

**Deloitte.**

## THE RIPPLE EFFECT

Stories of purpose and lasting impact

# A more direct line of sight into indirect procurement

Post-separation, a NewCo sought to outsource indirect sourcing and procurement operations. Deloitte helped it shift direction with an overall strategy built for scale.

# STAKEHOLDERS WERE MOVING IN **TOO MANY DIRECTIONS** AROUND **INDIRECT PROCUREMENT**

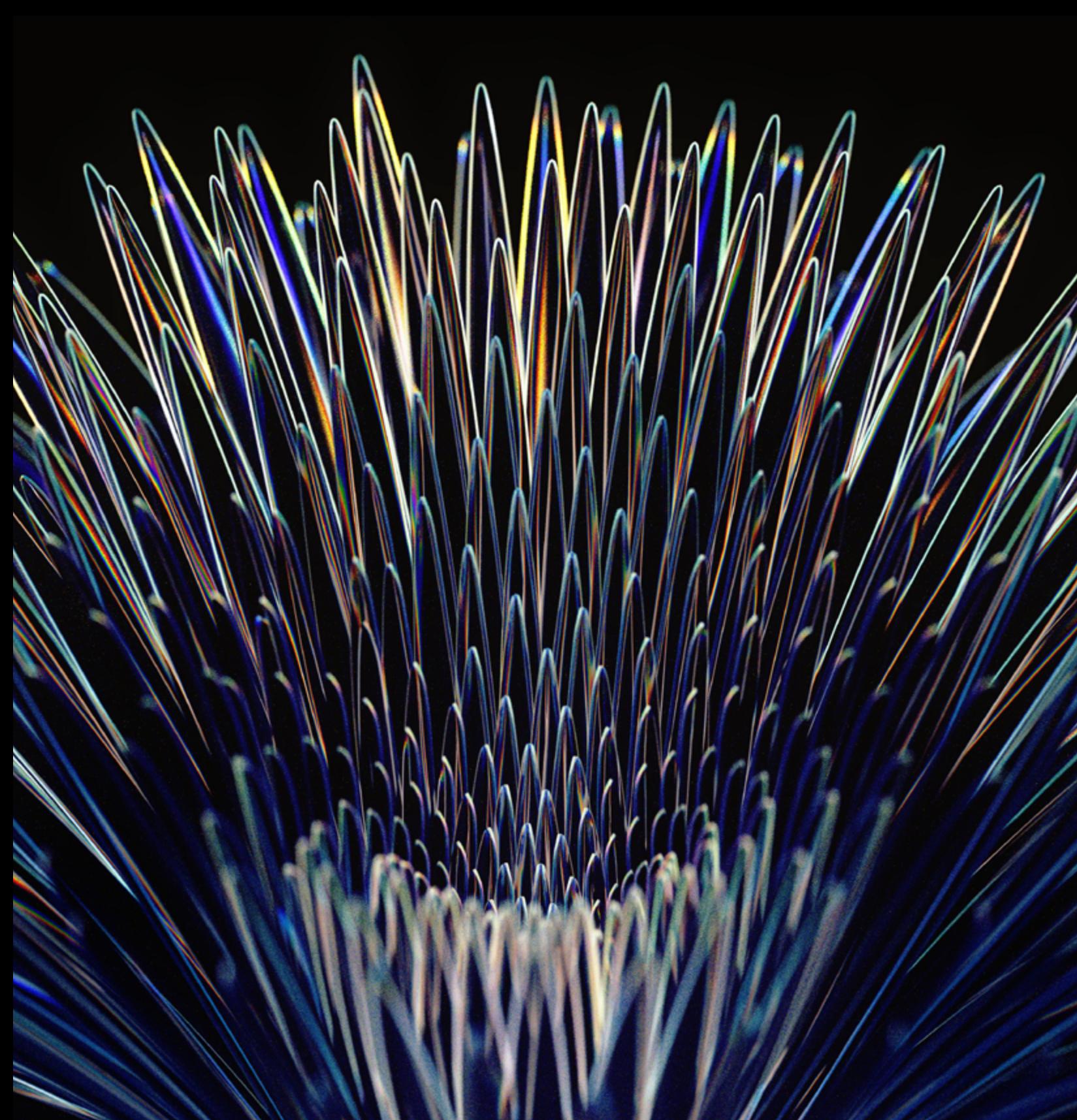
## THE SITUATION

The computer hardware manufacturer wasn't a new company, but it was a NewCo. It had recently separated from a larger technology enterprise in order to realize greater agility and scalability in a rapidly growing segment of the industry. Initially, the NewCo relied on transition service agreements from the conglomerate. But the NewCo needed to stand up its own processes so it truly could stand alone.

Leaders chose to move quickly around procurement to enable the NewCo to source goods and services strategically, improve processes, and drive technology implementation. They built a procurement department completely from scratch, assembling a dedicated team to work with business groups around the company, from IT to human resources to strategic planning to marketing.

Indirect expenditures can span discrete categories of company overhead such as utilities, facilities management and travel. They contribute to the cost of *being* in business more than to the cost of *doing* business. The NewCo's indirect procurement leader and category managers established and maintained a procurement policy and process—but soon found that many business stakeholders weren't following it.

This "maverick" spending wasn't unusual for a company emerging from a large organization with mature procurement processes. To level up the bandwidth of its own internal procurement process, the NewCo sought a managed services partner that could help address inefficiencies around indirect spend.



# THE SOLVE

The NewCo didn't need to start a new relationship; it could deepen its long-standing one with Deloitte, whose multidisciplinary model directly influenced the leaders' decision. Deloitte's highly regarded M&A practice had assisted with the separation, and teams across Deloitte's businesses collaborated with the client long before that. NewCo leaders had seen how Deloitte's deep industry experience and problem-solving capabilities can unlock value. The leaders also understood the importance of building a strong internal procurement foundation early to better position the NewCo to utilize newer technologies effectively.

Initially brought on to help it outsource the sourcing and procurement operations, Deloitte took an approach that ended up influencing the client's development of standardized processes and procedures, as well as a more expansive procurement strategy.

Deloitte began by studying current sourcing and procurement activities to understand why they weren't driving desired behavior across the organization. The team used a proprietary Deloitte content extraction tool to understand the NewCo's active contracts, including those signed with the former parent. This provided comprehensive insight into committed spend across a highly fragmented supply base and became foundational for contract migration from legacy systems.

Next, Deloitte conducted a policy review that led to suggestions and significant changes that could drive compliance to the SAP Ariba ERP technology and the NewCo's preferred suppliers and buying channels, and potentially optimize business outcomes.

Deloitte created a customized project plan that organized indirect procurement team priorities and milestones while leveraging accelerators, templates, and—most important—lessons learned from similar projects.

New workflows, tailored for the new SAP Ariba ERP system and standardized to drive process efficiency, were implemented across the purchase requisition-to-purchase order process. To monitor and drive performance efficiencies, Deloitte developed aging reports, forecasts, KPIs and metrics, and issue logs. And to facilitate transparent upward reporting, Deloitte established a tracker that provides visibility into sourcing engagements across the internal procurement team.

The collaboration grew to include a multiyear contract for Deloitte to provide full source-to-pay procurement support. Leveraging Deloitte's Operate services with hybrid offshore resources, the NewCo benefits from a flexible model that can scale up or down as needed to accomplish its goals.

## STANDING UP NEW PROCESSES TO **HELP A NEWCO** **STAND ALONE**

## THE IMPACT

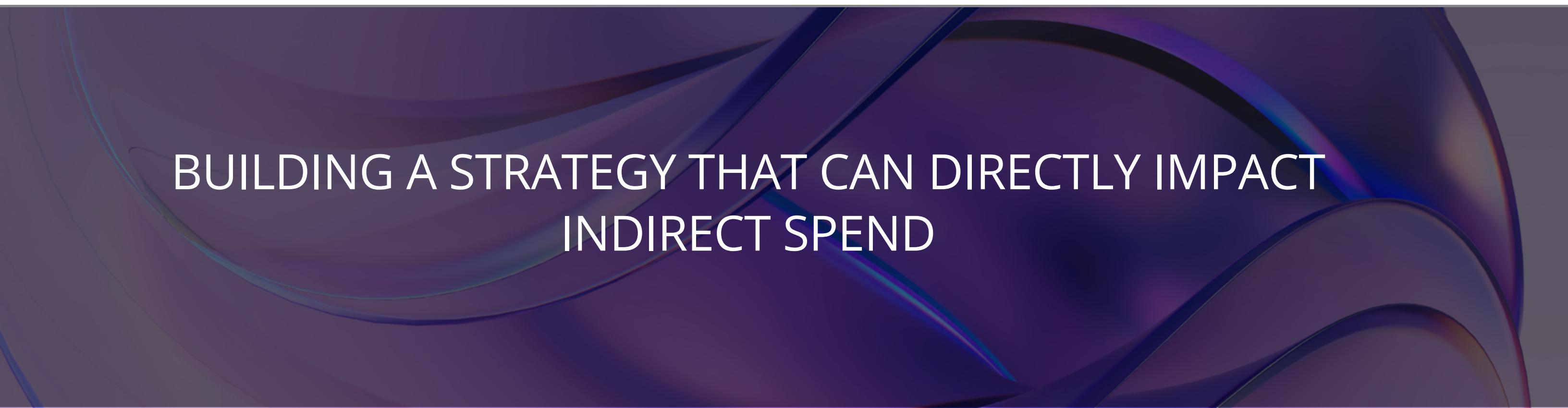
The transition from subsidiary to a stand-alone company can be smoother when aided by a safe pair of hands. Throughout the engagement, Deloitte's enterprise performance professionals exceeded every service line agreement/contract and key performance indicators (KPIs) while demonstrating an agility to pivot quickly, scale up, or even scale down.

Deloitte's high-quality deliverables and services have also supported the delivery of value for the NewCo. For example, through deployment of best-in-class category management and sourcing practices, Deloitte has helped the client identify significant cost savings opportunities.

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Deloitte supported the client further through change management and communications leading up to the workstream's stand-up—since indirect procurement happens in every office across an organization and impacts pretty much every budget, and every budget holder. A senior member of the Deloitte project team shared, "You can design and implement the best operating model possible, but it's more likely to be successful if you win the hearts and minds of people to help drive their behavior."

Now, after working with the NewCo to develop category strategies for 2023 and 2024—and with internal procurement operations stabilized—Deloitte is actively refining previous work, such as process automation and policy standardization, to meet the NewCo's dynamic environment.



**BUILDING A STRATEGY THAT CAN DIRECTLY IMPACT  
INDIRECT SPEND**

# LET'S CONNECT.

Do these challenges sound familiar?



**SAM PEARSON**

Principal  
Deloitte Consulting LLP  
[sapearson@deloitte.com](mailto:sapearson@deloitte.com)  
+1 612 747 0756



**STEVEN MURRAY**

Senior Manager  
Deloitte Consulting LLP  
[stevmurray@deloitte.com](mailto:stevmurray@deloitte.com)  
+1 312 486 0515



**RAHUL SAXENA**

Managing Director  
Deloitte Consulting LLP  
[rahulsaxena@deloitte.com](mailto:rahulsaxena@deloitte.com)  
+1 404 840 8388



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