



MANUFACTURING | EPROCUREMENT

Hologic Creates Strategic Advantage with Procurement Solution

Customer Profile

Hologic is a global leader in the development, manufacturing and marketing of rapid, accurate and cost-effective nucleic acid tests (NATs) used primarily to diagnose human diseases and screen donated human blood. For example, the organization's tests are used to screen more than 80 percent of donated blood in the U.S. This makes the management of indirect spend on goods and services—including research supplies—and the strategic leveraging of buying power, a critical requirement.

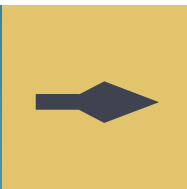
The procurement organization at Hologic knew change was needed. Visibility into organizational spend was limited, as every department purchased goods and services separately. With a desire to show end users a better way to purchase and a need to demonstrate the strategic value that their team could deliver to Hologic as a whole, the procurement department partnered with JAGGAER to build quantifiable advantage into the purchasing environment. What they did not expect was just how much value could be mined from this process. Hologic saved more than \$1.5 million in spend in just the first year alone.

Challenge

The challenge the procurement department at Hologic was facing was simple. They lacked any real visibility into their procurement process. And the procurement department struggled to raise end-user awareness of the value that could be realized if they involved the procurement department in all purchasing decisions and processes.

"People beg us to get training so they can get into the system and start using it."

Maricel Mustion
Senior Strategic Buyer
Gen-Probe



Maricel Mustion, senior strategic buyer for Hologic, knew that there were substantial benefits that her organization was missing. “I felt that being strategic on the indirect expense side was not our focus, and we could realize serious savings in the blink of an eye if we started to leverage our spend,” shared Mustion. “We just needed everyone to realize the value the department could add to the equation if they started by leveraging us.”

An analysis of the situation yielded significant insights into the causes of this problem. Hologic lacked centralized procurement due to a high usage of pCards to facilitate purchases. Every group was negotiating their own purchases, limiting consolidation potential. The prevailing sense within the company was that realizing any kind of strategic savings from indirect spend would be too difficult, due to an excessively large number of suppliers and diverse product purchases.

The result was that potential savings from indirect spend were not realized because the procurement department was disconnected from daily purchases and unable to offer any assistance to the groups that were doing their own buying. Manual purchase requisitions from these groups were driving approval times to three business days and beyond, increasing delivery times for a research organization dependent on efficiency and speed. Additionally, the entire organization spent excessive time each month reconciling pCard purchases, further diminishing the effectiveness of the process.

It boiled down to a procurement organization with insufficient data to function strategically and identify savings opportunities, as well as too much of a procurement burden placed on the end users.



“The spend performance that we have been able to deliver through JAGGAER has made the team a significant catalyst to raise Gen-Probe’s competitive advantage in the bio-technology marketplace”

Maricel Mustion
Senior Strategic Buyer
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Solution

Hologic engaged JAGGAER to create a strategic advantage within the company’s procurement process. “Through SAP’s Supplier Relationship Module, we already had a completely mature enterprise system in place,” stated Brian Tresp, Hologic IS Team Lead on the JAGGAER implementation. “We chose JAGGAER to add value in areas that we knew were beyond the scope of value delivered by SRM in order to help us realize the savings opportunities that we believed we were still missing.”

The process began with the implementation of JAGGAER’s eProcurement solution and with the enabling of over 800 suppliers, 80 of which have complete electronic catalogs (including both punch-out and catalogs hosted within the JAGGAER application). These applications seamlessly integrated with Hologic’s ERP system and enabled

new suppliers to be connected to the system automatically. Through JAGGAER’s Science Catalog platform, Hologic gained immediate access to a pre-enabled package of over 400 supplier catalogs. JAGGAER provided Hologic with an on-site project team to assist with testing, training and supplier enablement to ensure that the implementation went smoothly.

JAGGAER drives significantly higher user adoption by providing users with tools to engage in comparative shopping. JAGGAER’s intuitive interface provides detailed product information to allow users to easily make informed buying decisions, and they can now split purchases between suppliers to realize even higher savings. The result is that users now feel more ownership in contributing to smarter procurement and cost savings for the organization.

JAGGAER creates a more efficient process from the initial product search through the distribution of orders to suppliers. The application streamlines approvals by identifying and flagging items in the shopping cart that require specific approval. For example, hazardous materials are flagged to support automatic routing of requisitions to Hologic's EHS group for approval (within their ERP). Computer equipment is also flagged based on UNSPSC categorization and routed to the appropriate expert approver within the IS group. Book purchases are even routed to an internal librarian to confirm whether the book is already in stock at Hologic, making it available immediately to the user while reducing unnecessary expenses. The result is that approval times have been reduced from three days to minutes.

The Future

Hologic's procurement process, now energized by JAGGAER, has realized \$1.5 million in savings from its annual spend, and the organization shrank pCard usage by 55 percent. The procurement team at Hologic now has the visibility that they lacked. According to Mustion, reconciliation detail went from "zero detail to complete detail." Hologic is now grouping product categories and bidding based on volumes. They are identifying low cost alternatives on certain products and saving up to 50 percent in some cases. In just one example, Hologic saved \$200,000 in one year on the purchase of disposable lab coats.

One of the biggest benefits that Hologic's procurement department has realized is that the team is now recognized organization-wide as true value-added contributors to the company's success. User groups are now turning to the procurement department with increasing frequency in areas such as capital purchases. This high involvement has netted another \$200,000 in savings for Hologic—even when the JAGGAER platform was not directly involved.

"Users now rely on, trust and value our support," stated Mustion. "The spend performance that we have been able to deliver through JAGGAER has made the team a significant catalyst to raise Hologic's competitive advantage in the bio-technology marketplace.

Bottom Line Results

- ➔ Due to enhanced visibility, a 26 percent savings (\$1.5 million) was realized through annual spend in just over a year
- ➔ pCard usage reduced by 55 percent
- ➔ Approval times cut from three days to just minutes
- ➔ An additional \$200,000 in savings realized by empowering procurement to become a strategic value-added contributor to Hologic

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