



## Launching Allied Waste's Procurement Organization with Eye Toward Success

### The Challenges

With more than 600 divisions and purchasing decisions made at the local level, the fairly new Allied Waste (AW) Procurement organization had its share of challenges.

The team's primary obstacle was limited visibility into its spend. What they needed was a system that would enable

**Allied Waste Industries, Inc. (AW)** is a leading waste services company that provides collection, recycling and disposal services to residential, commercial and industrial customers in the United States. As of March 31, 2007, the Company operated a network of 300 collection companies, 164 transfer stations, 169 active landfills and 53 recycling facilities in 37 states and Puerto Rico.

them to obtain the crucial spend information necessary to make meaningful, sustained improvements. The team, led by Pam Kinney – Director of Purchasing and Supply Chain Management – also wanted to be able to identify what the company buys, from whom, and how much they were paying in order to analyze how to buy more effectively and to leverage the total spend of the company.

Kinney and team wanted to increase purchasing efficiency

by standardizing processes to increase business process excellence, increase their purchasing power by accessing information to leverage their size and scale, and also gain greater internal control through increased transparency of the entire purchasing process through better tracking capabilities and contract compliance.

In addition, the AW team needed to drive compliance to current supplier arrangements and determined that engaging the field would help to accomplish that goal.

### The Solution

After working with an external partner to best identify the right spend management vendor, the AW purchasing team selected Ariba as its choice because of the growth opportunities provided through the Ariba Supplier Network™.

The AW team has implemented a suite of Ariba solutions – including Ariba Buyer™, Ariba Contract Compliance™, Ariba Supplier Network, Ariba Contract Workbench™, Ariba eForms™, Ariba Analysis™, Ariba Sourcing™, and Ariba Category Management™ – in a phased approach that began in the summer of 2007.

The Ariba solutions seamlessly integrated with numerous systems already in place at AW to continue to provide benefits such as authentication, validation, and more. By integrating with Ariba, orders can be placed via the Ariba Supplier Network, fax server, or e-mail server.

### The Benefits

One of the initial benefits that the AW purchasing

organization experienced was the ability to engage its field stakeholders in the new Ariba solutions. In the past, it proved to be difficult to engage them because of the lack of tools. Now that the field members can help to evaluate criteria, they truly feel like they are part of the team and it has improved the complete sourcing process. The AW team now uses Ariba for sourcing virtually all of its commodities at the regional level.

The AW purchasing team has achieved a number of other significant benefits. A primary benefit is being able to control spend when it occurs. "We used to have complaints about the variation on approval authority by division. It was problematic, so we decided that we had to standardize them. We created a functional eForm so that we could add people as watchers, in addition to any systemic rules, or as hard approvers based on their requirements at the division level or cluster level. Now, increasing numbers of people are using the system as they want to see as much as they can."

Driving efficiency within the transaction has been another benefit. In the past, manual approvals were required. Today, transactions automatically accrue – expediting the month-end close process.

Having the ability to automate the business and approval rules has been greatly welcomed, as it provides the team with the ability to ensure that their procedures are being implemented correctly. Automated order transmission eliminates the guesswork of whether a supplier received an order and when it will be fulfilled.

The ability to conduct various auction types has enabled the AW team to increase its competitive marketplace dynamics. "There was a lot of positive buzz after we did our first reverse auction. We invited the CFO and many other stakeholders. By making sure that we invited only qualified suppliers to the auction, we were able to achieve a 22 percent reduction," said Kinney.

Other benefits of the Ariba suite of solutions include standardized contract language, the ability to copy eRFx events for future replication, reduced operation costs, ensured use of tiered contracts, improved PO transactional data, compliance and trend insights, and the ability to analyze at the commodity code level.

One additional benefit – which was unanticipated – was the ability to differentiate between top suppliers. The insight that the team gained allowed them to change the approval flow so that the purchasing team was involved when non-catalog orders were placed. "The Ariba infrastructure ensures that we

don't lose our savings and that people are using our contracts correctly," said Kinney.

## Lessons Learned

While the AW team has achieved a great number of benefits, it acknowledges that spend management is an ongoing journey and that it plans to implement new initiatives in the future for continued success. In the meantime, the team enjoys sharing



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what it has learned along the journey so far with others.

Gaining adoption is critical to a change management program, and the key to obtaining buy-in is communicating the benefits. "When we first started talking with people, we tried to gain an understanding of their current process. They told us that they already had a PO system, but when we looked at it, we discovered that it was an Excel spreadsheet with verbal communications to suppliers. We educated them on what was in it for them and how the new system could help them. You need to communicate to each functional area what the end benefit will be for them," said Kinney.

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## About Ariba, Inc.

**Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba can be contacted in the U.S. at 1.650.390.1000 or at [www.ariba.com](http://www.ariba.com).**