Case study

Driving £10M Savings and Stronger Supplier Relationships for a Leading FMCG Client

Sector: Consumer Packaged Goods. Contract period: March'21 – March'22

When a major FMCG client faced mid-contract challenges with a critical SaaS provider, they needed expert guidance to secure both financial savings and a stronger supplier relationship.

Summary

An FMCG client engaged specialist IT Procurement support to navigate a mid-term renegotiation with a key Software as a Service provider. Barkers helped achieve a cost reduction exceeding £10m from the negotiation start position while securing a 'best in class' contract with enhanced SLAs, improved service credits, and well-documented processes and reporting. Supplier relationship initiatives led to a 30% improvement in how both the client and supplier rated their working relationship.

Business Challenge

The client relied on a SaaS solution for a core business process and required specialist IT Procurement support to meet two objectives:

- A renegotiated 'best in class' contract
- An improved working relationship between the client and the supplier

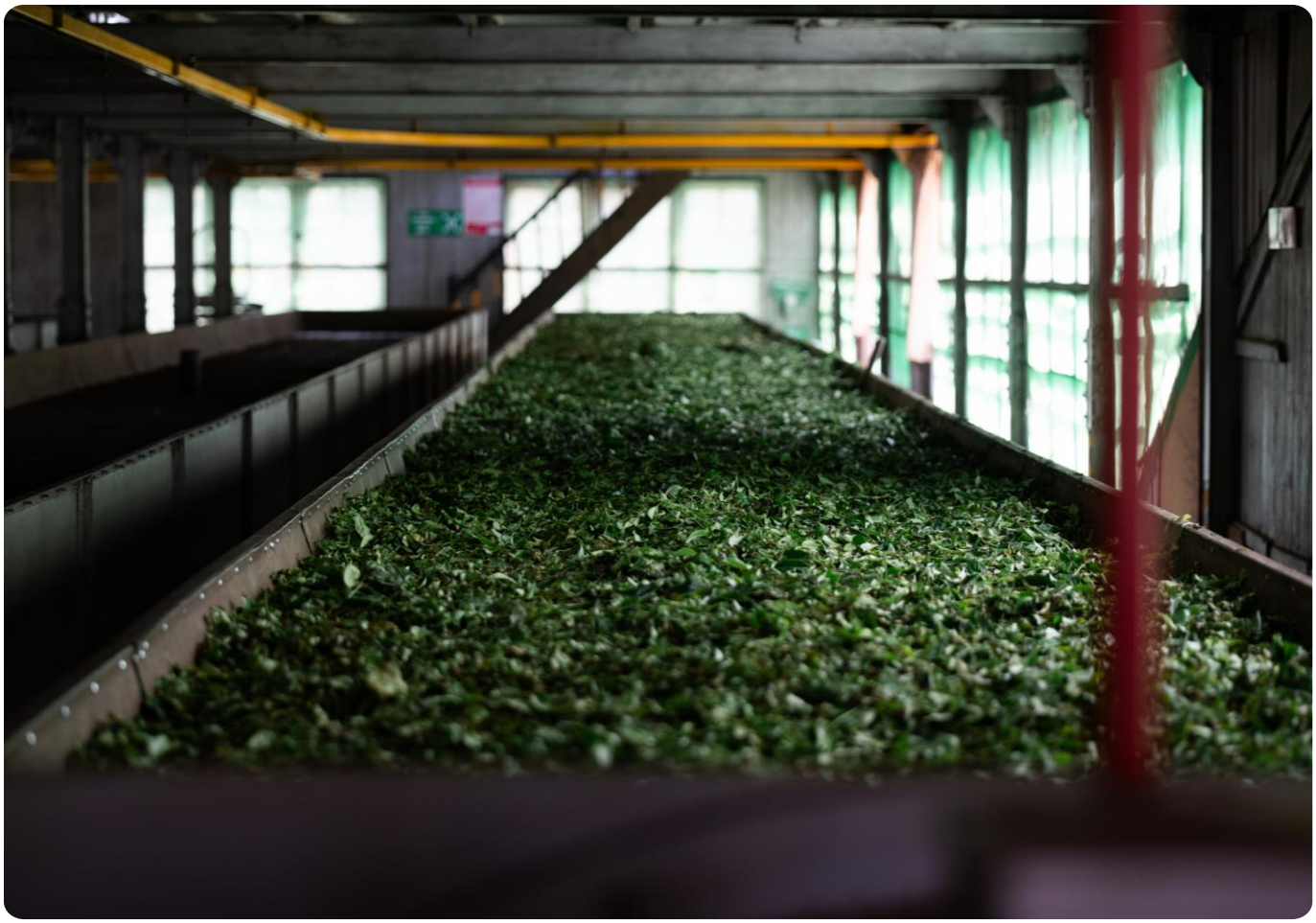
The contract needed to be renegotiated in the middle of a five-year term, which meant there was limited commercial leverage that had to be addressed through enhanced vendor management techniques. This work took place during COVID-19 restrictions, creating additional challenges as client stakeholders and the supplier could not meet face to face. All workshops and negotiations were conducted online.

Our Solution

Barkers provided a Senior Managing Consultant to deliver both objectives. To secure a 'best in class' contract, the existing agreements were thoroughly reviewed to identify any weaknesses or gaps, resulting in over 100 recommendations. Seven workstreams were established covering service definitions, development support, pricing and performance, reporting, security, exit support, and disaster recovery. Workshops were held with the client's technical and support SMEs to fully understand their requirements, which were then incorporated into a revised contract. Negotiations with the supplier followed to agree the updated terms and commercial elements.

To improve the supplier relationship, a 360-degree survey was conducted across client and supplier personnel, highlighting perception gaps and areas for improvement. Targeted actions were implemented for each area, and a monthly "litmus test" was introduced to monitor progress and strengthen collaboration over time.

The results

The engagement delivered outstanding outcomes across both financial and operational dimensions, transforming the client's IT procurement and supplier management. Key achievements include:

- A cost reduction in excess of £10m
- Improved and clearly defined performance and service SLAs
- More aggressive service credit regime to drive supplier performance
- Clearly documented processes
- Defined reporting requirements underpinned by SLAs
- Relationship rating scores improved from 5/10 to 8/10