly professional and provided access to their application expertise for four months into the new contract to ensure there were no negative impacts during the transition."

Following the change, the two companies entered a new phase of their relationship by creating a **shared account plan**, which set out what both were trying to achieve from the contract. Monthly supplier relationship meetings reinforced these objectives making sure the partnership was on track.

To ensure everybody understands the

strategic priorities, decisions are also cascaded down using a shared web partner portal, so that every member of the team is aware of the direction of travel.

Reciprocal feedback is a key part of the service culture and has proved to be a very effective way of achieving open and honest communications. CGI collates feedback from the team which is then shared at quarterly meetings. The two companies also invest in regular "deep dive" sessions with their senior management, where the relationship is put under the microscope. The outcome is a joint action plan designed to move the partnership forward.

Using open communications, ELEXON and CGI shared each other's frustrations at the large amount of SLAs which were rather onerous to manage. Mid-contract, they decided to reduce these in order to achieve higher efficiency and effectiveness, without increasing any

business risks. Using sound common sense, they made a staggering reduction in SLAs from 155 to 40 and successfully reviewed the service credit regime.

Moreover, CGI has introduced suggestions for **improving value for money** to help ELEXON rationalise the fees it charges. For example, CGI took on a payment default process from ELEXON at no extra charge.

This is all being achieved against a backdrop of intense pressure in delivering a trading environment that is active 24 hours a day.

"It is the shared vision of what we want to achieve that puts us on the path to honest discussions," says Sara Titmuss of ELEXON.

Strategic account plan

Joint mission statement

To collaboratively deliver an exceptional, industry-leading BPO service, whilst ensuring ELEXON customers continually receive further value for money through the service.

Key areas	Scorecard examples		
Administration and reporting	ELEXON Does CGI provide adequate backing data for the monthly reports in time for ELEXON's month end process?	CGI Does ELEXON provide material to support meetings in adequate time for it to be reviewed?	ELEXON/CGI How well does the contract accurately reflect the service being delivered?
Service performance	How effective is CGI in responding to taking positive action to customer requests?	Does ELEXON provide support/information necessary to deliver the service effectively?	
Innovation	Does CGI proactively recommend innovative solutions to ELEXON?	Does ELEXON provide access to the necessary decision makers in order to promote innovative solutions?	Are Gain Share proposals being implemented and progressed?
Risk management	How effective is CGI in managing its key sub-contractors to deliver the operational service and bring service improvements?	How well is ELEXON managing the tripartite model?	
Relationship	How responsive and proactive is CGI in receiving feedback?	How effective is ELEXON's governance model?	

Benefits realisation

CGI delivered a 40% reduction in costs for ELEXON required under the contract agreement, plus further savings of £170k in this year alone.


The original contract, let in 2008, was for five years with the option to extend for a further two years. As a result of a strong relationship, robust and reliable service delivery and a compelling financial proposal, ELEXON have recently committed to a two year extension resulting in further savings of £1.7m to the organisation and its customers, £500k of which pulls forward benefits into the current contract term.

Open discussions between ELEXON and CGI have led to a greater focus on key SLAs and a system of collaboratively agreed penalties and rewards have been implemented to support this. This means that if the same problem occurs more than once, a penalty could be incurred – ensuring that problems are fixed with a view to the long-term.

A Gain Share aspect was introduced to the contract, where both ELEXON and CGI invest in money-saving projects together and share the savings equally. This means that during the life of the contract, both parties can continually drive down costs – for mutual benefit.

The first Gain Share project saw the transformation of the management of payments for trades from onshore to a blended onshore-offshore delivery. The joint investment realised a saving to ELEXON of £62k over the duration of the contract and established a service capability in the Philippines. Having a team in the Philippines with knowledge of the ELEXON service has also resulted in further savings of over £150k on submitted change assessments alone over the past two years.

CGI has also taken over the management of a complex database which monitors energy supplier performance. The transition delivered savings to ELEXON worth £40k.



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Best practice and governance

The key to a successful relationship is trust, supported by an effective governance approach. As this is a mature relationship, it follows the 'Relationship Management' phase of the NOA lifecycle and the governance model defined within the contract ensures peer-to-peer relationships exist across both parties, at all levels.

Each party has a dedicated Relationship Manager, who looks after contractual issues but also takes responsibility for driving the relationship forward. The "deep dive" sessions, mentioned previously, encourage open dialogue and the Gain Share scheme ensures it is a relationship that benefits both parties.

The shared account plan is a unique and highly effective mechanism for governance of a successful collaborative relationship, which articulates a joint mission and defines a scoring system both organisations use to measure each other against achieving the objectives.

Operationally, managers measure performance every month and a technical management board monitors industry and technology changes. This is a tripartite model with ELEXON, CGI and the third supplier who manages the applications. These meetings ensure that all three parties are involved in any decision making on future technology directions, reducing the chance of conflicting priorities.

Innovation

ELEXON staff and board members have been hosted at our Innovation Center **over 12 times in the last two years**. Here, they can explore ideas and see how other industries are harnessing new technology.

Their attendance to the European Clearing House networking event, as our guest, also enabled them to build a valuable network and learn how their energy peers in Europe worked.

With 120 employees, ELEXON is a relatively small company. Partnering with us has given them access to the knowledge of 41,000 people. We have held over **25 knowledge sharing events** with ELEXON to help with issues such as VAT management and consultancy on cloud technology.

Other innovations include the concept of creating an **operational portal** to provide ELEXON's customers with access to data to inform their trading decisions and allow them to self-serve. Over time, this portal has matured into a key delivery platform for ELEXON which has received excellent feedback and now has over 2,300 registered users.

Collaborative innovation is at the heart of ELEXON-CGI relationship, producing tangible and continuous results for both parties.

“We recently bid for a piece of work – something we have not had experience of before – and CGI offered the support of their bid director to present to us on bid considerations, risks and common issues. His advice was invaluable and this is just one example of the extra non-contracted services that CGI provides,” says ELEXON's Sara Titmuss.





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With over 68,000 professionals in 40 countries, CGI fosters local accountability for client success while bringing global delivery capabilities to clients' front doors. Founded in 1976, CGI applies a disciplined delivery approach that has achieved an industry-leading track record of on-time, on-budget projects. Our high-quality business consulting, systems integration and outsourcing services help clients leverage current investments while adopting new technology and business strategies that achieve top and bottom line results. As a demonstration of our commitment, our average client satisfaction score for the past 10 years has measured consistently higher than 9 out of 10.
