



International Purchasing Office Acceleration Services

Market Trends

Approximately 48% of the world's large companies have established International Purchasing Offices (IPOs). This figure is typically higher in the automotive, industrial manufacturing and technology sectors due to the history of cost pressures.

However, while "cost reduction" is still ranked as the number one driver for off-shoring decisions, experience has shown that the complexities and risks of sourcing, contracting, and managing supplier relationships multiply when conducting business across borders. To more effectively manage their business and fully realize the benefits of their global sourcing strategy, organizations across a variety of industries have established, or plan to establish, IPOs.

Customer Challenges

Though deceptively simple in concept, establishing an IPO is a complex undertaking that goes beyond finding an office and recruiting a team. Many businesses find themselves faced with a multitude of challenges including:

- Uncertainty of business case and ROI considerations, combined with minimal knowledge of the intended low cost country/region
- Lack of leverageable processes and procedures
- Limited insight into IPO best practices or industry benchmarks
- Lack of available resources to staff the project
- Aggressive timelines and a need for immediate, interim sourcing support

Analyst research indicates that using a third party can significantly decrease time-to-realized savings, while minimizing risk and lowering overall costs.

Customer Case Study

Customer Background:

- \$8B global consumer goods company
- Strong history of purchasing from China by US team
- Seeking to improve processes and ensure new IPO team is smoothly integrated and valued by US teams
- Primary IPO functions: supplier research & identification, supplier development, supplier auditing, regional and supply market expertise, and logistics management

Customer Challenges:

- Change management: skepticism from current team members regarding value and ability of new IPO team
- Knowledgeable resources: while supply market knowledge was strong, knowledge of regional considerations for establishing an operation in China were not
- Speed: the new office would be comprised of 95% new team members that had yet to be recruited, and would have to begin executing work immediately
- Global communication: business requirements necessitated short lead times on information flow between the US and the new IPO team

Ariba Expertise

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

Ariba is itself, a world class global purchasing organization with international purchasing offices in low cost regions around the world. We are uniquely ISO 9000 compliant, with globally standardized processes that are fully supported by, and integrated with, our technology solution, allowing us to easily share information on-demand, globally. In addition to our own experience as a trusted advisor to half of the Fortune 100, and we have developed a deep understanding of IPO operations, best practices, and lessons learned.

Ariba Approach

Ariba employs a proven structured approach in identifying our customers' IPO needs and translating them into an IPO strategy and execution plan with the following elements:

Organizational Development: includes strategy articulation and business case development, structure, governance, recruitment planning & execution support, retention planning, processes & governance development, continuous improvement, company set up (registration) & facility planning

Technology & Enablement: assess need & integration plan

Capability Building: training & knowledge-transfer

Sourcing Support: training vehicle as well as to ensure business requirements are supported during IPO build out

Program Management: reporting, project management, global coordination, resource management & change management

Ariba Solution:

Ariba employed our IPO Acceleration Program methodology and local resources to successfully execute against a 12-month project plan.



Impact:

- 90% of staff hired and trained by month 7 of project plan
- Processes standardized and integrated in Sourcing platform
- On boarding and training programs adopted by corporate for rollout throughout company
- Technology enabled 24/7 on demand access to information by US team members
- Customer requested Arriba to map & review US processes