



# Software Europe Case Study

## Framework: Virgin Mobile

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## 1. Project Overview

With over 1400 staff, more than 4 million\* customers and annual revenues of over £500 million, Virgin Mobile epitomes business success. It seems hard to remember that the UK's leading mobile virtual network operator was founded only seven years ago.

Such phenomenal growth brings with it many challenges, not least being the rapid development of sophisticated IT facilities to support the business expansion. Virgin Mobile has a multi-million pound annual IT budget, with over 100 contracts for software, hardware, network and services in force with 70 separate suppliers.

Such has been the speed of development that individual contracts were negotiated and implemented in different parts of the company by different members of staff. Each individual recorded contract information on their own computers, developed their own financial spreadsheets and held contract documentation in their own, largely paper-based files.

## 2. Challenge

*"We were looking to improve the corporate visibility of what contracts were in place and accurately record, validate and project actual expenditure against the original contracts,"* said Stuart Drake, IT Asset Management Analyst at Virgin Mobile.

*"Software Europe was recommended to provide the tools to help us achieve our goals. It has helped us build a versatile central repository which allows us to efficiently manage IT contracts across the organisation, accurately budgeting and validating expenditure against our contractual commitments."*

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\*On a 90 day activity basis



### 3. Potential Risk

As a mobile virtual network operator, renowned for its customer service and one of the UK's top 100 places to work, efficient IT operations are critical to Virgin Mobile's business. Any risk to IT was a risk to the entire business. There was clearly a major potential risk with the company not being able to correlate and track all the threads of information relating to contracts for technology equipment, software and services.

Finding contract information was not easy. It was difficult to track expiry dates and renewal timescales. Any issue arising with a supplier often triggered a time-consuming search through paper records stored in a variety of places to locate the contract, examine schedules and inspect terms and conditions.

From a financial viewpoint, the production of IT budgets involved a great deal of manual effort extracting information from approximately 100 separate contracts. As actual invoices arrived for payment, there was no easy way to reconcile variations against the original contract and hence no easy validation of any over- or under-spend.

With a multi-million spend on external contracts, the IT Department realised that the time had arrived to plug this gap. It contracted with an external consultancy to analyse requirements and recommend potential solution providers. Four suppliers were short listed and each went through a thorough tender process.

*"Framework is the most intuitive and functionally rich of the software products we examined, but we chose Software Europe primarily because of the company's co-operative approach to resolving our problem," said Drake. "Software Europe was committed to the success of the project from the outset, and readily tailored its software to reflect Virgin Mobile's existing business processes. This was particularly important since the financial details of contracts needed to be consistent with our internal method of financial reporting."*

### 4. Financial Control

Software Europe installed the Framework contract management software and details from paper contract files and individual spreadsheets were entered into the system. Virgin Mobile took advantage of a useful feature of the software to include digital documents within the contract records, for example importing PDF files of contract terms and conditions which can now be viewed online from within each contract.

Contract start dates and durations rarely coincide with financial reporting periods. However, to prepare budgets and produce monthly expenditure forecasts it was essential that the financial details of contracts be presented in a format consistent with Virgin Mobile's financial periods and reporting standards. Costs also needed to be allocated across a complex structure of cost centres, and these also needed to be reflected in the contract repository.



Software Europe took these requirements on board and tailored the Framework software to mirror Virgin Mobile's financial infrastructure and reporting requirements. Framework includes user-definable fields and is designed to facilitate customisation, which simplified and accelerated the custom development.

The result has saved considerable time producing financial reports from contract data. Instead of the previous lengthy process required to manually generate reports for budgeting or monthly reviews, the Finance and IT Departments can now output reports at the touch of a button which match the financial periods and the company's reporting requirements.

*"Framework gives us a much better handle on the financial implications of our procurement and service contracts," said Drake. "On a practical level, the software also gives us the ability to validate actual invoices against contracts, which helps prevent errors and allows us to identify and deal quickly with financial variances."*

## 5. Focal Point for Contract Management

The central contract repository built within Framework sits on a LAN server and is accessed by both the IT and Finance Departments. Much of the base data about each contract comes from Virgin Mobile's Procurement Department.

Having all contract details readily accessible in one place has freed up a great deal of time and resulted in more efficient dealings with suppliers. It is now easy to find out whether a contract exists with a supplier, and pinpoint details such as the duration, financial terms and terms and conditions. This provides a sound foundation when contracts need to be renegotiated or renewed, and improves decision-making in all dealings with suppliers.

Virgin Mobile has found one feature of Framework particularly valuable. When a contract is due to expire or be cancelled, the software is configured to send an email automatically to alert the contract owner of the need to take appropriate action. Previously, there was always a risk that important contracts might, unknowingly, expire or that cancellation periods might elapse, leaving Virgin Mobile's IT operations unsupported or exposed.

## 6. Web Enhancement

Framework has radically improved Virgin Mobile's management of supplier contracts and given it the ability to tightly monitor financial expenditure against contracts.

Framework provides greater speed, flexibility and access through its web-based software, which is necessary as Virgin Mobile continues to expand and secure its leading position in the rapidly growing mobile communications market.