

Business Challenges & Goals

Today's economy is one where insecurity and uncertainty weigh heavily on the shoulders of many companies. Financial woes are a common theme, but what happens when a prominent provider of financial services feels the burden of poor spend management? As a leading financial services and retirement benefits provider, our client has many individuals and businesses relying on their ability to manage money. However, even they face financial challenges in their procurement process:

- No spend visibility and, therefore, no control
- Employees buying off-contract and out of the system
- System lacked ease-of-use.

This financial services provider sought out a new solution to streamline their spending after realizing their current procurement system was falling short of their needs. After our client sat down with our procurement experts, significant issues were identified and the following goals were set into motion:

- Improve cost controls, spend visibility, and compliance
- Better leverage negotiated contracts
- Instill best practices across the enterprise
- Reduce paper and automate processes
- Enable the enterprise to purchase items they need



The Approach & Business Solution

The first step to changing a procurement process is knowing where your company's money is being spent. Perfect Commerce performed an in-depth and revealing spend analysis of our client's purchasing data. Using a sophisticated data cube, we were able to provide valuable insight into our client's spending. Getting total spend visibility allowed our client to drill down and evaluate key elements of their process:

1. Who is making the purchases?
2. What are they buying?
3. From whom are they buying?
4. How much are they spending?
5. When are they making these purchases?

Having a detailed spend analysis offered invaluable information and hard numbers to present to other company organizations. In addition to the quantitative analysis, we also performed a supplier analysis for our client. Numerous suppliers were removed after reviewing their current supplier contracts in order to reduce the supplier base, increase cost competitiveness and drop bad suppliers.

After seeing the strategy the Perfect Commerce team proposed, our client agreed to proceed with a full deployment of an enterprise-wide eProcurement solution. Our client required implementation for multiple locations with 1,200 users and over 1,000 suppliers to manage. This customer also opted to deploy a sourcing and spend analytics application to complement the eProcurement solution and promote strategic sourcing going forward.

The Business Results

Our client started seeing significant business results after only nine months working within the Perfect Commerce procurement solution. The success of an eProcurement tool relies heavily on the user adoption—if employees have no motivation to use the tool then it cannot produce results. In order to ensure the use of the tool, our client required all employees to process invoices through the system or the invoices would not be paid. This gave the accounting office a more streamlined process while also having to manage fewer suppliers by only allowing contracted/negotiated purchasing and much more:

- Reduced total spend by 20%
- Lowered cost of goods by 10% - 20%
- Greatly reduced supplier invoicing errors
- Adopted best practices around automated processes
- Electronically enabled an entire procure-to-pay process
- Empowered procurement teams to conduct more strategic, higher value activities

Our client has been successfully implemented for several years and continues to see the benefits of their investment in our procurement and sourcing solutions. The financial services industry cannot afford to manage money poorly, but all too often procurement can slip under the radar. Companies with financial backgrounds acknowledge the necessity of gaining visibility into spend and cutting the fat off of a budget. Our client did exactly that by adopting a solution that streamlines purchasing, manages negotiated contracts, promotes on-contract purchasing, and increases compliance enterprise-wide. Today, they have reduced overall spend, lowered costs, reduced suppliers and put effective best practices into place.

About Perfect Commerce

Perfect Commerce headquartered in Newport News, VA, is a leading provider of procurement and sourcing products and services for companies of all sizes. Visit us at www.perfect.com.