

## **Xerox and Scottish Widows**

### Case Study

#### **Background**

Scottish Widows, the life assurance and pensions group, has an enormous printing requirement, generating more than 100 million pages of printed copy every year. For many years all its printing work was completed in-house but in 2002, the business began to consider alternatives.

The printing plant had been in use from the 1980s and Scottish Widows realised it would either have to make a sizeable investment in new equipment or outsource the work to a third party.

This was not a choice to be taken lightly. Almost 100 employees were involved in the business and annual expenditure ran into millions of pounds.

Xerox was already involved with Scottish Widows' parent company, Lloyds TSB. The document company suggested it could deliver substantial cost-savings to the life assurer and began to submit some prices.

Scottish Widows printing business is split into five disciplines – transaction printing, commercial printing, reprographics, creative and offsite warehousing. Initially, Xerox was asked only to bid for the commercial printing operation but Scottish Widows was not persuaded by the results.

#### **Scope**

At this point, JMCL Consulting, was appointed because it is an independent supply chain consultancy with significant expertise in the in-house versus outsource arena. Xerox asked JMCL to produce some independent research, examining the savings it could generate for Scottish Widows.

"We quickly found the only way you could cost an alternative to the status quo was by modelling it in detail. We built a specific model to do the analysis, bearing in mind a long list of variables. These included the number of sheets per print run, the number of colours per page, the size of the print, the collation and finish, the production process and the cost of moving to an external supplier," says JMCL Managing Director Jonathan Michael.

"VAT is a particularly complex issue when dealing with potential print outsourcing in the financial services sector and over the years we have developed significant expertise which we were able to apply. The model allowed us to input all kinds of different scenarios and carry out detailed sensitivity analysis but it demonstrated that the immediate savings were sufficient to make a change worthwhile," he adds.

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#### Outcome

“JMCL came in to really dig into the figures and find out how we worked. They won our confidence, analysed lots of information for a range of possible outcomes and provided an independent view,” says Ian Scott, senior programme manager at Scottish Widows.

“The work was extremely thorough and the JMCL consultants were very professional with us and our client too,” says Mark Pettit, general manager for the document advisory office at Xerox Global Services.

“In the end, JMCL worked out Xerox could guarantee Scottish Widows savings of 14% a year, even after any costs for redundancies and plant closure,” he adds.

Xerox began talking to Scottish Widows in January 2003. JMCL was appointed in June and worked on the business for three months. By September, the life assurance group had agreed to outsource all its print work to Xerox. On 1<sup>st</sup> January, 2004, 90 staff were T.U.P.E.'d over to Xerox, under a deal guaranteeing them Scottish Widows terms and conditions for five years. A number have now been made redundant but this had already been agreed with unions.

“JMCL’s work was exemplary and Scottish Widows had a lot of faith in them,” says Pettit.

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