



EMEA

IT COST-OUT APPROACH

Our approach is not just about cutting costs; it's about reinvesting the savings into strategic initiatives that drive growth and innovation

The need to deliver faster, more efficient services while optimizing tech budgets has become a strategic imperative for both corporate and private equity clients



Private Equity

Return on Investment Target

PE firms acquire companies with the goal of generating returns. Initiating IT cost-out projects becomes crucial to enhance profitability and meet ROI targets.

Operational Efficiency

PE firms focus on improving operational efficiency in their portfolio companies. IT cost-out projects are undertaken to streamline operations and reduce unnecessary expenditures.

Accelerated Timelines

PE-owned companies may face pressure to achieve quick results. IT cost-out initiatives are often accelerated to align with the shorter investment horizons of private equity.

Leveraging Synergies

PE firms often acquire multiple companies within a portfolio. Implementing IT cost-out projects across portfolio companies helps leverage synergies and optimize group-wide IT expenses.

Preparation for Exit

PE firms plan to exit investments, and optimizing IT costs enhances the attractiveness of portfolio companies to potential buyers or public markets.

Corporate

Market Competitiveness

In a competitive market, corporate entities may need to optimize IT costs to stay competitive, especially if rivals are leveraging more cost-effective and innovative solutions.

Strategic Shifts

Changes in corporate strategy, mergers, acquisitions, or shifts in business focus may necessitate a reassessment of IT investments and expenses.

Shareholder Value

Maximizing shareholder value and meeting investor expectations may drive corporate companies to reassess and optimize IT spending.

Cost Efficiency

Corporate cost-out initiatives address economic challenges and enhance cost efficiency. However, outdated contracts and licenses can lead to significant charges if not proactively managed.

Technology Obsolescence

Legacy systems, outdated technologies, and technical debt can drive corporate companies to initiate IT cost-out projects to modernize their IT infrastructure.

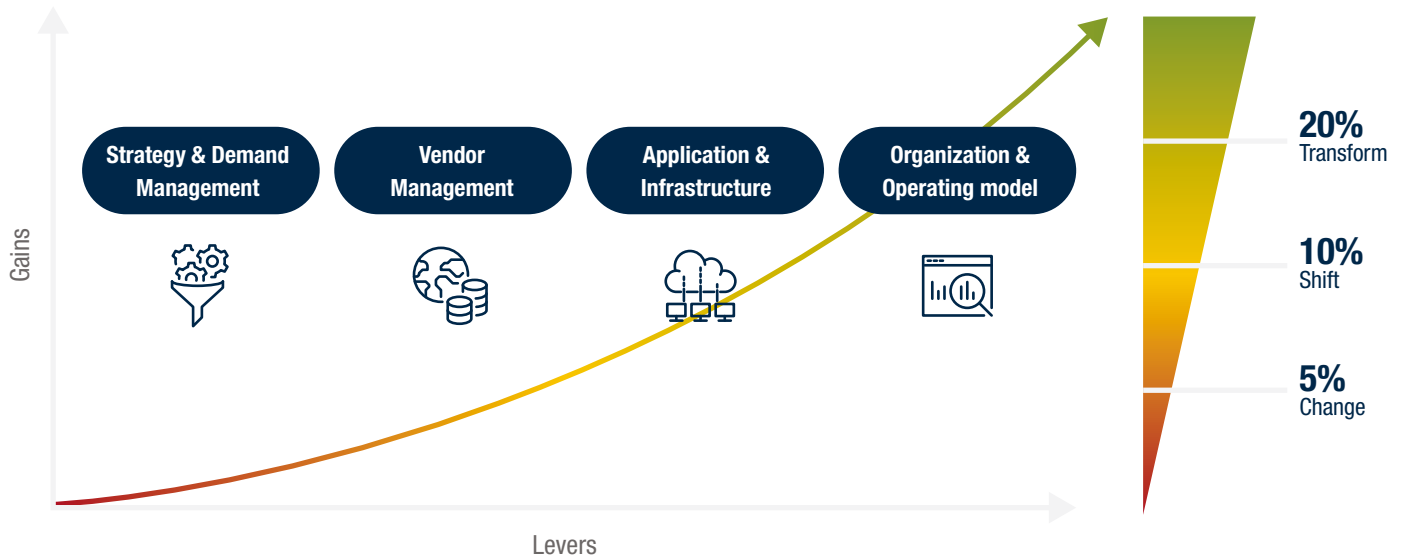




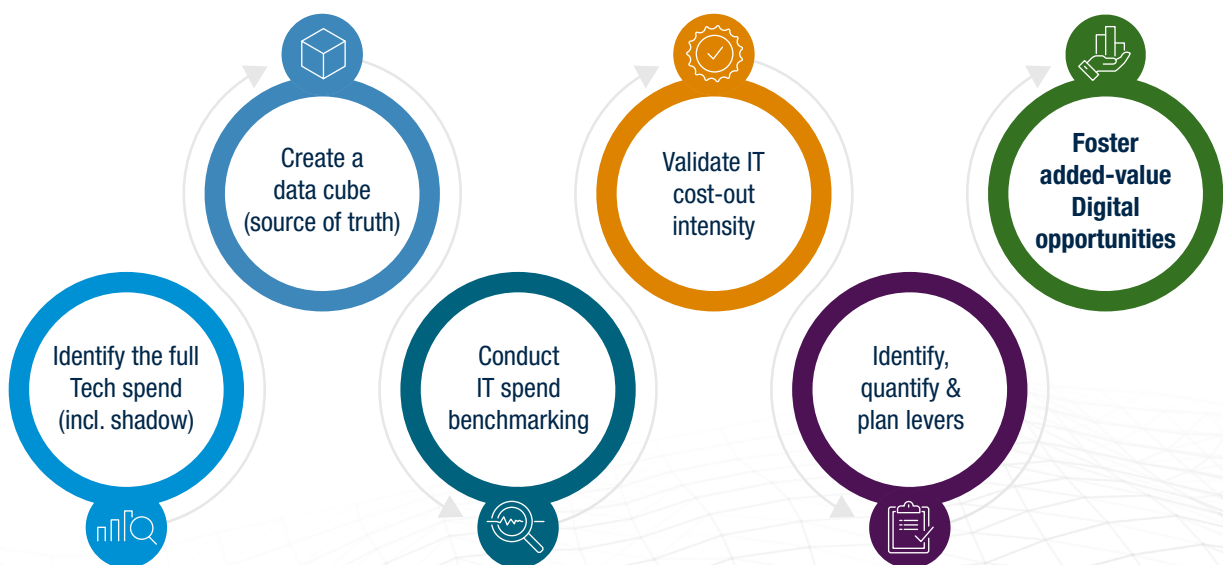
We ensure that the right effort is placed on the levers most relevant to each industry, guaranteeing impactful and sustainable results



Expected results from our projects in various industries:



A&M's tailored approach is firmly rooted in data-driven decision-making and performed over a 5-6 week timeline

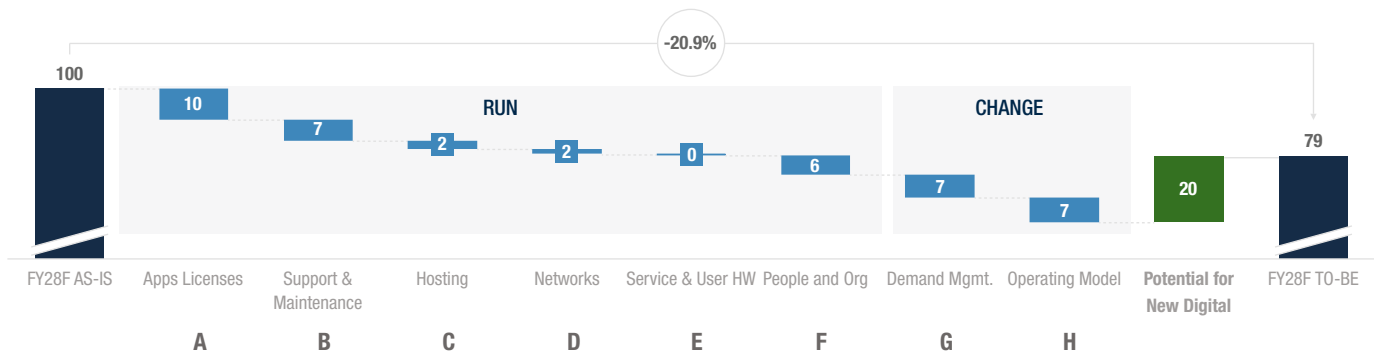


Specific Case study - “What we already delivered”



To enable the opportunities identified to be realized, focus is needed on simplifying the application landscape and exploiting the investment in the modern Technology & Digital stacks that is underway.

IT spend optimization



FY28 Cost Base Principles

- Running a modern and simplified tech stack that has been instantiated
- Overall surface area of IT and work drivers reduced
- Investment levels lowered (less change to manage)
- Reconfiguration of existing org and supplier base to manage more simplified estate and lower future investment levels
- Optimised use of offshoring / nearshoring
- Identify potential new areas for Digital opportunities, AI and automation

Key Execution Elements

Target Architecture Focused on Simplification & TCO Reduction

- Simplified applications architecture with focus on leveraging the big investments already made in a modern tech stack
- Reduce application landscape by 20-25%
 - Introduce tracking of application usage and business value vs cost
 - Develop a clear, simplified target application landscape and push hard to remove low usage / low value applications

A
B, C, E, F

Workforce reduction to focus on 'Run' of a modern tech stack

- Rapidly complete legacy programs, reduce technical debt and release Change resources
- Actively leverage outsourced / lower cost (offshore) resources where possible to support modern technical stack

F, H
D, G, H

Consolidation of contracts and suppliers for simplified cost-efficient operation

- Re-negotiate large support vendor contracts for a unified and simplified services menu, with SLAs aligned to business needs
- Consolidate long tail of small vendors for better performance management and cost reduction

B
A, C, E, F, H

Tight governance with clear cap on large investment projects

- Robust demand management process and governance with 'teeth'
- Investment levels capped and projects outside of the cap is by exception only
- Prioritisation (particularly in areas which drive demand and complexity)

G
A, B, H



50+ professionals experienced in rapid cost reduction, operational savings and carve outs across Europe

KEY CONTACTS



Ashwin Iyengar

Managing Director
London

aiyengar@alvarezandmarsal.com



Vincent Masson

Senior Director
Paris

vmasson@alvarezandmarsal.com



Sebastien Trochet

Managing Director
Paris

strochet@alvarezandmarsal.com

ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

Follow A&M on:

With over 10,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

To learn more, visit: [AlvarezandMarsal.com](https://www.alvarezandmarsal.com)

© Copyright 2024 Alvarez & Marsal Holdings, LLC.
All Rights Reserved.
450701-41698/September 24
9388_FINAL