# Value Proposition

Opportunity

- Sound print spend management

  – Visibility into enterprise-wide print spend

  – Secure volume-based supplier contracts

- Significant <u>recurring savings</u>

  – Eliminate maverick spending

  – Improve compliance

  – Reduce errors, reworks, and rush charges

- Reliability, Timeliness and Accuracy

  – Select the right printer for the job
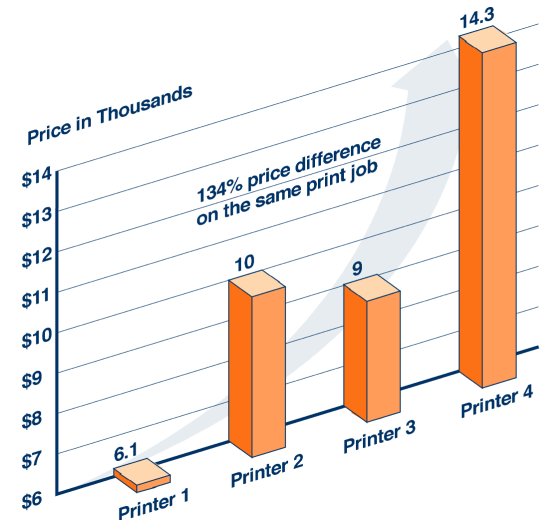
  – Reduce Cycle-time
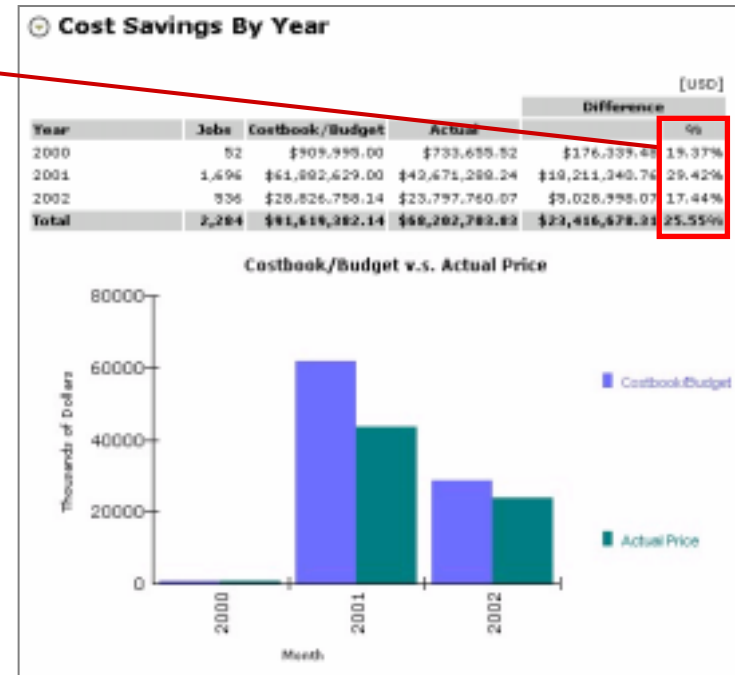
Real Data – A Compelling Story
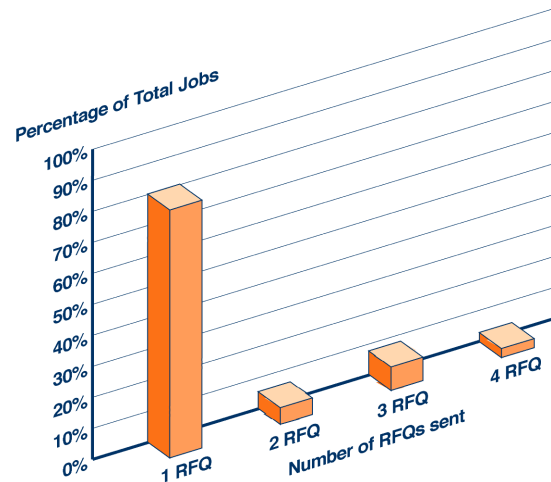
Key Takeaway: The majority of jobs are being single-sourced. This gives you little or no pricing leverage and minimal visibility into the key components of your cost.
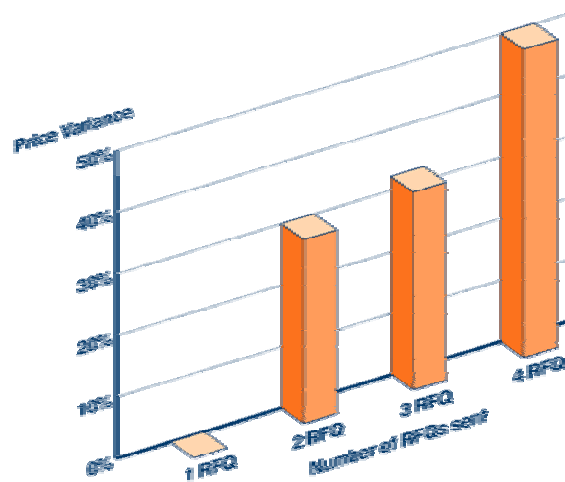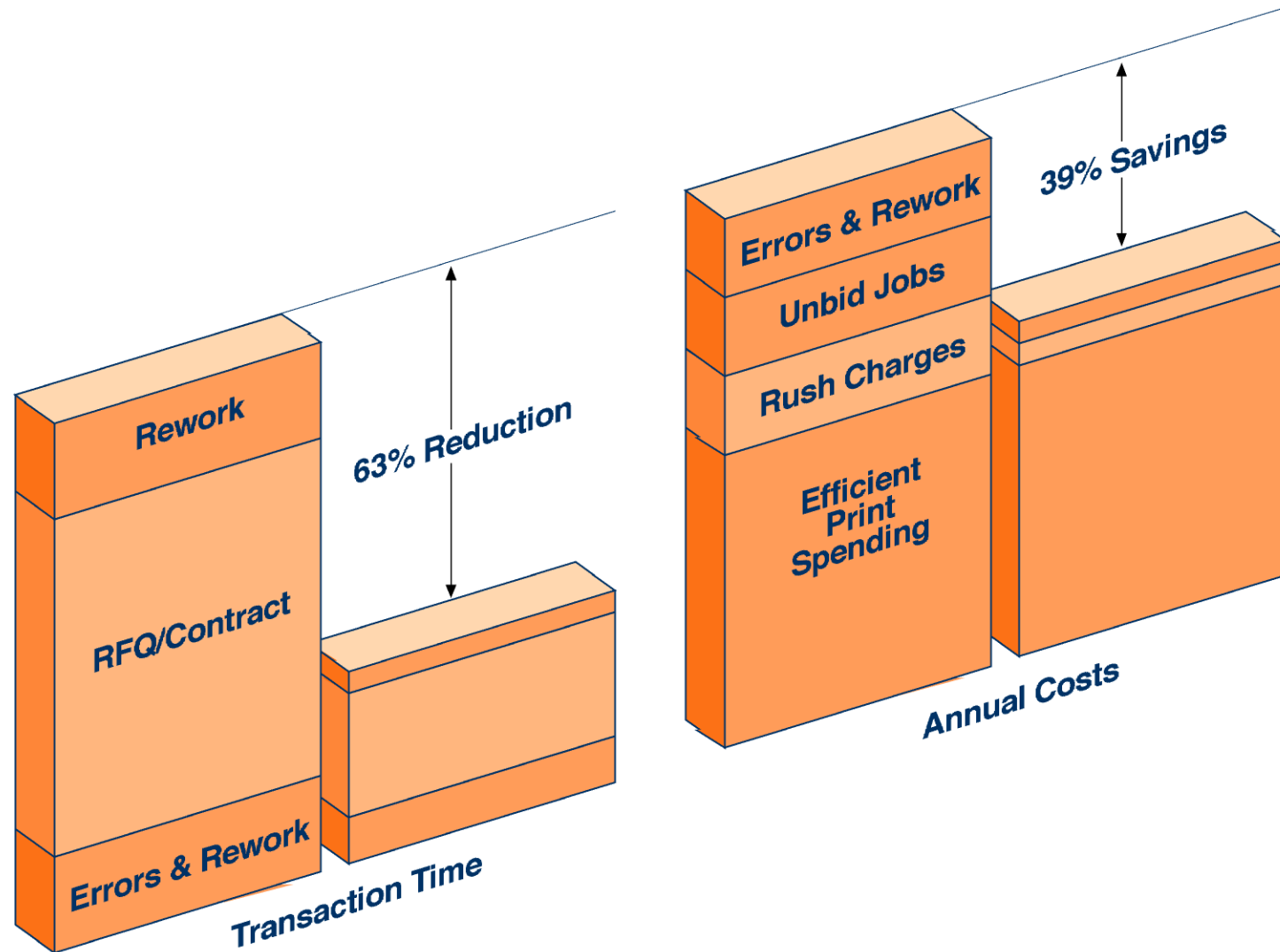
Key Takeaway: By sending your RFQs to 3+ printers, you increase the probability for greater price variance.

Key Takeaway: Even after an aggressive strategic sourcing effort, this company saw a 134% price variance. It all comes down to CAPACITY and CAPABILITY at any given point in time.

Savings study

Source: McKinsey & Company analysis of benefits for major manufacturer

Powerful Information

Base Product Summary Report

Product Type	Printer Name	Order Amount	Percent Contribution	Total Base Product Type
Inserts				**$11,374,591**
	Printer (confidential)	$3,017,846	26.5%	
	""	$2,043,397	18.0%	
	""	$1,651,163	14.5%	
	""	$1,131,879	10.0%	
	""	$932,274	8.2%	
	""	$499,914	4.4%	
	""	$460,835	4.1%	
	""	$329,061	2.9%	
	""	$286,565	2.5%	
	""	$270,718	2.4%	
	""	$198,535	1.7%	
	""	$175,532	1.5%	
	""	$156,207	1.4%	
	""	$52,584	0.5%	
	""	$48,246	0.4%	
	""	$35,111	0.3%	
	""	$27,181	0.2%	
	""	$12,836	0.1%	
	""	$10,878	0.1%	
	""	$7,340	0.1%	
	""	$6,345	0.1%	
	""	$6,200	0.1%	
	""	$3,280	0.0%	

Base Product Summary Report

Product Type	Printer Name	Order Amount	Percent Contribution	Total Base Product Type
Brochures And Pamphlets				**$5,049,999**
	Printer (confidential)	$2,444,321	48.4%	
	""	$909,560	18.0%	
	""	$359,488	7.1%	
	""	$301,431	6.0%	
	""	$190,964	3.8%	
	""	$192,613	3.8%	
	""	$176,668	3.5%	
	""	$126,537	2.5%	
	""	$105,872	2.1%	
	""	$79,332	1.6%	
	""	$52,046	1.0%	
	""	$20,019	0.4%	
	""	$19,625	0.4%	
	""	$13,640	0.3%	
	""	$11,764	0.2%	
	""	$8,377	0.2%	
	""	$8,279	0.2%	
	""	$2,667	0.1%	
	""	$2,627	0.1%	
	""	$6,682	0.1%	
	""	$6,500	0.1%	
	""	$2,975	0.1%	
	""	$1,955	0.0%	

Powerful Information

Quote Analysis Report

Report Date: 3/1/02 to 3/31/02

Order Date	Project No.	Project	No. Quotes	Winning Bid	Variance Winning/Min
3/1/2002	H23	Coupons	2	$13,640	$1,236
3/2/2002	JP92	POP materials	3	$52,046	$5,650
3/3/2002	F22	Add-in packs	2	$12,277	$1,336
3/4/2002	SM2001	Wrappers	3	$24,584	$3,680
3/5/2002	HSP211	Sell sheets	2	$11,785	$0
3/5/2002	F02	Coupons	4	$16,668	$0
3/7/2002	W211	POP materials	2	$11,107	$0
3/8/2002	JP10	Add-in packs	1	$4,086	$690
3/9/2002	HSP201	Wrappers	1	$8,279	$240
3/10/2002	F101	Coupons	2	$13,301	$1,222
3/11/2002	W202	POP materials	3	$20,019	$2,300
3/12/2002	JP99	Labels	2	$19,445	$0
3/13/2002	HSP11	Wrappers	1	$3,603	$0
3/14/2002	AR1B	Add-in packs	4	$15,872	$550
3/15/2002	F20	Coupons	5	$19,964	$990
3/16/2002	WP011	Labels	4	$12,537	$0
3/17/2002	HSP101	Labels	3	$24,375	$1,450
3/18/2002	JP33	Wrappers	5	$30,131	$0
3/22/2002	F22	Sell sheets	1	$8,377	$0
3/31/2002	WP033	Labels	5	$19,213	$0

Merrill Lynch

A Case in Print

Print category

- 6 "centralized" buying groups

- Not yet strategically sourced

- Moving all buying to Ariba

- Spends $60-80M in print

- Vendor base: 25+

- US rolling out now

- UK in planning phase

Product Types

✓posters

✓letterhead

✓flyers

✓presentation covers/tabs

✓financial documents

✓cards

✓brochures

✓envelopes

E-procurement selection criteria

- Print domain expertise

- Financial stability

- Single enterprise-wide system accommodating disparate divisional needs

- Efficient capability for multiple bid process and allows for strict project control of orders.

- Printcafe solution generated the highest expectations for savings

Approach to Integration with Ariba

- Complimentary – *each application will rely on the strengths of the other system to create a stronger solution.*

- Seamless –*relevant data will pass between the two applications transparently*

- Efficient – *buyers will be free of double entry while logically navigating through the applications*

Procurement Objectives

Visibility

- Ability to perform detailed analysis of firm-wide print procurement activities
- Facilitation of communication across divisions

Standardization

- Ability to easily enforce and roll-out new corporate branding policies
- Availability of key information to print buyers across the organization
- Standardize print procurement process across all groups

Vendor Management

- Reduction of vendor base
- Ability to analyze printer compliance and competitiveness
- Ability to select the most appropriate printer for each job

Compliance

- Ability to enforce policy to pay invoices for projects purchased online
- Seamless procurement process with integration with Purchasing OnLine

Cost Savings

- Vendor consolidation and collaboration
- Reduction of errors and reworks

Current Operation Environment

Strong Suppliers

- Dependable vendor base
- Established history
- Strong knowledge of vendor capabilities

Efficient Processes

- Short turnaround time
- Higher internal and external customer satisfaction
- Departmentally leveraged spend

Empowered Buyers

- Timely decision-making by management and staff
- Multiple bidding analysis where applicable

Effective Results

- Focused on product and service quality
- Managed budget spend
- Established reporting and invoicing practices

Initial Weaknesses

- Does not optimize ML's Purchasing Power

  - $85MM print spend in 2000

- Large number of vendors (150+)

- Distributed/Decentralized Procurement Environment

- Agency spend mark-up

- Lack of financial controls and audit reporting

- Inefficient invoice and workflow management

Major E-Commerce Benefits

- End to end solution; Design to Production to Invoicing

- Easier broadcast of RFPs to vendors

- Time-saving efficiencies

- Improved vendor database management

- Workflow management accountability

- Access to historical data for reporting

- Streamline payment process (EDI)

- Leverage ML Purchase Power

Future Steps

- Expand Commitment to E-procurement for print

- Further evaluation of vendors with greater participation of product group

- Mandate system usage by print buyers

- Maintain communication regarding system functionality

- Form user groups

Questions and Answers