Further globalization of Procurement

EY case studies

Key contacts

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Our business need: what EY was facing

- **Globalization**: The rise of the emerging markets has transformed the world economy, opening up new markets and rerouting capital flows.
- **Demographic shifts**: This represents one of the most powerful forces of change we are seeing.
- **Technology**: The way we work together, and with our clients, will be heavily influenced by technology, particularly as we experience generational change.
- **Increased regulations**: The increasing regulations we face reflect both the difficult economic environment and a desire by regulators and government to understand the root cause of the recent financial crisis and to safeguard, as far as possible, against future volatility.
- **Competitive landscape**: This is changing too. It’s no longer just about competing among the Big Four; now it’s about global consultancies, boutiques, law firms and a host of other competitors as well.

Our solution: what we proposed

- Build on the successful globalization of technology, real estate and travel services categories in 2010
- Globalize the remaining US$2.2b in spend as a products and services category consisting of 41 sub-categories, e.g., office supplies, recruiting
- Support the Vision 2020 commitment to take advantage of our global scale

Our approach: how we delivered

- No incremental costs
- Continuity of supply and services
- Consistent and flexible methodologies
- Minimal impact to categories globalized in 2010
- Drove rapid-growth market considerations into Procurement DNA
- Aligned with EY Vision 2020

Key achievements of the last year of transformation of P&S between FY14 and FY15:

- Increase in productivity: The team completed 1178 sourcing projects in FY15 across 20 regions, a staggering 118% increase on the deals closed in FY14.
- Increase in value return: the team delivered a mix of cost savings and cost avoidance totalling $62.8M, an increase of 42% on FY14
- Significant upskilling by bringing in experts from the market whilst keeping budgets flat; 42% of the team has been changed

In FY15, the spend was:

- **Brand, Marketing and Communications**: US$265m
- **Talent and HR**: US$1,801m
- **Total spend**: ~US$2.6b
- **Professional Services**: US$837m
- **Facilities**: US$467m

Our learnings

- Build and maintain deal pipeline
- Upskill team capabilities across all sub-categories
- Adopt structured senior stakeholder engagement via regular reporting
- Define processes that enable the business to challenge demand and drive compliance to the process
- Support implementation of global tool and interim solutions

Tim Eddy, Partner

“We took on this activity based on three overarching objectives: to redefine policies to better manage demand; to better manage compliance against our policies; and to rationalize our long list of suppliers, aggregate spend and negotiate better deals.”