

INFOSYS BPM TAIL SPEND ANALYTICS SOLUTION

Reduce supplier management cost & identify cost saving opportunities

Unmanaged tail spend has financial impact on a firm's performance through SG&A and COGS, hence it's important to manage it effectively.

However, there are many challenges to overcome this, including - too many transactions involving fraction of spend, supplier dependency for critical items, lack of adequate integration between systems, and different business groups working in silos



Questions this solution can answer

- What is the actual tail of my category (Non-preferred supplier/non-catalogue supplier / single transaction supplier etc.)? How does this compare with respect to conventional 80/20 principle and threshold based approach?
- Which suppliers can be rationalized without impacting the supplies including single source materials / services?
- For which category, the spend fragmentation is high? How do I reduce the variation and improve spend distribution?
- What is the impact of specific business rules (giving more weightage to some key procurement parameters or having uniform weightage strategy for all parameters) on the tail spend value and how to leverage it for best possible outcome?

Solution enables tail spend management by leveraging score based analytical model with specific insights. It also simulates the value of tail spend using conventional and analytical approaches enabling data driven decision making.

Infosys BPM Tail Spend Analytics Solution – Key Elements

1

Spend based tail spend

- Tail based on spend value
- Flexibility to drill down based on category / geography / plants, etc.
- Tail spend reduction trend analysis
- Bucketised spend analysis

2

User threshold based tail spend

- Flexibility to define tail by threshold spend value
- Geo codes mapping for number of suppliers by threshold value
- Drill down analysis for various parameters
-

3

Scoring model based tail Spend

- Defining tail based on scoring of 5 key parameters
- Automated analyzer based on scoring of parameters
- Automated drill down analyzer based on selected class
- SRM savings tracker

4

Insights and recommendations

- Supervised insights based on high spend categories / geographies / materials etc.
- Recommendations for supplier consolidation based on category and geography mix
- Recommendations for executing tail suppliers consolidation

Benefits



Improved supplies as dependency on one-time suppliers reduces



Improved buying leverage



Enhanced '\$ savings' delivery



One source of truth in order to remove redundancy in data



Actionable insights to drive real-time action



Improved supplier relationship score due to business consolidation

- **Potential to save upto 20 million USD annually** with a mere goal of 1% savings through effective Tail spend management for an organization at global scale with avg. annual spend of 10 billion USD
- **Organizations can save ~700K USD annually** in SRM costs alone with a mere reduction of 1000 suppliers in the active supplier base

For more information, contact infosysbpm@infosys.com

Infosys[®]
Navigate your next

© 2020 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.

Infosysbpm.com

Stay Connected

