



Empowering Procurement Excellence in a Complex Landscape in **Aerospace & Defense**

For this organization, the Procurement department plays a central role in both day-to-day operations and strategic initiatives. It operates as a centralized matrix across all divisions – spanning Defense and broader Manufacturing activities, ensuring alignment of procurement processes with each business unit for both Direct and Indirect Spend.

This cross-functional integration strengthens market competitiveness by enabling effective product group management and maintaining rigorous quality standards for goods and services. The Procurement team also coordinates the company’s evolving sustainability objectives, which are becoming increasingly critical.

The Company

Headquartered in Western Europe, and established in 1889, the company is primarily focused on the defense and automotive sectors. Originally a manufacturer of light weapons, it has evolved into a diversified industrial conglomerate with operations in five main divisions. The company is recognized for its advanced technologies that cater to both military and civilian markets, producing items such as air defense systems, weapons, ammunition, and automotive components. With recent significant growth in its defense sector, the company’s procurement department is focused on building strong supplier relationships, adopting flexible contracting approaches, and enhancing risk management practices to ensure product efficiency and quality.

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**Executive Leader,
Operations & Transformation**

The Challenge

Combining breadth and depth for holistic system and process management

They faced several procurement challenges that highlighted the need for a robust solution that could facilitate process standardization, improve collaboration, and enhance digital capabilities across a complex organizational structure. The company desired both a comprehensive and flexible solution to dive deep into modular capabilities that are best-of-breed while receiving a transparent, holistic view of their data across source-to-pay to enhance their complex workflows.

At the time, their procurement department was undergoing a transformation from a decentralized model, where each division had its own purchasing department, sometimes with separate systems and processes. They used the evaluation process to drive harmonization, creating a blueprint and system configuration involving all divisions to develop processes that would work for everyone. The first things that needed to be addressed were:

- ✓ **Complex Organizational Structure and Data:** Numerous mergers and acquisitions resulted in a disparate structure with 34 different ERP systems.
- ✓ **Digitalization and Harmonization:** Create a centralized procurement process and digital experience for procurement and other users.
- ✓ **Flexibility and Configurability:** A solution that could adapt to different processes and divisional expectations to grow with them through change.
- ✓ **Supplier Management and Performance:** Proper capabilities to manage supplier information including compliance with supplier codes of conduct and tracking acceptance.
- ✓ **Visible ESG Initiatives and Metrics:** Fully integrated ESG considerations into procurement processes and data transparency from one activity or workflow to the next.

The Journey

Directing change management through collaboration, adoption, and organizational goals

The choice to use Ivalua solutions was due to their market-leading flexibility and workflow controls that drive digital transformation and change management at its very core. The technical expertise and support Ivalua provided during evaluation and implementation brought a significant amount of comfort to their purchasing teams in adopting a central location for all spend, data, and suppliers. Throughout their journey, the following aspects drove the relationship between Defense leader and Ivalua:

- ✓ **Navigating Complex Requirements:** Ivalua allows colleagues in different countries or companies to see they are working with the same supplier, which provides opportunities for internal cooperation and negotiation.
- ✓ **Solution Transparency & Responsiveness:** Ivalua accommodates unique needs and responds quickly to user feedback critical for continuous improvement. Coupled with the ability to view activity across the organization, the company drives efficiency in decision-making and collaboration with less roadblock and risk.
- ✓ **Alignment on Business Goals:** Ivalua supports their broader organizational goals related to compliance, ESG, and more due to the ability to effectively gather relevant data in the system or quickly push a check through to a key supplier.

Implementation

Ivalua's implementation approach was viewed as a way to manage the change process effectively, helping to address user resistance and facilitate smoother adoption. The process required integrating numerous M&A with extensive collaboration and engagement from various stakeholders and a lengthy concept phase for system configuration.

A key milestone for the company during this phase, was gathering actionable feedback to drive process improvements and successfully launching Ivalua with enhanced data flows and strong user adoption.

The Value

Speed and collaboration for strategic operations

Increased Transparency and Strategic Sourcing

Ivalua has provided enhanced visibility across their procurement processes. Users can now see interactions across different divisions. The transparency provided by Ivalua enables procurement teams to quickly identify and address issues, collaborate across divisions, and leverage shared information which contributes to faster reactions to market and internal changes.

This visibility provides analytics and reporting capabilities enabling the teams to identify opportunities for cost reduction and optimize their sourcing strategies, contributing to lower level spend.

Master Data Governance and Centralization

The company has onboarded hundreds of suppliers onto the Ivalua platform and created a template for interfaces for local SAP systems for contract and materials. Ivalua has streamlined procurement workflows, enabling them to complete sourcing events and contract negotiations more quickly. The centralized platform allows users to access information and collaborate in real-time, significantly reducing the time required to finalize procurement activities.

Improved User Adoption and Supplier Negotiations

The transition from decentralized processes to a unified procurement solution has made it easier for teams to engage with the system, leading to quicker decision-making and execution of daily tasks regarding supplier activity. They are starting to build regular reporting to track adoption and happily have already upgraded, within a three-month project phase, to the latest version.

The ability for users to access comprehensive supplier data and insights allows procurement teams to negotiate more effectively as well as gather information from suppliers to track acceptance of a code of conduct and ask about CO2 roadmaps.

Collaborative Community and Reporting

The company sees increased value and support from the Ivalua customer community. The ability to see and understand how others are pushing usage and measuring it creates benchmarks to navigate to higher utilization and upcoming upgrades.

Connecting with others to exchange experiences and interact with product specialists, such as Sourcing and CLM, brings new ideas and best practices to the forefront of procurement standards and success.

Overall, the implementation of Ivalua has positioned them to accelerate procurement processes, reduce overall spend through improved efficiency and negotiation, and streamline operations by eliminating unnecessary resource allocation. As they continue to leverage Ivalua's functionalities, these benefits are expected to grow, further supporting their digital transformation goals.

Solutions Selected



Supplier Risk & Performance Management



Sourcing



Contract Management



eProcurement



Invoicing



Payments



Spend Analysis

Future Goals

Data collection and transparency across the platform proves critical to the bottom line

The procurement team has set ambitious goals for the coming years that focus on maximizing the value of the Ivalua platform, enhancing supplier relationships, and aligning with strategic business objectives. These efforts are expected to significantly contribute to the company's overall success and future growth:

Aligning with ESG Initiatives

Integrating environmental, social, and governance (ESG) considerations into procurement processes is a priority. The procurement team aims to utilize Ivalua data collected on suppliers' sustainability practices and compliance to support the company's broader ESG goals.

Data-Driven Decision Making

With a focus on tracking and reporting metrics, the procurement team will enable data-driven decision making. This will help the organization identify areas for improvement, optimize procurement strategies, and align with overall business objectives.

Increased Agility

By developing interfaces and improving collaboration, the procurement team will enhance the organization's agility in responding to market changes and internal demands. This agility is crucial for staying competitive in a rapidly evolving business landscape.