Top Pharmaceutical Company Saves Nearly a Quarter of Costs on Complex Events with Sourcing and Analytics from JAGGAER

PROFILE
A medical product organization that helps people live longer and more fulfilling lives, employs over 100,000 people and manages popular brands of nutrition products, pharmaceuticals, and medical devices in over 150 countries.

CHALLENGE
For over a century, this life science organization has provided nutritional and dietary options for a multitude of lifestyles. However, during that time, the world around them changed quite drastically. One such change was the way companies got their products post-manufacture to where they need to go. The logistics of distribution became exponentially complicated; more powerful and effective tools were needed for companies to make sure they were being as efficient as possible.

For many years, this organization’s freight and distribution procurement group relied on spreadsheets and manual analysis to determine which RFQs to pursue. Providers would drop completed RFQ templates into an internal portal, which the procurement team would then move to Excel files and begin comparing options. Spreadsheets, however, were not built for robust analysis, so most of these comparisons needed to be done manually. Also, the manual analysis was subject to human error and not able to include all of the logistical factors that needed to be considered.

“With this method we were only able to go in with a couple of predetermined scenarios that can be produced with spreadsheets,” said a VP of Procurement at the company. “If you can’t constrain the data effectively, you’re unable to identify the best supplier for the variety of possible situations...
Optimizer (ASO) to better execute the analysis phase of their RFQs back in 2015. Thanks to the tool’s ability to allow the nutrition product developer to improve the quality of its bid management process, the time taken to execute RFPs was reduced, and cost savings opportunities were quickly identified. Today, 75% percent of the company’s global freight transportation spend is sourced through the solution.

ASO gives the company the capability to make decisions very quickly, but they are not just quicker decisions—they are better decisions, informed by the deep scenario analysis. In the past, spreadsheet analysis meant that someone could spend weeks trying to put together a few scenarios for stakeholders to review and make a decision in a few days. With ASO, that timing is now flipped; even with a large, complex event, one person can run a scenario on an average close to once per minute. In a couple days, a full variety of scenarios can be collected and more of the decision-making cycle can be spent discussing options that are best for all parties. Thanks to Spend Radar, data collected can be put to work making better decisions all across the department, and identifying new areas for cost savings. The organization has taken spend data from a variety of sources and formats and easily turned that data into a resource that gives insights into potential savings as well as allows the company to take on larger, more complex events.

Previously, the company was unable to look at much in the way analysis before gaining the ability to dig into the data with ASO and Spend Radar. As opposed to simply viewing the scenario outcomes, the procurement department can optimize processes to figure out which is the best one for a given situation, in a short amount of time. Before, the company did not have the ability to consider the variety of scenarios possible in such a granular way. This also means that some bids they were unable to proceed with before, due to the complexity of the previous system, are now on the table. Now, double-, triple-, and even quadruple-digit scenarios are easily managed.

THE FUTURE
As ASO continues to evolve with frequent updates, the organization plans to regularly assure it is keeping up with the new capabilities and implementing the changes to solve new challenges as they arise. The freight and distribution procurement group will also continue to “flip the switch” on a number of ASO features that they have yet to take full advantage of, such as lookup table functionality, further assessment of item type, and item consolidation options. With the combination of ASO and Spend Radar tools, the company is looking forward to how JAGGAER can help them engage in larger events with more vast amounts of data in the same short amount of run time smaller events take.

BOTTOM LINE RESULTS
- 60% reduction in time to execute RFPs
- 75% of the company’s global freight transportation spend sourced and managed with JAGGAER
- Company now managing double-, triple-, and quadruple-digit scenarios with ease
- Additional 23% in cost reductions identified through spend analysis