Gaining a Clear View of Spend Visibility

SAPA leverages Corcentric technology to improve upstream spend management.

THE BUSINESS

Two global aluminum leaders Orkla (legacy SAPA) and Hydro, embarked on a joint venture known as SAPA based in Oslo, Norway. The merger would make SAPA a leader in the global aluminum market, with more than 23,000 employees doing business in at least 40 countries worldwide. However, with a billion in synergies promised to shareholders, the merger created an unknown spend landscape and the enterprise was faced with the challenge of establishing and improving spend visibility in what had become a highly decentralized organization.

At the time of the merger, the former SAPA was using a homegrown SAP based system for spend visibility which was rolled out across the entire company. The ten-year-old tool required some external engines for supplier classification and spend analytics. The tool, however, could not provide ease of use for managing spend visibility and would not be able to accommodate the new requirements SAPA needed after the JV.

Procurement began evaluating the cost of the current system versus what was available in the market. The core project team, Lisa Lindstedt and William Wahren evaluated tools and also considered input from others. With the joint venture taking place, it was not clear who all the stakeholders were. However, the strategic objective was clear: to implement a new spend management solution in order to provide better spend visibility across all entities and ERP systems within the organization.

According to project sponsor Peter den Dikken, "Some of the main criteria included an improved user interface, [determining] how spend would be classified, and the flexibility in the overall implementation process. For instance, with the joint venture, SAPA had 115 sites to implement, so this process was critical. The tool had to also be user friendly and be implemented within a reasonable time. The possibility to link [the] system to other tools, such as eSourcing, was also a serious consideration for future deployment and linking to spend visibility".

SPOTLIGHT

SOLUTIONS:

+ Corcentric Sourcing
+ Corcentric Analytics
+ Corcentric Supplier Information Management

CLIENT SPOTLIGHT:

COMPANY:
Sapa AS is a Norwegian manufacturer of extruded aluminum profiles, a 50/50 joint venture owned by the Norwegian companies Orkla Group and Norsk Hydro. It is the largest aluminum extrusion-based solutions company in the world, counting 100 production sites in more than 40 countries.

WORLD HQ:
Oslo, Norway

SIZE:
23,500 Employees

INDUSTRY:
Aluminum

98% SPEND MANAGEMENT

115 SITES WITHIN 40 COUNTRIES

70+ USERS

Ultimately, SAPA decided to engage with Corcentric for its Sourcing and Analytics® technology and spend classification services. It was evident to SAPA that there were several solutions out there, but none other than Corcentric were more willing and able to work closely with the SAPA for addressing the complexities of their implementation requirements and its tight deadlines.

Lisa Lindstedt notes,

"One of reasons we selected Corcentric was because they were so flexible. Dealing with the complexities of the joint venture, we could make as much of a start as possible without knowing our entire scope up front ."

THE EXPERIENCE

The initial core requirements mandated that the system be online in just 5 months. So to kick the project off, the SAPA project team organized the implementation around a three-tiered approach. Internally SAPA found internal resources with knowledge of the previous product and organization. They also found someone to focus on commercial terms, while Corcentric took part with Effso, a Scandinavian consulting firm with a past history at SAPA.

"Our consulting partner, Effso, assisted us locally with the needs and SAPA worked closely with Corcentric remotely on the spend analysis side. While Effso managed the data extraction, Corcentric did all the classification and report building," notes Den Dikken.

Due to the joint venture there were a number of unknowns as part of the initial project start. Data would need to come from Europe, the U.S. and Asia, and the goal was to capture 100% of spend within SAPA. But with locations spread around the world, they could not get everything at the same time.

As a result, SAPA decided to use a wave approach, which allowed a way to implement the system over a number of sites in a flexible manner. Once a site was ready, they could allocate to a certain wave to completion. Then during each wave data was pulled, cleansed, loaded and then repeated. Doing this is an iterative process, and they could then allocate the right entities to the right wave – such as an ERP system.

After verification of spend, classification rules were built and suppliers cleansed. Classification reports were sent to the locations for validation. This delivered a high response from locations commenting on classifications to be improved.

According Peter den Dikken, "**In the end, 98% of all spend was retrieved from 44 out of 52 systems.** Spend was verified and loaded that culminated in a total of seven waves (batches) covering four major business areas. Hitting all the target dates on time and under budget, the

project ended up taking three months".

Using Analytics®, SAPA could now easily access and analyze multiple data sets, while categorizing them with a completely different set of classification structures.

Corcentric also provided SAPA a new means to quickly make changes and updates to reflect the company's current organizational situation and analytical requirements.

THE FUTURE

While not using the tool on an everyday basis, SAPA employees immediately saw the benefits of having the new spend visibility solution in place by being able to easily pull up reports when needed on a self-service basis. They've also used the data for a sourcing pipeline, and some locations even use more information regarding the supply base and for benchmarking, achieving more visibility when additional data was added, which has been helpful for sourcing work.

Today, there are 70+ users at SAPA who utilize the spend reports, which are available regularly. Using Analytics from Corcentric, SAPA is actively monitoring purchasing cost development, price development and its entire supply base. And further, by partnering with Corcentric, SAPA today is continuing its efforts with the deployment of Supplier Information Management for further improving upstream spend management efforts that will be visible within Analytics.