Schindler Group
Masters Their Most Complex Spend Category with the CombineNet Sourcing Platform

> **"The variety of pricing structures and discount schedules proposed by the vehicle manufacturers and leasing companies, along with the sheer volume of vehicles and internal stakeholders involved, means that even though fleet vehicles account for 10% of our indirect spend, sourcing fleet caused 80% of my headaches.**
>
> Douglas Else-Jack
> VP of Purchasing
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> The Schindler Group

CombineNet is the advanced sourcing technology company. The company's eSourcing technology is a SaaS solution that enables organizations to capture a larger portion of spend under formal management, reducing costs and increasing the productivity of buyers across the entire range of spend categories, from the routine to the complex. The Schindler Group adopted CombineNet eSourcing technology in 2011 to help them manage sourcing activities across a range of spends.

The Schindler Group is one of the world's largest suppliers of elevators and escalators with operations in more than 100 countries and 43,000 employees. Schindler mobility solutions move one billion people every day, and a large proportion of the company's activities are dedicated to the installation, modernization and maintenance of these transport systems.

Due to the extensive services that Schindler provides to its customers, the company maintains a fleet of vehicles for use by 40% of its staff. Of the many indirect spend categories managed by the Corporate Purchasing organization, fleet vehicles consume only 10% of indirect corporate spend, yet represent one of the most challenging categories to manage.

The Challenges:

Some characteristics of Schindler's vehicle fleet that make sourcing challenges more complex:

- 17,000 vehicles across the global organization
- 7 vehicle types per region, multiple vehicle options
- 9 standard fuel-economy measurements
- 425 million kilometers driven per year
- Per-vehicle mileage varies from 10-55,000 kilometers/year
- 3 preferred vehicle manufacturers for purchase options
- 4 leasing companies for leasing options

In addition to the fleet characteristics, Schindler's sourcing challenges increase with:

- Analysis of more than 2 million price points annually
- 27 cost elements
- Involvement of 24 regional leadership teams
- Quarterly bid events, each having several bid rounds
- CO_2 reduction objectives

■ Changing finance rates

■ Lease 'end of contract' damage fees

In the past, Schindler's Corporate Purchasing organization used various e-sourcing solutions as well as consultants providing custom management services and Microsoft Excel spreadsheets to manage the sourcing of fleet vehicles. But none of these solutions or approaches were sufficient to support the number of price elements used to model Total Cost of Ownership, to accurately measure the CO2 impacts of vehicle choices (and other non-price factors), improve productivity and time-to-bid cycles, or to facilitate efficient communication with regional teams and stakeholders.

The CombineNet Solution:

Schindler turned to CombineNet ASAP®, the Advanced Sourcing Application Platform, to more efficiently and effectively manage a number of its spend categories, focusing first on this highly complex category of fleet vehicles.

CombineNet ASAP is well suited to Schindler's fleet vehicle sourcing activities. CombineNet's Expressive Bidding® feature enables vehicle manufacturers and leasors to create competing offers on vehicle purchase or lease options, including end-of-lease damage pricing, as well as conditional offers with tiered discounts and rebates based on volumes. Multi-round bidding enabled the manufacturers and leasors to refine their proposals during the bidding cycle, and Schindler's sourcing team was able to see the price changes between rounds.

Additionally, with CombineNet's industry-leading optimized scenario analysis, the sourcing team was able to accurately evaluate their sourcing options in "What if?"-award scenario models, and quickly see the cost impact of their decisions on the Total Cost of Ownership.

Finding the right balance of purchased and leased vehicles, fuel economy and CO2 emissions, and regional vehicle preferences was simplified with CombineNet ASAP.

Despite being a mature sourcing category that had been strategically sourced for the past ten years, Schindler was able to achieve exceptional cost savings using CombineNet ASAP, including:

■ More than 10% in upfront cost savings:

■ $4-5 million in rebates from manufacturers

■ 2-3% in additional manufacturer discounts

■ 5% reduction in lease prices

■ Reduced end-contract damages by approximately $5-6 million.

In addition to cost savings, Schindler's Corporate Purchasing team was able to measure the CO2 reduction impact of its sourcing decisions, helping them weigh up the tradeoffs between cost and CO2 emission levels of different vehicles.

Other benefits reported include: improved productivity and resource utilization, standardization and centralization of the process, improved reporting, and better supplier communication.

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To read additional case studies detailing the savings and efficiency created by CombineNet ASAP, please visit www.combinenet.com

"This is a mature spend category for Schindler, one that we've strategically sourced for 10 years, and yet with CombineNet we were able to achieve excellent cost savings. We've tried other solutions that weren't capable of supporting this category, and of course Excel spreadsheets. Now I have a tool that works much, much better."

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