



BAKING EFFICIENCIES INTO CATEGORY MANAGEMENT

Abstract

When a procurement function lacks a coherent strategy, standardized processes, and modern technology — especially in the highly cost-sensitive food industry — it often needs to be completely re-engineered. That's what a food services organization did with the help of Infosys Portland, yielding a total of \$6 Mn via cross-functional productivity gains and up to 40% reduction in the procurement operating budget.

The client

Infosys Portland's client is a group purchasing organization in the food services industry and one of the largest in North America. The company leverages its large volume of purchases for group members to negotiate economies of scale and deliver pricing efficiencies.



An efficiency-challenged function

The client had limited understanding of procurement technology while also lacking an overarching procurement strategy. Thus, sourcing and category teams worked in silos, and procurement activities independent of any technological advancements were being performed

with a high degree of manual effort. Further, with the reporting of processes and outcomes being done through a proprietary ERP, the client faced other challenges such as a clunky data environment and inadequate visibility.

Seeking to increase the cost-effectiveness and efficiency of the function, the organization brought Infosys Portland on board as a partner to help improve the procurement processes.

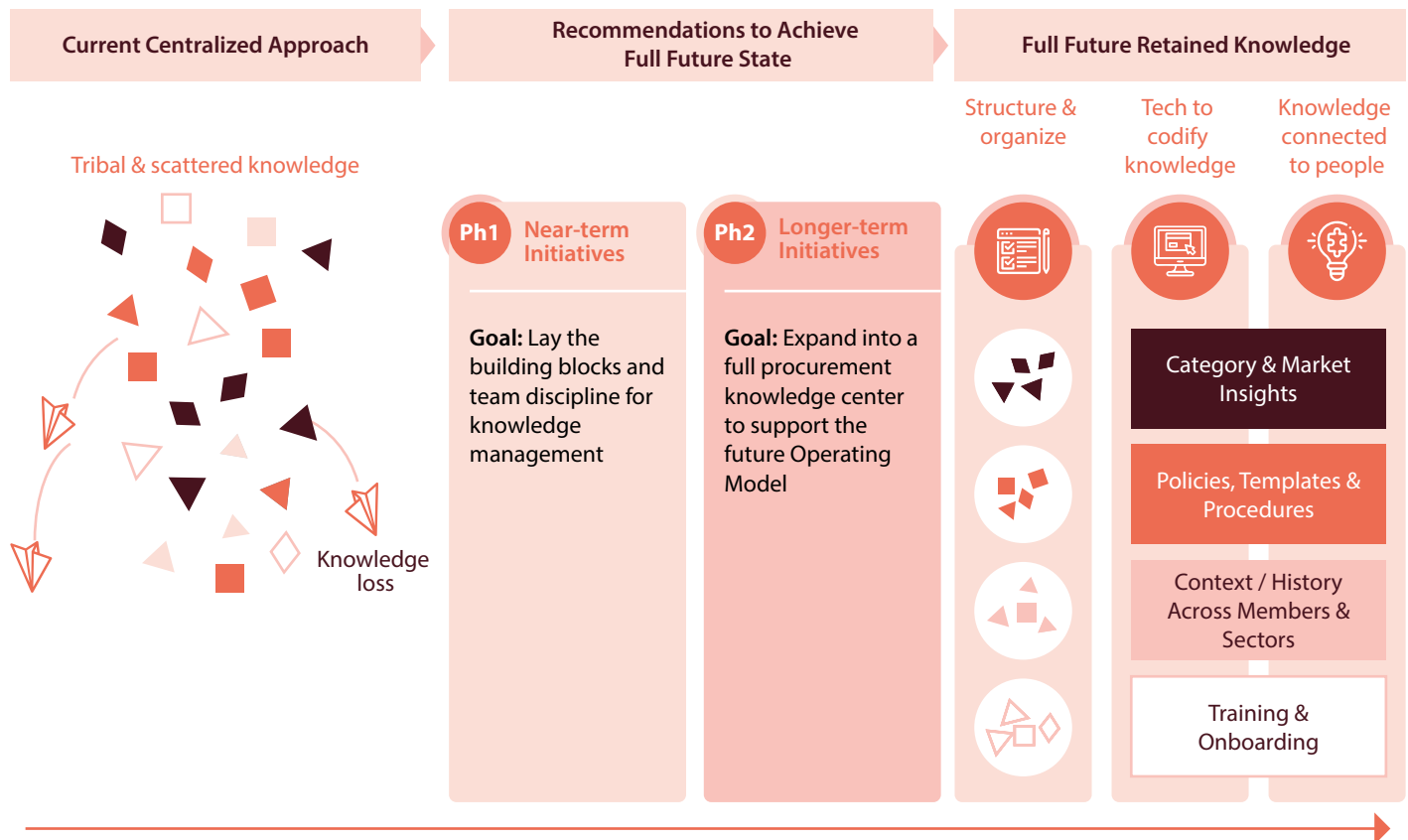


Figure 1: current state and desired future state





Diagnosing for a cure

Infosys Portland deployed a team of procurement transformation specialists who undertook a functional diagnostic of the clients processes over 8-10 weeks.

The diagnosis revealed several reasons behind the lack of effectiveness of the function. Chief among them were the duplication of roles and responsibilities driven by non-standardization of processes, and a serious lack of complete and structured data which led to limited collaboration, complicated touchpoints, and poor knowledge sharing. The situation was further exacerbated by the client facing a ~20% headcount reduction due to COVID-related reasons.

The diagnostic not only brought out the organization's low levels of procurement maturity but also highlighted the dire need for process reengineering.

Re-engineering across three areas

To address the challenges, the Infosys Portland team divided the client's procurement activities into three workstreams and worked on transforming them as detailed below:

- **Process:** This workstream involved identifying 34 processes/ activities that were transactional in nature. For 14 of these processes, the team realigned roles and responsibilities to ensure that operational activities were allocated to junior resources so that strategic initiatives could be directed to senior resources.
- **Organization:** The transformation specialists helped the client with redesigning the core stakeholders and functional teams; and with defining a functional strategy as well as related goals and metrics. The team then benchmarked the new organizational structure against a best-in-class model and adjusted for foodservice industry complexities (e.g., type of price change and frequency, local vs national supply base, suppliers per subcategory).
- **Technology:** The team recommended the incorporation of data analytics and AI technologies to strengthen the capabilities of the procurement function and for better insights. However, since the client was apprehensive and conservative on incorporating any new technologies, Infosys Portland avoided the addition of any complexities and instead focused on leveraging the existing technology base. As an outcome of this workstream, the team created a procurement ecosystem for the client and optimized its future state roadmap.



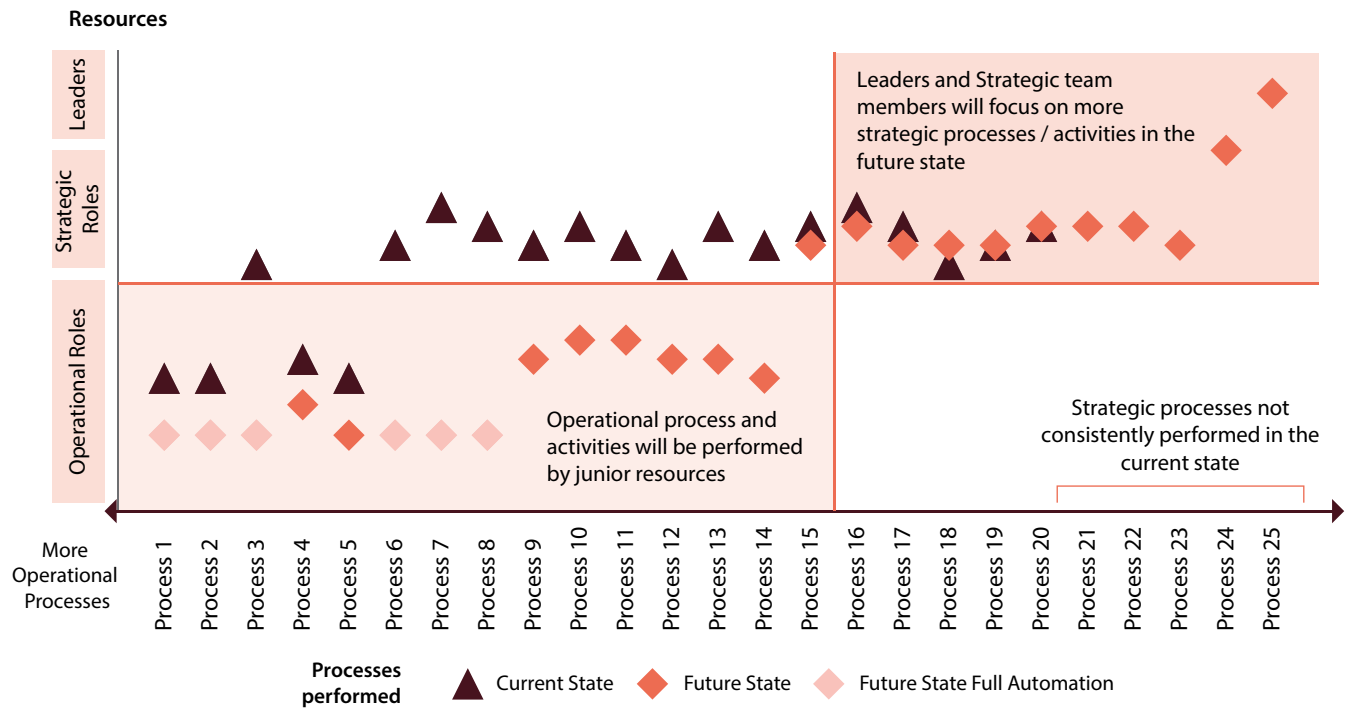


Figure 2: Operating Model Recommendation – Segregation of Duties Based on Resource Level



Enjoying the desserts of re-engineering

Infosys Portland's domain expertise and hands on experience helped it build fully optimized procurement processes for the client. The reengineered function not only yielded nearly 53,000 hours in eliminated tasks but also improved business outcomes as well as internal SLAs. The client also had the potential to secure additional 40% in procurement

budget reduction amounting to ~\$6M as they follow Infosys Portland's four-step organizational structure evolution to optimize resources across the function.

More importantly, the technology implementation roadmap developed by the team outlined several near-term

solutions to guide the client towards its desired future state across all workstreams. The roadmap was geared towards enabling both the newly developed organization structure as well as the future states of the processes. That's what is called the icing on a well-baked cake.



About Infosys Portland

Infosys Portland is a subsidiary of Infosys BPM Ltd., a part of Infosys Ltd. Its mission is to improve the efficiency and effectiveness of its clients' procurement and supply chain activities. We achieve this by providing thought leadership, specialist subject matter expertise, a global delivery model, and best-in-class technology solutions. By increasing the value delivered and improving the of procurement and supply chain operations, our clients are able to achieve more for less.



For more information, contact info@infosysportland.com

www.infosysportland.com

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