

NAPP

NEWS & NOTES

Connecting Purchasing & PayablesSM

Summer/Fall, 2009

Nationally Recognized Speakers to Make Presentations at NAPP 2010

Bill Dempsey, MillerCoors, to Deliver Keynote Address
Chris Osen, David Natoff and Dr... Bernice Ledbetter will Headline Dynamic 3 day Program in Marina Del Rey, CA

The NAPP is pleased to announce that **Bill Dempsey**, Director of Procurement and Strategic Sourcing for MillerCoors will deliver the Keynote Address, at the NAPP 2010 National Conference, February 14-17, 2010 at the Marriott Marina Del Rey, CA.

Bill's team is responsible for procurement activities including strategic sourcing, contract management, supplier management and operational purchasing for nearly \$2.0 billion of indirect material category spend. MillerCoors Procurement has recently managed significant transformational changes,



Continued on page 6

Chris Osen is Vice President of Supply Management for MWV (MeadWestvaco Corporation), a major packaging company with its headquarters in Glen Allen VA. Chris has 20+ years paper company experience with various companies, including MeadWestvaco, Mead, Scott Paper Company, International Paper Company, and Simpson Paper Company.



His current responsibility is to manage the supply chain process for both procurement and logistics, by identifying best practices, providing internal consulting, and ensuring the functions perform

Continued on page 6

Purchasing Uses Cards to Analyze Spend and Seize Travel Cost Savings

By Susan Avery, Senior Editor, Purchasing Magazine

Susan Avery, Senior Editor, Purchasing Magazine, writes articles on strategic sourcing, purchasing cards, and P2P, among others. Susan is a long term friend of the NAPP and has covered NAPP conferences for over 10 years.

More and more often in this down economy, travel buyers are invited to meet with senior leadership at their companies. Management now routinely asks purchasing for updates on spending on travel services and compliance to travel policy and preferred suppliers. And travel buyers are responding by help-

Continued on page 2

Travel Underspending Digs into Corporate Profits

By Editorial Staff, IHS Global Insight

Study Shows Average 15-to-1 Return on Investment, Bump in Sales Volume from Business Travel.

LEXINGTON, Mass., September 15, 2009 - Businesses can realize more than \$15 in profits for every \$1 spent on business travel, according to a study by IHS Global Insight, the world's leading company for economic and financial analysis and forecasting. The ground breaking research shows that companies are potentially losing out on nearly \$200 billion in 2009 in additional gross profits

Continued on page 3

Travel Cost Savings

Continued from page 1

ing management strike the right balance between the company's need to travel to meet with customers and suppliers and its need to save money.

To do this, purchasing uses data generated by corporate (T&E or travel and entertainment) credit cards used by travelers to pay for airline tickets, hotel rooms, rental cars, restaurant meals other miscellaneous travel expenses. In addition to ensuring that travelers are in compliance, buyers also use the data to make sure the company is meeting required volumes needed to receive discounts negotiated in agreements with suppliers, and later during negotiations with suppliers to get better deals in years to come.

Mandating use of cards by employees to pay for travel expenses and using data this way is considered a best practice among travel buyers, suppliers and card providers.

Travel buyers have become "more strategic and are gaining more exposure at senior management levels," says Marcie Verdin, senior vice president, large market segment commercial products at MasterCard Worldwide in Purchase, N.Y. "They are heroes at their companies."

In her experience working with travel buyers, Verdin says companies today are looking to reduce spending on travel by 10% to 25%. "We see an increase in demand from buyers for enhanced data, and they want it to better manage the spend," she says. "Companies are getting smarter about things like hotel folio (a breakdown of all expenses charged during a hotel stay), and the current economy is forcing them to re-evaluate what they are doing with travel."

For example, she says travel buyers are using spend data on travel generated by corporate cards to steer travelers away from upper tier to middle tier hotels in travel policies, as a way to reduce costs. They're also encouraging travelers book flights 21 days in advance, another source of significant savings for companies.

American Express conducted a survey of Fortune 500 companies on expense management best practices with Accenture earlier this year. The results show that smart companies recognize that employ-

ees need to learn that they can drive revenue and reduce costs by complying with company policy, and are taking steps to make it easier for employees to do so and holding them responsible when they don't.

Results also show that companies are delving deep into spend trends to uncover missed savings and holding suppliers more accountable. They also show that the downturn is an opportunity for companies to make changes to travel policy both now and in the long run.

"We are seeing companies put a real focus on value," says Jay Cary, vice president, interactive product management, global commercial card group at American Express Co., in New York. "Our clients are telling us that they are not going to cut travel altogether and when they do travel they are going to view it as an investment just like any other. They want to get maximum value from the dollars they spend on travel."

NEXT STEP. Card companies like MasterCard and issuers like U.S. Bank working with their customers now are introducing products and services or enhancing existing ones that allow travel buyers to manage spend data more efficiently.

MasterCard, for one, demonstrated a new reporting tool at the Association of Corporate Travel Executives (ACTE) annual meeting in 2008 that presents all this travel spend data in a dashboard format. Now, card issuers are starting to introduce the MasterCard Travel Dashboard to their customers.

Using data from card companies and other sources, the dashboard helps travel buyers analyze travel spending patterns. For instance, a buyer power index feature provides data on percentage of business a company does with an airline relative to its share of the market for certain city pairs. With this data, buyers can try to steer travelers to preferred carriers to ensure their company gets agreed upon discounts and later strike better deals with the suppliers during negotiations.

In addition to data on spending with air carriers, hotels and car rental companies now are providing buyers with more data that provide an accurate picture of what travelers are doing once they hit the road, says Kurt Adams, head of strategy and program management for Corporate Payment Systems at U.S. Bank in Minneapolis, Minn. "Putting booked data

Continued on page 3

Travel Cost Savings

Continued from page

with actual travel spend data against expense data is a powerful tool for driving compliance to travel policy."

And as buyers demand more of such integration, they will see more convergence along the travel value chain, says Adams. That is, there may be acquisitions or partnerships among suppliers that provide the services a traveler needs from the time he or she books a trip through when management approves expenses incurred during the trip to business intelligence derived from data generated by spending on the trip. It is a fragmented industry. Adams points to American Express Co.'s investment in expense management tool provider Concur as an example of such an alliance.

Kevin Tait, general manager, business development at BMO Spend & Payment Solutions in Toronto agrees. "The single biggest trend we've identified is a real move by travel managers to rigorously enforce travel policy," he says. "And they are asking travel management companies and card issuers to work closer together than ever and supplement that with information on travel spending they've never asked for before."

What It Means to Buyers:

- In an uncertain economy, travel purchasing takes on a more strategic role in the company. In this new role, buyers use data generated by corporate cards to gain visibility into the travel spend.
- With the data, purchasing can spot travelers who violate policy and seize opportunities for savings. Savings can come from tightening travel policy, and from negotiations with suppliers of travel services.
- As they continue to demand more and better data, travel buyers can expect to see more acquisitions and partnerships between providers of tools and services along the travel value chain.

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Underspending

Continued from page

because they are not optimizing their investments in strategic business travel.

The IHS Global Insight study was conducted on behalf of the National Business Travel Association (NBTA), the premier organization representing professionals in the business travel industry including the travel departments of the majority of Fortune 500 companies, and American Express Business Travel. The report, "Can We Afford Not to Invest in Business Travel?," published today expands upon findings previewed last month at the NBTA International Convention & Exposition and is part of a comprehensive business travel research initiative. The project also includes elements examining the size and scope of the global business travel industry and the industry's economic impact completed in partnership with Egencia™, the corporate travel arm of Expedia Inc.

The analysis shows a clear link between travel spending and corporate profits, with the return on investment varying across the 15 industries examined. The study also illustrates that for each industry there is a point at which increasing business travel spending begins to cut into profits.

"Face-to-face client meetings and trade shows remain the primary tools for increasing sales, yet many companies view business travel as an expense to be cut rather than the rewarding investment it is," said John Larson, Managing Director of Decision Analytics and Economic Impact Analysis at IHS Global Insight.

NBTA Research Consultant Kenneth McGill added, "Executives know from experience that travel facilitates the types of exchanges that help keep clients, gain new business, and make employees more effective, but making the business case for travel has been challenging without supporting data. Now for the first time the discussions around travel budgets will be informed with research establishing the link between business travel and profits."

Among the study's key findings:

Business Travel Contributes to Sales: A significant and measurable relationship exists between business

Continued on page 4

Underspending

Continued from page 3

travel expenditures and sales volumes.

Sizeable Returns on Investment: An average return on business travel investment of 15-to-1.

Returns on Investment Vary by Industry: Returns on investment vary across each of the 15 industry segments in the study.

\$193 billion in Profits at Stake: Companies within most industry segments are not operating at optimal travel expenditure levels and collectively could realize \$193 billion in additional profits.

Massive Stimulative Effect on the U.S. Economy: Increasing travel expenditures to optimal levels could create 5.1 million new jobs, generating more than \$101 billion in tax revenue.

The study examines 10 years of data for 15 industry sectors covering the U.S. economy, analyzing industry-level data on business travel, business expenses, revenues and profitability in order to establish a link between business travel and corporate profits.

In 2008, U.S. businesses spent \$261 billion on travel expenses. Using a model that comprehensively examines both industry sales and cost determinants, including business travel expenditures, the analysis identifies optimal levels of business travel investment for the U.S. economy as a whole and by the 15 industry segments. The research found that nearly all industries are currently spending below their optimal threshold for business travel and, on average, some industries could increase travel expenditures by as much as 3.0%, while others would require a more modest increase of 0.5% in order to approach optimal levels.

To obtain the report "Can We Afford Not to Invest in Business Travel?" contact pr@nbta.org or jim.dorsey@ihsglobalinsight.com. Additional data and analysis is available to NBTA members and from American Express Business Travel eXpert insights research practice.

About IHS Global Insight

IHS Global Insight (www.ihsglobalinsight.com), an IHS company, provides the most comprehensive economic and financial information available on countries, regions, and industries, using a unique

combination of expertise, models, data, and software within a common analytical framework to support planning and decision making. IHS Global Insight founded the modern economic forecasting industry more than 40 years ago, and today the company is recognized as the most consistently accurate economic forecasting company in the world. Through the world's first same-day analysis and risk assessment service, IHS Global Insight provides immediate insightful analysis of market conditions and key events around the world, covering economic, political, and operational factors. IHS (NYSE: IHS) is a leading global source of critical information and insight, dedicated to providing the most complete and trusted information and expertise. IHS product and service solutions span four areas of information that encompass the most important concerns facing global business today: Energy, Product Lifecycle, Security, and Environment all supported by Macroeconomics. By focusing on customers first, IHS enables innovative and successful decision-making for customers ranging from governments and multinational companies to smaller companies and technical professionals in more than 180 countries. IHS is celebrating its 50th anniversary in 2009 and employs approximately 3,800 people in 20 countries.

About NBTA

The National Business Travel Association (NBTA) is the world's premier business travel and corporate meetings organization. NBTA and its regional affiliates – NBTA Asia Pacific, the Brazilian Business Travel Association (ABGEV), NBTA Canada, NBTA Mexico, and NBTA USA – serve a network of more than 15,000 business travel professionals around the globe with industry-leading events, networking, education & professional development, research, news & information, and advocacy. NBTA members, numbering more than 4,000 in 30 nations, are corporate and government travel and meetings managers, as well as travel service providers. They collectively manage and direct more than US\$200 billion of global business travel and meetings expenditures annually on behalf of more than 10 million business travelers within their organizations. For more information, visit www.nbta.org.

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Suppliers are Source of Innovation for Procter & Gamble

By Susan Avery, Senior Editor, Purchasing Magazine
Goldmine day for strategic partners to collaborate.

"Facilitator, anchor and center of the universe of relationships" is how Kris Gopalakrishnan, CEO and managing director of Infosys Technologies, the global consulting and IT services company, describes the Global Business Services (GBS) operation at Procter & Gamble. Infosys, based in Bangalore, India, is a strategic partner to P&G.

Gopalakrishnan, who attended P&G's third annual Goldmine day, an event the consumer products company created to encourage collaboration and innovation among its technical and services strategic partners, is referring to the relationships GBS has internally with the company's businesses and with its suppliers. GBS invited 16 strategic partners to the Goldmine day held at P&G headquarters in Cincinnati recently.

Fostering relationships both internally and with suppliers is how Roberto Magaña, vice president, purchases, for GBS at P&G, and his team approach indirect sourcing strategy. They are responsible for purchasing such goods and services as IT (information technology), professional services and plant services and supplies, an approximately \$6.7 billion annual spend.

"We want to take our relationships with our strategic partners to the next level by formalizing and broadening the network," said Magaña of the evolution of P&G's GBS organization since its creation 10 years ago-it began by centralizing the function-and its reasoning for creating the Goldmine events three years ago.

In an interview with Purchasing.com, Gopalakrishnan of Infosys, said that employees of his company at all levels interact with employees of P&G at all levels. "It is most exciting and engaging for our employees to be part of the relationship with P&G," he said. "It is a matter of honor for us. What is important is that our best innovators within Infosys are keen to engage with P&G on the next innovation program." P&G has been doing business with Infosys since the fall of 2007.

The Goldmine day began with a message on the

company's business direction from the leadership team at P&G, including Filippo Passerini, president of P&G GBS and chief information officer. Also on the agenda was a roundtable discussion on challenges to collaboration with CEOs representing some of the strategic partners, a presentation by P&G CFO Jon Moeller and a talk on innovation by consultant Roger Martin. Workshops and an innovation gallery provided GBS internal customers at P&G's businesses with opportunity to learn about capabilities of the strategic partners attending. President and CEO Bob McDonald hosted a dinner for attendees in the evening.

Nielsen Media Research, the marketing and media information company, is another strategic partner that attended the Goldmine event. P&G has been doing business with Nielsen since the 1930s. In an interview with Purchasing.com, Joe Willke, president of Nielsen global consumer product leadership in New York, said that in the past 10 years, he's seen a big change in the way P&G does business with its suppliers.

"P&G is relying more on its external partners and is creating an ecosystem of partners that is an extension of its own company," he said, adding that while other companies are working to improve their relationships with suppliers, P&G seems to be on the leading edge.

"I like that P&G was telling us of its plans and that the company would not be able to get where it wants to go without the collective ideas of its partners," Willke said. "The event probably got a lot of the strategic partners talking to one another more than they were prior to the event. It's true for us. Since the event, I've been setting up meetings with some of the other strategic partners, asking them if there are ways that we can work together more efficiently on P&G's behalf."

Willke points out that working in this way, as opposed to traditional buyer/supplier relationships, benefits both parties in that each can achieve higher quality, faster speed and lower costs. "Nielsen is a Lean Six Sigma company," he said, speaking of the quality and continuous improvement system. "If we optimize our processes, we can make some improvements. But, when we look across two firms and re-engineer it wing to wing we always come up

Continued on page 6

Continued from page 5

with a better solution."

Still, managing such relationships is not without its share of challenges, Willke said. "It's not for the faint of heart. For us, we have to put the best interests of P&G first. And, P&G, at some level, has to put our best interests first. If one of the two sides is not doing this, then the walls quickly go back up and we are back to the way we have always worked together."

SAP, the Walldorf, Germany-based business software company, is a third strategic partner that was present at the Goldmine day. "It is the third for SAP and the first for me and I am very impressed with the level and depth of the partnership of the companies that were invited," said Michael Schulze, senior vice president, central region SAP PCN, SAP America in an interview with Purchasing.com. "The event gave us the opportunity to strengthen the relationships we have with P&G and the other partners." Schulze points out that SAP has relationships with 13 of the 16 partners who attended the event.

The challenge, he said, is making sure that both parties are aligning well to what the businesses need. "I think GBS is doing a phenomenal job of making sure that there is a direct line and connection from GBS to the partners and back. Sometimes, when we deal with customers, the IT organization likes to shield the supplier from the business and you get what you expect when that happens. Those customers that embrace the partnership and seize the opportunity to enhance and expand the relationship by bringing us in to work with stakeholders see real value in doing so. The businesses will stand up and support the IT initiatives going forward. It's one reason why the GBS programs are successful."

P&G's Magaña points to his company's successful integration of Gillette in 2005 as an example that collaboration internally, externally and among strategic partners, spurs innovation and, in a word, works.

P&G's global purchases operation, led by Vice President Richard A. Hughes, received Purchasing's Medal of Professional Excellence in 2008 for excelling at managing collaborative relationships, a source of much of the company's innovation.

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NAPP 2010 Speakers

Continued from page 1

Bill Dempsey (Continued from page 1)

with the joint venture of Miller and Coors in 2008.

Prior to MillerCoors, Bill was a Managing Consultant for IBM Business Consulting Services/PwC Consulting in their supply chain/procurement practice. Bill led procurement transformation projects for world class organizations in the Entertainment, Consumer Products, Health Care, Manufacturing and Financial sectors. In addition, Bill has experience as an Operations Engineer at UPS and Roadway Package (now Fedex Ground); and has worked as an Industrial Engineering Manager for HB Maynard. Bill earned his MBA and a BS in Industrial Engineering from the University of Pittsburgh.

Bill will address the conference theme, "The Critical Role of P2P in the New Economy," from his perspective in managing MillerCoors procure-to-pay process for indirect spend.

Chris Osen (Continued from page 1)

to meet customer requirements. He is also accountable for \$1.2B in indirect spend including transportation, capital, and services.

Prior to his current role, Chris was the SAP implementation team lead for both Logistics and Procurement with Mead-Westvaco, Purchasing Manager for Simpson Paper, and Regional MRO Purchasing Director, Scott Paper Co.

Chris holds a Bachelors of Science Degree from Southwest Missouri State University, and a Masters in Business Administration from the University of West Florida.

Chris will present MWV's global organization design and performance metrics to achieve results; working capital strategies and information management; associate development; supplier diversity; and metrics, including defining and tracking savings.

David Natoff

David Natoff heads Google's Global Supplier Sourcing Group and has been with the company since the beginning of 2006. Co-locating between Mountain View, California and Dublin, Ireland, David leads a small international team responsible for hundreds of millions of dollars of Google spend. Prior to Google, David was responsible for Purchasing Operations at Novell Inc, where he led a global implementation of Oracle.



Continued on page 7

NAPP 2010 Speakers

Continued from page 6

David Natoff *(Continued from page 6)*

David has over fifteen years of experience in procurement and has spent the last eleven years working in the Technology sector. David is a certified member of the Chartered Institute of Purchasing and the Irish Institute of Purchasing & Materials Management.

David along with Dr. Bernd Huber, Google's chief e-Sourcing executive, will present a two hour workshop focusing on best practice in e-commerce and the creation of Google's e-sourcing Center of Excellence. This will be a highly interactive sessions and members are encouraged to bring their laptops or internet capable devices to participate in a variety of demonstrations and live auctions.

Dr. Bernice Ledbetter

Dr. Bernice Ledbetter is a member of the Practitioner Faculty in Organizational Theory & Management, Graziadio School of Business and Management, Pepperdine University. Dr. Ledbetter has a B.A. from California State University, Fresno. She earned an Master of Divinity degree at Fuller Theological Seminary, and an Ed.D. in Organizational Leadership at Pepperdine University. Named an outstanding adjunct professor at Graziadio School, she has taught in areas of specialization that include Organizational Leadership, Ethics, and Organizational Management. Her research and teaching interests focus on leadership and values, especially gender differences, as well as on moral developmental and non-western approaches to leadership.



Dr. Ledbetter is a Principal in Ledbetter Consulting Group, and has worked extensively as a career management consultant and team performance coach for individuals and for major organizations like TRW. She has written and published on topics ranging from global perspectives to Christian evaluations of leadership, including invited contributions to the Global Dictionary of Theology.

Dr. Ledbetter will present a two hour workshop focusing on the value of business ethics, leadership and team building. This will offer our members a unique experience to hear one of the country's leading experts in Organizational Leadership, Ethics, and Organizational Management.

Message to Members

Dear Members;

Our headline page gives you a quick summary of the dynamic speakers we have engaged for NAPP 2010. The bio's of the featured speakers are just a sample of range of high quality speakers that are on board for NAPP 2010. Quite frankly, we have been pleasantly surprised by the response to NAPP 2010 by the P2P Community.

We will be providing further updates on our web site so please check back in. Our automated registration is open for those of you who want to get the expense into this year's budget.


<https://www.nappconference.com/Registration.htm>

We know that many of you will have challenges attending events in 2010 but if you have to select one, you will not find a better, or most cost-effective P2P conference. *The articles on travel in this issue are particularly relevant and eye-opening!*

Please show this issue of News & Notes to your management and pass it on to your colleagues. We are sure they will be impressed with the high caliber of presenters we have lined up.

We look forward to seeing you at NAPP 2010!

NAPP 18th Annual Conference
Marriott Hotel, Marina Del Rey, CA
February 14-17, 2010



NAPP 2010
The Road to Recovery:
The Critical Role of P2P in the New Economy

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