ENKI CASE
IT ORGANIZATION TRANSFORMATION

Overview

Business services outsourcing leader with over 200,000 employees and over $15 billion in revenue focused on food services, facility management, healthcare management, and clinical equipment management services in 22 countries.

Problem

- $1.25 Billion healthcare food and clinical equipment business gets merged with $1.2 facility management acquisition
- Gross margin is 4.5%
- Multiple IT systems exist to support the same work, requiring "Swivel Chair" integration (multiple systems needing the same data)
- 87% of IT budget was for operating costs leaving little room for innovation, improvement, or optimization efforts to reduce costs and improve gross margin
- Budget was reduced in IT the previous 5 years with the statement that the acquisition should reduce IT costs as the teams are consolidated and legacy systems are decommissioned. Budgets were reduced but the consolidated work never happened.

Action

- Initiated an IT reporting relationship consolidation (top-down organization realignment)
- Implemented peer review approval for all travel requests. Designed to reduce travel for support requests and build leadership skill set.
- Shifted initial service cost savings from above to investment in optimization efforts
- Created first private cloud at Rackspace for C/S systems supporting business
- Developed a 3-year M&A integration plan for 1.2 billion acquisition

Outcome

- Reduced IT operating costs by 40%
- Optimized budget from 87% OpEx to 42% OpEx - saving $4M for investments.
- Consolidated 7 platforms to one - saving $2M annually.
- Created a new clinical part purchasing platform - $30M in annual cost savings.
- Migrated servers from client locations to private Cloud - saving $4.5M annually.
- Delivered 3-year M&A integration plan – saving $300 million over 5-years.
- Delivered productivity gains for Corporate and business unit IT - saved $12M annually.
- $37M/year operating savings benefit of 375 FTEs annually over 3,200 locations.