Fast Forwarding Procurement Outsourcing
Presented by Infosys

Since 1991, the Sourcing Interests Group (SIG) has provided forums for networking, relationship building, knowledge sharing and education in a non-commercial environment.

SIG, a recognized industry-leading, membership-based organization, helps members to achieve improved business results, sooner, at a lower cost and with reduced risk across the spectrum of outsourcing, offshoring, insourcing, procurement and shared services. SIG members are from both the user and provider communities drawn from Fortune 500 companies.
For more information go to **www.sourcinginterests.org**

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professional templates • best practices
methodology & processes • "how to" guides
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Welcome to Infosys's presentation of:
Fast Forwarding Procurement Outsourcing

Join us for our SIG Webinar Series
every Tuesday at 11am PDT (2pm EDT)
Register for all webinars at sourcinginterests.webex.com

Tuesday, February 23, 2010 - **How to Get Started with Contract Lifecycle Management**

Presented by Northwestern Energy & SAP

Tuesday, March 2, 2010 - **Contracting for Software Implementation Projects**

Presented by Mayer Brown LLP

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Spring 2010: SIG Global Sourcing Summit
The Westin Savannah Harbor
Savannah, Georgia, USA
March 30 - April 1, 2010

SIG SOURCING INTERESTS GROUP

Regional Meetings

Regional Meetings are one-day gatherings that provide an intimate setting for providers to interact with corporate users. SIG's Regionals provide education and local networking for members and invited non-member corporate users.

Silicon Valley – March 5, 2010

Register at www.sourcinginterests.org

For more information, call 530-582-8600

Fast forwarding procurement outsourcing

New avenues for value creation in supply management – Category management support

Presenters

Ravi Panchanadan

Global Practice Head - Sourcing & Procurement

Ravi has over 20+ years of rich experience in Global Sourcing with Intel Corp and Supply Chain Mgmt with Unilever. He has been instrumental in setting up International Procurement Office for Intel. Ravi is the global leader for Infosys' sourcing and procurement BPO practice.

Rajiv Gupta

Sourcing & Procurement – Geo Business Manager, Americas

Rajiv has 15 years of source to pay operations and functional consulting experience across a range of industries. Most of his work has been in the Procurement & supply chain area with a particular emphasis on spend management, global sourcing and procurement transformation through outsourcing.

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Infosys Technologies

- Over $32 billion in market capitalization on the NASDAQ
- Zero debt company with US$ 3.1b worth cash reserves, and a de-risked operating model
- 568 Clients, 109,882 Employees, 97% repeat business, presence in 72 cities in 30 countries

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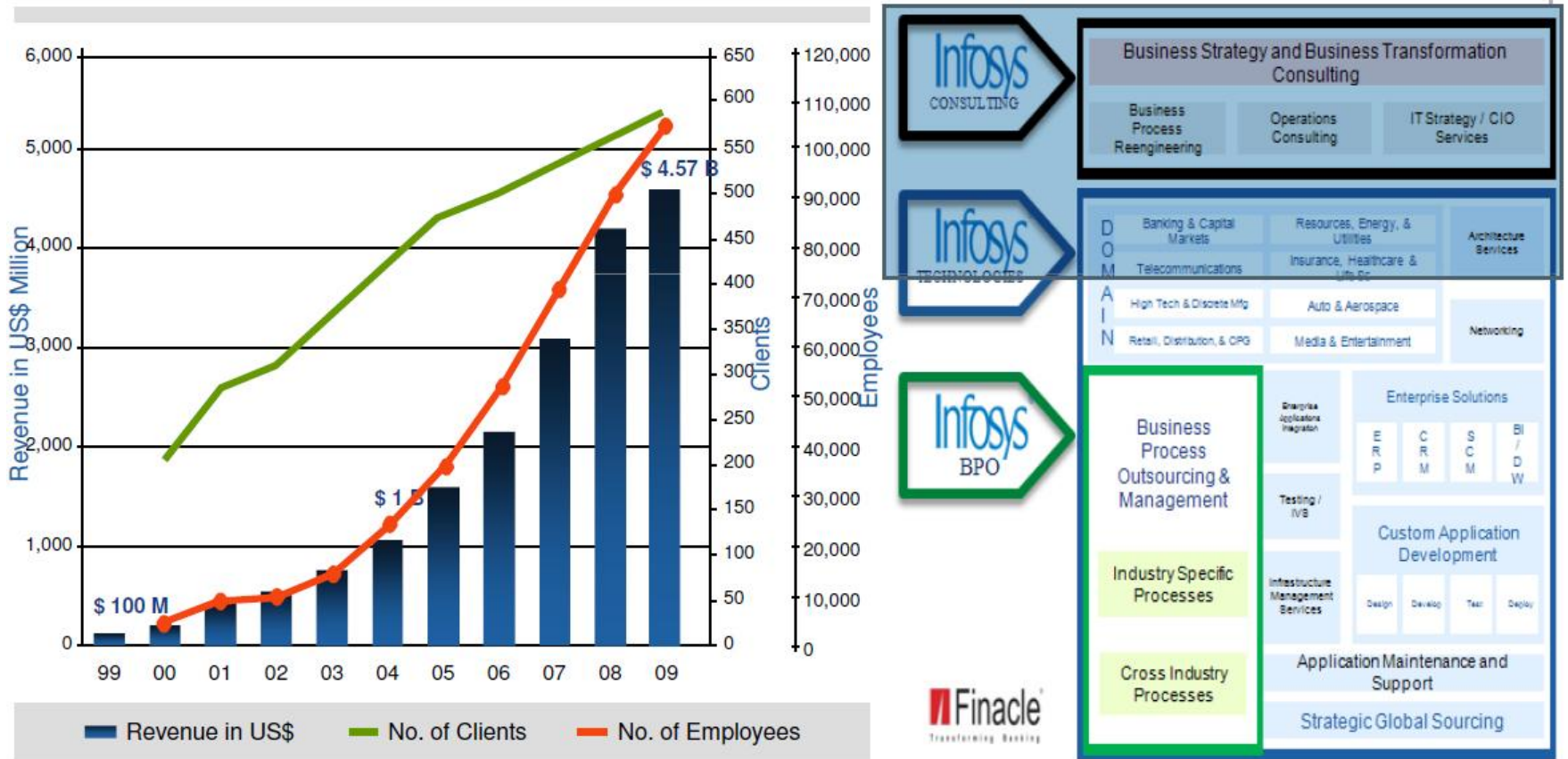
Infosys BPO

- Established 2002, is a wholly owned subsidiary of Infosys Limited
- Today amongst Top 10 third party BPOs in India [Dataquest BPO Survey 2009]
- Contributes 6.6% of Infosys Group Revenue and 16.7% of group employee strength FY 09
- 1000+ processes transitioned in last 6 years
- 25 languages supported with Global Delivery from 13 cities across 9 countries

*LTM = Last Twelve Months

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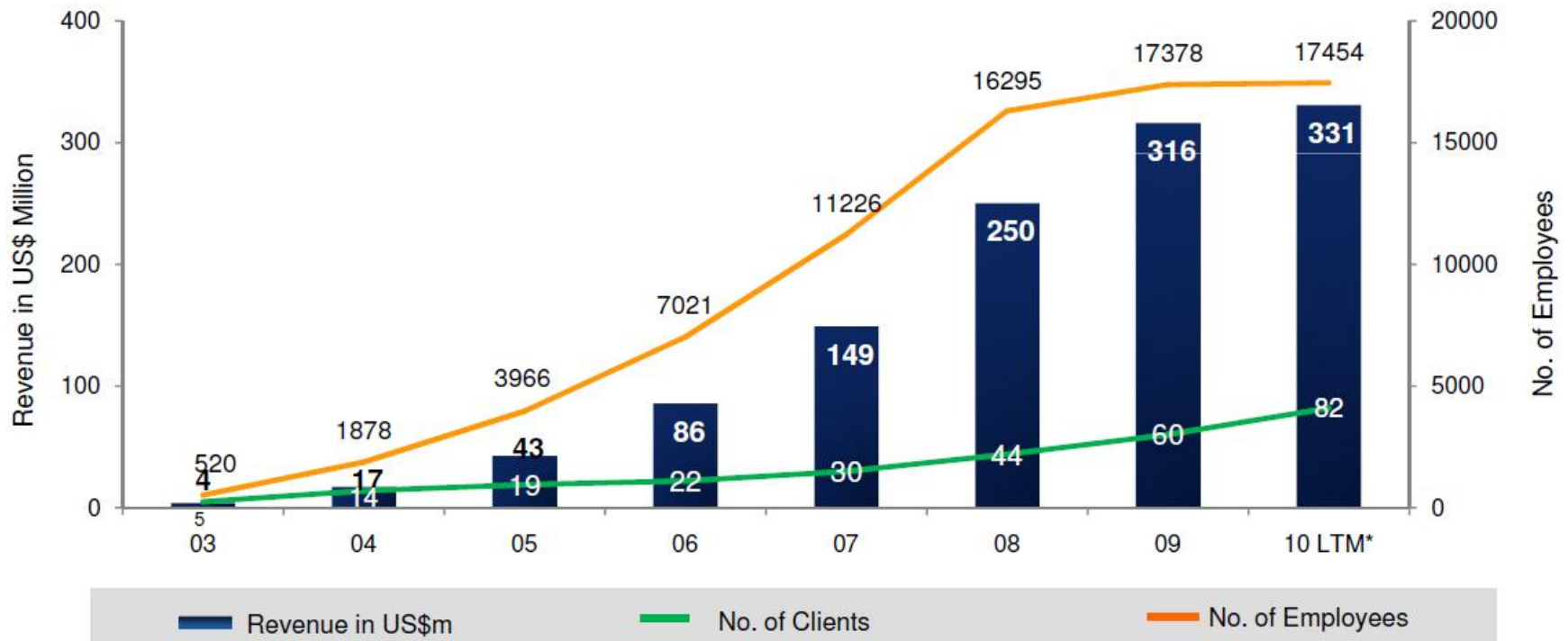
Evolution in supply management structures and resulting procurement outsourcing provider engagement

Supply Management Models

Combination - Division / country procurement

Divisional / Regional SSC

Division - 1, Division - 2, Division - 3, Division - 4, Division - 5

Hub 1, Hub 2, Hub 3, Hub 4
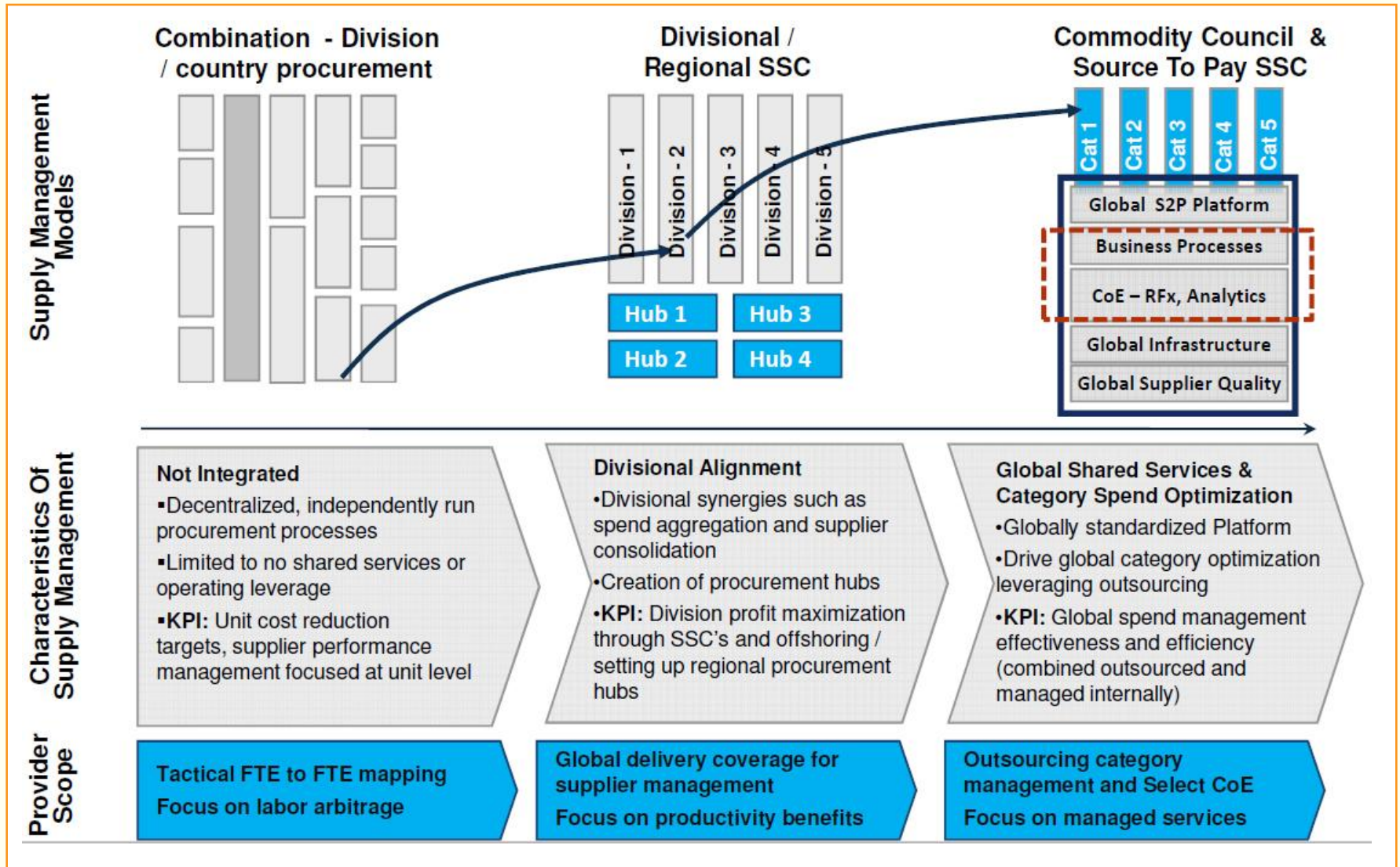
Commodity Council & Source To Pay SSC

Cat 1, Cat 2, Cat 3, Cat 4, Cat 5

Global S2P Platform
Business Processes
CoE – RFx, Analytics
Global Infrastructure
Global Supplier Quality

Characteristics Of Supply Management

Not Integrated
- Decentralized, independently run procurement processes
- Limited to no shared services or operating leverage
- **KPI:** Unit cost reduction targets, supplier performance management focused at unit level

Divisional Alignment
- Divisional synergies such as spend aggregation and supplier consolidation
- Creation of procurement hubs
- **KPI:** Division profit maximization through SSC's and offshoring / setting up regional procurement hubs

Global Shared Services & Category Spend Optimization
- Globally standardized Platform
- Drive global category optimization leveraging outsourcing
- **KPI:** Global spend management effectiveness and efficiency (combined outsourced and managed internally)

Provider Scope

Tactical FTE to FTE mapping
Focus on labor arbitrage

Global delivery coverage for supplier management
Focus on productivity benefits

Outsourcing category management and Select CoE
Focus on managed services

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Category Management enables step change in value maximization, beyond sourcing, by taking an end-to-end view of value chain…

Category Management Continuum

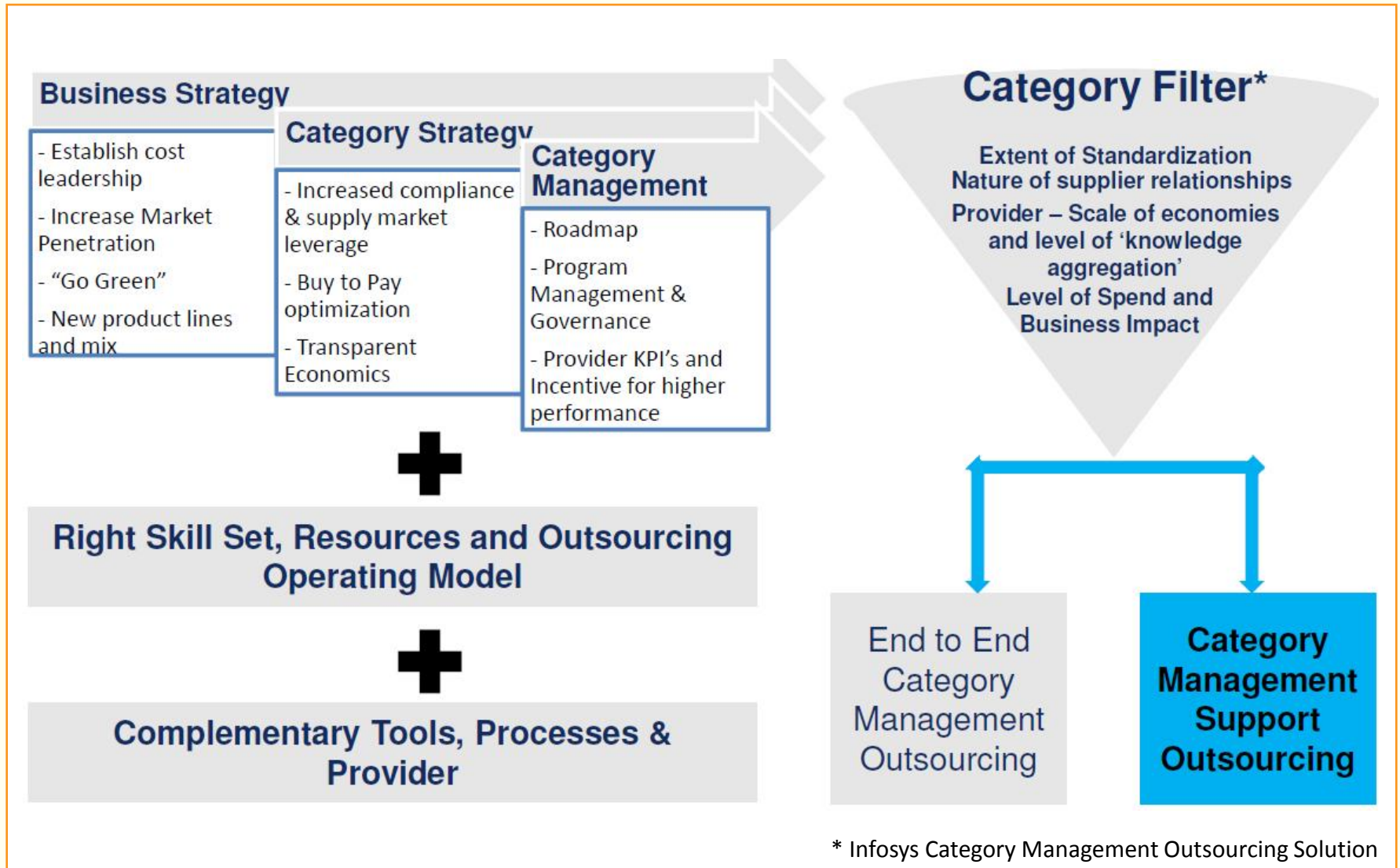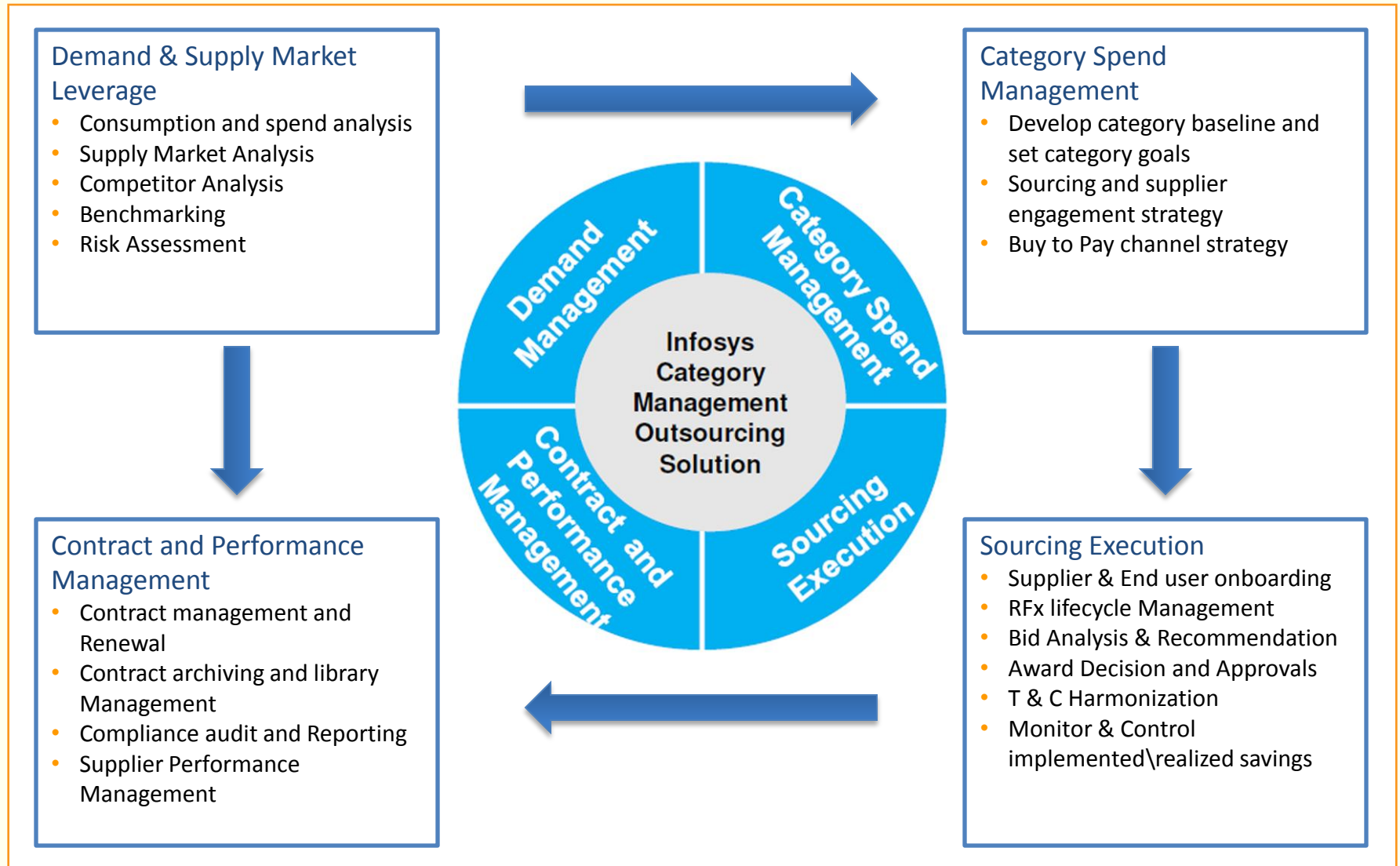| Demand Management	Spend Management	Supply Market Leverage
• Requirements • Specifications • Supplier engagement	• Sourcing • Procurement • Supplier Relationship	• Capabilities • Economics • Value Chains

Objectives

Optimize Total Cost of Ownership
Supply Assurance and Strengthened Supply Base
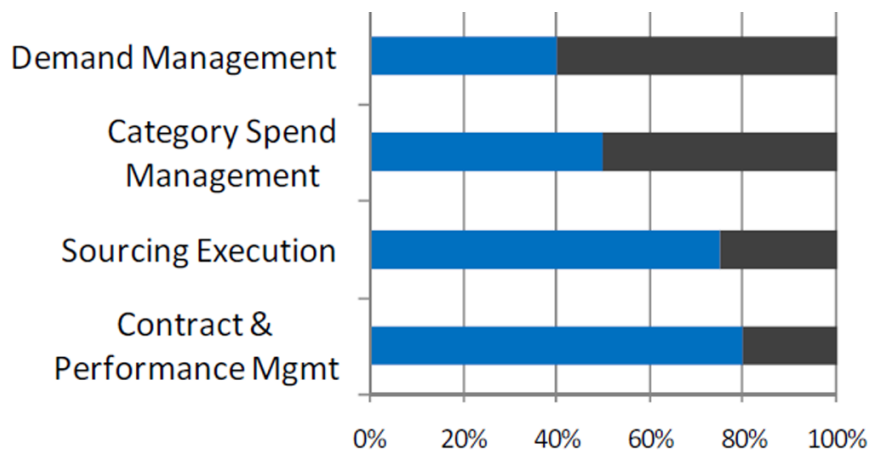**Continuous Process & Compliance Improvement**

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…also leveraging complementary capabilities, tools and methodologies from providers

Business Strategy
- Establish cost leadership
- Increase Market Penetration
- "Go Green"
- New product lines and mix

Category Strategy
- Increased compliance & supply market leverage
- Buy to Pay optimization
- Transparent Economics

Category Management
- Roadmap
- Program Management & Governance
- Provider KPI's and Incentive for higher performance

Right Skill Set, Resources and Outsourcing Operating Model

Complementary Tools, Processes & Provider

Category Filter*

Extent of Standardization
Nature of supplier relationships
Provider – Scale of economies and level of 'knowledge aggregation'
Level of Spend and Business Impact

End to End Category Management Outsourcing

Category Management Support Outsourcing

* Infosys Category Management Outsourcing Solution

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A closed loop category management support outsourcing enables step increase in spend under management…

Demand & Supply Market Leverage
- Consumption and spend analysis
- Supply Market Analysis
- Competitor Analysis
- Benchmarking
- Risk Assessment

Category Spend Management
- Develop category baseline and set category goals
- Sourcing and supplier engagement strategy
- Buy to Pay channel strategy

Infosys Category Management Outsourcing Solution

Demand Management — Category Spend Management — Sourcing Execution — Contract and Performance Management

Contract and Performance Management
- Contract management and Renewal
- Contract archiving and library Management
- Compliance audit and Reporting
- Supplier Performance Management

Sourcing Execution
- Supplier & End user onboarding
- RFx lifecycle Management
- Bid Analysis & Recommendation
- Award Decision and Approvals
- T & C Harmonization
- Monitor & Control implemented\realized savings

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…and benefits resulting from application of category management framework to most part of spend

Category Management Support ■ Infosys ■ Client

Accelerators

- Domain / Category Experts Supporting Multiple Clients
- Commodity Database & Leverage of 'Knowledge Aggregation'
- Commodity specific niche technology platforms through Infosys global alliances

Resulting Benefits

Demand Management

- Reduce consumption, eliminate demand
- Encourage substitution, change product mix
- Reduce "gold-plating"
- Simplify specifications and introduce alternative products / services / channels

Spend Management

- Lower unit price, volume rebates
- Payment term discounts
- Supply Chain Savings - Cost of capital, warehousing costs, shipping costs
- Reduced Lifecycle Costs - Maintenance costs, operating costs, disposition costs

Supply Market Leverage

- Structured metrics and periodic review of supplier performance
- Increased contract compliance
- Increase budget and forecast controls
- Improve supply fulfillment and customer satisfaction

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Recap – Several surveys and our experience indicate an emerging trend to begin with category management support outsourcing…

- **Current practices and skills are lagging** behind what is needed to stay ahead of supply market and look for value beyond sourcing
- Companies challenged with high end analytics / research capabilities for decision support and supply market leverage
- While a good amount of work has happened on centralization of 12 sourcing, there is still a wide gap between best-in-class and average levels of spend under management / application of category management framework
- Greater need to enforce policy, process and spend compliance
- Markets, and provider capabilities are maturing for providing global category management services

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…and transition into selective end to end category management outsourcing

While there are many options available, a clearly emerging trend is beginning with category management support and transition categories selectively for end to end category management

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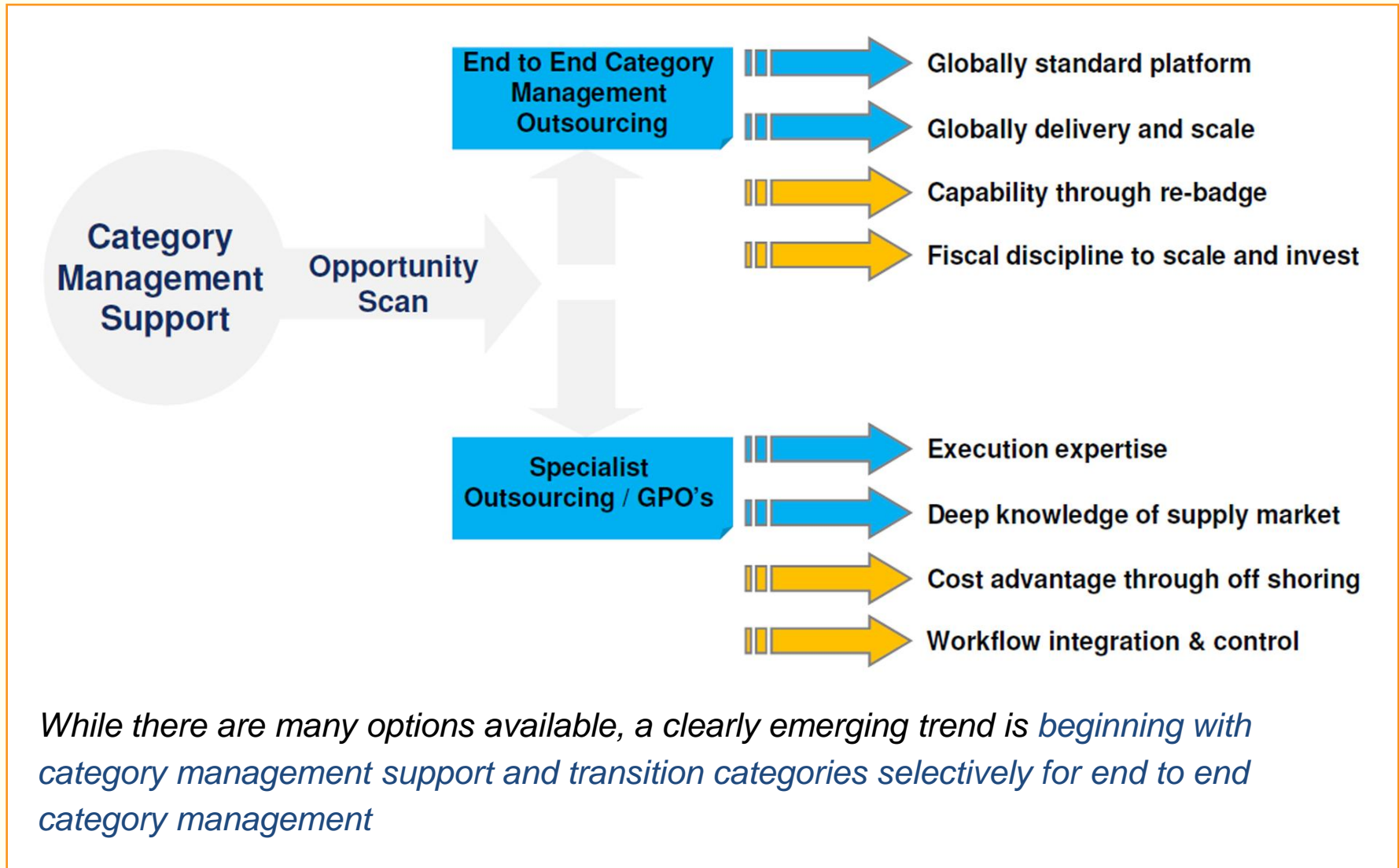
Infosys advantage in increasing supply management function's competitiveness

Global Sourcing & Procurement (S&P) Outsourcing Delivery

- Proven Global Delivery Model (GDM) leveraging 13 centers globally
- Supporting 16 global clients in Direct and Indirect S&P outsourcing
- 25% of the S&P outsourcing delivery team outside India (global head quarter for S&P outsourcing)

S&P Outsourcing Expertise

- 1000 plus Sourcing and Procurement professionals
- Managing largest global indirect procurement office for a Fortune 5 energy major (outside of their global HQ)
- End to End Category Management and Category Management Support for multiple clients

Center of Excellence & Proprietary Solutions

- Proprietary Solutions – CPO Dashboard, MDM Tools
- Dedicated Sourcing and Procurement Academy
- Global Commodity councils for select spend categories
- Sourcing, Analytics and MDM Center of Excellence

Alliances & Technology Led Differentiation

- SRM based P2P platform solution
- Alliances with leading spend management platform providers, platform solution for Telecom Expense Management, Software Asset Management
- Dedicated Business Transformation Group, Lean and Six Sigma teams

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Thank You

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