



*Q3 technologies*

## Consolidation using Oracle Sourcing helps US market leader slash operational costs

Q3's global sourcing model gives the maximum benefit to customers in terms of cost savings, improved quality, access to highly talented professionals, flexibility of operations and reduced time to market.

# Case Study – leading industrial goods manufacturer

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## Company profile

The client is a market leader operating in the white goods and industrial products space. It manufactures and sells more than 15 million appliances in over 100 world markets.

## Business situation

The client had two separate businesses catering to a common consumer base. The two business entities procured their indirect materials from locations spread across the world. As separate entities, both had installed two separate systems to manage the procurement of indirect materials. While one division used a legacy system for procuring both direct and indirect materials, the other division sourced only indirect materials through its system.

Recognizing the need to rationalize its costs; the client reorganized its business by merging the two business entities. Restructuring created an opportunity to capitalize on the base of common customers and suppliers. Better negotiating power with suppliers and reduced administrative expenses promised savings for making investments in new technologies. Following the merger, the client decided to rationalize its IT assets and consolidate its procurement of indirect material.

The client was scouting for a partner who could facilitate rationalization of its IT assets and simultaneously provide a solution to manage the combined procurement of the merged entities.

## Solution

Q3's analysts studied the indirect procurement processes of both divisions prior to the merger, and identified the parameters that influenced overall procurement for the client. Q3 also conducted an assessment to optimize IT investments and demonstrated through financial models, the savings due to consolidation of orders, shipments and supplies.

Best practices followed by the two business units prior to the merger became the basis for the new procurement process. The client in consultation with Q3 selected the Oracle Shared Sourcing System to manage the combined procurement of the new merged entity. Oracle Sourcing was chosen as it would help the client build the capability to negotiate online with multiple suppliers. Its support for multiple currencies was ideally suited for transactions with suppliers from different geographical locations.

Apart from offering basic implementation services, Q3 also advised the client on best practices for sourcing, provided assistance in supplier participation, and helped the client rationalize its IT assets.

## Benefits

- Direct Savings in Overall Spend procurement from locations all over the world became simple, and the company was able to exercise a tight control over procurement operations. The company was also able to reduce the purchasing staff. As a result, the company was able to save millions in the new sourcing model. In addition, the new system could scale up to handle growing number of transactions. It was also flexible to accommodate changes as per the requirements of the growing business

- **Reduced Application Maintenance Cost**  
The rationalization of IT assets reduced the maintenance costs. Due to the new procurement system, the company could achieve yearly savings from the costs of maintaining the IT support infrastructure
  
- **Unified System**  
Prior to the merger, stand-alone systems of the two business entities had different environments for business reporting. Consequently, the reports generated by these systems were not consistent with each other. The single installation of Oracle Shared Sourcing has provided a consolidated reporting system of the durables business that was consistent with the parent company's overall business reporting format.