Resizing and operation. Rightsizing while Building from Scratch

How a young Tech Company rapidly scaled itself into a world-class Procurement Organization

An emerging Tech Giant

In 2017, our client, a virtual reality startup, was acquired by Fortune 500 tech giant and entered rapid growth mode. This increased procurement volumes and heightened the focus on time-to-market. They knew that their existing ad hoc procurement process would not support the new level of through-put and could not provide the level of speed and service needed. They partnered with Denali to build out capacity and systems that could handle their skyrocketing procurement needs.

About the Build-out

Denali co-created a solution that brought capacity, capability, and expertise and allowed the client to exponentially scale up to meet business needs. The foundation of the project was a new operating model that added an onsite support team for sourcing, contracting, and procurement execution and a co-developed technology solution to tracks and report essential KPIs for improved user experience and produce measurable performance improvements.

Working with both Parent and Child companies, Denali assessed existing needs and created a Procurement Center of Excellence to improve user experience, increase speed and efficiency, expand digitization, and create agility within the procurement organization. The key steps in the build out were:

- o Establishing SLAs and creating a process that supports a vastly increased flow of POs and projects.

- o Automation of procurement tasks, establishing visibility, and reducing time-on-task

- o Reducing time between research and development iterations

- o Enabling increased procurement maturity by introducing sourcing and contracting rigor

- o Maintaining the creativity of the original start-up and company culture, to drive adoption and collaboration

Results from the build-out were

- absorbed a >150% increase in PO volume over a 12-month period

-Invoice reconciliation to AP was reduced from 15 days to 6 days.

- ~10% reduction in PR to PO execution time

- Average annual savings increased from 6.2% to 15.4%

- Custom technology developed in-house that integrated a wide variety of systems and enabled an agile procurement organization design precisely for their needs.