

Spend Analysis as a Key Enabler for Category Management- Fast Forwarding Procurement Outsourcing Series



Presented by BIQ LLC and 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.

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professional templates • best practices
methodology & processes • "how to" guides
SIG MEMBERS ONLY

SIG
Resource Center

Trusted Insight.
Powerful Connections.™

The banner features a background image of a modern library with tall wooden bookshelves filled with books. The text is overlaid on a semi-transparent dark band across the center. The SIG logo is in the bottom left, and the tagline is in the bottom right.

Welcome to **BIQ LLC and Infosys's** presentation of:
**Spend Analysis as a Key Enabler for Category Management –
Fast Forwarding Procurement Outsourcing Series**

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

Tuesday, May 11, 2010

Striking the Right Balance in Your Outsourcing Strategy
Presented by Collabera and EquaTerra

Tuesday, May 25, 2010

Procuring Document Process Services? What You Need to Know to Save Time
and Get the Most Value
Presented by Océ Business Services, Inc.



2010 Fall SIG Global Leadership Summit

Hyatt Regency Huntington Beach
Huntington Beach, Ca. USA
October 5 - 7, 2010



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.

New York – May 20, 2010
Washington DC – June 24, 2010
London – Fall 2010

Register at www.sourcinginterests.org

For more information, call 530-582-8600





Fast Forwarding Procurement Outsourcing

Spend Analysis as a Key Enabler for Category Management

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Presenters



Eric Strovink CEO, BIQ LLC

Eric is a veteran software executive, entrepreneur, and inventor. He led engineering and development functions across multiple companies, building niche solutions for point-of-sale and electronic invoice payments for 13 years. He served as SVP Engineering for Zeborg, Inc. from 2001 to 2002. In Zeborg, he led the creation of one of the earliest spend analytics systems - Zeborg's (later Emptoris') ExpenseMap system, as well as other sourcing products such as eRFX and commodity-specific marketplaces. In 2003, Strovink founded BIQ, an advanced spend and data analysis provider.

Contact – Ph: +1 603 512 5542; Email : strovink@busiq.com

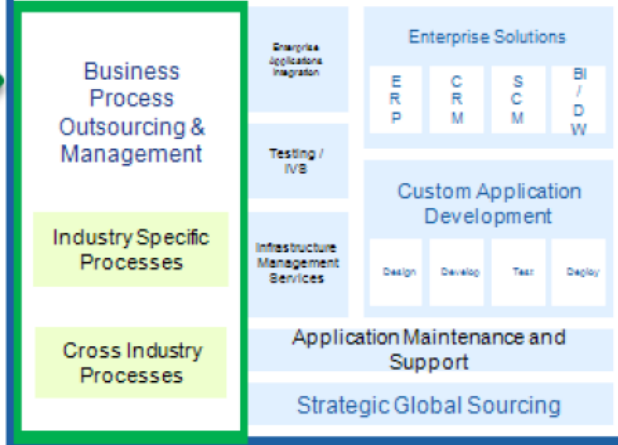
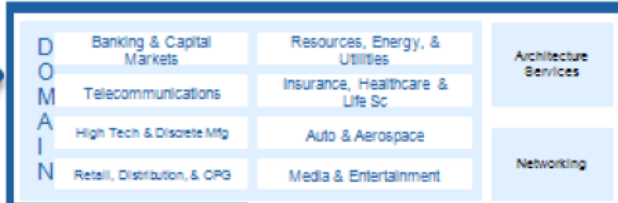


Rajiv Gupta Geo Business Manager, Americas - Sourcing & Procurement BPO

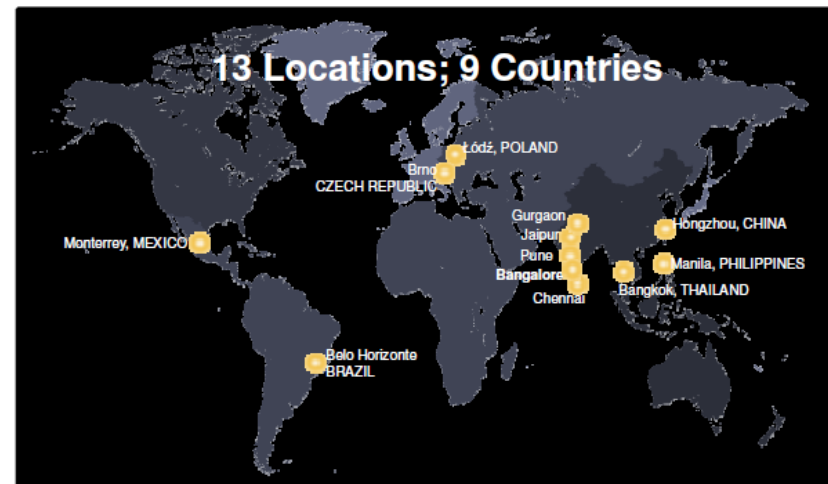
Rajiv has 15 years of source to pay operations and functional consulting experience across a range of industries. Most of his work has been in the Procurement & supply chain area with a particular emphasis on spend management, global sourcing and procurement transformation through outsourcing.

Contact – Ph: +1 510 284 9354; Email : rajiv_gupta@infosys.com

- Over \$33 Bn. in market capitalization on the National Stock Exchange (as of March 31st 2010)
- Zero debt company with US\$ 3.1b worth cash reserves, and a de-risked operating model
- 568 Clients, 113,796 Employees, 97% repeat business, presence in 72 cities in 30 countries

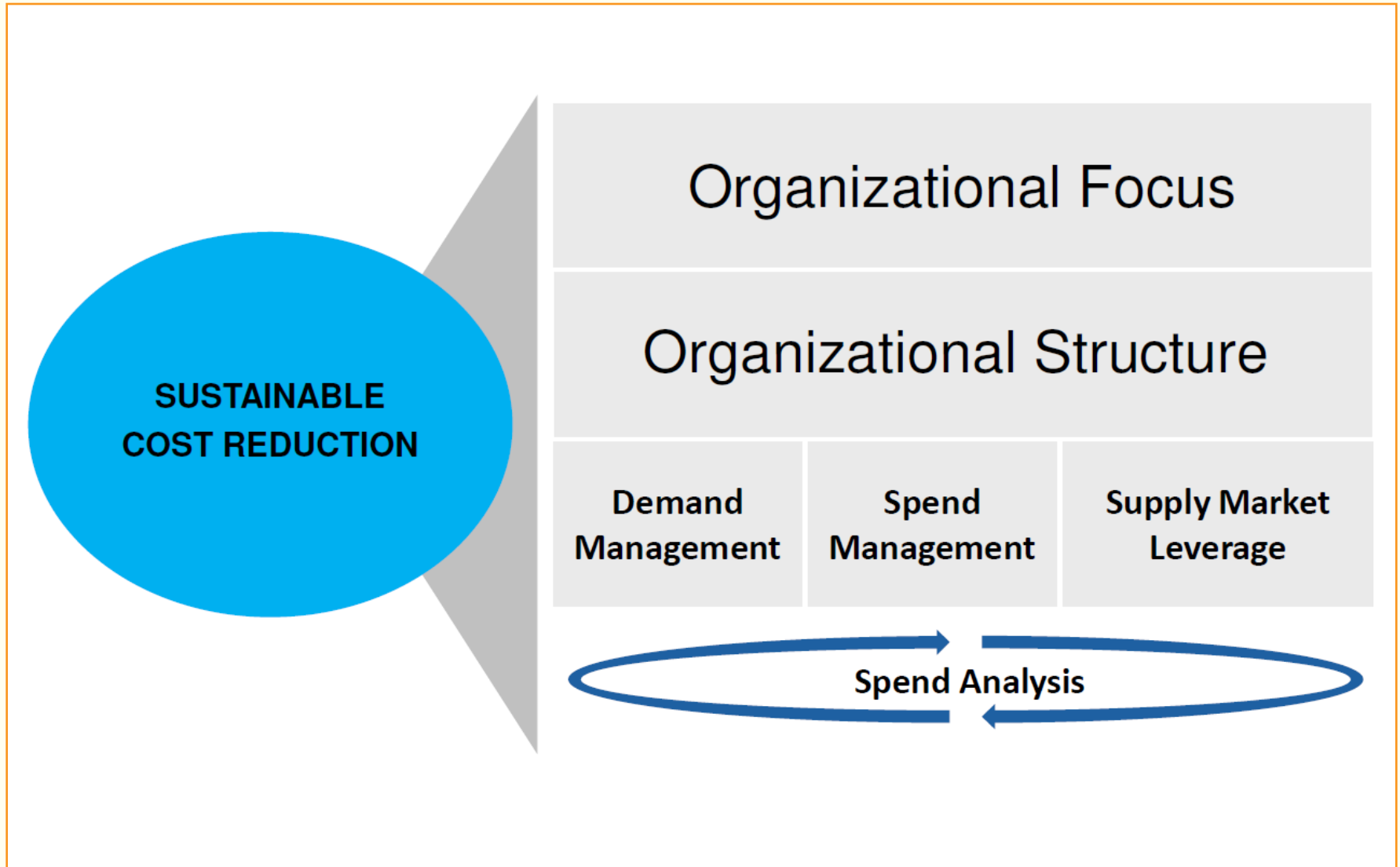


Infosys BPO

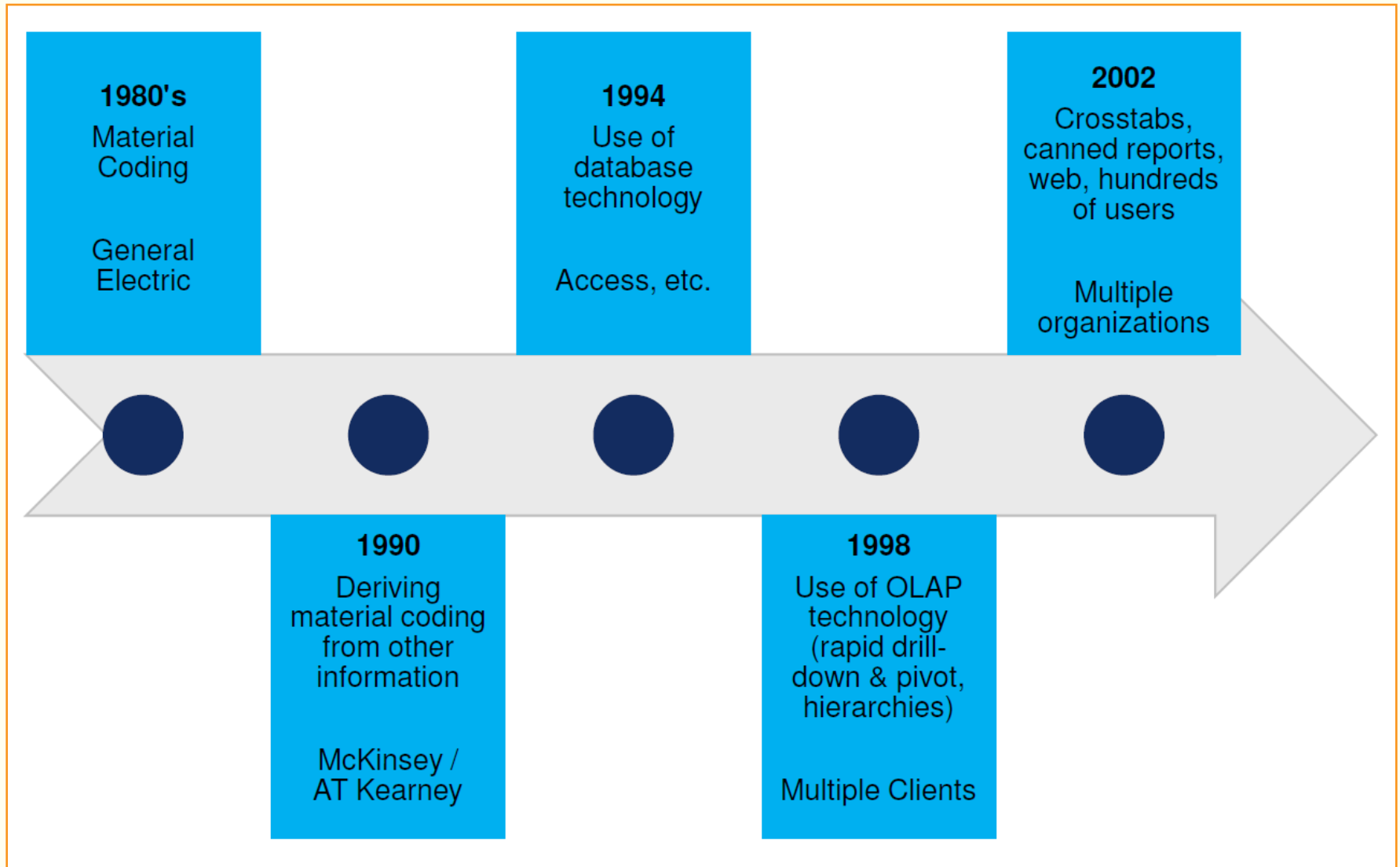


- Established in 2002, today amongst Top 10 third party BPOs in India [Dataquest BPO Survey 2009]
- Contributes 6.6% of Infosys Group Revenue and 16.7% of group employee strength FY 09
- 1000+ processes transitioned in last 6 years
- 25 languages supported with Global Delivery from 13 cities across 9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

Spend analysis – Timeline and emerging trends



Spend analysis – History and timelines



Spend analysis – Emerging trends

Past focus - Enrich the dataset

- Diversity(MWBE)
- Preferred vendor

Current Trend - Add contracts and other information

- Contract as a function of commodity, vendor, time, BU etc.
- Risk
- Vendor performance

But:

- Tools are usually offline with no feedback loop
- Supports only high level opportunity assessment and high level monitoring

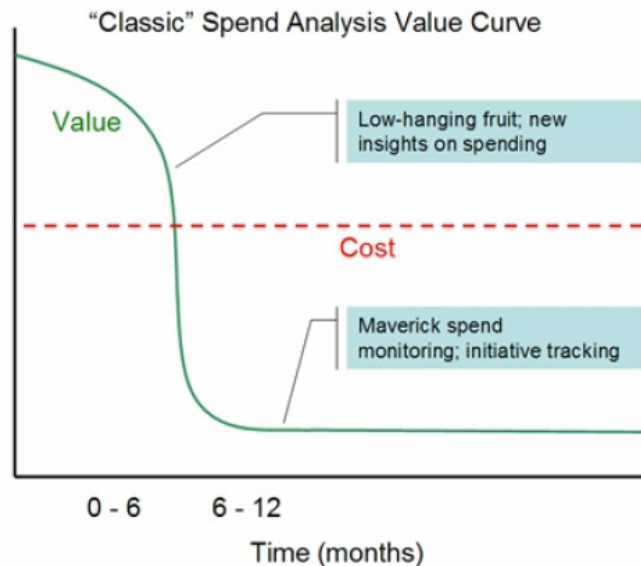
Emerging View: Multiple datasets, multiple value

- Accounts payable is just one of many sources of data
- Datasets are built all the time and change rapidly
- Sophisticated dynamic reports with ad hoc dimensions and hierarchies
- Online tools with Instant feedback
- Recover overcharges; ensure correct supplier behavior and invoicing with precise monitoring of supplier compliance

Spend analysis – FAQs

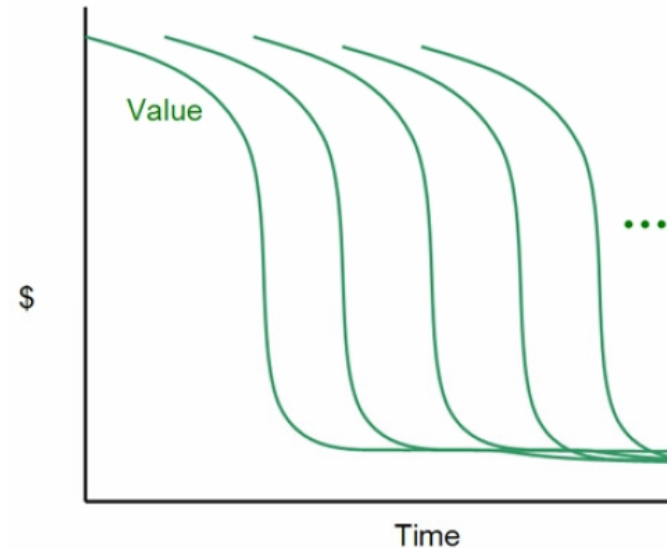
1) Is there long term value beyond one time data analysis?

Typical understanding of value



- Post initial analysis and sourcing execution, value declines
- After the first round of categorization and looking at spend, further value is low
- Dicing and slicing of other data sets like demand, compliance etc. is out of scope

Potential value of spend analysis



- There are unlimited spend reduction opportunities to be harnessed in terms of compliance cube, p-card cube, T&E cube etc...apart from "Spend"
- Possibilities go beyond Invoice\PO data & even on to the demand side ex: vehicle usage, leading to constant value & full utilization of analysis system

...Spend analysis – FAQs

2) Does automated classification work?

- Not really. Automated classification almost always needs significant manual work both initially and, most importantly, for ongoing refreshes.
- Key lies in building solid mapping rules from the beginning to reduce continuing effort on classification for data refresh and QA

3) Is classifying spend & building spend datasets hard?

- No. It is useful for vendors to say it's hard, for obvious reasons – they want you to pay for the service
- In fact veteran sourcing consultants without any tool can produce 80 – 90% of spend analysis value done with a tool
- Armed with good tools, anyone can learn to family and map spend data quickly and efficiently

4) Spend Analysis Vs. Business intelligence (from ERP\suite vendors)

- Spend analysis systems are not like BI systems that rely solely on ERP data. In many cases much of the data for SA systems is not even present in the ERP
- If the objective is only to get the 3 months of value from an initial AP dataset, the SA tool doesn't matter; for example, a consultant with pen and paper can do it.
- On the other hand, if the intent is to analyze data -- build lots of datasets and analyze lots of data, not just one simple AP dataset -- then at the moment no ERP or suite vendor provides a solution

Elements of effective spend data analysis

Speed/ease of dataset creation

- Minutes to a useful dataset (not hours/ days/ weeks/ months)

Speed/ease of dataset schema modification

- Real-time change (not hours/ days/ weeks/ months) to hierarchies, mapping rules, dimensions etc.

Speed/ease of ad hoc reporting

- Familiar analysis tool driven by and merged with powerful but easy-to-use OLAP data extract capability (not static reports or third-party report writers)

Flexible deployment

- It must be possible for individual analysts to modify private copies of the dataset; otherwise it is impossible to do ad hoc analysis

– All four components must be present

– Each requires the others to be effective

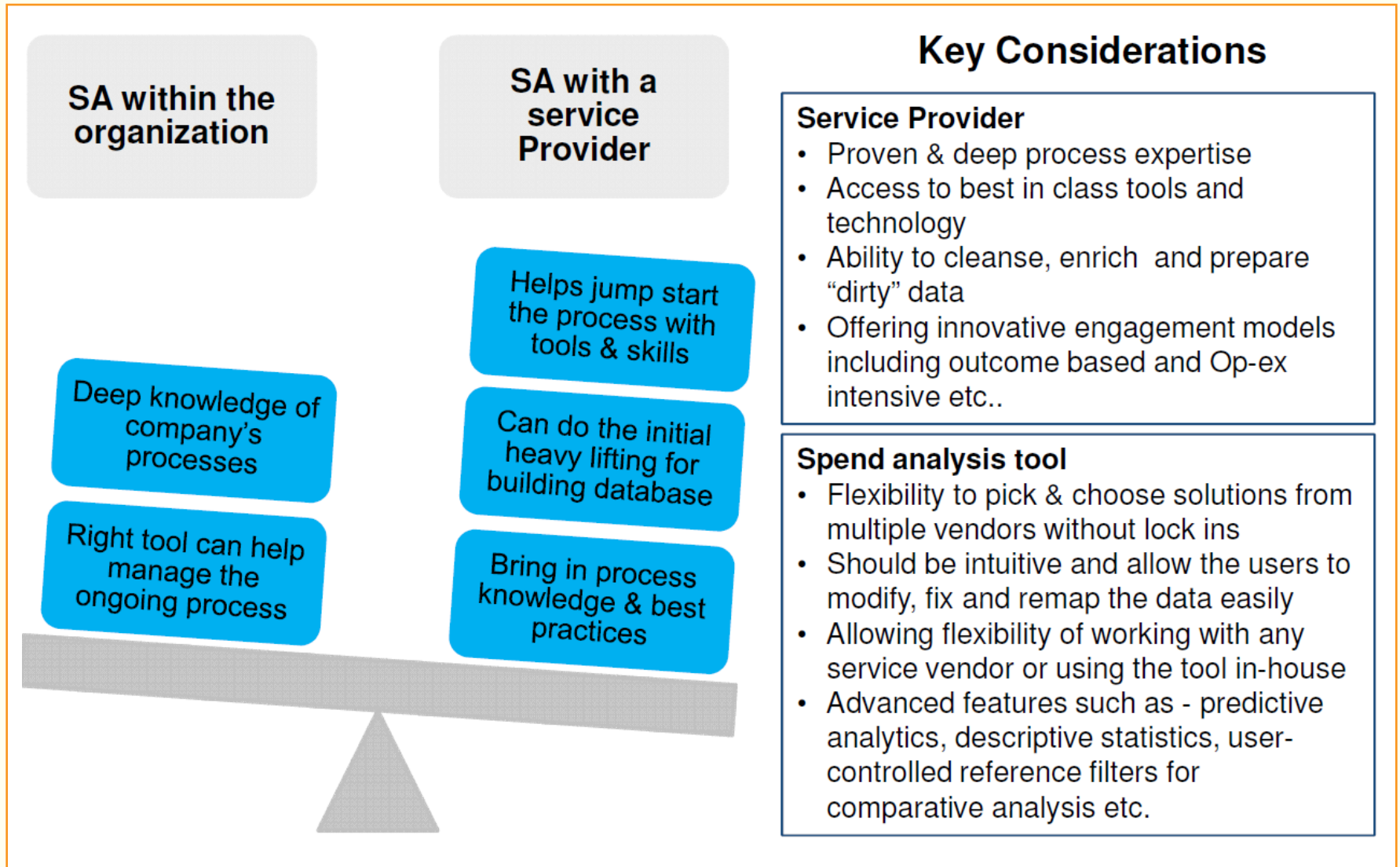
– Business users must be able to use them without assistance.

Poll - 1

Have you used spend analysis as a constant element of category management and strategic sourcing initiative

- One time spend analysis by consultants every few years
- Perform data analysis every time a sourcing project is undertaken
- Use spend analysis to measure and report – spend performance, compliance and procurement KPI's
- All of the above and use historical performance for predictive analytics

Key considerations while choosing a solution



Infosys advantage in S & P services

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)

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

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

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

Building
Tomorrow's Enterprise



Thank You

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