



Rexam

Rexam is the world's second-largest consumer packaging group and the leading global beverage can maker. In addition to the beverage market, Rexam also provides packaging for a number of other end use markets including personal care, healthcare and food.



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Rexam Group Supply Chain Manager

The Challenges

Rexam has grown largely by acquisition. This has meant that it has largely inherited its IT infrastructure and therefore currently operates a number of disparate IT systems across its various business units in the Americas, Europe, and Asia. With more than 20 different systems, the Rexam supply chain team experienced difficulty when correlating and consolidating information to be used for reporting and sourcing activities.

The lack of standardization coupled with difficulty obtaining accurate data helped to establish the business case—with buy-in from senior management—to seek a solution that would enhance visibility into spend and provide better returns. The team required a simple, flexible, and real-time solution that would also enable the ability to improve the structure and technology around processes such as sourcing and contract management. Because Rexam tends to keep its in-house resources lean for non-core activities, they needed an external vendor to provide them with the right solution.

Rexam's short-term goals were to standardize information and management reporting at the executive and business unit level, as well as to increase savings performance with some quick wins. In the longer term, the goals were to link the Ariba Spend Visibility™ solution with other processes like sourcing and contract management to implement improved sourcing strategies across the various business units globally, and to also improve the cycle times with respect to sourcing projects.

The Solutions

James Mortimer, Rexam group supply chain manager, and his team looked at numerous solutions before narrowing the selection process down to four vendors. Ultimately, the team selected Ariba because of its extensive experience in managing complex, global projects in the CPG industry, its best-of-breed integrated suite of solutions, and its comprehensive Ariba Spend Visibility solution—with program management services to ensure success.

While the review was conducted primarily around identifying the best spend visibility solution, James and his team also looked at the features and capabilities of various sourcing, contract management, and supplier management solutions as a way to improve capabilities in the medium to longer term.

Rather than focusing on technology, Ariba provided Rexam with a business view of the type of output they could expect from Ariba Spend Visibility and the other solutions—Ariba Sourcing™, Ariba Contract Management™, and Ariba Supplier Management™—which they were considering for future use. After completing the review, it was clear to Rexam that the features and functionality of the Ariba solutions stood out above the rest.



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“We determined that over time, we would be able to take advantage of the other Ariba modules and integrate them into the business together,” said Iain Percival, Rexam CPO. “Leveraging the other parts of the Ariba suite would significantly improve our capabilities and overall ROI.”

The Rexam team decided to take advantage of the benefits of implementing Ariba Spend Visibility on demand because of the lack of internal IT resources as well as the ability to leverage upgrades as they became available.

The Benefits

The Rexam team rolled out Ariba Spend Visibility in October of 2008 and subsequently used Ariba Spend Visibility Jump Start for an opportunity assessment to achieve its return on investment goal of £400,000—the cost of the investment—within just six months. To date, more than £600,000 in savings has been measured directly from the Ariba system.

“We are now leveraging Ariba Spend Visibility to collaborate better and to identify more opportunities for 2010,” said James. “We expect to realize even more savings going forward. Renegotiating and extending payment terms has provided significant cash savings as well.” The team improved its working capital management, in fact, by harmonizing and extending the payment terms to achieve £200,000 in measured cash savings—a significant benefit in today’s economic environment.

Ariba has enriched and classified more than 96 percent of Rexam’s nearly £3 billion in annual spending to a custom taxonomy developed specifically on the company’s requirements and objectives. Rexam’s spend is comprised of numerous direct and indirect categories such as aluminum, logistics, resin, capital equipment, utilities, packaging, and many more. The team initially achieved great success with opportunity assessments for office supplies and mobile telecommunications, which resulted in saving approximately £100,000 each, and then moved on to successful analysis in packaging and freight.

The team has also now determined that it will use dashboards to align global reporting across the various business units, which was something they were unable to obtain agreement on previously over a period of five years. Rexam is excited to now be able to provide consistent visibility of the high-level spend buys for the business units to the Chief Executive who can then share with the board of directors.

While the Rexam team had high expectations for its Ariba solution, they have also experienced some unexpected benefits. The flexibility and manipulation of Ariba Spend Visibility exceeded several of the management team’s expectations. “When we did the rollout and training, some of the senior-level folks were surprised at what we could do without spending a lot of time,” said James. Some additional functionality—such as price indexes and the ability to

prioritize sourcing opportunities via Ariba’s sourcing market knowledge embedded within the solution—were released by Ariba after Rexam’s selection and have been value-added bonuses for the team.

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Lessons Learned and Future Plans

The Rexam team has learned some important keys for success throughout the past year. One of the primary lessons learned is to ensure that the right people are involved in both the extraction and adoption. Having the right IT resources organized correctly is essential for success on the extraction side, while having a team to ensure buy-in from all business units and regions within the organization is critical—as adoption is the

most challenging aspect of achieving success. It is also important to have ongoing communication between the IT and adoption teams, as well as the business units throughout the global organization.

In the future, the team plans to continue to drive global adoption by providing additional training as well as highlighting the successes that the team has achieved to date. Plans are also under way to take advantage of the additional market visibility capabilities within Ariba Spend Visibility and to leverage Ariba Sourcing more extensively while also rolling out Ariba Contract Management.

About Rexam PLC

Rexam is the No 2 global consumer packaging company. It is the leading global beverage can maker and a major global player in rigid plastic packaging. It partners with some of the world’s most famous and successful consumer brands as well as young, entrepreneurial start-ups. It offers a broad range of packaging services and solutions for different industries, using different materials and technologies. Rexam’s sales from ongoing operations are in the region of £4.6 billion. It employs around 23,000 people in more than 20 countries and is a member of the FTSE 100.

About Ariba Inc.

Ariba, Inc. is the leading provider of on-demand spend management solutions. Our mission is to transform the way companies of all sizes, across all industries, and geographies operate by delivering technology, service, and network solutions that enable them to holistically source, contract, procure, pay, manage, and analyze their spend and supplier relationships. Delivered on demand, our enterprise-class offerings empower companies to achieve greater control of their spend and drive continuous improvements in financial and supply chain performance. More than 1,000 companies, including more than half of the companies on the Fortune 100, use Ariba solutions to manage their spend from sourcing and orders through invoicing and payment. For more information, visit www.ariba.com.

Ariba Spend Visibility offers a complete solution to more than 100 companies—15 in the CPG and retail industries. To learn how Ariba Spend Visibility can help your organization meet its spend management goals, visit www.ariba.com/solutions/spendvisibility.cfm.