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# Generating Cash from Operations

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InFor500

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**INFOR500**

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# Generating Cash from Operations Through Procurement Transformation and Strategic Sourcing

## The Challenge

Our client is the established world leader in oncology medical devices and software solutions with a market cap of \$11B. They spun-off a significant component of their business as a stand-alone ~\$600M public company. With the divestiture, the business was presented with a challenge to reduce their operational costs. The CFO called upon InFor500 services to help reduce the operational costs of running the business, in line with the revenue level.

InFor500's challenge was to understand the spend across various business functions, regions and commodities. A draft plan was then created to A). target financial reductions, B). keep business continuity intact, C). secure client buy-in, and D). execute on the plan to deliver the expected reduction within six months.

***“The goal was to reduce annual spend by \$4.0M, despite having reduced purchasing power and negotiation leverage across their entire supplier footprint.”***

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## Our Approach

InFor500 worked with various business function inclusive of Finance, Information Technology, Human Resources, Facilities, Marketing, Legal, Supply Chain, and Global Support across the client's global regions (Americas, EMEA, APAC). InFor500 analyzed the spend of approximately 200 commodity types valued at \$280M across 200+ suppliers. InFor500 identified, prioritized cost reduction areas, and created a plan to deliver on the expected annual reduction in operational costs. The plan included a prioritized list of commodities across each business function to enable the client's respective reduction across each global region.

InFor500 provided several options to the business to achieve the reductions, inclusive of engaging with suppliers to request price reduction concessions, (or) going to marketing for certain commodities, (or) changing the way certain commodities were historically procured.

InFor500 secured executive management approval prior to executing on the plan, considering the risk, the change management, and the time to secure results.

InFor500 brought the processes framework to manage the entire project with the necessary tools, solutions, and talent needed for execution. With well over 100 years of combined actual work experience in the Sourcing area, InFor500's industry relationships with the supplier community, combined with our commodity knowledge, were key ingredients for project success.

***“InFor500 Provided the approach, Subject Matter Expertise and framework for execution that locked in customer confidence.”***

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## Results Achieved

InFor500 renegotiated numerous contracts across all the client's global regions and all major commodities to secure \$5.4M of actual annual savings reduction, exceeding the target by 35% and meeting the project timeline.

- Accelerated all go-to market activities and executed within the timeline
- Customer experienced minimum or no disruption to their businesses
- Provided a framework to track the reduction on an ongoing basis
- The reduction exercise did not compromise service, scope and quality of the commodities purchased

***“Achieved \$5.4M of actual annual cost reduction within the project timeline.”***