

## StrategicSource™ Purchasing Spend & Analysis (PSA) Identifies Cost Savings

Designed for the client who is interested in a review of cost reduction and purchasing process improvement opportunities across the organization. StrategicSource's PSA is designed to identify spend in up to 100 expense categories, then provides a systematic plan to reduce costs in each category. The PSA is a five (5) step process that can be completed in as little as three to four weeks to allow for immediate cost-reduction.

### 1. A Complete Purchasing Gap Analysis Including a Review and Analysis of Your Organization's:

- ▶ Purchasing Approach
- ▶ Commitment Authority & Administration
- ▶ Expense Category Objectives & Performance Measures
- ▶ Purchasing & Supply Chain Management Expertise
- ▶ Purchasing Policies & Controls
- ▶ Pricing, Terms & Rebates
- ▶ Item Standardization & Usage Reporting
- ▶ Auditing & Reporting Practices

### 2. Identify Expense Category Owners, Contracts, Preferred Supplier and Requirement Needs

### 3. Code, Classify & Analyze A/P Spend Information Into The Following Pre-Defined Expense Categories

- ▶ Financial Services (Check Processing, etc...)
- ▶ Office Services & Supplies
- ▶ Facilities Services
- ▶ Telecom and Communication Services
- ▶ Automotive
- ▶ Manufacturing

### 4. Analyze Unit Pricing & Contracts (Pull Invoices, Copy, Review and Compare Client's Last Price Paid For 8-10 Expense Categories Against Our Benchmark Market Pricing for Similar Items/Services

### 5. Client Provided With a Comprehensive Purchasing & Spend Analysis That Summarizes Findings of Above, Including Cost Savings Recommendations & Process Improvements



*Quit flushing your money down the drain!  
Identify Cost Reduction Opportunities Today.*

## 2008 Clients Results With StrategicSource™

- ▶ 24% Average Cost Reductions
- ▶ 40% Average Supply Base Reductions
- ▶ \$17 MM in Recommended Client Savings
- ▶ \$150+ MM in Spend Under Management

## Clients Benefits With StrategicSource™

- ▶ Detailed Expense Category Spend Analysis
- ▶ Unit Price Comparisons Using Your Last Price Paid
- ▶ Immediate Price Reductions
- ▶ Supply Base Reductions
- ▶ Supplier Audits Available
- ▶ Improved Purchasing Policies and Controls
- ▶ Purchasing Best Practices & Process Improvements
- ▶ Experience in Over 100 Indirect Expense Categories
- ▶ Clients Focus on Core Business
- ▶ Improved Operational Performance and Profitability

Contact us today for a no-charge Quick View Assessment and quotation at 952-887-2800 or by Email @ [Sales@strategicsource.com](mailto:Sales@strategicsource.com). Visit our website at [www.strategicsource.com](http://www.strategicsource.com).

**StrategicSource**  
Innovative Purchasing Solutions

## StrategicSource™ Purchasing & Spend Analysis

Our knowledgeable team of purchasing professionals guide clients in gathering expense category spend, requirements, contract and last price paid information. Experienced StrategicSource sourcing personnel will then source and qualify potential suppliers for selected expense categories. Upon completion of the quoting and negotiation process, clients receive expense category recommendations which they may implement to reduce costs.

StrategicSource™ Telecom Category Recommendation					
<b>CRP Background Information</b>					
Date:	9/25/2008	Client:	XYZ Auto	Category:	Tele-Cell(TE-C)
Cat. Owner:	John Doe	CSM/S.Spec:	PMG Personnel	CRP ID#:	1586
Current Supplier(s):	Sprint & Verizon				
<b>Client Category Objectives:</b>					
XYZ Auto wants to implement a local cell phone plan only for all non-executives in the company.					
<b>Client Category Strategy</b>					
RFG:	X	Renegotiable:		NewSpec./Other:	
<b>PMG Recommendation</b>					
<b>Client Benefits</b>					
Area of Benefit	Previous	Proposed	# Change	% Change	
Spend - FIRST YEAR Cost Savings	\$195,311	\$108,233	\$87,077	45%	
Spend - SECOND YEAR Cost Savings	\$195,311	\$129,880	\$65,430	34%	
Spend - TOTAL 2-YR Cost Savings	\$390,621	\$238,113	\$152,508	39%	
Supply Base Reduction	2	1	1	50%	
<b>Other Benefits</b>					
<p><b>Avoid Directory Assistance calls (\$1.79 per call) by using one of the following methods:</b></p> <ul style="list-style-type: none"> <li>• Use Google Text to look up information. For users with a text plan it's included. Without a text plan it's \$0.15.</li> <li>• Use your cell phone internet access to look up information.</li> <li>• Call 1-800-FREE411, this is a company that provides 411 information after listening to just a few short ads.</li> </ul> <p><b>New Devices:</b></p> <ul style="list-style-type: none"> <li>• Eligibility for new phones is based upon the individual contract status of each user and the date on which the user last had a phone upgrade.</li> <li>• Phone lines with expired contracts are eligible for new flip phones, or discounted PD A's. Discounts are only available at the time of new service or at future contract renewals.</li> </ul> <p><b>Key Assumptions</b></p> <ul style="list-style-type: none"> <li>• Sprint termination fees are \$200 per line. PMG assumes that any phone line expiring by the end of 2008, can be allowed to expire (as opposed to paying a termination fee). Thus termination fees for lines with 2008 expiration dates are referenced as zero termination fee.</li> <li>• Savings are based on volume from the billing account, not the individual handset user, and require the recommended changes taking place. However, even when all recommended changes occur, seasonality and fluctuating individual usage patterns can and will alter the level of savings presented in this analysis.</li> <li>• Taxes, Surcharges &amp; Fees have been removed from this analysis because PMG cannot effect these charges.</li> </ul>					

Category Recommendation Example

## Purchasing & Spend Analysis Deliverables

Purchasing Service/Function	PSA
Executive Summary of Our Findings	✓
Purchasing Environment Gap Analysis	✓
Expense Category Owners & Preferred Suppliers Clarification	✓
A/P Coded & Classified Spend Report	✓
Unit Price Comparative Analysis Report (9-10 Expense Categories)	✓
Purchasing Policies & Procedures Draft	✓
Recommendations & Proposal With Prioritized Work Plan & Scorecard of In-scope Expense Categories	✓
Expense Category Cost Savings Recommendation(s) and Implementation Checklist (StrategicSource provides a recommendation(s) to recover the cost of the analysis in annualized cost savings)	✓

## Sustainable Cost Reductions in 100+ Operating Expense Categories, Averaging 24% Savings:

- ▶ Advertising - Print (6%)
  - ▶ Check Processing (37%)
  - ▶ Credit Bureaus (25%)
  - ▶ Credit Card Processing (11%)
  - ▶ Employee Bkgrd. Checks (9%)
  - ▶ Glass & Installation (16%)
  - ▶ Information Services (4%)
  - ▶ Insurance (10%)
  - ▶ Janitorial Services (28%)
  - ▶ Janitorial Supplies (26%)
  - ▶ Landscape Services (16%)
  - ▶ Office Equipment (26%)
  - ▶ Office Supplies (26%)
  - ▶ Printed Materials (29%)
  - ▶ Telecom & Cell Phones (37%)
  - ▶ Transport - Packages (18%)
- ▶ And Many More

Best of all, there is **NO RISK** – StrategicSource will provide actual cost savings recommendation(s) that can be implemented to generate annualized cost savings recovering the cost of the analysis. This initial service will deliver hard dollar cost savings helping your organization remain competitive in today's challenging economic environment!

StrategicSource™, a supplier independent Purchasing Services Provider (PSP) was founded in 1992 to help organizations reduce costs, optimize their supplier base and simplify business processes. With expertise in over 100+ expense categories and numerous vertical markets, we can help your organization reduce indirect expenses immediately.