

SAP Ariba



CXO Nexus



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# The Importance of Reliable Data to Contain Costs in Uncertain Economies

# Abstract

In today's turbulent economic times, the ability to leverage existing platforms to drive savings is key. Yet, most business leaders are making important decisions based on unreliable data.

Cleaning up spend data is a costly, complex, and time-consuming challenge. Limited visibility into accurate spend data hinders leadership's ability to capitalize on data-driven truths and insights.

## ***Acting from trusted data provides confidence to make swift, smart, informed business decisions***

We look forward to discussing how to:

- Leverage your existing SAP systems for better visibility into your vendor spend
  - The importance of having a reliable, shared source of spend data
  - Determine your first steps to cost containment in IT spend, and why
    - Identify top expense reduction targets



### **Greg Tennyson**

- VSP Global's Head of Global Corporate Services and a champion of analytics as foundation for sourcing and procurement teams
- Prior CPO at Oracle for 10 years and CPO at Salesforce
- Hall of Fame member of the Sourcing Industry Group and VSP was recently recognized by the Everest Group as one of the most innovating and effective procurement teams in the industry

## Greg Tennyson narrative



*“Data credibility is important inside an organization. We rely on an agnostic, independent partner to provide a single source of truth that gets everyone on the same page and eliminates work done in silos.”*

*“It is a game changer to have a tool like CXO Nexus to partner with; we are now a trusted advisor giving actionable insights to the business. We now have a seat at the table.”*

# Existing Platforms are good at what they are designed to do...

P O System – Process Orders

A P System – Pay Bills

G L – Consolidate the Books

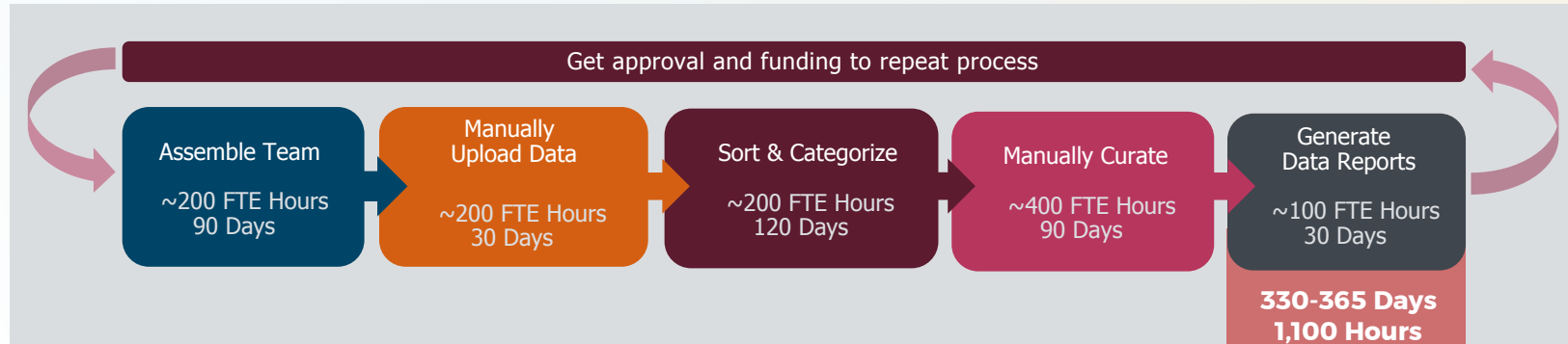
*...however they are not designed to seamlessly produce data driven truths and insights*

- Lack of visibility into the product level detail of what is purchased is fundamental for true spend analysis that drives cost containment
- “Reporting” off of this data is problematic due to limited visibility
- Exercises to make unreliable data useable are costly, time consuming, complex, and not repeatable

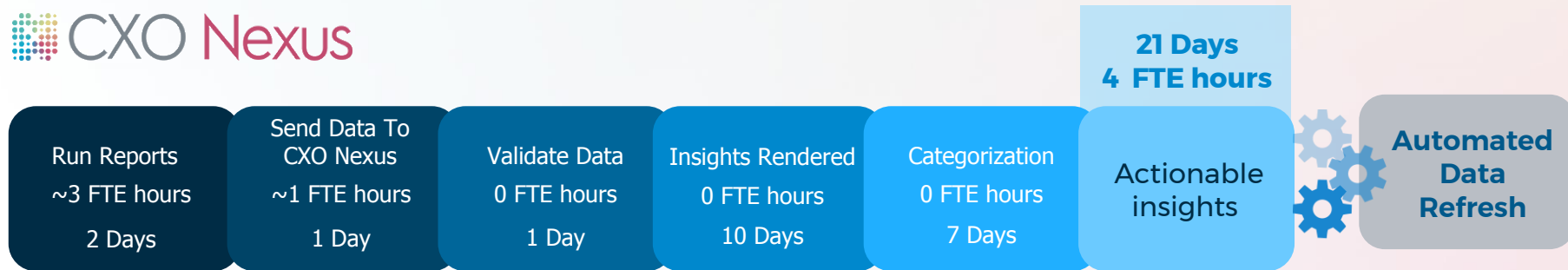
*“As transactions move through the buying process and requisite systems in use (PO, AP, GL) the OEM, Software Publisher and Service Provider data gets parsed and discarded leaving it in a difficult state to analyze. CXO Nexus restores integrity to the data. The enrichment provides a complete view of what was purchased which reveals actionable insights.”*

# In-House Data Cleansing vs. CXO Nexus

## Manual / In-House



## CXO Nexus



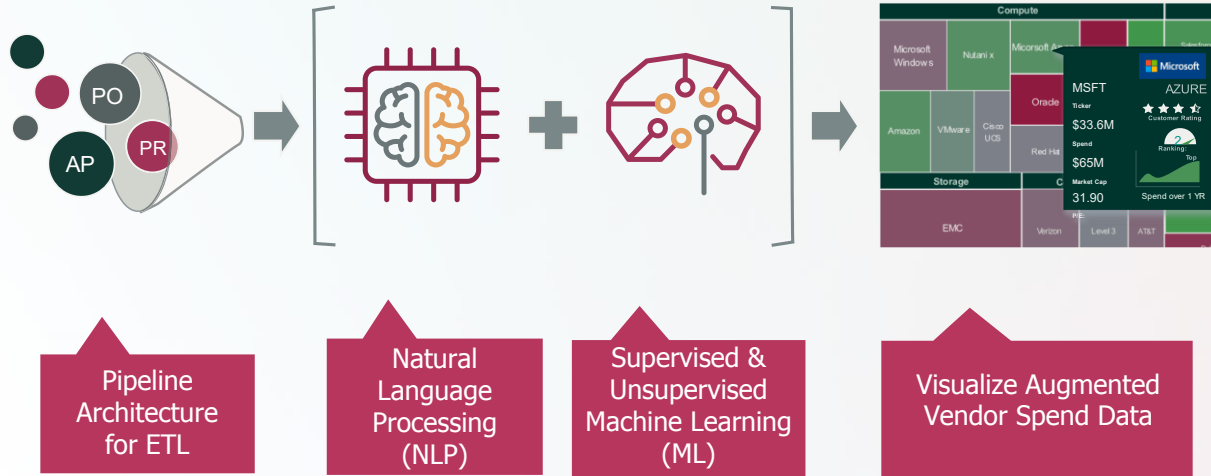
## Greg Tennyson narrative



*“I’m not a proponent of doing in-house cleaning of Vendor Spend data into a one-off deliverable like a ‘spend cube’. The drive to perfection takes too much time to develop, not allowing for real time decisions. Partner with a firm like CXO Nexus that specializes in automation that provides timely, accurate insights. Resources can now take action on cost containment versus spending time creating a solution that is not easy to scale and maintain.”*

# Leverage Advanced Technologies to Solve the Issues

The CXO Nexus Intelligent Fusion Engine (IFE)<sup>TM</sup>: *Patent Pending AI, ML, NLP*



- A simple overlay of existing Financial Systems
- Automate the Cleansing, Classification and Categorization of Vendor Spend

*“Actionable data that gets normalized, cleansed and connected drives more effective business decisions.”*



# Why IT Vendor Spend for Cost Containment?

## Significant % of overall Vendor Spend with no clear visibility due to:

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- Purchasing through resellers
- Complex product portfolios esp. due to M&A
- Sheer volume of transactions
- Business led & unmanaged spend
- Financial Systems not providing the data needed for insights

## Companies often resort to:

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- Use of manual, home grown, error prone processes that do not scale
- Asking the vendor

## Greg Tennyson narrative



*“Maverick or Rogue Spend outside of a core contract and central purchasing is a challenge. Taking in all spend allows CXO Nexus to ‘shine a light’ on this as we can now drill down to the Business Unit and User. A true view of Vendor Spend allows fact-based conversations and we share how buying incorrectly creates lost opportunity. We are now enabled to educate and inform, driving course corrections with the stakeholders.”*

# Actual IT Vendor Spend Data Highlights the Challenge

<b>Total Vendor Spend</b> (CY 2019)	<b>\$1.1B</b>
Total <b>IT Vendor</b> Spend identified after Machine Learning categorization	<b>\$249.8M</b>
# Transactions with <b>IT Expense</b>	<b>9,338</b>
% of Transactions with Resellers	<b>57%</b>
# of <b>IT Vendors</b> in Use	<b>706</b>

High volume of transactions makes it difficult to categorize spend and roll up to OEMs

Transaction Volume = Complexity

Sample Vendor	Direct Spend (AP View)	Total Spend (inc. Resellers)	Delta
<b>Dell</b>	\$1.9M	\$14.2M*	\$12.3M
<b>Cisco</b>	\$1.7M	\$17.6M**	\$15.9M
<b>HPE</b>	\$1.4M	\$11.1M***	\$9.7M

\***Dell** purchased through 10 Resellers

\*\* **Cisco** purchased through 9 different Resellers

\*\*\***HPE** purchased through 8 Resellers




Reseller Purchasing Obfuscates Actual Spend with OEM

# Automation of : Categorization, OEM Spend & How Purchased

IT Categories	Spend
Application	45,890,678
Big Data	6,896,456
Communication	38,786,345
Compute	19,265,235
Data Center	18,765,345
Delivery	6,661,954
End User	18,067,178
IT Management	12,987,345
Network	34,768,902
Security & Compliance	20,865,761
Storage	26,878,298
<b>Grand Total</b>	<b>249,823,790</b>

9,338  
Transactions,  
\$250M  
Categorized

8 vendors  
purchased through  
multiple resellers  
account for  
32%  
of total IT spend

Top 3 OEMs Purchased via Resellers		Spend
<b>Cisco</b>		<b>15,921,750</b>
		Presidio
		SHI
		CDW
		NTT Data
		WWT
		NWN
		Johnson Communications
		Ingram Micro
		Mohso
<b>Dell</b>		<b>12,310,457</b>
		SHI
		Arrow
		SoftwareOne
		WWT
		Ingram Micro
		MicoTech
		Mohso
		Gotham
		Johnson Communications
<b>HPE</b>		<b>9,723,890</b>
		NTT Data
		Arrow
		SHI
		WWT
		NTT Data
		BRE
		Gotham
		enVista

## Greg Tennyson narrative

*“The visibility is very powerful for leverage and helps easily size up an opportunity. Drilling into true OEM spend both direct and via resellers, combined with all of the different subsidiaries, provides a holistic view of the topline we have not been able to see before CXO Nexus.”*

*“Transacting with fewer VARs benefits Procurement as we can get better discounts. Prior to CXO Nexus our buying power was diluted, and we lost opportunities to save. We now have the needed visibility to find optimization plays.”*

Manufacturer / Parent Rollup
ALL OEMs
TBM Category (Multiple Items) ▼

Row Labels	Sum of amount
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[-] Dell Technologies	190,618,069
+ DELL MARKETING LP	66,999,056
+ DELL EMC CORPORATION	63,323,900
+ CDW	20,342,072
+ VMware	13,504,523
+ SHI	8,431,205
+ Boomi	4,262,759
+ WWT	2,582,382



+ PIVOTAL SOFTWARE INC
+ Dell Marketing L.P.
+ DELL GMBH
+ RSA Security
+ DELL CANADA INC
+ DELL INTERNATIONAL SERVICES INC
+ DELL LEASING MEXICO S DE RL DE C
+ DELL CORPORATION LTD

[-] Cisco	23,800,806
+ NTT AMERICA SOLUTIONS INC	14,743,017
+ Presidio	2,308,345
+ JQ Network PTE LTD	1,762,376
+ CDW DIRECT LLC	1,496,243
+ DIMENSION DATA	1,052,686
+ Ingram Micro	552,666
+ CISCO SYSTEMS INC.	333,138
+ SHI INTERNATIONAL CORP	232,947
+ MULTI-LINK COMMUNICATIONS PRODUCTS	177,495



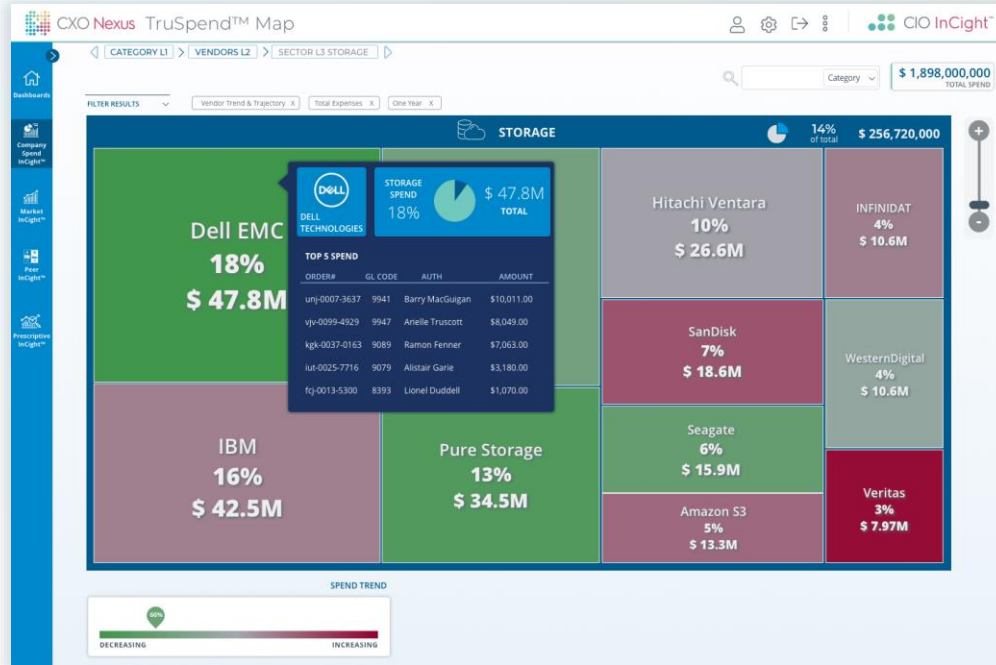
Augmented Data  
Shows How IT Vendor  
Spend Happens  
- with multi-level views

# Benefits to Procurement & Sourcing

Procurement  
becomes a trusted  
advisor to the  
Finance Team and  
Business Units

- Insights provide for supplier rationalization
- Leverage spend to achieve greater economies of scale
- Lead generation for Sales around balance of trade
- Enhanced internal key performance reporting
- Development of sourcing wave strategy and where to deploy resources

# Real Time Visibility Into Vendor Spend



- Contain Costs
- Consolidate Vendors
- Solve the Reseller Conundrum
- Identify New Areas of Cost Savings
- Fund Innovation

Intelligent Vendor Spend Analytics



Available on the  
**SAP App Center**

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



# Greg Tennyson narrative



“A centralized view of Vendor Spend for key stakeholders has us collaborating and advising the business on initiatives like vendor rationalization. We can leverage spend to get greater economies of scale as fewer suppliers reduce our cost structure.”