

Cost Reduction

Case Study



Energy Company Realizes 18% Treasury Fee Savings and Improves Banking Relationships

Client

A leading U.S. energy company focused on safely, reliably, and affordably providing electricity and natural gas to more than 3.5 million customers in the U.S.

Challenge

As an enterprise operating in high acquisition mode, the energy organization's family of companies spans three different states and includes multiple utilities, which means it works with a large and dispersed group of vendors to meet its various operating needs. Some of the organization's most valued vendors are its banks. As part of a company-wide centralization and cost-savings initiative, the leadership team believed there were significant savings to be had across four of the six different banks it uses. However, it was important to preserve the banking relationships while exploring and ultimately tapping into those cost-reduction opportunities.

Solution

The energy company asked SIB to bring a third-party perspective to the bank review process. SIB's treasury fee experts quickly uncovered and quantified savings opportunities at four of the company's six banking partners. We provided analysis and benchmarking data to support the ask for higher earnings credit rates (ECRs), lower line item fees, and rate locks at each of the four banks.

While three of the banks agreed to the proposal and implemented the requested savings in a timely fashion, the fourth bank countered the initial ask with a different proposal of its own. Because the energy company was not interested in the bank's plan, SIB worked closely with company leadership and bank representatives to oversee negotiations and ultimately arrive at a mutually agreeable solution. The process led to significant savings on 13 different line items, including account maintenance fees, connectivity fees, and deposit fees, along with an increase in the ECR.

Results

Through rate reductions, fee locks, and earning credit rate increases, SIB helped the energy company implement and validate new pricing and rates at four different banks in a matter of months, resulting in just over \$350,000 in annual savings.

- **Rate reduction annual savings: \$272,000**
 - 18% savings.
 - 52 line item reductions across four banks.
 - Three-year rate locks implemented on some line items.
 - No changes to service levels or banks.
- **Earning credit rate annual savings: \$80,000**

SIB will continue to proactively monitor and validate the implemented rate reductions and ECR increases, including ensuring all credits are posted to the energy company's account as agreed. The oversight includes revisiting fees and earnings credit rates regularly to take advantage of new savings opportunities and maintain positive banking relationships with all the energy company's treasury partners.

Savings Highlights:

- \$350,000 in annual treasury fee savings.
- 18% total savings.
- Enhanced relationships with four key banking partners.

About SIB

SIB reduces your company's costs by 11-34% in the 15 spend categories we oversee, typically without changing your operations, service levels, or vendors. We leverage data from 500,000+ pricing benchmarks, deep industry expertise in each spend category, and ongoing spend management discipline to find, capture, validate, and sustain savings that dramatically improve your bottom line. [Learn more about SIB and our family of brands](#) with deep expertise and additional services in the categories we oversee.

