



Ariba Buyer/Supplier Case Study **MetLife and Xerox**



Partnering for Spend Management Success through Ariba Supplier Network

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– Roy Anderson,
Chief Procurement Officer
MetLife, Inc.

■ Customer Profiles

MetLife, Inc. (NYSE:MET) is a leading provider of insurance and financial services with operations throughout the United States and the Latin America, Europe, and Asia Pacific regions. Through its domestic and international subsidiaries and affiliates, MetLife reaches more than 70 million customers around the world and is the largest life insurer in the United States (based on in-force life insurance policies). The MetLife companies offer life insurance, annuities, auto and home insurance, retail banking, and other financial services to individuals as well as group insurance, reinsurance, and retirement and savings products and services to corporations and other institutions.

Xerox Corporation (NYSE:XRX) is the world’s leading document management technology and services enterprise. A \$16 billion company with 53,700 employees worldwide, Xerox provides the document industry’s broadest portfolio of offerings. Digital systems include color and black-and-white printing and publishing systems, digital presses and “book factories,” multifunction devices, laser and solid ink network printers, copiers, and fax machines. Xerox’s services include helping businesses develop online document archives, analyzing how employees can most efficiently share office documents and knowledge, operating in-house print shops or mailrooms, and building Web-based processes for personalizing direct mail, invoices, and brochures.

■ The Challenge

In 2002, MetLife was seeking ways to automate and streamline its procurement process through a new eCommerce solution. The company’s procurement organization was sourcing only \$100 million out of a possible \$2.3 billion in purchases, which limited its ability to effectively manage spend. MetLife decided to begin using Ariba® Buyer™ for procurement and to adopt Ariba® Supplier Network™ as its key eCommerce platform. At the same time, the company started asking key suppliers to use Ariba Supplier Network for MetLife orders.

Having enjoyed a successful relationship with MetLife for close to 25 years, Xerox quickly responded to the company’s request. Because Xerox was already transacting over Ariba Supplier Network with other customers, it was well-positioned to make the switch. In addition to establishing web-based ordering capabilities, Xerox sought ways to support MetLife’s goals of maximizing spend management efficiency, driving higher productivity, and cutting costs.



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■ The Solution

Close Collaboration

Collaboration was key to making the transition work for both companies. "From the start, Xerox worked closely with MetLife to enable us to do business in an automated fashion," says Roy Anderson, chief procurement officer at MetLife. Ariba technology also played a crucial role. "We rely on strong technology partners to help us meet customer requirements, streamline transactions, and deliver a great customer experience," says Judith Frey, managing executive of enterprise eCommerce for Xerox. "Ariba Supplier Network helps us efficiently connect with and support corporate customers like MetLife."

To get started, Xerox created a CIF catalog based on MetLife's most frequently ordered supplies. MetLife then began sending Xerox its supply purchase orders electronically over Ariba Supplier Network. "Xerox recently expanded MetLife's catalog to include approved multi-function devices for ordering," says Wendy Sciara, Xerox account general manager for MetLife. "We actively manage the catalog and make recommendations for improvements or changes when needed."

Higher Accuracy and Consistency

MetLife's company-wide mandate that Xerox orders be placed through Ariba Supplier Network has transformed procurement efficiency. Virtually all MetLife-Xerox transactions are now automated, and close to 98 percent of orders are processed without any buyer intervention. End users can process their business requests at the time most convenient for them. Online order capture and routing allow fulfillment within minutes of approval, eliminating lag time. Spend can be electronically approved and easily tracked, charged back to the correct cost center code, and supported with an Ariba-generated purchase order. Proper information is automatically included on purchase orders and identified on invoices, enabling faster payment.

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The seamless flow of orders over Ariba Supplier Network increases accuracy and efficiency, eliminating the need for phone and fax interaction to resolve problems. Consistency is another plus. "Having the orders in a standardized format makes it easy for us to do line-item matching to ensure that everything coordinates," says Frey. "It's a well-working, closed-loop process."

Effective Use of Supplier Resources

MetLife has also been able to meet its goal of becoming a more valuable, less expensive customer. "If you're not focused on being a low-cost customer, you're missing the boat," Anderson says. Ariba Supplier Network facilitates this by enabling MetLife to funnel work to core suppliers without a significant sales effort. "If 1,000 salespeople are visiting MetLife on a regular basis trying to get our business, that absorbs a lot of supplier resources," Anderson explains. "Ariba lets us narrow that down to the few suppliers like Xerox that should get the business, which saves time for them and for us."

Enhanced Spend Visibility and Compliance

Greater visibility into spend has enabled MetLife to better focus its sourcing efforts. "Now I can tell my sourcing people which internal customers they should talk to, because it's easy to see who's moving 80 percent of their business," Anderson says.

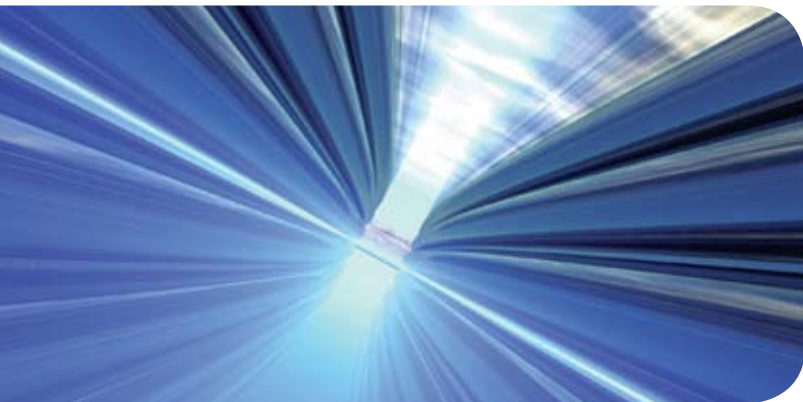
Spend data reliability has improved as well. "The information coming from the system is accurate " Anderson notes. And because Ariba enables MetLife to drive a high degree of compliance, Xerox and other suppliers can rest assured that the company will deliver the business it promises. "Ariba also helps us ensure that pricing structures are in line based on our purchasing volume," Anderson says.



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MetLife has adopted a best-practice approach to bill payment, striving to pay every invoice within 10 days so it can earn early payment discounts. "Our ability to pay that fast shows that our system screams accuracy and has an author process that doesn't require signatures and paper going everywhere," Anderson says. "We find it very rewarding to see that growth in our early payment activity."



■ Adding Up the Benefits

Both companies have realized significant benefits from their partnership through Ariba. MetLife now sources \$2.0 billion of its spend. The company has also increased staff efficiency and productivity. "An electronic approach lets us audit and eliminate errors on the processing side to increase the accuracy of the invoices coming to us and streamline payment," Anderson says.

The company has gone from employing 80 buyers to just 18 over the past five years, 15 of whom operate in India. "The rest we moved into sourcing so they can spend their time sourcing new business rather than sending purchase orders," Anderson says. "Ariba allowed us to evolve from paper-driven, manual procurement to a much more strategic approach. We also realized a tenfold increase in our savings, which has been critical to our rapid growth."

Xerox has strengthened its relationship with MetLife and increased business volumes as well. The company recently landed three major contracts to deliver MetLife's multifunctional devices across the enterprise, production color refresh in publishing services, and mainframe printer refresh business. Xerox's Ariba Ready Platinum status and eCommerce expertise were key factors in this win. "Xerox's ability to integrate and understand Ariba absolutely counted in our decision," says Anderson. "We have less than one person to handle all activity on over 140 catalogs, so having a supplier that's Ariba Ready and fully understands the structure of the Ariba catalogs makes it much easier to get that work done."

MetLife is taking its eCommerce capabilities to the next level by consolidating through the Ariba platform. In addition to Ariba Buyer, the company expects to automate virtually all spend activities through Ariba® EIPP™, Ariba® Contract Management™, Ariba® Sourcing™, and Ariba® Analysis™. "We want to use Ariba Supplier Network more effectively than ever before, and this will expand our ability to make data-driven decisions more effectively," Anderson says. "We're really looking forward to it, and to finding more ways to benefit from our relationship with Xerox in the future."



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