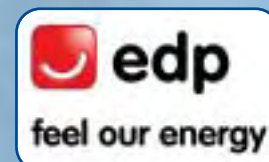


TSMS delivers benefits to EDP



Achilles Total Supplier Management Solution

Case study: Energias de Portugal - EDP

EDP is the largest electricity company in Portugal and one of the top four in Iberia, with a strong presence in electricity generation, distribution and supply. EDP also has activities in the gas market, where it is the second largest player both in Portugal and Spain, and is active in South America, operating as Energias do Brasil.

The challenges

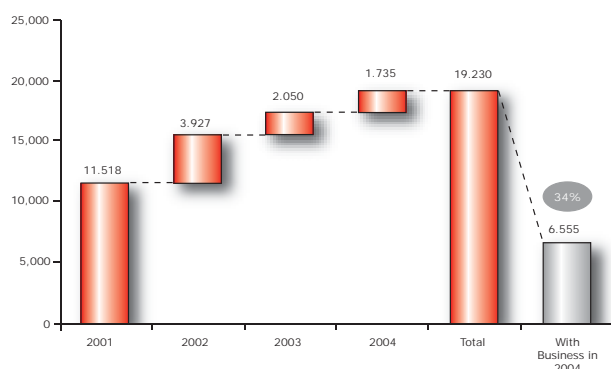
Operating in an increasingly competitive energy market, EDP needs to achieve high levels of service, at low risk – and a well-managed, accurate, quality-led supplier management service is part and parcel of achieving these goals.

The key issues facing EDP

- ERP systems outdated with over 19,000 suppliers across 4 databases, only 6,500 of which were active (see graph opposite). At this supplier growth rate there would be 25,000 suppliers in five years
- Quality & consistency of supplier data; 82% of suppliers without email, wrong addresses, lack of VAT numbers etc
- Non-compliance with documentation management laws
- Different SAP systems and supplier numbers for the same supplier

Only 6,555 of the 19,230 suppliers had commercial relations with EDP in 2004

Supplier registration evolution



The solution

EDP asked Achilles, an acknowledged expert in delivering supplier management solutions, for help.

Achilles worked with EDP's procurement team to look at the existing systems and problems, before proposing a tailored total supplier management solution (TSMS).

A new solution was built around EDP's existing internal systems (SAP, and Sinergie, its internal marketplace), and RePro, Achilles' supplier management service which EDP and other utilities use to manage strategic suppliers.

"Many of the problems that confronted EDP are similar to those of other buying organisations; difficulties in co-ordination with suppliers, the lack of a global supplier management system and the absence of a common strategy for managing supplier data."

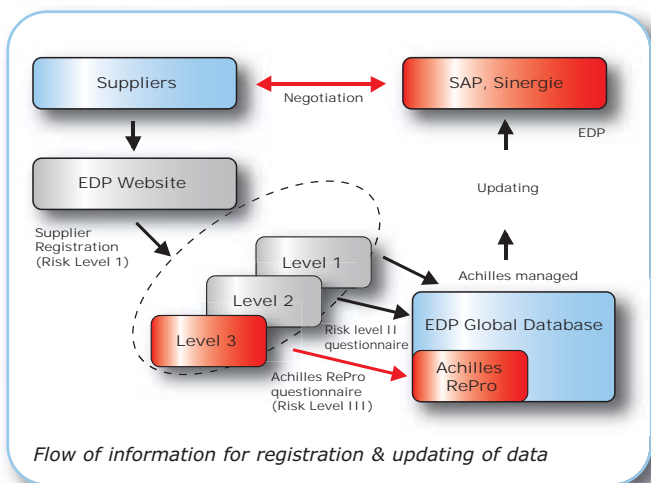
Luis Marques Ferreira
Procurement Director
Purchasing & Negotiation Business Area

"This is compounded by the need to increase purchase volumes (through centralisation and spend aggregation). This in turn places an even greater emphasis on managing supplier risk, and the growth of supplier numbers registered in SAP, with nearly 20,000 suppliers registered, less than 7,000 of whom have been active in the past year."

"Purchasers can select suppliers in the knowledge that the data has been validated by Achilles"

Achilles Total Supplier Management Solution

The solution (continued)



This solution allowed all existing and potential suppliers to be categorised into low, medium and high risk levels, in line with their product/service activities. Suppliers are registered via the EDP website, and the data validated by Achilles.

Any supplier falling into the medium or high risk category was automatically sent an additional, more detailed Achilles (RePro) questionnaire. To become a qualified EDP supplier, this questionnaire had to be completed and returned. In addition, suppliers that completed the questionnaire then had their details circulated to the wider RePro-buying community – raising their profile and increasing the chance of being asked to tender for work.

The registration data was interfaced with EDP's systems, providing the company with clean, validated data across the whole of its business, and a global view of supplier risk when sourcing and selecting suppliers. Achilles regularly maintains the supplier records, ensuring that the data is accurate and up-to-date.

The result

EDP is now easily able to obtain an overview of its supplier data and identify the risk associated with any particular category, service or supplier. The company's procurement professionals know they are working with validated, accurate and quality data, which provides a sound foundation from which to work. This gives them the necessary confidence they require when buying a particular product or service.

Overall benefits - a summary

- QUALITY assurance and validation of existing / potential supplier data is carried out by Achilles
- ONE registration system provides EDP with a single, global view of supply chain risk and capabilities across its entire supplier base and visibility of new potential suppliers across the group
- LOW COST implementation offering high delivered value – and at a fraction of the cost of commissioning new ERP systems
- SINGLE product classification across the whole of EDP – allowing expenditure and supplier activity reporting to take place across the whole company
- HARMONISATION of procurement processes across the group through use of a single supplier management solution
- CLARITY of process for suppliers and increased exposure to other utilities
- SIGNIFICANT reduction in administrative effort to maintain supplier data globally across the EDP group

What the customer said...

"EDP purchasers now have a global risk management system available through the internet that provides buyers with a list not only of qualified suppliers, but also of potential suppliers.

"Purchasers can select suppliers in the knowledge that the data has been validated by Achilles, and the required level of supplier data is provided in line with each supplier's risk level.

As the data collected at registration is synchronised with EDP's internal systems, the supplier records remain accurate and up-to-date across our organisation."

**Luis Marques Ferreira, Procurement Director
Purchasing & Negotiation Business Area
Energias de Portugal - EDP**

Find out how your company could benefit from TSMS, Achilles' total supplier management solution, by contacting us today.