



advocate™

The Premier TBM Services Company

50%

Optimization

Run Reduction Tables

Discover your **IT savings** – reinvest
in growth and transformation.

Run Reduction Tables

Advocate uses its proprietary run reduction tables for the analysis and cost optimization of your technology product use, costs, and technical debt.

SOFTWARE - 22% (of total spend)

			SAVINGS POTENTIAL	
Categories	Characteristics	Metric	Negotiation	Optimization
Licensing	<ul style="list-style-type: none"> Typically well known outside of contracting group Unless new, prior licensing negotiations substantially reduced licensing costs already 	<ul style="list-style-type: none"> Available Seats User Counts 	Rate Reduction Vendor Consolidation 15%	Over-license reduction 5%
Maintenance	<ul style="list-style-type: none"> Commonly linked to licensing costs Potentially more negotiable than licensing cost Critical to ensure security and stability 	<ul style="list-style-type: none"> Releases System Updates 	Rate Reduction SLA Reduction 10%	Solution Rationalization 5%
Subscription	<ul style="list-style-type: none"> Cloud-based licensing Difficult to control "sprawl" Volatile spending patterns Requires centralized governance 	<ul style="list-style-type: none"> Authorizations 	Rate Reduction Vendor Consolidation 15%	Over-license reduction 10%
Support	<ul style="list-style-type: none"> Heavily labor intensive Dependent upon internal skillsets and capacity Effectiveness of support can be limited Potential to internalize where skillsets exist 	<ul style="list-style-type: none"> Support Hours 	Rate Reduction SLA Reduction 15%	Eliminate support where internal expertise exists 40%

HARDWARE - 14% (of total spend)

			SAVINGS POTENTIAL	
Categories	Characteristics	Metric	Negotiation	Optimization
End User	<ul style="list-style-type: none"> Capital expenditure or lease PC's, printers, scanners, hand-held devices, peripherals Employee-facing Tied to individual productivity 	<ul style="list-style-type: none"> Cost per Device Cost per Employee 	Rate Reduction Vendor Consolidation Policy Adoption Standards Adoption 5%	Site Configuration Utilization/Right-sizing 5%
Compute	<ul style="list-style-type: none"> High availability Fault tolerance Redundancy/failover (server clusters) Scalability Rapid deployment 	<ul style="list-style-type: none"> Cost per MIP 	Rate Reduction Vendor Consolidation Standards Adoption 10%	Instance Configuration Utilization/Right-sizing 10%
Storage	<ul style="list-style-type: none"> DSSD / HDD / magnetic tape Cost/Gb decreasing dramatically Plug and play / hot-swappable Lower total cost of ownership 	<ul style="list-style-type: none"> Cost/Gb/Tier 	Rate Reduction Vendor Consolidation Standards Adoption 10%	Tiered Service Levels 5%
Infrastructure	<ul style="list-style-type: none"> Routers Switches Firewalls Performance monitoring Automated failover 	<ul style="list-style-type: none"> Cost per Employee \$ Support per DC (Office, Employee) % Uptime 	Rate Reduction Vendor Consolidation Standards Adoption 5%	Site Configuration Automation ITIL Implementation 5%

OUTSIDE SERVICES - 15% (of total spend)

			SAVINGS POTENTIAL	
Categories	Characteristics	Metric	Negotiation	Optimization
Colocation	<ul style="list-style-type: none"> Physical space leased in a colocation space and associated power charges Cross connects Remote hands support Often purchased based off a commitment, not actual usage, which can lead to over-purchasing 	<ul style="list-style-type: none"> Cost/kVA Cost/kW Cost/ft2 (m2) Cost/line Cost/hr 	Rate Reduction 10%	Site Configuration Utilization/Right-sizing 5%
Cloud (IaaS)	<ul style="list-style-type: none"> Computational resources purchased through a cloud provider, bought by the virtual machine (or instance) Can be bought on demand or reserved for 1+ years at a discounted price May also include storage with cloud provider 	<ul style="list-style-type: none"> Cost/second Cost/minute Cost/hour Cost/year (reserved) Cost/GB/tier 	Rate Reduction Vendor Consolidation 5%	Instance Configuration Containerization Utilization/Right-sizing Tiering 10%
CDN	<ul style="list-style-type: none"> Distributed network of proxy servers Provides high availability and high performance geographically closer to users Used for websites, applications, mobile content, live streams 	<ul style="list-style-type: none"> Cost/tier Cost/TB Cost/GB 	Rate Reduction Deal Restructuring 10%	Traffic and Content Analysis Cache Analysis 5%



Savings Potential

Advocate's run reduction tables are comprised of the latest IT spend benchmarks across all industries and cost pools to identify and prioritize your savings potential.

INTERNAL LABOR - 20% (of total spend)

			SAVINGS POTENTIAL	
Categories	Characteristics	Metric	Negotiation	Optimization
Management	<ul style="list-style-type: none"> CIO and their direct reports Typically a small segment of the labor pool Middle management targets for reduction 	<ul style="list-style-type: none"> FTE's per IT Headcount 	Centralization Layoffs Incentive Program 5%	Organizational Redesign Reduction in Force 10%
Project	<ul style="list-style-type: none"> Resources focused on capital engagements Variable depending on project load Controllable thru demand management 	<ul style="list-style-type: none"> FTE's per Project Utilization 	Virtualization 5%	PPM Toolset · Project Rationalization · Consulting COE 10%
Operations	<ul style="list-style-type: none"> Resources with roles focused on the day-to-day execution of the technology infrastructure Success dependent on consistency and discipline Detection and response rates critical 	<ul style="list-style-type: none"> FTE's per \$ Spend \$'s per SLA Utilization 	SLA Reductions 5%	Replatforming Outsourcing Automation ² 15%
Support	<ul style="list-style-type: none"> Resources with roles directly engaging internal- and external- customers Highly repetitive tasks 	<ul style="list-style-type: none"> Call per FTE 	Relocation 15%	Replatforming · Outsourcing Process Improvement · Training Automation 20%

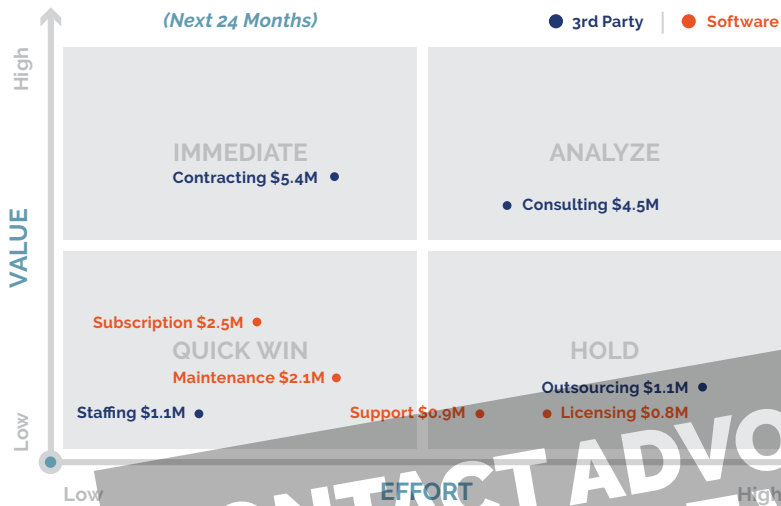
EXTERNAL LABOR - 17% (of total spend)

			SAVINGS POTENTIAL	
Categories	Characteristics	Metric	Negotiation	Optimization
Consulting	<ul style="list-style-type: none"> Changing the business Prioritized by business outcome Aligned to strategy Characterized by "expertise" Leverages proprietary tools and techniques Low portability of resources 	<ul style="list-style-type: none"> Portfolio ROI Strategy Alignment 	Rate Reduction Performance Fee-basis 10%	Project Rationalization 15%
Contracting	<ul style="list-style-type: none"> Project-based work Prioritized by business outcomes Characterized by commoditized resources Highly standardized Usually overlaps with internal resources 	<ul style="list-style-type: none"> Hourly Rate Average Tenure 	Rate Reduction 20%	Labor Internalization Role Rationalization 20%
Outsourcing	<ul style="list-style-type: none"> On-going business operations Own entire function which is repetitive Characterized by detail-oriented resources Highly standardized processes Rarely overlaps with internal functions No differentiating within marketplace 	<ul style="list-style-type: none"> Number of Tickets Average Response Time Service Level Attainment 	Rate Reduction SLA Reduction 15%	Process Improvement Automation Solution Implementation Replatforming 15%
Support	<ul style="list-style-type: none"> Interim, short-term engagement Highly commoditized resources Highly portable Skills standardized and readily obtainable 	<ul style="list-style-type: none"> Headcount % 3rd party 	Rate Reduction 10%	Role Rationalization Automation Solution Implementation 20%

TELECOM - 12% (of total spend)

			SAVINGS POTENTIAL	
Categories	Characteristics	Metric	Negotiation	Optimization
Network	<ul style="list-style-type: none"> MPLS, DIA, broadband, TDM technologies TDM technology being sunset by most service providers Largely commoditized 	<ul style="list-style-type: none"> Cost/Mb Cost/site Bandwidth/site 	Rate Reduction Vendor Consolidation 15%	Site Configuration Utilization/Right-sizing 10%
Voice	<ul style="list-style-type: none"> POTS, PRIs, SIP Most providers moving away from copper lines New IP-based technologies replacing traditional TDM technology 	<ul style="list-style-type: none"> Cost/line Cost/min Cost/call path 	Rate Reduction Vendor Consolidation 25%	Site Configuration Utilization/Right-sizing 10%
Conferencing	<ul style="list-style-type: none"> Voice and video conferencing services Hosted services that are typically supported by applications 	<ul style="list-style-type: none"> Cost/License Cost/min 	Rate Reduction Vendor Consolidation 15%	Right-sizing licenses 10%
Mobile	<ul style="list-style-type: none"> Costs prone to significant fluctuations if not closely managed Number of different cost structures – corporate liable, stipend programs, full BYOD 	<ul style="list-style-type: none"> Cost/Device Cost/Plan 	Rate Reduction Vendor Consolidation 5%	Data pool balancing Plan corrections Zero-use devices 20%

Savings Prioritization Matrix™



Example Conclusions

(External Labor: Negotiation)

- 1 | Pursue savings across **Contracting** immediately
- 2 | Look for quick wins in **Subscription** relationships
- 3 | Review 3rd party contracts for internal benchmarking of **Maintenance** agreements
- 4 | Launch analysis of **Consulting** category to rate opportunities across vendors

CONTACT ADVOCATE FOR THE LATEST VERSION

Optimization Journey

ADVOCATE INSIGHTS REVIEW (AP Data Only)	
Purpose:	Savings Identification (Cost Pools)
Cost:	NO CHARGE
Deliverables:	Savings Potential with 50% Confidence Estimate; Prioritization Matrix; Categories; Assumptions
Duration:	1-2 Weeks
Tool:	Advocate Savings Calculator™

SAVINGS VALIDATION (AP Data + DAP)	
Purpose:	Savings Identification (Cost Pools)
Cost:	Case-by-Case
Deliverables:	Savings Potential with 90% Confidence, Prioritization Matrix, Roadmap, Initiative Abstracts
Duration:	4-12 Weeks
Tool:	Advocate Savings Calculator™

SAVINGS REALIZATION (Execute & Solve)	
Purpose:	Savings Identification
Cost:	Case-by-Case (Fixed Fee; Performance Fee)
Deliverables:	Immediate Savings and Quick Wins
Duration:	8-12 Weeks
Tool:	Multiple

SOLUTION IMPLEMENTATION (NT, AppRat, DC, Cloud, etc.)	
Purpose:	Savings Identification
Cost:	Case-by-Case (Fixed Fee)
Deliverables:	Long-term Savings and New Solution Architectures
Duration:	12+ Weeks
Tool:	Multiple



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