

# Ariba Spotlight

*“Ariba has the expertise to help us buy from the best suppliers at the best price.”*

**Russ Ross,  
Senior Vice President of  
Strategic Planning for Giant Eagle**

## Giant Eagle

Giant Eagle, Inc. has been in business for more than 70 years and the company prides itself on its longtime commitment to quality, customer service and innovation. Today the Pittsburgh-based supermarket retailer, with 2003 revenues in excess of \$4 billion and over 30,000 employees, operates more than 220 Giant Eagle® stores in western Pennsylvania, Ohio, Maryland and West Virginia.

Each year, Giant Eagle spends in excess of \$2.5 billion on everything from transportation services to fresh fruits and vegetables. Reducing the costs of the goods and services it needs to fuel its operations translates into dollar-for-dollar savings and allows the company to uphold its brand promise to "make every day taste better" for its customers.

### A New Way of Managing Spend

In an industry where companies operate on thin profit margins, Giant Eagle was among the first to realize the potential benefits of online sourcing. Traditionally, the sourcing process was vendor-driven, a situation that made it difficult for buyers to evaluate different suppliers based on standardized criteria. Online sourcing offered Giant Eagle the opportunity to automate and standardize an often disparate process and to identify suppliers, manage projects and reduce buying cycle times.

Giant Eagle approached Ariba because it needed a comprehensive spend management solution that combined expert sourcing services with information and knowledge about specific commodity groups, supply market dynamics and technology to accelerate their bottom-line results.

The company decided on Ariba when they determined that only Ariba could deliver a solution that would enable them to achieve quick results, sustainable benefits over time and the necessary coverage across spend categories, global geographies and the supplier network.

In January 2000, Giant Eagle started sourcing indirect spend categories such as packaging, transportation and construction services, which resulted in a streamlined process with average savings of more than eight percent.

Among the product categories that Giant Eagle sources are seafood, meat, produce, deli items, as well as canned products and dry goods. In many of these categories, there is a small pool of suppliers due to a combination of industry consolidation and globalization. To address these challenges, Ariba has introduced more extensive pre-qualification rounds as well as industry-specific bidding strategies to ensure market integrity and success.

Giant Eagle now sources commodity items such as diesel oil and perishable products on a weekly basis through the self-service Ariba QuickSource tool, which allows buyers to structure and execute sourcing projects for less complex commodities with a known supply base right from their desktops. The result has been decreased sourcing cycle times and increased efficiency within the spend management process.

In order to help Giant Eagle overcome its change management challenges within the organization and to better gain buy-in and adoption enterprise-wide, Ariba has trained and educated buyers within each of the buying teams to become more familiar with the spend management techniques.

### The Ariba Spend Management Advantage

By implementing processes and technology to effectively manage its spend, Giant Eagle has been able to identify bottom-line savings exceeding \$17 million.

In addition to the substantial cost savings, Ariba has also helped Giant Eagle to:

- Identify new, qualified suppliers
- Consolidate its supply base and aggregate its purchasing power across multiple buying groups
- Automate and standardize the sourcing process and identify new sourcing opportunities
- Decrease the buying cycle, particularly for items purchased on a weekly basis

"The benefits of online sourcing go beyond cost savings," said Russ Ross, senior vice president of strategic planning for Giant Eagle. "Ariba has the expertise to help us buy from the best suppliers at the best price. Online sourcing is fast becoming part of the way we do business on a daily basis."

"Ariba's solutions are about much more than just technology. The combination of sourcing software and services has enabled Giant Eagle to adopt a more strategic approach to developing bid requests and analyzing supplier credentials. As a result, we are lowering our costs and making better purchasing decisions," said Ross.

### About Giant Eagle

Giant Eagle, Inc., listed as one of Forbes magazine's Top 30 privately held corporations, is one of the nation's largest food retailers and food distributors with over \$4.2 billion in annual sales. Founded in 1931, Giant Eagle, Inc. has grown to be the number one supermarket retailer in the region with 124 corporate and 89 independently owned and operated stores throughout western Pennsylvania, Ohio, north central West Virginia, and Maryland. Further information can be found at [GiantEagle.com](http://GiantEagle.com).

### About Ariba

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba can be contacted in the U.S. at 1.650.390.1000 or at [www.ariba.com](http://www.ariba.com).



Worldwide Headquarters  
807 11th Avenue  
Sunnyvale, CA 94089 USA

TEL: +1.650.390.1000  
FAX: +1.650.390.1100  
[www.ariba.com](http://www.ariba.com)

Copyright © 2004 Ariba, Inc. All rights reserved.