



2011 WINNING CASE STUDY International Moorhouse with BT

Moorhouse
Anything together

Billing+ Programme

Executive Summary

BT's acquisition strategy had developed complex, costly support functions across its global entities. In 2008, the Billing+ programme was established to outsource billing operations and associated IT support, for twenty countries, to TechMahindra, to realise cost-savings and improve billing effectiveness.

Following the establishment of an outsourcing Framework Agreement, Moorhouse was engaged to advise on the outsource implementation, an area where BT is traditionally weak. Moorhouse provided best-practice project and programme management advice and programme delivery support.

BT was facing serious challenges following substantive share-price decreases. Company-wide uncertainty ensued as the business strategy was revised. The regional entities in particular felt this as significant people and spending cuts were being delivered and 'initiative fatigue' had set in. Their autonomy over their resources and budgets, however, gave them ability to resist centrally driven changes.

Moorhouse realised the only way for Billing+ to succeed was to engage the regions fully, to re-cut the business case enabling visibility of country-specific benefits and to make the regional entities accountable for realising these. The approach Moorhouse devised saw a three-way partnership between the programme, regional stakeholders and TechMahindra, underpinned by rigorous programmatic governance. Once established, Moorhouse continued as the client's trusted advisor, supporting issue resolution and driving progress, an essential role as the programme adapted to changing business strategies.

By late 2010 sub-agreements with all countries were in place and transition completed. Already over £35m of financial benefits have been realised and the programme's success has seen the scope extended to more countries.

Project and approach

The client problem

Over the past decade, BT has implemented a global acquisition growth strategy resulting in nonstandard systems and processes across regional entities, high running costs and poor customer experience. Poor, non-standardised billing was a particularly significant source of customer dissatisfaction and high error-rates impacted negatively upon revenues. The Billing+

programme was established to outsource global billing operations and associated IT support to a third-party, Indiabased supplier, TechMahindra.

BT and TechMahindra signed a six-year Framework Agreement in 2008, agreeing programme scope and schedule. Country-specific rollout was captured in subordinate Country Agreements developed throughout the programme.

The programme, managed from the UK, was truly global, affecting 20 countries over seven timezones: UK (PMO location), US (two entities), BeNeLux (three countries, three entities), France, Germany, Italy, AsiaPacific (twelve countries, seventeen entities), and India (TechMahindra HQ and outsource location).

Billing+ was hugely high-profile and share-price impacting but faced a number of challenges:

- Fixed, **aggressive contractual timelines** for establishing Country Agreements; with harsh financial penalties for non-compliance.
- **Autonomous regional BT entities** meant countries had to be persuaded, not directed, to comply.
- BT Group was undergoing **significant strategic change**, generating substantial instability and uncertainty across the whole business.
- BT had a **poor history in successfully executing, complex global programmes**.

The solution and objectives

The programme had two key objectives; to reduce global billing costs by half by 2014, and to execute Country Agreements to time, scope and budget. Moorhouse was engaged to provide programme definition and establish a robust programme approach providing the visibility and control for successful execution.

Figure 1: High-level implementation plan

Moorhouse defined seven projects, one for each BT region (each covering one or more countries), developing its own detailed plan and assigning a local lead, accountable for timely delivery. Regions had varying levels of complexity in terms of system numbers, labour mobility levels, and external programme dependencies. A phased approach was therefore adopted to deliver projects, balancing risk, difficulty and benefits. Time constraints meant these had to run simultaneously, across multiple time zones.

These projects were driven by highly-matrixed programme, supplier and regional teams.

Moorhouse established a five-phase methodology for regional project execution, covering the project lifecycle from business case validation through to stabilisation of the TechMahindra-run service and subsequent service improvements. This methodology could be adjusted and scaled as required.

Approach and programme management

Moorhouse established a programme governance structure to allow rapid decision-making and ensuring effective programme risk and issue management across multiple organisations and geographies.

Moorhouse set up a London-based Programme Management Office (PMO) as the central delivery hub. This coordinated all operations and acted as the central resource for standardised methodologies and tools. Weekly reviews were established between the PMO and each regional project lead. A weekly programme team meeting also ensured standardisation and issue prioritisation. Additionally, a monthly Contract Management Meeting between the PMO and TechMahindra reviewed progress against agreed contractual milestones.

This governance structure brought a common point of liaison, despite cultural and geographic differences and was underpinned by three key principles to ensure clarity and consistency of messaging:

1. A single reporting chain generated 'one version of the truth' across the programme. The PMO tracked this progress against a central plan and reported to the Board.
2. Standardised risk and issue management processes with clear escalation processes, supported by a single global register, enabled early mitigation/action. An open issue identification culture was engendered despite being 'counter-culture' for some teams (e.g. TechMahindra's Indian team traditionally do not highlight issues).
3. A central document repository allowed regional project teams access to the toolkit/methodologies, and ensured global document version control.

Developing working relationships, teaming and knowledge sharing was a challenge owing to the physical separation, so monthly physical meetings between the Programme Director and each Regional Project Team supplemented the governance structure. While, remote working was the *de facto* approach, co-location was essential at key points, such as during contract negotiations.

The client/consultant relationship

BT core and regional teams had deep technical and operational experience, particularly in billing, IT support, HR, IT transformation and contract management. Moorhouse brought deep expertise and experience in the application of project and programme management best-practice, a key skill deficiency in BT teams. Owing to the scale and geographic disparity of Billing+, this was essential for programme success.

Change management and supplier relationship management expertise were also added by the Moorhouse team, including the 'softer' aspects of programme delivery, which were often overlooked within similar BT programmes.

The deployed team of Moorhouse consultants was embedded within the programme team, thus developing strong client-consultant relationships. Emphasis was placed on the transfer of skills and knowledge through coaching and constructive challenge as well as implicit use of best-practice approaches and tools.

Client team buy-in was sought at every stage by Moorhouse, with progress contingent on universal understanding and agreement by the programme team.

Flexibility on the part of BT and Moorhouse, along with an open, honest and constructive culture was fostered throughout. Therefore the client/consultant relationship very quickly developed into a constructive 'can do' attitude toward programme delivery, with an emphasis on results and progress.

Moorhouse drew upon previous engagement experience as well as knowledge of existing BT tools/processes to develop appropriate solutions for the programme situation. For example: A partnership was developed with TechMahindra during transition which de-risked handover and encouraged integration of the BT and TechMahindra operational teams. Previously, BT used a 'checkbox' contract management approach, more effective for smaller more-defined contracts. Moorhouse had previous experience of a partnership approach being more effective for transformation/outsource programmes e.g. from an engagement with the Ministry of Defence.

Also, BT has a culture of remote working which is often less successful for complex programmes with geographic, cultural and organisational differences. Moorhouse challenged the norm and implemented periodic face-to-face meetings to encourage relationship building and understanding.

Outcomes

Results against project objectives

Billing+ is universally recognised within BT as a highly successful programme. Original objectives were met despite being viewed as wholly unobtainable when the Moorhouse team started.

All Country Agreements have been signed and the programme has delivered over £35m of tangible benefits, halving billing costs, with more savings projected (the contract runs until 2014). Benefits (financial and non financial) are reviewed monthly using TechMahindra's contracted performance reporting.

Measurable results have included:

- A billing backlog of £15m cleared from BT Italy's operations. Prior to Billing+ it was not forecast when this would have been achievable.
- £85m of measurable benefits over the contract duration to 2014 owing purely to rectified billing errors. £11m of this has been realised to-date.
- £9m of savings over the contract duration will be realised for improved timeliness. To date £2.2 has been tracked.
- A reduction in resource costs of £3.4m. To date this is approaching £1m.

Qualitative results have included:

- More accurate and timely billing resulting in substantially fewer customer complaints/issues (as tracked by the regional CFOs).
- Through innovative contract arrangements, TechMahindra implemented over 150 process improvement changes which BT had neither the time nor resource to implement previously.
- This standardised way of working has enhanced operational efficiencies and cross-department working.
- The quality controlled methodology, and the relationship build tactics deployed by Moorhouse meant the Regions accepted working alongside TechMahindra resources despite geographic and cultural differences.
- Moorhouse's successful outsourcing and programme management methodology can be reused for future BT programmes, increasing likelihood of success. Collaborative working meant BT teams enhanced their programme management skills considerably, helping BT to deliver similar complex programmes.

Perhaps most importantly, the programme was delivered without any negative impact on billing performance or service-performance drop during programme execution.

Handling challenges

At a key point in programme delivery, German tax authorities refused to allow billing operations outsourcing to India. Moorhouse developed an alternative solution for TechMahindra to provide services from Germany, requiring deft work to meet contract timelines and scope requirements.

Also, the BT Italy Board did not agree with the proposed Italy implementation plan, owing to a nervousness to work with TechMahindra and have part of their operation overseas. Moorhouse set up a staged transition with quality gate reviews and a co-located working pilot which helped the two organisations develop familiarity and trust in each other, enabling transition to complete.

Moorhouse's approach to working within the programme team enabled full and early sight of issues.

The strong relationships formed meant it was easier to broker effective alternative arrangements that were viable and beneficial to all parties.

Lessons learnt

A lessons-learnt exercise was carried out at the end of each phase, with findings applied to future phases and similar BT programmes.

In particular the following were identified as part of Billing+:

- For global programmes, a central business case spanning autonomous entities is insufficient. Local cases, signed up to by the budget holders, are required. This situation is exacerbated where regional job losses are involved.

- Active regional engagement is essential. Without regional support the programme would have failed. Support should cover the full lifecycle from business case development to post implementation review.
- The robust programme management approach Moorhouse implemented bridged the gap between senior management strategy and operational delivery, allowing rapid decision making and issue resolution. It also introduced consistency in approach and reporting which would have been unobtainable.

Client Feedback

“Billing+ has been acknowledged as the most successful of a wide range of change initiatives in BT Global Services during 2009–2010. The project embedded process improvement that delivered key cashflow and working capital improvements, vital to the future of BT GS. In every region, billing performance has been improved. Moreover, over £100M of associated benefits have been identified, with £35M+ already ‘banked’!”

Martin Gaunt, Commercial Director for Billing+

“Moorhouse provided not only a best-practice programme management structure and framework, but real leadership to the programme. They provided challenge and objectivity to our approach and really understood our business goals. The consultants held the BT Team to account but also supported delivery where required to meet milestones.”

Rod McCurdy, BT Executive Director

“This programme was not expected to succeed in Italy. To our great satisfaction, the approach of the Moorhouse team, which was rigorous but very sensitive to the local culture, overcame the obstacles.”

Gianluca Cimini, CFO, BT Italia