

ProcureAbility CASE STUDY

Taming the Tail: Controlling Your Organization's Tail Spend

Background

A global leader in the Hospitality and Entertainment Industry identified a significant challenge with their upcoming implementation of a cloud-based P2P system. They planned to enforce a “no PO no pay” rule, but lacked management and visibility to \$295M in Tail Spend, across 48,000 items and over 2,000 suppliers.

“If contracts aren’t executed with each supplier, our organization will lose the ability to make purchases, spend will grow unmanaged, supplier risk will remain unmitigated, and we won’t hit our savings targets.”



4 Key Project Objectives:



1. Cleanse the ERP data (650,000 data points) and assemble it into an actionable format



2. Negotiate 1-year Pricing Agreements with each supplier



3. Achieve \$44M (15%) in savings in the process

4. Communicate P2P procurement environment requirements to all suppliers

ProcureAbility's Process

Working closely with the organization's Strategic Sourcing teams, ProcureAbility gathered the necessary process, tools and incumbent knowledge to design a process and aggressive timeline to achieve the 4 objectives. The approach included the creation of:

- **Supplier Outreach Strategy** to quickly prompt supplier responses and negotiations
- **Communication Plan** to successfully communicate the P2P change to suppliers
- Customized comprehensive **RFQ** and pricing templates for each specific category
- **Bilateral Client Support Plan** to quickly escalate and resolve issues
- **Management Dashboards** to track key metrics and communicate weekly progress
- **Contract Library** to streamline the transfer of executed contracts to the Organization for successful upload into the new P2P system

TOTAL ANNUAL
SPEND: \$295M

SAVINGS
TARGET: \$44M

ACTUAL
SAVINGS: \$47M

16%
savings!



Results

ProcureAbility successfully delivered each of the 4 project objectives.

- Packaged the 875,000 newly acquired data points and insights into a strategic roadmap for a comprehensive Tail Spend Management Program. The organization plans to implement the plan immediately following the successful completion of the P2P rollout with suppliers, thus reducing cost and complexity of the procurement processes.
- 2,135 new contracts, increasing spend under management by \$295M.
- \$47M annual savings (16%).
- 48,000 items migrated to the new P2P system, enabling a “touchless” P2P process.