Case Study: RFI-RFP & Contract Negotiation

Client: Fortune 500 Industrial Materials Company

Needs: Network "Right-sizing" to Match Growth Trends

Situational Analysis:

Our longtime Client's current copper-based MPLS network and modest bandwidth speeds were ill suited to match their need for higher bandwidth speeds and prepare for anticipated growth trends over the next five years. Over time, OptiCOMM had discussed the need for the Client to transition away from copper-based technology to improved technology. Now our Client wished to evaluate a network technology upgrade utilizing Ethernet-based fiber as the transport mechanism to achieving increased bandwidth.

OptiCOMM could best help this Client through evaluating available and relevant technology, educating the Client on their benefits, and analyzing their network for optimization benefits. Key strategies involved initiating skillful Contract Negotiations with key vendors for greatest cost-efficiency.

Our Client's annual telecom spend was $7.0 million on in-scope network costs.

Findings:

The legacy approach of copper facilities leant itself to a static bandwidth configuration which required a "rip out and replace" approach to increasing bandwidth at a site. By evolving to an Ethernet-based fiber service, our Client could merge the data and voice network over a single access facility and dynamically allocate that bandwidth as needed. This approach also enabled future bandwidth increases to be implemented more easily without a "rip out and replace" approach.

Our Client had multiple site classifications with the majority being labeled as "Small Locations", but also had larger sites and data centers with various network configurations. The Small Locations were typically being served with a T1 for access with a T1 MPLS port connected for data needs and 10 local lines for voice calls. The larger sites ranged in bandwidth sizes from NxT1, DS3 to OC12 with various quantities of local lines.

Solutions:

At this time, new fiber-based networks were inherently more expensive than copper-based networks. For this reason, OptiCOMM Network Engineers recommended pursuing a hosted voice solution that would replace the existing voice TDM infrastructure and use the savings generated to offset the cost of upgrading to fiber.

OptiCOMM initiated a Request for Information (RFI) process as an educational process for the client to understand the latest technology offerings from three different carriers. After the carriers presented their findings, OptiCOMM fully managed a Request for Proposal (RFP) process with the same carriers, with clear rules of engagement. After the initial RFP responses were delivered, "Carrier#3" was removed from consideration due to the lack of a Hosted Voice solution.

Following a thorough review of the RFP responses from the remaining carriers, OptiCOMM issued a Report of Findings to the Client, including our recommendation to proceed with "Carrier #1", to which our Client agreed. OptiCOMM skillfully negotiated the carrier contract, achieving highly favorable contract pricing and terms for our Client.

Overall Impact:

- Fully optimizing the Client's network, coupled with strong contract negotiating power by OptiCOMM achieved dramatic results
- Achieved optimal network pricing, incentive credits, and improved commercial terms related to business continuity and potential penalties
- Additionally negotiated items included:
  - Postalized access pricing
  - An improved "right sizing" of network bandwidth
  - A Hosted voice service with 5,000 concurrent call paths
  - Over $1 million in credit to off-set overlapping network costs
  - Market-leading terms and conditions
- In-scope network costs were reduced from $7.0 million to $4.9 million
- **Annual savings to our Client: $2.1 million (30% of in-scope spend)**