

CASE STUDY: PROFESSIONAL SERVICES (1 OF 2)

Spend Under Management: \$200M⁽¹⁾

Case Study 1 - Spend \$60M

Business Challenge

- Spend ~\$60M pa
- Supplier base ~80+ suppliers
- Recently sourced by client team
- No competitive tension within the panel
- No single point of accountability
- Processes decentralised and manual
- Performance metrics not defined or measured (no processes / systems)
- Limited compliance management (eg. tracking or consequence mgt)
- No breakdown of cost or risk components (eg. resource mix, fixed vs time based assignments)
- Demand not measured or influenced
- Poor visibility of spend

Services Provided

- Initial opportunity assessment to define the target outcomes (eg. benefits)
- Service classification and definition
- Supply model design (5 panels)
- Process, policies and toolset development (P2P enablement)
- Panel / supplier management
- Competitive tendering of assignments
- Compliance and demand management
- Management information reporting (spend and benefits tracking)
- Market and knowledge management

Benefits Achieved

- Established 5 panels
- Harmonised rates/terms
- Defined common SLA's
- Established category/demand mgt practices and P2P process

Initial Benefits: Yr 1 12-15%
Additional Benefits: Yr 2 10-14%

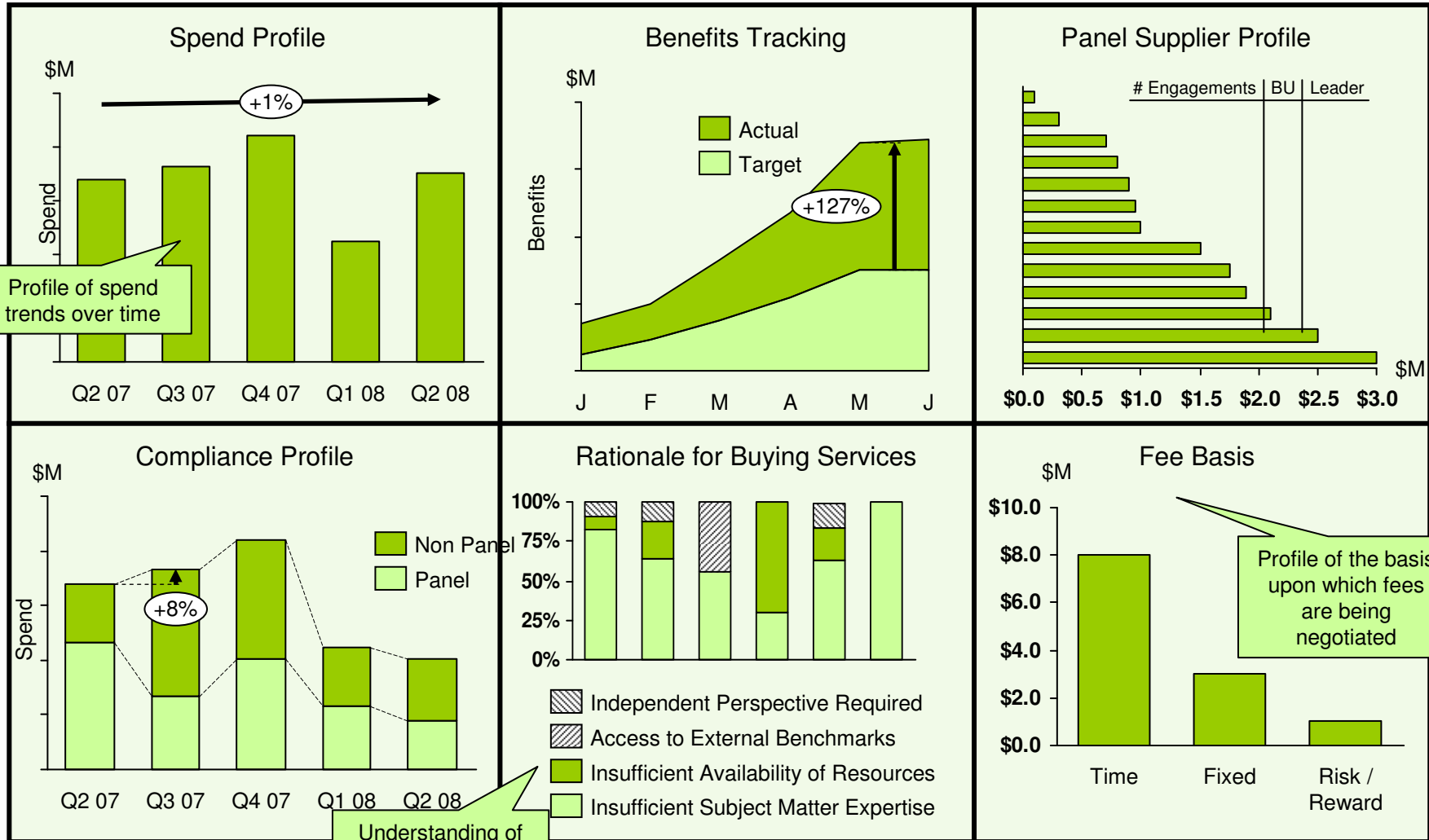
Value Driver	Results ⁽²⁾
Rates	5-9%
Discounts	6-8%
Demand	6-10%
Rates - Category mgt (Yr 2)	10-14%
Competitive tendering	10-20%

Notes: (1) Includes sourcing of professional, consulting and advisory services

(2) Percentages are not cumulative as different spend profiles are influenced depending on the value driver



C-level reporting is used to communicate spend, benefits and measure internal and supplier performance & compliance; allowing teams to drive incremental, sustainable improvement



Understanding of the rationale for purchasing services