



## Advanced Sourcing Services

### Market Trends

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According to an Aberdeen Study, “4 in 5 Fortune 1000 companies have tried e-sourcing tools” in the past, however “only 1 in 5 have gone beyond price-focused eRFx and reverse auctions to tackle more complex spend categories”.

Statistics have shown that savings resulting from sourcing events are typically higher if an advanced sourcing strategy is utilized – on average 12% higher – compared to traditional RFx and downward auctions. To determine the optimal strategy for a sourcing project, best-in-class sourcing organizations are utilizing the full breath of available e-Sourcing tools. Furthermore, one third of CPOs stated goals to increase investment in advanced sourcing tools to accelerate savings for their organizations.

### Customer Challenges

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Driven by ever-increasing competitive pressures and savings targets, companies well versed in eRFx and auctions are taking eSourcing to the next level by fully embracing all capabilities their Sourcing software has to offer. Barriers to be removed on the way to becoming a best-in-class eSourcing user include:

- Aggressive timelines to realize additional savings
- Loose interpretation of advanced sourcing definition
- Lack of prior measurements on savings success based on sourcing method
- Steep learning curve for procurement team members

Utilizing a proven advanced sourcing methodology will function as insurance to increased savings.

### Customer Case Study

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#### Customer Background:

- \$100 B global high-tech company
- Very experienced users of e-RFx and downward auctions
- Due to competition in industry, strong focus on savings acceleration

#### Customer Challenges:

- Knowledge: While client team members were very versed in executing regular downward auctions and were highly familiar with Ariba’s Sourcing site, most of them had never observed or completed advanced sourcing projects.
- Learning Curve: Learning to use advanced sourcing methods takes longer than regular eRFx and auctions, therefore stronger focus on training and ongoing support was required.
- Global communication: In order to rapidly achieve savings targets, global rollout across multiple business divisions was necessary.

### Ariba Expertise

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Ariba is the world’s preeminent sourcing organization, with extensive experience providing sourcing guidance and execution, category knowledge, project execution support and performance improvement services to companies around the world.

Ariba provides sourcing project guidance and execution to clients ranging from regular downward e-sourcing auctions to complex negotiation models including Total Cost Analysis (TCO), Tiered and Matrix Pricing, Forward Auctions, Multi-Currency RFP and Auctions, Net Present Value (NPV) and Optimization.

### Ariba Approach

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Ariba employs a proven structured approach to support clients with acceleration of their savings targets by deploying an advanced sourcing program consisting of:

**Program Mission and Objectives Development:** includes mission and objectives articulation, alignment with corporate objectives, guidelines for success measurements, governance and reporting model

**Advanced Sourcing Training:** comprehensive training in all advanced sourcing methods including case study discussion

**Advanced Sourcing Change Management Plan:** Knowledge transfer and rollout plan to rapidly enable all global procurement team members

**Advanced Sourcing Support:** ongoing project specific advanced sourcing strategy decision and execution guidance

#### Ariba Solution:

Ariba deployed Advanced Sourcing Program, including creation of strategic objectives, change management plan, Advanced Sourcing training methodology and Advanced Sourcing project execution support.

#### Impact:

- 150% increase in use of advanced sourcing methods within first 6 months of program
- 10 Global Advanced Sourcing Masters trained – providing support to other team members
- 50 Global Sourcing team members trained
- Ongoing Ariba support to sourcing project execution teams