

Dr. Michael F. Gorman Editor-in-Chief INFORMS Journal on Applied Analytics University of Dayton School of Business 300 College Park, Dayton, OH 45419

Dear Dr. Gorman,

It is truly my pleasure to submit the results of the work our Business Analytics team has done, for publication in the INFORMS Journal on Applied Analytics. The Tail Spend Supplier Rationalization project was a team effort between our Spend Analytics and Global Strategic Sourcing teams, utilizing all areas of analytics. This project started adding value to Verizon from the start, providing clear direction for our sourcing experts, which helped us gain our business partners' trust. While analytics was key for this project's success, the flawless execution of our category sourcing managers and the trusted partnership we built with our suppliers really delivered the business results.

To provide some background about this work, in 2017 Verizon announced it's plans to reduce its operating costs by \$10 B within 3 years, initiating one of the worlds largest public business transformation initiatives. This required revisiting of major business processes and practices across all Verizon business units. Verizon's Global Strategic Sourcing organization was one of the pioneers in this transformation. Through this project we leveraged an innovative blend of Artificial Intelligence, Machine Learning and Optimization to reinvent our strategic sourcing approach on how we think of supplier selection, supplier evaluation, and supplier negotiations.

The analytical solution our Business Analytics teams created was able to run through millions of rows of transactional spend data with incredible speed and provide business insights needed for successful supplier negotiations. This work would have taken weeks for our sourcing teams to manually get through, extend negotiations and decrease our leverage.

Some of the immediate benefits included: multi-million dollars of cost savings in contract negotiations, price per unit variance reduction, centralized category management strategy, a patent with United States Trademark and Patent Office and winning the third place award in the prestigious Innovative Applications of Analytics Award in April 2019. In addition, we expect the long term benefits to materialize after we apply this process to our remaining sourcing categories.

When I look at the path we have gone through to execute this project, I not only see the Verizon credo in play but also I see the INFORMS community values in action. Here at Verizon, we believe by enabling transparent communication with our suppliers we can achieve our corporate mission: Deliver the promise of the digital world.

Please feel free to contact me directly if you have any questions and I thank you and the editorial board, especially Juan Jamarillo and Erick Wikum, in advance for giving us this opportunity and considering this work for publication.

John M. Vazquez

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