Towers Perrin challenge is met with IBM e-business on demand solution.

Overview

- **Challenge**
  Quickly get a new e-procurement solution up and running

- **Solution: Integrating Stage**
  Fully automated, tailored e-procurement implementation, along with hosting and management, with flexible utility-based pricing

- **Why IBM**
  IBM could deliver an e-business on demand™ solution tailored to Towers Perrin's need for skills and technology without requiring a huge initial investment

- **Key Business Benefits**
  Potential savings of several millions of dollars in the first year and $80 million by 2007; solution up and running in three weeks; tremendous flexibility to help meet continually emerging requirements

- **Software**
  IBM DB2® Universal Database™; IBM Tivoli® Storage Manager; Ariba Buyer

- **Servers**
  IBM @server xSeries™

- **Services**
  IBM Global Services; IBM e-business Hosting Center™; IBM e-business on demand ; IBM Application Hosting for Ariba Buyer

Although Towers Perrin helps organizations manage people, performance and risk, it was having difficulty managing its spending for office supplies, so it turned to IBM for an e-business on demand solution.

Providing management consulting services to three-quarters of the world's 500 largest companies, Towers Perrin (*www.towersperrin.com*) is a truly international company. Working out of 78 offices spread across 23 countries, Towers Perrin's 9,000 employees strive to help customers manage their investment in people to achieve measurable performance improvements.

A significant part of Towers Perrin's operations, nearly 60 percent of its budget, is devoted to procuring office supplies. However, the firm's manual purchasing process was complex and difficult to control. "It was a major

problem," says John Hays, Towers Perrin's director of global sourcing and procurement. "We had no real ability to manage spending and vendor relationships on a day-to-day basis."

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Towers Perrin wanted to lower admin-istrative costs and supplier prices as well as make it easier for clients and employees to access goods and services. It decided to link its purchasing operations to a global network of more than 30,000 suppliers through Ariba's Commerce Network. But finding a way to run this new e-procurement solution proved to be a challenge in itself. "We're already overburdened on the IT side," says Hays. "The last thing we want to do is throw something else into the mix."

Hays also needed to avoid a large up-front investment in skills and tech-nology while meeting the firm's goal of migrating a large percentage of its procurement transactions to the Web during the 2002 calendar year.

Overseeing a successful solution
IBM delivered an e-business on demand solution that lets Towers Perrin acquire exactly the skills and technology it needs without paying for extras it doesn't need. Combining usage-based pricing with predictable monthly billing, IBM Application Hosting for Ariba Buyer can be tailored to match unique buying patterns—giving Towers Perrin precisely the solution it was looking for in only three weeks. What's more, the entire Ariba Buyer procurement solution is hosted and managed by IBM.

From requisition to payment, Towers Perrin's purchasing process is now fully automated. The solution's infra-structure includes Ariba Buyer and IBM DB2 Universal Database software running on IBM @server xSeries systems located in an IBM e-business Hosting Center. Tivoli Storage Manager is also used to back up customer business data.

Uplifting results
The e-business on demand model gives Towers Perrin the ability to easily adjust its services contract as its needs change. "The IBM-hosted service offers flexibility, security and support for our fast-growing procurement needs," says Hays. "We gained speed and efficiencies from IBM Global Services management expertise and flexible utility-based pricing from IBM Application Hosting for Ariba Buyer."

"Towers Perrin expects to have 40 to 60 percent of its procurement spend-ing online in 2002, and 85 percent within three years," adds Hays.

Moving the bulk of its procurement transactions online could save the firm several million dollars in the first year alone. More effective control over procurement costs, spending and inefficiencies could result in an additional savings of $80 million by 2007 as Towers Perrin adds procure-ment for marketing materials and temporary help to the system.