

# strategic sourcing projects

## FAQs:

Investigate, categorise, and prioritise opportunities

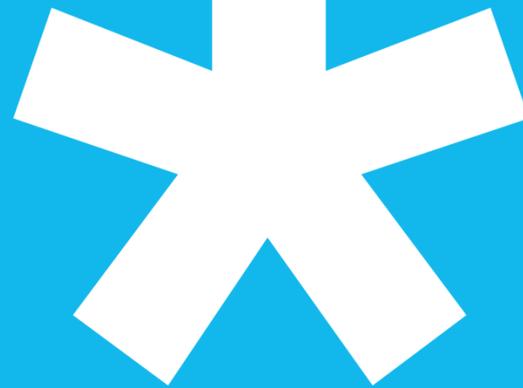


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## What information will you require from us?

During the initial phase of the project, we would require access to your external spend data and copies of your documented policies and procedures relating to purchasing. As we progress with our spend analysis and opportunity diagnostic work, we will look to gather copies of supplier contracts, price schedules, specifications, and supplier management information (“MI”) reports.

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## What do you do if we don't have the information you require?

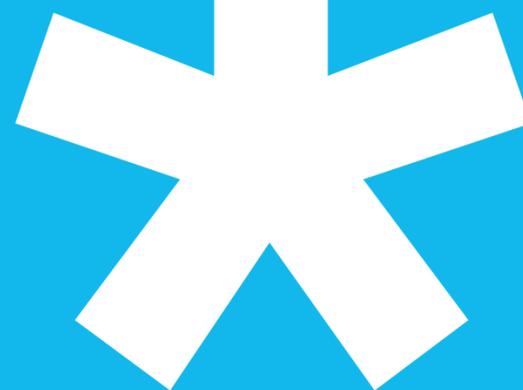
It is rare that a client could not provide us with information on their external spend data. This information can usually be extracted from an accounts payable system in Microsoft Excel format. We are experienced in working closely with finance departments to find a solution which will allow us to collect the type of spend data required. Information such as contracts, price schedules, specifications, and MI reports can be obtained from the supplier if you do not have these in your records.



## What do you do if the information we have isn't up to date or in the correct format?

We do understand that companies may not have up to date external spend data records, or perhaps have their data in varying format types and to different levels of granularity. We are experienced in handling all types of spend data and will work diligently with you to collect the most recent spend information available in a workable format.

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## Why do you need this information and what will you do with it?

Spend information is required as this allows us to conduct our detailed spend analysis on your purchasing profile. The spend data is cleansed and our supplier categorisation structure is applied. This categorised data is analysed and presented back to you in the form of a spend analysis report. We work through your financial data to investigate, categorise, and identify key categories of expenditure which have the potential to generate cost reduction opportunities. Once a prioritised opportunity map has been created, we gather information on the key supplier within these categories of spend and analyse this material to assess the potential cost reduction opportunities further. A final list of strategic sourcing initiative projects would then be agreed with you.



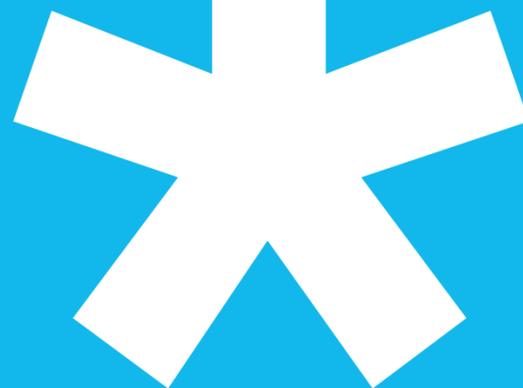
## Who will you share this information with?

Information will only be shared between you and members of the Procuring team. Any confidential information shared with a supplier later on in the procurement process would be covered by a Non-Disclosure Agreement.

## How do you categorise our external spend?

We apply our procurement categorisation structure to your external spend data. Our category structure presents a different perspective on third-party spend compared to a typical cost centre view. It allows for an aggregation of similar spend across all business areas and therefore facilitates the identification of opportunities to deliver improved value across the spend profile.

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# Is all of our external spend addressable from a procurement perspective?

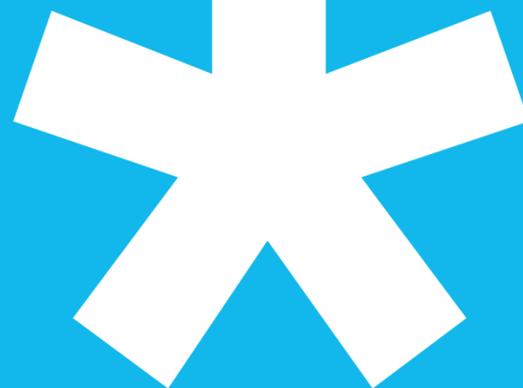
We would not determine that all spend is addressable. Our analysis will identify those areas of your external spend which would not be addressable from our perspective.



## How do you identify potential savings opportunities once our external spend has been categorised?

We identify saving opportunities by conducting further pieces of analysis on the categorised data. A low, medium, and high percentage savings range is applied to your different categories of expenditure. These percentages are based upon our category sourcing experience and the value of your category spend. We then produce a list of strategic sourcing initiatives from this information.

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## How do you prioritise these saving opportunities?

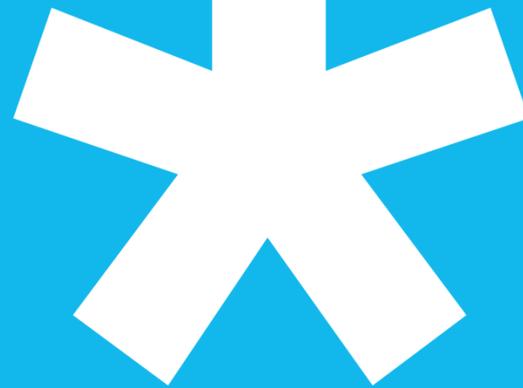
We prioritise these saving opportunities by producing a prioritised strategic sourcing activity plan. These categorised strategic sourcing initiatives are prioritised on a sourcing activity matrix which plots the size of the potential saving against the relative ease of delivery. The matrix allows us to identify clusters of projects which should be of initial focus based on the value of the saving potential. We will then discuss these potential projects with you in greater detail to identify those strategic sourcing initiatives which are most suitable to your organisation.



## What happens once a list of strategic sourcing initiatives have been agreed between both parties?

Once the list of strategic sourcing initiatives have been agreed, the next step is to progress to the implementation phase of optimising the category procurement. We will get to work on gathering and analysing information associated with the chosen categories of supplier spend. Stakeholders are vital in this next phase of the project in providing us with and discussing key information such as contracts, price schedules, specifications, and MI reports. We will work closely and integrate with stakeholders from across your business for each strategic sourcing initiative.

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## How involved will we be in this stage of the process?

Once we have received the external spend data in a workable format, we work independently to produce the spend analysis report. We greatly value your input as we present this spend analysis back to you and require your involvement in providing us with your feedback on the potential strategic sourcing initiatives proposed in the report.



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