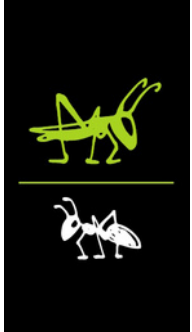




PROCUREMENT

CASE STUDIES



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OVERVIEW

Grasshopper Ant take a heuristic approach to streamline indirect procurement, accelerating savings and driving efficiency within supply chains. Using proprietary in-house data technology to map spend and supply chains, we quickly pinpoint where supply chain exceptions exist, through supplier and market insights.

Validation of supply chain dynamics and behaviours is achieved through stakeholder and supplier performance reviews, with contractual obligations being the final element of assessment prior to creating the savings business case.

The value is unlocked through performance management, market reviews and/or negotiations within the supply chains impacted. The resulting outcomes include improved services, strengthened relationships, and optimised outputs within the supply chain, alongside cost out that translates into future budget savings.

Grasshopper Ant work within the private equity sector and alongside CFOs – where the appetite to quickly realise commercial benefit is at its strongest.

ENERGY SECTOR

Top 3, energy sector

Area of focus: media review

£40m of annualised media spend

Annualised savings generated: £12m

This challenging task involved bringing together fragmented businesses under one media banner to carry out the first media review with the incumbent provider of 17 years. Over a six month on-site deployment, a comprehensive market strategy was devised, encompassing briefing and engagement with the market vendor, as well as analysis of current baseline costs.

The tender was exercised in market across 10 weeks resulting in the appointment of a new media provider and achieving £12m annualised savings. This resulted in a 3 year contract award of £120m spend with £36m savings – alongside a significant improvement in media effectiveness and performance.

PRIVATE EQUITY

IT portfolio company with £50m revenues

Area of focus: all indirect

Annual revenues £50m

Annualised savings generated: £4.6m

The brief was to generate £3m in opex within the year. Our key area of focus was on optimising IT supply chains, with opportunities identified across licensing, consolidation, and cloud optimisation.

After one month, £0.5m in savings was generated within IT, with other areas of supply chain exception management identified in business insurance, travel and recruitment/contracting. The average savings generated across the areas identified for optimisation stood at 30% - a total opex cost reduction of £4.6m delivered by the close of the year.

EUROPEAN HOTEL CHAIN

Top 4 European hotel chain

Area of focus: 3rd party logistics (3PL)

Annualised contract value: £56m (incumbent supplier of 12yrs)

Annualised savings generated: £39m

The client's directive was to expand their operations in Germany and the UK, aiming to double the number of hotels within a two-year timeframe. Reviews of the 3PL supply chain vs market showed significant exceptions in spend profiles. Opportunities to improve the existing 3PL services whilst driving down cost were measured – with the outcome being to relocate and modernise the existing 3PL operation through tendering the contract back to the incumbent.

The new annualised contract value was £17m – across a 5 year contract, realising £39m savings per annum but also embedding capacity and automation in the new contractual services, thus enabling delivery against the ‘double footprint’ growth strategy of the client.

ENERGY PROVIDER

Top 6, energy sector

Area of focus: customer communications

Annualised spend: £18m

Annualised savings generated: £6m

The client's priority was to complete a tender that had been left hanging in the market place due to long term employee sickness. Data analysis immediately showed significant supply chain exceptions when compared to peer operations and market standards. Two independent market reviews, a deep level financial review of incumbent suppliers, and spot audits across the organisation and its supply chain led to the conclusion that the existing supply chains were exposing the organisation to high risk of failure.

Across a 6 month period, a supplier market review and selection process was carried out whilst baselining and retendering the existing annualised spend and budgets. Contract award to a new vendor was secured, alongside significant cost savings and improved and digitised supply chains and performance.



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