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—Antonio G. Coronel, Purchasing Manager, ICTSI



## TOUGH ECONOMIC TIMES PROMPT LEADING PHILIPPINES PORT OPERATOR TO TRANSFORM ITS PURCHASING PROCESS AND REDUCE COSTS

Incorporated in 1987, International Container Terminal Services, Inc. (ICTSI) is a Philippine company involved in the management, operation and development of container ports and terminals worldwide, with operations and subsidiaries in countries such as Brazil, Poland and the Philippines. With the slow down in the local and global economies, ICTSI had to reduce operating costs, bringing them back in line with revenues. The port operator sought a procurement and strategic sourcing solution that could be quickly deployed, integrated with existing back-end systems and delivered a fast payback. After careful evaluation of several vendors, ICTSI selected Ariba® Spend Management solutions to help deliver on key areas of the company vision including efficiency, reliability and shareholder value.

## BUILDING A CORE COMPETENCY IN SPEND MANAGEMENT

ICTSI first began with Ariba® Buyer™ for its procurement needs and found the ease of use for both buyers and suppliers was a critical success factor, especially as many local suppliers were only just familiarizing themselves with eBusiness processes. The multi-ERP integration capability of Ariba Buyer also enabled ICTSI to efficiently tie the Ariba solution to its SAP and Integrated Computer Aided Maintenance systems, reducing implementation time and expense. To date over 140 users have channeled approximately \$US 19 million through the procurement solution.

In August 2002 after success with Ariba Buyer, ICTSI used TransProcure, a Philippines-based Procurement Services Company to help deploy Ariba® Enterprise Sourcing™, and Ariba® Contracts™ for RFX and contract management, and to cover a broader range of spend categories. ICTSI buyers use the sourcing solution to locate suppliers, generate requests for quotations, and negotiate contract terms. Ariba Contracts provides a direct link between the sourcing and procurement functions by automatically creating a contract from a completed sourcing event, managing contract compliance and renewal, and enabling ICTSI's daily Ariba Buyer users to purchase from the negotiated contracts, therefore realizing actual savings. TransProcure also provides sourcing support and maintenance services for ICTSI.

## EARLY SAVINGS AND FAST RETURN ON INVESTMENT WITH ARIBA

ICTSI had an aggressive ROI timeframe of two years, so the ability to source a wide variety of commodities from tire recapping services to air conditioning parts and maintenance would help to achieve this payback sooner. "Early sourcing events resulted in savings of up to 24 percent, however we wanted to reap continuous savings, so we incorporated the sourcing solution into our daily purchasing practices," said Antonio G. Coronel, purchasing manager for ICTSI. "As a result we are seeing average savings between 14-22 percent from each sourcing event and have achieved our payback over a year ahead of schedule."

In addition to hard cost savings, the Ariba Buyer solution has enabled greater visibility into, and better control of, ICTSI's purchasing processes. The company is also leveraging the Ariba® Supplier Network™ as the common communication backbone with its 152 suppliers.

ICTSI's purchasing department has come a long way from the days of phoning and faxing suppliers for quotes, hand keying purchase orders and manually trying to keep track of contract terms and conditions, expiration dates, and applicable discounts. Mr. Coronel plans to add wider categories of goods and services under management, and to focus on spend visibility for improved planning, forecasting and monitoring. Future plans also include deploying the Ariba Spend Management solutions to ICTSI's international ports.