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Nexans: Sparking Significant Savings by Optimizing Sourcing and Procurement with SAP® Ariba® Solutions

Manual, informal, and inefficient procurement processes prevailed globally across Nexans Group, where each country had a different way of managing purchasing. In response, the group introduced a standard e-procurement approach based on SAP® Ariba® solutions, gaining a unified overview of activity, boosting efficiency, and enabling staff to secure better value from suppliers.

Executive overview

Company
Nexans Group

Headquarters
Paris, France

Industry
Mill products

Products and Services
Electrical cables

Employees
26,000

Revenue
€4.6 billion

Web Site
www.nexans.com

BUSINESS TRANSFORMATION

Objectives
- Boost procurement efficiency
- Standardize and simplify procurement processes across the group
- Increase the visibility of sourcing and e-procurement activity

Resolution
- Introduced a standardized approach to all sourcing activities with SAP® Ariba® Sourcing
- Established a single solution for managing all indirect spend using SAP Ariba Buying and Invoicing
- Developed a core blueprint for solutions that can be rolled out across sites quickly and easily
- Digitized and automated previously manual tasks, streamlining workflows

Benefits
- Increased procurement efficiency by using catalogs
- Secured direct savings on electronic requests and auctions
- Improved the transparency of procurement processes, giving staff valuable insight and helping ensure compliance
- Enabled staff to work more productively, stimulating significant cost savings

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10%–15%
Savings achieved

20%
Faster buying process

6
Months to achieve ROI

"As the market-leading e-procurement solution, SAP Ariba was our first choice. The fact that it integrates seamlessly with our existing business applications from SAP was an added bonus."

Thièry Bourany, Purchasing Transformation Director, Nexans Group

Gaining efficiencies and standardizing procurement globally

Nexans Group brings energy to life through its extensive range of reliable, high-performance cables and cabling solutions. With an industrial presence in 40 countries, the group operates commercial activities across the globe.

In the past, each country had its own way of ordering goods and services, making it difficult to keep track of global procurement activity. Thièry Bourany, director of purchasing transformation at Nexans, explains: "Across 20 countries there were 20 different ways of managing procurement, which were overwhelmingly manual, informal, and inefficient. End users were unable to buy anything themselves, but had to go through purchasing staff – an often long-winded process. It was very common for purchasers to then agree to deals with suppliers over the phone or in person before issuing paper contracts."

A lack of written records meant that Nexans had little visibility into sourcing and spending across the group. Without detailed insight into who was buying what from whom, and at what price, the company was missing out on opportunities to encourage the best value from suppliers.

To increase transparency, maximize efficiency, and operate more cost-effectively, Nexans decided to standardize procurement activity for indirect spend across the group. "We wanted to reduce complexity across the whole chain, from end user to supplier," says Bourany. "We knew that to achieve this, we needed to introduce a single, standard procurement process that was simple and easy to use."

Powering a smarter way of working

After completing a comprehensive review of its existing processes, Nexans selected SAP® Ariba® solutions as the foundation for a total transformation of indirect spend activity across the group. An extra benefit was that SAP Ariba solutions integrated with the company's existing business software from SAP.

Nexans digitized, automated, standardized, and consolidated the disparate procurement processes onto SAP Ariba solutions, giving staff easy access to all the tools they need to manage suppliers and sourcing, as well as manage invoicing and payment.

To date, the group has successfully implemented SAP Ariba Sourcing and SAP Ariba Buying and Invoicing across all sites in France and Germany. "Deploying in the first two countries was very quick and easy," says Bourany. "After spending six months developing a core model to suit our specific business needs, we were able to simply 'copy and paste' it as a standardized solution to over 25 sites." The company plans to roll out the solution across 20 countries within the next year.

"We are putting a lot of time and effort into motivating staff to embrace the change," explains Bourany, "so it's great to see how, after using SAP Ariba solutions, people are convinced of their value."

"Instead of having to manage paper purchase orders and invoices, as well as phone calls and meetings with suppliers, everything is done online – saving a great deal of time and effort."

Thièry Bourany, Purchasing Transformation Director, Nexans Group

Boosting procurement productivity

While still in the early stages of its procurement transformation project, Nexans is already experiencing benefits.

"Now, if end users want to buy something, it could not be simpler," says Bourany. "Instead of having to send requests to purchasing staff, they pick items from catalogs of approved suppliers, and choose exactly the goods and services that they need." The software automatically sends requests to managers who can quickly approve or reject them. If the request is approved, a PO is automatically generated and sent to the relevant vendor.

Explains Bourany: "End users no longer have to waste time involving purchasers but can use the self-service portal. This accelerates the buying process by 20%, enabling purchasing staff to spend more time on value-added tasks, such as negotiating better deals."

Moreover, the solution enables a complete record of all transactions, ensuring that Nexans complies with internal regulations. Additionally, because more competition for suppliers leads to more savings, Ariba Network is very important.

"Running e-auctions is a very efficient way of maximizing value from vendors," says Bourany. For a recent auction, the company laid out its requirements, terms, and desired price for seven vendors. "Within half an hour, we had closed the deal with 10% savings on our price point," says Bourany. "We would never have been able to achieve such good savings in such a short amount of time with so little effort in the past."

Increased
Focus on compliance

Improved
Access to new suppliers through Ariba Network

70%
Of POs and invoices managed for indirect spend

Expanding globally

Highly satisfied with the results it has seen in France and Germany, Nexans is currently in the process of rolling out SAP Ariba solutions worldwide.

Bourany says, "We expect to complete our entire worldwide procurement transformation in around 12 months – a short timeframe made possible by SAP's easy implementation process. We are looking forward to reaping the rewards of more-efficient, standardized procurement on a global scale.

In the long term, the company plans to apply some of the lessons learned to its direct procurement processes. The group currently manages raw-materials purchasing directly in its SAP applications, but its positive experience with SAP Ariba solutions shows how the company can improve the raw-materials purchasing process in the future. Concludes Bourany, "SAP Ariba is not a tool; it's a global system, a global way of purchasing, much more advanced than anything else."

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