



CASE STUDY

THE SPEND ELIXIR

How a streamlined, efficient and insights-driven procurement function is saving GBP50 million annually for a pharmaceutical major



Abstract

When you are one of the largest pharmaceutical companies in the world with an annual spend of GBP13 billion, what and how you buy makes the difference between tied up cash and available funds for strategic priorities. Read on to learn how we transformed this pharmaceutical major's procurement function, netting more than GBP50 million in savings annually.

Infosys
be more

CHALLENGES APLENTY

One of procurement's primary responsibilities is managing spend. But imagine managing an annual spend of more than GBP13 billion across direct and indirect goods and services and multiple categories year after year! This was the task at hand for the procurement function of one of the largest pharmaceutical companies in the world. Acquiring the best deals at the best prices without compromising on quality was a big challenge for the function as its procurement outsourcing landscape was varied and its eSourcing platform had a low adoption rate amongst its users and supplier ecosystem. To cure its procurement woes and drive greater efficiency and effectiveness

across some key areas such as tail spend, eSourcing, procurement management, and contracting, the company sought Infosys proven expertise. The idea was to design an end-to-end solution with components for an interlinked delivery model, actionable market intelligence and eSourcing to completely transform the buying process.

THE ART AND SCIENCE OF BETTER BUYING

To meet the company's objectives, our team devised a two-pronged strategy:

- Drive higher spend through the eSourcing system by revising processes, providing data-driven insights, subject matter expertise, and change management support

- Drive efficiency and effectiveness in the overall spend through different levers to enable the procurement team to reap higher savings whilst ensuring quality and supply

To this end, Infosys designed a customized solution to address each pain point across specific process areas as well as holistically through a dynamic and interlinked delivery model enabling an easy flow of actionable intelligence across different areas.

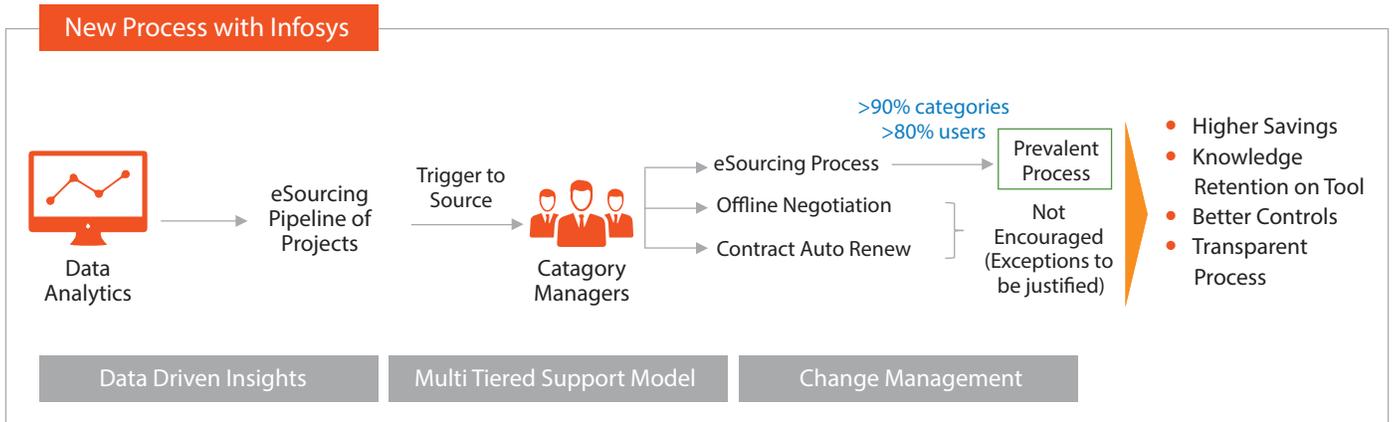
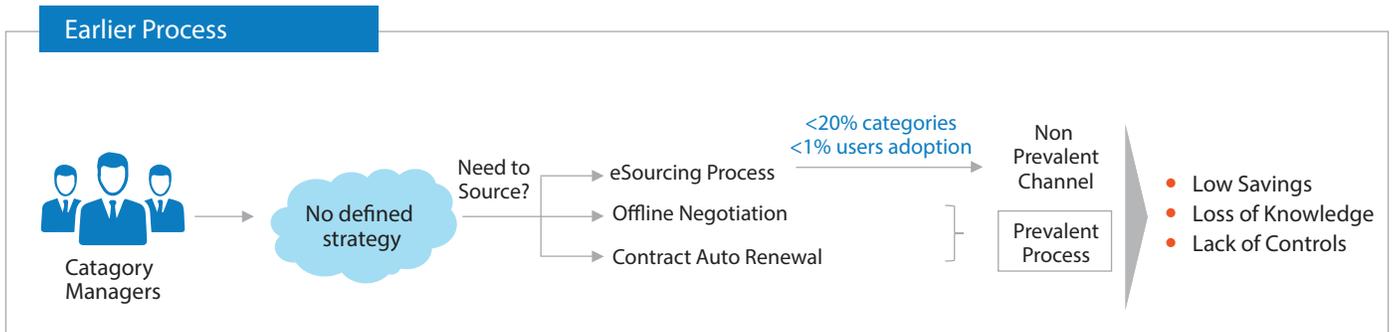
Our team of over 135 procurement resources working from three delivery locations support six procurement process groups – tail spend management, category management, eSourcing, contract and catalogue management, purchase requisition management, and market intelligence.





TRANSFORMING THE eSOURCING PROCESS

Our team designed a new process for eSourcing, one that embedded data-driven insights and market intelligence, enabled proactive identification of the eSourcing pipeline, and was backed by strong change governance. These in turn enabled the movement of more and more spend through the eSourcing platform.



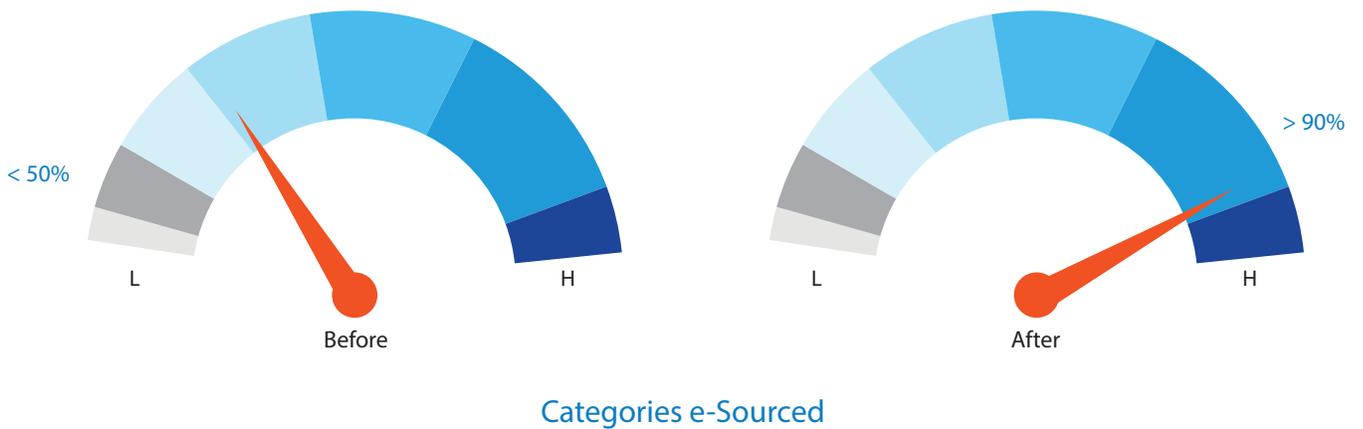
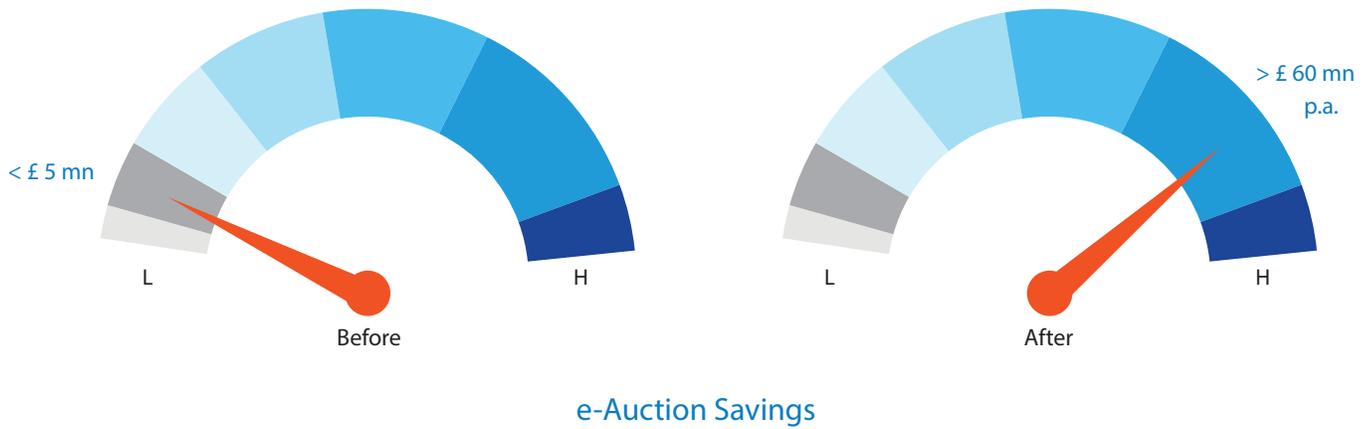
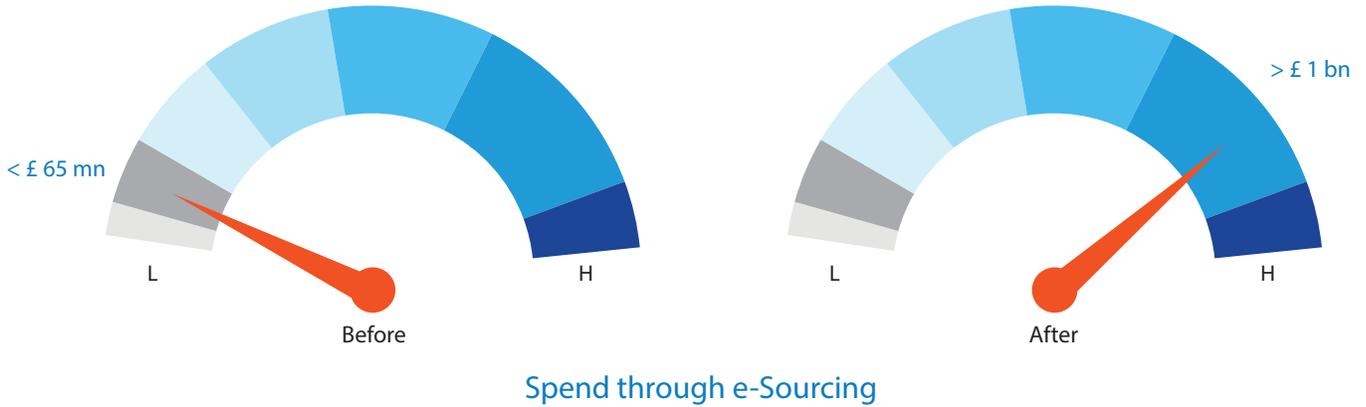
BANG FOR THE BUCK

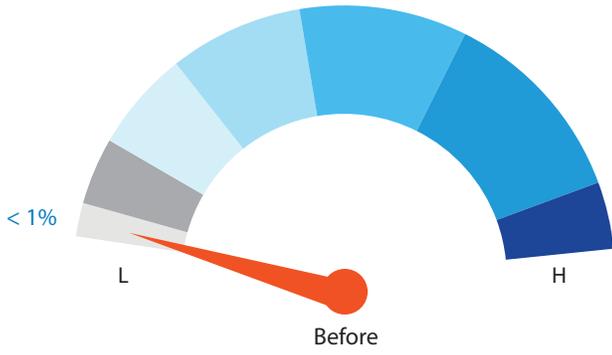
Moving large parts of the procurement spend to the eSourcing platform delivered huge benefits to the company:

Better, more efficient buying: The company exceeded their e-sourcing throughput target by over 65%, ensuring better and more efficient buying.

GBP50 million in savings: The company exceeded their annual saving target through e-auctions by over 90%.

More efficient and effective tendering and negotiating: Our strategic engagement models helped the company increase eSourcing platform adoption among the suppliers from 1% to 80% of supplier base within a year of operations.





User Adaption



TRANSFORMING OVERALL SPEND MANAGEMENT

Apart from eSourcing transformation, our team focused on every aspect of the overall spend management of the company. The new processes utilized an integrated operating model and data-driven insights to ensure better buying. In essence, it comprised seven levers to deliver more spend value.

- 1 An integrated operating model drawing inputs from market intelligence and spend analytics teams
- 2 An in-house eSourcing strategy framework
- 3 The Infosys sourcing and procurement center of excellence
- 4 Standardized process with templates and request forms
- 5 Structured transformation framework during the transition / steady state setup
- 6 Optimized spend and supplier ecosystem
- 7 Centralized operations in a low cost country hub (in India) with necessary support from shared service resources in regional centers

EVEN MORE BANG FOR THE BUCK

The benefits realized through transforming the overall spend management were:

| Efficiency | Effectiveness | Experience |
|--|---|--|
| > 50% catalog transactions (~42% increase) | GBP13 million in incremental savings | Self-service through catalogs |
| 25% reduction in supplier base | >GBP10 million tail spend savings | Reduced lead time across processes |
| > 10% diversity supplier (~40% increase) | >95% preferred supplier spend (UK, NA, LATAM, APAC) | Online CPO dashboard with actionable insights to aid decision making |

A PARTNER THAT'S READY TO STAY THE COURSE

Infosys, a global leader in sourcing and procurement services and solutions, offers end-to-end services across Analyze-to-Pay, addressing the advisory, business services support, and technology requirements of our clients. With a team of over 2200 global practitioners and strong technology capabilities, Infosys helps procurement groups across more than 80+ global organizations – including many Fortune 500 companies – meet their procurement objectives. We deliver higher impact, greater reach, and enhanced value through improved efficiencies, effective performances and automation. Our tools, platforms and frameworks deliver more than USD200 million in savings annually and we process over USD110 billion spend for our clients across direct and indirect categories.



For more information, contact askus@infosys.com



© 2017 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.

Infosys.com | NYSE: INFY

Stay Connected     SlideShare