PrECA

SPEND OPTIMIZATION

Company presentation

reducing procurement spend without loss of purchasing volumes and quality

We provide a competitive advantage in procurement

about us

PrECA was the first company to enter the Russian market of consulting and outsourcing in procurement

2010
the company was founded

44
companies, with annual turnover of **up to 940 bln rubles**, have become our clients

1,5
bln rubles have been saved for clients on procurement over the past **5 years**

105
of 108 projects paid for themselves in just **4 months**

PrECA: Procurement Excellence for Competitive Advantage

our achievements

2011-2013

SANDOZ

Expenses for PR-services	**−30%**

syngenta

Expenses for transport services	**−7%**
Mobile communication spend	**−32%**

Cost of consumables for retail chains:

ЭЛЬДОРАДО	**−10%**
МАГНИТ	**−5%**

Cost of consumables for chains:

36·6	**−15%**	BURGER KING	**−30%**

X5 RETAIL GROUP

Revealed potential economy **−11%** of annual indirect procurement costs

Expenditures for taxis, mobile communications and outstaffing:

Moët Hennessy	**−30%**
LOUIS VUITTON	**−40%**

re.Store

Expenses for:

new stores' construction	**−10%**
travel services	**−15%**
telecommunication services	**−33%**

2014-2016

BMW

Expenses for office supplies	**−12%**

AGC

Expenses for:

telecommunication services	**−40%**
outstaffing	**−5%**
workwear	**−15%**
travel services	**−11%**

SCANMARKET

Achieved 'official partner' status, started implementation of the e-sourcing tool

X5 RETAIL GROUP

Scanners supply expenses	**−46%**

KNAUF INSULATION

Telecommunication expenses	**−50%**

Moët Hennessy

Automated procurements process, overall expenses for procurement	**−14%**

re.Store

Expenses for:

spot purchases for IT and marketing	**−15%**
IT equipment maintenance	**−35%**

ИЛЬ ДЕ БОТЭ

Implemented e-sourcing, warehousing expenses	**−36%**

AGC ASAHI GLASS

Spend of managed print service	**−36%**

2017-2018

Bonduelle

Expenses for mobile service	**−47%**

МОСИНЖПРОЕКТ АКЦИОНЕРНОЕ ОБЩЕСТВО

The planning and purchasing process was reengineered according to the public procurement law 223. Reduced lead time from 96 to 47 days

LVMH PERFUMES & COSMETICS

Automated the sourcing process

ГРУППА КОМПАНИЙ АГРОТЕРРА

Maintenance, repair & overhaul: identified opportunities for
• cost reduction by **−15%,**
• stocks reduction **−50%**

GROUPE ROCHER

Expenses for managed print service	**−23%**
Mobile communication	**−55%**

HOME CREDIT BANK

Developed the global procurement policy

FM LOGISTIC

Performed audit of the procurement process, org structure, IT system and procurement personnel **-6%** savings potential

2019-...

STADA

Optimization of indirect procurement process:
• easy and transparent process
• spend reduction (MRO&IT) **−12%**
• procurement coverage increased с 20% до 80%

НЛМК

Audit of the tender for the supply of multimedia equipment for the corporate university **−39%** savings potential
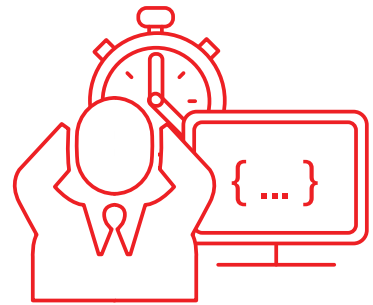
GJ GLORIA JEANS

Expenses for:

server equipment	**−20%**
Mobile communication	**−34%**
Advertising SMS	**−23%**

BELUGA GROUP

Consumables for office and retail outlets	**−13%**
Mobile communication	**−15%**
Print and copy service	**−10%**

problems we solve

lack of resources

→ Procurement is ineffective due to the lack of expertise and motivation

→ Employees are overloaded with operational work and are not focused on core functions

→ Indirect purchasing categories (IT, marketing, etc.) are not covered by Procurement Department
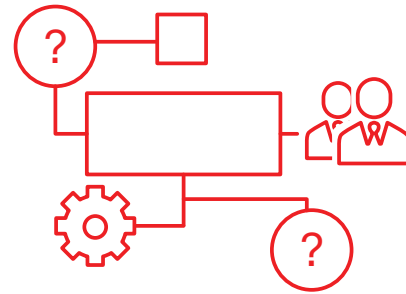
process inefficiency

→ Decision-making is drawn-out and bureaucratic, leading to additional labor costs

→ Lack of up-to-date information on contracts, tenders, no analytics on spend and pricing

→ Purchasing process is not automated, the use of technology is limited to e-mail and Excel

expenses are inflated

→ No confidence that a supplier's proposal is the lowest-price offer for a given quality

→ Conflict of interests, element of corruption in procurement

→ It is hard to keep within the budget with the unstable exchange rate

→ Costs must be reduced by 10-15%, but there`s a high risk of obstructing operating processes

our services

outsourcing of procurement process

Sourcing

➜ Analyze total cost of ownership per procurement categories

➜ Elaborate goods & services' specifications

➜ Research the market, negotiate with suppliers, introduce new conditions

Operational procurement

➜ Process purchase orders of the requestors

➜ Place orders with the suppliers and monitor them

➜ Manage services of mobile communication, business trips, office supplies

Spot purchases

➜ Purchase IT equipment for projects, printed materials and souvenirs, and other goods and services for occasional needs

➜ Relieve personnel from non-core functions saving their time

Support for the procurement function

➜ Research the suppliers' marketo

➜ Conduct e-auctions

➜ Analyze cost of procurement, identify savings

➜ Manage master data, purchase orders in ERP

consulting

➜ Conduct audit of procurement function

➜ Develop strategy, procedures, KPI's and reporting

➜ Create procurement departments from the ground up

automation

➜ Implement IT tools in procurement:
SCANMARKET®
SAP Ariba ⋀

➜ Train and support users

➜ Training
  • Assessment of personnel: skill gap analysis

  • Performing procurement trainings

strong procurement expertise in categories
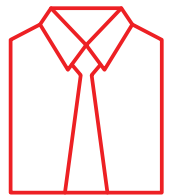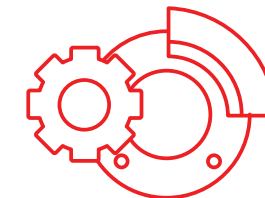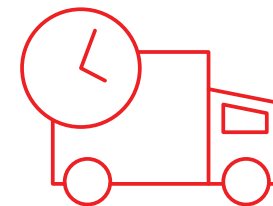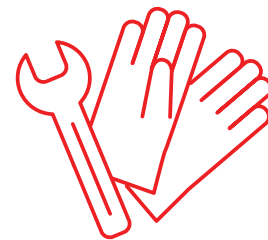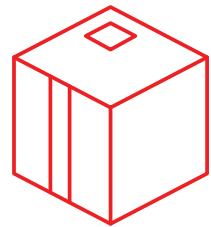
Raw materials and packaging
- Primary raw materials and auxiliary supplies
- Packaging materials

Marketing
- POS-materials and textile
- Outdoor advertising
- Creative events
- Digital services
- PR-services

Construction and Operation
- Cleaning
- Construction and assembly works

IT and telecom
- Mobile and fixed telephony
- Data communication
- IT equipment
- Consulting and outsourcing

Transport and Logistics
- Transportation
- Warehousing services

Administrative services
- Courier service
- Office supplies
- Travel services
- Car fleet management
- Insurance

CAPEX and MRO
- Industrial equipment
- Spare parts
- Maintenance and repair services

HR
- Workwear and personnel protection equipment
- Recruitment services
- Outstaffing

benefits for clients
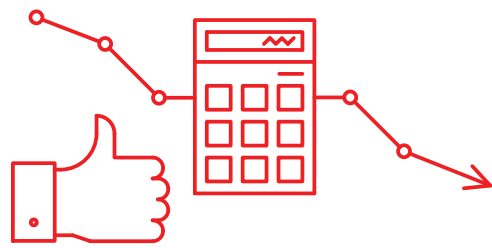
costs
Reduce **by 20%** without loss of quality and purchasing volumes
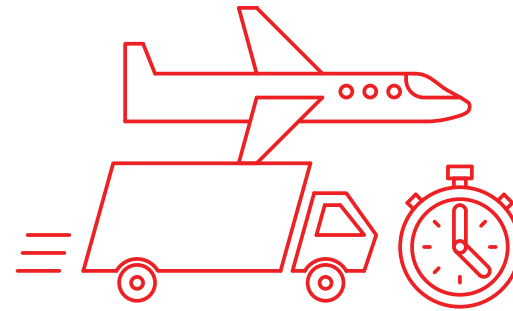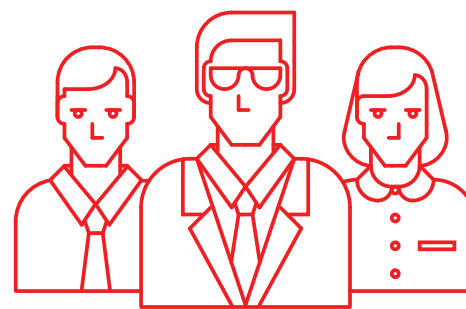
procurement lead time
Reduce **by 30%**
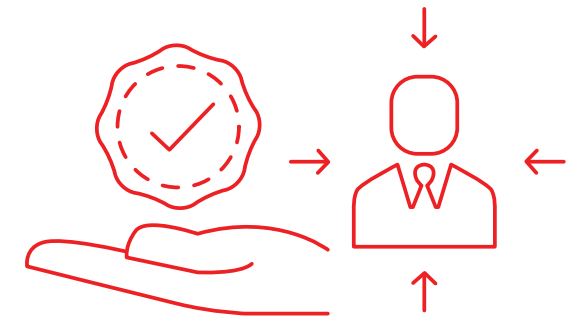
service
Improve servicing quality of the supplier

process
Standardize documents workflow, make procurement process transparent and lean
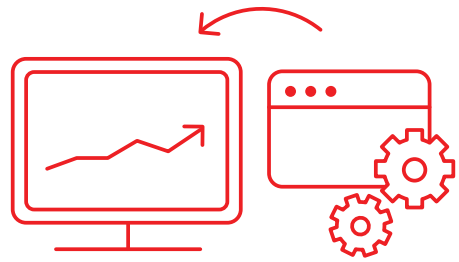
employees
Reduce workload: let the staff concentrate on core business processes
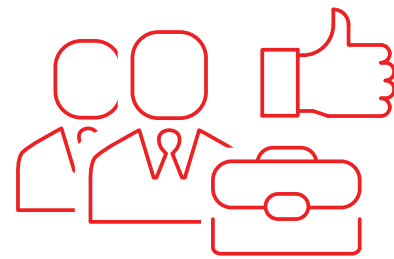
convenience
Offer ready templates, easy-to-use IT tools

our advantages

more efficient

→ Rewarded not for the process, but for the result

→ Have strong category **expertise**

→ Implement methodologies and technologies adopted in **Fortune Global 500 companies**
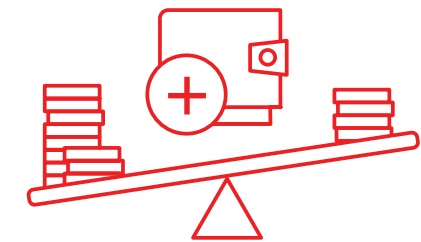
more convenient

→ It is easy **to refuse** our services, it is far more difficult to dismiss your own staff

→ You can get services and gain benefit **easily** and **quickly**
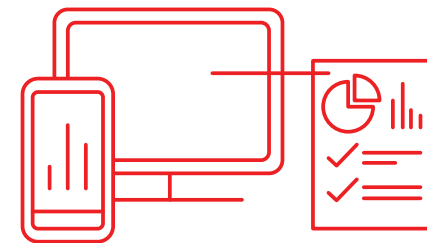
more technologyoriented

→ We are a partner of **SAP Ariba** and the only partner of **Scanmarket** in Russia

→ We use **IT tools** for analysis and optimization

lower in cost

→ No need to hire and train **full-time staff**, bear expenses for mobile communication, taxes and health insurance

→ Costs of our services are compensated through the savings achieved
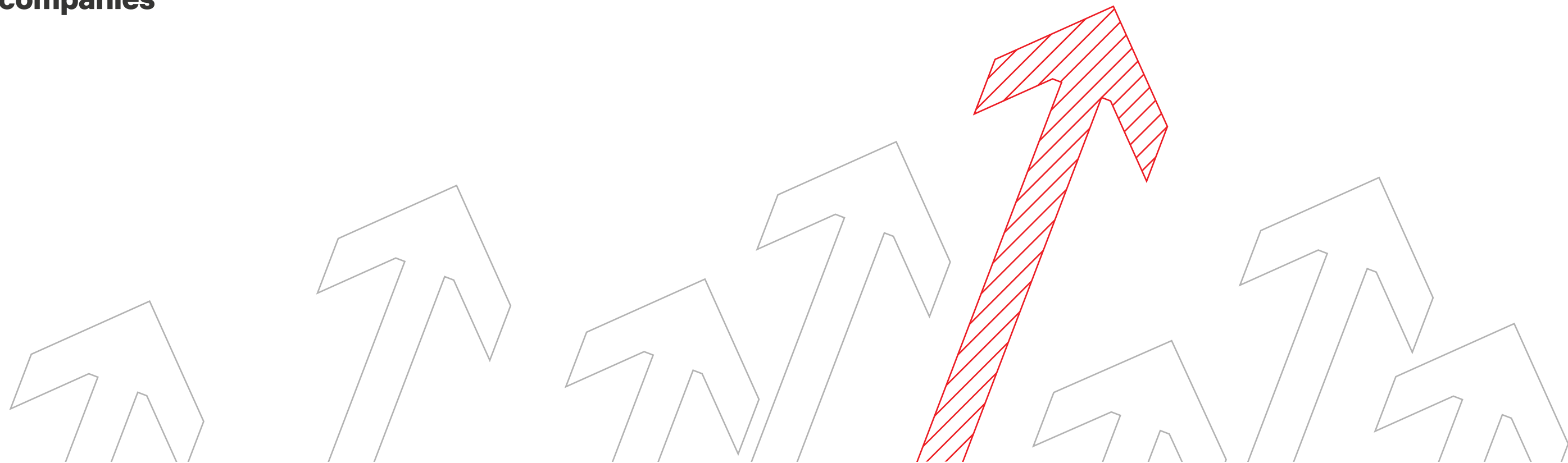
case 1. indirect purchases

Indirect purchases of the pharma company were carried out by the initiators, the purchasing department was not involved in the sourcing process. The purchases from the two factories and offices were not centralized and consolidated. The purchasing process was not automated. Procurement staff performed irrelevant functions, which led to long delivery terms. There was no production planning for the MRO category, which led to an increase in the number of urgent requests.
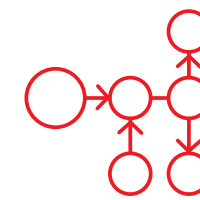
Actions to achieve the result:
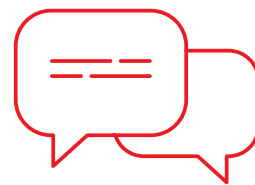
Conducted >40 interviews with employees that were involved in the procurement process
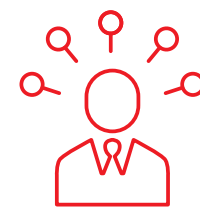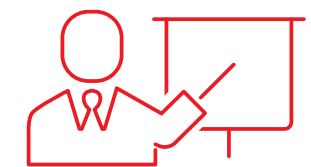
Analyzed:
- **P2P** и **S2C** processes
- **12 months spend**
- IT systems functionality
- Policies & procedures
- org structure

Described the procurement process, revealed shortcomings: duplication of functions and incorrect delegation of duties

Implemented transparent and effective procurement process in two categories — **MRO & IT**

Result:

↓ 12%

1. Developed and implemented an easy, transparent and understandable procurement process. Each stage is reflected in the IT system

2. Reduced spend in MRO & IT by 12%

3. Improved delivery terms by 50%

4. Created a basis for optimizing the procurement process for all procurement categories

case 2. non-profit purchases

X5RETAILGROUP

Non-profit purchases (NPP) of the retail chain were done "on a napkin", without using IT tools. Procurement lead-time reached up to **9 months**. Procedures were scattered, data on suppliers and costs were collected from several sources. CFO set the task to automate the procurement process.
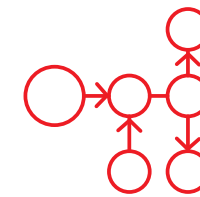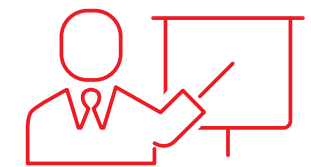
Actions to achieve the result:
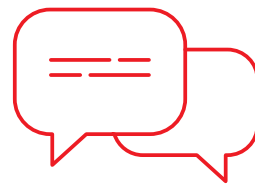
Conducted **52 interviews** with employees responsible for procurement
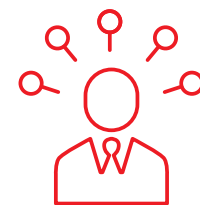
Studied **26 procurement** procedures, analyzed costs and functionality of SAP ERP

Described the procurement process, revealed shortcomings: duplication of functions and incorrect delegation of duties

Proposed to build, and then automate the process

Result:

↓ 11%

1. Identified reserves for 11% savings of **operating costs** for NPP without loss in quality

2. Prepared recommendations on procurement automation using the existing tools that allowed not to spend money on expensive software

3. Developed a new business process and introduced basic principles for procurement process

4. Used the working model as the basis for further procurement optimization projects

case 3. mobile telephony

KNAUFINSULATION

A global manufacturer of thermal insulation materials lacked expertise in mobile communication. **19 billing plans** were in use in the company, but the management did not understand whether the services provided were adequate to the market conditions. Monthly statements were missing; no overview of bills paid. Issues like SIM-card activation were dealt with for several weeks. CEO set a task to reduce costs of telecommunication services and improve service quality.
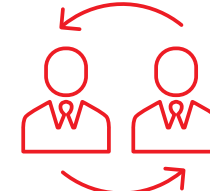
Actions to achieve the result:

Analyzed provider's reports for the last **12 months**

Revealed overstatement of tariffs **by 52%**. Found out that irrelevant services made up **6% of the costs** and deactivated them immediately

Held negotiations with the operator, developed a new contract, fixed billing plans and SLA (Service Level Agreement) based on the company's consolidated volumes
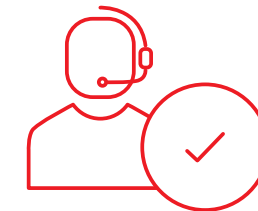
Succeeded in getting a dedicated service-manager from the provider

Updated company's policy on mobile communication services, set limits for the employees, performed smooth transfer to new tariffs and options.

Result:

↓ 50%

1. Reduced the annual expenditures of the client for cell communication services **by 50%**, while maintaining consumption volumes

2. Reduced the help desk response time to the users' requests **from 10 to 2 days**. Working with mobile operator became more comfortable

3. Detailed expenses for mobile communication, made them predictable and clear

case 4. procurement automation

Moët Hennessy

Procurement process for marketing goods in the manufacturing company of elite alcohol was not competitive. No bidding documents were in place, requestors did not have enough time to hold a full-fledged competition, there were no active guidelines for selecting suppliers. Chief Financial Officer considered expenditures for the supplied goods inflated and set a task to reduce them.
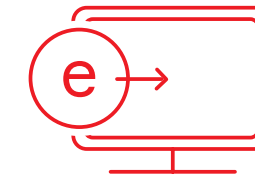
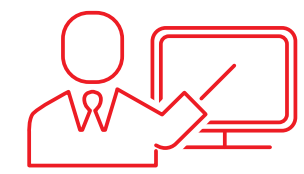**Actions to achieve the result:**
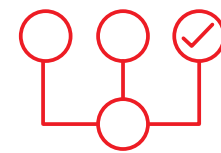
Held a pilot tender for alcohol cabinets using Scanmarket e-sourcing and selected suppliers with the acceptable products quality

Held an online reversed auction among the suppliers and reduced the cost of cabinets purchases **by 40%**

Implemented Scanmarket IT system as the main e-sourcing tool

Trained the staff to work with the software in one day

Result:

↓ 14%

1. Reduced procurement costs **by 14%**, annual savings amounted to **11 m rubles**

2. Reduced the time for search and selection of a supplier **from 6 to 2 weeks**

3. Made the procurement process accessible and transparent for CFO and internal auditor

4. The Russian division was highly rated by the global head of procurement for being the first to introduce e-sourcing

our leading experts

Zelimkhan Suleymanov

co-founder and CEO

(in) (f)

12 years of experience in procurement. Expert in strategic sourcing in categories "IT and Telecom", "Consulting", "Outsourcing", procurement automation using SAP ERP / SRM and Scanmarket systems. Supervised projects on optimizing procurements at X5 Retail Group, British American Tobacco, AB Inbev, Accenture.

Anatoly Tsypkaikin

co-founder and Project Manager

(in) (f)

13 years in procurement management. Expert in strategic sourcing in categories "Raw materials and Packaging", "Administrative Services", "Services for Operations" (CAPEX and MRO), "Transport and Logistics". Optimized procurements in AB Inbev, Asahi Glass Corp, Syngenta. Manages a team of sourcing experts.

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