

PROJECT OVERVIEW

CHALLENGES:

- Very strong business unit focus due to internal delivery relationship
- Overall limited purchasing capabilities due to past government ownership
- Purchasing entities widely spread across country
- Regional supplier base
- No integration of purchasing in product/service choices made by users

OBJECTIVES:

- Develop consistent commodity strategies
- Identify cost saving opportunities within selected categories
- Initiate trans-functional working relationships

OUR SOLUTION

ASSIGNMENT STRUCTURE:

Program lasted 8 months covering:

- Servers
- Storage
- MROs
- IT Services

ANALYSES APPLIED:

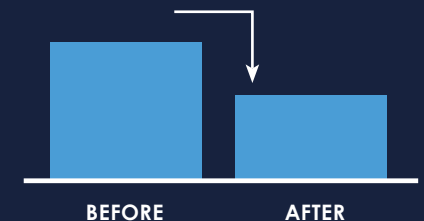
- Zero-based cost calculation on supplier value propositions
- Supplier activity analysis to better understand charged cost based
- Target costing used in major negotiations

APPROACH / TOOLS:

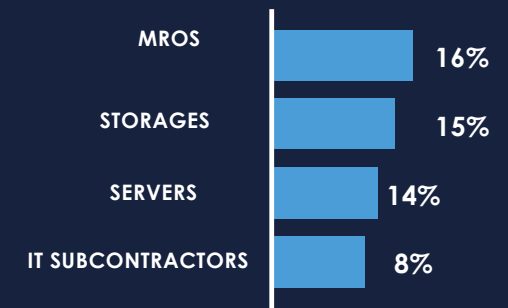
- Applied value creation process with cross-functional client teams:
 - Developed a detailed transparency to understand spend, buying patterns and process shortcomings
 - Developed savings measures along all three purchasing levers (price, quantity and service level) to reduce overall cost in business
 - Conducted workshops with key vendors to identify cost reduction ideas
- Developed scenarios to better manage spend in selected categories

RESULTS

16% OVERALL SAVINGS



% SAVINGS ON TARGETED COMMODITIES



ADDITIONAL BENEFITS:

- Improved overall perception of purchasing among top management increased
- Increased cooperation between purchasing and users
- Increased supply base