

# Procurement Outsourcing

## Driving Innovation & Efficiencies

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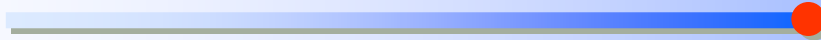


## Agenda

- ⇒ **The Procurement Outsourcing Marketplace**
- ⇒ **Optimization & Total Cost of Ownership**
- ⇒ **Demand Management Vs. Strategic Sourcing**
- ⇒ **Tangible Benefits**

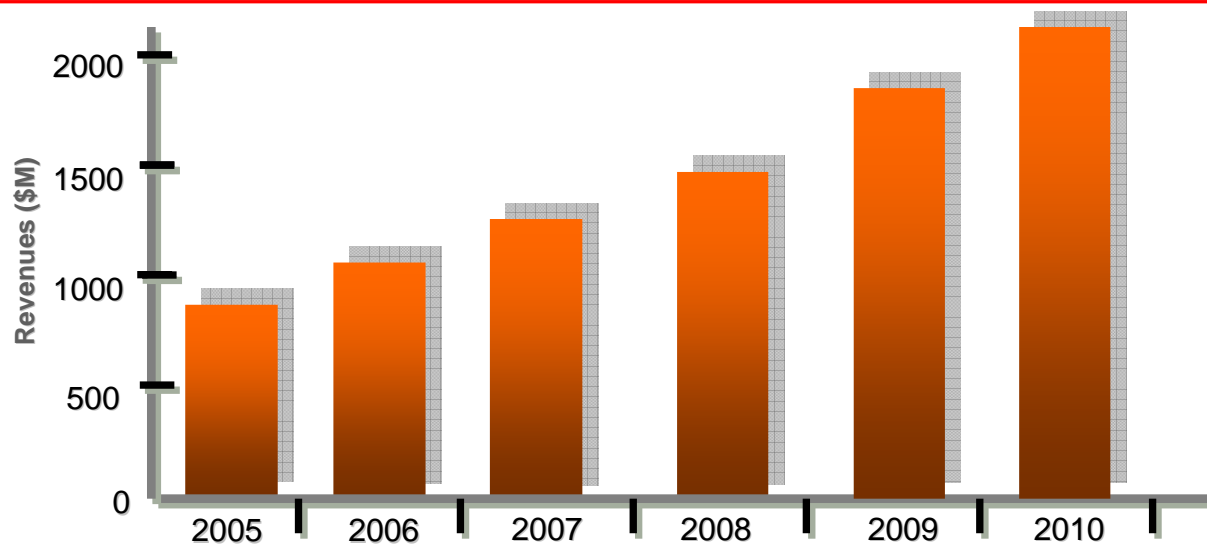


# The Procurement Outsourcing Marketplace



## BPO TRANSACTIONS > \$25M [2006]

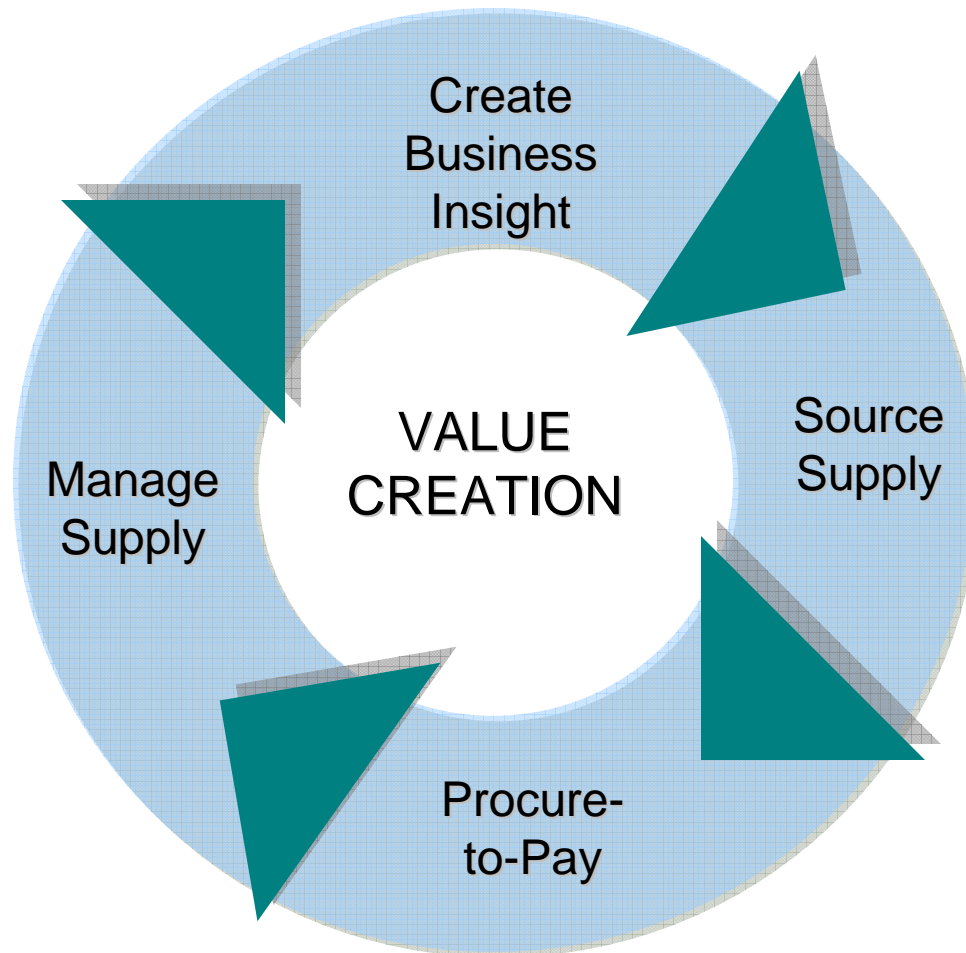
	# of Contracts Awarded	% Change From 2005	Av. TCV
CRM	24	50%	\$96M
DM	14	600%	\$75M
F&A	22	69%	\$72M
FSO	45	42%	\$132M
HRO	34	6.25%	\$124M
<b>PROCUREMENT</b>	<b>12</b>	<b>140%</b>	<b>\$94M</b>



Source: Worldwide Procurement BPO Spending © IDC & US BPO 2006-2010 Forecast.

# With An Ability To Drive Business Outcomes





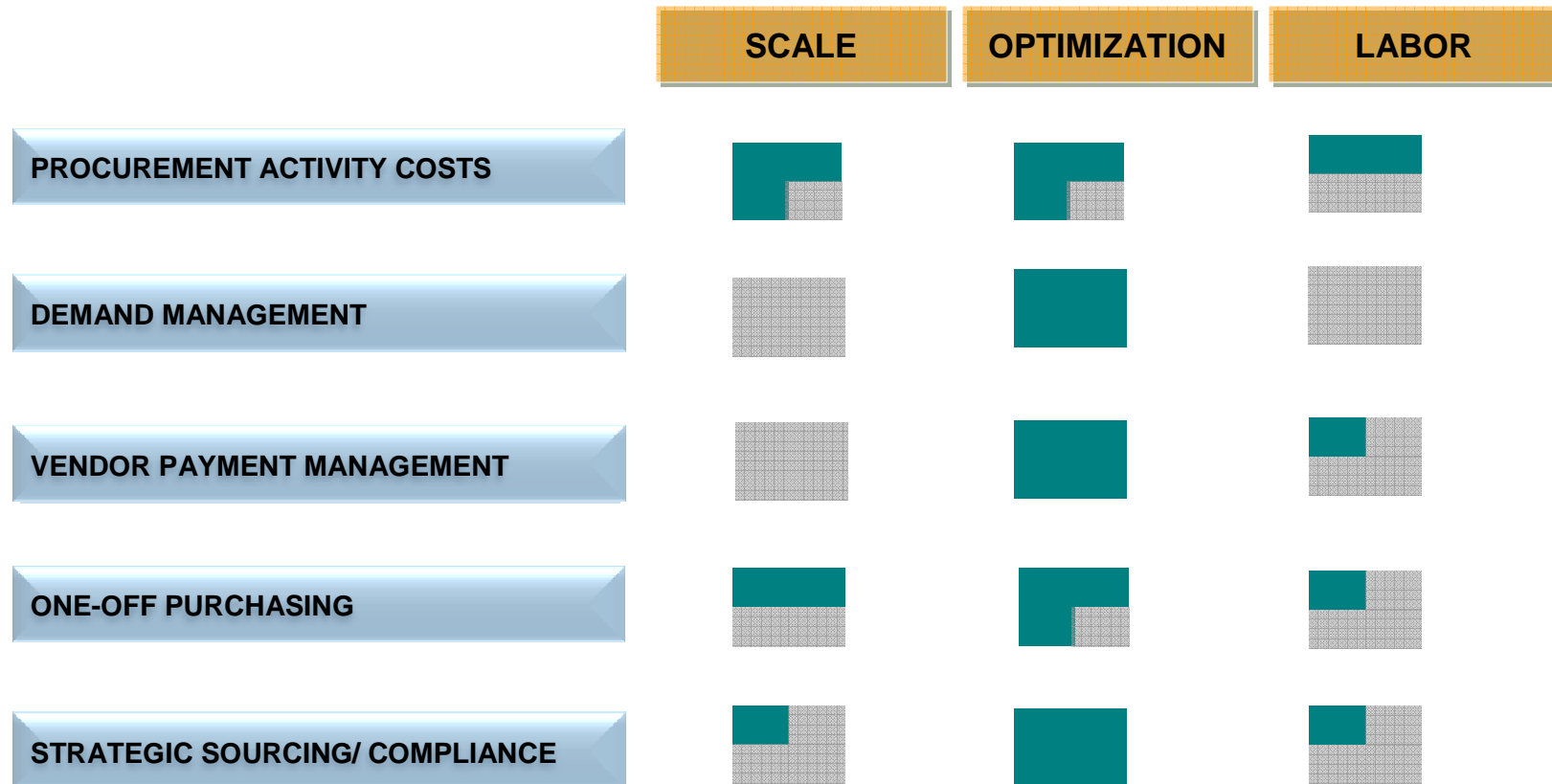
### **Business Insight**

- Establish Addressable Spend
- Create Sourcing Strategy
- Support Continuous Improvement
- Measure Effectiveness

### **Sourcing Supply**

- Approach Remains Strategic
- Solutions To Enable Value Creation
- Supplier Rationalization
- Cycle Time & Demand Mgmt

**SAVINGS IN SPEND + COMPLIANCE + INSIGHT = SUSTAINABLE VALUE**





## Optimization & Total Cost of Ownership

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## FLEXIBLE REQUIREMENTS

- Items
- Specifications
- Quantity
- Due Dates
- Proprietary Attributes
- Total Cost Formulae

## PURCHASING POLICIES

- Budget limits
- Award Splits
- Switching Costs
- Contractual Obligations
- Preferred Suppliers

## SUPPLIER BIDS

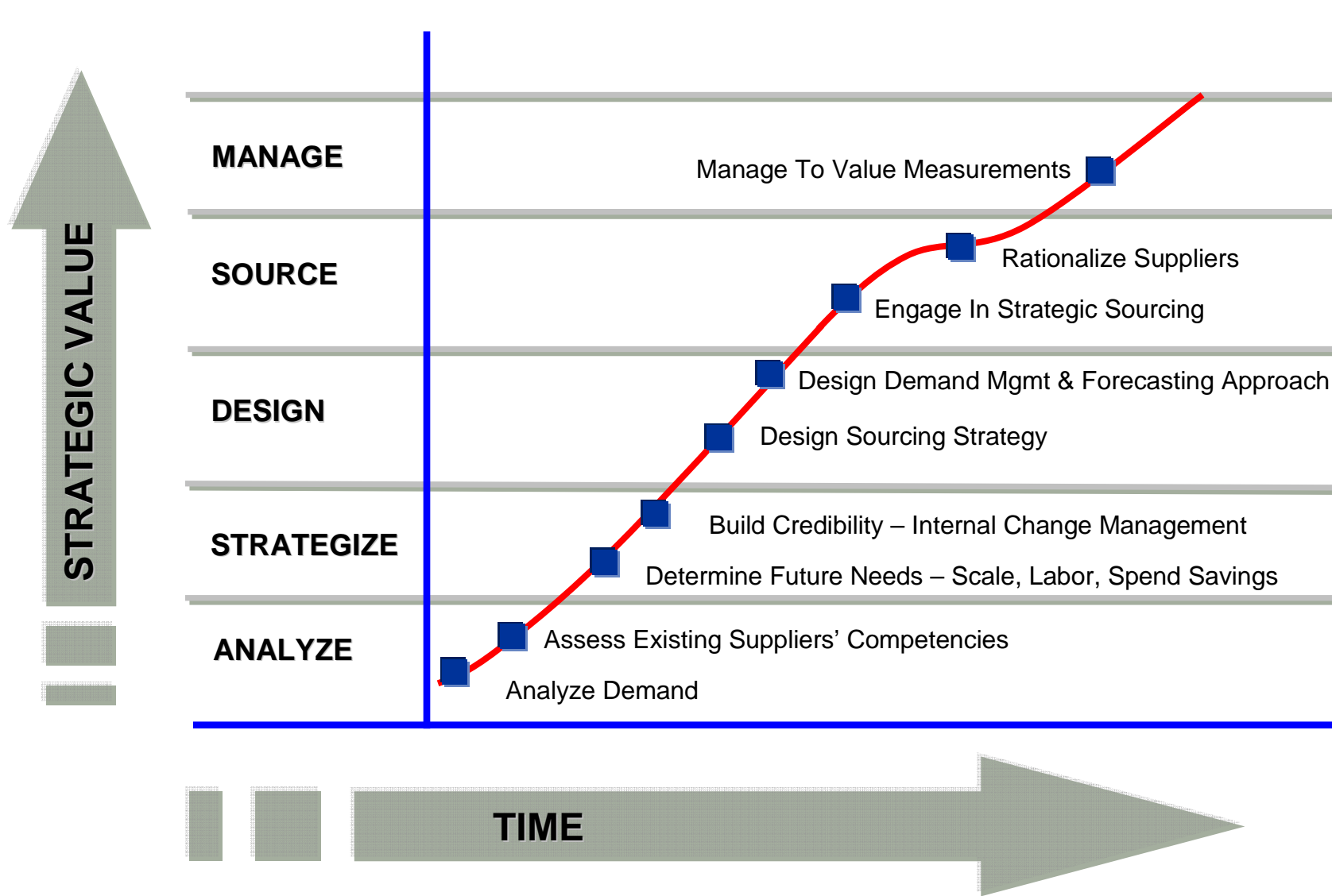
- Bundling
- Multiple Price Breaks
- Rebates & Penalties
- Substitutions
- Quality & Quantity Ranges
- Multiple Delivery Locations

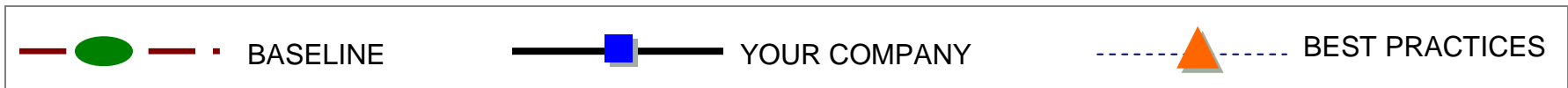
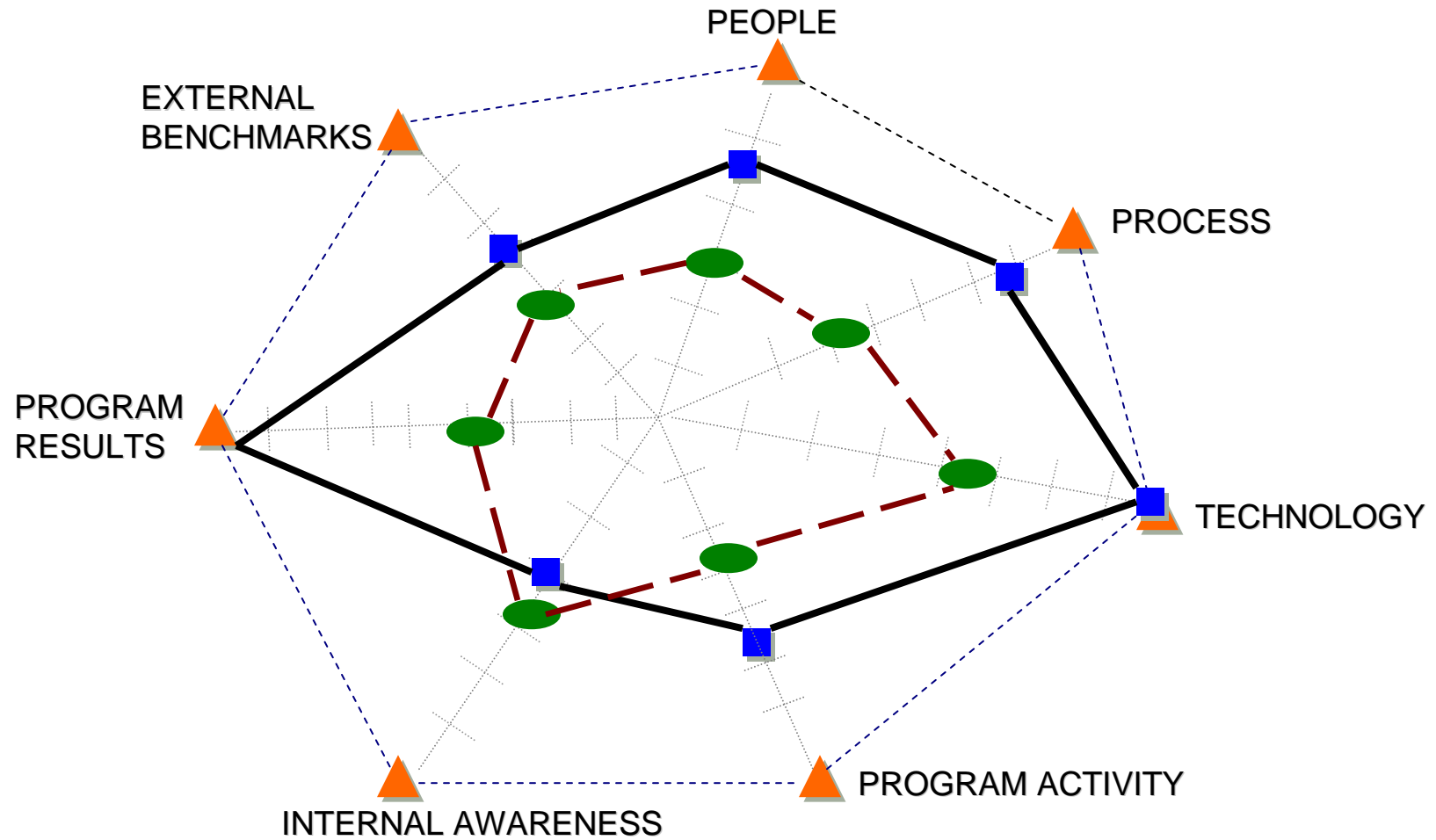
## SUPPLIER RATINGS

- Qualifications
- Quality & On-Time Delivery
- Delivery Model Flexibilities
- Item Attributes (e.g. Tolerance)
- Security & Recovery Strategies
- IP & Competencies



Minimize  
Total Cost  
of  
Ownership  
(TCO)



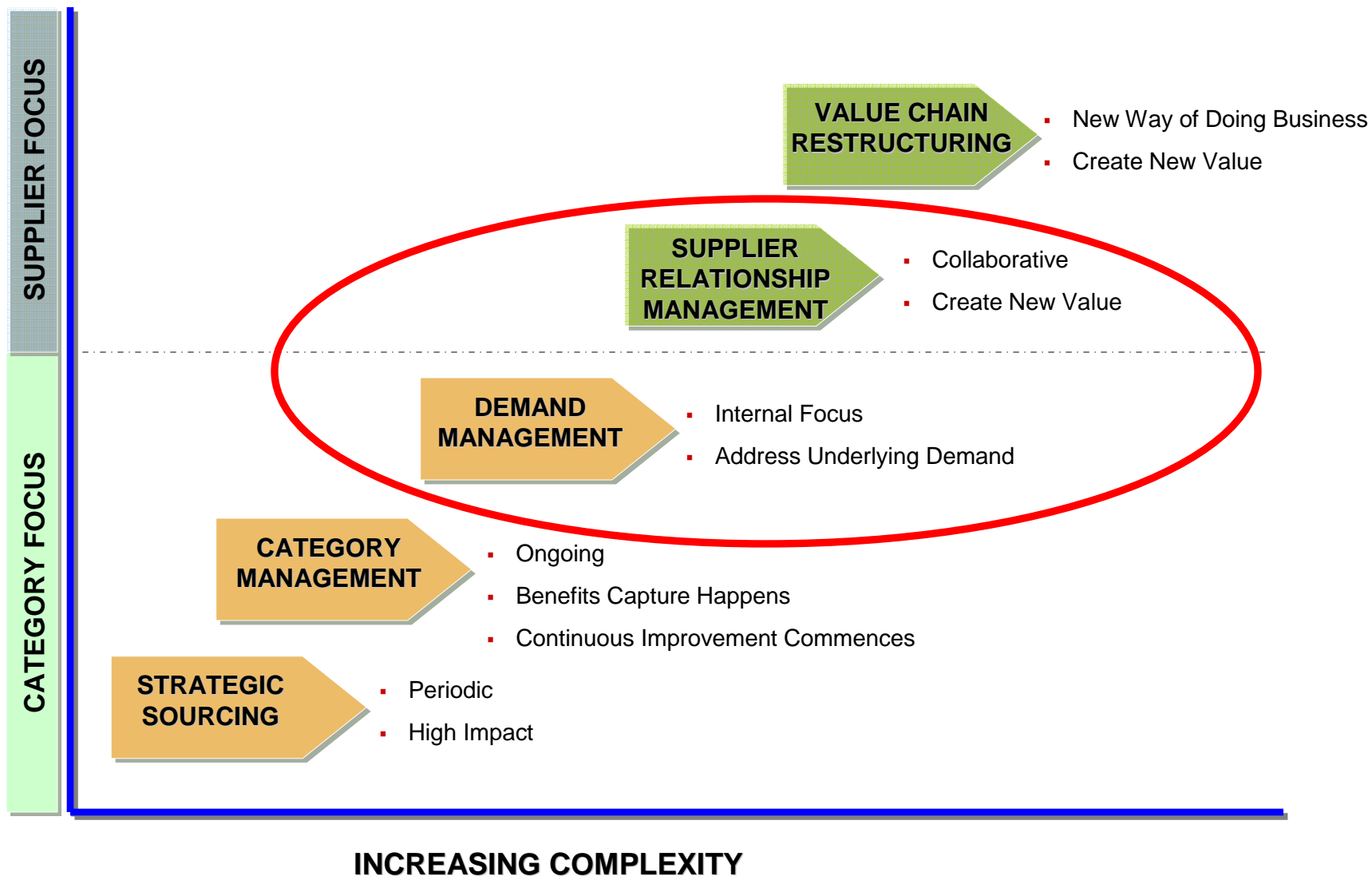




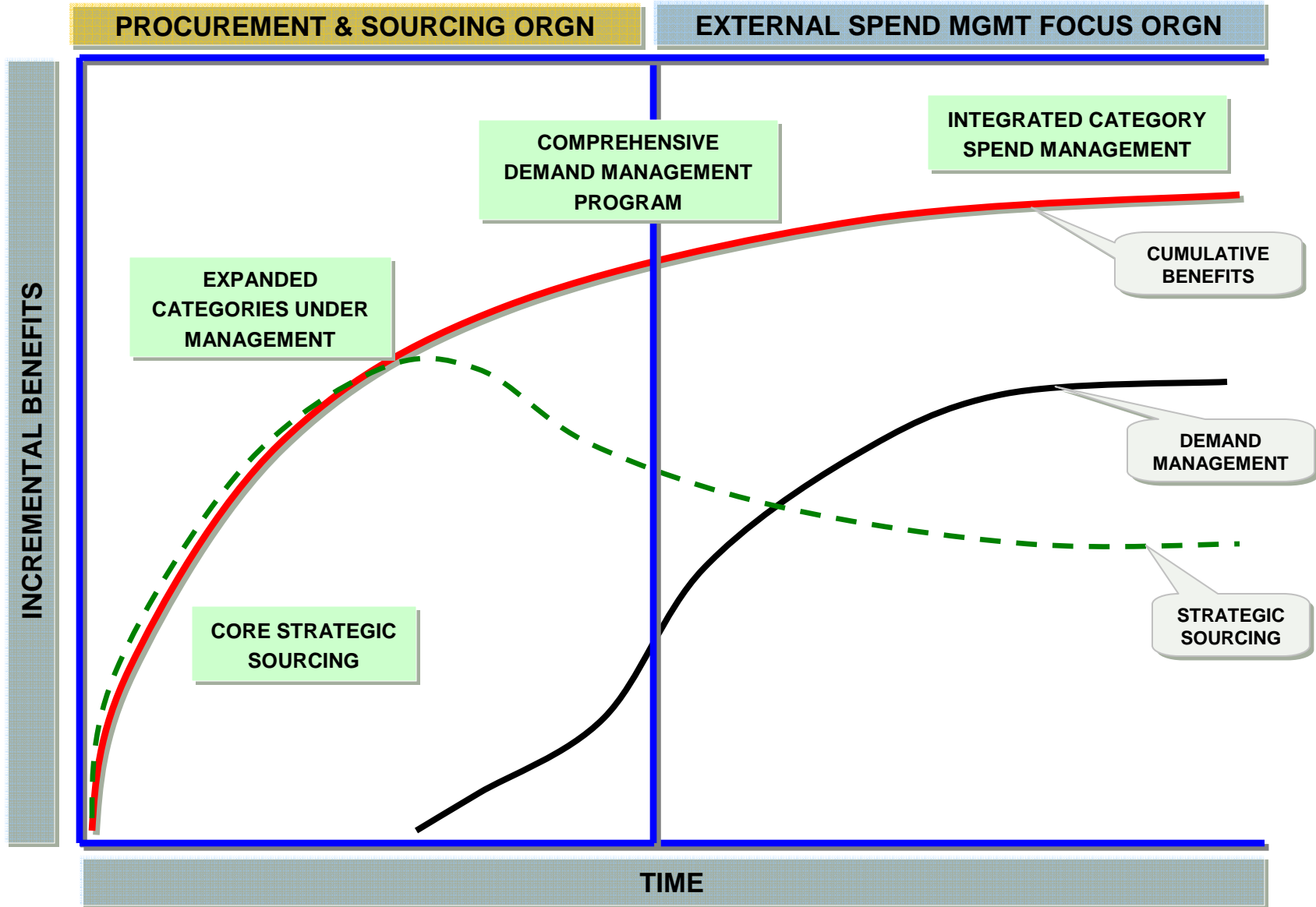
# Demand Management & Strategic Sourcing

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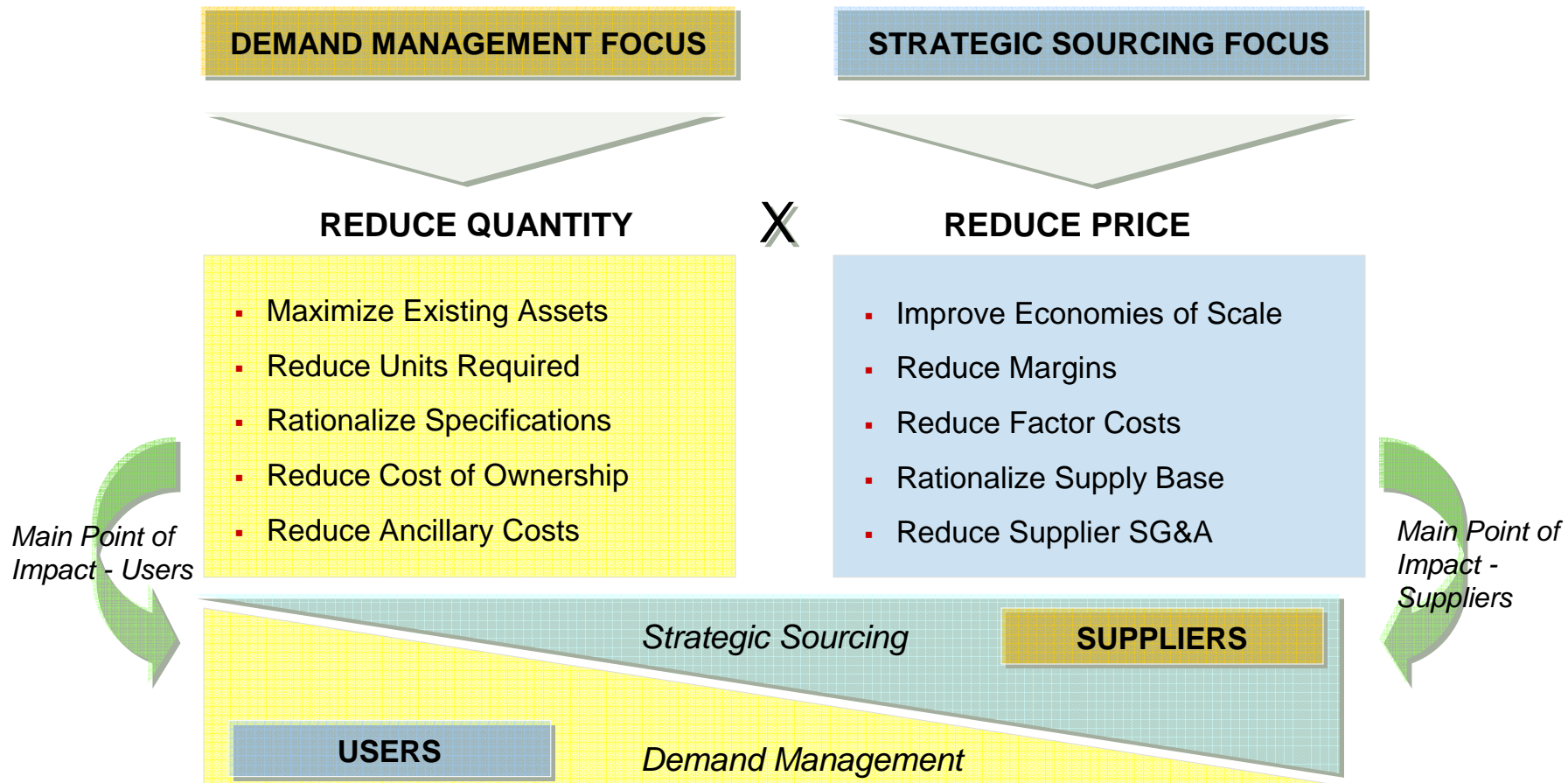
# Creation & Capture of Value Needs A Strategic Approach



# Forcing Procurement Sourcing To Include Demand Mgmt



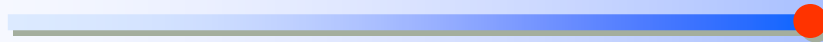
# Where Complementary Nature Addresses TCO



**BOTTOMLINE SAVINGS & COSTS AVOIDANCE ACHIEVED**

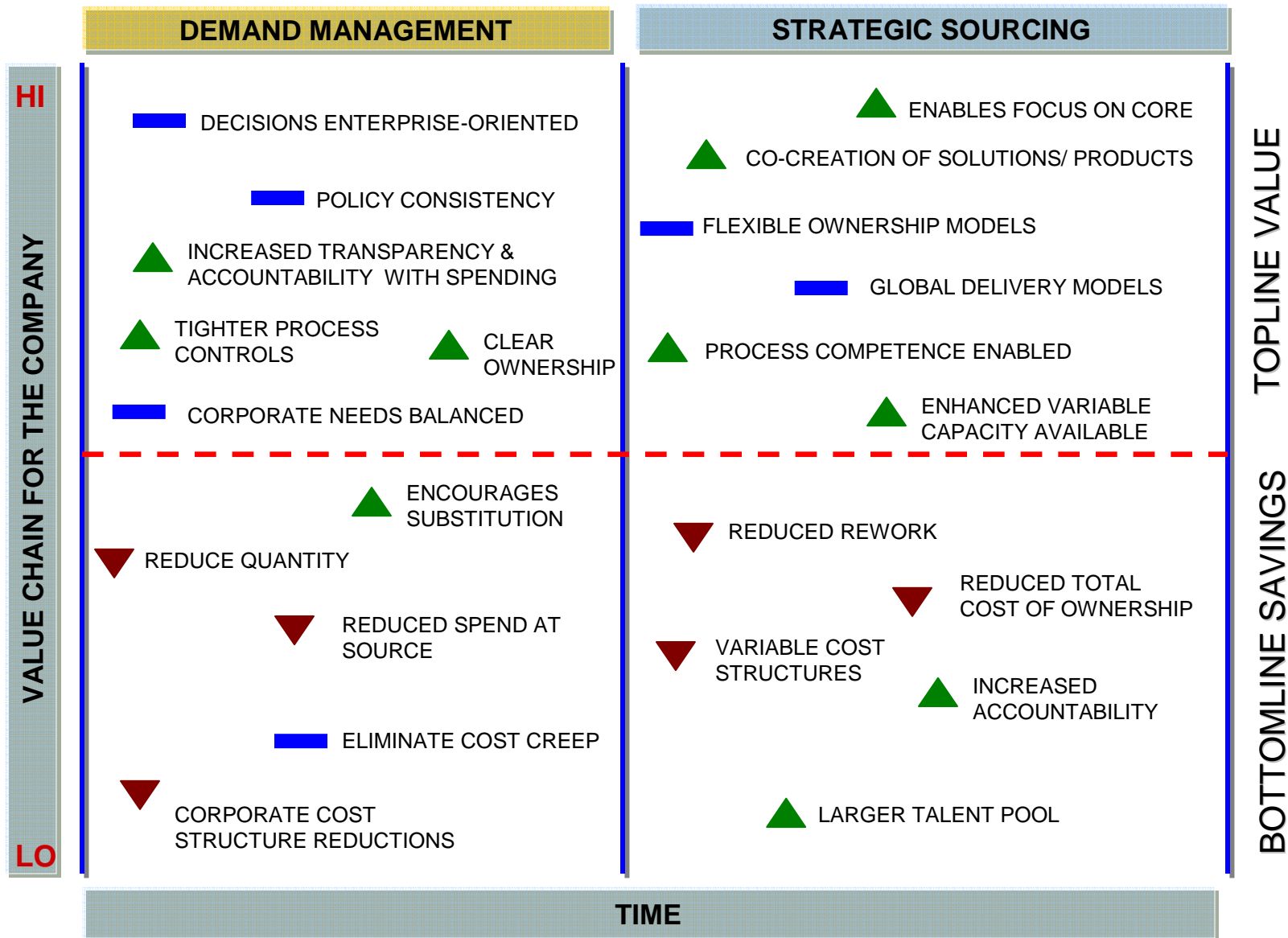


## Tangible Benefits





# TCO Reduction & Competence Enhancements





Thank You

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