

CASE STUDY

Maximized cost efficiencies with an enhanced view on spend and volume visibility



Abstract

A science-led global healthcare company recently tasked the innovation and transformation team at Infosys BPO to reassess its buying channel and drive catalog adoption within the US and UK. We implemented a phased rollout strategy and created a standard baseline after determining the sequence and scope of the initiative. Post-implementation and a US- / UK-wide adoption rollout, the company managed to improve its catalog penetration to over 65 percent – amounting to potential savings of ~US\$1.5 million. Additionally, we managed to achieve increased contract compliance and end user adoption by deploying over 30 percent additional content-rich catalogs.

Executive Summary

A science-led global healthcare company that discovers, develops, and delivers innovative medicines, vaccines, and other healthcare products, realized that their indirect purchasing habits needed an overhaul. Recognizing their inconsistent, non-integrated procure-to-pay process, the company realized that a common purchasing process for indirect procurement could maximize cost efficiencies, provide spend and volume visibility, and automate compliance across the organization.

E-catalog buying adoption quickly climbed up in the list of obvious priorities. They approached the Innovation and Transformation team at Infosys BPO to reassess the buying channel and drive catalog adoption within the US and UK. Post rigorous analysis, hordes of new catalog implementations, and relentless change management efforts, the company managed to improve catalog penetration to over 65%, that could potentially have saved them around US\$1.5 million.



Challenges

As part of an overall strategic procurement initiative, the company was looking to reduce requisition time and maximize contract compliance. The solution had to allow the company to direct spend to preferred suppliers, manage catalogs and contract prices quickly and accurately, and provide a seamless user experience with SAP.

Catalog management system, SciQuest, was being used for over a decade within the company. Despite the maturity of

the technology landscape within certain geographies, they only partially used the available functionality of SciQuest, in part due to lack of training, but also because the process was not well aligned to procurement's evolving requirements. There was low availability / coverage of items under existing catalogs, resulting in high off-catalog transactions. Low volume through catalog buying ensured possible Maverick / spot buying, low compliance / contract leakages, and high transaction cost.



Solution

Infosys BPO being a strategic partner for this pharma giant and having showed its mettle in successfully transitioning and profitable operations of the Sourcing and Procurement outsourcing initiative, was approached to refine and operationalize their e-buying strategy and help in adoption of their integrated electronic procurement system – SciQuest. A successfully implemented tool is only as effective as its adoption. Infosys quickly realized that in order to make this

initiative a success, it had to not only create new catalogs, and enrich existing ones, but also drive this with an organization-wide change management approach. Infosys BPO ensured successful implementation through rigorous project management, process design and deployment, and perhaps most importantly, effective communications, training, and change management

Key success factors

- Strong commitment from the leadership
- System and processes aligned with the company's business goals
- Open lines of communication to ensure user acceptance
- Extensive training program, supporting educational materials



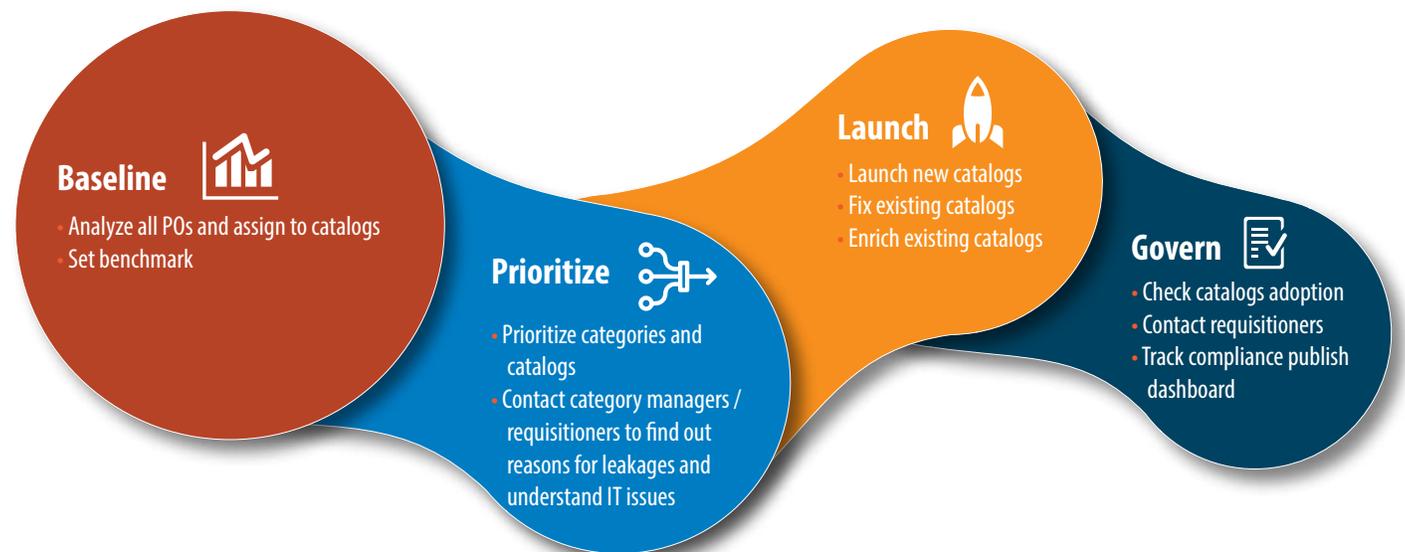
Approach

With its vast history and experience in dealing with customers from various verticals, Infosys BPO adopted a phased rollout strategy with initial focus on US and UK operations. In order to best determine

the sequence and scope of the initiative, a standard baseline was created to include criteria like size, adaptability, number of established preferred vendors, purchasing

spend, volume, and complexity. Analysis also enabled high-level deployment strategy, which was then refined category by category.

The following methodology was undertaken in four stages to drive implementation and adoption



Following were the major activities conducted :

- Baseline** using data analysis, benchmarking, and plan per region and category
- Classify** action by fixing existing catalogs, extending in 'classic'

- categories and refocusing on services catalogs
- Category manager management** by onboarding of the category managers and discussing data, defining opportunities, and validating action plan

- Implementation** by supporting category managers in contract negotiations, coordination during catalog creation, support during all technical aspects, go-live of catalog, and shopper communications

Evolving an organization of the size of the company to support a change in process was one of the project's biggest challenges. Highlights of the change management strategy included:

- Project awareness meetings, which provided an effective means of

communication and training for the more simple tasks, such as approving / rejecting electronic requisitions

- Communications plan that included placement of messages in support of the project at key executive meetings and company-wide announcements
- Instructor-led and specialized courses

delivered to those responsible for processing non-catalog requisitions to purchase orders and resolving any discrepancies

- Finally, for continued support, monthly sessions were conducted with 'defaulters' to ensure system adoptability and issue resolution.

A successful initiative means money reinvested

Since implementing various catalogs and US- / UK-wide adoption rollout, the company has managed to improve its catalog penetration to over 65% that can potentially save them around US\$1.5 million. Some of the other benefits include:

- Increased contract compliance
- Over 90% user adoption and satisfaction with cataloging system

Capabilities delivered:

- Connected to suppliers
- Increased end-user adoption by deploying over 30% additional content-rich catalogs
- Drove spend to preferred suppliers



What lies ahead?

With around 65% penetration rate, the best-in-class procurement solution has already delivered impressive results across North America and the United Kingdom. More training and additional hosted / punch-out supplier catalogs (material as well as services) will enable the company to further grow contract compliance and savings and make a significant contribution to the company's bottom line. The focus will now be extended to newer geos where they are operational, like APAC, Europe, and LATAM.



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