Synopsis

GE believes simpler compliance is better compliance. Through the creation of a single supplier master data portal, GE simplified the supplier onboarding process with the goal of reducing workflows from 160+ to one. This centralization drives increased compliance through a single entry point where suppliers are routed for various reviews and approvals based upon a smart system risk analysis that reviews the type of supplier being onboarded. The system drives watchlist screening, bank screening, third party cybersecurity, due diligence, and environmental, health, and safety. *Additionally, the portal puts supplier data in the hands of the supplier, reducing GE's risk for phishing attempts.* To date, the portal has 45,000 suppliers onboarded, a ~50% reduction in supplier base due to data cleanup of duplicate and inactive suppliers.

Keeping Compliant with Supplier Connect: Self-Serve and Simple

Centralized Supplier Governance and Compliance.

Company and Organizational Profile

General Electric (GE) is a fortune 500 company founded in 1892, operating across eight different business units.   GE manufacturers a wide range of products from Wind Turbines to Aircraft Engines and provides services from Power Plant commissioning to maintaining Digital platforms. With over 280,000 employees operating in 180 countries and revenue of $122 billion, GE is one of world's most widely recognized companies. GE has a business centric direct material purchasing model, allowing each business or sub-business to manage their procurement needs with separate legal and fulfillment teams. For indirect material GE migrated to a blend of centralized procurement for strategic commodities, and self-services model for non-strategic purchases. GE's global spend is ~ $16 billion, with a combined indirect material spend of $1.2B. As of 2017, GE's supplier database had over 1.2 million supplier records.

Multiple Sources of Truth

Historically, GE has handled supplier compliance and onboarding through a decentralized process. This resulted in 160 different approval workflows, various interpretations of when to apply screening, shared suppliers submitting data to each business, and no single source of truth. While each business had to submit details to a centralized GE Corporate data base for ongoing watchlist screening, there was no standardization for data consumption, this resulted in a single supplier site having multiple supplier ID, and each one having different risk levels with no visibility across our many operating units.

This approach led to maintaining and screening close to 1.2M supplier records when after de-duplication the actual count was closer to 500,000.   The historical process resulted in a supply base where a GE supplier for one GE business could not be used for another without a brand-new onboarding including all associated due diligence and screenings.

Move from a one to one relationship to a one to many, with eye on compliance and standardization
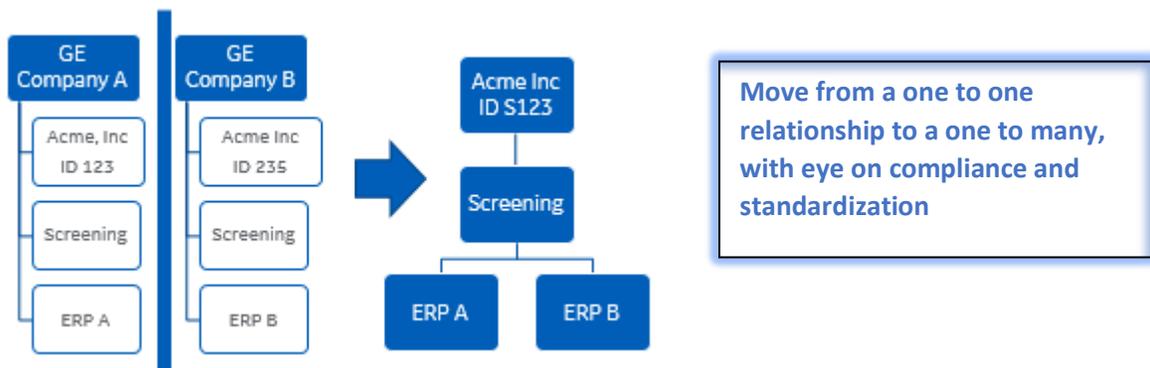
Shared Services leads to Supplier Management Transformation

As GE moved to a shared services model, it became apparent GE needed a single simplistic, supplier-facing tool to support onboarding and mastering supplier data. The 15-year-old manual process was not supporting buy to pay's goal of increased paid on time (POT). Faster and self-maintained supplier updates (banking, contacts, addresses) would allow for suppliers to support the accounts payable process, reduce invoice holds, and increase POT. As the project was scoped, the GE Global compliance team was pulled in and the project morphed to include centralized controls for compliance requirements, legal entity verification, and master data management (MDM. Factor in the increased regulatory environment, increased bank fraud, and human rights concerns and the need became clear.

Problem(s):

➢ No sharing of supplier master data
➢ No sharing of audit results/screening across shared supply base
➢ High level of duplicate records
➢ Increase phishing attempts
➢ Limited consistency in application of controls for global Know Your Supplier (KYS) Policy
➢ Suppliers lack of visibility to their record
➢ Difficult to leverage spend/pay terms
➢ > 300 questions asked to suppliers, including legacy questions with limited applicability
➢ Sourcing leaders acting as data stewards, LEV, and compliance
➢ Heightened risk suppliers not triggered for advanced screening

To start our project, we mapped out the current business process and onboarding controls across GE; we then looked at similarities and met with business experts to clarify our assumptions. In conjunction with this exercise our compliance team worked to revamp and simplify our global KYS policy to include requirements that were common across businesses or mitigated new/emerging risk areas. As teams worked to detail out both a new policy and system, the creation of smart compliance was born; or screening based on country risk and product or service provided. A supplier providing off the shelf components, c class items, or indirect material would no longer be treated the same as a supplier in a high-risk country supplying direct material or services which required customer interaction. This helped invoke full comprehensive screenings for the 10% of our supply base that truly needed it and allowed us to do watchlist screenings and alerts on the balance of the supply base. Additionally, we used a commodity structure and simplistic trap questions to trigger on site audits, and cyber screenings at those suppliers whom posed higher risk.   For bank fraud protection and account changes, suppliers now received alerts and could view and maintain their data through our secure online portal.

To build Supplier Connect and our vision we utilized GE's digital team and the Predix platform. Predix is GE's comprehensive and secure application platform. Through the agile process we developed and built a web-based supplier facing onboarding and data management tool, with full subscription and publish capabilities to our down-stream ERP.   The program was piloted with GE Transportation and over the last year has rolled out to our Digital, Renewables and Corporate business units. With each integration we work with our business partners to de-duplicate and remove non-active suppliers before migrating the legacy suppliers to Supplier Connect. Along the way we have provided program updates to leadership as well as an open forum to interested parties, in addition we have marketed and promoted the tool, held supplier and business focus groups, and met with business sourcing compliance leadership. Subject matter experts were also engaged for inputs, particularly on major functionality upgrades.   On several features and enhancements, we have pivoted and started over, The key is to get something in front of users to critique and tear apart to build a user friendly end product, ensuring it's longevity at GE.

Outcomes:

- ✓ Reduced 160 workflows → 1 central tool
- ✓ Moved from 300 questions → 40
- ✓ Retired 200,000 supplier records (81%)
- ✓ Loaded 45,000 suppliers to date
- ✓ 4600 duplicates merged into single record (10%)
- ✓ 70% new supplier applications completed by suppliers
- ✓ Implemented supplier bank account watchlist screening prior to onboarding
- ✓ Shared screening for GE government facing suppliers, third party cybersecurity, CTPAT, and onsite audits
- ✓ Implemented country specific pay term rules
- ✓ Achieved 60% reduction in payments by check
- ✓ Password protected and validated
- ✓ Implemented API to SWIFT for bank validation

Implementation

To drive adoption of Supplier Connect we meet with each business and reviewed any gaps in their current process and SCx, including compliance reviews and tool enhancements to support go live. Once live we run support sessions for 1 -2 months and conduct ongoing training sessions.

Sustainability & Monitoring

We meet weekly with our executive champion and do an overview of the project status, focusing on current supplier metrics, business go live, and tool enhancements. On a monthly basis we hold a broader call for additional stakeholders.

Supplier Onboarding Dashboard

There are several areas we must continue to focus on to drive change and adoption for the program to be sustainable.

⬇ Paradigm shift in GE to supplier adoption vs GE internally submitting updates
Historically, sourcing, accounts payable, and supply chain handled all supplier updates. Shifting work to the true experts, our supply base will take time. Our support team continuously works to educate our users and supply base on the importance of supplier data ownership.

⬇ Continuous data cleanse and better initial data load process
Nothing will derail a program more than users pointing out bad data. MDM team monitors Supplier Connect to look for potential duplicates and to maintain standardization rules. Maintaining a robust MDM program is essential for proper governance and data analytics.

⬇ Focus on cycle time for requests, while staying diligent on compliance
Our goal is P50 of <2 days and P95 of <10 days; historically supplier cycle was 2-3 weeks for a standard low risk supplier and 1-2, months for a heightened risk supplier. With Supplier Connect we now have visibility to the full wing to wing cycle time from invite to ERP publication. Additionally, with shared data a supplier whom may have been a complete re-onboarding in the past may now be a subscription as data is shared across businesses, where it's legally allowed. As Supplier Connect is not only a system, but also a service we monitor service: screenings and due diligence must be monitored and not allowed to age.

Lessons Learned

The number one lesson learned is to lead with compliance. Business executives are not likely to say they are not interested in reducing business risk or do not want to ensure that the company is compliant with laws and regulations. Additionally, negative press for a compliance breakdown can be costly and cost the business key customer contracts. When you can couple compliance with speed, the system and services become a win-win. Secondly, we learned you must be resilient. Throughout the implementation process we had multiple set-backs in the program: management changes, pilot businesses divested before launch, tool redesigns, and budget challenges. Through it all we stuck to the vision and kept driving forward with a clear message. Thirdly, implement something. No system will be perfect, but the longer you wait for product delivery the better the chance of the project being killed. Once you have a base product you can build from there and release enhancements in iterations.