



# Perfecting partnerships and processes leads to \$15M savings.

How a global mining company gained collaborative supplier partnerships working toward a common goal.

## The Client



**Industry:**  
Mining



**Annual IT Opex Budget:**  
\$80M



**Global Locations:**  
20

Our client is a leading global mining company that mines, explores and develops base metal projects around the world.

The miner operates and develops copper, zinc and other base metals projects across Australia, the Democratic Republic of the Congo and Peru.

Our client is one of the world's leading suppliers of base materials for electric vehicles (EVs) and battery storage technology.

## Becoming an integrated global SIAM organisation with CDRU.

CDRU was engaged to provide contractual and sourcing advice to a leading global mining giant. The initial consultation process unearthed supplier challenges:

- Contract renewal negotiations had stalled after an eight month discussion process.
- Suppliers were perceived to be performing poorly but not willing to provide commercial relief or service improvement guarantees.
- Technology support costs were growing rapidly, however this was seen as essential to supplement supplier service gaps.

However, further digging revealed supplier management issues and an ever growing "cottage IT" that were causing rising, uncontrollable costs.

### The IT department was being perceived as:

- **Too slow.** Contract renewal renegotiations were moving very slowly.
- **Lacking discipline.** There was very little discipline or structure with reining in poor performing suppliers.
- **Not aligned with the Business.** The Technology strategy was not aligned to the overall organisation's goals.
- **Missing appropriate governance.** IT was seen as having meagre service governance and transparency across interconnected suppliers, restricting true cross-supplier collaboration and overall service standardisation.

These perceptions were leading to shadow IT, where internal resources were performing tasks that were actually contracted to the suppliers as a means of maintaining customer service.

# The Challenge

In reviewing the negotiation process, CDRU observed that decisions were very Australia-centric, despite the fact that more than 60% of business was generated in other global regions.

This had a knock-on effect across the business:

- The technology team operated in regional silos with limited end-to-end consultation.
- Formal supplier management practice was immature and the responsibility was spread across departments.

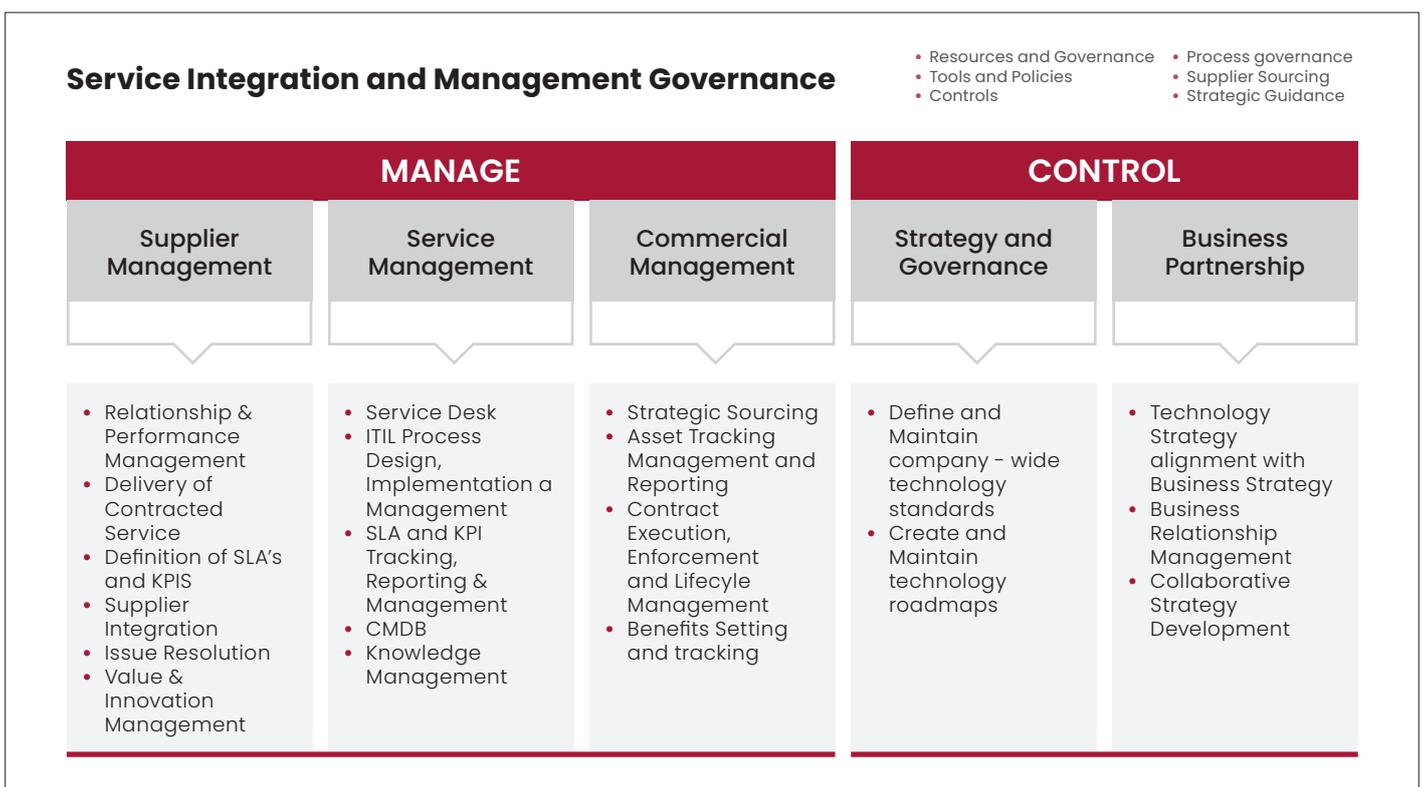
It became clear the suppliers were not the only issue:

- Without integrated management of the multi-supplier model, it was impossible to work with the suppliers to remedy issues.
- Service profiles did not match global needs, leading to independent IT operations in multiple locations
- The technology team was over-bloated and misaligned, performing duplicate functions to the service providers

**Put simply, there was very little effective SIAM in place.** Service Integration and Management (SIAM) is a framework underpinned by people, process and tools. SIAM would keep our client on the right path and promote continuous improvement.



# The SIAM Framework



# The Solution

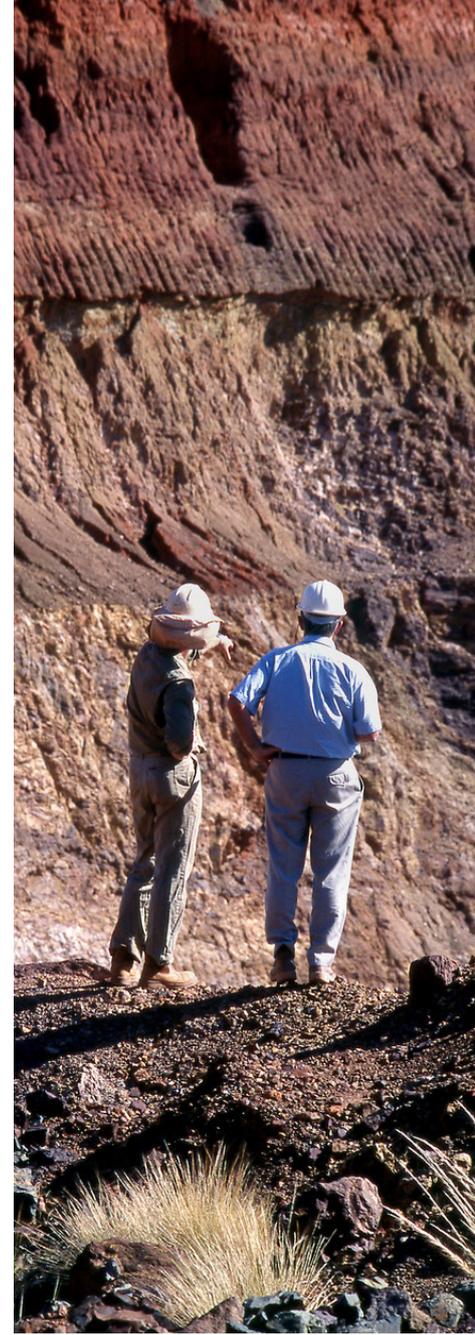
Only one company quickly provided strategic IT operating model and SIAM expertise required to navigate this complex area.

Developing a SIAM strategy required some client self-reflection. After gaining insight of where the client wanted to be and an understanding of the needs of the global organisation, CDRU executed the following activities:

- Using a combination of SFIA and ITIL and our proven 'USP' methodology, CDRU developed a SIAM aligned operating model
- A sourcing strategy, subsequent go-to-market exercise and transition program. The strategy was tailored to support the future technology organisation
- SIAM processes, touch points, interactions and actors were identified, developed and tested via a POC process
- ClearCost (an IT Financial Management solution) was piloted as a "Proof of Value".

Our client would stand to gain the following benefits by implementing SIAM:

- **Insight** – SIAM would provide intimacy into how aligned their business was with technology, technology costs, technology resources and their suppliers
- **Control** – Insight would allow our client "manage -to-benefit", change, govern, adapt and enforce.
- **Right Size** – Optimise their technology organisation so that they are delivering the maximum benefit by aligning resources to key functions, implementing collaborative business – technology – supplier processes and, supplementing with smart tools that can control cost outcomes.



# The Implementation Framework



# The Benefits

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The business benefited from a significant service uplift and a flexible and agile technology partner that can adapt quickly to the needs of the business.

Other benefits included:

- The Technology organisation was now focused, right sized and performing functions that added clear business value.
- The suppliers operated as partners and not service providers continually seeking revenue increases.
- Commercial contracts that reflected the client's overall business strategy.
- Cost savings of over \$15M USD per annum off a \$80M USD base.
- Processes and a powerful IT Financial Management solution (ClearCost) to maintain the benefits long term.

# The Results

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As an integrated global SIAM organisation, our client gained collaborative supplier partnerships working toward a common goal, with tools to measure, report and resolve supplier performance issues.

As well as:

- End to end processes across the technology team, the business and multiple suppliers
- Internal fit-for-purpose governance and process classified into "Global", "Regional" and "Regional under a Global standard"
- Business partnership driven through the strategic alignment of business needs and technology enablement



## About CDRU

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We draw on two decades of strategy sourcing experience, to optimise value through quick-win cost reductions and long-term business aligned strategies. CDRU is proudly Australian-based and operates globally as part of the DL Group, working across ITC, business process and change management, to pave the way for our clients to adopt transformational change.



[dlgroup.com.au](http://dlgroup.com.au)



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