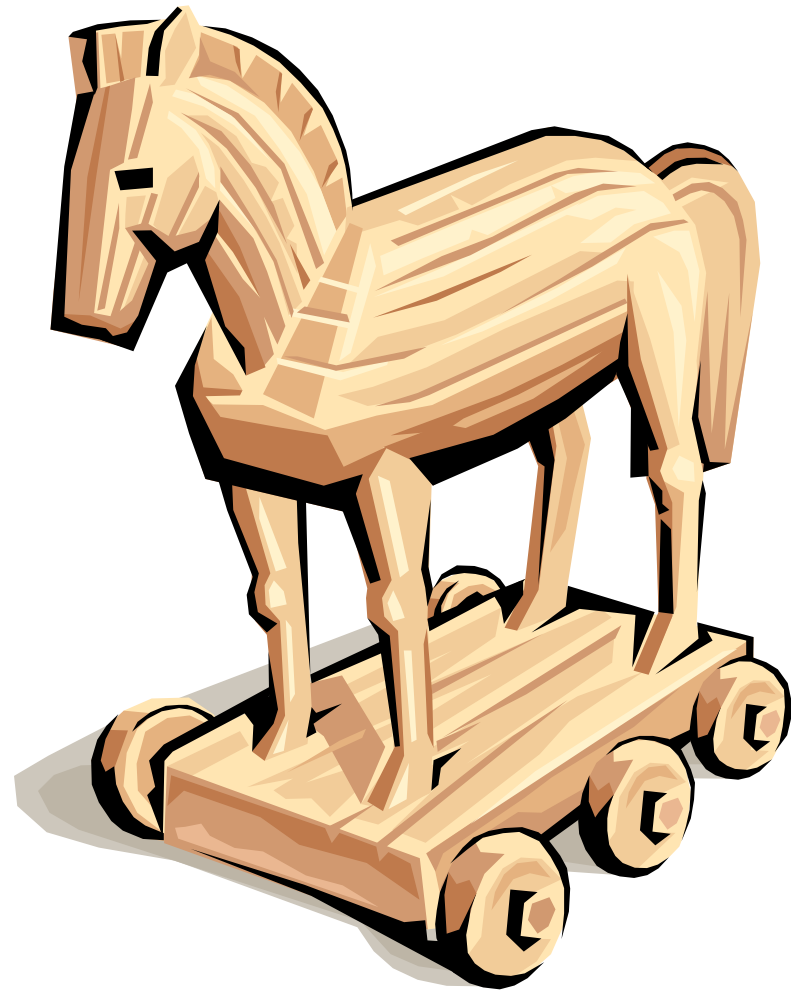


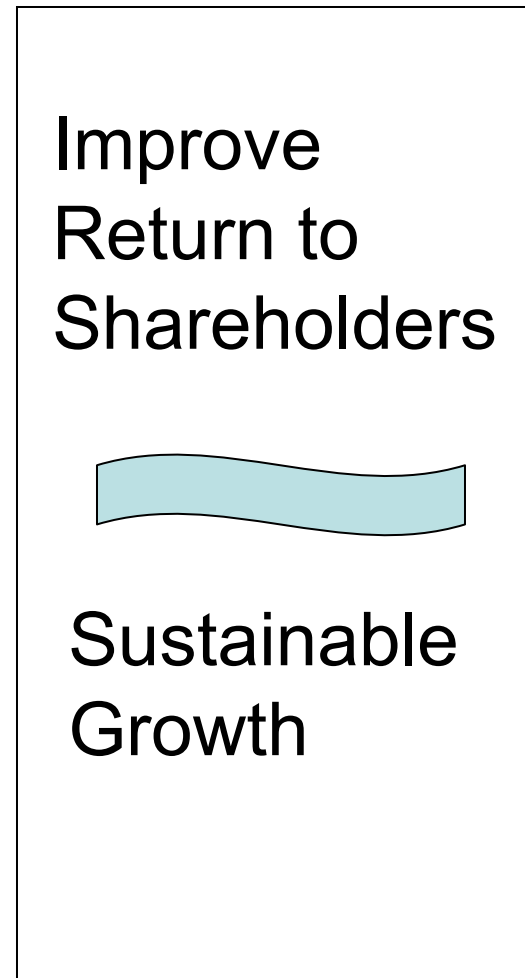
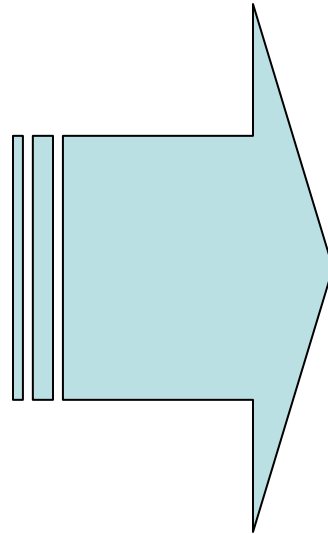
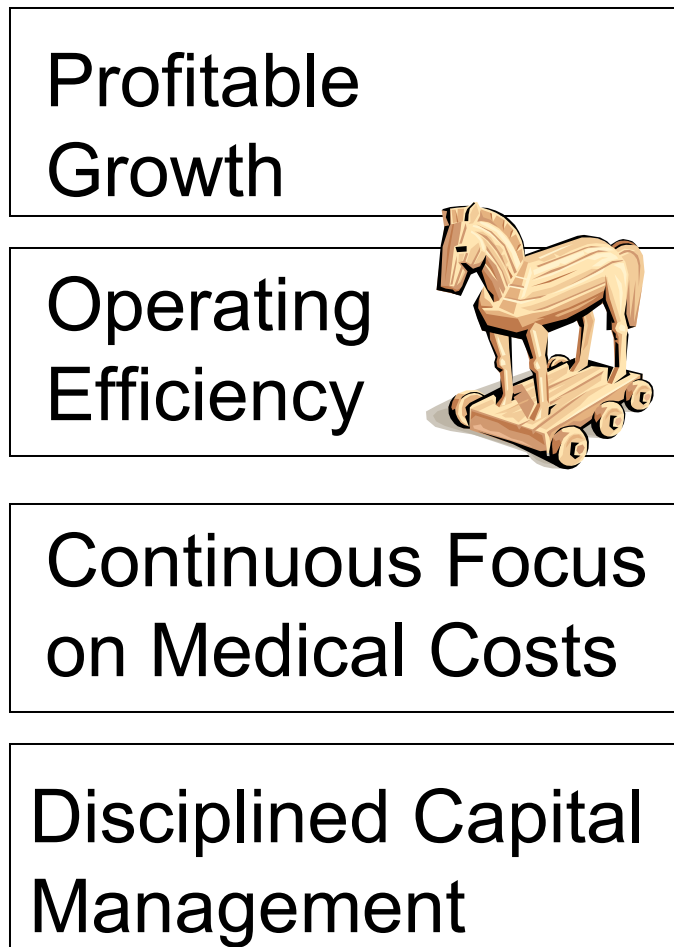
Sourcing's Trojan Horse – Getting Your Arms Around The Spend In Functional Silos

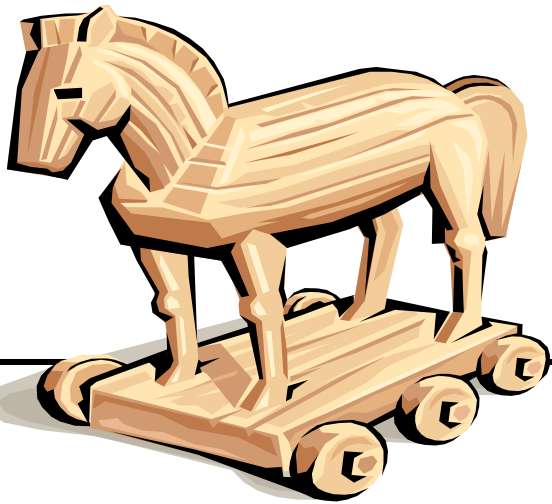
Presented by:

- Julia Drake
- Nate Carlson



Creating Shareholder Value

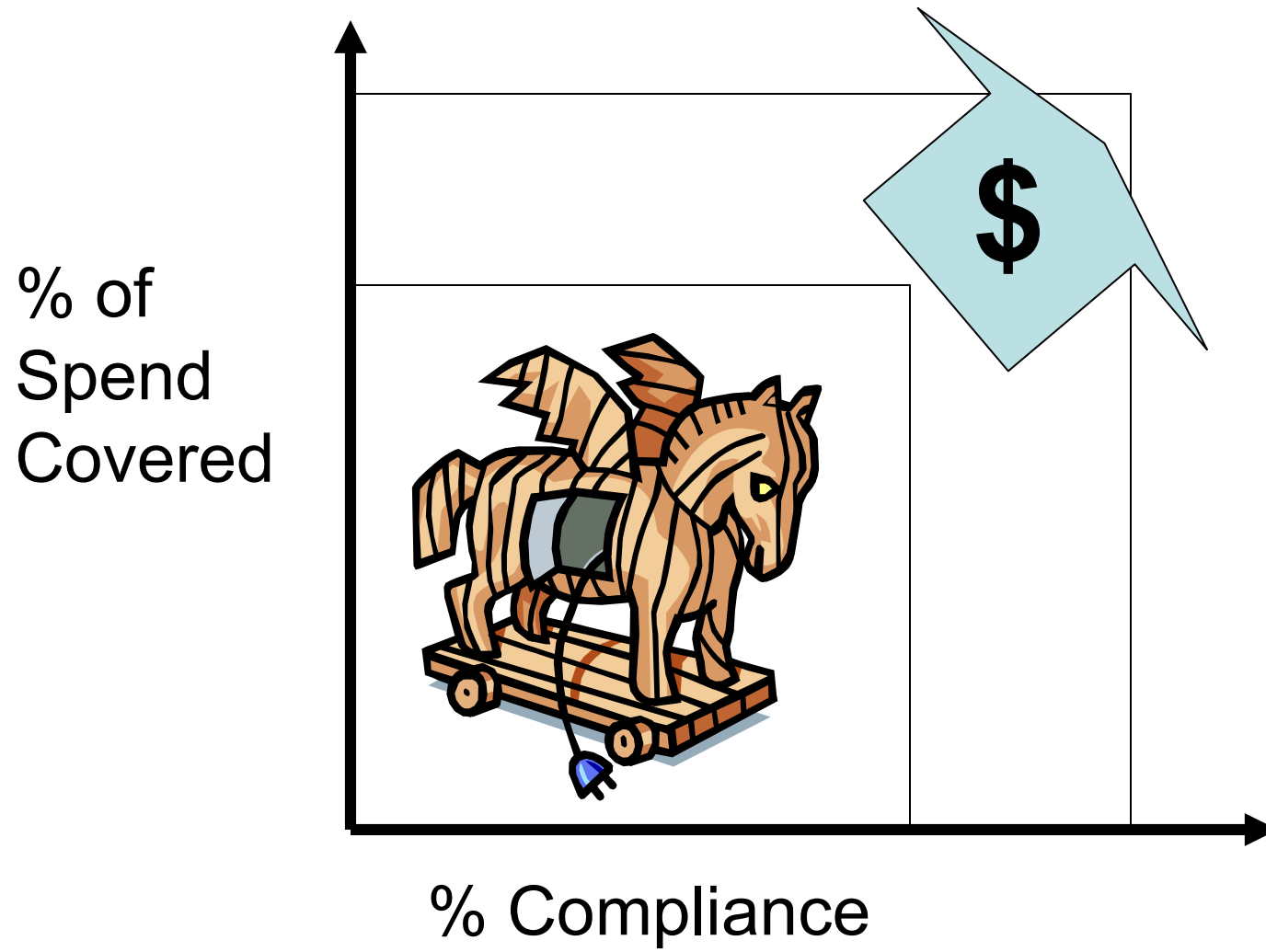




Trojan Horse Analogy

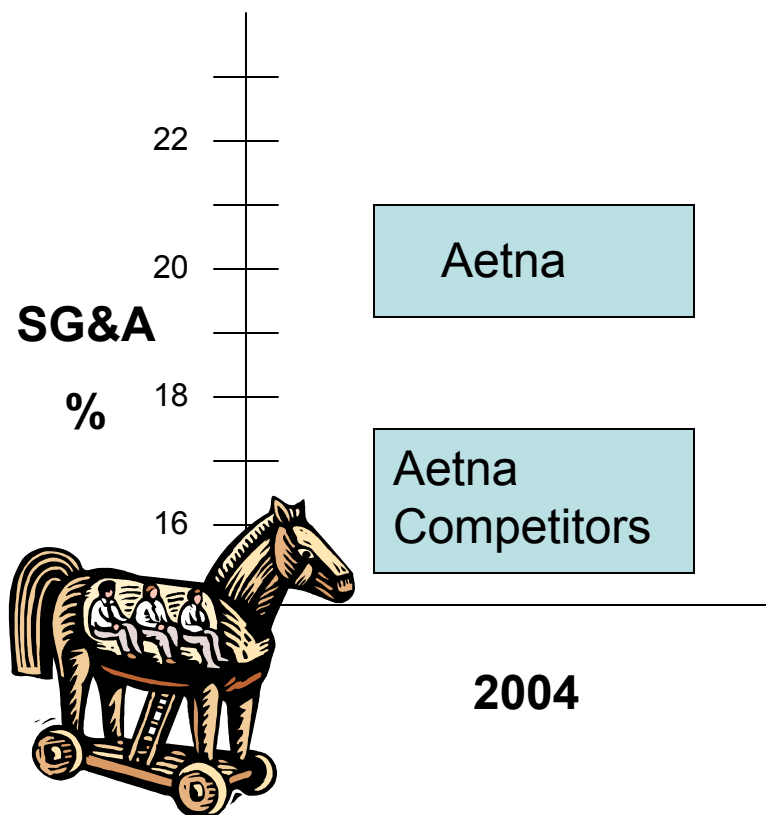
	Trojan War	Spend Management War
Access	Sneaky	Invitation
Change Management Process	War	Collaboration
Objective	Destruction	Value Creation

Getting Excited About Going Into a Silo



Getting Into a Silo

At Aetna, the company's mandate to achieve industry SG&A leadership has provided Procurement compelling reason to be "in the Spend Silos"



- Involvement and support of senior leadership
- Alignment with corporate objectives
- Formalize Spend Management (organization, process)
- Set improvement targets and milestones

Getting Into a Silo

Silo ≡ Tall cylinder used for converting/storing fodder into succulent feed for livestock through an acidic fermentation process

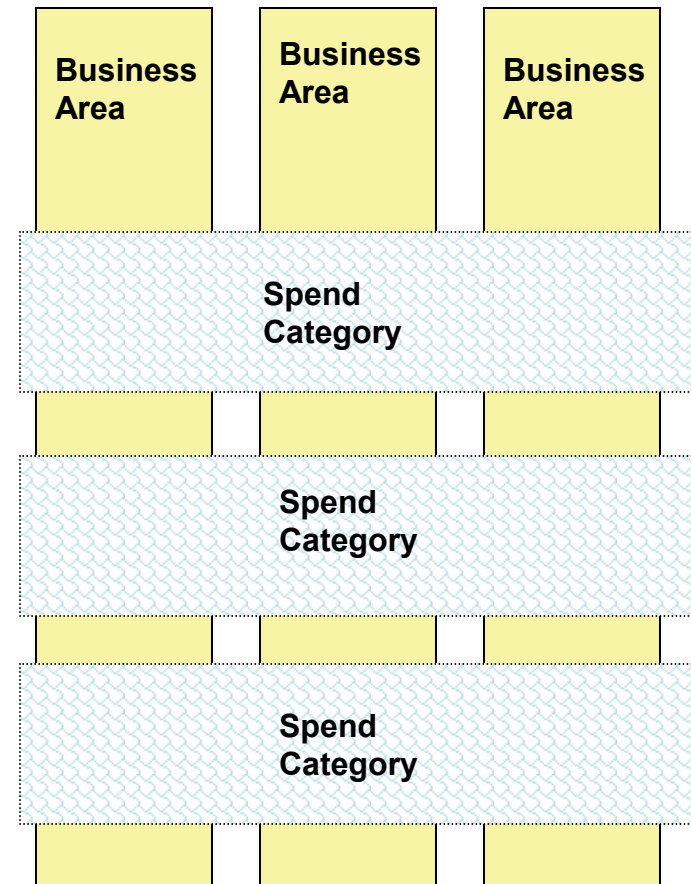
Find the Compelling Reasons Why Procurement Should Be Invited In

- Ability to address gaps in corporate or business area objectives
- Differentiation opportunity
- Process or information management capabilities beyond what the business areas can do by themselves
- Service offerings that add value and provide competitive advantage



What Do We Do Once We're In a Silo?

- Analyze spend by business area and spend category
- Cross-functional workgroups drive change to targets
- Spend Management performance reviews with all business areas
- Use communication to drive culture change



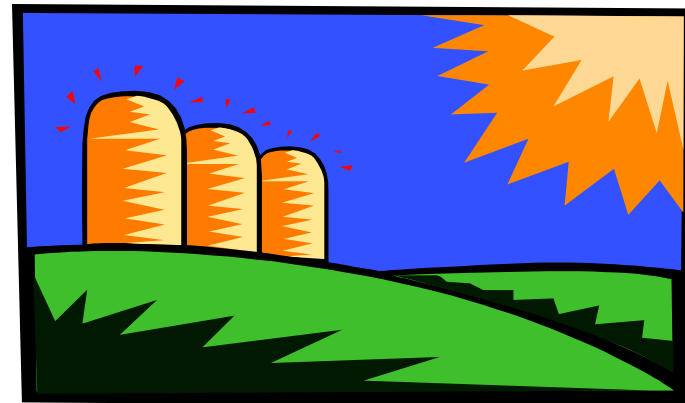
What Do We Do Once We're In a Silo?

- Get to know the customer
- Detailed, actionable opportunities to reduce spend through leverage, policy compliance, demand management and other enablers
- Project list reflects business plan priorities



What Do We Do Once We're In a Silo?

- Brainstorm “innovation opportunities”
- Communication to review project performance and continued alignment between sourcing strategy & business plans



Expense Management Scorecard

SG&A Expense By Commodity

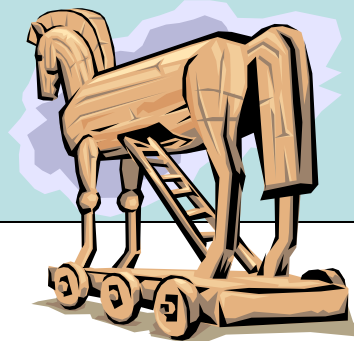
- \$ by Month and Year-To-Date
- % Spend Managed
- Status (Red/Yellow/Green)

Supplier Diversity Metrics

Policy Compliance %

Contracts and
Project Management Metrics

\$ by Transaction Channel



How Do We Get Out of a Silo?

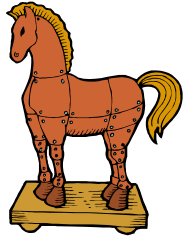
Travel Spend Category Example

- Establish preferred suppliers for air, car rental, hotels and meeting management
- Require on-line travel arrangements
- Widely communicate travel policy
- Report out-of-policy spend
- Establish non-compliance consequences
- Provide cost savings opportunity feedback
- Quantify cost savings



Sourcing Lifecycle

Horse # 1



Project
Definition

Horse # 2



Market Research &
Supplier Qualification

Horse # 3



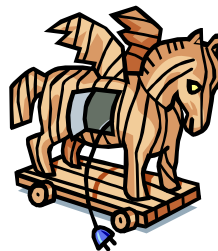
RFX

Horse # 4



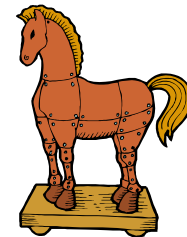
Proposal Analysis
& Supplier Selection

Horse # 5



Contracting

Horse # 6



Project
Closeout

Spend Management Solution Benefits

Automate and Standardize the Sourcing Lifecycle to:



Improve spend under contract



Realize negotiated savings



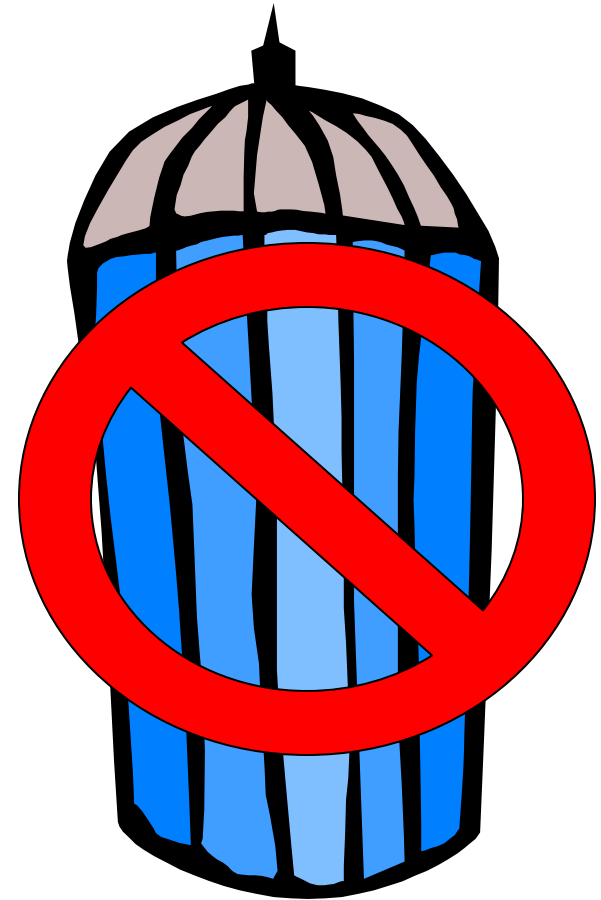
Improve compliance



Increase productivity

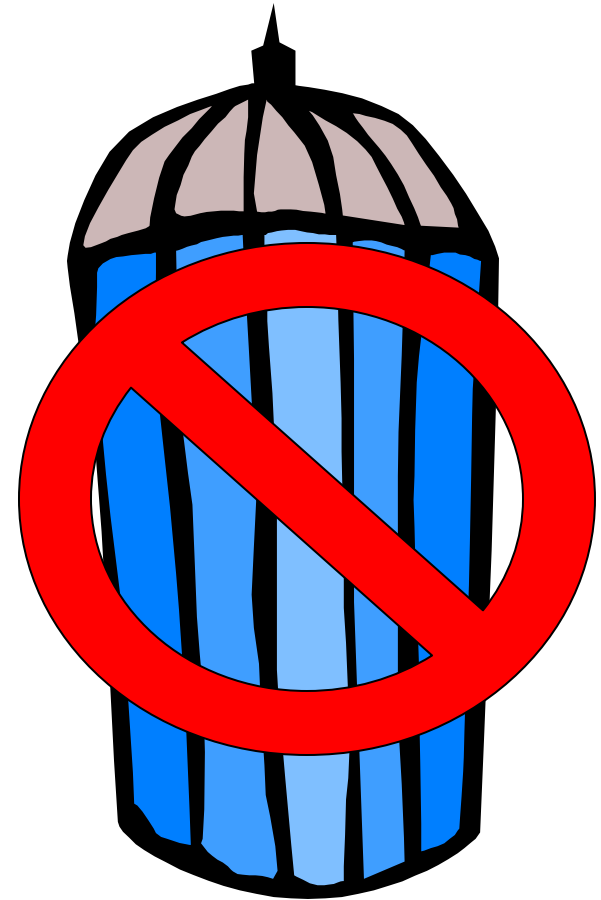
How Do We Keep The Silos From Being Rebuilt?

- Lead by example by aggressively managing your own expenses and results
- Make the hard staffing decisions required to obtain and keep top sourcing talent
- Quantify and articulate the sourcing value proposition across multiple dimensions (cost reduction, revenue growth, risk, quality, customer service)



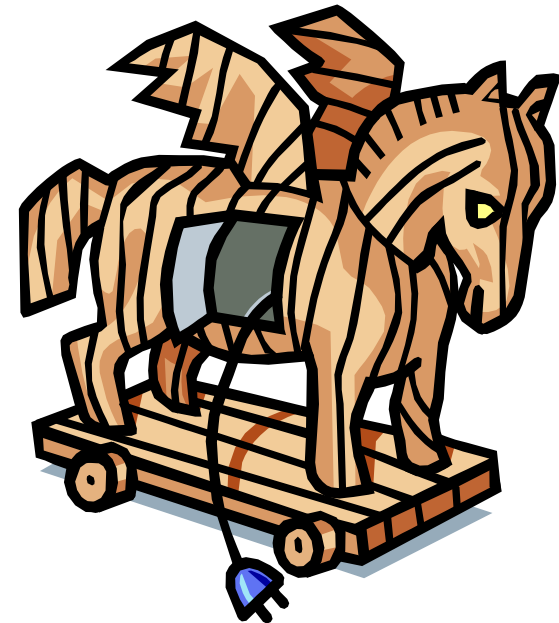
How Do We Keep The Silos From Being Rebuilt?

- Use external benchmarks to frame the change required to deliver competitive advantage
- Build the right culture
- Don't keep what you're doing a secret



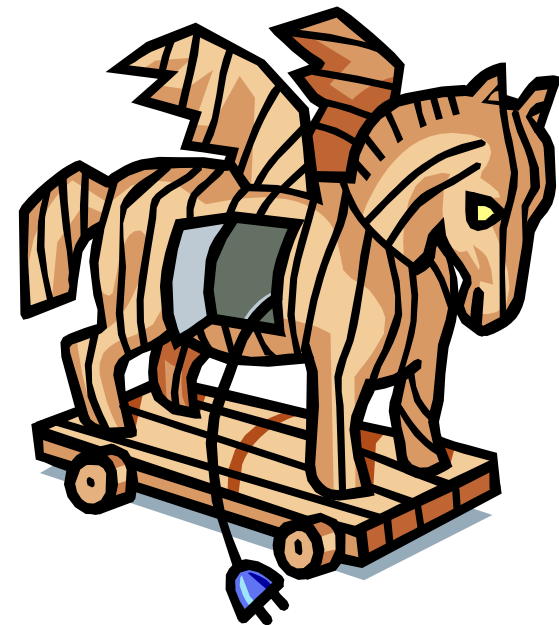
Don't Keep It a Secret

- Communicate progress to all constituents
- Use multiple communication channels
 - Newsletter
 - Performance reviews
 - Website
 - Face-to-face



In Closing....

- Build upon each success
- Be prepared for the results
- Keep “beating this horse”



Contact Info

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