



Cost Efficiency Review

October CoMC Update

What was the purpose?

- To review the cost efficiency of Xoserve processes.
- Aimed to achieve two outcomes:-
 - Provide assurance to customers that costs of processes are comparable with external equivalents
 - To feed into RII02 / BP20 processes

What was the approach?

- KPMG appointed to undertake the review
- We walked KPMG through our cost allocation process. Focussing on “run the business activities” which makes up c30% of our overall costbase
 - Initial view of costs based on 18/19 Q2 forecast
 - Followed up with 19/20 budget data, with the final report based on these values
- Organised our data into 15 cost groups & 30 KPIs
 - Customer facing processes e.g. Invoicing, Customer Call Handling & Queries and Customer Engagement (13 KPIs)
 - Internal processes e.g Finance, Legal and HR (17 KPIs)
- Mapped results to comparators into KPMG KPI database, results ranked by quartiles
- Provided an estimate of efficiency gains values – what Xoserve would need to save to get to 50th centile?
- Reviewed findings with Xoserve
- Final report written and published

What were the results?

- Of the 30 KPIs
 - 7 were in the top quartile
 - 10 were between 25th and 60th centile
 - 6 were between 60th and 75th centile and
 - 7 were in the lower quartile
- Three main areas identified where potential savings could be made
 - Invoicing
 - Customer Engagement and
 - HR

Where can I see more detail?

- The report will be published on Xoserve's website.

