



# LEVERAGING SCALE BY BREAKING DOWN THE SILOS

## Abstract

Too many logistics suppliers across multiple freight categories can create operational inefficiencies and fail to effectively leverage overall spend. That's why Infosys Portland helped a leading construction conglomerate with an integrated sourcing strategy that saved AU \$15 million in costs.





Infosys Portland's client is an Australian conglomerate operating across diverse industries including transport, construction, infrastructure maintenance, utilities, industrial services, and renewable energy.

## Silos and suboptimal sourcing

The client had three operating companies each of which carried out localised, project-based buying for freight operations. The firm's annual spend on freight was over AU \$210 million which was spread across categories including linehaul, heavy haulage, freight forwarding, and couriers. However, with the non-centralized

nature of its freight operations, the company had over 750 service providers, and less than 50% of these third-party logistics suppliers were serving more than a single operating company. An outcome of this was that there was minimal data collection of company-wide freight activities, and the company was unable to streamline freight purchasing and save on costs.

The client brought Infosys Portland on board to help with evaluating its overall freight spend, and with developing and executing a sourcing strategy across all logistics categories. They also needed support with determining the appropriate implementation pathways, and with developing a business case and approach to improving freight management across the group.



## Operating Model

The projects will be operationally supported via a regional service delivery model, further enabled by centralised enablers and co-located category management expertise.

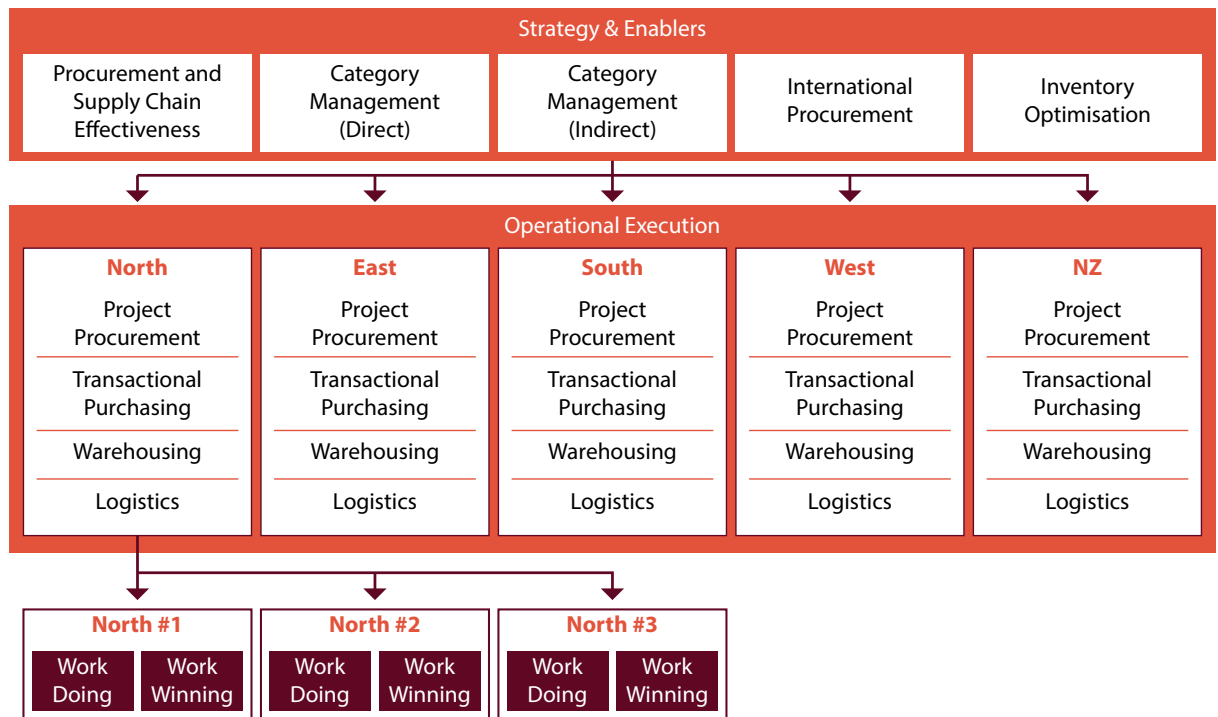
### Group Level

P&SC shared services to all regions

### Regional Level

P&SC services delivered across all lines of business within each region

### Project Level



## Towards more integrated sourcing

The Infosys Portland team first conducted a series of workshops with representation from each of the three operating companies. These workshops helped the team closely collaborate with the stakeholders and develop an understanding of incumbent supplier services and their performance, and to define the known freight requirements.

Using the learnings from the workshops, the team worked on developing and executing a tailored sourcing strategy for each of the logistics categories, which comprised identifying a preferred panel of contracted suppliers and defining ceiling rate cards with cost improvements between 6-10%. Finally, the team formulated a detailed

approach and plan to help the client achieve the capability for 'group-wide freight management'. This involved defining data capture and analytical approaches, category management disciplines, and roles and responsibilities, all of which were designed to deliver cost improvements between 20-25% through optimized freight decisions.

## Unlocking present and future savings

After the implementation of the new sourcing strategies, the client experienced 7% savings totaling AU \$15 Mn through competitive sourcing activities and defined rate cards. The Infosys Portland team also identified further potential savings

of 20%-30% that could be obtained through implementing a fourth party logistics (4PL) solution. The success of this project just goes to show that when you're trying to solve a complex puzzle, a little bit of external help goes a long way.



## 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.



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