

## All aboard! How Microsoft Procurement Transformed Supplier Onboarding

### Company and Organizational Profile

Microsoft enables digital transformation for the era of an intelligent cloud and an intelligent edge. Its mission is to empower every person and every organization on the planet to achieve more. We have more than 130,000 employees worldwide and, in fiscal year 2017, delivered \$90B in revenue and \$22.3B in operating income

Microsoft Procurement delivers business value through proactive, innovative, compliant, and cost effective global solutions that exceed stakeholder expectations. We are comprised of approximately 250 employees in 30+ countries, supporting 100+ geographies worldwide and \$21B in purchases globally.

### Why

“There is nothing so useless as doing efficiently that which should not be done at all” – Peter Drucker

Microsoft Procurement is directly impacting topline revenue growth for cloud services, as well as bottom line savings by reducing the cycle time to onboard new suppliers. In this initiative, we focused on one specific supplier segment where we have reduced cycle time, eliminated over \$2M in full time people hours, reduced our full-time vendor staff by six and achieved 15% savings.

The cycle time to onboard new suppliers was directly impacting our ability to close deals with new customers, thus directly impacting topline revenue. The process was so complex and disconnected, that we could not measure a true average of cycle time, we could only report that it would take a minimum of 22 days. Average cycle time was more likely between four and five weeks. These suppliers help Microsoft deploy and implement our solutions with customers and, due to complexity in the existing process, only 54% of suppliers responded to Procurement's requests. In addition, manual negotiations with a large volume of suppliers was time consuming and we needed to hire 6 additional resources to help with the process.

This process is central to multiple business critical initiatives with CFO visibility. We needed to gain operational efficiencies to qualify suppliers faster, automate data collection and negotiations, and simplify our end-to-end process.

### What

The business case for this project was simple and compelling. We needed to be faster, we needed integration across our systems to drive automation, and our current process required too many people to execute. Process value mapping highlighted opportunities to increase yields through improved communication and better integration of systems. Initial attempts to improve the process increased our yield by roughly 34% without replacing the technology stack completely. We believed, however, that more than 90% of the tasks could be completely automated, freeing up 1,000s of hours of people time and eliminating headcount required to support the activities.

We identified baseline speed of each step in the process, times the number of transactions and were able to conservatively estimate nearly \$2M in hard and soft savings. Furthermore, as a function of the design and its execution, we can easily track and report status and time of every activity in the system to multiple audiences.

### How

Strong suppliership across a broad stakeholder set was key to our success, as we included them from the beginning. Part of the key to our success was identifying the most collaborative and change mindset individuals to ensure sharp and fast decision making. We brought a dream team together to define the best requirements needed to be successful.

The process was so broken that it had to be replaced. And the replacement had to work due to the critical nature of the business and process we supported. While our customers were delighted with the idea of improvement, we had a very high bar to meet in execution. To ensure our success, we under promised and over delivered, launching a month early with flawless execution in our test market.

Our team had “swing” and the collaboration led to better and better ideas as we designed and implemented. Much of our success was predicated on the capabilities of Dynamics365 and the team's ability to imagine what could be. With constant check-ins amongst our process teams, we were able to schedule the launch and integration of various APIs and improved products and processes in other teams along the way.

Our goal was to make the process so intuitive that no explanation was required. We implemented our solution for both suppliers and internal users with minimal education and their adoption and support was strong and immediate. Change management needs were minimal because we were customer obsessed from the start.

Because of the success of this solution, it's been expanded to support the onboarding process in other areas. As of today, we're leveraging this for certifying our Procurement vetted suppliers and are continuing to identify other areas in which we can build on our success.