Building a Flexible and Agile Procurement Organization

GEP
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1. GEP Overview
About GEP: A leading provider of end-to-end procurement services and technology

Reducing costs and driving savings to the bottom line gets us excited. GEP PEOPLE are distinguished by their drive to do better, go further and achieve more for clients.

- **A global leader** in procurement services and software (Gartner, Everest, HfS, NelsonHall, Kennedy Vanguard, Forrester, Hackett, Spend Matters, Ardent Partners)
- Focused exclusively on **sourcing, procurement & supply chain**
- **Billions in spend** managed annually
- Comprehensive, end-to-end Procurement Solutions – **Consulting, Outsourcing, Software**
- Innovative **source-to-pay** platform – Native to Cloud, touch, mobile | **SOC 1, SOC 2** (Type 1 & 2) certified
- Large repository of **best practice** workflows, tools and templates
- More than **200 Fortune 500 & Global 2000 Customers** | **NMSDC** certified minority owned enterprise
- Offices and operation centres in **Europe, Asia & Americas**, supporting **multiple languages**
What We Do: Our solutions drive sustainable savings, increased compliance and superior customer service

We combine innovative technology and end-to-end services to drive realized savings to your bottom line.

**Procurement Strategy**

**Managed Services Partner**
- Sourcing
- Category Management
- Procure-to-Pay (P2P)

**Procurement Software**

**Support Services**

- Faster time to value
- Increased visibility and control
- Reduced operating costs
- Improved compliance
- Superior customer service
Targeted, Flexible Solutions: GEP provides comprehensive end-to-end procurement solutions

**Procurement Consulting**
- Procurement Transformation
- Organisational Design
- Process Optimisation
- M&A Procurement Synergy
- Zero-Based Budgeting

**Strategic Advisory** (Expertise)

**Strategic Sourcing & Category Management**
- Category Strategy & Planning
- Opportunity Assessment
- Supplier Management
- Contract Management
- Compliance Tracking

**P2P (Procure-to-Pay)**
- Order Management
- Spot Buying
- Accounts Payable
- Catalog Management
- Global Help Desk
- Master Data Management

**Support Services**
- Spend Analysis
- Analytics & Reporting
- Sourcing Support
- Market Intelligence
- RFx/Auction & Technology services

**Procurement Software**
- Spend Analysis
- Savings Pipeline & Tracking
- Sourcing
- Contract Management
- Supplier Management
- Procure-to-Pay

**Technology** (Infrastructure)

Managed S2P Services
- (Expertise + Capacity + Infrastructure)
2. Transforming the Procurement Organization
Why are we here today? Leading companies are transforming procurement to be a strategic function

The Five Traits Of 'World-Class' Procurement Organizations

Forbes Magazine 08/26/14*

• Act as trusted advisers to top management
• Help to drive supplier innovation
• Provide fresh insights into key supplier data
• Help to manage and alleviate supply-chain risk
• Promote “agile staffing” and talent development

*Authors: Carlos Mena, Remko van Hoek and Martin Christopher
Procurement challenges seem to be similar across different industries and geographies.

Four Critical Development Areas

- Reduce and avoid purchase costs
- Increase stakeholder satisfaction
- Reduce supply continuity risk
  - Strengthen/protect the company’s brand
- Reduce regulatory non-compliance risk
- Obtain more value from P2P
- Improve quality
- Improve supplier delivery performance
- Improve demand forecasting and planning
- Reduce working capital
- Enable revenue growth
- Support sustainability goals
- Enhance new product development
- Reduce procurement operating cost
- Reduce capital

- Elevate the role of procurement to a trusted advisor
- Increase spend influence
- Improve agility
- Tap supplier innovation

### Client Background

**Program Background**
The client was undergoing global transformation and was seeking a partner to strategically manage all spend in their tier 3 categories. Key objectives include improve spend under management, transform to become best-in-class and reduce TCO.

**Services in Scope:**
Strategic Sourcing, Category Management, Tail Spend Management, Support Services, Contract Management, Market Intelligence, SRM, Savings tracking and reporting.

**Categories in Scope:**
HR, IT, Marketing, MRO, Capital, Fleet, Travel, Entertainment among others.

**Spend:** $1Bn

**Region:** Global transformation impacted 5 key regional markets NA, Europe, APAC, and LATAM.

### Approach

**Challenges:**
Due to limited internal capacity, the procurement organization was constrained and distracted by managing mature categories. As a result, the client was seeking a solution to help transform its operating model to become more strategic and drive more value across the organization.

**Approach:**
- **6 weeks diligent transition planned** and executed to transition all key activities from the client.
- **Implemented a flexible and blended delivery model** supporting all categories, regions and business units and delivering strategic/ops procurement.
- **Spot buying and TSM executed** for transactions $10K-$100K on client’s Procure-To-Pay cloud solution managing $1MM in spend.
- **Developed Global, Regional and Local category strategy plan** along with sourcing wave-plans.
- **The team run competitive RFP for** in-Scope spend with lots by regions and subcategories. It was built on the client’s eSourcing tool with suppliers.
- **Projected Savings validated by client finance**
- **Developed robust SLA’s and reporting dashboards**

### Key Results

- **S&CM:** Supported and exceeded spend diversity targets (Target of 15.35%, Achieved 18.98%)
- **Spot buy:** Delivered 20% in savings in 12 months through competitive bidding process.
- **Established a comprehensive supplier relationship management (SRM) program** for strategic suppliers across in-scope categories.
- As part of continuous improvement initiatives identified automation opportunities and reduced sourcing cycle time by 10%.
- Improved supplier & contract compliance.
To become a strategic business partner focused on value creation, our client started their transformation in 2013.

- Redesigned Operating Model to differentiate Business Partnering & Sourcing Execution
- Invested in developing Key Capabilities
- Leveraged Integrated E2E Technology
- Externalized Mature Categories Management
The new operating model created a segmented organization

**Business Partnering**
- Business Partner Relationship Management
- Demand Management
- Tier 1 & 2 Category Management
- Strategy Development
- Tier 1 & 2 SRM
- Large Project Execution

**Sourcing Execution**
- Strategic Sourcing - Tier 1-3
- Business / Supply Market Intelligence
- Value Tracking and Reporting
- SRM including Tier-3 BPO
- Supplier Performance Mgt

**GEP Team**
- Strategic Category Planning and Management for all in-scope BPO - Tier 3
- Project Execution – BPO - Tier 3
- Contract execution
- SRM for all selected Tier 3 categories
- Value tracking & Reporting (BPO Tier 3)

**Center of Excellence**
- Communication
- Market intelligence support
- BPM
- Policies mgmt
- Tiger Team

**Source to Pay Technology**
- Transaction Services
  - Contract Admin
  - Invoice Processing
  - Compliance
  - E-Catalog Management
  - MDM
  - PO Placement

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The transformation journey required a continuous improvement mindset!

**Procurement Transformation Launched**
- New Operating Model
- Key Capabilities
- E2E Technology
- Externalize mature categories

**Category Plans, Multi-year plans**

**Delivering Results, but…**
- Developed category strategies
- Financial targets over delivered
- Built a strong multi-year plan
- Strengthened integration with business partners

**Establishing the foundation**
- Policy and Process education
- Seamless transition of categories

**Cross-functional Alignment**

**Communication**

**Enabling the next chapter**
- Continue adapting to BU needs
- Generate value beyond savings
Lessons Learned

- **Senior Mgt support** - Ensure case for change is understood by everyone
- **Strong governance and hands-on approach to on-board external partner**
- **Clear principles, roles & responsibilities but flexibility during implementation**
- **One team with shared accountability and specific goals & objectives**
3. Case Studies
Case Study: Global category strategy for Capital Projects

Ecosystem of Small Capital Projects

- Renovation Projects
- Other LICP and Related Areas
- AV, Off. Supplier & Others
- Global Furniture Initiative
- Project Mgmt. Services N.A
- Construction Mgmt. Services

Value Creation

- Speed & Agility
  - Pool of prequalified suppliers → Faster requisitioning
  - Proactive mindset anticipating needs for the next 5 years across functional areas

- Service Assurance
  - Agreement in place with international/regional suppliers to ensure quality
  - Improved warranty terms (from 2 to 10 years)

- Risk Mitigation
  - Improved business visibility and control
  - Eliminated conflict of interest between CM, PM
  - Managed FX risk by executing local currency contracts

- Cost Savings
  - >15% savings on global capital projects with smaller projects seeing larger savings

- Corporate Goals
  - Discounted payment terms
  - Commitment to Small/Diverse suppliers

Applying a proactive mindset to help shape future changes in the business & identify synergies amongst the functional areas
GEP is a diverse, creative team of people passionate about procurement. We invest ourselves entirely in our client's success, creating strong collaborative relationships that deliver extraordinary value year after year. We deliver practical, effective procurement services and procurement technology that enable procurement leaders to maximise their impact on business operations, strategy and financial performance.

Honored as Best Supplier at this year's EPIC Procurement Excellence Awards, GEP regularly wins accolades as both a provider of a broad range of procurement services and innovative procurement technology. Among its recent distinctions, GEP has been named Leader and Star Performer in Everest Group's PEAK Matrix of Procurement Services Providers, Leader in NelsonHall's NEAT Matrix of Global Procurement BPO Service Providers, Winner in the HfS Blueprint Report on Procurement Outsourcing Providers, Leader in the Kennedy / ALM Vanguard Report on Procurement Consulting, as well as one of Spend Matters 50 Companies to Know and to the Supply & Demand Chain Executive 100.

Clark, NJ-based GEP has 12 offices and operations centers in Europe, Asia and the Americas.

To learn more about our comprehensive range of consulting and outsourcing services, please visit www.gep.com. For more about SMART by GEP, our cloud-native sourcing and procurement software platform, please visit www.smartbygep.com

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**Why?**
- Your feedback **drives** SIG Event content
- By signing and submitting your evaluation, you are automatically entered into a prize drawing

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1. Select **Schedule**
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3. Select **Day**
4. Select **Session**
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1. Go to [www.sig.org/eval](http://www.sig.org/eval)
2. Select **Session (#11)**

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Session #11

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