



## CUSTOMER USE CASE

# SOURCING OPTIMIZATION

## BUILDING A PROCUREMENT ORGANIZATION

A global automotive supplier implements Coupa Sourcing Optimization and saves over \$50 million in its first 20 internet-based tenders.

### SITUATION

The organization, a well established manufacturing company, had just finished a complex Enterprise Resource Planning (ERP) implementation. The project cost ran into the hundreds of millions dollars and took many years to complete. Over 100 manufacturing centers and dozens of operating facilities across 100 countries were successfully integrated.

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*The team determined that electronic tendering provided the best opportunity to generate the required ROI.*

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Consistent with the company's effort to integrate and modernize its business processes, it recognized a need to build a procurement organization capable of executing a more centralized, leveraged approach. A team of three procurement staff members was created and tasked with developing a self-funded strategy and starting the process. The team determined that electronic tendering provided the best opportunity to generate the required ROI.

*More than \$50 million in savings were implemented.*

The team initially identified seven projects covering three categories that were reflective of demand at a regional level. These projects were completed in six months and a further 14 projects were completed the following year, helping the company realize its goal of self-funding the development of a modern procurement capability.

## CHALLENGES:

- Although the initial sourcing objectives were modest, the historical purchasing data required to execute effective tenders were not available. This meant suppliers had to provide the data.
- The company has an independent almost “do-it-yourself” (DIY) culture and having made a significant investment on its new ERP system, it had limited appetite to outsource or fund additional consultant-led engagements.
- The RFX capability native to the company’s new ERP system was functionally inadequate.

## WINS:

- Coupa Sourcing Optimization enabled the creation of highly structured, category and supplier-specific data collection templates and the suppliers fully cooperated in providing the data requested.
- Despite the relatively simple structure of each tender, the suppliers were extremely creative in their proposals.
- Total savings of approximately 10% were achieved in the first set of seven tenders.
- The team’s success resulted in significant additional staff and budget for the systems and tools that had been highlighted its original strategy document.

## THE RESULTS

- Over an 18 month period, approximately \$500 million in spend was allocated across 20 tenders and more than \$50 million in savings were implemented.
- In addition to the original seven projects, seven similar but larger tenders were executed during the following 12 months. This second set of projects aggregated demand from multiple versus single regions of the world.
- The team successfully executed six additional super-regional transportation tenders across three different modes (ocean freight, intermodal and full truck load). In doing so, it received special recognition for successfully taking the supply plans resulting from each tender and loading them into the company's new Transportation Management System (TMS).
- The organization is now sourcing more strategic categories, including Maintenance, Repair and Operations (MRO) and direct categories of spend. It is also taking increasing advantage of Coupa Sourcing Optimization's advanced analytic capabilities in pursuit of a goal to source globally and manage at the category level. Ultimately, the company's goal to self-fund the development of a modern procurement capability is being realized.

## ABOUT COUPA

Coupa Software (NASDAQ:COUP) is the cloud platform for business spend. We deliver "Value as a Service" by helping our customers maximize their spend under management, achieve significant cost savings, and drive profitability. Coupa provides a unified, cloud-based spend management platform that connects hundreds of organizations representing the Americas, EMEA, and APAC with millions of suppliers globally. The Coupa platform provides greater visibility into and control over how companies spend money. Customers – small, medium, and large – have used the Coupa platform to bring billions of dollars in cumulative spend under management. Learn more at [www.coupa.com](http://www.coupa.com).

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