



International purchasing solution

RWE AG International process optimisation of indirect purchasing

Process optimisation and costs reduction have been central elements for RWE group procurement years. Thanks to working together with Mercateo, the procurement of indirect material has been reorganised beyond Germany's borders.

Purchasers are constantly in search of the potential for optimisation. Greater focus is also being placed on the organisation of indirect purchasing in this context. Invoicing data for non-electronic orders has to be manually transferred to the ERP system and offers have to be researched and compared for numerous free text orders. Maverick buying and the number of new suppliers who have to be individually created in the system as a creditor, also increase the administrative workload for the purchasing department and thus cause massive costs for the company.

RWE searching for greater efficiency in the procurement process

RWE group procurement was also facing the challenge of considerably streamlining the procurement process. Managing individual orders for several thousands of creditors was extremely time and cost intensive,

especially as many requirements were not covered by electronic catalogues. Group procurement saw significant potential for optimisation here. The central elements of the strategic focus were therefore to automate purchasing processes and reduce suppliers. More than ten years ago the RWE Group started implementing a new e-procurement solution. "However, we were searching for an opportunity to organise indirect purchasing even more efficiently to get a handle on administrative costs," explains André Lückert. "We finally came across an innovative solution in 2008 Mercateo.

The combination of a marketplace with extensive industry range, where Mercateo is the only contact and creditor, as well as comprehensive e-procurement functions, proved to be the sought-after addition to RWE's existing SRM system.



RWE Supplier Award "Quality Global" 2014

Mercateo was awarded the RWE Supplier Award in the "Quality Global" category in 2014 and thereby honoured as RWE's best international supplier. With this award the energy supplier is recognising the intensive, collaborative and successful cooperation with massive value added for the Group. Thanks to the system partnership with Mercateo, RWE has among other things internationally standardised infrastructures and standards as well as greater efficiency in the procurement process for peripheral requirements.



» Over the last few years, Mercateo has massively supported us in standardising our purchasing organisation internationally and expanding it in the meantime to seven national subsidiaries. «

André Lückert, Manager Catalogue & Master Data Management at RWE Group Business Services GmbH

Value added in purchasing thanks to a system partnership

In the segment of indirect material alone, the energy supplier was able to significantly reduce the number of suppliers thanks to this system partnership. Another advantage was the minimisation of procurement times, as time-consuming research in various webshops and catalogues is no longer necessary. Today, RWE covers roughly 80 percent of its indirect materials using indirect purchasing and has therefore achieved another target in group procurement's new strategic focus: the reduction of manual transactional work. "In the meantime we process more than 40,000 positions in peripheral requirements electronically through Mercateo. Via the connection to our SAP system, orders are sent and stored electronically so that the purchasing process has become considerably more efficient and transparent here too," emphasises Lückert. In addition, RWE uses the procurement platform as a catalogue management tool. More than 100 catalogues are connected to Mercateo and visible exclusively to RWE requesters. Not only can the energy supplier maintain its long-standing relationships with regular suppliers, it also still has the special terms and conditions of pre-negotiated framework contracts. Mercateo takes over almost all the content management for this. As a result, RWE is spared the time-consuming updating of catalogues. Thanks to the search across all catalogues, all products from both regular suppliers and those from the procurement platform's range can be compared with each other. With Mercateo, users now have a standardised user interface available

which has considerably increased their level of satisfaction.

An internationally standardised purchasing organisation

Following the successful system partnership with Mercateo, in 2011 RWE group procurement started to internationally expand the model that was initially launched in Germany. Lückert explains: "Over the last four years, Mercateo has massively assisted us in expanding our purchasing organisation for indirect materials internationally so that we have now also been able to pursue this course of action in seven national subsidiaries too." By being connected directly to Mercateo, RWE has established an efficient internationally standardised purchasing process. In 2014 the energy supplier awarded Mercateo for this innovative solution with the RWE Supplier Award in the category "Quality Global". As a consequence of the reorganisation for indirect purchasing, RWE succeeded in significantly reducing its process costs. "Thanks to the integration of the procurement platform in our SRM system we have also been able to increase process efficiency. The cost reduction that we have achieved through the integration of Mercateo is an outstanding success for us," concludes André Lückert.



RWE AG

RWE is one of Europe's five leading electricity and gas companies. Through its expertise in lignite mining, electricity generation from gas, coal, nuclear and renewables, energy trading as well as electricity and gas distribution and sales, the RWE Group is active at all stages of the energy value chain. RWE supplies more than 16 million electricity customers and more than seven million gas customers with energy.

- **Legal form:**
Aktiengesellschaft (AG)
- **Foundation:** 1898
- **Sector:**
Energy supply
- **Headquarters:**
Essen (Germany)
- **Management:**
Peter Terium (CEO),
Manfred Schneider
(Chairman of the
Supervisory Board)
- **Employees:**
66,341 (2013, in full time)
- **Yearly turnover:**
€ 54.070 billion (2013)
- **Website:** www.rwe.com



Mercateo is Europe's leading e-procurement platform for business customers. Companies can cover their general business and specialist requirements from a huge range through one supplier with Mercateo. In addition, Mercateo offers many functions for efficient purchasing. More information about Mercateo at www.mercateo.co.uk/corporate

Any further questions?



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