SAP Ariba

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Clariant: Cutting Costs and Saving Time with SAP® Ariba® Solutions

Clariant International Ltd., a specialty chemicals company, wanted to cut down the time spent on procurement and reduce maverick spending. Using SAP® Ariba® solutions to standardize operations, Clariant has accelerated procurement by automating 65% of indirect spend transactions, achieved cost savings through e-auctions, and all but eliminated out-of-process spending.

Company
Clariant International Ltd.

Headquarters
Muttenz, Switzerland

Industry
Chemicals

Products and Services
Specialty chemicals in the areas of care chemicals, natural resources, catalysis, and plastics and coatings

Employees
17,000

Revenue
SFr 5.8 billion (US$6 billion)

Web Site
www.clariant.com

Executive overview

BUSINESS TRANSFORMATION

Objectives
- Reduce maverick spend across the company
- Accelerate enterprise-wide procurement activities to boost efficiency
- Free up time to focus on strategic sourcing and drive best value

Resolution
- Implemented the SAP® Ariba® Catalog and SAP Ariba Sourcing solutions to standardize the management of procurement processes
- Enabled users to manage their own spending within selected categories through unified, fast, automated processes
- Offered access to online auctions

Benefits
- Achieve cost savings through reduced maverick spend and cost-effective e-auctions
- Cut time spent on low-value procurement processes, freeing up time for more value-added activities
- Boost efficiency by improving collaboration with a unified and standardized solution

Read more ▶

"Now we can run auctions online, enabling us to achieve better prices from our suppliers."

Oliver Ringenbach, Global Process and Automation Manager for Group Procurement Services, Clariant International Ltd.

65%
Of indirect spend PO line items now automated

Decreased
Maverick spending

Reduced
Time spent on commodity sourcing activities

Streamlining procurement processes

A leading specialty chemicals firm headquartered in Muttenz, Switzerland, Clariant encompasses 110 operating companies in 53 countries, and employs around 17,000 people worldwide. Formed in 1995, the company manufactures a huge range of specialty pigments, paints, and chemical solutions. It also conducts research in the areas of energy efficiency, renewable raw materials, emission-free mobility, and the conservation of finite resources.

In the past, individuals and departments across the company each had their own way of ordering products. People would often bypass the procurement organization for smaller orders such as stationery, mainly to avoid lengthy official processes. This maverick spending formed a growing proportion of the total.

Even when procurement handled this high-volume, low-value indirect spend, the process consumed valuable time. Clariant realized that this time would be better spent on strategic sourcing for high-cost indirect or direct spend items, such as raw materials, which require greater research and negotiation.

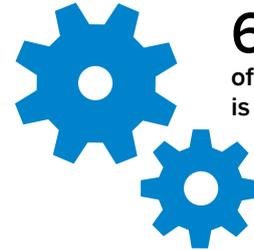Executive overview

Company objectives

Resolution

Business transformation

Future plans

Gaining control over procurement and sourcing

Clariant transformed the way it handles procurement by deploying the SAP® Ariba® Catalog solution a few years ago, followed by the SAP Ariba Sourcing solution last year. The company partly integrated both solutions into its existing SAP software landscape. The SAP Ariba solutions enable unified and standardized procurement processes, giving employees the opportunity to conduct their own indirect spend for selected categories.

"SAP Ariba Catalog empowers users to easily order products themselves through catalogs," explains Oliver Ringenbach, Clariant's global process and automation manager for group procurement services. "This is much faster than having to go through the procurement department every time. It also eliminates maverick spending because we can decide which products to offer in the catalogs beforehand. It is as easy as ordering off Amazon."

65%
of indirect spend volume is now automated

Clariant has also recently started using SAP Ariba Sourcing. This enables the procurement team to conduct electronic sourcing events and e-auctions. "With SAP Ariba Sourcing, we can drive the best value from our key suppliers," adds Ringenbach.

Driving value and saving time on procurement processes

With the SAP Ariba Catalog solution in place, Clariant has cut down on maverick spending and freed up time for complex, high-value procurement negotiation activities – saving money across the business.

"We have improved control thanks to SAP Ariba Catalog," notes Ringenbach. "Because we predefine and negotiate the contents of the catalog, maverick buying has been reduced and more spend is under control. And because the procurement team is freed up from dealing with this kind of high-volume, low-value spend, 65% of which is now automated, we can focus on getting the best deal for high-cost products and services."

SAP Ariba Sourcing has also helped Clariant to achieve the best possible prices for direct and indirect spend purchases. "In the past, we selectively employed third-parties to help us run auctions," explains Ringenbach. "This was more expensive because we had to pay a fee. Now by running our own auctions online using the SAP Ariba Sourcing solution, we are achieving significant savings."

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Oliver Ringenbach, Global Process and Automation Manager for Group Procurement Services, Clariant International Ltd.

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Making greater use of the tool

Now in the process of integrating the SAP Ariba solutions with its existing SAP ERP application, Clariant plans to build on the solutions' success even further.

Clariant currently uses a hybrid model for its catalogs, with some running on the SAP Supplier Relationship Management application and some on SAP Ariba Catalog. The firm is looking at moving more of its operations to an on-demand model. That will enable suppliers to manage and update the catalogs directly, while allowing Clariant to streamline processes and further boost efficiency.

Clariant is also in the process of moving to the SAP HANA® platform to give employees faster, more sophisticated reporting and access to spend data.

"Looking ahead, we plan to connect our SAP Ariba solutions to other data sources to track information relating to supply chains or risks," says Ringenbach. "We expect to realize more efficiency gains and further develop our use of SAP Ariba solutions, helping us to continue our business growth."

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