



ICICI Lombard General Insurance Company Limited

ICICI Lombard General Insurance Company Limited (ICICI Lombard) is a joint venture between ICICI Bank Limited and Fairfax Financial Holdings. ICICI Bank is the second-largest bank in India, and Fairfax Financial Holdings works in a wide range of insurance and investment management areas.



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Rakesh Jain
Chief Financial Officer
ICICI Lombard

The Challenges

At the turn of the century, the explosive growth of the BFSI segment compelled ICICI Lombard to look into ways of fending off the increasing competition. Customers were demanding lower rates and with an increase in demand, the industry had to respond with solutions that would allow them to sustain margins without losing customers. To combat this challenge, ICICI Lombard decided to adopt an e-procurement solution.

In addition to the increased competition, a complex network and vast geographical presence made it difficult for ICICI Lombard to keep its spend under control. The organization attributed nearly 80 percent of its spend to complex indirect expenses like IT, marketing, printing and stationery and infrastructure and it needed a way to streamline purchasing practices across varied categories, as well as manage suppliers more efficiently.

The Solutions

ICICI Lombard began to evaluate options to regulate spend and build efficiency within the organization. The organization chose Ariba® to implement its spend management solution, as the team had heard of Ariba's success with others in their industry and determined that the company's industry knowledge would be beneficial.

Ariba's use of reverse auction negotiation, backed with a robust sourcing methodology that could help sustain initiatives across an organization and numerous spend categories, was another reason ICICI Lombard chose to begin their spend management journey with Ariba. The other key differentiator was the user-friendly interface, which allowed ICICI Lombard to seamlessly transition from a paper to online organization to a great extent.



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ICICI Lombard began its partnership with Ariba in June of 2005, and implemented the solution in two phases. Ariba Sourcing Execution Services were initially deployed to address two large spend areas, print and infrastructure. The objective was to target high savings and establish a proven sourcing process within ICICI Lombard. Ariba Sourcing™ - Basic was then deployed across all departments—including multiple vendors across different locations—to help them to leverage a larger supplier base, reduce overheads and increase its bottom line.

“The deployment of Ariba Sourcing - Basic across branches helped ICICI Lombard make e-sourcing a way of life,” said Rakesh Jain, Chief Financial Officer, ICICI Lombard. To ensure that e-sourcing would be adhered to, ICICI Lombard provided extensive training to its purchasing personnel and suppliers.

The Benefits

The Ariba solution enabled ICICI Lombard to automate its key spend processes in a single integrated manner. The team now has the transparency, visibility and operational compliance required to successfully manage and leverage its spend.

ICICI Lombard began its spend management journey by gaining significant success through Ariba’s category expertise before gradually focusing on spend penetration. The company has achieved average savings of 15 percent on projects associated with categories such as interiors, IT and services. The second year of the engagement with Ariba was focused on addressing complex categories of services and marketing promotion.

The Ariba spend management solutions have provided clarity into spend, extension of the supplier base and assistance with negotiating purchases—which has created an efficient system for overall purchase management for ICICI Lombard. Now when the company purchases indirect supplies, such as office equipment, it is spending—on average—21 percent less than before. The Ariba solutions have also provided valuable information on fact-based negotiations, including capturing critical pricing and supplier data while bidding took place.

With Ariba’s spend management solutions, ICICI Lombard also noticed a reduction in operational expenses, reaching an average savings of 24 percent on categories such as printing. The company has been

able to automate processes to cut costs and can source goods at the right price from the right supplier—increasing compliance within the supplier network. Jain stated, “It has helped streamline the process as well as enabled successful compliance of the process within the supplier network and the organization’s purchase department while delivering considerable cost reduction across multiple varieties of goods and services.”

Results

- *Average of 15% savings across diverse categories*
- *85% spend penetration on direct and indirect spend*
- *E-Sourcing has become an established process across 225 branches of ICICI Lombard*

Worker productivity has also improved, as purchasing processes have become easier with its widely dispersed groups of buyers. Significant amounts of time are now saved when dealing with negotiations with multiple vendors. Within just nine months of implementation, ICICI Lombard achieved the targeted return on its investment.

The results have been very impressive thus far, and ICICI Lombard is now considering using e-sourcing for all possible spend areas

to achieve spend penetration. The team first plans to roll it out to more locations and to train additional buyers. Currently the de-facto tool for all sourcing done by its administrative, HR and marketing departments, Jain emphasized that adhering to the spend management processes in place and ensuring compliance are key for future additional areas of spend.

About ICICI Lombard

ICICI Lombard General Insurance Company Limited is a joint venture between ICICI Bank Limited and Canada based Fairfax Financial Holdings. ICICI Bank is India’s second largest bank. Fairfax Financial Holdings is a diversified financial corporation engaged in general insurance, reinsurance, insurance claims management and investment management. ICICI Lombard can be contacted online at www.icicilombard.com or you can email them directly at customersupport@icicilombard.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 India at +91-124-413-5400, in the U.S. at 1-650-390-1000 or at www.ariba.com.