Bouygues Telecom: Saving Millions and Improving Supplier Negotiations with SAP® Ariba® Solutions

Bouygues Telecom has transformed its approach to sourcing with the SAP® Ariba® Sourcing solution, launching reverse auctions and strengthening its negotiation leverage with suppliers to procure goods and services at more competitive prices. The new approach has delivered savings of 18% to date – the equivalent of €15 million.

Company
Bouygues Telecom

Headquarters
Paris

Industry
Telecommunications

Products and Services
Mobile and fixed broadband services

Employees
7,500

Revenue
€4.5 billion

Web Site
www.bouyguestelecom.fr
(French)

Executive overview

BUSINESS TRANSFORMATION

Objectives
- Support corporate goal of saving €300 million over three years
- Transform purchasing practices and improve interactions with suppliers
- Digitalize procurement processes

Resolution
- Implemented the SAP® Ariba® Sourcing solution and the SAP Ariba Contracts solution
- Launched reverse auctions and trained suppliers in the new approach
- Introduced reverse auctions to procure goods and services at more competitive prices

Benefits
- Gained a 360-degree view of suppliers, strengthening negotiating leverage
- Increased the transparency of the purchasing process for both buyers and suppliers
- Accelerated negotiation time frames and increased deal conversion rates

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€15 million
Saved with SAP Ariba Sourcing

2 weeks
To set up and launch an auction and train suppliers

15%
Of RFPs managed through e-auctions

"We have transformed the supplier-buyer relationship with SAP Ariba Sourcing, standardizing processes and increasing the transparency of negotiations."

Jean-Baptiste Allemand, Head of Tools and Procurement Processes, Bouygues Telecom

Meeting savings targets with more strategic sourcing

Bouygues Telecom is a mobile phone provider, Internet service provider, Internet protocol television (IPTV) company, and part of Bouygues S.A. Headquartered in Paris, Bouygues Telecom operates six call centers and 550 stores and serves approximately 14.3 million customers.

The telecommunications market in France was long dominated by three major players, including Bouygues Telecom. When a new mobile operator entered the market in 2012, Bouygues Telecom knew that it needed to step up its game to remain competitive. It launched a strategic restructuring project, which included an initiative to deliver €300 million in savings over three years.

Jean-Baptiste Allemand, head of tools and procurement processes at Bouygues Telecom, takes up the story, saying, "To help meet the savings goal, the procurement team looked to improve our purchasing habits – renegotiating existing contracts to secure better terms and driving more strategic sourcing." Most recently, the head of procurement at Bouygues Telecom set out a new strategy, which involved making greater use of reverse auctions. By letting suppliers compete to obtain the company's business, it hoped to drive down the cost of procuring goods and services.

"SAP Ariba Sourcing was the natural choice, and we've been able to quickly roll out e-auctions, which has provided great visibility of the solution across the organization."

Jean-Baptiste Allemand, Head of Tools and Procurement Processes, Bouygues Telecom

Rolling out reverse auctions and managing contracts

Today, Bouygues Telecom takes advantage of SAP Ariba Sourcing to enhance efficiency and control in bidding and negotiations. Nearly 40 buyers use the solution on a day-to-day basis.

Allemand notes, "We are empowering buyers to negotiate in a whole new way by giving them the ability to run reverse auctions. In less than two weeks, they can set out a new auction strategy and framework, invite suppliers to participate, and launch the bidding process."

Once a buyer sees firsthand how easy it is to set up an auction with SAP Ariba Sourcing, they are highly motivated to launch more auctions. Bouygues Telecom has seen great adoption of the software with certain buyers, and it recently started running auctions with its mobile accessories suppliers – something buyers had never done before.

To make the bidding process more efficient and transparent, Bouygues Telecom provides suppliers with complimentary training.

Bouygues Telecom was aware that auctions can be complicated for suppliers. "This is why we invite them to take part in training," says Allemand. "So that they completely understand how the process works." Suppliers really appreciate the fact that Bouygues Telecom has taken the time to train them. "Many of them now prefer working with auctions, because they have better visibility of the deal and it is a much faster process," adds Allemand.

Bouygues Telecom decided to roll out the SAP Ariba Contracts solution for all procurement areas and was able to integrate it easily with its document archiving solution. It enables buyers to create contacts, monitor them over time, and create alerts. As everything is saved in the solution, there is complete transparency across the business.

Transforming the supplier-buyer relationship

With SAP Ariba solutions, Bouygues Telecom has a powerful foundation for driving smarter sourcing. The negotiation process is faster, fairer, and clearer for both buyers and suppliers – resulting in improved supplier relationships and significant cost savings.

"SAP Ariba solutions allow us to manage the end-to-end negotiation process from a very intuitive and easy-to-use solution," remarks Allemand. "We have a 360-degree view of each and every supplier and can see what tenders they are participating in, what buyers work with them, what areas of the company procure supplies or services from them, and more." This kind of insight allows Bouygues Telecom to manage supplier relationships better in the long term.

The company transformed the supplier-buyer relationship with SAP Ariba Sourcing. It standardized processes and increased the transparency of negotiations, which resulted in much faster turn-around times for deals. Today, the final negotiation for the majority of Bouygues Telecom's sourcing activity takes place by auction, with the SAP Ariba solution increasing conversion rates.

"We've been able to achieve a very fast return on investment," points out Allemand. The company has seen an ROI on the solution after running just two to three reverse auctions with SAP Ariba Sourcing. What's more, the company has been able to increase its savings by 18%, which represents approximately €15 million in savings.

50%
Increase in e-auctions year on year

Improved
Transparency

Simple
User interface

Going digital

Bouygues Telecom expects to see its savings grow as it expands its use of reverse auctions with SAP Ariba Sourcing. To drive even greater efficiencies around procurement, the company is planning to move to entirely paperless procurement processes in the future.

Allemand concludes, "Our next step is to transform procurement into a completely digitalized function, eliminating paper and increasing automation to boost efficiency and deliver even greater value to the business, its partners, and customers. This will help Bouygues Telecom maintain its leading edge in an increasingly competitive market."

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