

SAP Ariba 

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Grupo Herdez: Significantly Cutting Costs in Strategic Sourcing Processes with SAP® Ariba® Sourcing

Founded in 1914, Grupo Herdez offers a wide range of products, from mayonnaise with lime to mole, tomato puree, and ice cream. To better understand customer needs and to reduce procurement costs, it deployed the SAP® Ariba® Sourcing solution. In just four years, important cost reductions have left a great taste in procurement managers' mouths.





Executive overview

Company

Grupo Herdez S.A.B. de C.V.

Headquarters

Mexico City

Industry

Consumer products

Products and Services

Food and beverages

Revenue

US\$900 million

Employees

8,500

Web Site

grupoherdez.mx

Partner

Vivo Consulting

www.vivoconsulting.com

BUSINESS TRANSFORMATION

Objectives

- Support the innovation process through a deep understanding of customer needs
- Streamline supply chain processes
- Reduce the costs and expenses of the procurement process

Resolution

- Took advantage of the world's leading procurement tool, the SAP® Ariba® Sourcing solution
- Engaged Vivo Consulting to configure customized and specific category templates

Benefits

- Exceeded the initial savings scenario
- Mitigated the impact of a currency devaluation in 2015 and 2016
- Redesigned the company's procurement strategy
- Increased transparency and control in negotiation processes

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Gross margin points in savings

76%–85%

In spending handled using SAP Ariba Sourcing

50%

Less time for the procurement audit cycle

“Our two main drivers are innovation and expense reduction. SAP Ariba Sourcing was the solution that successfully supported both foundations.”

Javier Carnevali, Chief Procurement Officer, Grupo Herdez S.A.B. de C.V.

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Fresh and delicious from day one

Grupo Herdez S.A.B. de C.V. is a leading producer of shelf-stable foods as well as one of the leaders in the Mexican food sector in the United States. The group was founded in 1914 and now has over 25 brands, 13 production plants, 12 distribution centers, 8 tuna vessels, and 500 points of sale for its Nutrisa brand.

The wide array and market leadership of Grupo Herdez brands makes this company one that is happily invited to every Mexican table. Grupo Herdez acknowledges and fosters the fine balance of its successful formula: powerful brands and cutting-edge technologies.

In the consumer products industry there is intense pressure to reduce costs and minimize supply risk.

So Grupo Herdez needed a tool that would allow it to follow up on annual savings plans and document requests to suppliers.

Grupo Herdez also needed to identify alternative suppliers and substitute products and ingredients. Fresh products often have uncertain availability, so it is important not to depend just on local suppliers. It is also important to be able to substitute products or ingredients in case of scarcity.

To fulfill its vision, Grupo Herdez assessed the need for a solution capable of supporting its strategic sourcing process based on two drivers: innovation and lower costs and expenses in sourcing processes.



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SAP® Ariba® Sourcing adds value for Grupo Herdez

In 2013, Grupo Herdez licensed and implemented the SAP® Ariba® Sourcing solution. The procurement team evaluated the solution and embraced its capability for providing a support point to the strategic sourcing process.

SAP Ariba Sourcing helps companies manage expenses by offering the possibility to connect with a great number of suppliers all over the world, and allowing them to follow up on annual savings plans. SAP Ariba solutions provide access to the world's largest

marketplace for business-to-business transactions. SAP Ariba Sourcing would add value by providing Grupo Herdez with an open door to the world market of products and ingredients.

The implementation was performed remotely from Peru by the delivery team for SAP Ariba solutions. SAP partner Vivo Consulting was engaged to configure customized and specific category templates. This process was seen by team leaders as easy and straightforward.



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Grupo Herdez experiences the taste of satisfaction

Before the implementation, and while the purchasing decision process was taking place, a business case was developed internally to estimate the benefits SAP Ariba Sourcing could bring to Grupo Herdez.

Expectations were exceeded and the savings across procurement processes were higher than predicted. Now, the company has a consolidated strategic sourcing practice. The procurement team is seeing faster audit cycles as well as increased transparency and control in negotiation processes.

It is now simpler for incoming suppliers to participate in request processes, and every step in the negotiation has an enhanced visibility for every team member across the supply chain.

Finally, as a cloud solution, SAP Ariba Sourcing has reduced the workload for IT, allowing this team to focus on other projects.



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Strategic planning for a path toward business transformation

In the future, Javier Carnevali, chief procurement officer at Grupo Herdez, expects SAP Ariba Sourcing to support even more processes related to both supplier management and supply chain. According to Carnevali, this is a significant part of the strategic plan for Grupo Herdez to transform its business process.



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