



CUSTOMER SUCCESS PROFILE

Aviva

As the UK's largest and the world's fifth-largest insurance group, Aviva provides life and pensions products throughout the world. The company has a customer base of 45 million and more than \$364 billion of assets under management.

Aviva was the largest foreign insurer in India at the time of nationalization. The company re-entered the Indian market in 2002 post liberalization with a JV with Dabur India. Aviva now has 215 branches throughout India (including rural branches), which support its distribution network. Through its Bancassurance partner locations, Aviva products are available in more than 3,000 locations across India.



"It is imperative to diligently manage expenses to maximize opportunities for growth. Leveraging Ariba's solution and expertise, we have implemented a more efficient process for sourcing. This has improved our productivity, lowered costs and brought significant change in the ROI."

Abhay Johorey,
Director Transformation & Services
Aviva India

The Challenges

While Aviva in India had successfully built a franchise of more than one million customers and one billion dollars worth of value, they realized the need to better control their cost structure. In fact, there was scope to improve their productivity metrics, product portfolio, capacity utilization, and customer satisfaction as well as a culture that defended the status-quo.

They faced challenges in the areas of visibility into their expenditures, sourcing process, procurement compliance, supplier management and contract compliance. With respect to sourcing and gaining visibility into their spend, they needed to establish a more effective strategy and more efficient process for sourcing key spend categories that are largely complex and non-traditional indirect expenses that could improve productivity and lower costs.

In addition, the team's sourcing practices and compliance—as well as their relationships with suppliers—were far from optimal. Because of their challenges with poor contract visibility, maverick contract creation, inconsistent contract language, long approval cycles, preferred vendor bypass, inconsistencies between contract terms and POs, and unrealized discounts and rebates, they knew that they needed to make some crucial changes in order to optimize their procurement initiatives. The team experienced not only bottom-line



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erosion due to lost compliance savings, but also some legal exposure due to process inefficiencies and lack of operational controls.

The Solution

While the Aviva team experienced its challenges, the Internet and the introduction of portal technologies created the opportunity and desire by Aviva to move from more manual styles of supplier communication and process to electronic ones.

The Aviva team then became an early adopter of eSourcing technology in the Financial Services industry, which soon gave way to a more integrated, spend management solution from Ariba. Ariba was one of the few companies in a position to truly understand Aviva's issues and to enable procurement compliance and sourcing for both simple and complex categories. Ariba's program management services initiated the blueprint of the spend management initiative along with the team at Aviva.

Aviva currently uses Ariba Analysis™, Ariba Sourcing™, and Ariba Category Management™ to transform its cost structure by designing sustainability into the heart of its programs, by aligning its costs with its strategies, and maintaining a strong commitment to the effort.

Aviva has sourced various categories for all of its branches in India using Ariba's sourcing process. A few categories where Aviva has benefited substantially are printing, IT, Housekeeping, employees' daily transportation, courier services, and temporary labor. For this to be possible, Ariba has assisted Aviva in spend aggregation across branches, cost optimization, preparation of total cost RFQs, conducting supplier outreach, supplier selection, contract authoring, contract implementation, and process change management amongst other areas.

The Ariba Spend Management solution created dynamic negotiation capabilities for Aviva's buyers, which expedited their negotiation capabilities across multiple suppliers within a short span of time.

The Benefits

Aviva India has achieved efficiencies and streamlined its purchasing practices with increased visibility into spend categories because of its

Ariba Spend Management solution. The Ariba sourcing process ensures uniform availability of information to all of its suppliers at any given time.

By partnering with Ariba, the Aviva team has been able to save time and effort, streamline its processes, increase transparency, create an audit trail of dynamic online negotiation, achieve lower prices, increase compliance, gain lifecycle visibility, improve collaboration, and also secure rapid adoption from its suppliers.

Results

- *Average savings of 22 percent within six months of engagement*
- *ROI of 8:1*
- *Significant spend penetration on direct and indirect spend in less than one year*
- *Identified key areas/categories for cost management*
- *Sourcing best practices implemented across all of its 215 branches*

"Leveraging Ariba's solution and expertise, we have implemented a more efficient process for sourcing. This has improved our productivity and lowered costs. The recent deployment has already brought a significant change in ROI, identifying savings in the range of eight to 57 percent across key categories such as information technology, printing, travel, training, infrastructure and transportation," said Abhay Johorey, director (Transformation and Services) of Aviva India.

With Ariba's Spend Management solution, Aviva has generated its target savings and standardized its category-specific sourcing process—enabling the company to generate a document repository in order to create and retain knowledge.

About Aviva Life Insurance

Aviva Life Insurance is a joint venture between Dabur and Aviva. Current paid up capital amounts to Rs 1,004.3 crores. Dabur are the 74% shareholder and Aviva the 26% shareholder. Aviva plc is the UK's largest insurance Group and the world's oldest insurance Group, with a history dating back to 1696. Today, it is the fifth largest insurer worldwide, with 45 million customers and £364 billion assets under management. Prior to nationalization, Aviva was the biggest of the foreign insurers operating in the Indian market.

Founded in 1884, Dabur is one of India's oldest and largest groups of companies with the Group's consolidated annual sales in excess of Rs 2,233 crores. A professionally managed company, it is the country's leading producer of traditional healthcare products.

Aviva's products have been designed in a manner to provide customers flexibility, transparency and value for money. We have been among the first companies to introduce Unit Linked products in the market.

Aviva has a unique need based sales approach through the "Financial Health Check" (FHC). The FHC is a free service administered by our FPAs (Financial Planning Advisers) for a need-based analysis of the customer's long-term savings and insurance needs. Depending on the life stage and earnings of the customer, the Financial Health Check assesses and recommends the right insurance product for them.

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 91.124.4135400 or in the U.S. at 1.650.390.1000 or at www.ariba.com.