PAG Profit Advisory Group

CASE STUDY:
Global Pharmaceutical Company

Customer Overview:

- An Israeli based Pharmaceutical maker with US HQ in Pennsylvania, engaged Profit
- Advisory Group to audit their spend for voice, data, wireless, internet and conferencing.
- Spend volume: $4,600,000 annually
- Project included multiple locations, vendors and over 100 monthly invoices.

Key Challenges & Objectives:

- Challenges included extensive data collection from multiple AP groups from different subsidiaries.
- The aggregate company was the new result of multiple acquisitions and there were many fans of differing vendors and technologies.
- There were multiple decision makers, all with a “silo vision” and no one clear cut DM with an Enterprise perspective.
- Decentralized Purchasing departments with no formal Procurement Policy or oversight group.
- Project objectives included an RFP which was expected to yield cost savings, service/invoice consolidation, more favorable Contract terms and conditions and the deployment of a newly created Procurement Policy that would be developed in conjunction with the Strategic Sourcing group.

Profit Advisory Group Solution:

- Utilization of Profit Advisory Group’s Data Collection and Analysis process to inventory all vendors/invoices/contracts.
- PAG created a comprehensive inventory of all services currently in use in all locations.
- Contract terms were reviewed, invoices scrubbed for contract compliance, and for services no longer needed/in use.
- RFP was developed from this analysis and administered. PAG evaluated suppliers on both cost and non-price factors.
- Profit Advisory Group compared proposals with industry benchmarking to insure “Best in Class” pricing and Contractual Terms and Conditions were achieved.
- A multi-vendor award was granted with input from all DM’s.
- PAG helped formulate and implement a formal Procurement Policy, and Purchasing was centralized. This streamlined the ordering process, minimized invoices and insured new services would be set up correctly.
- Profit Advisory Group worked with existing vendors to insure relationship improvement. Also, a schedule was established to improve communications and to hold vendors accountable for updates and billing reviews.

Results:

Client was able to reduce annual costs by $1,175,000 and secure nearly $200,000 in credits for billing errors. The top three vendors retained their current business and consolidated the vast majority of the other vendors. The number of invoices was reduced by 70% and cost accounting was automated. Contract terms were much more flexible, revenue commitments were reduced significantly and terms were added to the agreements that were in the clients favor.