

Cost Reduction through Sourcing



Client: International Mining Group

Size: 20 000+ Employees

Project: Sourcing

A Global Mining Group engaged Xoomworks to localise and embed its new Sourcing solution and start delivering savings through a programme of events

The Challenge: Tailor a new solution and quickly deliver savings

Our client had recently purchased and deployed a number of sourcing, contract, and supplier performance management solutions. Although the initial platform had been deployed internationally for the group, professional services and training were required to localise the platform to follow the African's regional policy framework and to ensure the new system and processes were fully embedded and used within the organisation.

Phase one focused on policy and process alignment followed by in-depth training and coaching on how to make the most of it. Phase two provided further support in successful adoption of the platform through the execution of six events.



The Solution:

Phase 1: Process, policy and technology alignment

It was essential for Xoomworks to understand all the relevant sourcing business processes and policies. The first step was to ensure that the platform was configured in alignment with regional and organisational policies and procedures. Xoomworks completed a gap analysis followed by a short project to ensure platform compliance to local trading.

For example: In contrast to many African countries, the Bank of Ghana had recently submitted a public notice to local institutions against the use of foreign currency in

their dealings and declared the Ghana Cedi the only legal tender. As a result of this and due to the volatile nature of the currency, real-time exchange tables had to be incorporated into the local sourcing platform.

Internal training:

Internal training was developed and delivered in a class-room environment and consisted of a combination of instructor-led, lab exercises and assessments. In total more than 40 users were trained in the initiation and execution of the tactical sourcing events on the platform.

External training:

External training for 60 key suppliers was also delivered in a classroom. Following this, all suppliers were required to successfully place dummy bids in test events in order to participate in a live event.

Phase 2: Event preparation & Execution

Following development of a sourcing roadmap with the client, Xoomworks conducted six events to demonstrate the effectiveness of the sourcing platform and to train in the intricacies of how to create a competitive environment.

Commodity	# Of Suppliers	# Of Line Items	Base Line	Best Price Achieved	Project Savings	Project Savings %
Stationery	07	135	£57,993	£35,320	£22,672	39%
Metal Plates & Steel	14	161	£340,110	£233,980	£106,129	31%
Welding Accessories	22	118	£424,315	£285,608	£138,706	33%
V Belts	11	162	£35,422	£32,411	£3,011	9%
Hardware & Tools	56	355	£650,600	£250,196	£445,403	68%
Nuts & Bolts	20	206	£141,178	£100,143	£41,035	29%
	130	1137	£1,649,621	£892,662	£756,959	46%

Xoomworks Sourcing Services

Our sourcing offering allows for a tailored set of defined services for the areas where you need the most support, ranging from simple programmes of e-auctions to complex category management.

Category coverage:

Our consultants have managed over £1 billion through events, saving over £130 million in a broad range of direct and indirect categories for growing and established organisations.

Xoomworks brings category, process and system expertise to achieve greater savings at a faster rate.

Additionally, our transactional expertise helps ensure the savings you've achieved on contract are delivered through to the business and reach the bottom line.

Direct	Indirect			
Over £700m sourced	Over £500m sourced			
Raw Materials 5-9%	Advertising & Marketing 8-20%	Office Equipment 7-25%	Professional Services 5-12%	Travel 5-10%
Goods For Resale 4-14%	Promotional Products 10-20%	Stationery 5-12%	Temporary Labour 8-18%	Fleet 10-15%
Packaging 5-11%	Training 7-15%	Print 6-18%	Facilities & Warehousing 5-21%	Transport & Logistics 8-17%
Equipment & Machinery 10-45%	IT Hardware & Peripherals 10-22%	Telecomms 6-14%	Fuel 5-10%	Utilities 6-15%
Total Savings: Over £130m				

“Working with Xoomworks has enabled us to generate significant savings out of our Ariba investment.” Head of Supply Chain

Our Results

While we have saved our clients over £130m, it's not always just about cost savings - the results must be sustainable.

Both our approach and our fees are structured to encourage this:

Our approach is collaborative meaning our expertise is transferred to your team, up skilling them and making them more self-sufficient.

As transactional experts, we also advise how to capture the savings, so they become more than just paper-based.

Our fees, unless specifically requested, are not based on percentage of savings achieved, meaning supplier assessment and award can objectively consider non-cost metrics.

There are a number of case studies on our website with greater detail from a small sample of our successes.

Industry Experience

As well as a broad range of categories, we work across most industry sectors, including:

- Pharmaceuticals
- Financial Services
- Retail
- Media & Entertainment
- Utilities
- Travel
- Mining
- Automotive
- Aerospace
- Oil & Gas
- Public Sector
- Property
- Manufacturing
- Communications
- Professional Services
- Hospitality
- Food & Beverages

About Xoomworks

Xoomworks is a niche consultancy and outsourcing company that specialises in Procurement and Business Intelligence. Staff are based in UK and Europe and consist of technical, business and behavioural consultants, and senior procurement staff. Our Complete Procurement proposition addresses both the mechanics and behaviours of Procurement that drive the greatest value for organisations.

Interested in finding out more about Xoomworks Procurement?

Call us now on +44 20 7400 6120 or send an email to procurement@xoomworks.com www.xoomworks.com/procurement

Procurement Leaders
Finalists

