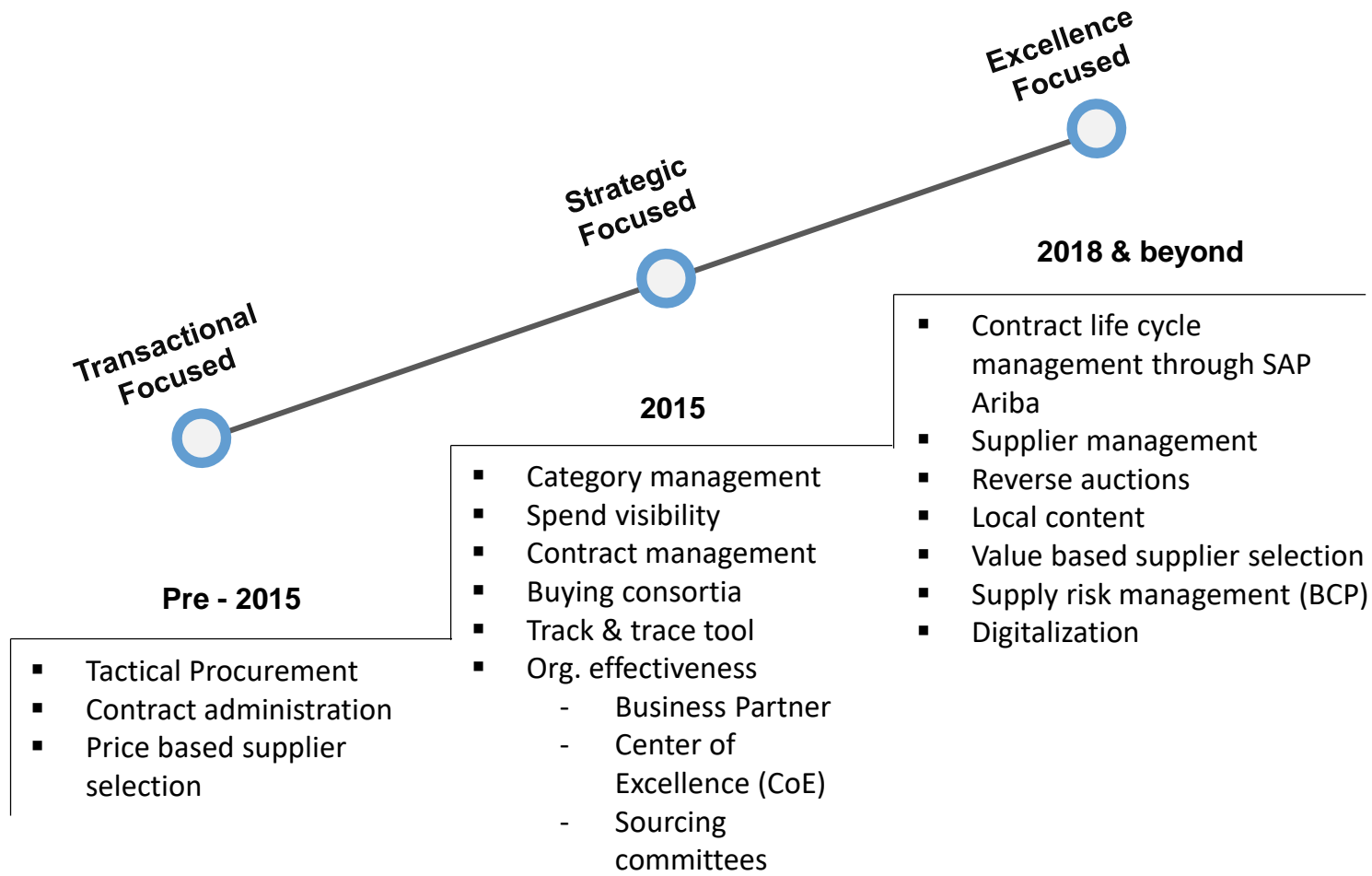
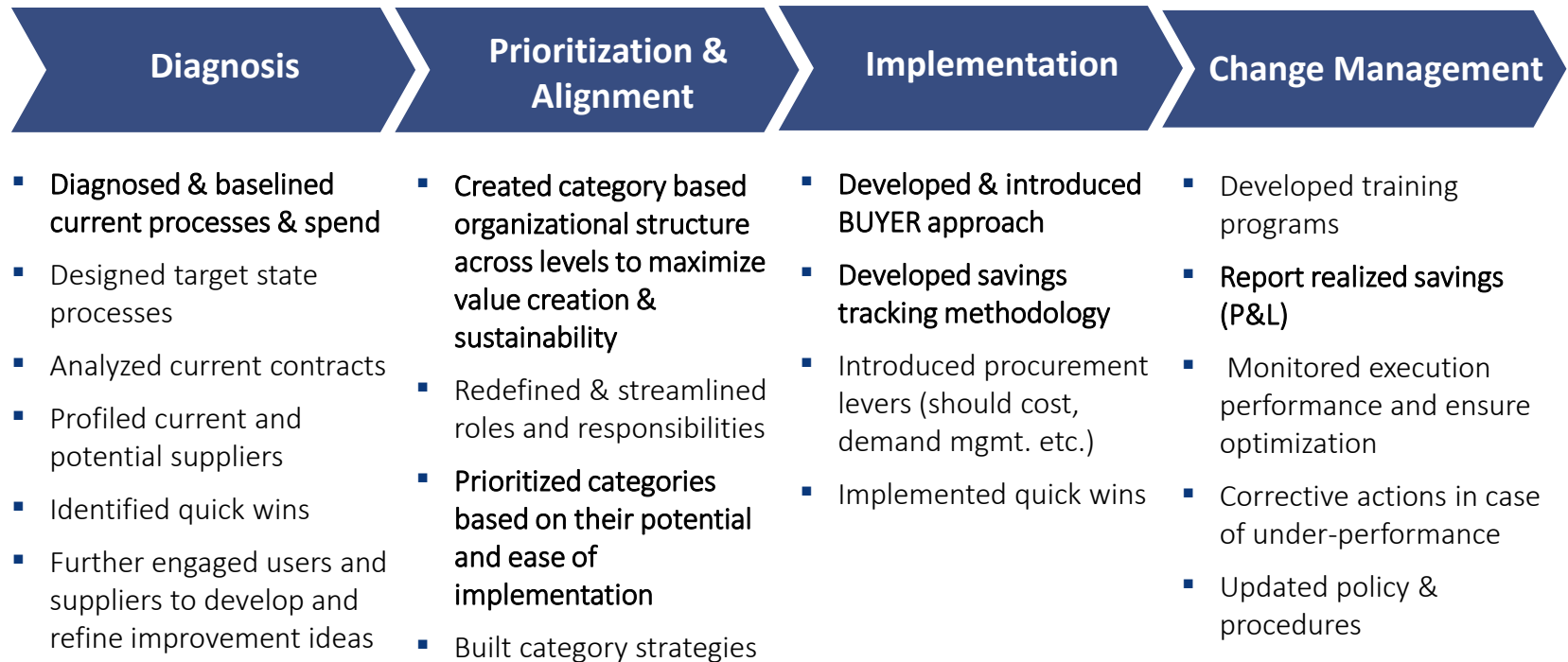


Driving Value Through Category Management

Tasnee Procurement has evolved over a period of time to reach to excellence and sustainability



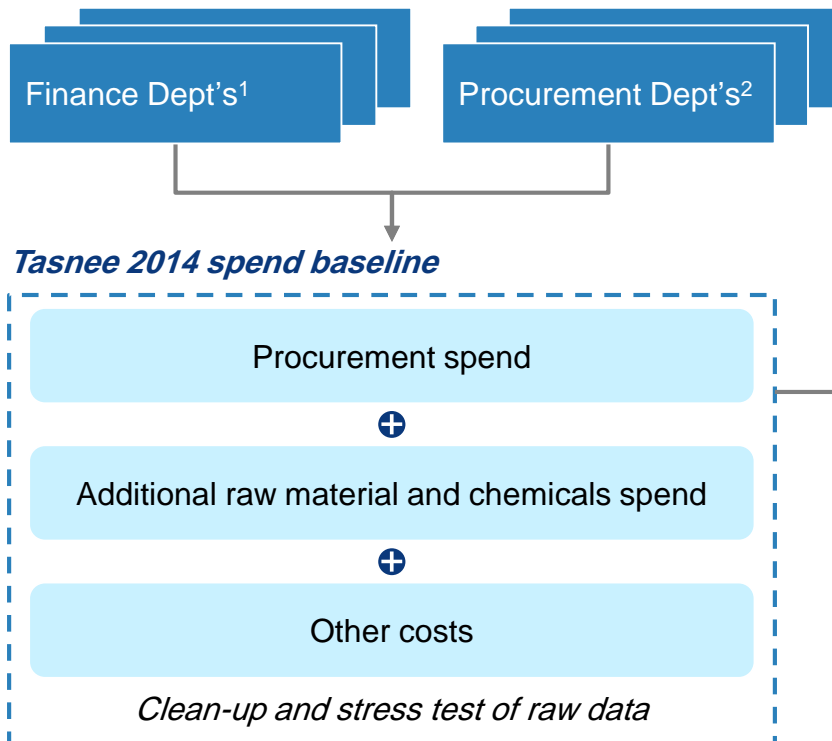
We followed a structured project management methodology for Category Management implementation



We analyzed ~200k PO lines, from multiple sources and developed spend visibility through Spend Cube

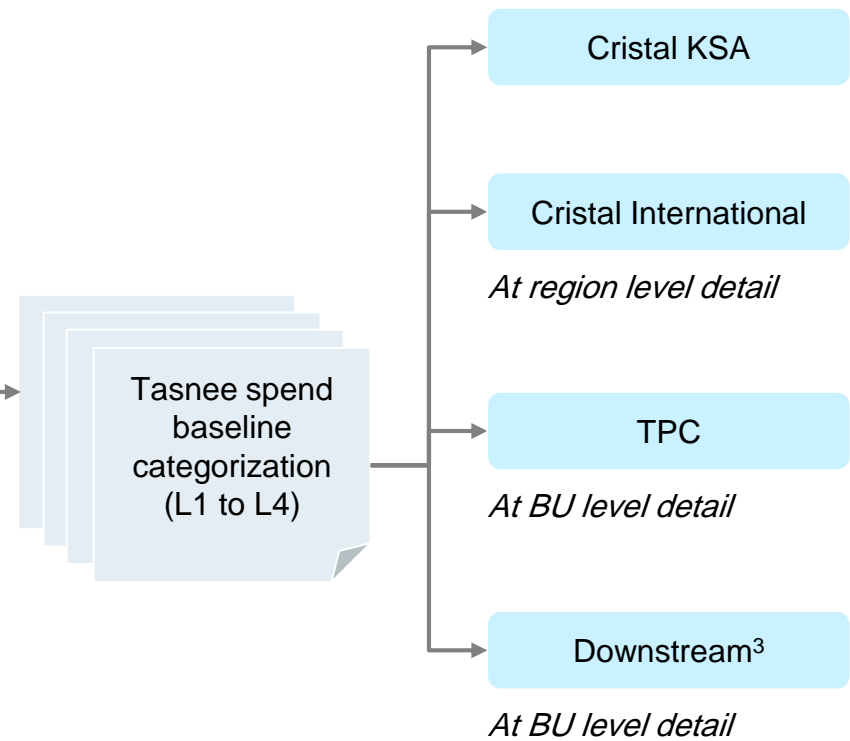
Spend baseline

- Raw spend data collected across different systems, +10 different parties and 5 continents
- Sanity checks conducted rigorously and findings compared with information in different sources
- Spend baseline with different components determined



Aggregation and categorization

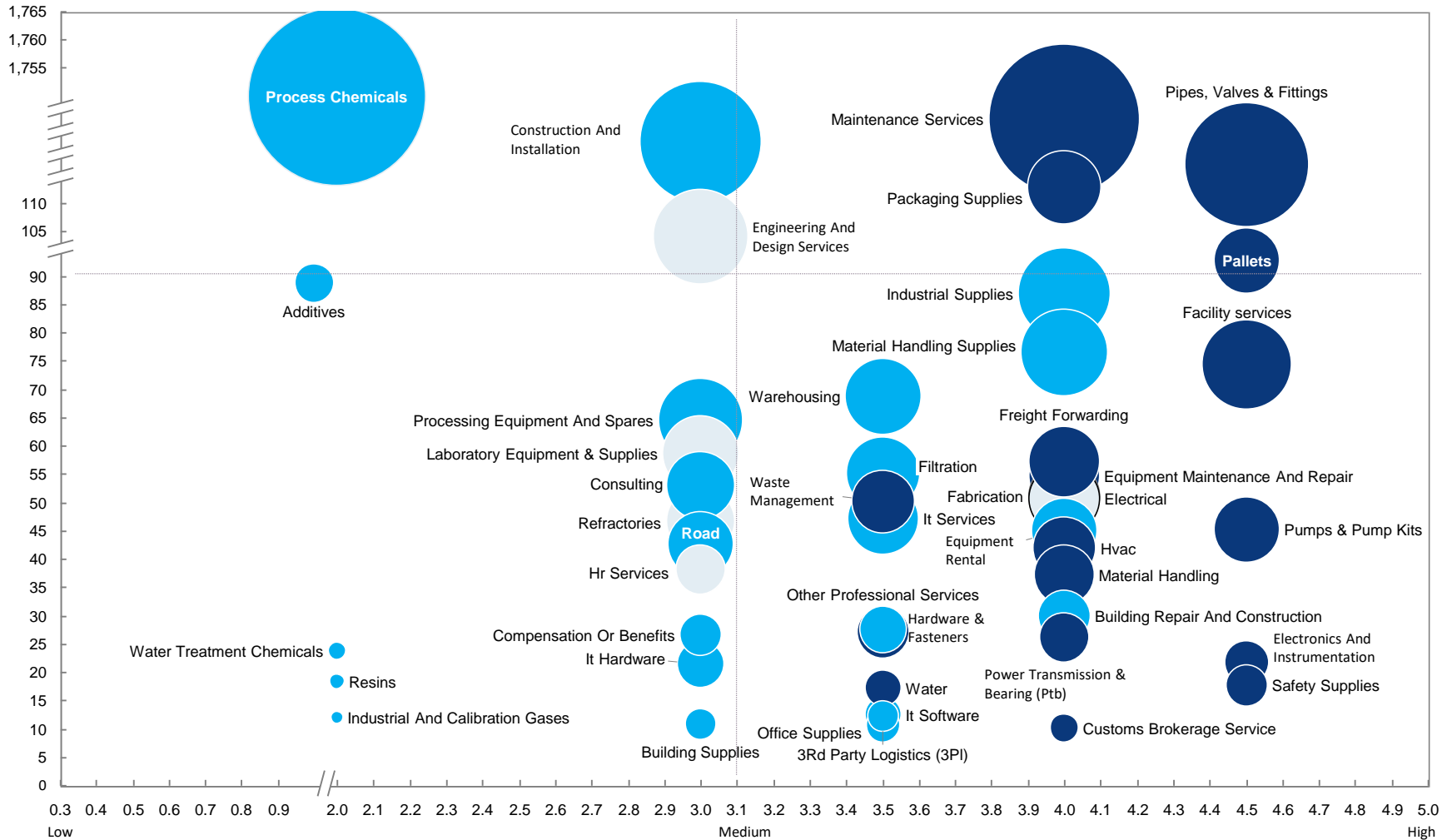
- Data aggregation/standardization conducted (>200k line items standardized)
- Standardized and aggregated data categorized from L1 to L4 levels



Category execution strategies were prioritized based on annual spend & ease of implementation

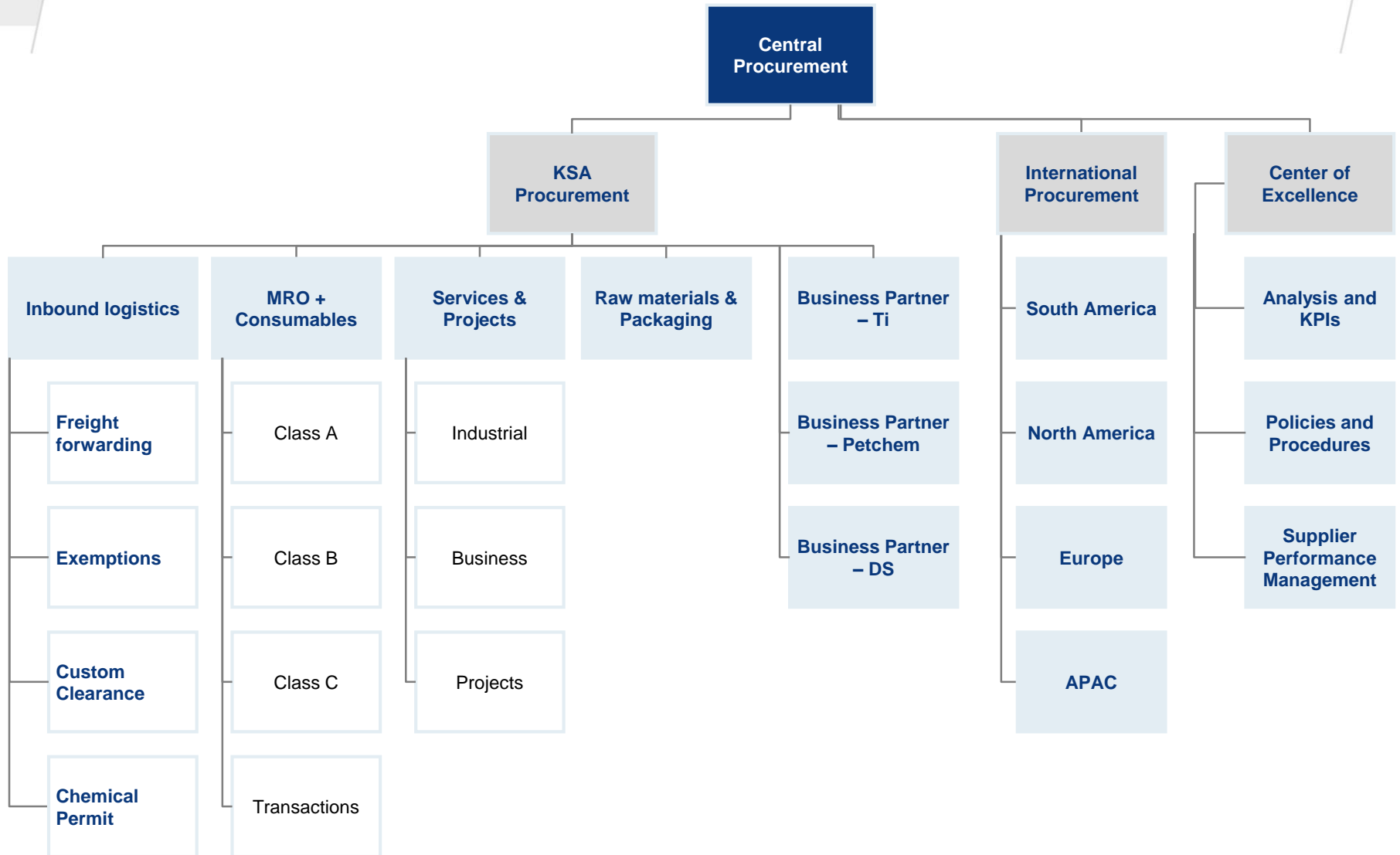
Annual spend
2014 SAR Mn

● Pilot – Wave 1 ● Wave 2-3 ● Wave 4-5, long tail

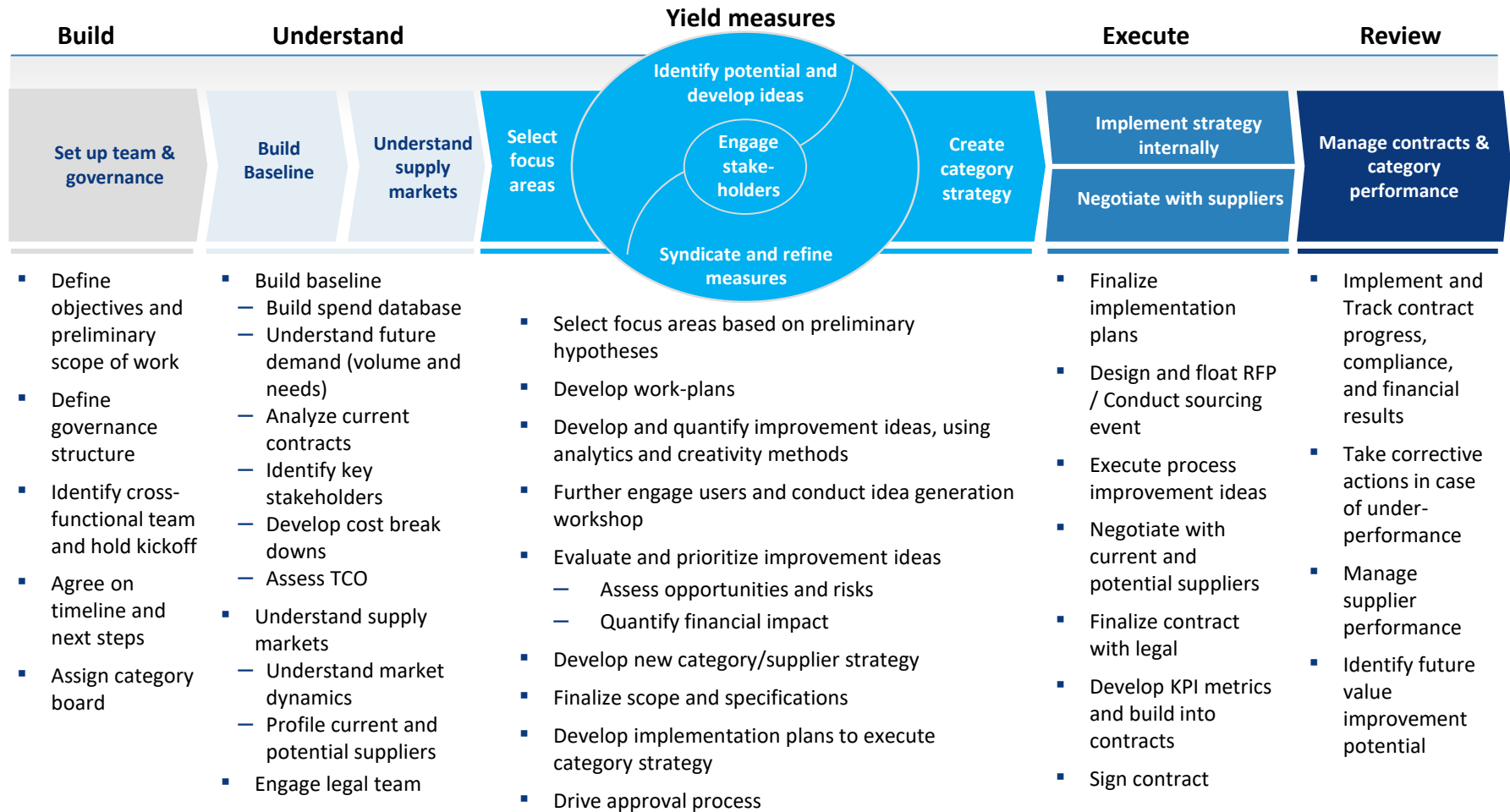


Ease of capture¹

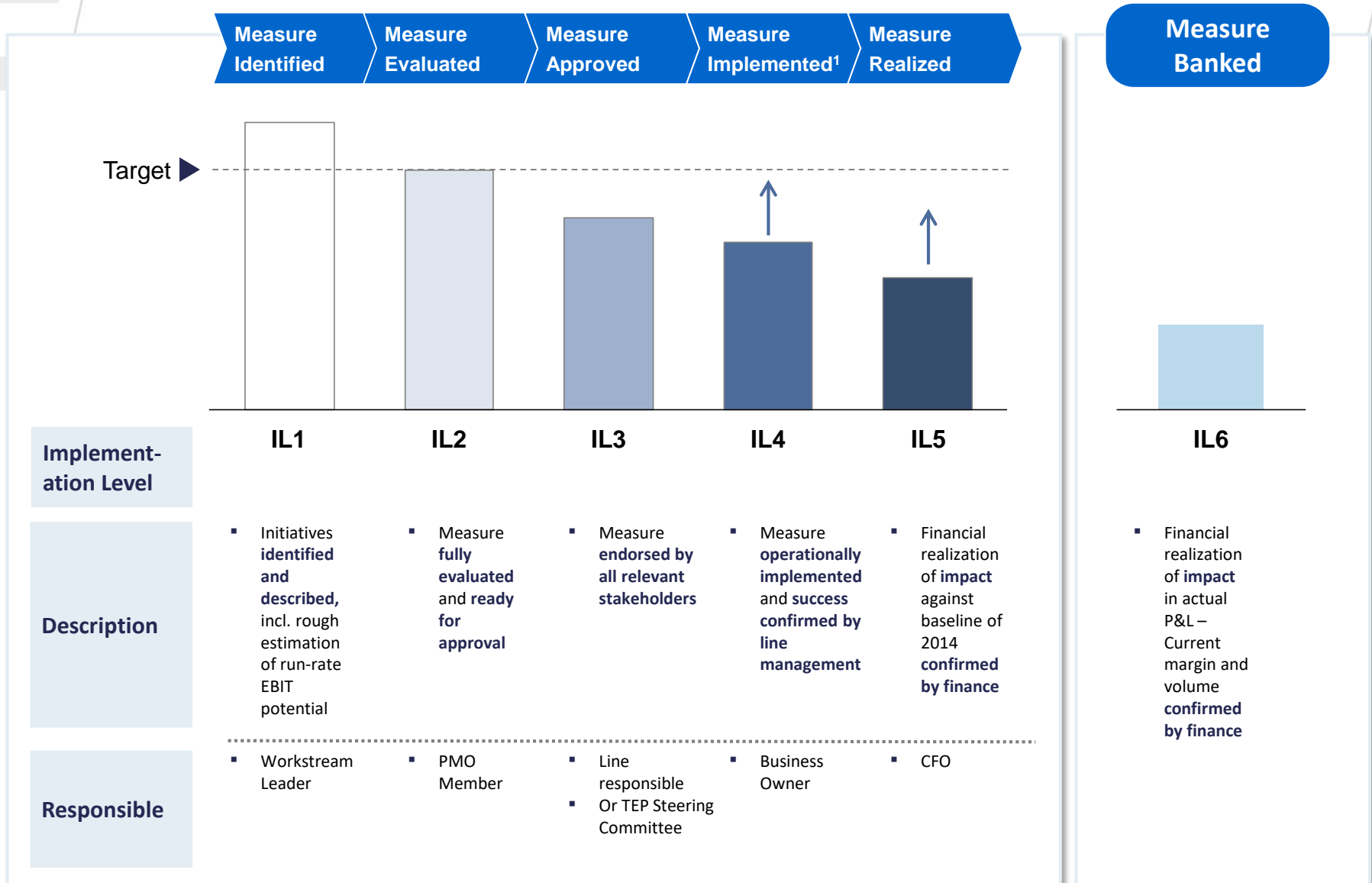
Re-designed our organization around Category Management for maximum operational performance & value creation



BUYER approach has helped us in realizing the value of Category Management

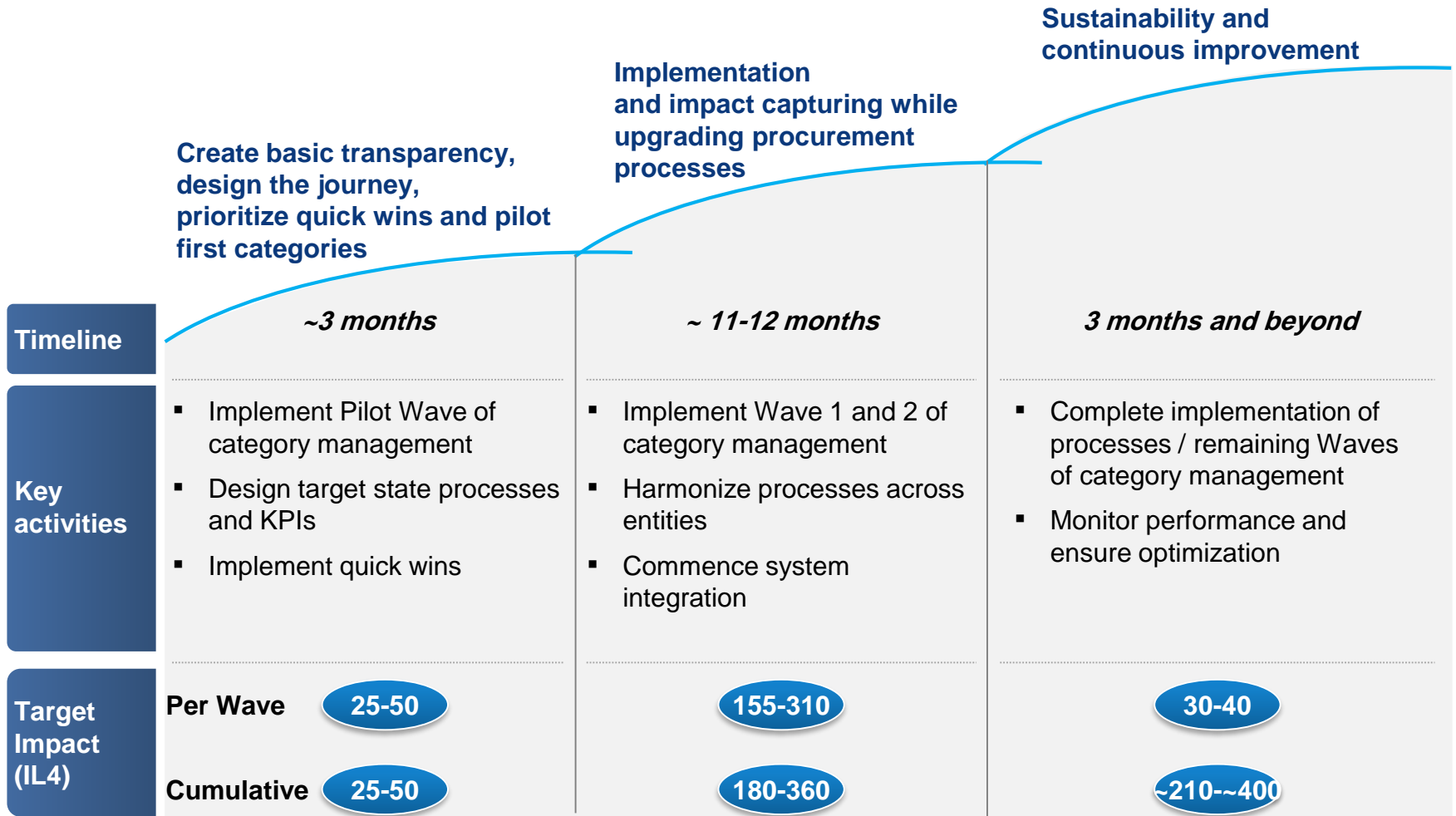


Realizing a measure takes 5-stage¹ approval process to ensure sustainability and P&L reflection



¹ Improvement value on the diagnostic baseline year of 2014

The value realization roadmap had 3 horizons towards sustainable operational excellence and impact



Appendix

We diagnosed multiple high spend categories & came up with our recommendations to increase savings & sustainability

Workstream

What we found

What do we need to do

Spares Inventory Optimization

- ~ 15% potential duplicates identified
- Multiple items are kept in same bin location
- Identified opportunities to reduce inventory carrying cost by ~ 15-20 % YoY
- Opportunity to reduce max. stock level by optimizing safety stock, re-order point & delivery time by 10-12%
- Shelf life items are kept outside temperature controlled area
- Non-moving stock value and count is growing YoY

- Conduct data cleansing & eliminate duplicates
- Link cleansed data with eBOM
- Optimize data governance solution for keeping the data clean and green
- Improve warehouse utilization and decrease cost of operations
- Inventory Strategy optimization for slow moving, non-moving items against criticality A and B

Logistics and Freight

- Baselining gaps
- No economy of scale due to fragmented Spend
- Dynamic Fluctuating Market/Prices
- Container/Equipment shortage

- Develop total Cost of Ownership (TCO) approach
- Scope consolidation
- Identify cost Levers & contract compliance
- Understand capability matrix of service providers

Raw Material and Packaging Cost Optimization

- Successful test trials were conducted for FFS bags in HDPE, however they were un-successful in LDPE
- Supplier not aligned with the trial process for FFS bags
- Carbon Black MB is under study with technical team with 80% completion

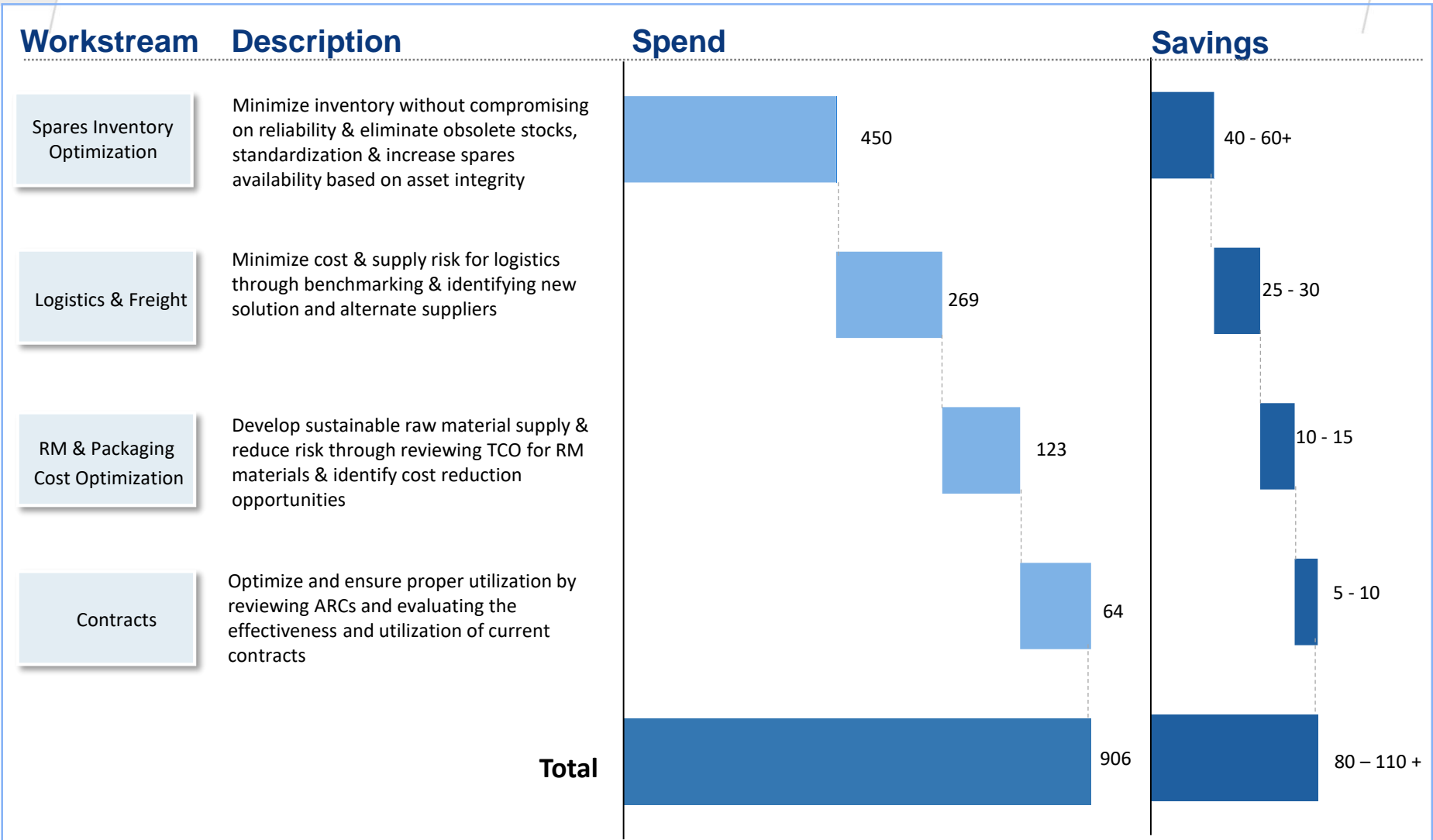
- Standardize & optimize packaging specifications
- Conduct trails & identify alternate suppliers for identified RM
- Keep Carbon Black MB project with technical team

Contracts

- Improper utilization of contracts
- Price optimization opportunity
- Manpower qualification issues
- Planning issues

- Reduce price through supplier negotiations, buy or rent option
- Optimize and ensure proper contract utilization
- Work with end users to create manpower qualification criteria
- Optimization through proper planning

A detailed spend analysis was conducted on selected categories for implementation prioritization



The implementation progress was monitored in close co-ordination with category management team (1/4)

Category	Spend ¹	Expected Saving ¹	Progress	Current Status	Next Steps	
Logistics and Freight	Ocean Freight	121	13		<ul style="list-style-type: none"> ITP signed with all shipping lines 	<ul style="list-style-type: none"> Savings under Monitoring and reporting on Monthly basis
	Integrated Supply Chain	127	12		<ul style="list-style-type: none"> 2 years contract renewal under Progress. Awaited FFD's confirmation 	<ul style="list-style-type: none"> Contract renewal - Executive Summary preparation is in progress
	Inbound FFD	13	1		<ul style="list-style-type: none"> Contract signed with all FFD except JAS 	<ul style="list-style-type: none"> Savings to be monitored and reported on Monthly/quarterly basis
	Strategic Storage Movement	9	2		<ul style="list-style-type: none"> Obtaining management approval on the award recommendation 	<ul style="list-style-type: none"> Contract execution and monitoring saving
	Total	270	28			

1. In SAR M

The implementation progress was monitored in close co-ordination with category management team (2/4)

Category	Spend ¹	Expected Saving ¹	Progress	Current Status	Next Steps
Lower thickness for FFs bags	72	7		<ul style="list-style-type: none"> Samples have been approved & now we are awaiting customer feedback 	<ul style="list-style-type: none"> Initiate the bidding process for the lower thickness and glue less FFS bags
Glue-less FFs bags		1			
PAL ²	6	1		<ul style="list-style-type: none"> Under feasibility study 	<ul style="list-style-type: none"> Share the findings with the broader team
Concentrated Peroxides in LDPE	6	1		<ul style="list-style-type: none"> Prepare for the plant trail and procure trial quantity 	<ul style="list-style-type: none"> Conduct plant trails for LDPE
New Preblen-A recipe in HDPE	5	1.3		<ul style="list-style-type: none"> New Preblen-A recipe is approved 	<ul style="list-style-type: none"> Initiate the bidding process
Carbon Black in Bulk – HDPE	34	1.3		<ul style="list-style-type: none"> Successfully conducted trial for Carbon Black with small quantities 	<ul style="list-style-type: none"> Re examine the process with bulk quantities
Total	123	12.6			

1. In SAR M
 2. PAL (Propionaldehyde), is a byproduct from oxidation of catalyst. Idea here is to examine the possibility of making commercial grade PAL to be used for LDPE plant

The implementation progress was monitored in close co-ordination with category management team (3/4)

Category	Spend ¹	Expected Saving ¹	Progress	Current Status	Next Steps	
Contracts	Fabrication	22	1		<ul style="list-style-type: none"> Obtained welding machine & crew prices from contractors 	<ul style="list-style-type: none"> Compare buy versus hire scenarios in welding machines
	Manpower	16	1		<ul style="list-style-type: none"> New rates were received and compared for manpower services 	<ul style="list-style-type: none"> Award Manpower contract to 3 contractors. Potential savings is obtained if only lowest bidder is awarded
	Crane	5	1		<ul style="list-style-type: none"> Signed NDAs with third party crane contractors 	<ul style="list-style-type: none"> Conduct third party site survey for Crane usage optimization
	HVAC	4	2		<ul style="list-style-type: none"> Evaluated the manpower utilization in HVAC category 	<ul style="list-style-type: none"> Negotiate with contractor and end user for 8hr. daily usage v/s existing 10 hrs. usage
	Hydro jetting & Hydrokinetic	13	1		<ul style="list-style-type: none"> Negotiated the prices with current contractors & invited 3rd party contractor to explore other methods of Hydrojetting to achieve cost savings 	<ul style="list-style-type: none"> Waiting for third party proposal for Hydrojetting services for optimization / potential cost savings
	Street Buying	4	1		<ul style="list-style-type: none"> Obtained most purchased MRO items list from contractor and shared with MRO team 	<ul style="list-style-type: none"> Awaiting MRO recommendations for the most shared item list for street buying
	Total	64	7			

The implementation progress was monitored in close co-ordination with category management team (4/4)

Spares Inventory Optimization

Category	Spend ¹	Expected Saving ¹	Progress	Current Status	Next Steps
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Total Inventory Value

> 500

~ 45



Total Yearly Spend

~ 200

- Assessment of project is completed (Phase 1)
- Negotiate further discount
- Consultant submitted the technical and commercial proposal for review
- Alignment and approval from management on Phase 2 execution
- Phase 2, technical & commercial evaluated & finalized

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Thank You