

A CUSTOMER SUCCESS STORY

Vorwerk achieves savings of 10% on purchased volume through procurement transformation

IBX BUSINESS NETWORK (NOW TRADESHIFT) ENABLES GERMAN MANUFACTURER TO TAKE CONTROL OF ITS INDIRECT SPEND

“The implementation of IBX Business Network’s (now Tradeshift) eProcurement technology has helped us achieve significant cost savings on purchased volume.”

—Pascal Gross
Project Manager, Vorwerk

Making everyday life easier

Humans are social creatures. We like to gather in all kinds of groups – from small clubs and online communities to large organizations. Within these groups, we share the things we love – the craziest hobbies, interests, and passions. Vorwerk is also a group – one with a million fans and followers worldwide.

Vorwerk, a family-owned company, has been supplying the world with the products we need for everyday living since 1883. Although it was running a successful procurement process, Vorwerk realized that there was significant room for improvement. It was clear that centralizing indirect procurement and implementing new purchasing applications would improve group-level functioning and result in significant cost savings, improved efficiency, and greater visibility on indirect spend.

Taking control of indirect spend

An initial investigation within Vorwerk revealed that there was a lack of visibility over indirect procurement. Furthermore, the operational procurement process was inefficient and there was low contract compliance across the Group. While none of these issues represented a major problem for the business, it was obvious that there was an opportunity to achieve significant cost reductions.

Vorwerk wanted to attain Group-wide cost savings by taking control of indirect procurement through a more centralized, more automated, and more efficient process. There was also recognition that enacting a robust and highly efficient eProcurement process would reduce risk within the procurement function.

Careful selection, careful planning

After thorough research, Vorwerk selected IBX Business Network (now Tradeshift) due to its high usability and strong integration capabilities with SAP, Vorwerk's existing ERP system. Due to the company's decentralized structure, building an indirect procurement department from the bottom up posed a significant challenge to Vorwerk. The initial goals were to increase visibility, gain control of indirect spend, and increase the level of managed spend. This would require careful change management, company-wide buy-in, and adoption of the system.

Chosen for its integration capability, the solution was layered on top of the company's existing SAP ERP system in order to reduce costs of implementation and minimize disruption within the organization. The carefully orchestrated implementation began with Germany, the home base of the company, and then continued to Switzerland due to language similarities. The realized benefits were then used to promote buy-in and adoption in other countries as the solution was rolled out across France. The all-new procurement department was created with five category managers located in Germany and one procurement manager per country. The low value spend that could not be managed as employee self-service orders would be managed locally while high-spend value items or international-level purchases would be routed to the central team for further scrutiny and management.

Vorwerk adopted a procurement solution that encourages compliance and adoption through an easy-to-use interface that guides users to preferred products and suppliers. This ease of

use also means reduced training and support needs. A flexible, business rules-based approval workflow with spending and approval limits leads to increased transparency and control. All of these features — including high-level automation — provide better oversight and insight into the procurement function, greater efficiency, and increased cost savings. Vorwerk also adopted spend analytics, which provides high-level insights into organization-wide spending across multiple ERPs, enabling the company to make decisions and build strategies based on accurate and reliable spend data.

A global system with vast benefits

Implementation of the solution and creation of a global indirect procurement department has resulted in significant realized benefits across the organization with higher compliance, greater efficiency, and cost savings. Currently, 50% of all purchase orders are made through the employee self-service function and are automated, requiring no involvement from the procurement team.

Overall, savings as a result of process transformation and implementation of the solution are estimated at 10% on purchased volume. Vorwerk can now focus more of its energy on supplying the world with high-quality household products.

ABOUT TRADESHIFT

Founded in 2010, Tradeshift is the world's largest business commerce platform that connects buyers and sellers. Tradeshift connects over 1.5 million companies across 190 countries, processes over half a trillion USD in transaction value yearly, and has a marketplace containing 28 million SKUs. It offers solutions for procure to pay, supplier engagement and financial services, and enables companies and partners to build custom or commercial apps on its business commerce platform. Tradeshift is headquartered in San Francisco, with offices in Copenhagen, New York, London, Paris, Suzhou, Chongqing, Tokyo, Munich, Frankfurt, Sydney, Bucharest, Oslo, and Stockholm.