

DFDS Sourcing process

2.1 Needs assessment: Identify and prioritize work

- **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

2.2 Needs assessment: Build fact-base

- **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

2.3 Needs assessment: Design sourcing tactic

- **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)

2.4 Sourcing execution: TCO optimization 2.5 Sourcing optimization: Go to market

- **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

2.6 Select supplier & prepare implementation

- **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

By adhering to this process, DFDS secures strategic, transparent and informed sourcing decisions that align with business objectives.