

No Illusions. Real Results.

Geography:

Washington DC, National

Industry:

Mortgage/Lending

Company Profile:

Highly Regulated, non government organization; largest mortgage aggregator and securitization entity in the US

"Magic Hat's data driven and process approaches allowed them to get up to speed much faster than I expected. Their assessment and recommendations were highly actionable, and the opportunities they identified far exceeded our investment." Our Client, the CFO

Business Situation

Operations and Technology groups spent over \$300MM annually on contracted labor and consulting professional services. Although they had ongoing processes that govern the engagement of contract labor, there was a desire to explore opportunities to reduce the run rate of the spend. At the same time, the Global Procurement organization was preparing an RFP to update the current contract labor relationships, and required a new set of job categories and descriptions that aligned to the organizations current utilization needs.

Magic Hat Consulting was engaged to assess the contract labor processes to identify the cost drivers to reduce the spend while maintaining the value of service and to re-define new job categories in preparation of the RFP.

Approach

The project was structured in two phases. The Magic Hat Team followed the Align, Assess, Act and Achieve (4A's) model to assess the current state and to develop a plan to identify, reduce, mitigate or eliminate the factors that were driving higher than necessary spending for professional services.

A detailed statistical analysis was conducted on 12 months of data, encompassing all timecards, rates, and job titles. In addition to internal analysis of rates, market-specific benchmark rates were developed and compared to the internal rate metrics. Detailed analysis of both targeted and randomly selected Statements of Work were performed and aligned to the findings of the statistical analysis. Interviews and workshops were conducted with stakeholders, subject matter experts, and process owners to validate the observations from the data analysis.

Results

This targeted an aggregate savings opportunity of \$55 million. The final deliverable for the engagement was completed in 14 weeks.

Phase 1 delivered a rate card recommendation which expanded IT roles per their SDLC structure as well as across current and future platforms within the organization. This allowed for transparency with technology driven hourly rates associated with the more specific roles. The IT projects consistently met budget and vendor quality improved.

Phase 2 defined the drivers of contractor cost, analyzed current processes, and recommended improvements. A playbook was developed that provided project guidance to address each area of opportunity.

Contact:

Magic Hat Consulting
455 Pennsylvania Avenue
Suite 125
Fort Washington, PA 19034
(215) 540-1939

