# **DFDS** Sourcing process



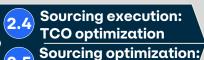
Needs assessment: Identify and prioritize work



Needs assessment: Build fact-base



Needs assessment: Design sourcing tactic



Go to market

ion:

Select supplier & prepare implementation

# Identify prioritized areas to address based on, e.g.

- Financial pot.
- Criticality and contract duration
- Portfolio and Supplier Preference analysis

# Define scope for targeted categories

- Units covered
- Geographies covered
- Define components
- Review product specification
- Define functional specifications

### • Establish team

- Structure
- Objectives
- Tasks and responsibilities

#### Understand stakeholders

- Identify stakeholders
- Refine scope and align with stakeholders

#### Build fact base

- Collect spend and supplier information
- Conduct supply market analysis
- Benchmark competitors' performance
- Determine the demand and supply situation
- Build initial TCO model (i.e., internal costs, joint costs and external costs)
- Set savings ambition and create initial hypothesis on levers
- Agree on savings ambition
- Identify initial cost-saving ideas
- Trade compliance analysis
- Export control Sanctions
- Customs procedures
- Counterfeit materials
- Conflict materials

- Conduct team brainstorming around all levers (purchasing power, products, process) and around implementation
- Conduct workshops to understand needs and build understanding for all cost drivers
- User workshops and interviews with stakeholders
- Supplier workshops
- Challenge specs using five whys
- Assess savings potential and ease of implementation from ideas generated (e.g. in cross functional teams and with stakeholders)

# Define sourcing tactics

- Relationship and desired Kraljic position
- Main levers to pursue (price, specification or volume)

- Initiate TCO optimization/RAPID re-pricing, OR..
- Establish long list of suppliers
- Check for exemptions and export control cases
- Conduct iterative, transparent and fact based RFx/e-auctions
  - Prioritize levers (e.g. modifiers) and ideas to be tested
- Write RFxs/set up auctions
- Evaluate RFx with feedback process/e-auction
- Provide price and quality feedback
- Ensure 'apple-to-apple' TCO comparison
- Select suppliers for final negotiations
- Conduct CSR/financial analysis
- Align findings with stakeholders
- Quantify savings potential
- Sign-off with stakeholders
- Prepare negotiation strategy/tactics

- Conduct the final negotiations with suppliers
- Evaluate negotiations outcome and take decision
- Approve supplier(s) or plan for testing and auditing if time consuming (depending on categories)
- Develop implementation plans
- Prepare structured hand over to business/operations/other

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#### • Draft contract

 Draft contract and sign-off, decision protocol and with stakeholders and decision makers