Supplier Rationalization Leads to Improved Competitive Position

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**Rationalize existing supplier network to transform business processes**

“A key leadership trait that will determine the winners from the losers is having a truly open mind about how work can be done differently. How people can be engaged differently, how the integrity of business processes can be maintained through different delivery models,” is the perspective of Peter Allen, former partner and managing director, TPI.

Why not use the current economic turmoil as a catalyst to change? Rationalizing an organization’s existing supplier network can lead to business transformation as exemplified by three global leaders.

“An organization would be remiss just to focus on any one area. Where you can get the biggest value is by taking sets of activities as a group and combining efforts to improve them collectively, since each one touches and integrates with the other,” says Stan Lepeak, EquaTerra managing director of global research.

In return for rationalizing suppliers through an outsourcing effort, service providers are negotiating better pricing, changing payment streams over the life of the contract and offering preferred payment terms.

When an industry-leading telecommunications provider flipped the ratio of outsourced call center providers to 80%, it opted for a smorgasbord of multiple vendors. Five years later, after experiencing the ill effects of working with too many vendors, this telecommunications provider elected to consolidate the number of call center vendors it worked with to provide a more consistent customer experience, simplify business operations, improve forecasting and realize sizable cost reductions.

**Two global organizations net positive results**

As a global leader in assurance, tax, transaction and advisory services, Ernst & Young has remained focused on its core competencies, in part, by strategically outsourcing learning services. Although learning offerings were tightly aligned to business needs and focused on developing the skills of the future, Ernst & Young acknowledged process inefficiencies in design, content development and vendor management.

It investigated how it delivers services to end users and the partners it utilizes; it identified bureaucratic processes and unnecessary requirements. It had contracts with over 100 learning-related suppliers; in some cases, multiple contracts with the same supplier.

With an end goal of delivering consistent content and learning experiences to 155,000 global learners on a single learning and performance management platform, Ernst & Young teamed with Xerox as the preferred partner with the requisite skills, assets and economies of scale to succeed.

In a second example, a global financial services firm rationalized its vendor management for learning suppliers by outsourcing all learning administration to Xerox, including registration management, class management and delivery. By redesigning training processes and streamlining workflow, Xerox supports over 60 training teams for this global financial services firm and delivers consistent content to 66,000 employees operating in 130 countries.

**The deployment of common processes delivers real benefits**

Traditionally, business process outsourcing (BPO) arrangements were transaction-based, with parts of processes spread across vendors and internal company departments. This type of arrangement put the burden for integrating touch-points on the company itself, resulting in process inefficiencies as highlighted by Ernst & Young.

Richard Dale, executive director of finance and planning, Newcastle University, had this to say in a recent interview conducted by Xerox: “There are three components that work together – process, organization and systems – and you must work on the premise that you can’t move one without doing something to the other two.

“If you only take the process piece out and outsource that, retaining the systems and to a large extent the organization, then the result could quite easily be negative. If you want to maximize flexibility then you have to outsource both processes and systems.”
Richard Klingshirn, Executive Managing Director, Xerox Learning, adds, “Consolidating end-to-end learning processes and implementing a global learning management system and integrated performance management system allowed Ernst & Young to transform an important aspect of its business and save $160 million over four years in reduced learning expenditures.”

Xerox deployed a designated learning administration team to craft and implement consistent processes for learning design, delivery, assessment, content development, reporting, vendor management and catalog maintenance. Annually, Xerox deploys over 3,000 hours of course content, as well as delivering and tracking two million CPE hours.

There are clear opportunities for organizations to gain competitive advantage through talent transformation-related innovations and supplier rationalization to improve their effectiveness. Relying on its partner to provide a unique perspective on how to best engineer a common platform and plan for changing business needs while taking advantage of the latest technology advances are definitive benefits of end-to-end consolidation.

About Xerox

Xerox is the world’s leading enterprise for business process and document management. Its technology, expertise and services enable workplaces – from small businesses to large global enterprises – to simplify the way work gets done so they operate more effectively and focus more on what matters most: their real business. Xerox offers business process outsourcing and IT outsourcing services, including data processing, healthcare solutions, HR benefits management, finance support, transportation solutions, and customer relationship management services for commercial and government organizations worldwide. The company also provides extensive leading-edge document technology, services, software and genuine Xerox supplies for graphic communication and office printing environments of any size. Xerox serves clients in more than 160 countries.


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