



Sourcing of IT Services

Company Profile

Client: Fortune 50 Consumer Packaged Goods Company

The client is a Consumer Packaged Goods (CPG) global leader and covers a wide range of consumer packaged goods production in the beauty and grooming and household care units. The client's hundreds of brands are available in more than 180 countries.

Business Challenge

The client, a Corbus Sourcing & Procurement Services customer for over 14 years, did not centrally manage its IT Services Sourcing. IT Services consisted of Application Development & Support, Systems Integration, Staff Augmentation, and Services Consultants. The client managed IT Services Sourcing for each assigned area within each separate geographic region. Without standardized agreements and sourcing policies, "maverick" buying was the norm, and the aggregate purchasing power of the client was not being leveraged. In this environment, spend aggregation and supplier rationalization was difficult to execute. Further, the client felt that it had poor visibility and a lack of control over this business critical category.

How Corbus Helped

Drawing upon Corbus' history of executing sourcing programs and transactional procurement for other commodity categories, the client approached Corbus to recommend and execute a solution for its IT Services Sourcing challenges. In addition to addressing the existing challenges, it was critical to the client that service disruption of any kind was not acceptable during any implemented transformation.

Corbus assigned a dedicated Project Manager (PM) to develop and execute the transformation. Leveraging the Corbus Sourcing & Procurement Center of Excellence, the PM conducted market research, assessed current spend profiles, interviewed stakeholders, mapped current processes and developed a gap analysis to Best Practices. The results were presented to the client, and after Corbus and the client mutually agreed to KPIs and the implementation schedule and milestones, the solution was implemented.

Results

Corbus implemented a global, standardized IT Services Sourcing program. Fragmented and maverick local spend was replaced with a core supplier base to strategically aggregate and leverage spend by service providers. Today Corbus continues to execute the program, utilizing a mix of onshore and offshore associates, who work as an extension of the client's IT procurement team, authorized to source and procure selected IT products and services on a global basis.

The program is currently in its third year. In the first year, Corbus delivered 18% hard savings as compared to the previous year's spend profile. Year Two saw an additional 12% in savings as a result of supplier rationalization, direct negotiations and demand management. Over 600 vendors were onboarded and are actively managed. Program customer satisfaction metrics have consistently been over 4.0 points, on a 5 point scale. Annual spend managed is over \$70 million.

- ✓ Vendor consolidation – 30% reduction
- ✓ Hard dollar savings – 18% in the first year
- ✓ High client satisfaction
- ✓ Improved visibility to spend
- ✓ Near elimination of maverick spend