

# Case Study



## Streamline Your Services Spend

### The Company

- > Market leader in transportation, information and logistics solutions

### Service Categories

- > Administrative and IT contingent labor
- > Offshore IT development project

### Challenges

- > Savings from strategic sourcing not enforced
- > Unacceptable levels of off-contract and "maverick" spend
- > Time intensive, manual invoicing process
- > Existing e-procurement system could not be used to buy and manage services

### Results

- > Reduced services spend by 17%
- > ROI achieved in less than 6 months
- > Time to procure contingent labor reduced by more than 75%
- > Invoice processing time reduced from 3 weeks to instantaneous services

A global leader in the transportation industry, this Fortune 100 company has long realized competitive advantage by using technology to improve supply chain processes, including sourcing and procurement. One strategy that has placed the company in front of its competitors is its focus on managing services spend.

### The Problem

The company was a pioneer of the "center-led sourcing" approach, an initiative to leverage the organization's enormous collective purchasing power across its numerous operating companies. After achieving early success automating the purchasing process for indirect goods, the company looked for opportunities to improve the way they sourced services spend.

Like many Fortune 100 companies, this enterprise invests a significant portion of its total budget on services – from temporary labor to IT development to marketing to maintenance and repair. And, like many Fortune 100 companies, they found their existing procurement systems could not handle the complex process of managing service engagements.

As a senior manager stated, "The process of procuring services is very collaborative and requires interaction with suppliers at every point throughout a service engagement. Our goods e-procurement system only supports one-way interactions. You place an order for an item and then you receive an invoice, but there's nothing in between. With services, there are multiple points of supplier collaboration or negotiation prior to an order request and then the actual service order must be managed and invoiced over an extended period of time."

Without a system to manage services spend, savings negotiated in the sourcing process were not consistently enforced in every service engagement. The company also had no way to capture the data needed to negotiate volume discounts with service providers in high-spend categories such as temporary labor, IT contingent labor and offshore development projects. The manual invoicing process was time intensive and inevitably led to errors and inefficiency. Finally, with mostly manual systems to manage services, business managers were too often engaging in off-contract or "maverick" spending.

### The Solution

To address these challenges, the company implemented the Emptoris Services Procurement Solution, a single platform that automates and streamlines the end-to-end process of buying and managing all types of outsourced services. In selecting the Emptoris Services Procurement Solution, the company cited a variety of differentiators including ease of configuration, collaboration features, visibility and control over services spend, and support for the widest variety of service types. Emptoris Services Procurement Solution also stood out because of its supplier management capabilities, which give deep, real-time visibility into the status, location and performance of on-site contractors. The company initially targeted the contingent labor service category, such as clerical, light industrial and IT contingent staffing. After rolling out Emptoris Services Procurement Solution for these categories, the company added its call center and offshore IT development projects, as well.

Emptoris Services Procurement Solution was fully integrated with the company's existing goods e-procurement system, providing a variety of time-saving advantages such single-sign on, financial approvals, purchase order information sharing and purchase order submissions. Emptoris Services Procurement Solution software was also integrated with their backend ERP systems to provide support for invoicing and financial forecasting.



The Emptoris Services Procurement Solution also replaced multiple in-house systems that were previously used to manage order placement for contract technical services and small parts of the overall services procurement process, making the system both more efficient and user-friendly.

## The Results

Prior to implementation, the company set a goal of reaching a positive return on investment (ROI) within a one-year period. Instead, they reached full ROI within a short six months.

In addition, the savings have been substantial. According to a company executive, "In terms of hard dollar cost savings in the categories that we have deployed so far, Emptoris Services Procurement Solution has reduced our services spend by 17%. This quick return on investment proves the value of Emptoris' approach to services procurement and management."

The company now operates with a fully automated Master Service Agreement (MSA) purchase-to-pay cycle for contingent workforce services, as well as offshore IT consulting projects. This new system guarantees that suppliers cannot charge higher rates than previously negotiated in the MSA.

In addition, maverick spend has been curbed. Emptoris Services Procurement Solution software ensures that managers who request contingent labor or purchase IT services do so only from preferred suppliers who provide the highest quality services at the best rates. Efficiency has also dramatically improved. Because the process of procuring contingent labor is now entirely digital, the amount of time it takes to request a candidate and get a worker on-site has been reduced by more than 75%--including integrated on-boarding functionality that ensures that the appropriate background checks and other preparations are complete before the candidate starts.

The Emptoris Services Procurement Solution system has also improved the process of managing offshore IT projects. For example, knowledgebase content helps managers create stronger statements of work (SOWs) before engaging with offshore service providers.

Finally, Emptoris Services Procurement Solution software greatly simplified the processing of services invoices. Prior to the Emptoris Services Procurement Solution, it typically took about three weeks from the time an invoice was received to the actual payment of the vendor. Now this process is completely automated and nearly instantaneous. Plus, the accuracy of these invoices is guaranteed, because they are system-generated from the rates specified in the supplier's contract. As a result, Emptoris not only eliminates pricing discrepancies and errors such as double billing, it also provides real-time visibility into both paid and pending services spend.

## About Emptoris

Emptoris is a world leader in innovative supply and contract management software solutions that empower enterprises to realize best value and accelerate profitable growth. Emptoris solutions are used by successful Global 2000 companies in every industry. Emptoris sourcing spend analysis and contract management solutions are consistently recognized by leading independent analyst firms as the market's leading solutions. Emptoris customers include American Express, Boeing, ConocoPhillips, GlaxoSmithKline, Kraft, Motorola, Owens Corning, Syngenta, and Vodafone.