

CASE STUDY

FIRSTGROUP, A LEADING MULTINATIONAL TRANSPORT OPERATOR



Company

- Leading transport operator in the UK and North America
- Transporting 2.1 billion passengers per year
- Fleets of 50,000 vehicles
- Revenues of £6.4bn a year
- 100,000 employees across the Group

Objectives

- Provide solutions to local teams for their divisional procurement activities
- Improve visibility on cost reduction initiative to better leverage the group's size.
- Increase quality and relevancy of monthly reporting provided to the Management
- Identify and share best practices between the various divisions

Results

- Faster and easier reporting cycle at global level
- Improved visibility and recognition of cost reduction initiatives by the Executive Committee
- The procurement best practices are homogenous and shared in the different divisions

« Per Angusta has helped to facilitate more robust conversations between procurement and finance in setting annual procurement savings targets. For the first time, we are able to put procurement reports to the Executive Committee each month to show tracking against targets and forecasts. It has raised the profile of procurement in the organization and given our teams more visibility and credibility with management. »

→ FINALLY - A PERFORMANCE DRIVEN SOLUTION THAT SPEAKS TO BUYERS AND MANAGEMENT!

FirstGroup is a leading transport group operating bus, coach, rail and tram services, primarily in the UK, USA, Canada and Ireland. Employing circa 100,000 staff, its 5 business divisions (First Rail, First Bus, First Student, First Transit, Greyhound) generate approximately £6.4 billion in revenues and transport 2.1 billion passengers a year operating, managing or maintaining combined fleets of 50,000 vehicles.

First Rail is one of the UK's most experienced rail operator and carrying around 26030 million passengers across three major rail franchises: Great Western Railway (GWR), South Western Railway (SWR) and TransPennine Express (TPE) and our open access operation.

First Bus is one of the largest operators in the UK running 6,000 buses, and transporting 1.6 million passengers per day with a fifth of the market outside of London.

In North America, First Student is the largest operator of yellow school buses, serving 5 million student journeys per school day with 44,000 vehicles operating from locations across the US and Canada.

Greyhound is the only national operator of intercity coaches in the US and Canada with 4,000 destinations including Mexico. Greyhound serves 17 million passengers a year using 1600 vehicles.

First Transit is one of the largest private sector providers of public transit management and contracting together with providing vehicle maintenance and related support services. First Transit owns or operates 12,600 vehicles and maintains a further 35,000 with 310 operating locations across the US and Canada plus operations in Puerto Rico, India and Panama - all in all transporting approximately more than 3450 million passengers a year.



→ GLEN LOVETT: AN OUTLIER CPO LOOKING TO DELIVER STRATEGIC VALUE BEYOND SAVINGS

As Head of Group Procurement for FirstGroup, Glen is responsible for coordinating the organisations diverse and disparate procurement functions with 50 employees spread across the UK and US managing an annual spend of over £3bn.

In the UK, each business has its own procurement team including one focused on rail franchise bidding and/or mobilisation. In the US, the group has a centralized procurement team.

Glen's dilemma was being blindsided by disparate operations, tools, spreadsheets and practices, while having to find new ways to identify and generate savings due to cost pressures elsewhere.

“A procurement person is trying to save as much money as possible but it’s becoming difficult with so many constraints. ... Governance aspects and organizational compliance to ensure checks and balances, like not using child labor in cobalt mining for our batteries, or ensuring we purchase electricity from renewable sources, or safeguarding against bribery – all this adds time and cost to the procurement exercise.”

“How do we join people together to see where the opportunities for savings are?” “Where are we using the same supplier, or buying the same or similar goods or services and how do we get a better deal exploiting synergies and/or leveraging our size and scale?”

“When we were trying to track spend, understand what is in the procurement pipeline, measuring savings was very difficult, and there was always this feeling that finance doesn’t believe in the numbers, particularly when it’s about savings hitting the P&L in the current fiscal year!” said Glen. Whilst we did have a standalone eSourcing tool, the procurement teams were using different spreadsheets in different formats with different savings methodologies so getting an accurate and consistent overview of procurement activity across the organization was almost impossible.

The gap was evident and the need to demonstrate procurement value to finance led Glen in search of an appropriate tool.

→ VISIBILITY ON DAY-TO-DAY SPEND AND SAVINGS: A HANDS DOWN WIN FOR PER ANGUSTA

Shopping initially for a spend analytics solution during a webinar, Glen was instantly grabbed by Per Angusta’s demonstration of its sourcing pipeline management visibility. It was day-to-day transparency beyond mere spend and savings tracking.

A 30-year veteran within procurement and supply chain, in both the private and public sector, Glen was pretty confident he had stumbled on a unique solution in Per Angusta. Although FirstGroup uses SAP in the UK and JD Edwards in the US for its P2P processes, he knew both the systems well enough to know they tend to be “too clunky and too expensive” for specialist solutions such as this. Moreover, matching up to what Per Angusta offers was going to be difficult because it’s not part of their core expertise.

He added, *“For 10 years we used Determine’s Smartsource for e-sourcing. They had a savings tracking module we could add on but it was nowhere close to what Per Angusta offered. Also, Smartsource had a contracts repository that was not their strongest point.”*

For Glen, Per Angusta was “very good value for money”, largely because of its well thought out sourcing pipeline automation made for day-to-day team collaboration and management agility. For just a fraction of the price

of larger established vendor systems, Per Angusta demonstrated a real understanding of the procurement mindset and function.

His strategy was to use Per Angusta as their centralized system, integrating other agile systems into it to get visibility on the entire spend analytics and sourcing activities up to contracting and real-time savings insight.

Nevertheless, it was very important for Glen that the decision on Per Angusta would be a shared one with his heads of procurement. A demo led by Per Angusta founder and CEO, Pierre Lapree, got their buy-in on the solution’s value in delivering operational transparency, visibility and exceptional ease-of-use.

Glen said, *“As the Per Angusta team has a background in procurement, it was like talking to experts who spoke our language, understood our real life business challenges and matched the system exactly to our operating environment. The value of having an experienced procurement team creating a software solution must not be underestimated.”*

→ UNDENIABLE VALUE FOR FIRSTGROUP: OVERALL WIN IN ELEVATING PROCUREMENT’S ROLE

Glen and his procurement teams have deployed Per Angusta for about 18 months and used its pipeline management module across FirstGroup’s UK and US operations.

They were able to sell it to their respective divisions to centralize and manage their day-to-day procurement projects on Per Angusta. As a result, they are now able to track spend and savings details for comparison and proactive management within and between teams.

“It has helped to facilitate more robust conversations between procurement and finance in setting annual procurement savings targets. ... And for the first time, we are able to put procurement reports to the Executive Committee each month to show tracking against targets and forecasts. It has raised the profile of procurement in the organization and given our teams more visibility and credibility with management.”

“Using Per Angusta is about having a performance-driven management system by a professional that relates to real life situations in optimizing strategic sourcing.”

Glen is considering integrating Per Angusta’s best of breed partner solution Market Dojo for e-sourcing capabilities and deploying Per Angusta’s contract management module next. Although FirstGroup in the US are using another CLM tool, it doesn’t integrate with the rest of the system and appears to have more unused features than the group needs.

A true advocate, Glen would like to see Per Angusta integrate with other like-minded and best of breed systems for FirstGroup’s evolving needs.