Vodafone eSourcing

A single technology platform for global supply chain excellence

High performance. Delivered.

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Strategy | Digital | Technology | Operations

Overview

Few businesses are as global as Vodafone. Over a series of acquisitions and as a result of continuous organic growth, Vodafone now operates in over 30 countries and has network partnerships in another 50, serving over 400 million customers around the world. Supporting and growing its global customer base in an intensely competitive environment depends heavily on Vodafone's ability to source the right technology and services. And that environment is changing fast.

Industry structures are changing, calling for greater collaboration and sharing of networks. Technology is continuously evolving, driving the need to constantly update the supporting technology ecosystem. Innovation is ceaseless and new entrants to the market are coming from many different, non-traditional avenues.

As well as responding to the pervasive change taking place in the external market, Vodafone is transforming its enterprise technology to enable operation as an integrated global business. That means seamless systems for finance, HR and supply chain, creating standardised business process excellence across the organisation.

Business Challenge

The strength of Vodafone's sourcing and procurement capability was already recognised in the market. A number of industry awards confirm that positive perception. In line with its drive to operate as an efficient global organisation, Vodafone had already centralised sourcing and procurement activities through the creation of the Vodafone Procurement Company (VPC). Looking forward, Vodafone's senior management recognised that in order to respond to both external market changes and internal developments, centralisation of activities (collectively known as Category Management and including Project Management, eSourcing and Contract Management) would become increasingly important. This would be essential to drive competitive advantage and support the flexible, agile and responsive business capabilities that are fundamental to winning in a fast-changing global industry.

Procurement needed to be more agile than ever, reacting, anticipating and delivering to the needs of the market faster and more efficiently. This meant allowing supply chain professionals to focus on strategic planning and value-adding activities, rather than devoting the majority of their time to transactions and operational matters.

How Accenture Helped

Accenture worked closely with Vodafone's global supply chain organisation, OneSCM. In particular that meant partnering with the OneSCM Enablers team charged with driving overall supply chain management effectiveness and delivering the systems and tools to achieve that goal. As key consulting partner, Accenture helped OneSCM to envision, design and deliver the technology and business transformation initiatives that would enable Vodafone to achieve its aim of being recognised as the world's leading supply chain organisation.

OneSCM is responsible for Vodafone's indirect spend and works across two main categories: Technology and Commercial & Services. Although OneSCM operates on a global basis, it nevertheless faced challenges in efficiently managing increasing supplier numbers, greater levels of spend and the general complexity of doing business in a fast changing global environment. Systems and processes intended for addressing a simpler world had to be transformed to ensure that OneSCM would continue to maximise business value, achieve greater visibility of spend and maximise the savings that a more centralised process, supported by best-of-suite technology, could offer.

Enabling the adoption of end-to-end online sourcing activities on a single technology platform involved two essential and inter-related workstreams: one addressing new technology and the other addressing the business change required to drive the global adoption of new business processes.

Accenture worked with Vodafone as strategic partner to identify the specific areas for improvement and the initiatives that would be required to address them. These were aligned with the key executive imperatives that the new organisation and its capabilities would need to deliver: the need for detailed and end-to-end contract visibility and control in line with stricter anti-bribery laws; greater consistency in the approach to supplier selection; the need for better pipeline visibility and ensuring the security of supplier data. The eventual strategic roadmap encompassed all of the targeted improvements and formed the basis for the next 10 months' work.

Accenture and Vodafone people worked side by side as one team to address both the technology and business process changes required to make the programme a success. Accenture and Vodafone have also worked together on the development and implementation of a new global enterprise system architecture based on SAP – called Project EVO . The sourcing and procurement technology was integrated with the roll out of that architecture, moving from a disparate set of legacy systems, into an end-to-end integrated, SAP-based architecture to support Category Management.

The principal functional areas implemented in the new system addressed Category Management, Saving Methodology, eSourcing and Contract Management. Embedding the tools and capabilities for sourcing projects into the system enabled a shift from what had been more ad-hoc execution of RFP production and management, to a highly visible and centrally managed process. This brought savings tracking visibly into the system with contracting and associated activities also now residing directly within the SAP system.

In addition to supporting the technology implementation, Accenture also developed a new source-to-contract framework with Vodafone. This was required in response to a number of different goals. Better traceability of activities was essential—owing in part to anti-bribery laws and also for enhanced internal audit activities. Greater pipeline visibility would create a view into future sourcing projects and activities that would be essential to support the wider business as it adapts to pervasive change. The outcome was called CMO (Category Management Online)—a gated process that was rolled out first to the Vodafone Procurement Company and then the local markets, ensuring that all Category Managers across Vodafone would be using a single, consistent approach and governance for their sourcing activities.

But getting the technology and business processes right is only one half of the story. Success depended on ensuring that system users and the senior executives that ultimately take responsibility for sourcing were aligned with the changes and equipped to make the best of the new tools, approaches and capabilities. Accordingly, Accenture ran extensive change management activities to drive user adoption and secure senior executive buy in. Accenture trained the entire supply chain organisation in a totally new toolset that for the first time made the whole sourcing governance process available online. In addition to training, Accenture established focus groups and working groups that brought together key stakeholders from specific markets, along with those from the centralised sourcing function, to shape and agree how the governance would work in practice, and by doing so achieve the appropriate levels of sponsorship and uptake across each market.

High Performance Delivered

Creating a single Category Management system and driving adoption through a concerted change management programme has delivered broad benefits. System users now have a single, streamlined online tool that, among other advantages, helps them respond faster, work with greater agility and collaborate more effectively with suppliers and other stakeholders. These transformed capabilities translate into major business outcomes for Vodafone. Global execution of strategic sourcing is faster. A highly focused procurement team is achieving key OneSCM objectives. Interactions with suppliers are now more transparent and secure. And improved supplier management means greater innovation and lower costs.

Overall, the successful launch of the new, centralised Category Management capabilities has achieved outstanding results across the board. Key performance metrics have all hit or exceeded the targets set for them.

The amount of spend on contract has more than doubled from 30 percent to 65 percent. The CMO framework enabling online contract management means that it is now possible to track precisely how much of a contract has been consumed and makes that information visible to business users. The use of eSourcing has more than tripled since the system went live. The complexity of legacy systems often meant that managers found it comparatively simpler to transact on a manual basis, the eSourcing tools which are now available have made sourcing events such as auctions and tenders easy and straightforward, using one system and a standard set of automated processes. What's more, evidence strongly suggests that the returns from conducting these activities online, and visible to the wider business, generate higher returns and improved performance. Sourcing cycle times have also decreased substantially, and the time required by local markets and category managers to report on savings has been eliminated altogether through automation built into the system. In the context of a digital communications market that is moving faster than ever, time is an invaluable commodity.

The new system has also substantially increased the use of project management to support sourcing activities, from less than 15 percent of projects in the past to more than three-quarters today. This is thanks to a brand new capability that brings project and category management capabilities into the online sourcing tools. The enhanced planning, support and insight that these provide for the business ensure a strong focus on the key strategic imperatives that will propel Vodafone to further global success. Standardisation and simpler processes have helped to achieve more efficient and effective global HR processes, along with self-service capabilities for personal information and global access to vacancy, training and performance management functions.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 289,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is www.accenture.com.