

# Supplier and Commodity Spend Optimization - Summary

The presentation by **Team Ringo** on "Strategic Supplier and Cost Analysis" centers on enhancing the procurement activities of **Sky Harvest Industries**. The main focus is on understanding where money is spent, identifying key suppliers, and determining which commodities drive costs. This analysis is crucial for improving cost efficiency, managing suppliers more effectively, and planning future procurement strategies. By analyzing procurement data, the company can make informed decisions that support negotiations, optimize resource allocation, and improve the efficiency of procurement processes.

The **business problem** identified is a lack of visibility into key procurement metrics, which has led to rising costs and inefficiencies. The company struggles with uneven supplier utilization, high procurement costs, and potential resource misallocation. To address these challenges, a comprehensive analysis of procurement activities is essential. This will allow the company to track supplier performance, understand cost distribution across departments, and assess commodity-based expenditure more effectively.

**Supplier and commodity analysis** plays a vital role in the proposed strategy. By identifying major cost drivers and key suppliers, the company can optimize spending, improve its supplier negotiations, and diversify its sourcing strategies. Additionally, a detailed review of hardware maintenance expenditures suggests opportunities for consolidating suppliers and negotiating better terms with high-spend suppliers, such as IBM and Oracle, while also exploring alternative suppliers for software and cloud services.

The presentation concludes with several **strategic recommendations**, including increasing supplier diversification in critical areas like strategic sourcing and IT infrastructure. By implementing these recommendations, Sky Harvest Industries can improve its procurement efficiency, reduce costs, and strengthen its supplier management framework. This approach also supports better decision-making and ensures a more streamlined procurement process that aligns with the company's operational needs.