



How Novozymes Transformed Its Indirect Procurement and Achieved 31% Productivity Increase

“IBX Purchase-to-Pay has made it easier for users to find what they need to buy — especially when it comes to services. This has led to significant increases in compliance and procurement efficiency.”

Per Magnus Hammer,
Vice President, Sourcing,
Novozymes

Easy to be a Zymer?

Procurement at Novozymes was finding it difficult to live up to an internal initiative called “Easy to be a Zymer” (as its employees are referred to). Procurement systems were complex. Business units across North America, Europe and Asia used different processes, making alignment impossible. Too many systems were manual and there were no common KPIs.

With 48% of the market, Novozymes is the global leader in industrial enzymes and microorganisms, used in everything from detergents through biofuels to agriculture.

But poor procurement practices were having an effect on the business side. Low awareness of purchasing policies and lack of focus on indirect spend meant that more than 60% of that spend was going to non-preferred suppliers, and more than 3,000 new suppliers were created each year.

The Transformation Journey

The first step Novozymes took was to address organization and processes. It consolidated into one global sourcing and procurement organization and separated operational procurement from strategic procurement. To streamline processes, Novozymes introduced global KPIs and standard operation procedures.

The next part of the transformation journey involved automation and technology. The goals were efficient and automated handling of orders and invoices, a greater percentage of spend on existing contracts with fewer new suppliers introduced, and transparency on committed costs. Novozymes understood that none of that would be possible if Zymers didn't use the systems available. Thus, usability was key. Making it "easy to be a Zymer" would mean greater compliance.

The engine used was IBX Purchase-to-Pay, a Cloud-based e-procurement solution. It integrated with internal systems, like the Buy and Travel guide, which is available as an iOS app and on Novozymes' intranet. The user-friendly procurement system could quickly guide Zymers to the product or service they needed. A new efficient service procurement solution was introduced, simplifying the process of ordering service. Together with improved content and buying channels that maximized the commodity coverage, more services and products are now available to the Zymer.

On the back end, invoice processing was streamlined with e-invoices and automatic pre-matching. Higher usage (PO rate) meant that errors were eliminated upstream and there was an increase in on-time payment.

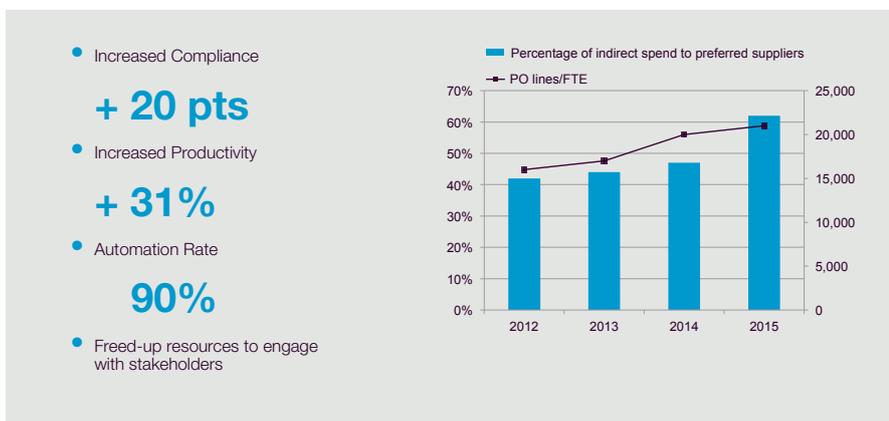
Using an engagement and communication stream, Novozymes successfully worked to change the perception of procurement from an organization that "you had to work with" to one that "you want to work with."

In terms of governance and reporting, a P2P board was established, as well as process reporting including information on compliance, e-invoice ratio and productivity measurements. The board is responsible for enforcing increased compliance and driving continuous process improvements.

The Results

The results achieved between 2012 and 2015 have been outstanding. "Contract compliance of indirect spend has increased from 42% to 62%. There has been a 31% increase in productivity, as 90% of all purchase orders are automated and require no touch. This has freed up resources to engage more with stakeholders", says Frosina Tasevska, Project Manager, Sourcing Development and Analytics. It is now easier to be a Zymer.

Results of transformation from 2012 to 2015



For more information on this project, please contact:
success.story@capgemini.com

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Approved by

Per Magnus Hammer

*Vice President, Sourcing,
Novozymes*

Jesper Andersson Rydåker

*Head of Global Marketing
Capgemini IBX Business
Network*

In collaboration with



About Novozymes

Novozymes is the world leader in bioinnovation with a market share in industrial enzymes of 48%. Their business is industrial enzymes, microorganisms, and biopharmaceutical ingredients, used in everything from detergents to biofuels to agriculture. It invests about 14% of its revenue in research and development and holds over 7,000 granted or pending patents. Novozymes is a global company with headquarters located in Denmark and production in Argentina, Brazil, Canada, China, Denmark, England, India and the United States. Affiliates and sales offices in more than 30 countries. Novozymes generated revenue of DKK 12.459 bn in 2014.