

Supplier Relationship Management Helps Leading Retailer Enhance Efficiency

Capgemini partners with Oracle to help this top retailer realize significant cost savings

The Situation

Faced with difficult macroeconomic conditions in play, a leading retailer offering home improvement products and services outlined a strategic initiative to drive efficiencies across its organization – in distribution, training, technology and expense management. The company selected Capgemini for the mandate owing to its strong industry and solution footprint. Capgemini was to undertake a holistic Supplier Relationship Management (SRM) transformation, supporting continual improvement and ongoing success.

The Solution

The solution was based on Oracle's PeopleSoft Enterprise supplier relationship management which is an integrated suite of procurement applications that dramatically cut all supply management costs. In the retailer's case it included

integrating PeopleSoft eProcurement (Catalog Management, Strategic Sourcing, Contracts, eSupplier Connection and PeopleSoft eSettlements) with the retailer's existing Oracle PeopleSoft Enterprise Financial Management applications.

Improving procurement processes and technologies were identified as areas for driving immediate savings. However, the retailer was using an older version of financial management applications that did not offer native best-in-class procurement functionality. The retailer elected to deploy the latest version of SRM with its existing financials to derive benefits from rich functionality, short time to value as well as an infrastructure that offered integrated

“The program to date has achieved better than a \$4M ROI and will continue to grow as the users get more comfortable with using the system.”

PMO Director & Program Manager



People matter, results count.

procurement and financial management. The implementation required approximately 85 interfaces between the two application versions, several of which required significant expertise to design and implement. This leading-edge implementation involved tight collaboration between the team members from the retailer, Oracle and Capgemini.

The Result

During the solution design and delivery, many of the retailer's complex business processes were refined and made more efficient through adoption of leading practices, training of resources and automation with the PeopleSoft Enterprise supplier relationship management applications. The end-to-end procure-to-pay lifecycle was simplified and streamlined, paving the way for significant cost reduction amounting to millions of dollars per year.

Some of the tangible results achieved by the retailer include:

- Improved compliance to approval processes
- Improved compliance with contracts
- Lower requisition-to-order costs
- Reduced maverick spend
- Reduced requisition-to-order cycle time
- Improved visibility into spend
- Rationalized supplier base
- Exceeded ROI versus plan to date

How the Retailer and Capgemini Worked Together

The Spend Management Program was driven by the retailer's cost reduction committee, which reported to senior management and included executive sponsorship at the CXO levels. The committee reviewed available options and chose to supplement the company's existing PeopleSoft Enterprise Financial Management applications with PeopleSoft Enterprise supplier relationship management due to its rich functionality, which closely aligned with the company's requirements. Capgemini was selected as the systems integrator of choice based on the cross-industry SRM experience, PeopleSoft Enterprise integration capabilities, collaborative and tool-based accelerated business

process mapping, and a thorough understanding of the organizational change management strategies needed to assure long-term success. With a long and successful track record with the retailer, Capgemini was tasked with managing the project, working with the retailer to define future business processes, completing the technical installation, integration and functional configuration, as well as supporting necessary organizational change management across corporate departments and retail outlets.

In addition to the team from Oracle and Capgemini, the project team also involved a highly interdisciplinary group of the retailer's staff from IT security, infrastructure, DB administration and project management, as well as business operations representatives from customer service, procurement, accounts payable, and training. The Capgemini project team included onshore and offshore resources.

The implementation of an end-to-end order management solution enabled self-service employees to initiate workflows to get requisition approvals and receive and complete orders. This automation significantly reduced paper flow and the turnaround time for purchase orders while ensuring strict adherence to corporate standards. Vendor self service allowed vendors

to submit advance shipping notices, invoices and also empowered them to update some of their administrative information. This resulted in increased invoice accuracy, decreased time and overhead for invoice receipt and processing, resulting in overall cost-effective operations for both the vendors and the retailer. Employees of the retailer were also empowered with access to the vendor's latest best products and prices. The new reporting capabilities provided significantly better visibility into spending and vendor value, leading to better operational and strategic management.

In future, the retailer will increase contract purchasing while benefiting from the strategic sourcing functionality that reduces internal overhead of managing multiple RFPs, auctions and other procurement requests.

Ongoing Value

The SRM implementation provides the underlying foundation to support the retailer's greater Spend Management Program. The company will continue to evolve its processes and employee and vendor compliance using this SRM functionality.



About Capgemini and the Collaborative Business Experience™

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called

Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion and employs over 112,000 people worldwide.

More information is available at www.capgemini.com

Capgemini US
Retail
Oracle PeopleSoft Solution
Supplier Relationship Management

Approved by
Gary Coggins
Vice President/Account Executive
Capgemini