Eastman achieves full procurement transformation.

The materials for everyday life
What do poker chips, steering wheels, radio knobs, evening dresses, antioxidants, outdoor signs and soft drink bottles have in common? Eastman. One of the largest chemical companies in the world, Eastman has been supplying us with the materials we all need for everyday living for almost a century.

In 2000, the company was recognized as an ecommerce leader by offering customers a faster and more efficient way of doing business online. More than a decade later, the company realized the systems managing its indirect spend were outdated and a new eprocurement solution was needed.

Struggling with outdated systems
Eastman’s existing system was difficult to use and lacked the capabilities of modern technologies. Data on indirect spend was not saved to the company’s enterprise resource planning (ERP) system, SAP. The legacy indirect procurement system featured only 11 activated suppliers, the majority of other indirect purchases were made through a procurement card.

There was very limited visibility on spend and low compliance. Key decision-makers had trouble making informed decisions and users were not guided toward making purchases from contracted suppliers. This meant cost savings were often missed. The indirect procurement process was also cumbersome for the requisitioner. It was time consuming and generally inefficient. It also had the potential to frustrate purchasers.

Overview
Customer Name: Eastman
Industry: Chemicals
Location: Kingsport, Tennessee, USA

Client Challenges/Business Need:
Eastman was struggling to manage indirect spend with a set of outdated legacy systems.

Solution-at-a-glance:
IBX Purchase-to-Pay

Results (Benefits):
• Improved visibility and indirect spend analytics.
• Significant cost savings per annum.
• 50% of purchase orders now automated.

We’re glad we took the hybrid approach. It’s allowed us to achieve maximum cost savings while implementing a state-of-the-art solution with minimal effort. Our casual buyers are satisfied, and we have significantly improved visibility, control and compliance.”

Patricia R. Meffe
Procurement Manager
Global Procurement

People matter, results count.
Eastman didn’t want to sit still on systems and processes that were antiquated and ineffective. The company hoped to enact a complete transformation of its indirect spend to increase compliance, overall visibility, and user friendliness.

Taking control of indirect spend
Eastman chose to partner with Capgemini IBX Business Network because its purchase-to-pay solution could be layered on top of Eastman’s existing ERP. It would be fast to implement while offering a state-of-the-art eprocurement solution and maximum return on investment. The hybrid approach would provide significant time and cost savings and minimize the impact of the transition. The move to a cloud-based procurement solution also offered cost savings based on a reduced need for IT hardware and support.

Once implemented, IBX Purchase-to-Pay would save all indirect spend data to the SAP Material Management (MM) system. Through powerful data analytics, the solution would offer the visibility on indirect spend required by key decision-makers within the company. The integration with SAP MM would also ensure a single system of records. All information about suppliers, purchase requisitions, orders and goods receipts would be stored in the back-end ERP.

On a casual user level, the easy-to-use interface of IBX Purchase-to-Pay, built to operate similarly to online retail stores, would encourage users to buy from contracted suppliers and would involve little to no training. To further increase the chances of user compliance, Eastman reviewed the free-text and procurement card orders that were sent to current suppliers. They identified a gross-list of 80 suppliers, reduced to around 30 to be activated as catalog suppliers. Through the new procurement solution, users would be guided toward buying on contract. By connecting SAP MM with IBX Purchase-to-Pay, casual users would have access to the easy-to-use interface of IBX Purchase-to-Pay while professional users could continue using the advanced features of the back-end ERP.

Finally, Eastman wanted to achieve significant improvement in overall efficiency. The self-service nature of IBX Purchase-to-Pay would enable users to make fully automated, low value purchases and where this was not possible, category specific eforms would provide a more efficient, mode of capturing the necessary details for non standard orders reducing resolution times.

Results count – increased automation, reduced costs
The transformation of Eastman’s digital procurement system resulted in better control and transparency over spend, higher compliance, improved efficiency and productivity, shorter lead times and increased user satisfaction.

Four months after the go-live date, Eastman achieved the highest number of orders recorded over a month. Five months after implementation, key decision makers noticed significant reductions in prices charged by contracted suppliers while p-card orders dropped by 15% and almost 50% of all purchase orders were automated.

Through the implementation of IBX Business Network at Eastman, key decision makers can make the right strategic choices, employees across the organization can find exactly what they want to purchase in a timely and cost efficient manner, and the company has realized significant cost savings. True to its long history of never sitting still, Eastman has once again reinvented its systems and processes to remain competitive and provide the world with the everyday materials it needs.