



GoProcure

STRATEGIC SOURCING



A Major US Airline Saves \$15M

How GoProcure helped a major US airline reinvent its inflight source experience to drive additional value out of its existing onboarding assets



CASE STUDY

30

Actionable sourcing initiatives identified

\$15M

Savings potential

\$60K

Additional savings through invoice audit

We are two years into our partnership and the airline has realized tremendous, measurable value from its relationship with GoProcure



Delivering Value in a Dynamic Environment

The dynamics of strategic sourcing are changing fast. Enterprises are operating in competitive markets with increasing pressure on cost and efficiency, pushing organizations to search deeper to find value.

In 2015, a major US airline undertook an initiative to reinvent its inflight sourcing experience and drive further value out of its existing onboard assets. Specifically, the airline wanted to engage a partner to strategically source food items and customer facing materials (e.g. headsets, bedding, plastic cups, entrees and service ware).

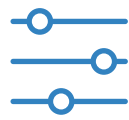
The airline wanted to drive savings and implement an efficient and sustainable process. They also wanted to integrate a P2P solution to track savings, sourcing activity and develop a contractor repository. The airline evaluated the landscape of strategic sourcing partners to determine which partner would help them meet their needs and concluded GoProcure would enable them to meet their savings goals while maintaining quality standards.

GoProcure implemented a three-step process to realize savings opportunities:

To effectively identify and convert savings opportunities, GoProcure implemented a comprehensive three step process, which included (1) building a spend data cube, (2) implementing a tollgate process and (3) executing end-to-end sourcing:



1. Spend Data Cube: GoProcure applied a clean sheet methodology with the airline collecting spend and specification data from all relevant areas of the inflight department. Using this data, we built a comprehensive spend cube for both supplier and category spend to identify savings opportunities



2. Tollgate Process: GoProcure created a rigorous governance process to ensure maximum realization of identified savings:

Tollgate 1: Identify sourcing strategy and stakeholders to execute strategy

Tollgate 2: Sign off on each sourcing strategy and stakeholder set by Business Owner, Director of Onboard Services and Managing Director of Supply Chain

Tollgate 3: An agile and collaborative process for business owners to check in with execution team to rapidly iterate as necessary



3. End-to-End Sourcing: We implemented a proprietary sourcing approach to ensure the airline would realize a best-in-class benchmark of ~5-10% savings by reducing spend systematically in each supplier and category

GoProcure has delivered over \$15M of savings potential

We are two years into our partnership and the airline has realized tremendous, measurable value from its relationship with GoProcure. GoProcure was able to identify over 30 actionable sourcing projects over a 3-year time frame; these projects represented a cumulative spend of \$100M and savings of over \$15M for the airline. Beyond cost savings, the GoProcure team has generated additional strategic value for the airline:

- Developed value-based relationships with the airline supply base – this will generate value across price, quality and service for the airline for years to come
- Institutionalized a supplier relationship and management process
- Increased internal airline employee satisfaction
- Provided methodologies and frameworks to increase internal sourcing capabilities

Strategic partnerships create strategic value

As businesses continue to face increasing cost pressure and regulatory uncertainty, the procurement organization will continue to be a key source of value creation. This airline's procurement team has established itself as one of the most innovative in the industry. The team continues to stay at the forefront of the market and its partnership with GoProcure has enabled it to drive continuous strategic value.



3460 Summit Ridge Parkway,
Suite 401 Duluth, GA 30096