

M&A: Fast Track Vendor Optimization

Fellow InCighters,

According to McKinsey, an organization's Vendor Spend represents on average 25 to 40 percent of a merger's total cost-saving potential. **The core to achieving this is building the right foundation; a combined spend baseline and taxonomy.**

Mapping spend between two legacy organizations to a common taxonomy is difficult due to multiple ERP and Procurement Systems, but a must-have to ensure an apples-to-apples spend comparison. The AI & ML powered CIO InCight®, an agnostic overlay that works with all in-place Financial Systems, provided this month's featured client a detailed analysis of the legacy and merged entity's IT Vendor Spend in under 3 weeks.

Our automation categorizes spend to a standard taxonomy, making this baseline a reality, with no FTEs or consultants required. Companies often disregard this basic need, then painfully realize after Day 1 that their definitions of spend in each category are different.

CIO InCight brought vendor optimization to fruition. Over \$45M of cost takeout has been realized in fewer than 9 months, bringing what their CIO calls a "hard synergy" to which IT has delivered the company. We feature two of the optimization plays in this month's Insider:

#1 Consolidation of Firewall Vendors Delivers \$2.4M of savings

The categorization of spend makes it easy to identify overlapping providers. The visibility into the combined entity's Information Security spend showed six Firewall vendors in place that provided Network Security functionality. IT Finance revealed that CIO InCight "opened their field of vision" with intuitive, automated views of spend. Being able to clearly show how purchasing occurs (direct or via reseller) has been a "game-changer".

CXO Nexus		Augmented Data			CIO InCight®	
business_segment	2018	2019	2020	Total		
Legacy A	3,099,968	4,834,236		7,934,204		
Barracuda		204,936		204,936		
SHI		204,936		204,936		
Checkpoint	2,426,994	2,134,704		4,561,698		
Gotham	2,426,994	2,134,704		4,561,698		
Fortinet		515,652		515,652		
SHI		515,652		515,652		
Palo Alto	672,974	1,978,944		2,651,918		
AccessIT	672,974	1,978,944		2,651,918		
Legacy B	3,204,398	3,454,674		6,659,072		
Cisco	2,047,254	2,137,944		4,185,198		
Presidio	2,047,254	2,137,944		4,185,198		
Watchguard	1,157,144	1,316,730		2,473,874		
CDW	1,157,144	1,316,730		2,473,874		
Merged Company			5,850,272	5,850,272		
Barracuda			3,671,744	3,671,744		
SHI			3,671,744	3,671,744		
Fortinet			2,178,528	2,178,528		
SHI			2,178,528	2,178,528		
Total	6,304,366	8,288,910	5,850,272	20,443,548		

#2 Leveraging Vendor TruSpend® with Dell Technologies saved \$3.9M

Core functionality delivered in CIO InCight is Vendor TruSpend, defined as OEM Parentage + Reseller Purchasing. Historically knowing the "all in" spend with Dell Technologies (and the likes of HPE, Cisco, IBM, etc.) posed a significant challenge due to their complex product portfolio and more than 60% of the purchasing being done through resellers. Vendor TruSpend has "changed the playing field" resulting in better discounts and the use of fewer resellers. See the below on Dell Technologies' spend before and after the merger.

CXO Nexus		Augmented Data			CIO InCight®	
business_segment	2018	2019	2020	Total		
Legacy A	10,306,282	10,944,584		21,250,866		
Dell (Laptops)	3,133,229	3,383,306		6,516,535		
Connection	987,563	1,093,746		2,081,309		
Dell	2,145,666	2,289,560		4,435,226		
Dell EMC (Storage Servers)	4,562,045	4,975,084		9,537,129		
CDI	1,587,469	1,734,698		3,322,167		
Dell EMC	2,147,673	2,287,493		4,435,166		
SHI	826,903	952,893		1,779,796		
VMware (Compute SW)	2,611,008	2,586,194		5,197,202		
VMware	1,534,556	1,696,829		3,231,385		
World Wide Technology	1,076,452	889,365		1,965,817		
Legacy B	9,912,901	11,193,540		21,106,441		
Dell (Laptops)	3,068,542	3,880,661		6,949,203		
CDW	1,047,863	2,279,837		3,327,700		
SHI	2,020,679	1,600,824		3,621,503		
Dell EMC (Storage Servers)	4,721,779	4,732,192		9,453,971		
Dell EMC	2,589,263	2,368,212		4,957,475		
World Wide Technology	2,132,516	2,363,980		4,496,496		
VMware (Compute SW)	2,122,580	2,580,687		4,703,267		
NTT DATA	548,982	724,456		1,273,438		
SHI	1,573,598	1,856,231		3,429,829		
Merged Company			18,240,983	18,240,983		
Dell (Laptops)			7,163,865	7,163,865		
SHI			7,163,865	7,163,865		
Dell EMC (Storage Servers)			6,964,011	6,964,011		
Dell EMC			6,964,011	6,964,011		
VMware (Compute SW)			4,113,107	4,113,107		
SHI			4,113,107	4,113,107		
Total	20,219,183	22,138,124	18,240,983	60,598,290		

Creating consistent cost and category spend baselines has enabled our client to fast-track their vendor optimization post-merger. When the CIO, CFO, and CPO and their teams work off a single source of trusted spend, organizations stand a better chance of achieving their M&A goal.

Use Case:

In this clip, NASDAQ discusses how the "Integration of multiple financial systems" enabled by CIO InCight accelerates the process of optimizing merged companies vendor spend.



[View more Nasdaq Use Cases](#)

Have questions?

If you're a potential client and have any questions on this use case please reach out to me.

If you're an existing client and have any questions on this use case or the use of your Augmented Data as the source for other work-streams please reach out to Customer Success.

Your feedback is welcome on the InCight Insider at support@cxonexus.com.

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If you have issues signing in contact us at support@cxonexus.com.

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