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*Arto Almér  
Group Purchasing Director, Cloetta Fazer*

Efficient  
Purchasing

**IBX**<sup>®</sup>

# Confectionary eSourcing at Cloetta Fazer



An efficient purchasing success story

# Cloetta Fazer runs faster

As the world spun faster around Cloetta Fazer, the leading Nordic chocolate and candy maker, the purchasing function sought to accelerate their sourcing cycle to keep up with the competition. Implementing IBX eSourcing, Cloetta Fazer managed to shorten the lead time for tender rounds and started to use a tool that helped them identify and sign contracts with market prices.

## **Solution:**

- IBX eSourcing

## **Value delivered:**

- Shorter lead time for tender rounds
- Market prices on sourced categories
- Centralized information and template reuse
- Increased transparency throughout the sourcing process

## **Success factors:**

- Everyone understood the need of a more modern way of working
- A joint steering group
- Automation and template reuse allocated resources to focus on negotiation instead of operational purchasing

Cloetta Fazer is the Nordic region's largest chocolate and sugar confectionery company, with a market share of 22 per cent. Cloetta Fazer was formed in 2000 through a merger between Cloetta of Sweden and Fazer Konfektyr of Finland. Cloetta Fazer's twelve prioritised brands are Karl Fazer, Kexchoklad, Dumle, Geisha, Polly, Ässä, Tutti Frutti, Pantteri/Salta katten, Center, Marianne, Tyrkisk Peber and Plopp. The company's key markets are Finland, Sweden, the Travel Trade, Norway, Denmark, the Baltic countries, Russia and Poland.



## Initial Situation

In 2006, Arto Almér, Group Purchasing Director at Cloetta Fazer and his group identified several areas within the purchasing process that could be improved by using more modern purchasing tools.

“Back then, one of our major problems was the long lead-times for tender rounds, they could vary from 6-16 weeks. Our main purpose was to speed up the process and increase the standardization,” says **Arto Almér**. “The tender rounds and contract management were not performed in a standardized way; we used different templates and worked in different ways.”

The lack of standardization was obvious, suppliers answered the tender rounds in their own way and it was some times difficult to compare different offerings. Another missing point was transparency throughout the tender process. It was difficult and time consuming to support and follow the tender rounds, primarily between buyers in Cloetta Fazer’s production countries Sweden and Finland.

“We needed transparency to follow the tender – check status and bids in real time, follow-up, report - and put together all tenders in one place for further use in the future. In the procurement process our focus moved from operative purchasing to negotiation.”

Knowledge management, in other words, the ability to easily reuse previously done work was another area of improvement. In 2006, the knowledge was connected to individuals, a year later it was in the tool, and could easily be shared by anyone in the group.

## The Key Challenge

Cloetta Fazer implemented the IBX eSourcing Suite, with the aim to increase the volume and efficiency of sourcing as well as securing a long-term strong position on an increasingly competitive market. Another goal was savings on price reductions, but also in terms of administrative time required for the sourcing process.

## The Solution

In June 2006, the agreement with IBX was signed. The partnership was centred on strategic planning and implementation of sourcing functions. Three months later the IBX eSourcing Suite, called SmartSource by Cloetta Fazer’s employees, was implemented. A steering group was also formed with members from IBX and Cloetta Fazer, and they followed the rollout process closely. Arto Almér points out the steering group as a clear success factor.

– The IBX consultants are highly qualified, with extensive experience, and by forming the steering group we used them as an advisory board. It helped us to move on faster in the right direction, says Arto Almér.

The IBX eSourcing Suite is delivered on-demand and was easily configured to suit Cloetta Fazer’s needs without heavy investments. IBX supported the implementation with training and supported



the Cloetta Fazer sourcing team on site during the first sourcing project.

The tool streamlines and automates the sourcing process; it reduces the cycle time for tender rounds. The tool also provides Cloetta Fazer with high transparency on many levels of information. Since all information is centrally stored, reuse and cross-learning is also a success factor. Cloetta Fazer's goal is to cut tender round cycle time by 50 percent in 2008.

### Identifying market prices

By using the eAuction functionality of the IBX eSourcing Suite, Cloetta Fazer aimed to find the correct market price. On the supplier side, reactions on SmartSourcing have been varied. It requires new ways of working, and some suppliers might feel an increased level of competition.

"With our "old" processes it was time consuming to negotiate. Now, we can compare prices, and identify the correct market price. Our aim is not only to find the lowest price by cutting the suppliers profit, but to help them make their process more efficient, says Arto Almér, but at the same time he admits that Cloetta Fazer has seen price reductions.

In June 2007, the Cloetta Fazer team was running SmartSourcing independently without the support of IBX. The goal for the purchasing staff at Cloetta Fazer was to master the new system as quickly as possible. IBX's task was to help them to adapt a strategic eSourcing process and provide the tools that the company needed for rolling out the new sourcing process.

### Training, training, training

Arto Almér admits that there have been difficulties for some people to adapt to the new process, but now everybody is using the tool to its maximum effect. The key to success is change management, including training and communication. Change management has to start with a clear strategy from top management and a smart way to communicate it to build understanding and acceptance. At the end all that matters is training, training and training.

Arto Almér continues: We have been up and running for a year now and the trip has been a challenge for all involved. It is always an upward slope when it comes to learning, but I can tell you that we are now harvest the fruits. For example we have started to reuse information gathered in the system. Our goal for 2007 is to run 40 tender rounds in SmartSourcing, and we will reach it. No doubt about it."



## The IBX advantage

IBX delivers a complete set of services and solutions for efficient purchasing, providing support for the entire source-to-pay process. Our services and solutions couples the power, speed and agility of a state-of-the-art online purchasing solution with expert strategic knowledge, operational excellence and technical assistance.

IBX is Europe's leading provider of efficient purchasing solutions. IBX provides purchasing expertise, scalable on-demand software and managed services for sourcing and procurement that increase spend under management and improve compliance to generate bottom line results.

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