

# Case Study: Leading European Bank Turns to Outsourcing to Manage Procurement Woes

## EquaTerra Helps Bank Successfully Implement Comprehensive, Global Procure-to-pay System

### At a Glance

#### Company Profile

The client is a leading global commercial and investment bank headquartered in Europe.

#### Services Featured

- Transition
- Transformation
- Project Management
- Negotiation and Contracting
- Sourcing Governance

#### Business Processes Involved

- Procurement

### Executive Summary

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A large European bank had been following an aggressive acquisition strategy and found itself with a disjointed and manual intensive procurement system. The Bank worked with EquaTerra to determine that a sourcing strategy could help it eliminate system disconnects and automate archaic procurement processes. EquaTerra provided end-to-end guidance of the sourcing initiative all the way from service provider selection to governance. To date, the Bank has not only experienced documented cost savings, but also it boasts a more strategic and well-oiled procurement machine.

### Business Challenge

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This client had been executing on an aggressive acquisition agenda over the past few years and found itself burdened with people, location and systems redundancies. Such growth had taken its toll on the organisation, specifically affecting the Bank's ability to manage its back-office procurement operations. Purchasing was not standardised; in fact, more than 90 percent of purchased goods and services were acquired directly by business and service lines on a decentralised basis. This gave the company limited leverage with its vendors as there was no end-to-end management and control of the purchasing process. The Bank also had a manual, paper-intensive procure-to-pay process that weighted down staff with administrative tasks. For example, most of the average 4,500 daily invoices needed to be manually approved with little technology in place to streamline or simplify procedures.

The Bank's leadership team held multiple discussions to brainstorm possible ways to improve its procurement processes. These discussions included ideas about everything from licensing various IT applications to building its own in-house application to align procurement procedures. Bottom line, the Bank needed to implement something swiftly and quickly; it was apparent that outsourcing would be the most viable and practical option.

## How We Helped

With the assistance of EquaTerra advisors, the Bank ultimately engaged a service provider as its procure-to-pay outsourcing partner. EquaTerra offered counsel, oversight and guidance throughout the initiative, providing ongoing management assistance and coaching to key stakeholders at the Bank during the service provider selection, contracting and negotiation, transition and transformation, governance and retained organisation design phases.

Some examples of EquaTerra's value throughout the outsourcing process include:

- During the **transition phase**, EquaTerra advised the Bank on various technology issues, from security to helpdesk integration. EquaTerra also advised on the staff transition, which included the transfer of employees from the Bank to the provider organisation. Other transition advisory services provided include ongoing communications, operations and service management (disaster recovery, business continuity management, etc.), development programme (knowledge template creation, etc.) and management (transition of project management office, staffing, etc.).
- During the **transformation process**, EquaTerra assisted with the transformation of the sourcing and purchasing management tools, the development of an SAP supplier/buyer portal and e-procurement platform to provide a single point of entry for purchasing goods and services, as well as with the travel and entertainment (T&E) solutions upgrade, approvals and authorisations for requisitions, purchase orders, payments, and the integration of the management information system (MIS) to provide a comprehensive reporting capability on spend by business unit.
- During the **governance phase**, EquaTerra helped the Bank realise added value by ensuring that cost-reduction processes were in place and working, as well as ensuring that resources were focussed where they could provide the most value. EquaTerra also assisted with risk mitigation by increasing transparency and thus reducing surprises along the way, and by ensuring collaborative problem solving and appropriate regulatory and audit visibility in the process.

## Results

The Bank has experienced positive results to date, including documented cost savings, the elimination of bottlenecks in the system, and global implementation of a comprehensive procure-to-pay system. Global Sourcing can now focus on making more strategic procurement decisions while the Bank's senior management is better able to control its procurement spend.

## Advisor Insights

EquaTerra believes the Bank's BPO journey to be successful for a number of reasons, including:

- Senior executive sponsorship and commitment to the project – leadership remained personally involved in, and passionate about, the transformation.
- A firm timeline (or willingness to set a firm deadline) remained in place.
- Resources were identified and budgeted properly, including external advisory and legal resources.
- Processes had undergone conceptual “future state” reengineering and financial baseline development.
- Business objectives were clearly understood throughout the process.
- There was a precise understanding of internal costs.
- The project was agnostic in terms of “how” and “where” processes were performed (focus on “what”).
- The client team welcomed the customary knowledge transfer from EquaTerra, beyond just project management activities.
- The organisation placed emphasis on long-term relationship building with their service provider, not just on the “transaction.”

Today, the Bank boasts that its “well-oiled” procurement machine is achieving the results it set out to achieve in the beginning. In fact, the Bank continues to reap the benefits of the new tools and processes set in motion by its outsourcing journey.

## About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, Middle East, Africa and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

[www.equaterra.com](http://www.equaterra.com)

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