

A CUSTOMER SUCCESS STORY

NCC achieves transparency via IBX (now Tradeshift) Spend Analytics

**IMPROVED COORDINATED PURCHASING LEADS TO BETTER PRICES,
MORE EFFICIENT PRODUCTION, AND LOWER RISK**

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—Erik Nordesjö
Head of Purchasing Strategy,
Process and Controlling, NCC Group

The situation

NCC is a leader in construction, property development and infrastructure in Northern Europe. With 18,000 employees and reported sales of SEK 57 billion in 2014, NCC's vision is to completely renew its industry while continuing to provide superior, sustainable solutions.

NCC's legacy procurement system was severely hampering the creation of this vision. A lack of transparency was the main problem here – they couldn't even get answers to simple questions regarding procurement spend. This meant that discussions were based on assumptions and impressions, rather than hard facts. Stakeholders also found it difficult to reach joint conclusions and make strategic decisions together.

The solution

NCC recognized that a spend analytics system could deliver heightened visibility and drive its desired procurement changes. After careful evaluation, NCC selected IBX Business Network (now Tradeshift) to implement its Spend Analytics solution.

NCC selected the cloud-based solution because of its user-friendly, high performance, in-memory data model.

Category specialists and business owners both participated in workshops to create an NCC Group-wide common category structure that was valid for all countries. The next step entailed grouping suppliers, and then mapping spend data to the category structure in order to ensure high data accuracy.

Lastly, NCC used tailor-made reports to follow up on the level of coordinated volume and type of coordination. These reports detailed the amounts of buying through centrally negotiated NCC contracts and international suppliers, Lead Buyer purchases, and internal NCC Group purchases.

The Result

The strategic leadership at NCC now has one shared picture of the Group's total spend – and all numbers are better aligned to match reality. With aggregated and categorized spend data from seven different systems, they now have access to the data needed to make informed decisions. Spend Analytics has also supported the implementation of a new commodity strategy within the organization that includes standardization of products and consolidation of the entire supply base.

“With the help of Spend Analytics, we have been able to identify the categories that had a low coordination level and high spend; and to identify the departments with the highest potential for improvement. Spend Analytics has also helped us drive change by having facts and numbers to show in discussions with the production departments,” says Per Lundström, Head of Category Management. The result was an increase in coordination levels that led to lower supplier prices, more efficient production and lower business risk.

As an example, prior to the implementation of the solution, it took an average of a month and a half of lead time to source windows within projects. The implementation of the

new commodity strategy has led to a 68% increase in coordination level and the ability to order windows in less than one hour. Similarly, the decision to standardize wood element structures resulted in a 59% increase in category coordination level.

Now NCC's leadership can regularly follow up on decisions – and they are also able to measure the effects of these decisions and respond accordingly.

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.