

## Resolving Global Purchasing Challenges with Oracle Purchasing

**Industry :** Telecom

A global leader in communications and network solutions for enterprises and homes.

By instituting the Warehouse Management System, we helped improve our client's distribution efficiency, quality, reduce costs and ultimately prepare the business for DC consolidation.

### Additional Information

- To overcome these challenges and to get a global view of the data being purchased, Client decided to consolidate its purchasing function and move to a single global purchasing environment. A global purchasing solution will improve buyer productivity, help achieve higher degree of control on purchasing processes, and lead to significant cost cuts. At an operational level, it will reduce inventory exposure and improve supply continuity and operational efficiency. The solution will facilitate easy redirection of materials based on the requirements from one Client site to another, and function as a single source of information for Client, its suppliers, Third-Party Logistics Provider (3PL) Hubs, EMS, and freight carriers.
- Client was previously using an Oracle ERP solution to manage global purchasing. However, to get a global view of the data being purchased, Client needs to consolidate multiple ERP instances to implement an effective global purchasing solution.

### Solutions

- Provided an end-to-end solution for Client that automated the global purchasing function. The automation standardized and centralized the Purchase Function, that is, the way the company issues purchase orders, especially for same materials at multiple sites. Consolidated buy/sell harmonized the buy/sell processes for high value parts to get global price benefits, and move to second-generation automation.
- The global purchasing program was split into three large projects as follows:
  - Global Material Workbench (Application Development)
  - Global Oracle instance data migration across all instances
  - Global Buy/Sell Consolidation and Customer Dropship Solution
- MRP will compute the net Demand and Release Global PO for the respective Supplier in which all the items are consolidated with respect to the Supplier. The demand from each of the site is consolidated and supply is created based on the net demand. Vendor will maintain the stock in Vendor Managed Inventory (VMI) at their cost for 60 days and then the unconsumed material will be transferred to Client. This reduces the cost of inventory maintenance.

## **Business Benefits / Value to Customer**

The business benefits of Global Purchasing Program are listed as follows:

- Delivers a Global Purchasing solution for Global Procurement, which improves buyer productivity, achieves a high degree of control over purchasing processes and leads to significant reduction in operating cost.
- Integrates various purchasing sites, and improves the global price negotiation, which in turn reduces the purchasing cost of the parts supplied to EMS for manufacturing.
- Is robust and compatible to deploy in other ERP instances without impediment.
- Retires custom buy/sell automation, and replaces with standard Savvion automation solution as new interfaces cause decrease in complexity to the existing system.
- Streamlines purchasing function and ensures purchases are made at the right price, from the right suppliers, at the right time.
- Improves supply assurance.
- Reduces operating costs and thereby improves productivity.
- Reduces the number of contracts for suppliers.
- Improves operational efficiency.
- Lower cost and cycle-times

## **Measureable Benefits**

The measurable benefits of Global Purchasing Program are listed as follows:

- \$45M in cost savings annually
- Return on Investment (ROI) of 335%
- Inventory reduction of \$220M through increased SOI and intra-Hub process improvements
- Expect actual Hub operating cost reduction = \$5M per year
- Expect Purchase price variance reduction = \$5M per month