



SAVINGS WITH SUNLIGHT AND SUSTAINABILITY

Abstract

When Tom North, a Procurement Program Manager for a global consumer goods giant was tasked with making the company's factories in Vietnam and Thailand solar-powered, he knew he had an arduous journey ahead. Infosys BPM came alongside to support Tom with the successful delivery of the tight-deadline project, the outcomes of which exceeded the company's sustainability expectations with estimated savings of 10%.



A task to shift towards sustainability

Tom North came out of the quarterly senior managers meeting with his work cut out for him. The consumer goods company he worked for – one of the world's largest – had initiated a shift towards a sustainable energy model. The shift would require all its factories eventually sourcing the electricity they required through solar power purchase agreements. The senior management wanted to kickstart the solar-powered factories project with Thailand and Vietnam as pilots with an ambition to see results in just 6 months.

Tom, as Procurement Program Manager for the company's Southeast Asian markets, was responsible for delivery of strategic projects across these regions. And so, the responsibility for the success of the company's first steps towards sustainability rested squarely on his shoulders.

Tom knew that he had a tough journey ahead. With the company's factories in both countries operating with only one vendor each – their national electricity grids – the shift to solar could not be done

in stages. Further, considering the available options for solar panels, while direct investments would take multiple years to yield returns, long terms contracts with solar power suppliers could lead to high penalties if they were terminated during the contract term. Hence, any decision on investments or contracts would need to be carefully reviewed with Finance as well as other departments such as Engineering before decision making.

Moving quickly to deliver

As Tom thought about all that needed to be done to get the project safely off the ground within such a short time, he realised that he would need expert support with the groundwork. He immediately got in touch with Victor James from Infosys BPM, his service provider for offshore procurement processes. Victor, coordinating a large team of Infosys BPM's procurement professionals managing the company's tail spend requirements, was already engaged with the company's stakeholders in both Vietnam and Thailand. Through them, Tom had heard of his excellent stakeholder management

skills and demonstrably high domain capabilities. And so, Tom quickly got Victor up to speed on the solar project requirements, enlisting his and his team's support.

With his brief clear, Victor and his team first conducted a detailed study to understand the behavior of the electricity market, weighing the pros and cons of the company building its own solar powered generators. The team analysed many factors such as market inflation, electricity price trends, government regulations, floater v/s fixed plans, and the like, to

build a case study for final commercial evaluation.

Based on the study, Victor recommended a lease model for the solar panels which would require zero upfront investments, and with Tom's concurrence, proceeded to shortlist 9 suppliers for both regions. With time at a premium, he then created an E-tender plan with detailed templates for the RFI stage, to streamline the evaluation process of the vendors.

Approach summary



Then, since the lease model involved very long-term contracts, the received proposals needed to be reviewed by other departments across the company, to evaluate how market dynamics could impact the commercials in the future. Victor developed a robust governance plan with his team tracking the progress of the reviews across the different stakeholders, and departments such as safety and health, security, project management, procurement, and engineering.

To deal with the amount of information coming in from these teams, Victor developed a centralized SharePoint link where project-related inputs could be submitted. This made them easier to track and share with all the vendors for alignment. Victor's team then closely coordinated between the suppliers and the various functional teams, clarifying supplier's questions on the project and ensuring their timely responses.

With Victor's instrumental support, Tom was enabled to conclude the tendering and negotiation processes in a timely manner and finalize on one agency each for Vietnam and Thailand.

Cutting out carbon and costs

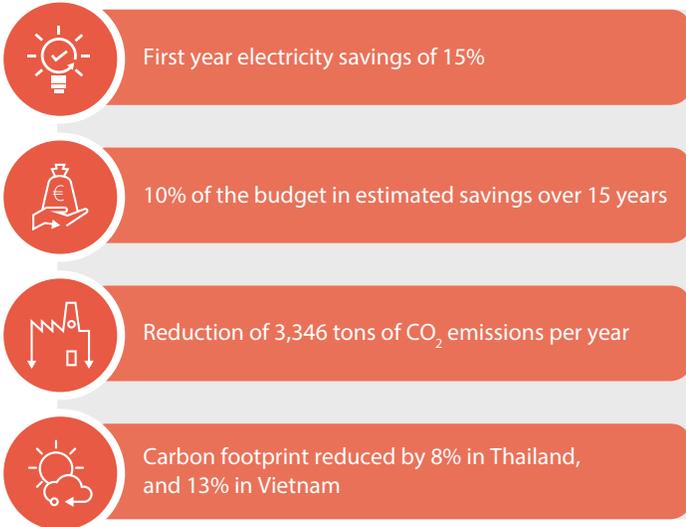
As an outcome of the effective tendering process, the finalized supplier was very clear on the project requirements and the delivery went along smoothly without any concerns. And when the solar powered factories went successfully live, right on

schedule, they exceeded the sustainability expectations of the company.

In the first year of operations itself, the savings on the factories' electricity costs amounted to 15%, with the total savings

over 15 years estimated at 10% of the entire budget. Importantly, with reduction of over 3.3k tons of CO₂ emissions per year, the project greatly reduced the factories carbon footprint, by 8% in Thailand and 13% in Vietnam.

Key benefits



The timely delivery of the unique and special project – being the first in the company's efforts to reduce carbon footprint – won Tom recognition and accolades from across the organization. But, as he acknowledged in a testimonial for Victor and the Infosys BPM team, he just couldn't have done it all by himself and how a strong and reliable partner can help positively shape up the future.

**Names have been altered to preserve the identities of the people involved.*

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