

RAPID SOURCING IMPLEMENTATION IN INDIA

The India-based operations of a multi-billion dollar U.S. technology company had an urgent need to implement a significant sourcing project for a critical area of its operations and establish a corporate compliant business process.

Despite limited specialist sourcing experience and low adoption of electronic tendering by its suppliers, the team in India used TESS™ to quickly implement a solution that reduced costs by \$280,000, met all corporate and local operational constraints and delivered a fully auditable and repeatable business process.

Situation

Contracts covering more than 500 key operational areas and \$4 million in spend had expired and new agreements needed to be put in place quickly. While the sourcing team had general sourcing knowledge, they had limited specialist experience in the necessary areas and to further complicate matters, the company's supplier base had limited experience with electronic tendering.

The U.S. procurement office had only recently taken the strategic decision to start using TESS and the team in India had yet to receive full training. Therefore, to ensure the team had sufficient support, it worked alongside Trade Extensions consultants to implement the project.

Challenges

- The urgency of the project.
- Limited historic specification and supplier data was available electronically.
- Supplier contracts were heavily nuanced and primarily based on personal relationships.
- To comply with a corporate directive, the final business award scenario needed to be fully detailed and integrated to a new corporate IT system that had been recently implemented.

The project set up took less than two days and reduced costs by \$280,000

Wins

- The project set up was executed in less than two days – one day to upload specification data and create bid sheets, and one day to design and evaluate award criteria.
- The data handling capabilities of TESS meant the team could upload all the specification and supplier data that was available in various data systems without any modifications to TESS. The team supplemented and edited the data to produce spreadsheets that were easy to understand, simple to access and required little effort by suppliers to complete.
- The team used its specialist knowledge to design and evaluate potential award scenarios which applied various combinations of preferences and constraints.
- The team could confidently award business as the scenarios instantly quantified the impact of the new bids by comparing them against benchmarks created from the historic data.
- To ensure the ultimate business award was workable, Trade Extensions developed a process for the team to apply its specialist knowledge of supplier capacities, equipment types, service histories and any long-standing preferences.
- The rigorous analysis phase enabled the team to quickly consider numerous scenarios taking into account various combinations of preferences and constraints, while still enforcing corporate business rules.

Results

The speed with which the project was implemented meant savings were realised quickly

Theoretical savings of nearly \$800K (18.9%) were identified but this lowest cost scenario would have been impossible to implement as it did not meet all award criteria. However, once all preferences and constraints were considered the team identified a practical scenario that resulted in nearly \$280K in savings (6.6%).

The award details were exported by TESS in a format that was compatible with company's new corporate IT system and, ultimately, TESS delivered a fully auditable and repeatable business process.



USE CASES

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TESS delivered a fully auditable and repeatable business process.