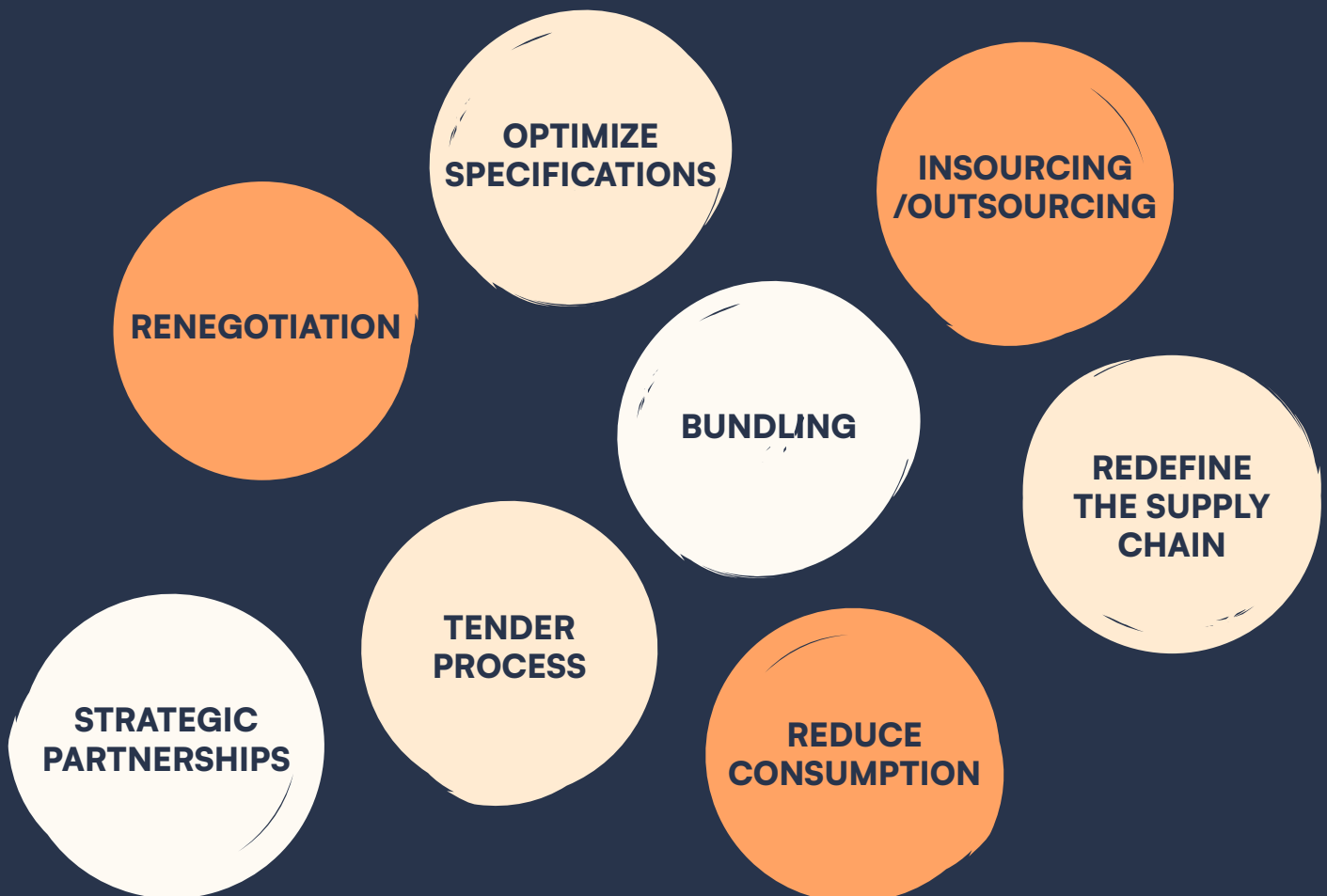


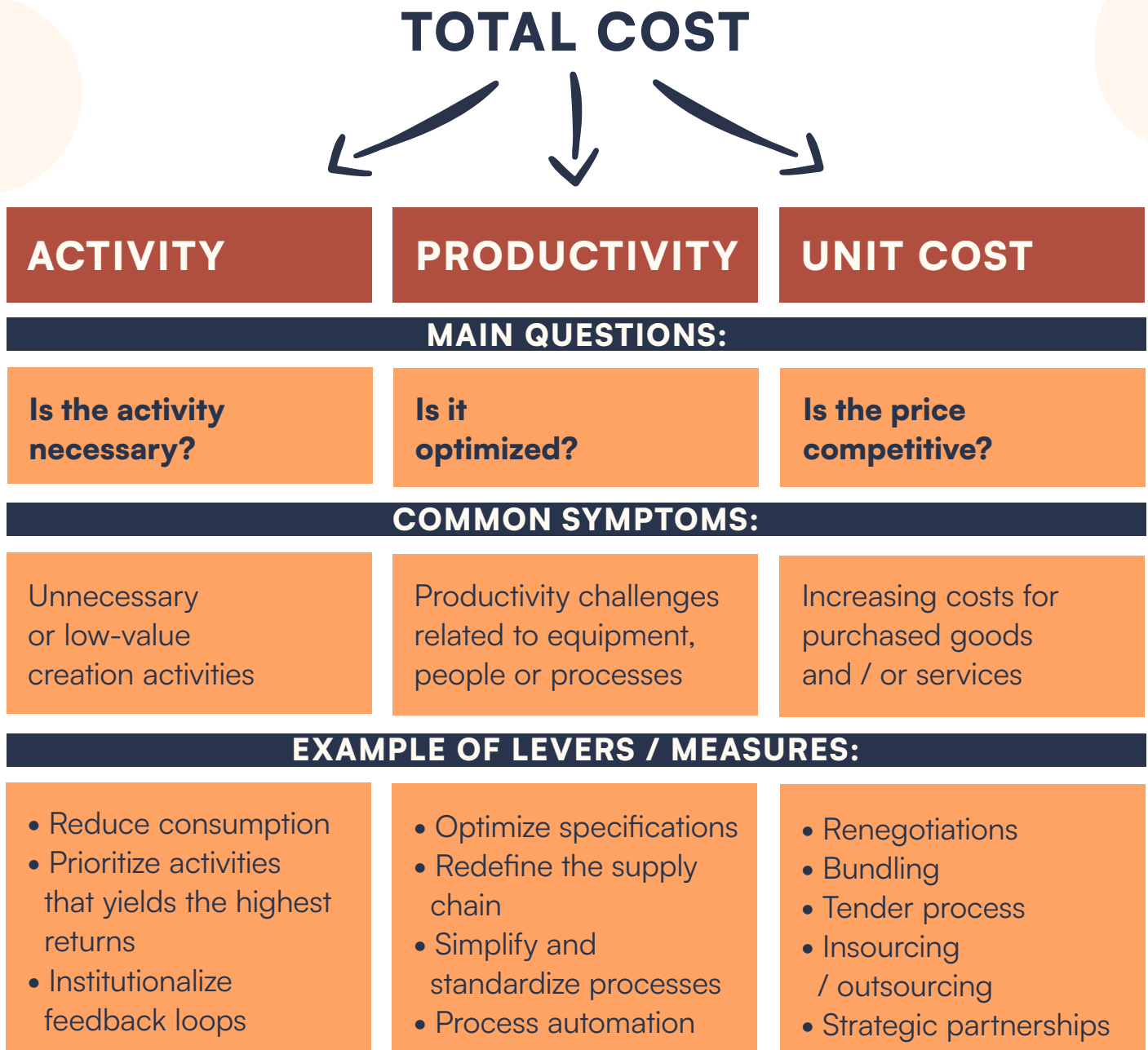
# GUIDE TO: PROCUREMENT MEASURES

Use this guide to get more details on various procurement levers to optimize spend and drive cost reductions.



# Identifying the cost drivers is an important first step

Note that the measures can affect several cost drivers simultaneously due to linkages and interrelationships.



**Total cost** is a function of **the activities** we do, **the productivity** we execute the activities with, as well as **the unit cost** of the goods and services included in these activities.

# 8 procurement measures to optimize spend and drive cost reductions

Typical characteristics and key assessment factors for the various measures:

## Commercial levers



### RENEGOTIATION

- Renegotiate with focus on lowering current prices
- Consider contract extensions to achieve lower prices



### TENDER PROCESS

- Specify requirements in cooperation with users
- Introduce new suppliers and expand supplier base geographically
- Consider larger order volumes, different delivery terms and contract length



### BUNDLING

- Bundle contracts with the same supplier
- Bundle volume between departments, regions and group companies

# Process levers:



## OPTIMIZE SPECIFICATIONS

- Standardization of specifications or adaptation to industry standard
- Change of materials / raw materials / components



## REDUCE CONSUMPTION

- Evaluate whether all purchases are necessary
- Establishment and follow-up of policies / guidelines



## REDEFINE THE SUPPLY CHAIN

- Remove unnecessary intermediaries that do not create added value
- Evaluate e-commerce solutions and automatic purchases to streamline processes
- Streamline inventory management



## INSOURCING / OUTSOURCING

- Analyze the cost of insourcing compared to external spend
- Analyze the cost of outsourcing compared to doing it internally



## STRATEGIC PARTNERSHIPS

- Integrate the value chain with important suppliers to improve efficiency
- Enter into collaborative projects with key suppliers to identify win-win
- Bundle volume with other players



# About Ignite Procurement

We empower organizations to unlock the full power of strategic procurement.

Ignite Procurement's value comes from being a best-of-breed spend management platform with industry-leading technology and expertise.

Ignite Procurement supports your strategic procurement efforts through Procurement Analytics, Data Management, Category Management, Contract Management, Supplier Management, and Initiatives and Tasks Management.

From procurement professionals to business owners, Ignite Procurement helps organizations beat their everyday challenges.

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