



PROCUREMENT SERVICES

Now is the time to tap the strategic
potential of procurement

ALVAREZ & MARSAL

PROCUREMENT SERVICES

There has never been a greater need for a high performing procurement organization

Commodity volatility, technological innovation, evolving regulations, globalization, and increasingly interdependent supply markets have led to unprecedented complexity and pressure on businesses of every kind. In this environment, procurement organizations are challenged to transform beyond a traditional cost-cutting function to a strategic business partner that manages supply and pricing risk, enables innovation, and drives bottom-line results. Few organizations are prepared for this radical shift.

CLIENTS CALL US WHEN:

- They need to quickly identify areas for *cost improvement* and *unlock cash* in the supply chain.
- They want to *leverage strategic partners* to achieve a *sustainable, competitive advantage* through *exceptional supplier management* and *innovative practices*.
- *Increasing regulations, threats of a cybersecurity breach, and fear of reputational damage* and *service interruptions* create an urgent need for a more *systematic approach to managing supplier risk*.
- They need to harness the *strategic potential of procurement* and more confidently *contain escalating costs, capture the benefits of scale, and improve spend visibility*.
- They executed a procurement strategy but are *not realizing or sustaining the expected benefits*.
- A *complex merger or acquisition* requires expert assistance to *reduce the time to realize synergies*.

CORE SERVICES INCLUDE:

RAPID COST REDUCTION AND WORKING CAPITAL IMPROVEMENT

Clients call us when they need to unlock “hidden” cash in their supplier ecosystem with speed and accuracy, driving profitable, sustainable results.

- Strategic Sourcing
- Demand Management / Optimization
- Contract Compliance

SUPPLIER MANAGEMENT

When clients want to minimize risk exposure while maximizing the strategic business value of supplier relationships, they turn to us.

- Strategic Supplier Collaboration
- Third Party Risk Management
- Supply Continuity Management

PROCUREMENT OPERATIONAL EXCELLENCE

Clients turn to us when they need to create a scalable, high quality procurement organization that delivers value and supports the company’s strategic vision and priorities.

- Organizational Design and Skills Enhancement
- Process Improvement
- Technology Review

MERGER AND ACQUISITION SERVICES

When clients need to identify, plan, and manage supply chain risks before, during, and after a merger-integration, they turn to us.

- Due Diligence and Day 1 planning
- Post-merger and Acquisition Integration
- Carve-out Separation and Divestitures

SUCCESS STORIES

SOURCING FOR SUCCESS

A consumer products company was looking for help to rapidly improve EBITDA. They engaged A&M to reduce costs for their top four COGS categories and to make improvements to their Order-to-Fulfillment process. A&M leveraged contract manufacturing market intelligence and introduced new suppliers into competitive sourcing events that reduced the client's supply base while enhancing service capabilities. These efforts produced a 120% increase in EBITDA which translated to a corresponding 120% increase in exit value.

MANAGING DEMAND FOR HIGH VALUE TECHNOLOGY INVESTMENT

A diversified, global healthcare company hired A&M to define and implement a governance structure for the company's technology investment portfolio in order to more effectively manage demand. A&M conducted workshops with stakeholders to understand existing processes and then developed a governance structure, including roles and responsibilities. The team identified gaps in the current portfolio processes and data sources and designed a mediation plan to close them, developed data analytics and decision criteria to highlight strategic and high value investments, and designed reporting to measure the performance of the new operating model. During the mid-year portfolio opportunity analysis, the new framework reduced project workload and investment spend by 15% annually.

A SWIFT RESPONSE TO REGULATORY REQUIREMENTS

One of the world's top ten financial institutions engaged A&M to strengthen its management of third parties in direct response to on-going regulatory requirements. After identifying areas of improvement within the existing third party risk management processes, A&M worked with the organization under aggressive timelines to close gaps across a range of first line of defense control points and defined, designed, and deployed a program to address them. The future state program included policies, procedures, and the governance and organization structures required to manage third parties throughout the entire relationship lifecycle. Beginning with the client's most critical supplier relationships, A&M is assisting the institution in rolling out a new third party risk program which aligns with regulatory guidance and will serve as an enterprise-wide framework.

AUTOMATING FOR PROCUREMENT EXCELLENCE

A global oilfield services company was processing over 300,000 invoices per year using an inefficient, paper-based process. A&M redesigned their procurement processes, developed a new organizational structure, and implemented a paperless, automated invoicing platform which resulted in 80+% reduction in invoice processing costs, 50% reduction in late payments, and 10% improvement in working capital.

UNEXPECTED PROCUREMENT SYNERGIES PROVIDE A PROFIT IMPROVEMENT BOON

A \$3 billion leading consumer products company acquired a division of a Fortune 500 company in a \$1 billion transaction that increased its revenue by 30%, headcount by 50%, and expanded its global footprint. The client engaged A&M to help with the carve-out integration activities and post-merger identification and acceleration of synergy capture with a focus on Strategic Sourcing. The team produced 8% in identified savings representing a 5:1 ROI.

"We needed to move fast and get results quickly. The A&M team delivered 'procurement on steroids.' They delivered what they promised."

— Suzanne Harris, Vice President,
Strategic Sourcing and Procurement,
First American Bank

"A&M coached our senior leaders on how to manage our most critical manufacturers more effectively.

As objective advisors with deep operational experience, they told us what we needed to hear, not what we wanted to hear. With their hands-on, fact based analysis and the 'playbook' that they developed, they left our team stronger and more effective."

— Paul Sherman, CFO,
ABB OPTICAL GROUP

"A&M helped us restructure our supply chain strategy to align with our business directives while teaching and coaching our people on best practices for demand management, supplier development, negotiations, and other critical areas. A&M helped us reduce costs of goods sold and indirect spend and left our team more confident and effective than ever before."

— Dave Murray, VP Supply Chain, Artesyn
Embedded Power and Computing

WHY CHOOSE A&M?

We "follow the money."

Our clients frequently comment that we succeed where internal teams and other consultants have failed.

Solving complex problems is in our DNA.

After 30 years of resolving some of the most urgent challenges in business history, we've honed critical expertise that clients at all levels of maturity can use to achieve rapid improvement.

Senior-level expertise and leadership.

Our senior leaders, many of whom are former CPOs, have the experience and credibility to break-down organizational roadblocks to drive positive change.

Willing to put fees at risk.

We take ownership of the problem and are not afraid to put our fees at risk to demonstrate our level of confidence and commitment.

PROCUREMENT SERVICES PRACTICE LEADERS



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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

With over 3000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organizations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

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When action matters, find us at: www.alvarezandmarsal.com

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