

Success Story

RampRate Realigns Audible.com Co-location Relationship in Record Time

When RampRate started examining Audible.com's co-location relationship, the leading online distributor of spoken-word audio was confident that it had the best deal possible from its long-term vendor.

RampRate's data-driven analysis quickly found that wasn't the case, providing the market information needed to reshape Audible's deal, save it big money, and put in place service metrics and guarantees that had long been lacking. Within two weeks, RampRate had:

- **Realigned the vendor relationship, reducing total costs 46 percent.**
- **Evaluated the deal's non-financial aspects, demonstrating the strategic value in Audible's vendor relationship.**
- **Added service-level and business-term conditions that will guarantee service quality and improve the company's ability to evaluate its vendor.**

BACKGROUND

Audible.com's co-location contract automatically extended for two years with each change of terms. Shortly after another change in February 2005, Audible launched an initiative to re-architect its Web site, changing everything from browsing to ordering to fulfillment. Re-launch was set for November 2005, on a new site. Audible solicited quotes, but none was significantly better than the existing provider's. Audible then hired RampRate less than a week before it was to sign a new contract with its existing provider, to ensure the contract aligned with market standards.

RAMPRATE'S TRIAGE SOURCING PROCESS

Using the SPY Market Index, RampRate immediately found that pricing and service levels did not meet market standards, and quickly identified deficiencies in both the old contract and the proposed extension. The proprietary SPY Market Index is a database of co-location transactional data and best

practices for literally hundreds of deals involving dozens of vendors and hundreds of companies. Audible's deal, RampRate found, included inconsistencies between successive contract renewals, and sharp disparities between market costs and the contract pricing

We needed to quickly review our current co-location services to ensure we had the right vendor and infrastructure in place. RampRate's comprehensive approach to assessing our needs and its ability to provide extensive analysis on other options in the market enabled us to make our sourcing decisions affordably and in record time. As a result, Audible saved 46 percent in co-location fees, accelerated our time to market and gained greater control over our infrastructure as customer requirements and service levels evolve.

— **Brian Duddy,**
Vice President of
Shared Services,
Audible.com



RampRate's Methodology

How did RampRate achieve savings while improving the business terms of the deal?

- By leveraging its knowledge and the SPY Market Index benchmarks, RampRate could reliably set targets that match the market's best prices.
- By using its existing relationships with best-of-breed vendors, rather than going through those companies' direct-sales divisions, RampRate cuts out much of a vendor's overhead, allowing it to offer the best possible prices.
- By comparing all vendors on an apples-to-apples basis, the client could clearly determine the best offer on the table for the entire environment, in terms of price, service levels and contract terms.

If RampRate can achieve these results in compressed timeframes, what can it do for your outsourcing initiative? Find out by contacting us at 310.319.1599 or team@ramprate.com



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levels. In just the first day of working with Audible, RampRate identified a six-figure gap between market pricing and the proposed contract's options. RampRate recommended a full request-for-quote (RFQ) process. Audible agreed, but under extremely tight time frames: Everything had to be completed in two weeks.

SECOND ROUND OF BIDDING AND CONTRACT CLOSE

On Aug. 27, one day after Audible officially engaged RampRate, an RFQ was sent to the six vendors identified by the SPY Market Index as capable of meeting both the aggressive price target and the strenuous time frame required.

Vendor quotes were received by Aug. 30, with all necessary clarifications and refinements completed a day later. RampRate compared quotes on an apples-to-apples basis, and delivered a 26-page initial report within 24 hours.

By Sept. 1, RampRate's sourcing advisory process had demonstrated huge savings: up to 52.6 percent by switching to a new, financially sound and reputable provider and 24.4 percent by staying with the same vendor.

But Audible's architecture requirements were evolving quickly, so a second round of vendor quotes was needed. RampRate updated and re-submitted the RFQ to Audible's two preferred vendors, including the incumbent.

During this round, the existing vendor grasped how important an objective sourcing process was to its key

client. The vendor worked closely with RampRate to build a contract that was fair, balanced and met Audible's long-term needs. The vendor agreed to merge its old contract with the new one. It demonstrated good faith by providing another level of savings through per-unit discounts on each contract element and the ability to wind down bandwidth usage on the legacy install before the end of that contract's full term.

That approach kept the total cost of both environments equal to the best competitive offer. RampRate's close work with the incumbent helped create an objective case for Audible to stay with a comfortable and familiar solution that also saved it millions of dollars over the contract's life. Audible made its final choice and went to contract signing.

PROJECT HIGHLIGHTS

- In two weeks, identified ways to cut first-year costs 46 percent
- Thorough review led to better price, service levels, and contract terms
- NPV of three-year savings runs to seven figures
 - Right of first refusal on incremental space
 - Ability to transfer service from old to new footprint
 - Special termination privileges and risk mitigation
 - Strict SLA protections, including termination for cause
 - Price discounts for expansion without automatic contract extensions.
 - Renewed relationship with better rules of engagement
 - Agreement to bring in alternative bandwidth providers

RAMPRATE SPY INDEX



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