

***ISG** Provider Lens™
PROCUREMENT BPO AND
TRANSFORMATION SERVICES



Supply Chain: Procurement Support Services

Case Studies

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Your one-stop procurement support partner for effective execution and optimization

Nexdigm Procurement Support Resources



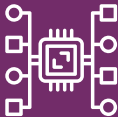
Support to Category Managers

- ✓ RFx (RFP, RFQ, RFI, etc.) Support
- ✓ Other Strategic and Tactical Support



Overall Procurement Organization Support

- ✓ Periodic Activities and Strategic Initiatives Support
- ✓ Project Management for Internal Initiatives



Category Management

- ✓ Managing a Category/Sub-category

Category Management Support: Running Online and Offline RfX Process



Services offered

- Support RfX process online (E-Sourcing tool) and offline
- End-to-end support from scheduling, planning, analytics to insight for supplier selection and award

Challenge

- The operational task of running the RfX process takes a lot of bandwidth of the Category Manager
- It also causes a delay in going to the market for sourcing critical raw materials
- The RfX process was not standard and efficient, resulting in more effort and time

Impact

- Timely and efficient RfX process resulting in cost savings
- Category Manager's bandwidth released to focus on strategic activities



Solution

Running end-to-end RFX process online (E-Sourcing tools such as scout etc.) and offline:

- Pre-sourcing event data management
- Pre-event roadmap preparation
- Sourcing event set up and publication
- Running the sourcing events
- Evaluation and award
- Negotiation script preparation
- Activity management till award
- Data consolidation and award file creation
- Leadership reporting



Case Highlights

Managed RFX of:

> \$1.2 Billion sourcing spend

> 5000 Raw Material SKUs

Category Management Support: Supplier Coordination, Focus Area Identification, and Negotiation Support



Services offered

Data Validation and Analytics, Offline RFQ Analysis, Supplier Negotiation Support

Challenge

Objective: Procurement for nine different sub-categories with 1600+ unique line items and a supplier base of >60 suppliers

Process Issues:

- Non-standard bidding templates and bid award creation processes
- Intensive manual process, with a requirement of supplier validations, creating challenges to fill gaps in procurement volumes
- Category Managers needed precise insights on prices and volumes for carrying out effective negotiations with suppliers

Data Issues:

- Historically inaccurate supplier qualification status, purchased volume records, and contract award prices
- Erroneous classification of raw materials under sub-categories, specification numbers, and trade names
- Inaccurate details filled by suppliers in emails and bid files

Impact

- Seamless offline bidding process held with a portfolio of 60+ suppliers for 1600+ with raw materials
- Reduced error filling of bid files by suppliers leading to a quick mapping of prices and feedback to suppliers
- Identification of cost reduction areas by analysis of top spend suppliers
- Savings of \$1.8 Million achieved post negotiations based on the insights provided to Category Managers through bid analysis



Solution

Review and Reconciliation of historical data

- Improved data hygiene through correct classification of raw materials under sub-categories
- Preparation of approved supplier list basis region
- Cleansing and consolidation of historical award files to compute inflation with the last paid price

Process Optimization

- Designed a reference model with unique IDs for each chemical line item to prevent mismatch
- Standardized process for RFQ analysis across all regions, suppliers, and chemical sub-categories with unique IDs
- Training and support to suppliers on how the bid file has to be filled with accurate information

Supplier Coordination

- Prepared supplier-wise customized bid files and handled communication with suppliers
- Build a supplier tracker dashboard for a portfolio of 60+ suppliers for Category Managers

Supplier Negotiation Support

- Market study for key feedstock materials' price trends and preparation of should-cost modeling
- Scenario design and formulation to compute the best, minimum and incumbent supplier price
- Advanced analytics support to calculate excess spend, inflation from last paid price, deviation from best price, price deviation across geographic locations, etc.
- Preparation of supplier talk scripts for Category Managers, supplier feedback documents and award files
- Timely highlights and insights on high-risk single sourced raw materials through market and supplier analysis



Case Highlights

Savings of \$1.8 Million achieved post negotiations based on the insights provided to Category Managers through bid analysis

Identified opportunities for further exploration for the excess spend of > \$8 Million



Procurement Optimization and Tail Spend Reduction



Services offered

Procurement Analytics, Opportunity Identification, and Project Management

Challenge

- **Reactive approach to supply issues:** Transactional relationships and complex supply networks resulting in higher costs, delays, and process inefficiencies
- **Long tail:** Large number of tail end suppliers, 50% distributors and 40% manufacturers supplying 1-2 materials
- **Lack of agility in supply:** 50% of imported pharmaceutical raw materials with higher Lead Times and Minimum Order Quantity (MOQ) restricting the agility and resiliencies in supplies
- **Lack of inventory norms with suppliers:** No Service Level Agreements (SLAs) and safety stock policy with suppliers for inventory

Impact

- **Supplier base** reduction by 25% (an additional 20% reduction planned for Phase 2 of the initiative)
- **Service and reliability improvement** through distributors having 70% better On Time In Full (OTIF) and 60% lesser Non-Conformances (NCs) vs current supplier base
- **Achieved transparency** on inventory levels after aligning the approach with distributors
- **Resiliency** through inventory norms (differentiated for high risk), change in buying channels and multi-sourcing of SKUs
- **Improved agility** through Lead Time reduction (>30%) for 193 materials and MOQ reduction (>20%) for 150 materials
- **Purchase cost** reduction through annualized working capital improvement
- Increased spend under contract to control price and mitigate future inflation
- Identified and proposed distributors to the client for **proactive risk assessments** on supply risks and supplier risks - financials, geography, compliance, operational, environmental, and brand/cyber risks



Solution

- Spend analytics to find optimization opportunities in the following areas:
 - **Consolidated Supply Base:** Distributor spend with a few selected & capable distributors
 - **End-to-end Assessment:** Agility, resiliency, reliability, cost and diverse spend
 - **Re-calibrated Inventory Norms:** Best practices based on discussions and questionnaires shared with potential suppliers
 - **Focus on Regionalization:** Lead Time and Minimum Order Quantity (MOQ) reduction through localization, integrated supply solutions
- Developed a customized dashboard to help material level decision-making



Case Highlights

Total annual \$3.6 Million (29%)
cost optimization

Working Capital Improvement
of \$1.8 Million

Average Lead Time reduction:
from 60 to 42 days

MOQ Reduction of >20% for
150 materials



Cost-saving opportunities identification through Pricing Analytics



Services offered

Opportunities Identification through Analytics and Project Management of Implementation

Challenge

- The client was unaware if different prices were being paid for the same material for different global plants
- Identification of reasons for price difference and possible cost reduction opportunities
- Identification of reasons for price differences was difficult due to information scattered across multiple stakeholders and sources

Impact

- The analysis helped find multiple cost reduction opportunities
- The analysis helped to identify price variances across a specification and relevant reasons for it
- The new process gives a consolidated view of the savings opportunities available for all categories
- The automated template gives a clear picture of the reasons for price variance in a single file with all required data
- Category Managers need not move to different files as this single file has all relevant data, which reduced the overall time to identify an opportunity



Solution

- The Nexdigm team carried out deep data analytics leveraging multiple file sources and stakeholder discussions to arrive at a standard analysis to represent these price variances, the relevant reasons for these differences in prices, and probable savings opportunities due to these price variances
- Identified saving opportunities by creating an automated template displaying price variances and savings opportunities
- Conducted scenario analysis through different methods to find out a more probable saving estimation
- Created a mechanism to refresh a periodic re-run of analysis for continuous optimization



Case Highlights

Potential realizable savings opportunities of \$0.5-1 Million identified for final validation

Created an automated template that gives a clear picture of reasons for price variances, and it also provides visibility to Category Managers to confirm savings opportunities



Resiliency building through revenue and risk-based Raw Material Sourcing



Services offered

Data Analytics Opportunity Identification and Project Management Implementation

Challenge

- Supply shortage for many critical raw materials were impacting the production during COVID and continued witnessing the same in the post-COVID environment
- Significant global revenues and markets were at stake due to the supply crisis
- Focused sourcing intervention was needed to address short-term crises and build long-term resilience

Impact

- Carried out project monitoring and coordination to implement risk resiliency plan for critical raw materials contributing to revenue worth \$5.7 Billion
- The Nexdigm team continues to provide support in project management
- The project is helping the client to build long-term risk resilience into its sourcing supply chain



Solution

The Nexdigm team conducted comprehensive analytics of a portfolio comprising 5000+ raw materials and 600+ suppliers valuing more than \$1.3 Billion spend. The objective of this analysis was to protect revenue through identification and proactively mitigate the supply risks of critical raw materials. Creation of analytical tools to identify critical raw materials for focused action:

- The Nexdigm team developed an excel database and tool to help Category Managers understand the critical raw materials from a spend and revenue perspective
- The client assigned risk scores to each raw material
- The Nexdigm team provided specific raw material list divided into various priority buckets to Category Managers for focused actions

Implementation support of risk resilience plan

- The Nexdigm team worked closely as project coordinators with all the stakeholders to help them execute the focused action plan
- Acted as the analytics and data center to assist stakeholders with decision-making and prioritization aspects
- As project coordinator, we tracked and followed up with Category Managers and provided continuous visibility to leaders
- Took the ownership of updating/maintaining the database as per changing business conditions to enable real-time insights



Case Highlights

Assisted in a strategic initiative to build long-term risk resiliency in raw material sourcing

Provided, maintained, and updated analytics at the global level of:

- 5000+ Materials
- \$1.3 Billion+ Spend
- 600+ Suppliers



Design and create a KPI Dashboard to get a comprehensive view of the procurement function



Services offered

- Information from various stakeholders across domains in one place
- Representing information in a detailed dashboard
- Generate actionable insights from data

Challenge

- Lack of a standard way of understanding the performance of the procurement function comprehensively
- Different procurement teams were tracking different metrics, impacting the optimization pace within the procurement function

Impact

- At-a-glance view of relevant KPIs helped towards targeted efforts on optimization
- Reduced effort and time to replicate the scorecard every quarter



Solution

- The Nexdigm team created a comprehensive Procurement Dashboard with key metrics
- Defined standard method of calculating, comprehending, and representing each metric in the dashboard
- Provided insights on the metrics through commentary and proposed next action plans



Case Highlights

Robust framework

At-a-glance view of critical relevant KPIs

Reduction in time to replicate scorecard every quarter



Deep dive analysis into Supplier Data and Scenario Design to study the cost impact of various R&D formulations



Services offered

Data Analytics

Challenge

- Driving sustainability in product formulation required an understanding of the cost impact of formulation changes
- It also required scenario analysis to find out cost-effective and sustainable formulation
- The drive towards harmonization and consolidation of raw materials required understanding various formulation scenarios and planning and implementing an effective solution

Impact

- Using advanced data analytics, the Nexdigim team arrived at the best-suited product formulation (cost-volume-wise) for effective product procurement
- The calculated cost impact of sustainability initiatives in product formulation helped with:
 - Forecasting and planning purchases
 - Better negotiate with the supplier with robust volume data
- Ability to deep dive into specific formulations and understand cost drivers for continuous optimization



Solution

- Deep dive analysis into the volume and spend data across geographies and brands
- Extracted, cleaned, and analyzed the supplier and R&D data to determine cost drivers contributing to the increased spend
- Built scenarios to analyze the cost impact of various R&D chemical formulations with optimized price data from suppliers
- Shared key observations and potential opportunities by mapping the results to provide insights specific to each chemical



Case Highlights

\$136.7 Million spend analyzed

720 SKUs analyzed for spend impact

16 Brands studied for formulation and scenario changes



Sales & Operational Planning and Optimization Support



Services offered

Data Analytics, Data Management, Coordination, and Reporting

Challenge

- Running the S&OP process was taking a lot of bandwidth of various countries and regional teams
- S&OP process was not very efficient and took a substantial amount of time
- Many of the critical KPIs and Supply Chain Health metrics were not available

Impact

- Timely and efficient S&OP process resulting in improved planning
- Increased the bandwidth of various countries and regional teams
- Reduction in back-orders and inventory write-offs due to timely visibility on metrics and report availability

Solution

End-to-end Sale and Operations planning (S&OP) support

- **Data Gathering and Management:** Validate and analyze past sales and trends
- **Demand Planning Review:** Generate and validate 24-month rolling demand and revenue projections
- **Supply Planning Review:** Review supply risks based on manufacturing, warehouse capacity, and logistics constraints
- **Preparation for Pre-S&OP Meeting:** Review and create multiple demand scenarios based on demand and supply risks
- **Support for S&OP Meeting:** Finalize the 24-month rolling plan with all the stakeholders

Periodic Report Generation on critical metrics such as:

- Inventory Health Analysis
- Supply Risk Estimation
- Back-order Analysis



Case Highlights

Supported demand and supply planning activity for 15+ Countries

\$150 Million Regional Revenue





**Multidisciplinary
Organization**



**Over 6 Decades
of Experience**



Global Partner



**Technology Enabled
Integrated Solutions**



**Nimble &
Forward Thinking**



Ideation to Implementation



Value based



Flexible



Onshore & Offshore



**Advisory Project of the Year
2019 & 2017**
by The Accountant &
International Accounting Bulletin

Recognized as
**Leading Tax & Transfer
Pricing Firms**
by International Tax Review

Business Services

Consulting, Operations & Implementation

BUSINESS PROCESS MANAGEMENT

Finance & Accounting Management
Commercial Operations
Contract Management
Process Improvement
Shared Services

OPERATIONS & FINANCE TRANSFORMATION

Finance
Supply Chain
Intelligent Automation & Accelerated Analytics (ia³)

STRATEGIC INITIATIVES

Mergers, Acquisitions, Divestitures & Restructuring
Greenfield & Brownfield
Program Management/Business Consulting
Pre-Investment Advisory & Market Research

TECHNOLOGY ADVISORY

Cyber Security & Data Privacy
Technology Solutions
Cloud Migration

Professional Services

Advisory, Compliance & Risk Management

ENTITY SET-UP & MANAGEMENT

Business Establishment
Finance & Accounting
Payroll, Administration & HR Compliance
Corporate & Tax Compliance
CFO Support & Finance Controller Services

TAXATION

Direct Tax & Indirect Tax
Transfer Pricing & International Tax
M&A Tax & Regulatory Services

ASSURANCE & RISK ADVISORY

Accounting Advisory
Internal Audit & Process Reviews
Technology Risk
Forensics

TRANSACTION ADVISORY

Transaction Support
Due Diligence & Valuations
Economic Analysis



Think Next

About Nexdigm

Nexdigm is an employee-owned, privately held, independent global organization that helps companies across geographies meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise enables us to provide customized solutions for our clients.

We provide integrated, digitally driven solutions encompassing Business and Professional Services, that help companies navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, Poland, UAE, and India, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

Our multidisciplinary teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm is of utmost importance, and we are ISO/IEC 27001 certified for information security and ISO 9001 certified for quality management.

We have been recognized over the years by global organizations, like the International Accounting Bulletin and Euro Money Publications, World Commerce and Contracting, Everest Group Peak Matrix® Assessment 2022, for Procurement Outsourcing (PO) and Finance and Accounting Outsourcing (FAO), ISG Provider Lens™ Quadrant 2023 for Procurement BPO and Transformation Services and Global Sourcing Association (GSA) UK.

Nexdigm resonates with our plunge into a new paradigm of business; it is our commitment to *Think Next*.

USA Canada Poland UAE India Hong Kong Japan

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