

A Journey Towards Excellence in Procurement

Jubail Procurement Conference

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- **M.Sc. In Industrial Engineering, King Saud University.**
- **13 years of experience in Strategic Sourcing, Procurement, Vendor Management, Operational and Strategy Planning and Shared Services.**
- **Certified Supply Chain Manager (ISCEA)**
- **Member of The International Association for Contract & Commercial Management (IACCM) , 2018**

AGENDA



- | | |
|----|-----------------------|
| 01 | SEC Overview |
| 02 | Supply Chain Overview |
| 03 | Procurement |
| 04 | Governance |
| 05 | Improvement Projects |
| 06 | Statistics |
| 07 | Talent Management |



SEC Overview

Our Vision

We Serve Our Customers and Country by Delivering World Class Power Services



Committed to improve



Serving two stakeholders:
our customers and society



Long-term ambition to
become world-class



Offering power and
services in future

Our Mission

We Power the Kingdom that Energizes the World



Saudi Arabia is a beacon of
stability and prosperity in
the region



Our holy mosques inspire
the Islamic world



The Kingdom supplies
the world with oil... and
soon with power



Supply Chain Overview



Supply Chain Overview



Vision

Achieve a world class supply chain management

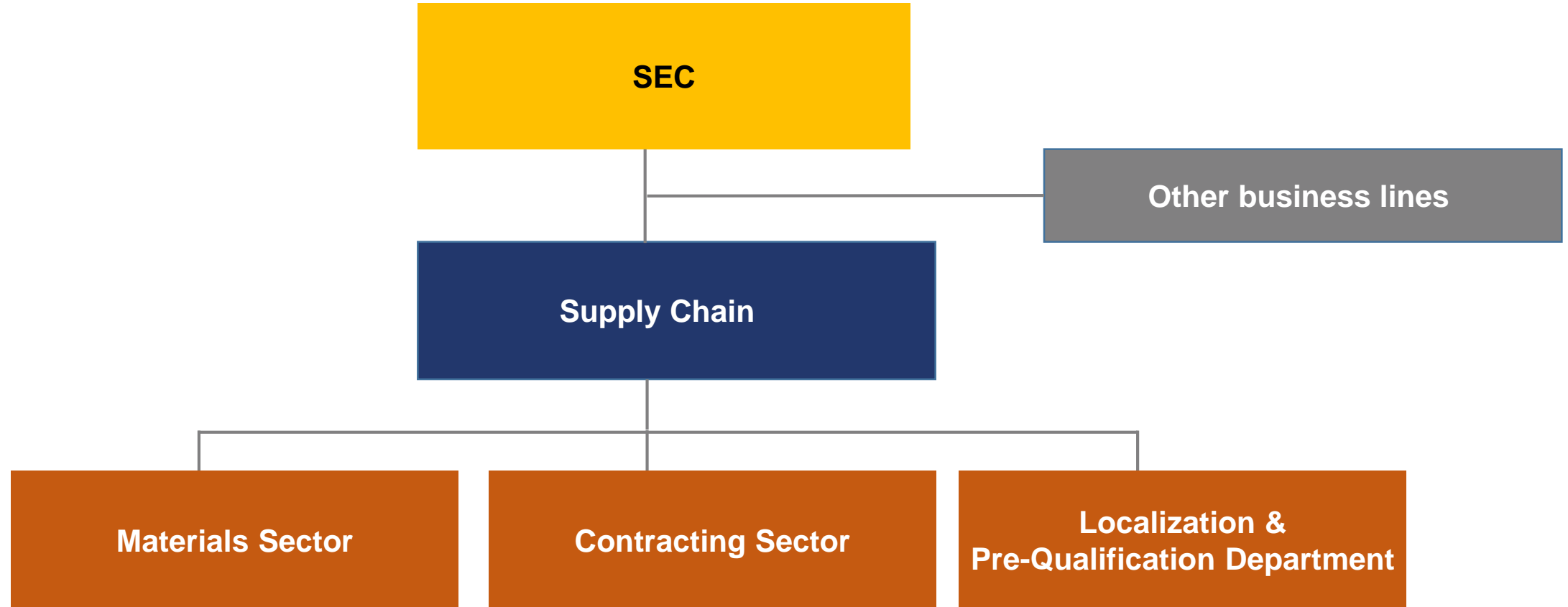


Mission

To provide efficient and reliable supply chain management, creating value for our clients through strategic partnership, efficient processes and excellent customer care.

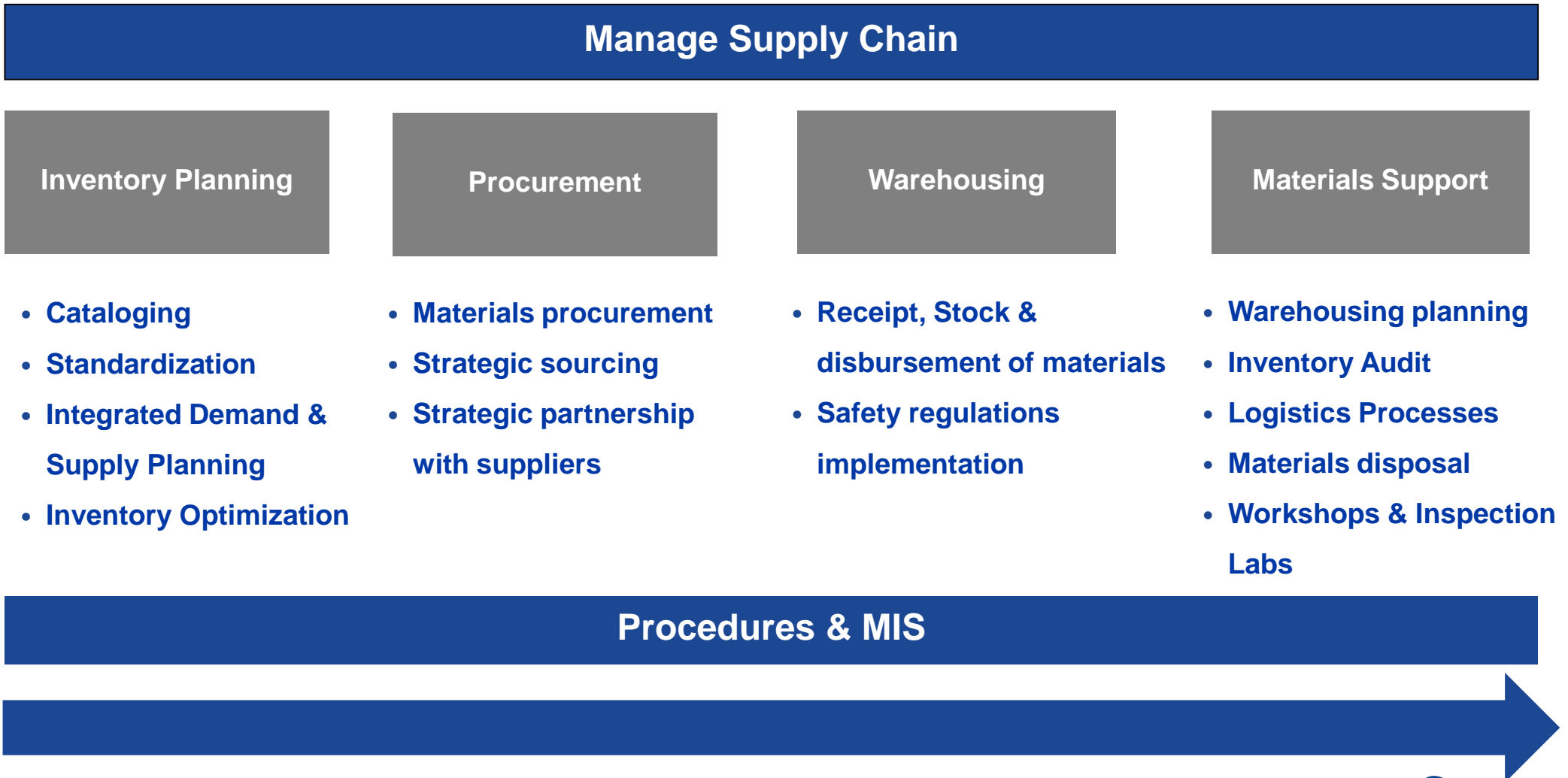


Supply Chain Overview





Materials Operating Model





Procurement



Procurement roles & responsibilities

- Centralized procurement based on functions and categories.
- Executing strategic sourcing for high spend categories.
- Create and manage procurement agreements.
- Analyzing international market and tracking fluctuations in prices of metals and raw materials.
- Procurement based on LME (London Metal Exchange) for : cables, transformer, unit substation , poles, overhead lines accessories, etc...



Strategic partnership with suppliers

- Sharing the quantities between suppliers per tender to encourage the suppliers to provide their proposal with the best possible price.
- Holding periodic conferences with suppliers in order to share the best practices and experiences.
- Honoring the suppliers with outstanding performance.



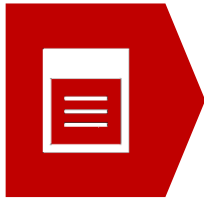
Governance



Governance



**Terms and conditions
for purchase**



Procurement manual



Police and procedure



**General structures
for bidders**



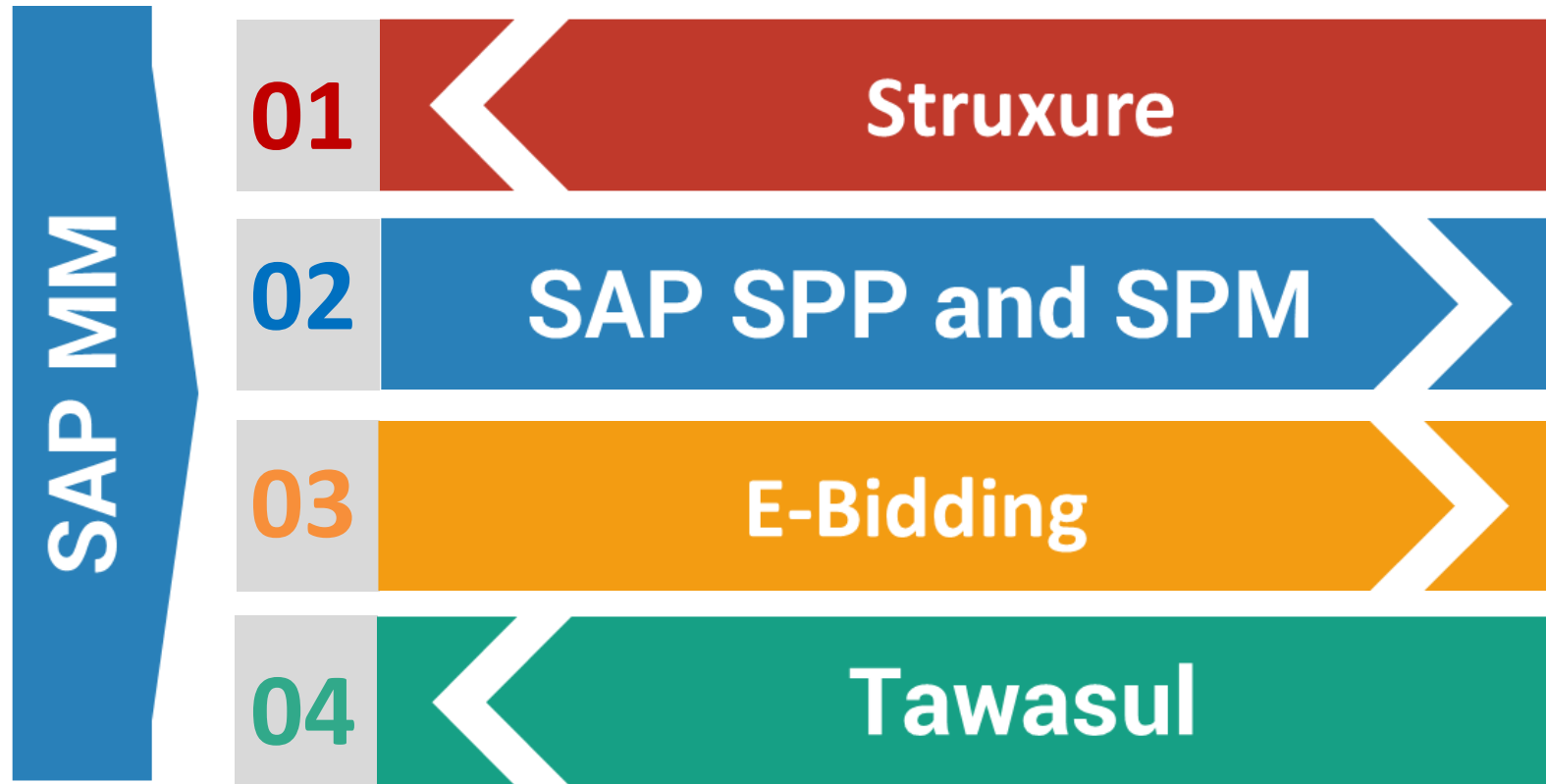
Authority matrix



System control

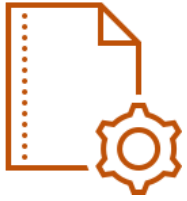


Systems



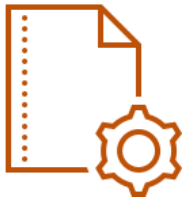


Improvement Projects

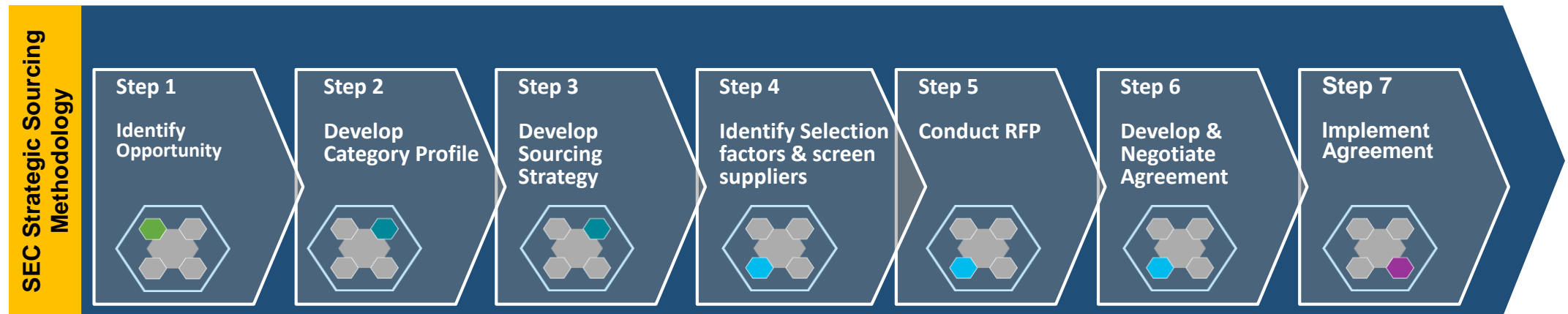


Strategic Sourcing

- Strategic Sourcing project involves deployment of strategic sourcing processes / procedures and implementation of spend management system
 1. Identify opportunities.
 2. Develop category profile.
 3. Develop sourcing strategy.
 4. Identify selection factors & screen suppliers.
 5. Conduct RFP.
 6. Develop & negotiate agreements.
 7. Implement agreement.



Strategic Sourcing



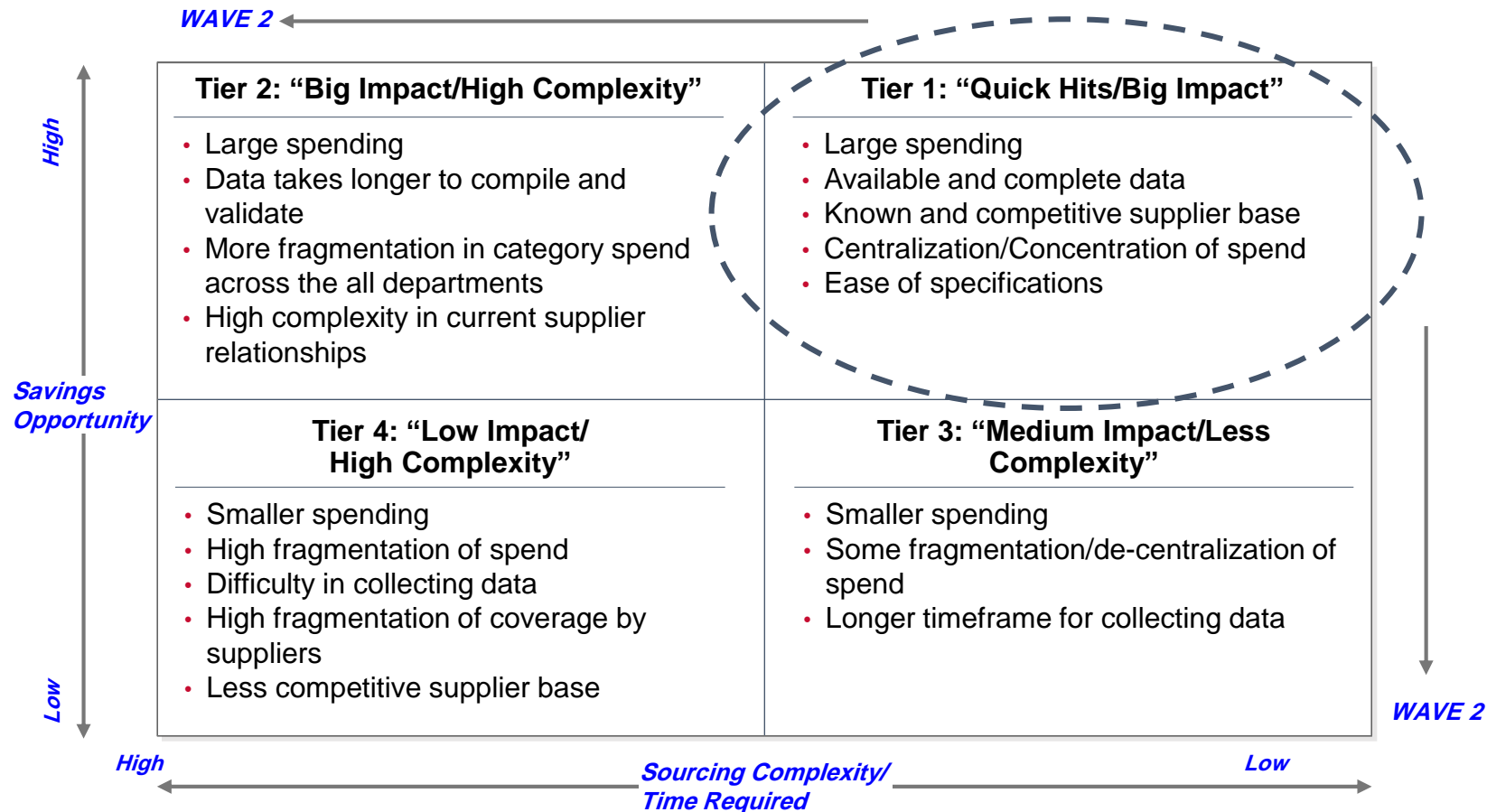
Core Strategic Sourcing Process

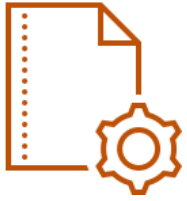
Key process Activities	<ul style="list-style-type: none">• Validate Category Tree• Update Category Tree• Estimate Savings By Category• Prioritize Categories	<ul style="list-style-type: none">• Create/update internal category profile• Develop industry and supplier profile	<ul style="list-style-type: none">• Determine external supply market strategy• Define internal change tactics• Define category baseline	<ul style="list-style-type: none">• Develop RFI criteria• Execute RFI• Final screening	<ul style="list-style-type: none">• Develop RFP selection process• Complete RFP Process• Answer questions• Review RFP response	<ul style="list-style-type: none">• Prepare Negotiation Case• Negotiate Business Agreement	<ul style="list-style-type: none">• Develop Internal Change Plan• Develop Communication Strategy• Define Performance Measurement• Synthesize Sourcing Strategy Implementation Plan
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Strategic Sourcing

Typical Categorization Matrix to Assist in Determining Opportunity





Strategic Sourcing

Wave 1

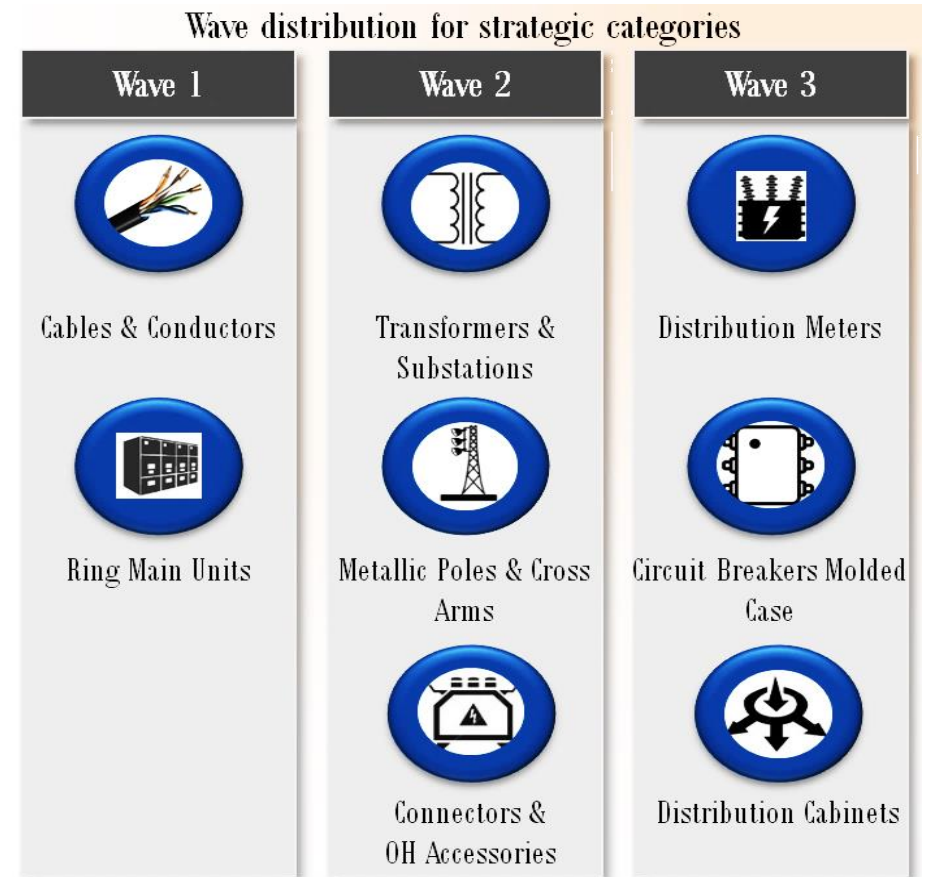
- Cable and conductors
- Ring Main Units

Wave 2

- Transformer and Substations
- Poles
- Overhead Line accessories

Wave 3

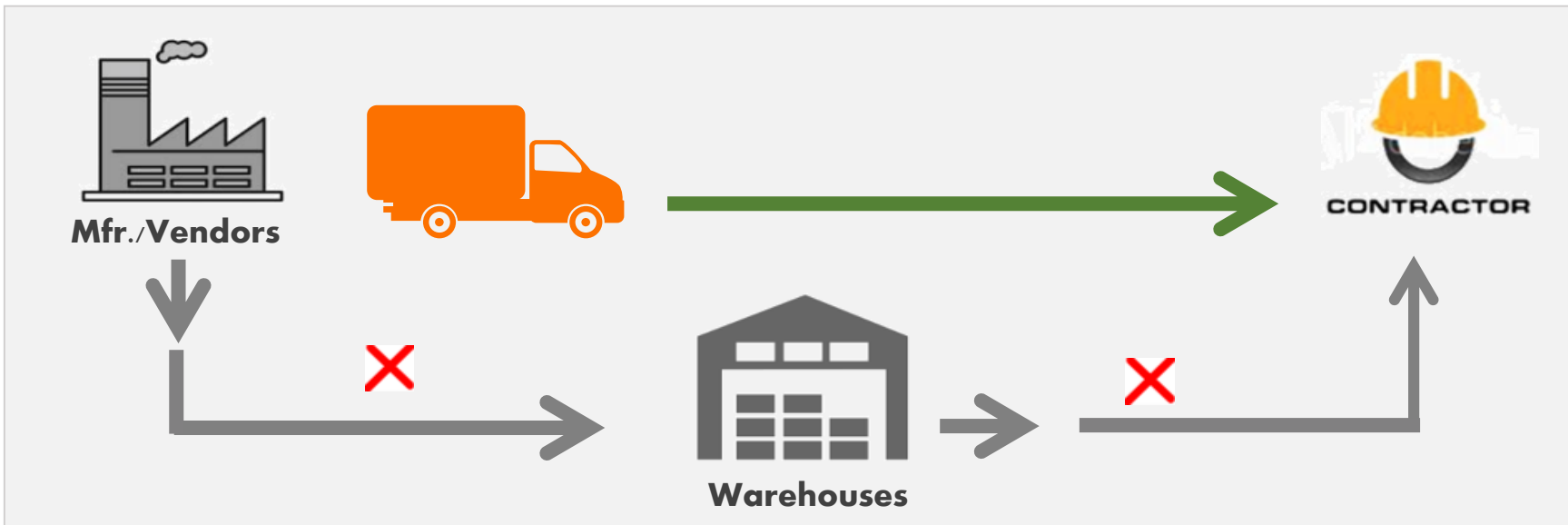
- Meters
- Circuit breakers
- Distribution cabinets





Direct Delivery

- Direct delivery is a method of delivering materials from vendor to contractor directly without need to enter to SEC warehouses,
- This strategy is aiming to reduce cost ,time and eliminate all unnecessary actions that lead to overwork or additional expenses to the company.





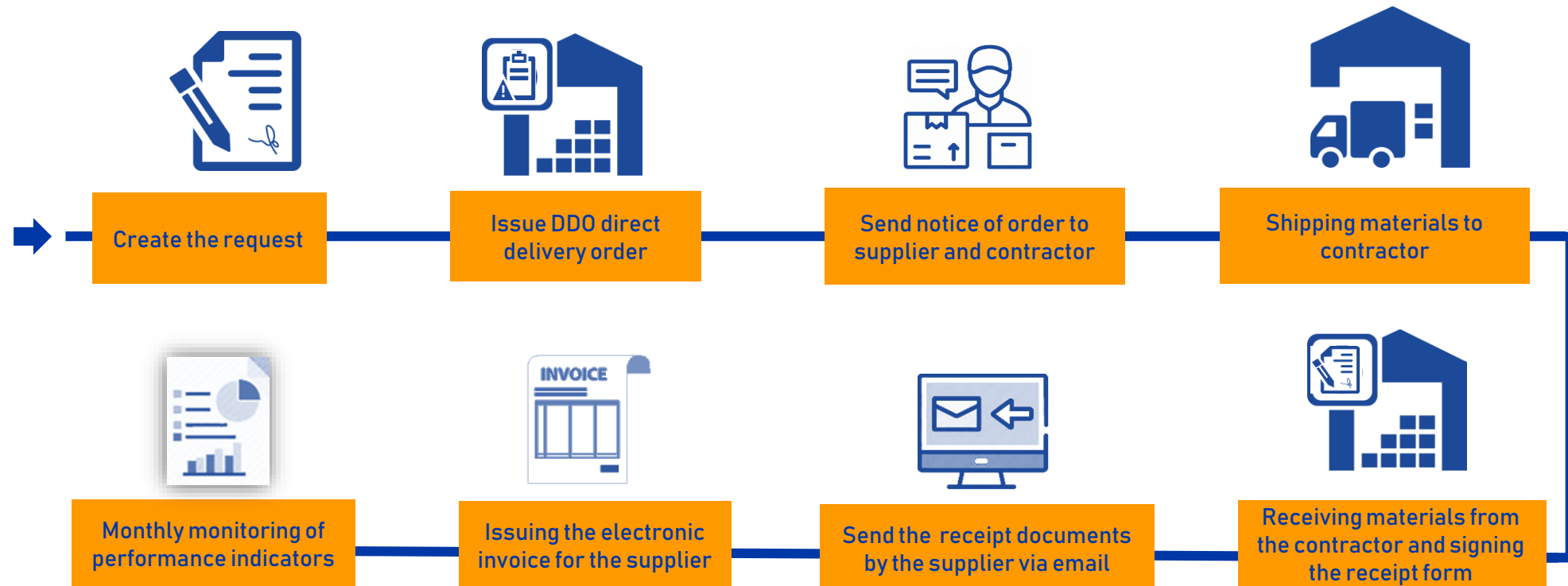
Direct Delivery

- The project targets:
 - High-spending materials category .
 - Materials requires large area to store such as cables and poles.





Direct Delivery

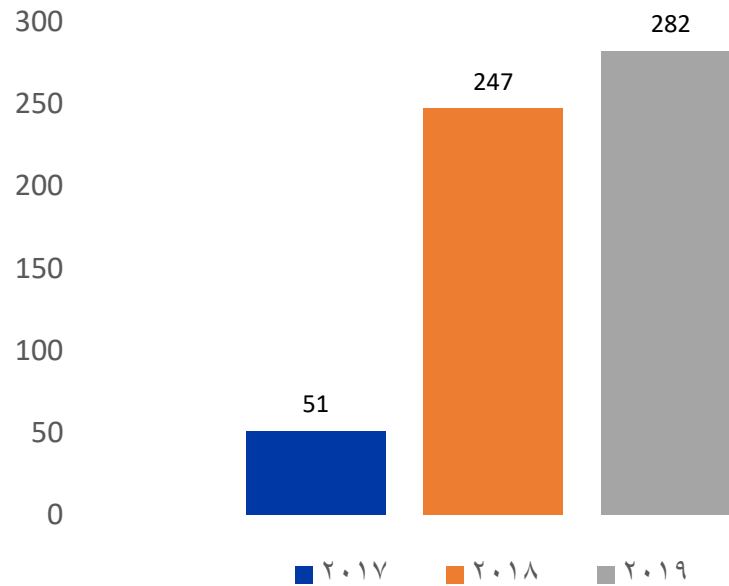




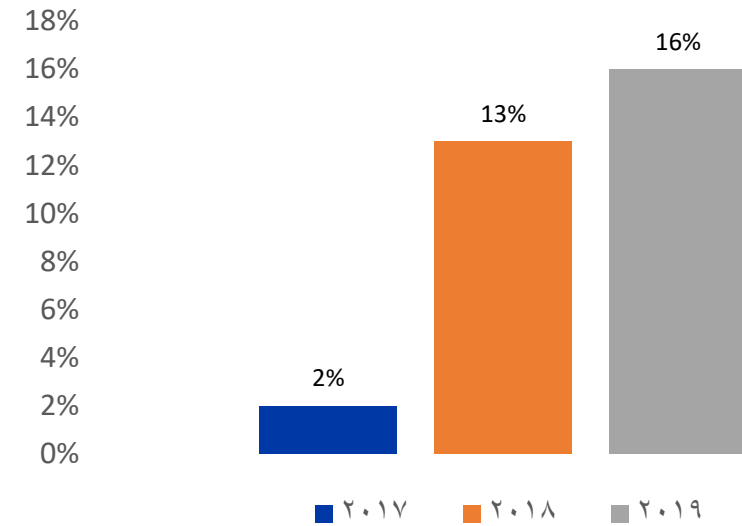
Direct Delivery



Direct delivery value (Million SAR)



Direct delivery ratio
Compared with total purchases

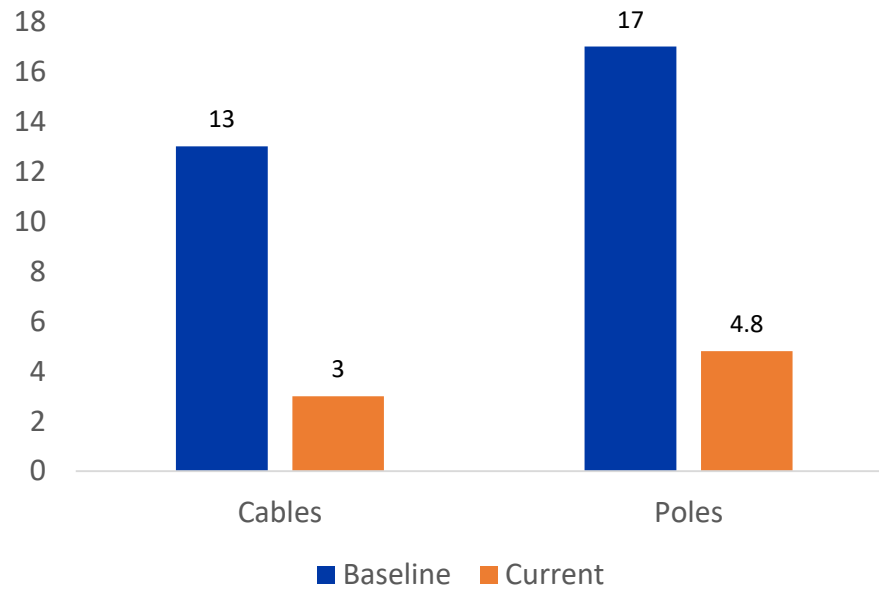




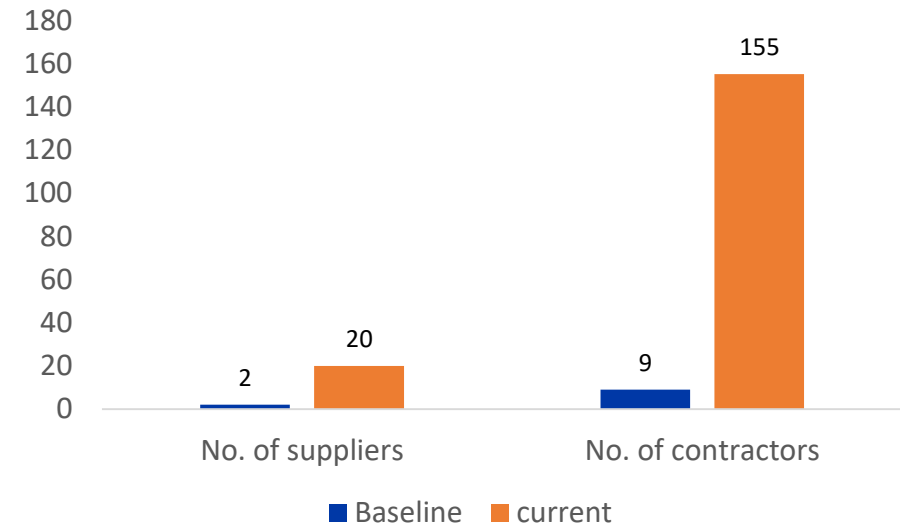
Direct Delivery



Delivery period in days



Number of suppliers and contractors involved in the project



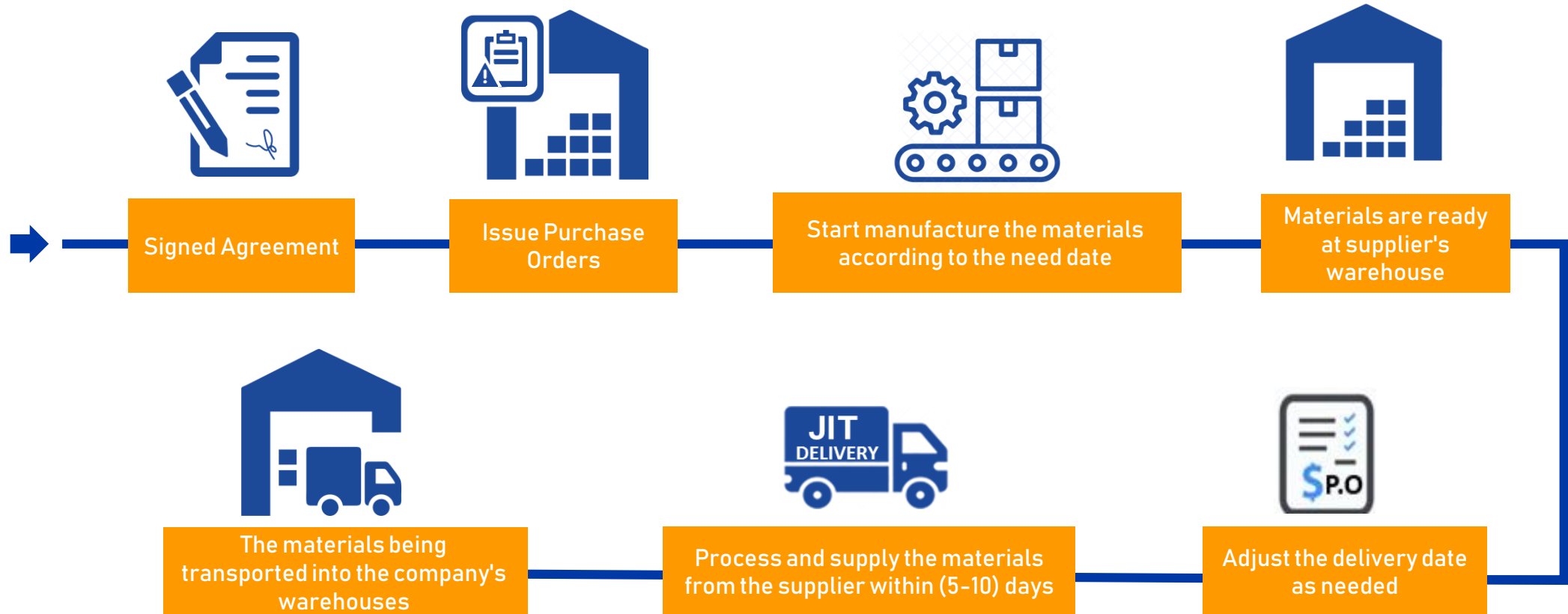


Just In time (JIT)

- Just In time (JIT) is a strategy to order materials as needed by scheduling materials to arrive or to be replenished exactly when needed.
- This strategy aimed to increase efficiency and decrease costs by lowering inventory cost, improving cash flow and lowering dead stock with minimum lead time.



Just In time (JIT)





Benefits of Direct Delivery and Just in Time

- Optimal use of the company's financial resources (improved cash flow).
- Reducing the volume of inventory and providing space for warehouses.
- Reduce the indirect storage cost of materials.
- Reduce costs and time to transfer materials from one warehouse to another.
- Reduce the risk of heavy material handling.



Procurement Major Statistics

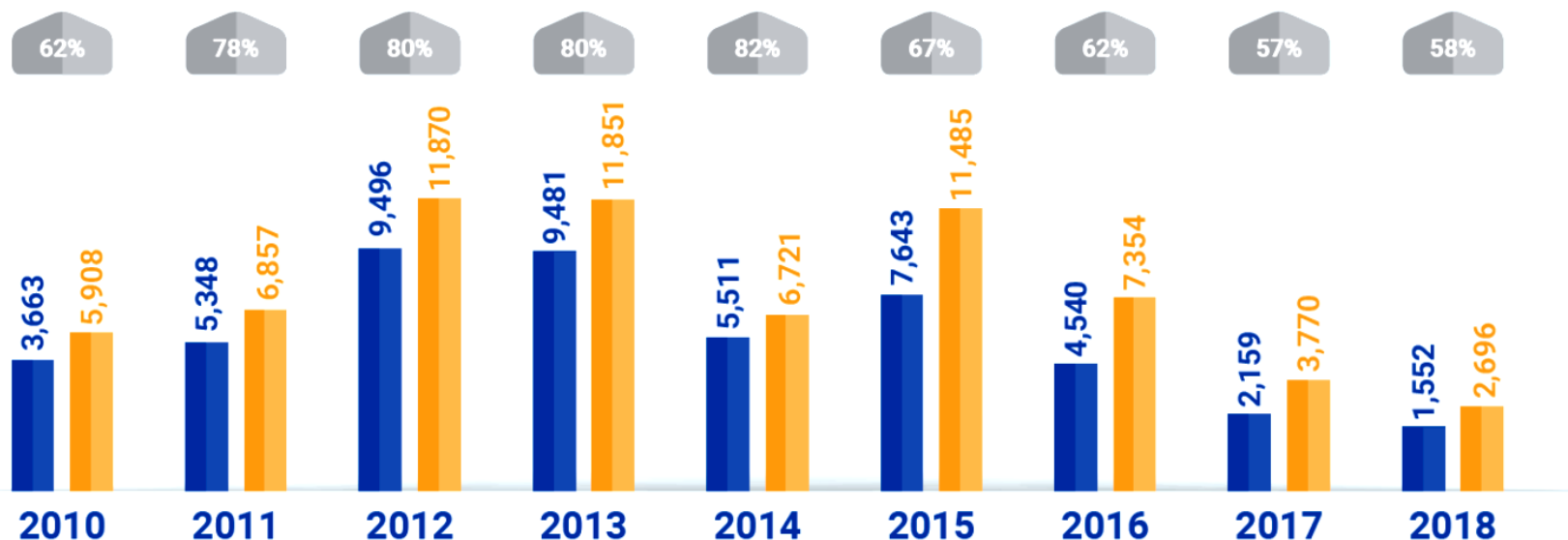


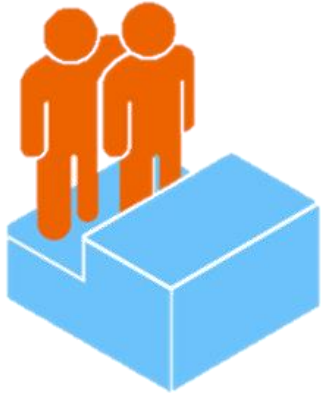
Procurement Major Statistics



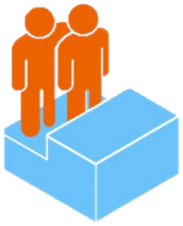
Purchase Orders

■ Local Purchase Orders Value (MSAR) ■ Total Purchase Orders Value (MSAR) ■ Local Purchase Orders (%)

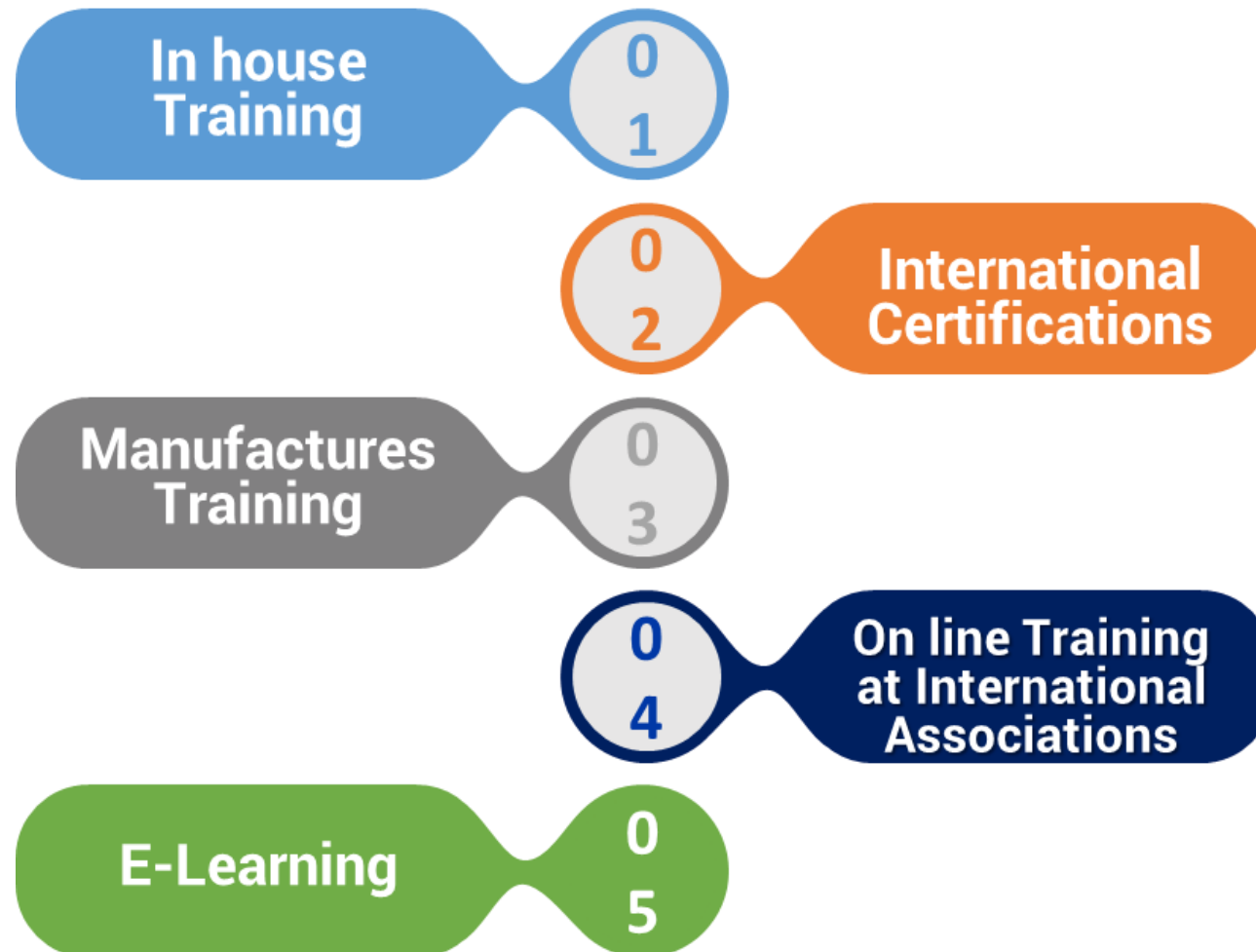




Talent Management



Talent Management



Q & A