



Digital BPO services for multiple, small lot indirect materials procurement

Centralized various operations including quotation assessment and supplier selection into BPO center
Procurement team now focus on their buyer roles, especially for high-price deals

Context

Kao used to let each of their factories, branches and operations departments across Japan purchase indirect materials separately and so, Kao's Procurement department could not control these processes. Recognizing this challenge, Kao kicked off a "cross-departmental project" and decided to implement a cloud-based procurement system to build a centralized procurement flow. Yet, Kao was hesitant to do this because it may put additional workloads to the Procurement department to build and operate a new quotation & procurement process.

Service

transcosmos redeveloped the quotation & procurement process that fits well with Kao Procurement department's approval & acceptance inspection workflow and centralized operations from quotation assessment, to supplier selection, to approval, to request for acceptance inspection at its BPO center. Now, all these processes are performed with a streamlined flow that applies the robotic process automation (RPA) tools. Along with developing this process, transcosmos set up a helpdesk in order to prevent any confusion during migration to the new system and process.

Benefits

Through operating the quotation & procurement process, transcosmos contributed to Kao in executing their project smoothly, allowing their Procurement department members to focus on the implementation of the new system across Japan and to concentrate on their roles as buyers. By implementing RPA tool to the purchase request acceptance process, transcosmos successfully boosted its productivity. The services reduced the risk of human errors including misreading of procurement items and prices, and misjudgments. As a result, transcosmos decreased monthly man-hours by 273 and shortened the average lead time from accepting a purchase request to approving the quotation by 20%.

Aiming to elevate productivity to the next level with Digital BPO that proactively adopt cutting-edge technologies

It is hard to manage an indirect material purchase process because indirect materials cover diverse product categories with small lots, and the process involves numerous transactions, meaning a one-size-fits-all approach does not work. We have kicked off this project with the aim to improve our procurement process, especially for small deals, with the use of the latest IT, and to make the procurement & payment process simple and convenient through digitalization, whilst utilizing business process outsourcing (BPO) services for the quotation & procurement process in order to boost productivity.

We first considered operating the quotation & procurement process in-house, but whilst working with transcosmos in developing a new operations process to solve our challenges, they have demonstrated to us how professionals centralize and streamline operations using their scheme, and manage quality. Through this experience, we have decided that it is best to entrust the BPO expert transcosmos with operations. We especially appreciate transcosmos for its effort in boosting productivity with their Digital BPO services that combine cutting-edge technologies like RPA and human operations. We expect transcosmos to elevate current productivity to the next level by proactively applying the latest technologies and expanding the scope of business process automation by working closely with us.



Ms. Yumi Takeuchi

Vice President
Procurement-Indirect Materials&Services,Global

Integrated quotation & procurement process

for **110K** items
from assessment, to approval, to acceptance inspection

Cut lead time from purchase request to approval

by **20%**

Reduced man-hours with the use of RPA



* The information of description and position is at the time of the interview in March 2019

BPO services for quotation & procurement process to build a centralized indirect material procurement flow

Kao Corporation (Kao) used to let each of their factories and research laboratories across Japan purchase equipment and supplies that will be used as indirect materials separately. However, as each worksite operated their quotation & procurement process without Kao's Procurement department's assessment and approval, Kao could not control all these processes.

Recognizing this challenge, Kao kicked off a "cross-departmental project" with the aim to visualize costs and enhance the Procurement department's governance over the procurement process by developing a centralized procurement system. Under this project, Kao developed an e-catalogue for regular items and introduced "Kao Mall," a cloud-based procurement system which enables centralized procurement.

Yet, there were still nearly 110,000 items and services in a year that could not be included in the e-catalogue. Despite Kao's effort to drive digitalization of their quotation & procurement process with the system, the company had to rely on manpower to communicate with suppliers for making requests for quotation and giving responses, to assess quotations, and approve requests for purchase. For Kao to centralize all these operations into the Procurement department, Kao had to develop a new operations process, yet Kao was hesitant to do this because it might have put additional workloads to the department members as they would have had to build and operate the new process.

In order to migrate to a new system without any disruption and to build a new process for quotation & procurement, Kao asked transcosmos to offer business process outsourcing (BPO) services for Kao's entire quotation & procurement process on "Kao Mall," and to setup and operate helpdesk services.

A new quotation & procurement process using RPA tools

transcosmos first visualized and standardized all the operations involved in the quotation & procurement process in order to centralize the process that were performed by each worksite separately. Closely working with Kao, transcosmos developed rules and a new process that fits well with relevant approval & acceptance inspection workflow using "Kao Mall." Now, all processes that require massive volume of operations including "Purchase Request Acceptance," "Quotation Assessment," "Supplier Selection," "Approval," and "Request for Acceptance Inspection" are centrally performed at transcosmos BPO center. What's more, transcosmos continued to identify operations in each process that can be automated in order to further increase

productivity. In order to do so, transcosmos broke down each operation into smaller units, identified tasks that depend on manpower and the ones that are simple but time consuming, and then selected and validated relevant robotic process automation (RPA) tools that can be applied to these tasks. After this preparation, transcosmos implemented RPA to the "Purchase Request Acceptance" process to further increase efficiency. Now, transcosmos is offering stable system operations services whilst responding to changes in operational rules and performing tuning every time the system is repaired. Its services reduced the risk of human errors including misreading of procurement items and prices, and misjudgments. As a result, transcosmos successfully decreased monthly man-hours by 273 and shortened the average lead time from accepting a purchase request to approving the quotation by 20%.

In addition, transcosmos offers helpdesk services for the new system, responding to Kao user enquiries about how to use the system and suppliers' enquiries about scheduled delivery date. Through offering customer-centric, attentive services to suppliers, not to mention Kao internal users, transcosmos prevented confusion at the system implementation phase and underpinned smooth system migration. At the end of each month, transcosmos pays special attention to comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, by taking measures that include confirming acceptance inspection status of delivered items, calling on parties that have not performed required acceptance inspection, etc.

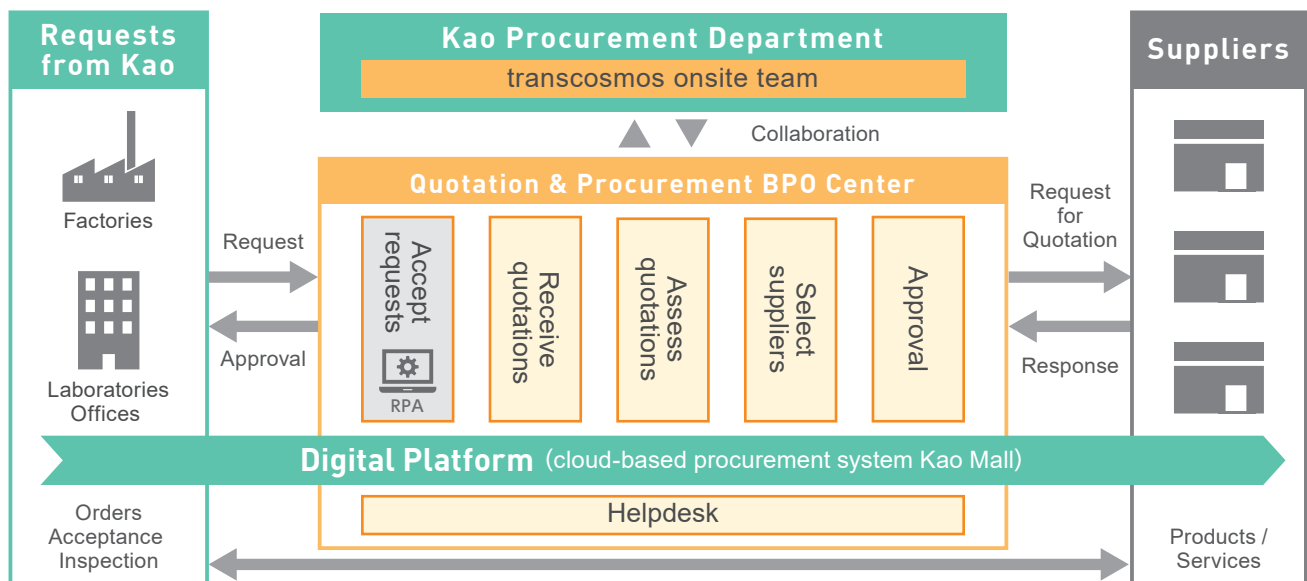
Aiming to reduce indirect material procurement costs

transcosmos helped Kao execute their project smoothly by developing and operating the quotation & procurement process. Its services successfully reduced workloads of Kao's Procurement department members, allowing them to focus on the implementation of the new system across Japan as well as to concentrate on their work as buyers especially on high volume items.

Through combining cutting-edge technologies and the business process outsourcing services, transcosmos continues to automate more operations that rely on manpower that cannot be systemized in order to further drive productivity.

Going forward, transcosmos will expand its scope of operations in order to collect quotations from multiple suppliers, promote procurement based on price comparison, and ultimately deliver services that contribute to cut indirect material procurement costs. With the same sense of purpose and goals as Kao's Procurement department team, transcosmos is committed to optimize their procurement operations.

Service provided to Kao



transcosmos inc.

Contact Us

✉ g_sales@trans-cosmos.co.jp www.trans-cosmos.co.jp

* We provide a multitude of various other services. If you have any questions or comments, please feel free to contact us at any time.
 * For details on service pricing, please contact any of our sales representatives. * transcosmos is a registered trade name or trademark of transcosmos inc. in Japan and other countries. * Other company names and product or service names used here are trademarks or registered trademarks of respective companies.



transcosmos is a "Privacy Mark" certified company