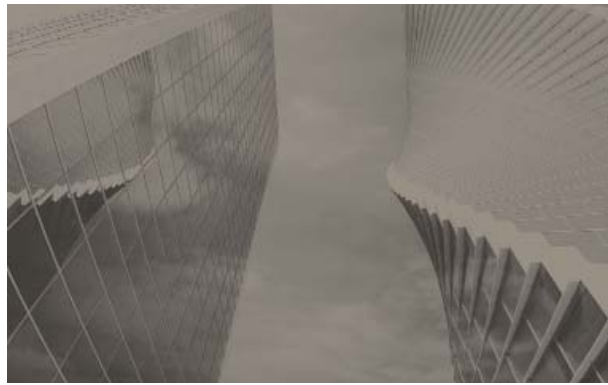


## ETA STAR Group

*ETA STAR Group was founded in 1973 as a joint venture with the renowned Al Ghurair Group, UAE. Today, the group is amongst the top business conglomerates in the Middle East with turnover exceeding US\$5 Billion. The group comprises more than 40 companies and divisions with diversified interests ranging from construction, engineering, power, and shipping to retail, automotive and real estate development.*



### The Challenge

As a diversified group with aggressive growth plans, ETA faced several challenges on the supply side—impacting timely execution and cost.

In the growing Middle East market, the demand for products and services far outstripped the supply. Stringent specifications and specific brands specified by external consultants put serious limitations on choice of supplier and product/service. This resulted in frequent supply delays and irrational price increases.

What ETA needed was a comprehensive sourcing strategy based on global sourcing best practices. ETA chartered its e-business group company called “Star Portal” to assess global sourcing firms and identify the best-suited company to partner in this initiative. ETA selected Ariba as its spend management partner to bring in deep category expertise, sourcing insights, global reach and understanding of business context of the region.

The team evolved a multi-pronged approach. First, they decided to focus on complex indirect spend and Capex. Second, in view of skepticism and resistance from various divisions, the team decided to take one project each from four of the key divisions as a pilot to demonstrate success. This was also used as an opportunity to educate buyers at divisions and make them an integral part of this initiative. Third, the team decided to go for global supplier outreach to bring new suppliers and increase supply-side competition. They engaged engineering, projects and external consultants throughout the process of supplier identification, validation and approval. Fourth, the team brought in best practices in sourcing and negotiations.

### Results:

- *Savings of US\$5 million throughout 2007 and 2008*
- *ROI 5:1*
- *High adoption of e-sourcing initiative; with 10 largest divisions of ETA that handle more than 80 percent of the company's spend involved in this initiative*
- *Knowledge management - Introduction of structured documentation practice for future reference*
- *Increased efficiency in the sourcing process leading to compliance and collaboration*
- *High transparency on fixed and variable cost to drive price competition*



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## The Solution

ETA selected and implemented Ariba Sourcing™ in March of 2005 along with Ariba consulting and program management services to help overcome its challenges.

Since that time, Ariba has provided assistance with spend aggregation across divisions, cost optimization, and supplier management—from outreach to supplier selection, RFQ preparation, effective negotiating, contract authoring and implementation. Ariba has also helped ETA to conduct various training sessions amongst its buyers and suppliers to generate awareness around the benefits of an e-sourcing platform.

Over time, the ETA/Start Portal team has been completely trained and has taken charge of the eSourcing initiative themselves. Since early 2007, ETA has been successfully executing eSourcing projects on their own.

## The Benefit

ETA has achieved numerous benefits since implementing its Ariba solution. The team now has effective supplier management and ensures that uniform information is available to all of its suppliers. There is transparency in the sourcing process as well as auditable and dynamic online negotiation tools, which have increased compliance and adoption amongst suppliers. Those benefits have helped to generate more supplier interest in participating in the online negotiation process.

To overcome the lack of competition from the past, the team developed a supplier outreach program in low-cost countries for categories such as Kraft paper, cable glands, copper strips, grinding media, generators, elevator sub-weights and plywood to name just a few. Also, extensive supplier outreach was carried within the Middle East for categories like cables, material handling equipment and ocean freight. By reaching beyond the previously existing supply base, the team was able to achieve substantial cost savings in the range of three to 20 percent.

*“With Ariba Sourcing, we have achieved savings from three to 20 percent. The tool allows us to do business given our unique local market scenario and helps us execute projects globally on a scalable basis with global suppliers. This has led to increased savings, transparency, compliance and collaboration. With Ariba we have been able to instill best practices within different divisions of our group.”*

Mr. Arif. B. Rahman  
Group Director – Finance and Member of the Board

Two projects have been particularly beneficial for ETA. Because of ETA’s stringent specifications, the team previously had a limited Generator supplier base. To expand its base globally, the team conducted a global event with participation from European and Asian suppliers. The result was standardized and documented specifications, which helped ETA to identify good potential suppliers as well as a firm rate contract and

Bank guarantee. Now, the team is able to procure generators with enhanced specifications at lower prices.

The other successful project was one for Material Handling Equipment Rentals. A suppliers’ market, the equipment was scarce due to high demand. Since ETA only needed to rent the equipment on an ad-hoc basis, the team decided to conduct a rental project with the hope of identifying additional savings. In addition to savings of 17 percent achieved through the event, the team also consolidated its annual spend, achieved standardized terms and conditions of hire, and gained suppliers’ confidence and interest by assuring the volume of business as well as the transparent and fair negotiation process.

## About ETA STAR Group

### Strength in Diversity

*The ETA Star Group is a deeply trusted, pre-eminent corporate entity in the Middle East. A highly diversified, multidimensional organization, its activities cover over 16 broad industry verticals with each vertical having a host of businesses, all carving a niche of their own under the imposing ETA Star banner.*

*The group employs over 70,000 people and has a network of 140 offices in over 22 countries worldwide. The group’s turnover for the year ending 2007 was in excess of US\$5 billion.*

## About Ariba, Inc.

*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 <http://www.ariba.com>.*