

## Case Study: EquaTerra Helps to Foster Collaborative Relationship Between Leading Natural Gas Company and Its Service Provider

### EquaTerra's Advice and Tactics Poise Company for Success as it Develops and Governs Multi-Million Dollar ITO Deal

#### At a Glance

##### Company Profile

The company is a leading natural gas gatherer and processor based in the U.S.

##### Services Featured

- Service Delivery and Sourcing Strategy
- Outsourcing
- Selection
- Negotiation and Contracting
- Sourcing Governance
- Project Management

##### Business Processes Involved

- Information Technology (IT)

#### Executive Summary

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A leading U.S.-based natural gas gatherer and supplier that had recently divested from its parent company was looking to outsource its IT function. With little sourcing experience under its belt, the company turned to EquaTerra to guide it through the process. EquaTerra helped the company with the service provider selection process, all the while stressing the importance of creating a collaborative relationship with the chosen provider company. EquaTerra's advice and tactics helped to poise the company for long-term success with its multi-million dollar IT outsourcing (ITO) contract and served to create a positive and fruitful partnership between the two parties.

#### Business Challenge

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After divesting from its parent company, this leading natural gas company was left with no IT infrastructure in place. To replace the solutions and services once provided by the former parent company, the company turned to IT sourcing. It knew that a sourcing strategy would enable the company to quickly develop the comprehensive IT infrastructure it needed to move forward on its own.

#### How We Helped

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The client engaged EquaTerra early in the process to ensure a positive sourcing strategy outcome from the very start. Because the company had little experience with sourcing, as its former parent company provided much of the company's IT services and processes, the company turned to EquaTerra to provide it with high-level counsel and detailed project management support throughout the entire sourcing process – from start to finish.

With EquaTerra advisors on board, the company began to explore the type of relationship it hoped to foster with the selected provider. This step was crucial because the company was inexperienced when it came to sourcing relationships and

it needed high-level, experienced counsel to help it understand the nature of a provider-client relationship. EquaTerra encouraged the company to foster a collaborative relationship with its provider, as such relationships typically achieve the most successful, long-term results. EquaTerra worked with the client to set guidelines that would stage the company for a fruitful relationship with its soon-to-be selected provider.

To help guide the relationship between the two parties, EquaTerra worked with the client to institute a series of activities that would serve to determine communication and governance standards, as well as the scope of the sourcing process, including:

- **Setting communication expectations:** The client committed to participating in regular phone conversations and in-person meetings with all potential suppliers. EquaTerra advised the client to avoid email as its sole communications tool, as email can be impersonal and can lead to miscommunications. It was important that the company and its provider were openly and regularly communicating.
- **Participating in Governance Workshops:** The client agreed to participate in governance workshops facilitated by EquaTerra where, together, the two companies discussed the various dynamics of a sourcing relationship and how the company would manage the relationship throughout its evolution.
- **Developing an RFP strategy:** Prior to issuing a request for proposal (RFP), EquaTerra advisors worked with the client to set a clear strategy that outlined exactly what the company needed and how it would work with its selected provider to achieve those expected results.

Overall, by developing provider-client relationship standards up-front, as well as by developing a detailed scope of what the company required from its service provider, this company was poised to enter a formal sourcing relationship on a positive note.

## Results

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Using the guidelines set forth with EquaTerra prior to the RFP process, the company was able to identify a service provider that was flexible during contract negotiations and that had sound financials and solid technical expertise. The end result was a multi-tower ITO contract worth \$55 million over the course of five years.

The company expressed satisfaction with the end result and agreed that it was mutually beneficial to all parties. Company officials also told EquaTerra that it could not have reached such a beneficial and positive agreement – and two weeks ahead of schedule – without EquaTerra’s counsel, expertise and overall know-how.

## Advisor Insights

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With a successful end result, EquaTerra advisors have reflected on some important take-aways, challenges and lessons learned from which companies in similar situations can benefit when developing a sourcing strategy.

- **Asking for help** – With a time crunch to get a new provider in place after divesting from its parent company, the company knew it needed good advice, sound leadership, and swift actions from start to finish. To ensure a quick and accurate course of action, the company engaged EquaTerra early in the process, enabling it to expedite the sourcing process without letting details slip through the cracks.
- **Managing diversions** – Because of its divestiture and the many activities that required the attention of the company’s leadership team, EquaTerra was able to lessen the burden for company executives by creating a blueprint that would ultimately help leadership to stay on task throughout the entire sourcing process. Also, the company gave EquaTerra independence to coach providers, which ensured the providers’ proposals were on target with its desires.

- **Getting it right from the start** – Often companies bring in a third-party advisor to help them when things aren't going right. In this case, the company brought EquaTerra in from the start. This enabled it to set a positive relationship with its provider and to fully outline its sourcing strategy before entering into a rigorous provider selection process. In other words, by engaging EquaTerra early on, the company ensured a positive and smooth process throughout.
- **Spending the up-front time to develop a clear-cut strategy** – The company didn't leap into the RFP process without first having a strong understanding of what it wanted in terms of services and process. It's important that a sourcing strategy is clearly identified prior to an RFP process so that all parties know the expectations. If a company skips this step, it will most likely be haunted by the same issues – time and time again.

With a productive relationship established between the service provider and this company, as well as a well-thought out and detailed approach to the entire process, this company primed itself for a successful sourcing journey that continues to be fruitful for all parties.

## About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

[www.equaterra.com](http://www.equaterra.com)

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