ADVANCED SOURCING SOLUTIONS ::
FOR THE CONSUMER GOODS INDUSTRY

SciQuest
SCIQUEST’S EXPERIENCE IN STRATEGIC SOURCING FOR CONSUMER GOODS COMPANIES

IMPROVING SUPPLY CHAIN RESULTS FOR MANUFACTURERS OF CONSUMER PACKAGED GOODS

Our advanced eSourcing solution, Advanced Sourcing Optimizer (ASO), is used extensively by Consumer Packaged Goods companies to drive significant benefits in the areas of direct and indirect cost savings, supply base optimization, risk management, and supply chain and logistics efficiencies.

Manufacturers of home and personal care goods and food and beverage products have large, complex supply chains, where standard eSourcing technologies fall short in supporting strategic spend management activities. Advanced Sourcing Optimizer provides advanced technology that supports a limitless variety of bid collection and analysis strategies to support your business strategies.

WE HAVE THE EXPERIENCE AND THE TECHNOLOGY TO DRIVE ADVANCES IN CONSUMER GOODS ACTIVITIES

Powered by ASO, we offer a powerful combination of technology, category knowledge and sourcing expertise for consumer goods manufacturers that are turning to strategic sourcing to increase their competitiveness and make a bigger impact on their bottom line.

ADVANCED SOURCING OPTIMIZER AND CONSUMER GOODS SPEND CATEGORIES

Our customers have achieved significant savings and improved their sourcing effectiveness across a wide range of supply chain and indirect spend categories – with spend sizes ranging from $1 million to >$1 billion per category, including:

**DIRECT MATERIALS AND INGREDIENTS**
- Aromas/Fragrances
- Chemicals
- Gelatins
- Non-Woven Fabrics
- Oils
- Plastics
- Resins
- Sweeteners
- Vitamins

**PACKAGING**
- Bags
- Bottles/Cans
- Corrugate and Paperboard Boxes
- Flexible Packaging
- Labels
- Pallets
- Security Seals
- Shrink/Stretch Films

**TRANSPORTATION**
- Air
- Intermodal
- Less-than-Truckload
- Ocean
- Rail
- Small Parcel
- Truckload

**SERVICES**
- Contract Manufacturing
- Facility Maintenance
- Marketing Agencies
- Media Buys
- Merchandising/Promotions
- Legal
- Research
- Security
- Temp Labor

**INDIRECT MATERIALS**
- MRO Supplies
- Lab Equipment
- IT/Telecomm
- Uniforms
- Office Furniture
IMPROVING THE SOURCING PROCESS AND eSOURCING RESULTS ACROSS THE SUPPLY CHAIN

Today’s sourcing and supply chain teams are looking for solutions that are proven to help them solve their procurement challenges. They need solutions designed with best practices, flexibility, scalability, analytical power, and ease of use in mind.

ASO offers consumer goods manufacturers a robust strategic sourcing solution to address more advanced sourcing strategies that support the significant spend volumes in supply chain related spend categories and large indirect spends. These categories include raw materials, product and secondary packaging, transportation and distribution services, facilities maintenance services and materials, and corporate services.

COMBINING ADVANCED TECHNOLOGY WITH CATEGORY KNOWLEDGE AND EXPERT SERVICES FOR CONSUMER GOODS PROCUREMENT

Advanced Sourcing Optimizer
Our industry-leading best-in-class advanced sourcing solution for creating and managing online RFIs, RFPs, and eAuction events. Key features include:

- **Expressive Bidding®** for enabling a more collaborative bidding process with invited suppliers, driving greater competition and innovation.
- **Expressive Feedback** to provide timely information to suppliers during bidding cycles to guide them towards more strategic and competitive RFP and eAuction responses.
- **Scenario BuilderSM** to quickly create robust “What If?” bid analysis rules and scenarios, to better support stakeholder preferences and alignment.
- **Bid Analysis and Optimization** to help you quickly run and compare scenarios to arrive at the best sourcing award decisions based on a combination of price and non-price factors.
- **Reporting and Dashboards** to help you improve decision making and visibility, with robust reports using Excel-like navigation, and actionable Dashboard views of spend, savings, and event activity by category, user, and timeframe. Data import and export features also allow for additional data reporting enhancements.

Our Best Practices Center
We give our consumer goods manufacturing customers access to a wide range of best practices solutions and guidance. Including:

- **Category Template Library** : access pre-configured RFxpress templates designed to help you efficiently tailor and launch eSourcing events using Microsoft Excel. RFxpress templates are available for a variety of direct and indirect spend categories, and the library continues to grow.
- **Event Start-Up Service** : take advantage of one (1) event start-up service to help your team prepare for and configure a select sourcing event. This ensures that the team learns product best practices to help launch their sourcing event successfully in ASO.
- **Unlimited RFP Readiness Reviews** : giving your sourcing team unlimited opportunity to review their RFPs with our eSourcing product experts prior to launching the event, to ensure they are taking optimal advantage of features to maximize results.
- **Event Coaching Services** : leverages the expertise of our Professional Services team to discuss event strategy, setup, and configuration approaches.
- **Premium Content** : access exclusive best practices documents and videos that focus on both strategic and tactical uses of advanced sourcing to speed adoption and improve eSourcing results.
- **Premium Training** : includes web training for your team following all new product releases and one (1) Analytics Workshop at your location.
- **15 Percent Discount on Other Services** : other professional services, such as Guided Events or advanced training sessions, are discounted by 15 percent.

ASO Customers include 16 of the largest home and personal care and 21 of the top food and Beverage manufacturers in the world. Many of the companies’ suppliers (raw materials, packaging, transportation and logistics services) and retail partners use ASO to manage their advanced sourcing activities.
Facing a host of complexities related to product competitiveness, packaging needs, and large-scale transportation and distribution requirements, the consumer packaged goods industry contends with a number of pressing procurement and supply chain challenges where ASO can help:

### CPG Industry Sourcing Challenges

#### Managing Costs in Volatile, Competitive Markets:
The ever-changing prices of raw materials and other product ingredients pose a significant challenge for procurement: what can you do to strategically drive down costs within a supply chain that is heavily reliant on the sourcing of commodity items?

#### Seasonality Demands:
In this industry, production, packaging, and logistics are all highly affected by seasonal spikes and consumer demand. This puts more pressure on procurement to make sure suppliers can satisfy fluctuating volumes and delivery times without adding undue risk or cost increases.

### ASO

#### Flexible and Detailed Data Collection for Improved Cost Driver Visibility:
ASO enables your procurement team to explore a wider range of cost drivers, including opportunities for supplier innovation, across the supply chain. With more detailed information on price and non-price factors, including supplier capacity and service terms, your visibility into the many elements that make up the total cost of the items you are buying helps identify supplier competitiveness and value-add. That data is then used in optimized Scenario Analysis to evaluate total supply costs, beyond just commodity pricing.

#### Securing Capacity and Cost Efficiencies:
Advanced sourcing lets you strategically plan for seasonality and secure commitments from an optimized list of qualified suppliers. For example, you have flexible capabilities to collect detailed bid information around transit or delivery times, supply capacity, contract terms, and other areas to help mitigate supply risk. You can also encourage suppliers to suggest conditional offers or alternative proposals to bring innovations to the supply chain, via Expressive Bidding®. With optimized analysis, build and review multiple scenarios to evaluate the impact of seasonal demands, and ensure that the suppliers you are working with can handle the volume fluctuations throughout the planning horizon.
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<th>CPG INDUSTRY SOURCING CHALLENGES</th>
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<td><strong>COMPLEX LOGISTICS:</strong> Manufacturers in the consumer goods industry are faced with a number of challenges that combine high shipment volumes, different equipment types and delivery requirements, capacity issues (particularly around seasonal periods and high-volume lanes), and a large potential pool of carriers supporting various regional plants and distribution centers. Adjustments or disruptions to transportation network needs add further complication to collect new bids quickly, in order to satisfy demand for wholesalers, distribution, and retail customers.</td>
<td><strong>A LEADER IN TRANSPORTATION PROCUREMENT:</strong> ASO is the leading solution for transportation sourcing across all modes. Our advanced sourcing approach uses Expressive Bidding® to engage carriers in a more collaborative bidding process – allowing your team to qualify and analyze the optimal mix of carriers. Collect and analyze equipment types, transit times, capacity at the lane and region level, as well as delivery requirements. The results include an optimized carrier network, secured capacity, and additional cost reductions by gaining visibility into detailed cost drivers. Fast, scenario-based analysis helps you well-beyond the sourcing event, enabling you to adjust your carrier strategy as your business changes.</td>
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<td><strong>CENTRALIZED SOURCING AND OPERATIONAL EFFICIENCY:</strong> Centers of Excellence in the consumer goods industry are challenged with consolidating spend across multiple spend owners, brands, business units, plants, geographies, etc. Aggregating common item categories into larger sourcing events across common suppliers provides a much better return on eSourcing, as well as more opportunities to identify supplier innovation and efficiency. And by combining multiple eSourcing events into a single, larger event, operational efficiency is achieved.</td>
<td><strong>A SOLUTION FOR SOURCING AGGREGATION, SCALABILITY, AND OPTIMIZATION:</strong> Centrally led sourcing events that aggregate spends present new eSourcing challenges that are uniquely supported by ASO. With the ability to manage thousands of items with unique specifications and hundreds of participating suppliers, ASO supports your largest events. The most challenging part in consolidating spend across the business is ensuring that spend owners are comfortable with the process and the resulting award decisions. Our industry-leading analytics capabilities allow for rapid generation and comparison of various sourcing outcomes that consider the preferences and goals of internal stakeholders and spend owners.</td>
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<td><strong>SUPPORTING SUSTAINABLE SOURCING STRATEGIES:</strong> Consumers and major retailers are driving demand for more environmentally friendly and sustainable product choices. Raw materials, ingredients, packaging, and transportation fuel efficiency and emissions are all targets for driving sustainability improvements. While this is no doubt part of your overall sourcing strategy and goals, you need an eSourcing solution that supports those initiatives, rather than constrains them.</td>
<td><strong>EXPRESSIVE BIDDING® AND ANALYTICS:</strong> Our advanced eSourcing approach allows you to easily make sustainability part of your supplier qualification and bid analysis process. Using our Expressive Bidding® functionality, you can solicit information from suppliers regarding their sustainability practices and certifications, the recycled content of packaging materials, their manufacturing processes and energy use, the origin of raw materials, the efficiency of their transportation activities, etc. Then, our industry-leading bid optimization capabilities help you quickly create and compare scenarios to collaborate with your business stakeholders in assessing the cost-benefit trade-offs of various supply options.</td>
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SABMILLER BREWS UP IMPRESSIVE SOURCING IMPROVEMENTS WITH SCIQUEST

PROFILE

SABMiller is the world’s second-largest brewer, with more than 200 brands, 96 breweries, 43 bottling plants, 70,000 employees and sales of more than 65 billion bottles of beer each year.

Trinity Procurement, SABMiller’s wholly owned procurement group, manages billions of dollars of global spend across 35 SABMiller organizations and focuses on procurement excellence and innovation. Trinity Procurement is responsible for sourcing of direct materials and indirect materials and services, including transportation. Trinity’s freight and fleet procurement group buys all logistics-related items including third-party road transportation, ocean freight, fuel and more. Trinity’s goal is to deliver quality, reliability, innovation and competitive performance.

CHALLENGE

SABMiller detected opportunities for improvement in the area of transportation procurement—in both road (ground) freight sourcing and ocean sourcing.

In its European road transport of finished goods, the company faced highly complex spends involving approximately 2,500 lanes of mainly full truck loads (FTL) with both direct and indirect deliveries between the breweries, warehouses and customer locations across countries. Trinity Procurement had been taking a “decentralized” approach to setting up the tenders/RFPs, further driven by the presence of different transport pricing models in each country—resulting in inefficiencies and a less competitive environment for suppliers.

In its global container ocean freight sourcing, SABMiller’s shipments of raw and packaging materials, as well as finished goods, followed a North-South route pattern involving 20,000-30,000 twenty-foot equivalent units (TEU) of nonreefer standard containers. SABMiller wanted to increase the scope of its sourcing to reflect complete door-to-door supply chains, but faced such a high number of containers and participating suppliers, and significant amount of data points along the way, that the sourcing platform would need to be quite robust.

Trinity Procurement was interested in finding an eSourcing platform solution that would allow them to centralize and aggregate their spends across multiple European countries into larger, but more detailed and competitive eSourcing events that would increase competition among SABMiller’s suppliers. They also wanted a solution with proven ability to collect, analyze and optimize the large volume of supplier bid data involved in these spend areas.

SOLUTION

Trinity Procurement chose our eSourcing solution, Advanced Sourcing Optimizer, for its ability to support the creation of flexible, detailed online sourcing events to handle all of the bid variables involved, as well as for its ease-of-use, flexible bid collection, bid analysis scenario creation and optimization, and its graphical presentation of scenario outcomes.

Through Advanced Sourcing Optimizer, the sourcing team was able to leverage the power of advanced sourcing to allow suppliers to engage in Expressive Bidding by bidding on both price and nonprice variables and including the ability to submit conditional and alternative offers to reflect their innovations and strengths. The Trinity Procurement team also liked our capability to easily create and evaluate a range of “What If?” scenarios, allowing for internal

BOTTOM LINE RESULTS:

- 8 percent savings in the road freight category, while retaining 80 percent of its incumbent suppliers
- A single pricing model across various carriers and countries
- More than 10 percent savings on ocean freight rates
- Results delivered on-time
- Major efficiency gains in employee time previously spent on bid proofing and analysis
- Increased competitiveness with Advanced Sourcing Optimizer’s Expressive Feedback.
teams to efficiently weigh all options and to understand the cost drivers more completely at all points along the SABMiller supply chain as bids were received.

In the road freight category, Trinity Procurement used Advanced Sourcing Optimizer to:

- Aggregate and centralize the Road Transportation sourcing events across Europe into one event—instead of conducting several individual events for each region. (This gave them the ability to handle and scale in the presence of: multiple specifications, increased number of participating suppliers, different levels of local service requirements and different pricing models.)
- Create a more competitive environment by enlarging the participating supply base, enabling cross-country volume consolidation and providing Expressive Feedback that allowed suppliers to know when their bids were within the competitive range.
- Increase efficiency via rapid access to scenarios for analysis and optimization and by providing time constraints around the sourcing event.

In the ocean procurement category, Trinity Procurement used Advanced Sourcing Optimizer to:

- Gain a greater understanding of the cost drivers by collecting bids on individual cost elements—water and land, bunker adjustment factor (BAF) charges, terminal handling charges, etc.
- Give suppliers visibility into the complete “door-to-door” transportation chain, which allowed them to bid more competitively on a larger scope of items in the sourcing event and on the lanes they felt they could service best.
- Uncover alternative port-to-port combinations, as well as packaging/bundling of lanes uncovered through Expressive Bidding®, where carriers could submit alternate proposals that have greater cost and service benefits.

THE FUTURE

Making such significant changes to SABMiller’s sourcing approach to these spend areas was no small task, particularly in terms of the volumes of data involved. Advanced Sourcing Optimizer was more than robust enough for the job—and SABMiller and Trinity Procurement were rewarded with impressive results. Perhaps most impressive is the company’s plan to shift more negotiations previously handled face-to-face to online eSourcing events, which will ensure the most cohesive and commercially sound approach to meeting supply chain challenges and reaping the rewards of an advanced eSourcing process.

DIRECTOR OF WORLDWIDE MEDIA GROUP AT RECKITT BENCKISER:

“Visibility and transparency into our media spend and how it tracks against our annual plan is difficult to achieve using the status quo. With ASO giving us the ability to institute an improved process, with more robust data management and analysis, we can better manage our spend and deliverables, ensuring that we deliver ongoing value to our brands.”

FOOD MANUFACTURER’S DIRECTOR OF STRATEGIC SOURCING:

“Having used ASO for a variety of sourcing events over the past four years, ASO will be leveraged by our Strategic Sourcing and Services team to improve sourcing decision-making across a range of spend categories and drive better supply chain and company performance.”
THE SCIQUEST DIFFERENCE

Consumer goods manufacturers’ procurement teams who are using basic eSourcing technologies are struggling to address both direct and indirect spend categories that require scalable, flexible bidding capabilities and analytical power. In fact, most companies are only able to get up to 30 percent of their spends through basic eSourcing tools, due to technology limitations that force constraints on sourcing strategies that include the collection and analysis of price and non-price factors.

ASO drives new value where general purpose eSourcing solutions fall far short. Our solution is designed to help you vastly improve results in the sourcing of a majority of your spend!

The benefits you reap will be realized as:

- Greater savings opportunities uncovered through spend aggregation and cost driver optimization
- Supply chain innovations obtained by engaging in a collaborative bidding process with suppliers and transportation carriers
- Productivity gains and more time for strategy thanks to product-enabled efficiencies
- Increased spend under management by addressing challenging spend categories

GET STARTED WITH THE SCIQUEST ADVANCED SOURCING OPTIMIZER

Talk to us about how we can help your procurement efforts for enterprise-wide spend categories that are critical to the success of your product manufacturing, packaging and supply chain operations.

ABOUT SCIQUEST

SciQuest (Nasdaq: SQI) is the leading public provider of spend management solutions delivering value beyond savings. Through the continued release of key innovative technology and a fanatical drive toward making our customers successful, we deliver exceptional value in user experience, productivity and operational efficiency. Our cloud-based, mobile-enabled, source-to-settle platform addresses all stages of procurement from the automation of core processes to enabling sophisticated, strategic and multifaceted sourcing solutions. We specialize in handling simple procurement needs to the most advanced supplier and supply chain requirements. SciQuest serves a wide range of industries and organizations including many of the Global Fortune 500.

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