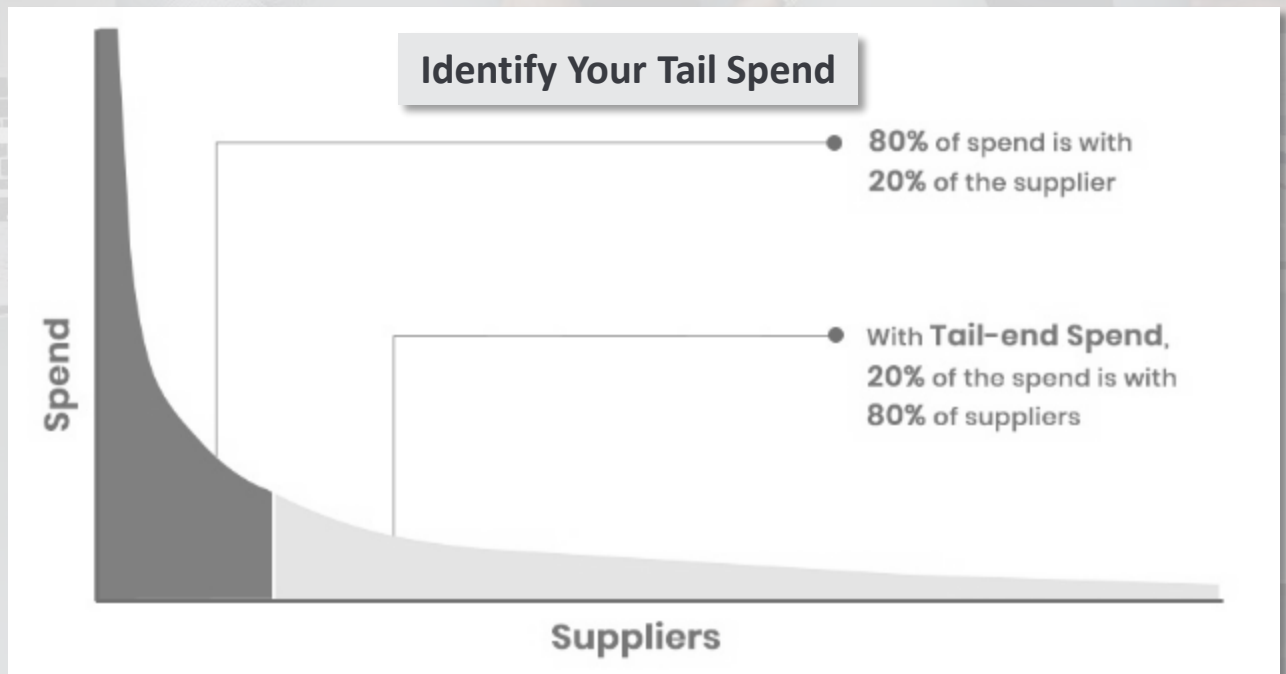


Managed Sourcing Service

Reducing
Cost Of
Tail Spend

Tail Spend

Tail spend is 20% of the spend that typically goes unmanaged within an organization. It is not actively managed in all the spend categories and may therefore have adverse impact on the firm's financial performance. This is because it consumes huge procurement bandwidth to pull down focus on strategic procurement.



Read a case study on tail spend management by mjunction Services Limited

Our Client

A full-fledged integrated PSU steel plant established as an industrial enterprise in 1918. The plant produces iron from an open-top blast furnace in West Bengal since 1922. The plant was progressively upgraded to a capacity for production of 4.26 lakh tonnes of saleable steel and 2.54 lakh tonnes of pig iron annually. The plant manufactures a wide range of long products, some of which have exclusive market dominance.

How Tail Spend Procurement Was Managed?

Managing tail spend is a pain point for every organization, it incurs not only huge financial impact but also consumes huge bandwidth of organization.

Managed Sourcing Services (MSS) solution offered by mjunction helped the organization to save cost of procurement, bring in transparency, transfer liability of cost of resources and reduce overall apex cost to bring efficiency in procurement process.

Business Challenge

The PSU client was not allowed to add resources in its own procurement department. So the strategic and non-strategic procurement were handled by the same and single team. The existing procurement team was so much over-burdened with non-strategic procurement that strategic procurement lost its due focus and the team could not meet the targeted saving numbers committed to its management in direct items.

The Solution & Strategy



Team:

Dedicated team of MJ given to handle tail spend



Strategy:

Focused & strategic approach for nonstrategic spend. Supplier rationalization, right vendor assigned to right product, Techno commercial evaluation, negotiation were ensured.



Technology:

Team was backed with its in-house technology support to bring transparency, adherence of process and faster outcome.



Cost benefit:

Dedicated team of MJ given to handle tail spend

Outcomes

mjunction's continuous endeavor has brought an overwhelming outcome as below -

15% savings by addressing spend of 14 Cr from Sept to Nov 2020

711 PRs were converted to PO

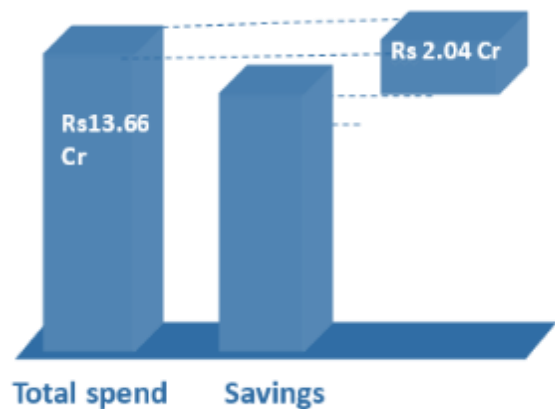
MSS activity in integrated steel plant (East) -

739 Total PO processed

13.66 Cr Transaction value of PO placed

2.04 Cr Savings Achieved

5,838 Total Vendor managed



mjunction services limited

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