



Sourcing Centers

Sustainable added value through collective purchasing

While internationalization creates new market opportunity, it also encourages additional competition. Growing cost pressure has promoted the global concentration of companies in many industries and has fundamentally changed the basic parameters for procurement in recent years. The increased concentration and collaboration of suppliers, compared to earlier years, has led to a pronounced rise in the bargaining power of the remaining suppliers. Even in the area of indirect materials, the number of global suppliers is growing – compared to the host of smaller, regional suppliers from which the purchasing organizations' negotiation position used to profit.

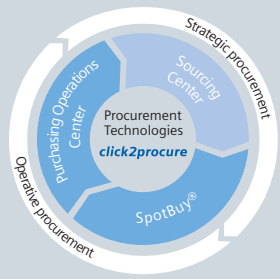
In light of these circumstances, how can purchasing organizations significantly contribute to the company's success? How can they safeguard long-term competitive advantage? The traditional means at their disposal are no longer sufficient: Strategic procurement alliances can now secure the competitive edge.

The procurement principle that purchasing volume defines purchasing power forms the basis for entering into cross-company partnerships for procuring indirect materials and services. A procurement alliance is an attractive option for maximizing the individual strengths of purchasing organizations, particularly when available resources are limited.

Our Sourcing Centers help you to increase your value-add in procurement and to stay one step ahead of your competitors – thanks to a procurement alliance.

Your requirements

Your purchasing department faces the task of gaining additional cost savings with already scarce resources and thus focuses on the cost-effective procurement of high-volume direct materials. However, significant savings can also be achieved when purchasing indirect materials. In order to realize this potential, the same professional and intensive strategic handling allocated to the



procurement of direct materials is required here as well. Yet there are usually insufficient resources with the necessary material group expertise, largely due to the variety of commodity groups and international sources within indirect spend. A profound knowledge of international markets, professional expertise for qualifying and maintaining a high quality supplier base, as well as experience and knowledge of best practices for negotiating contracts – each for a breadth of indirect materials – is imperative to fully optimize and exploit the whole of your purchasing volume.

These obstacles can be overcome with a strategic partner at your side: Your purchasing department can focus on its core competences for procuring direct materials – Siemens takes care of the professional, strategic procurement of indirect materials and services.

Our offering

You can rely on our Siemens Sourcing Centers to manage all of your strategic processes for the procurement of indirect materials and services. The strategic co-operation in this material field systematically strengthens the purchasing power of our procurement alliance, in which the Sourcing Center takes on the role of the alliance manager and optimizes the procurement of non-strategic material groups across several companies.

Our experienced purchasing experts develop comprehensive material group strategies based on synergized purchasing volumes with select partner companies. The Sourcing Center assumes the entire strategic responsibility for procuring indirect materials and services on your behalf. This includes, but is not limited to, selecting, assessing and managing suppliers, defining core articles, and negotiating and implementing master agreements.

The range of products and services extends from classic office supplies to facility management and temp labor. In addition to continuously optimizing material groups, we naturally take care of the change management processes in your organization as well.

Your benefits

Pooling purchasing volume across companies generates distinct benefits for each party: Not only will our alliance partners obtain better purchase prices and reduce material costs through leveraging the increased purchasing power and the help of a strong partner, but they will also recognize resource optimization through the concentration of personnel on their strategically relevant materials.

- You gain direct access to the global market knowledge, material group expertise and purchasing experts of Siemens
- Collective purchasing increases purchasing power and enhances competitive advantage by reducing material prices
- The cross-company pooling of purchasing volumes for indirect materials enables up to 20% savings
- You can directly access our professional and internationally positioned purchasing organization, omitting the necessity to allocate your personnel to indirect material procurement
- Siemens' international procurement network with years of experience in indirect material procurement and our innovative bargaining methods ensure immediate cost savings for our customers
- Finally, by using our procurement services you can transform your fixed costs into variable costs

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Siemens AG
Siemens IT Solutions and Services
Otto-Hahn-Ring 6
81739 Munich, Germany
Global Info Desk
Tel.: +49-1805-444713
it-solutions@siemens.com

www.siemens.com/it-solutions