



Client: Sporting Bet
Sector: e-Commerce

Sportingbet take a punt on Auditel's cost management and reap unexpected rewards



Profile:

Sportingbet PLC is one of the leading online gaming companies with operations throughout Europe and Australia and headquarters in the UK. Since a 2006 change in US legislation forced the company to withdraw from the American market and focus on developing their smaller European arm, the business has gone from strength to strength, generating a turnover of more than £1billion in 2010.

Savings breakdown:

CATEGORY	£ SAVING	% SAVING
Stationery	£23,000	33%
Fixed line voice traffic		11%
Mobiles	est. £40,000	35%
Toll Free nos.	est.£20,000	58%
Other planned projects: Insurance, travel and broadband costs		



From left to Right
Lee Freeman, Auditel Consultant and Jim Wilkinson Finance Director, Sportingbet

The market for online gaming is still relatively young but global broadband penetration and the development of 'in-play' betting on world-wide football leagues and sporting events means it is growing at a phenomenal rate.

So the main focus of Sportingbet's business plan and management team has been revenue growth rather than cost control. The Group's Finance Director, Jim Wilkinson, didn't think there would be anything to lose by engaging Auditel consultant, Lee Freeman, to carry out a number of expenditure reviews.

"As a group, our main financial goal is to grow our top line by 20% per year, so we haven't focused too much on our input costs over the last few years. Having said that, I was pretty confident we were in control of our expenditure and that the business wasn't unduly wasteful. So, when Lee approached me, I couldn't see that we had anything to lose by trying it out."

Initially, Jim engaged Lee to review the UK office's fixed and wireless communications, office supplies and IT consumables expenditure and, following his initial report just one month later, asked Lee to proceed with putting Sportingbet's stationery spend out to tender, which was completed in June 2010. Lee was then able to use the results of this tender to re-negotiate with the company's incumbent supplier, leading to savings to date of £23k, or 33%, on like-for-like products. Impressed with these results Jim gave Lee the go-ahead to proceed with the communications review and although Sportingbet were restricted on their choice of suppliers for fixed line voice traffic, Lee identified

and implemented a new tariff from the incumbent supplier, saving 11% against their initial spend.

At the time, July 2010, Sportingbet were one year into a two-year contract for their mobile phones but Lee none-the-less put the company's fleet out to tender and, again, used this as the basis for a series of complicated negotiations with their incumbent supplier who finally agreed, six months later, to a tariff refresh in return for a contract extension. This will lead to estimated annual savings of £40,000, or 35%, based on current usage, although the final figure is expected to be higher as the company's fleet of phones is growing. At the same time, Lee also renegotiated new rates for Sportingbet's International Toll Free numbers – particularly significant to an organisation with global outreach – which are expected to deliver further annual savings of £20k, or 58%.

As Jim says, "Lee has just got on with the job and delivered impressive results in a very professional manner. Most importantly, his savings have made us realise that as an organisation we need to change our attitude towards cost management. We can't keep spending money right and left. I've now set a cost reduction target of £2m for the group and we've employed an internal resource to help us centralise our procurement globally. Most importantly, we want to work with staff to change their psychology and working practices in relation to expenditure and Lee will continue to work closely with us in the UK to help us achieve this goal. He's already working on new projects to review our insurance, travel and broadband expenditure and I definitely see him as a member of my management team."

"I've been genuinely surprised and impressed by the savings Auditel has found as I really thought we were in a good position in terms of our existing contracts. What's more, the savings have been delivered without any effort on the part of me or my team, or disruption to our core activities."

– Jim Wilkinson, Sporting Bet, Group Finance Director



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