Improving Supplier Performance with Spend Analytics

Customer Profile

The customer is a Global 1000 engineering and construction company servicing the oil and gas industry.

Challenge

The company needed a solution to load, aggregate, map and cleanse direct materials data, with the ultimate goal of providing accurate reporting and analysis on their global supplier key performance indicators (KPIs). These included spend, savings, on-time delivery, quality and internal forecast and demand. Their existing spend analysis solution had been developed in-house, and the process to maintain, extract and view the data was time consuming.

Every month, the direct materials data was pulled out of SAP systems, then circulated throughout five different groups within the procurement department—each of which manually manipulated the data. The output of this process was a series of Excel spreadsheets (pivot tables and static charts) that were neither user-friendly nor "drillable". With the amount of time required to generate the KPI reports, the company did not have timely access or visibility into supplier performance issues and couldn't make strategic business decisions based on that data. The main challenges specific to this project were the quality and disparity of data. Throughout the project, JAGGAER identified numerous issues with the company's data that they weren't aware of. Another unique aspect of this project was incorporating customer-specific KPI metrics and algorithms.

"Spend Analytics was easy to use and the only solution that could solve our challenge of pulling in KPI data and incorporating formulas together with our spend data."

VP, Procurement Finance

JAGGAER

Solution

The aggregation and harmonization of cross-functional product and performance data was completed in 20 business days. This incorporated the company's KPIs using customer-specific rules that were added to the Spend Analytics. Working with purchasing and IT, JAGGAER pulled data from more than 130 global locations in five different SAP file formats. Upon completion, end users were provided training on the reporting and analysis module, which provided a user-friendly dashboard to view enterprise wide KPIs. The management of the client's data was completed by JAGGAER solution consultants using Spend Analytics. The company will access the Spend Analytics solution directly and will continue to incorporate additional spend and performance-related data. In addition, the Spend Analytics solution's tailored analysis environment provides the company with global spend, supplier performance and enhanced forecasting visibility. Ongoing compliance monitoring is achieved through monthly data refreshes. The client has since added two more key performance indicators—open orders and supplier financial analysis.

The Future

A critical component of any spend analysis program is measuring performance; the long-term goal at this leading engineering and construction company is not only to deliver bottom-line impact but also quickly identify underperforming suppliers before they have a negative impact on the business.

Bottom Line Results

- 1.5GB of spend data representing $4.5 billion in global spend across 130 locations; project completed in 20 days.

- The ability to identify quality issues quickly and take corrective action, directly affecting delivery to customers.

- Timely visibility into regularly updated spend data.

- User-friendly dashboard giving instant views of KPIs and other data with drill-down to detail.

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