

Innovation Driven Procurement Transformation

A Service-Led approach can focus Procurement on the customer and deliver greater value from the services portfolio

A Brief History

Over the past 50 years, the role of Procurement has changed dramatically...and for the better. Traditionally, it has been viewed as the transaction processor for all things procurement related. This was certainly true through the 1960s and the '70s even as the economic landscape began to change. Some process automation through mainframe systems occurred but only for the largest companies with deep pockets. In the 1980's, corporations began to expand more rapidly in global markets chasing sales while Procurement struggled to keep up with an increasingly diverse foreign supply base. In the late 1990's and early 2000's, ground breaking technologies to run sourcing events including auctions of all types emerged. Early adopters had limited success in some cases as their supply base was not ready – infrastructure, knowledge, access to the internet – to participate. Through the 2000's until today, we have seen a significant expansion of Procurement's role throughout the enterprise – strategic sourcing, contract lifecycle management, compliance programs, LEAN procurement, ePayables and many more. In tough economic times, Procurement has delivered time and time again.

Transformation through Innovation

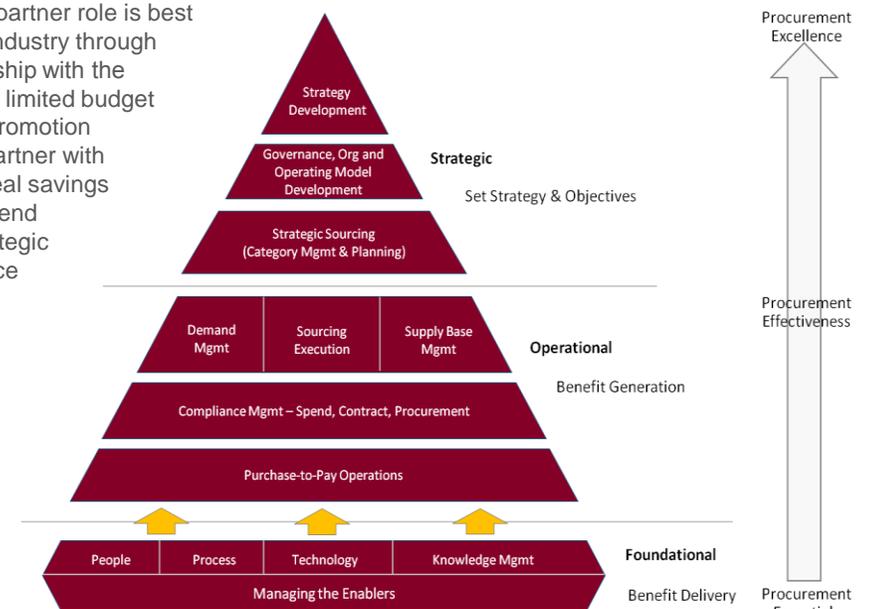
Leading organizations are re-thinking Procurement's role in delivering value beyond

just cost savings and compliance. Leaders in the market have recognized that traditional Procurement departments have to transform into Innovation Driven Procurement (IDP) groups.

As such, Procurement has evolved in four key ways – as a *Partner*, *Differentiator*, *Innovator* and as a *Destination*. This represents the foundation of the Service-Led model.

Partner: The strategic partner role is best illustrated in the retail industry through Procurement's relationship with the marketing team. With a limited budget and aggressive sales promotion goals, marketing can partner with Procurement to drive real savings across its marketing spend categories through strategic sourcing and compliance initiatives. This savings can be re-invested into other marketing programs to support additional sales. The potential to grow top line revenue and the ROI on marketing spend measurably increases.

Differentiator: In this capacity, Procurement is an extension or enabler of differentiation in the market through strategic initiatives with internal business units and with supply partners. As in its role of partner, this close collaboration translates into hard cost savings, reduced cycle times and new sources of supply. In addition, its growing use of advanced and predictive analytics has positioned it as the go-to team to understand



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cross-category opportunities and supply market trends. Coupled with scenario analysis and demand sensing, this creates a clear path of differentiation for Procurement.

Innovator: True transformation starts with innovation. As an innovator, Procurement has a surprisingly influential role to play. Through early and often collaboration with engineering and marketing teams, Procurement is able to understand key requirements and translate that into a supply strategy that satisfies engineering and marketing but also aligns with the goals of the enterprise (e.g., supply base development, cost factors and innovation delivery metrics). This innovator role typically brings external insights and relationships into perspective for the business teams, which yields significant program cost savings through material cost reduction, product enhancement and decreased time to market (e.g., from spec to shelf).

Destination: As the role of Procurement has evolved, so too have the roles and skill sets required to deliver on key metrics. Talent development has emerged as one of the top 5 trends as the demand for strategic thinking and relationship management skills grows. Leading organizations are adopting innovative operating models and performance measures to attract and retain top talent. It's no wonder why Procurement is now a consistent item on the CEO's agenda and key differentiator for those that do it well.

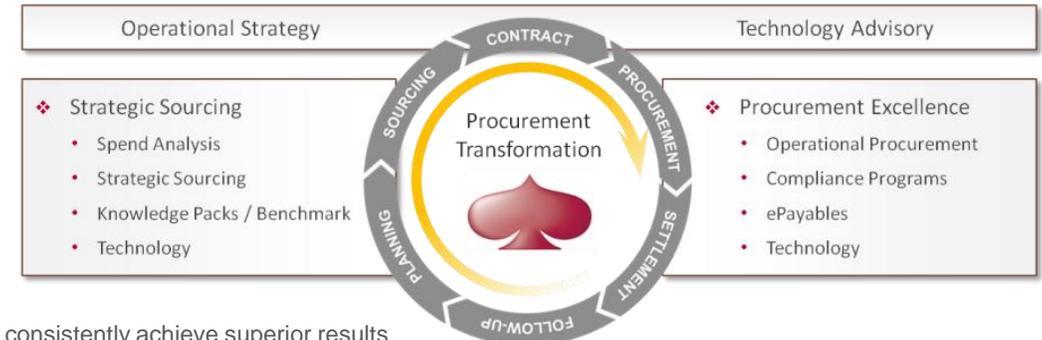
Our Approach

Capgemini Consulting delivers Innovation Driven Procurement (IDP) with a robust Service-Led model that focuses on delivering sustainable value through integrated strategy & delivery of the Procurement portfolio of services.

Our approach relies upon clear identification of goals, key value drivers, technology enablers, organizational structure and costs/constraints in the Procurement function. Mapping this through

our procurement assessment tools provides us with the insight to start setting a course for procurement transformation.

Each client situation, goals and level of procurement maturity vary. As such, we utilize a tailored solution built upon a core set of procurement transformation principles along with robust tools and methodologies. Consequently,



we consistently achieve superior results through realized not identified savings. Further, we focus on client collaboration to drive positive project outcomes, not just deliverables. In this way, we can collectively drive change and achieve sustainable results.

Our Differentiators

At Capgemini Consulting, we understand that people are our greatest differentiator. We have consistently delivered superior results to our clients because our global procurement transformation group is comprised of experienced and knowledgeable practitioners who know how to provide key insights to problems and unlock previously untapped value in the organization.

- Global practice with thousands of practitioners in over 40 countries possessing both deep industry and consulting experience
- Billions of spend under management each year
- Accelerators and value drivers, such as pricing benchmarks and over 100 category knowledge packs for sourcing excellence

- On average 14.7% realized savings in various spend categories
- Weekly publications of procurement thought leadership across industries

Find out more about Capgemini Consulting's approach to Procurement Transformation and begin your journey today.

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