

## HERE Strategic Sourcing

SIG Nomination Handout



Title: Sourcing Is Dead To Me

### Company Overview

HERE Technologies is a privately-owned company consisting of six investors: Audi, BMW, Daimler, Intel, Bosch and Continental AG. Today we have over 9,000 employees in 50+ countries. We have grown into an Open Location Platform company that enables people, enterprises and cities to harness the power of location.

By making sense of the world through location data, we empower our customers to achieve better outcomes - from a city managing its infrastructure to an enterprise optimizing its assets to guide drivers to their destination safely.

Our Strategic Sourcing organization is led by the Chief Procurement Officer who reports directly into the company's Chief Operating Officer. We manage not only Sourcing, but the Req to Pay team as well as the Center of Excellence. Our global spend is about \$600 million dollars with a staff of 30 on our team.

### Problem Statement

***"Sourcing Is Dead To Me."***

This was a statement said to the CPO during his first month on the job. The reality was that the Sourcing organization was not strategic with its approach to global sourcing. Both internal and external stakeholders complained that it was difficult to do business with us. This had to change.

When HERE was spun off from our former owners in 2015, we inherited a lot of legacy policies. Regardless of the dollar value, a contract was required. To support this herculean effort, Sourcing was involved in a lot of tactical work on the back end of the process. There was a lack of accountability and clarity on roles and responsibilities throughout the organization. People were in roles that did not align with their background and experience. Our team was in reactive mode, and unresponsive to the needs of our stakeholders.

### Define, Propose, Measure

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### Defining the Problem

From experience, we knew that change was needed. We had the ideas and direction fairly well understood and needed to layout our vision to get us there. Money was being left on the table, a clear sourcing process was non-existent, and stakeholders were frustrated. In addition, business needs were not being met and our external customers found our contracts to be burdensome. Our internal satisfaction rating was at an all-time low of 33% in 2016.

### Propose Solutions

We had to make progress around three main tenants – Operational Excellence, Transformation and Innovation. This involved improving our quality and optimizing our Sourcing process. In addition, our customers were asking for these changes – asking for us to make it easier for them to do business with HERE.

To do this a leadership team was needed with solid transformation experience. We needed team members who could quickly build best-in-class teams and develop an engagement model to address our Sourcing issues.

A program uplift was needed to drive savings while generating new ideas and introducing technology that would streamline and automate our process. Our vision was to increase visibility and prominence within the organization, while developing a value-based approach to Sourcing with impact earlier in the lifecycle.

Our strategy was validated by a number of sources including a top tier management consulting firm and two former global CPO's. The risks were mitigated by ensuring the following: sponsorship from our C-Suite; developing a roadmap and selling our vision to our team and key stakeholders; creating and implementing a robust change management program; and putting the right people in the right roles with the right skills.

### Measuring our Success

In 2017, we reduced our expenses by over \$30 million. We grew our customer satisfaction scores to over 85%. We on-boarded a new leadership team and category managers globally, rolled out and trained staff on a new sourcing process, eliminated shadow procurement activities, implemented new tools. We reduced PO cycle time by over 40% and trained 300 super-users.

We measured our outcomes on our tenants of operational excellence, innovation and transformation. Savings are measured based on a consistent process developed with our

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consulting team and validated by Finance. We measure and report on quarterly KPIs such as spend under management, stakeholder satisfaction and average cycle time. We track our staff and stakeholder satisfaction levels as well.

Expectations were high entering our first year of transformation, but we have experienced encouraging results. We had a savings target that was set prior to our new team coming on board, and we met more than 75% of that goal. We have achieved these results at a pace faster than what was expected by our stakeholders.

### Making Change Sustainable

#### How We Drove Change

When we embarked on this journey, the Strategic Sourcing team was in a difficult situation. The strict guidelines and policies required them to be involved at a tactical level. Elevated workloads, as well as lack of leadership and accountability, made it difficult for them to have real impact on the organization.

With new leadership in place, we made changes to our process and policies. We invested in training, coaching, and hired externally to fill gaps. These changes helped our team adapt to our transformation.

We put in place tools to measure engagement and performance, so we can monitor and adjust as needed. We implemented a Procurement Metrics dashboard that monitors in near real-time performance factors including cycle time across processes, payables and compliance. We invest in continuous learning for our team through active memberships, certifications, conferences and benchmarking which greatly contributes to peer and leader development.

We have invested in numerous technologies to date: contract management, spend analytics, supplier risk, savings dashboard, uplifted our Travel program, solutioned a global VMS/MSP – just to name a few. We will continue to look at technologies such as eCatalogs, supplier onboarding, eProcurement and SRM to further automate and bring transparency to our program. Our company continues to invest in machine learning to enable real-time support for business users and spur innovation.

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### **Making It Sustainable**

We will continue to work closely with our key stakeholders and Finance to track savings and benefits. Savings are and will continue to be a key part of our collective and individual goals. We will continue to drive key change management activities to increase adoption across all categories. Spend will be monitored for compliance with preferred vendors by category. In parallel, category teams will continue to manage tail spend as robust category strategy plans have been developed.

We have gained recognition as a trusted partner across the company based on our outcomes. We now have “a seat at the table” due to our new team, processes and technology. Business partners are noticing the value being added by involving our Strategic Sourcing organization early in the planning stages. We addressed key pain points that our customers have faced over the past few years. Leaders are asking our team to get more involved with their departments.

We continue to measure our progress against best-in-class standards. We see a competitive advantage with the changes we have made in our P2P program. While some have focused on technology, we realized that changing our policy and process was paramount for our stakeholders and customers. We have sponsorship from our C-suite to continue to drive these transformative efforts.

### **In Conclusion**

The changes we made were long overdue. We now have a team in place to execute on our vision and roadmap. A renewed energy and focus can be seen throughout the organization. Stakeholders across the company are now proactively engaging our teams, which in turn serves our values by creating impact earlier in the sourcing lifecycle. We recently presented our progress to our Chairman of the Board who commented “we have taken this company in a complete 180-degree change from where we were 18 months ago.”

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