

SpendSMART

Make smarter decisions on your procurement spend



Formal category management, risk management and ethical sustainability are key procurement challenges for enterprises.

Capgemini's SpendSMART solution helps optimize spend by providing valuable analysis and insights across the procurement cycle, with built-in KPIs, dashboards and reports.

The challenges for international procurement

The procurement functions of global enterprises face a number of significant challenges in delivering full visibility of total spend and identifying possible cost-saving opportunities.

They are hampered by issues such as a large number of vendors spread across geographies, disparate procurement processes, and data quality issues arising from silo legacy systems.

This makes it difficult to achieve accurate measurements, monitoring, and management of the procurement cycle, identify total spend across geographies, and business units struggle to ensure that suppliers comply with purchase orders and contract terms.

At the same time, organizations expect their procurement divisions to purchase materials on time, while addressing dynamic customer demands. Faced with poor forecasting mechanisms, enterprises often over-buy or under-buy goods and resources, resulting in excesses or severe depletion of inventories.

Typical Business Issues for International Procurement

- *What is the total organizational spend*
- *What are the possible cost saving opportunities*
- *How are my suppliers performing*
- *What is my maverick spending*
- *Who are my top 10 suppliers*
- *What is my spend between preferred Vs non-preferred suppliers*
- *How can spend be optimized across departments*
- *What are my compliance levels and SLA adherence percentages?*

Capgemini's SpendSMART solution

Our SpendSMART solution helps enterprises optimize their spending plans by providing valuable analysis and insights across the entire procurement cycle. It is a comprehensive data model, analytics, unstructured data support with built-in KPIs, Dashboards and Reports.

The solution has a well-defined modular structure that focuses on areas such as procurement performance and fraud, supplier and invoice analysis, supplier ranking, purchase price variance, and travel and entertainment expenses.

With an intuitive GUI and ease of configuration, SpendSMART offers over 300 industry standard KPIs and more than 100 distinct reports and dashboards for multiple industry verticals.

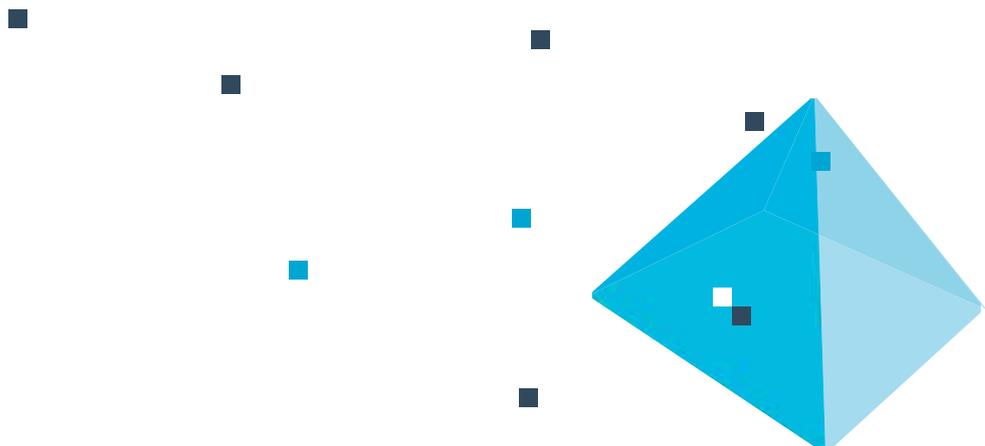
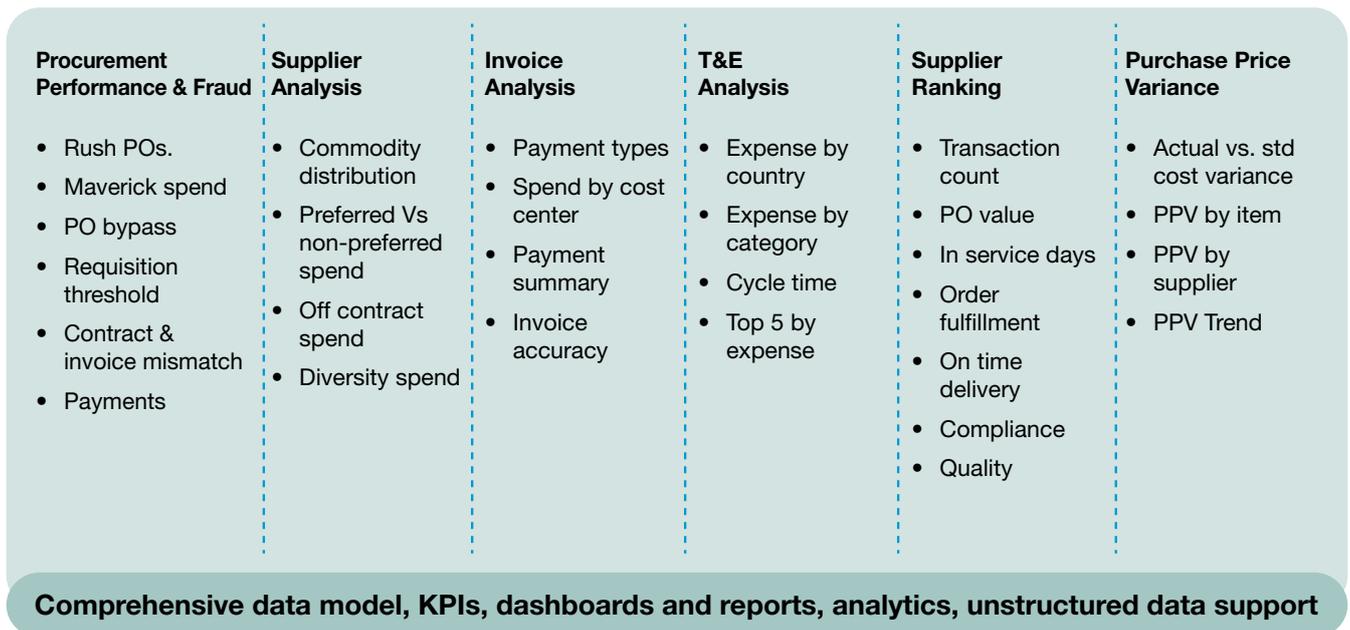
The solution also allows the processing of unstructured data, such as data from social media and third-party vendors, to evaluate poorly performing suppliers. This unstructured data is processed in Capgemini's proprietary big data platform - IV3 - that uses the Hadoop ecosystem.

SpendSMART providing end-to-end coverage of the procurement cycle

Our solution includes components for: Procurement Performance and Fraud, Supplier analysis, Invoice analysis, Travel & Entertainment analysis, Supplier Ranking dashboard and Purchase Price Variance, as is illustrated in Figure 1.

Figure 1: SpendSMART solution provides end-to-end coverage of the procurement cycle

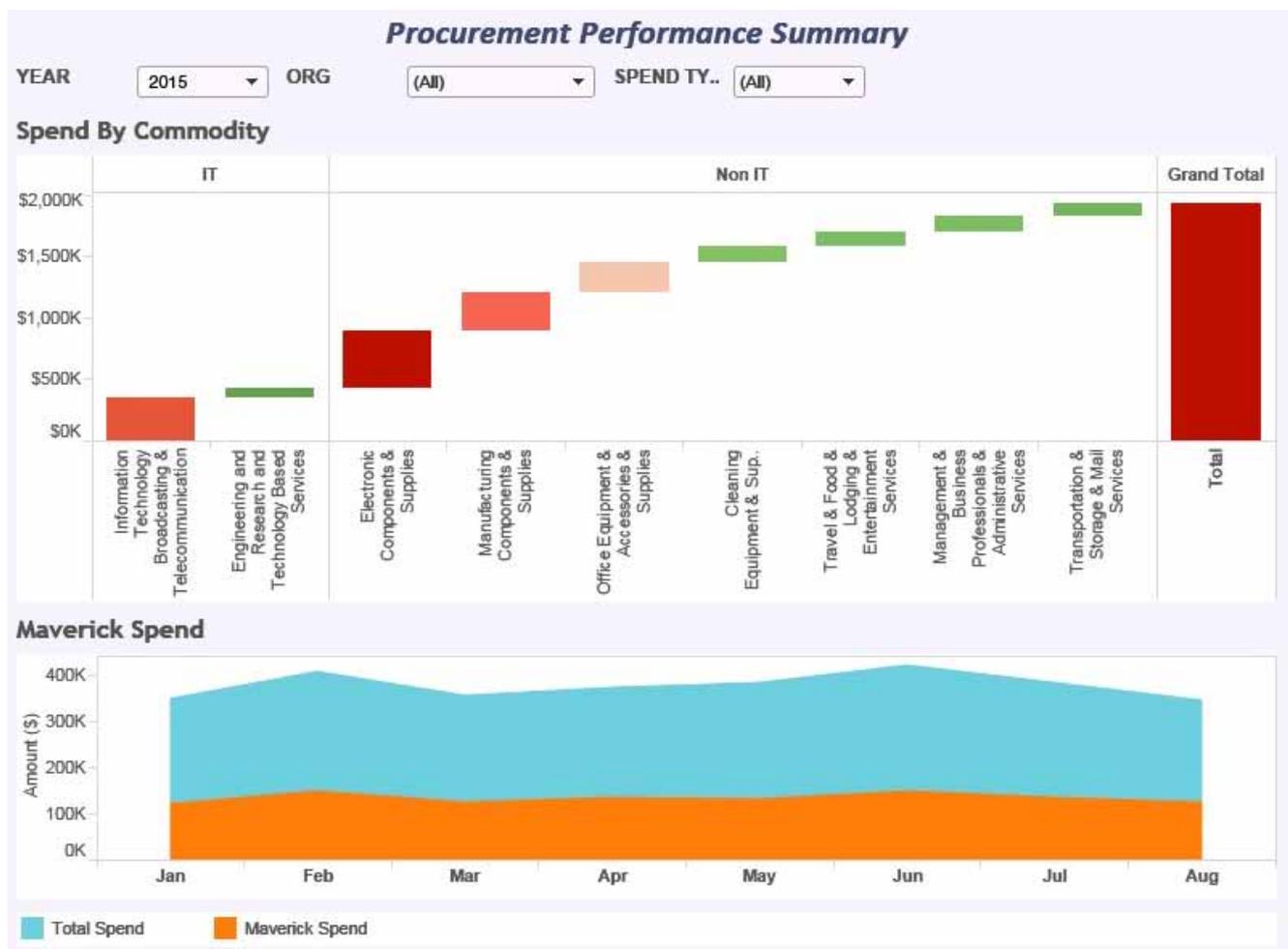
SpendSMART SOLUTION LANDSCAPE



The Procurement Performance and Fraud dashboard displays information related to requisition threshold alerts, contracts and invoice payment mismatch, payment to dropped suppliers, rounding off invoice payments, and duplicate reimbursements.

Procurement performance summary analysis, through a scorecard reporting feature, helps business users to understand the current spend trends through various KPIs including spend by geography, maverick spend, rush POs, and PO bypass, see Figure 2. An overview of spend details are outlined in the dashboard, to identify where the spend is happening, and if any key factors are missing.

Figure 2: Example dashboard providing a summary of Procurement Performance

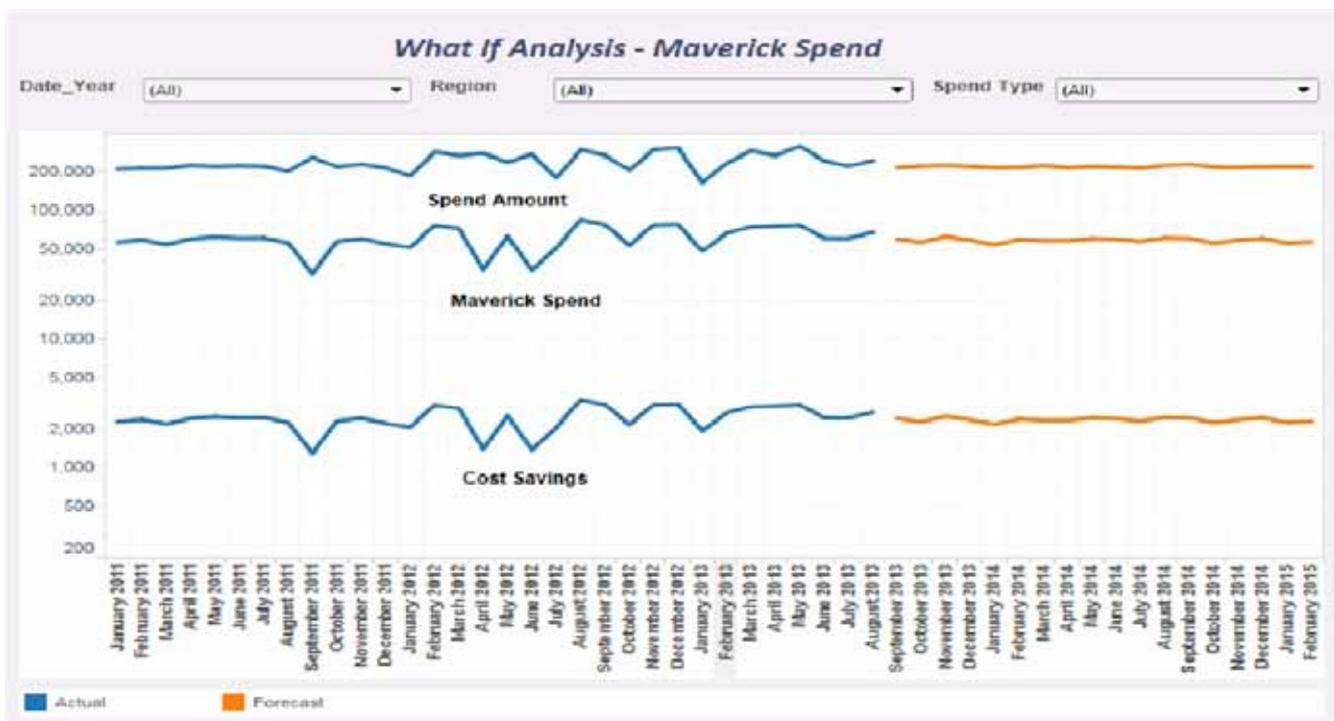


The Supplier Ranking dashboard uses a linear optimization model with configurable parameters to arrive at supplier ranking by commodity and planning. This dashboard provides organizations with the requisite facts to select their preferred suppliers - based on the quality of service, on-time deliveries, and optimal costs. Use of big data also enables an enterprise to block suppliers, for example those who do not exhibit the appropriate business sentiments as evidenced by social media.

The Purchase Price Variance (PPV) dashboard depicts actual and standard cost variances by suppliers, which helps organizations evaluate actual prices from suppliers with standard prices.

What-if Analysis's visualization layer offers an exhaustive list of reports and dashboards, which cater to different customer subject areas and can be accessed through a robust application layer. The What-If analysis dashboard allows the users to manage and analyze spend data on two parameters: 1) % of reduction in maverick spend, 2) % of benefit with preferred suppliers (illustrated in Figure 3). The change in these parameters with respect to maverick spends percent and reduced business percent with non-preferred suppliers allow significant cost saving benefits.

Figure 3: Example of What-if analysis, identifying maverick spend

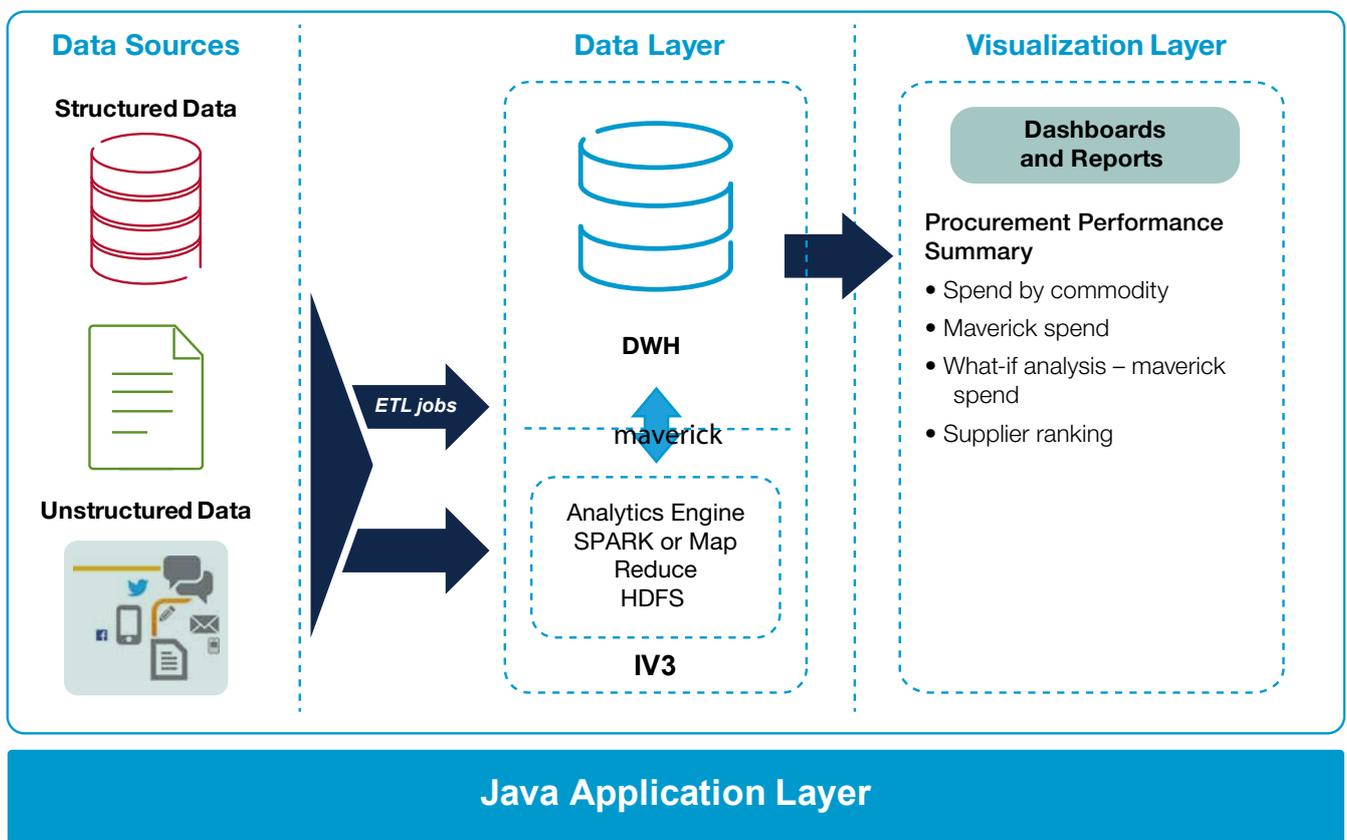


How our solution works

The Data Source extracts both structured and unstructured data from multiple points of origin into a centralized repository. Data integration and storage covers all sources of data at the most granular level and ETL jobs take care of loading data from disparate sources into the data warehouse.

Data exchange takes place between the warehouse and Capgemini's IV3 platform, with data being fed into analytical models and output fed back into the warehouse for visualization and reporting, as illustrated in Figure 4.

Figure 4: SpendSMART architecture – from data to reporting



Our solution is tool-agnostic and using scalable architecture, can be easily customized for any system. It offers a customized rich layer of visualization on the SAP BO platform, and therefore ease of user interpretation. It allows seamless integration through an adapter layer with industry standard transaction systems, such as SAP, legacy, and formats such as .xls, .csv, .xml, etc.

The solution provides big data handling capability with fast response times, and the capability to process multiple spend data sets. It ensures 100% data lineage between data models and reports, and can be implemented in an accelerated period of just weeks.

Benefits delivered

We leverage an in-depth understanding of procurement spend across organizations, along with strong technical and domain expertise to offer the following benefits to clients:

- A unified view of spend data for informed decision making
- More comprehensive view of procurement landscape through use of big data - unstructured and structured data
- Significant cost savings through reduction in maverick spends, non-preferred suppliers and rush POs, and use of analysis of Purchase Price Variances among suppliers and standard market prices
- Identification of best-fit supplier, through analytical modeling and ranking capabilities
- Fraud detection in procurement through intuitive dashboards
- Simplified spend compliance reporting
- A strong foundation for further advanced analytics and data mining across the organization.

Examples of client use cases

SpendSMART is a composite architecture, and standard data model that is suitable for multiple industry verticals. Examples of our work include:

- A leading global medical technology provider for wound healing has implemented Capgemini's spend analytics platform for their global business, across multiple geographies
- A leading American multinational conglomerate, that manufactures equipment for rail transportation, road, marine, mining, drilling, and energy generation industries, has implemented Capgemini's spend analytics platform.

Find out more

In the current cost-conscious environment, investments in Customer and Enterprise analytics solutions will improve decision making and reduce operating costs.

Contact our SMART Solutions team to see how our Customer and Enterprise analytics capability can help maximize your investment in your insights journey.

SMART Solutions team

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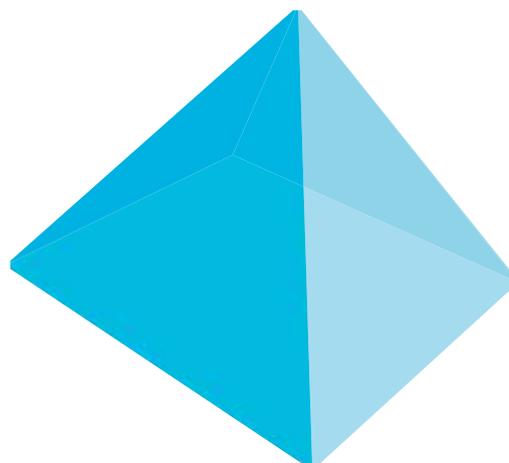
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Capgemini Insights & Data

In a world of connected people and connected things, organizations need a better view of what's happening on the outside and a faster view of what's happening on the inside. Data must be the foundation of every decision, but more data simply creates more questions. With over 11,000 professionals across 40 countries, Capgemini's Insights & Data global practice can help you find the answers, by combining technology excellence, data science and business expertise. Together we leverage the new data landscape to create deep insights where it matters most - at the point of action.

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With 180,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 billion.

Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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