



SHOWCASE



Ketera
The Proven Spend Solution

ServiceMaster gains from investment in On Demand Ketera Procurement Solution

ServiceMaster is a \$3.8 billion company that provides services to 10.5 million residential and commercial customers through a network of 5,500 company-owned locations and franchised locations.

The company's brands include TruGreen ChemLawn, TruGreen LandCare, Terminix, American Home Shield, InStar Services Group, ServiceMaster Clean, Merry

Maids, Furniture Medic, AmeriSpec, ARS Service Express, Rescue Rooter, and American Mechanical Services.

The core services of the company include lawn care & landscape maintenance, termite & pest control, home warranties, disaster response & reconstruction, cleaning & disaster restoration, house cleaning & furniture repair, home inspection, plumbing, and heating & air conditioning.

Company

ServiceMaster

Solution

Ketera Procurement

Business challenge

- Extract savings from their procurement process
- Increase visibility into item-level spend
- Eliminate maverick spend

Solution strategy

- Implement a solution with rich capabilities to meet the required savings target.
- Implement an On Demand solution that will create minimal burden to internal IT resources and provide quick ROI due to low upfront costs.

Solutions implemented by Ketera

- Ketera Procurement
- Ketera Supplier Enablement

Results and value achieved

- The solution has provided significant cost savings and improvements, which is conservatively estimated at 3% across the board.
- A compliance rate of 98% has played a major role in achieving this savings.
- The company realized an additional savings ranging from 7% to 20% through increased spending leverage and sourcing activity.

Business Challenge

ServiceMaster's decision to implement a procurement solution was driven by a number of challenges and potential opportunities.

The company realized that they could extract significant savings from their procurement processes by rationalizing the supplier base, improving the ability to negotiate best prices, and eliminating maverick spend.

Additionally, ServiceMaster wanted increased visibility into item-level spend and better tools to assess and continually improve supplier performance. Finally, the company anticipated implementing a consistent procurement process that supported decentralized buying.

Solution Selection and Deployment

According to Dian Trosclair, VP of Supply Chain Management at ServiceMaster, the Ketera solution appealed to ServiceMaster largely due to its rich capabilities at a low cost of ownership.

Because the solution was delivered "On Demand," it created a minimal burden on ServiceMaster's internal IT resources and significantly improved the ROI equation.

All upfront hardware, software, network and security infrastructure, training and system administration expenses were eliminated. Lower burden on IT resources also allowed them to deploy the solution quickly rather than wait for the IT resources to be available, resulting in the company achieving the desired savings in a significantly shorter timeframe.

Finally the solution's user friendliness was a big differentiator. The intuitive user interface allows even a casual user to interact with the system and procure

products without needing any training. This significantly increased adoption rate and ensured higher level of compliance with the desired process, allowing the company's savings targets to be met. "The single biggest challenge we face today is getting employees to comply with our purchasing processes. If we don't get full adoption of the system, we leave huge savings on the table because we can't extract the full value from our negotiated supplier contracts, or get complete visibility into our spend," said Dian Trosclair.

Supplier on-boarding is extremely resource intensive for many spend management systems, so the scope of the deployed solution for most companies does not include all suppliers. As a result, there is always a valid reason to go outside the system to procure those products that are not in the catalogs. It is frustrating to go to the system and find that the part you are looking for is not available, because the supplier for that part is not on-board yet. Tired of trying the system first, getting disappointed and having to manually order, the user behavior turns to going outside the system from the outset. Ability to on-board suppliers rapidly and cost effectively is a key requirement in increasing adoption rate and achieving target savings. ServiceMaster used Ketera supplier services for supplier enablement and was able to on-board suppliers very rapidly.

The solution was implemented within 90 days and then deployed in ServiceMaster's largest division, TruGreen. Enterprise-wide rollout has been planned using a distributed model, with more than 600 branches and franchise businesses.

Currently, approximately 600 users are connected to the system, with plans for more than 3,000, covering all business units. The amount of spend transacted via the Ketera solution is at an annualized run rate of \$100 million.

Approximately 70 suppliers are enabled on the system. Supplier enablement approaches used included either internally hosting them or punch-out, based on the number of catalog updates and complexity of offerings. ServiceMaster has a mix of direct (chemicals, fertilizers) and indirect materials (office supplies, safety equipment, vehicles) being purchased via the system.

Results and Benefits

The solution has provided significant savings and improvements, some of which include cost savings through improved contract pricing and pricing compliance, which is conservatively estimated at 3% across the board.

A compliance rate of 98% has played a major role in achieving this savings. The company realized an additional savings ranging from 7% to 20% through increased spending leverage and sourcing activity. The system also allows for easier spend aggregation and a more efficient sourcing process.

ServiceMaster was able to utilize their chemical catalogs to create the item master while implementing their enterprise inventory system, which reduced the cost of inventory implementation and improved the quality of the project. ServiceMaster believes that the suppliers have also reaped savings because they have one interface to the full family of

ServiceMaster companies.

The company has reduced the requisition-to-payment cycle substantially because of the philosophical change from approving payments after the fact to approving purchases upfront, allowing for streamlined payments of validated invoices. ServiceMaster now has one purchasing platform with the ability to collect data, track orders, receipts, and compliance, as well as create supplier scorecards.

Ketera's supplier enablement services formed a partnership

Key capabilities of the Ketera solution included:

- Product requisition
 - Custom catalog to the branch level
 - Supplier catalog (punch out and hosted)
 - Lease products (capital equivalences)
- Order execution and approval
 - By commodity
 - By spend limits (commitment authority)
 - By supplier
- Invoice process
 - Supplier PO flip
 - Supplier cXML/EDI interfaced
 - Automated Invoice audit/rejection
 - Manual invoice rejection

with ServiceMaster's internal resources for a quick ramp up. Each business unit took approximately 90 days for set-up and testing; training time-lines varied at each business unit level.

About Ketera

Ketera is the leading provider of on demand, spend management solutions, providing companies with the applications and services needed to control and reduce corporate spending at a low cost of ownership. One of the fastest growing companies in the US, we were ranked 130 in Inc. 500 for growing our revenues by 768% over the past three years.

Ketera Spend Management includes applications for spend analysis, sourcing, procurement, contract management, supplier performance and payment and reconciliation. The Ketera difference is our on demand delivery model, which combines hosted spend management applications with the "heavy lifting" services required for success, including supplier enablement, hardware infrastructure, project resources, system administration and solution upgrades. By using our on-demand solutions, our customers have saved 100s of millions of dollars in the procure-to-pay process.

Our customers include BP, United Airlines, The Washington Post, Chevron, PepsiCo, Kennametal and ServiceMaster.

For more information about the Ketera Spend Management suite of solutions, please visit www.ketera.com or e-mail: ketera@ketera.com or call: 1-877-486-4340. 