

Driving Down Procurement Costs.

Siemens Corporation and Staples, Inc.

At Staples, we take your business goals seriously. Our team has the expertise and resources to streamline and refine your existing office supply procurement processes. The end result is a single, reliable source for all of your supply and services needs, priced competitively to deliver substantial cost savings.

Below is an example of how one globally dispersed customer consolidated all office supply purchasing with Staples, resulting in greater control over spending, increased visibility into procurement activities and significant cost savings.

The Company

Siemens Corporation is the U.S. affiliate of Siemens AG, a global powerhouse in electronics and electrical engineering, operating in the automotive, chemical, energy, food and beverage, government, healthcare and pharmaceutical industries. For more than 160 years, Siemens has delivered leading-edge, innovative products, services and solutions. Headquartered in New York City, Siemens' reported U.S. sales of \$22.4 billion in 2008 and employs approximately 69,000 people throughout the 50 states and Puerto Rico.

The Challenge

Siemens, along with its operating divisions, were relying on different vendors to purchase office supplies. With disparate processes in place, varied pricing contracts, 8,000 ship-to locations and tens of thousands of employees, Siemens needed a more streamlined and cost-efficient approach for office supply procurement.

"There were tremendous pain points associated with our previous purchasing processes," said Reggie Peterson, Strategic Procurement with Siemens. "Each operating company had its own buying requirements, making overall management a nightmare. Not to mention, we were dealing with multiple contacts, both on the

“With Staples, we have visibility into spending like we’ve never had before. The cost savings speaks for itself, but the ability to proactively and intelligently manage spending on a global scale and has been invaluable to our organization.”

Reggie Peterson
Strategic Procurement
Siemens Corporation

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vendor side and internally within each company, which added an additional layer of inefficiency.”

Siemens issued a global request for proposal (RFP) to identify one office supply vendor that would allow the organization to consolidate purchasing activities and decrease annual supply spend. The company also wanted to implement an enterprise-wide procurement card program to manage ad-hoc purchases by its remote workforce, which comprised about 30 percent of total employees.

The Solution

Staples was selected as the vendor of choice due to its competitive price points, vast product offerings, eWay online ordering system and excellent service and support. Staples created a dedicated account management team (one overall account manager and a local manager for each division) and implemented weekly calls to ensure prompt and continuous communications with Siemens’ contacts.

To better understand the procurement needs of each operating division, Staples created individual online profiles which included end user contact information, billing processes, shipping addresses and product requirements. This allowed the Staples team to set up accounts and reporting templates for each company, giving Siemens improved visibility into procurement activities across the organization.

“To kick off this engagement, Staples gathered valuable information on each operating division, providing us with new electronic data that we’ve used for ongoing corporate communications – a huge benefit to our company,” said Reggie Peterson, Strategic Procurement with Siemens.

To manage spending by remote employees, Staples created a procurement card program for Siemens, enabling 50,000 remote users to purchase products at Staples retail locations at guaranteed contract pricing. Staples established a minimum order requirement across all operating companies, resulting in maximum cost savings and support for the organization’s green initiatives by decreasing deliveries and generating fewer emissions.

The Results

As a result of partnering with Staples, Siemens has reduced its annual office supply spend by 12 percent. Through enforcement of its procurement card program requirements, Siemens also decreased “maverick” spend by remote staff by \$400,000 within the first six months.

Staples’ in-depth reporting allows Siemens to drill down into office supply spend per operating company and easily monitor and improve activities globally. Siemens has increased its average order size from \$149 to \$210, resulting in order consolidation, fewer deliveries and increased savings per transaction.

The Future

Siemens has since expanded its Staples’ partnership to other organizations, with six non-wholly owned Siemens affiliates now benefitting from the same low product prices, online ordering and single point of contact. Siemens is also purchasing promotional merchandise through Staples and has created an online store with approved, customized corporate products.

To learn more, please visit www.staplesadvantage.com.

“It was critical that our partner had the infrastructure to support our diverse needs. With Staples, each of our operating divisions has the flexibility to purchase supplies in a way that fits their business, yet our organization as a whole has better insight and control into overall procurement activities.”

Reggie Peterson
Strategic Procurement
Siemens Corporation

