

A silhouette of two hands shaking in a firm grip, positioned in front of horizontal window blinds. The blinds are partially open, allowing a warm, golden light to filter through, creating a series of horizontal bands of light and shadow across the scene. The background is dark, making the light from the blinds stand out.

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Contract & Vendor

Management

C&VM trends

Multi-vendor is becoming the standard model for delivering outsourcing services. This approach allows clients to leverage the best service for a particular business environment. Vendor governance and management are becoming high priorities.

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- Standardisation – Provide performance organisation
- Vendor consolidation – Focus on audits as a means of ensuring compliance and readiness
- Robotic Process automation – Potential to significantly reduce operating costs
- Labour arbitrage – Driving higher level of performance rather than looking for low cost labour
- Corporate culture – Shift from mere compliance to a cultural imperative
- Third-party governance – Develop a culture of awareness and commitment toward regulatory compliance
- Innovation – Must find innovative ways to reduce cost
- Relationships – Go beyond managing contracts, build trust
- Service Levels – Defining clear targets fosters overachievement

Voltarion's approach

Voltarion has extensive experience in dealing in all supply- and contractor-related issues. From improving contractor performance, through insourcing/outsourcing of third-party services, to renegotiation of supplier contracts resulting in significant SLA improvement, cost reduction and/or contract performance.

The only way to effectively obtain and sustain cost reduction whilst preserving supplier service and performance is to manage the full cycle, from service provision definition and supplier sourcing, through the purchasing/procurement process on to the effective management on the ground once the contract is being executed.

In addition to streamlining contract/vendor management, there are significant differences in sourcing, procuring and executing contracts whether we are talking about CAPEX or OPEX.

We can then add another layer of complexity when we need to manage the provision of services, materials and, as most commonly happens, combined contracts including both.

Voltarion's uniqueness

One may do a good job in guaranteeing the best agreement on supplier costs, but poor planning/specification and/or control of delivery will result in higher costs, typically through:

- Unplanned add-ons to the initial specification
- Over-delivery of services and/or materials – overcharge
- Under-delivery of SLAs / specifications / resources
- Delays / Interruption / Lost time in contract execution

In areas such as IT process effectiveness, people compliance to procedures and lack of a robust Sourcing-to-Contract-Delivery management system, do play an important part in the achievement of the expected results.

Other factors such as fraud, lack of benchmarks, poor coordination of work execution on the ground will typically play a key part on the cost blow out.

In order to systematically deal with all of these aspects and to maximise contract delivery effectiveness and sustainable cost reduction, we have developed an integrated approach which covers all the specifics of guaranteeing the best sourcing approach and managing the contract as it is executed, taking into account the total cost of ownership.

4 Elements for cost reduction



Efficient contract spend

Depends on:

- Timely actions spread over the life cycle of the relationship with suppliers and contractors
- Joint activities carried out successfully by Purchasing, Users and CVM teams – various degrees of implication depending on life cycle sequence



Maximum CVM impact requires cross-functional action

LEAD	SOURCING/ PURCHASING	CROSS- FUNCTIONAL	CVM/USER
Purpose	Buy Cheaper	Buy Better	Buy Less
Example	<ul style="list-style-type: none"> • Reduce price level • Improve payment terms • Year-on-year cost reduction / Productivity clauses 	<ul style="list-style-type: none"> • Ensure service efficiency • Better product/service specification • Better resource planning 	<ul style="list-style-type: none"> • Reduce usage at point of execution • Minimise lost time • Optimise asset utilisation

Sourcing Purchasing & CMV Levels

Purchasing

Users/CVM

	BUY CHEAPER	BUY BETTER	FEWER CONSTRAINTS	BETTER MANAGEMENT	BUY LESS
	<p>SOURCE Supplier Selection Purchasing Marketing Aggressive Sourcing Competition Management (Re)negotiation</p>	<p>RESPECIFY Simplification Standardisation Updated requirements Appropriate constraints Technological changes Functional specifications Value analysis Durations Frequencies New ideas Equipment reliability level</p>	<p>REVIEW / ADAPT Internal External Complexity Internal costs Less time wasted No task duplication Contract velocity Work scope</p>	<p>OPTIMISE Organisation Usage Cost In/outsourcing balance Skills & competencies Contractor improvement ideas Supplier development opportunities Preventive actions Harmonised practices Work methods SOPs Supplier evaluation</p>	<p>LEADERSHIP Gatekeeper Operational discipline Strong contract manager</p>
	<p>BENCHMARK Price, rates, discounts, contract clauses</p>				<p>CONSUMPTION Reduced usage Timely planning & coordination Consumption Frequency</p>
	<p>CONTRACT Best practices Continuous improvement Lump sum fixed prices for: standard activities Additional services</p>				<p>UTILISATION Utilisation of resources Reliability of resources Resources matched to needs</p>
	<p>MANAGEMENT Partnership Persuasion Long term contracting</p>				<p>CONTROL Close monitoring & control Tracking tools Budget control Invoice control</p>



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Our value proposition

- Knowledge transfer
- Cost reduction
- Contract & Vendor Change Agents
- Implementation & delivery

Programme flow

Business review and implementation process



Review

- Define contract requirements
- Third-party spend – CAPEX & OPEX costs
- Sourcing & procurement practices
- Contract review guidelines
- Contractor management processes and delivery compliance
- C&V Management operating system
- Cost reduction opportunities

Current resource requirements

- People / Services
- Materials / Plant / Equipment

Development

- Define/agree needs
- Set targets for purchasing & CVM reduction

CVM management system

- Planning / Scheduling / Execution
- Communication / Reporting / Governance
- Contract negotiation/review

Structure / Roles & Responsibilities

Design, Training & Coaching –

- CVM processes and system

Fine-tuning and follow-up

- Contractor management systems
- Additional opportunities and target-setting.

Sustainability

- Review contracts – periodic cost reduction and improvement target
- System and behavioural audits
- Compliance assessment
- Ensuring CV ownership
- Training personnel to conduct audits

We don't like
to get small
challenges.



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THINGS ARE
NOT FOR US!**

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