

# Tech Mahindra's STRATEGIC SOURCING SERVICES

BROCHURE

## Summary

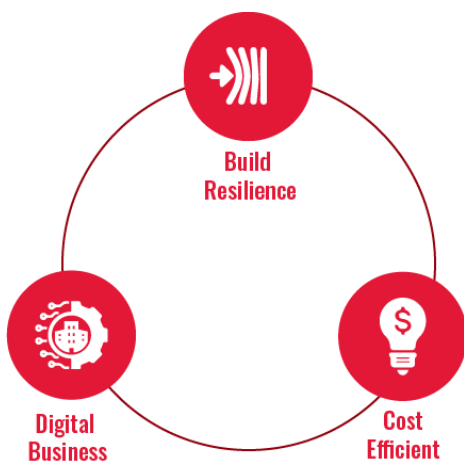
In today's VUCA world, large organizations, especially those which are multi-locational, face challenges like dependency on limited vendors, increasing cost of ownership, sourcing from specific regions, and more. These also happen to be the top priorities of a Chief Procurement Officer (CPO).

Tech Mahindra's strategic sourcing services address these challenges and provide a holistic solution bringing in operational efficiency as well as cost-efficiency. Our strategic sourcing services evolved out of over 75 years of experience in sourcing across the globe and tens of thousands of registered vendor base powered by intelligent digital technology.

## Introduction

External circumstances like pandemics, geopolitical shifts, climatic shifts, and cyber-attacks all provide unforeseen difficulties to supply chain networks. Once every ten years, such forces wipe out around 40% of EBITDA.

Such an unsettling circumstance puts enterprises under two types of stress, especially when it has spread globally on both the supply and demand sides. The first is to increase resilience, and the second is to reduce costs to safeguard the bottom line. In addition, there is a third issue that stems from the necessity to adapt to digital business, which is something that every business is attempting nowadays. Any gap in the digital business could cause firms to lose market share.



As a result, every organization recognizes the importance of being resilient, efficient, and innovative in its supply chain. With an optimal blend of people, processes, and tools, Tech Mahindra's strategic sourcing services provide digitally empowered solutions and help enterprises lead on all three fronts.

## Our Solution

Strategic sourcing services are all about building an agile and de-risked supply base for the customer by identifying and assessing the right sources across the globe and supporting through techno-commercial negotiations till development and implementation. The objective of the services is to

- Transform supply base for balancing risk, building agility, and delivering productivity with a continued focus on business continuity
- Restructure supply base, from 'heavily regionalized' to 'globally diverse best cost country locations' that includes China, India, Mexico, and ASEAN
- Deploy best in class, digitally accelerated should costing capabilities to drive faster throughput and achieve aggressive yet achievable cost productivity

The offering has a very clear execution approach with a 5-step framework, which ensures repeated success every time.

1. **Fact Base Costing:** Derive cost models for identified target components/products and prepare a base for negotiation/comparison. Identify the best country for sourcing based on landed cost, lead time, and agility
2. **Sourcing Strategy:** Develop sourcing strategy with make vs buy analysis and with market intelligence
3. **RFQ and Response Evaluation:** Launch RFQ and analyze supplier's competitiveness and target pricing
4. **Negotiations and Business Awards:** Carry out fact-based negotiations, do the contracting with necessary terms, conditions, and awards
5. **Product Development and Sustaining:** Project kick-off and carry out advanced product quality planning (APQP), product development, inspection, and validation. And set sustainable practices like testing and validation, CAPA, and continuous improvement



## Benefits

A solid framework that is tailor-made for specific organization needs over multiple business perspectives as given below.

- Product quality, cost, features, and positioning
- Response time w.r.t market, customer, and competition
- Geographic preference
- Digital transformation aspirations
- Aftermarket needs
- ESG goals

This sets in an objective and repeatable process which turns into a culture. The benefits reaped by industry leaders utilizing Tech Mahindra's strategic sourcing services are:

- Year-on-year cost productivity up to 15%
- Improved product quality by 20%
- 20-25% reduction in operational cost
- 30% reduction in turnaround time (presence of onsite engineers at shop floor and net Inspect tool being utilized)
- On-site clarifications to technical queries
- Real-time information on project progress.

## Tech Mahindra NXT.NOW™ Advantages

With the expertise and digital tools, Tech Mahindra has established a framework that consistently achieves success, to deliver sourcing strategy to its customers.

### ❖ *Expertise*

- 75+ years of sourcing parts for manufacturing, 24+ years of engineering expertise
- 125+ SAVE certified engineers saved \$2 billion on should costing
- Sourcing spends covered annually \$4.8 billion
- End to end product development for design to production – mechanical, electrical, and electronics
- 100% ownership and proven delivery models
- Integrated engineering services laboratory for teardown, benchmarking, and value analysis and value engineering activity

### ❖ *Strategic Objective*

- 8000+ vendor connects across the globe
- Product cost optimization through best cost country
- End-to-end supply chain expertise
- Connectivity with good Test lab / Tooling Vendors

### ❖ *Digital Tools*

#### Own IPs:

- iScan - vendor onboarding platform
- Doc.ai - document analytics
- iDecisions - AI/ML analytical tool
- Costimator - should costing platform

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