

# HELVETIA REDEFINES ITS PURCHASING PROCESS AND GOES DIGITAL



The insurance company has recently created a new Purchasing Management Office for its Italian headquarters, involving the redefinition of roles and activities and the introduction of a digital platform offering a supplier portal, the Sourcing System for quotation and estimate management, Vendor Rating and the contract archive. These integrated solutions have created a “virtuous digital circle” that embraces the entire process

A structured purchasing process, managed by a digital platform covering supplier qualification, requests for quotations and estimates, performance assessment and a digital contract archive: this is the reality today at the Italian headquarters of Helvetia, the international insurance group with a Swiss identity and operations primarily in central and southern Europe, which has seen significant evolution since 2013 of the Purchasing Management function, with the introduction of an integrated digital approach to replace widespread use in the past of spreadsheets, email and paper documents.

The Company has been working in Italy for over 60 years, during which it has consolidated its positioning by expanding the distribution network and making a series of strategic acquisitions.

In parallel with the development of the Italian branch and growing awareness that purchasing is an extremely important cross-company process, the need arose to create a Purchasing Management

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HELVETIA



Office with the specific competences needed to centralise the entire decision-making process. Until 2013, purchasing activities were managed independently in each area of the company and the only centralised function was performed by an administration unit in General Services, assigned the task of managing the invoices payable cycle using the company's SAP management suite. The answer to this need was the creation of the “Purchasing and Cost Control” function, led by Luigi Sironi, who reports to the Director of Operations.

## HALF OF ALL SUPPLIERS WORK IN IT

«When we launched this project, our main aims were to apply structured management principles to supplier relationships, to gain a better understanding of who these suppliers are, and to systematically collect a set of information on which to base purchasing decisions. All this is essential in a sector

like insurance, where 50% of all suppliers work in IT and are hard to replace, because they often operate in the framework of long term agreements, particularly in the area of corporate software management. Replacing a company that provides ERP software used to sell insurance products is by no means an easy task», stresses Sironi.

In 2014, the project focused on defining all internal procedures clearly and established, once and for all, that the Purchasing Function holds ownership of commercial relations with suppliers and the closing of agreements with third-party companies. This represented a radical cultural transition and was the subject of extensive change management initiatives led by the Purchasing Management Office.

«Before turning its attention to digital tools, the organisation worked to create its own identity and to define processes and ways of approaching the supplier market. After defining the rules, the next step was to introduce tools to manage operations more efficiently», said the manager.

This transition to new technology took place in 2015, with the introduction of web-based tools to manage the supplier registration (Vendor Management), sourcing processes (requests issued to multiple qualified suppliers to present their technical and commercial proposals) and performance assessment for the main suppliers (Vendor Rating). With this new approach (also known as Supplier Value Management), suppliers are placed “at the center” of the procurement process and make an increasingly important value contribution to the company.

The goal was to create an easy to use access point for all candidate suppliers, involving the rationalisation and standardisation of methods and processes to make them more streamlined, consistent and easy to track.

Using the integrated platform provided by Bravo-Solution, Helvetia is now able to manage supplier relationships across all procurement processes, from the selection process and contract assignment to performance assessment.

«Our supplier selection process identified Bravo-Solution as the right choice for two main reasons: its consolidated experience in the banking and insurance sector in Italy and worldwide on one hand, and speed of platform implementation and professional approach on the other. Less than a month after signing the contract and registering the first supplier, we were ready to issue our first online request for quotation», said Sironi.

Vendor Rating is used to manage periodic assessments of leading suppliers to provide insights about their performance, identify room for impro-

vement and decide whether or not to change provider, if this is feasible. But what is the point of these activities in the case of suppliers that are hard to replace? «Assessing performance, and therefore the level of service provided, contributes to identifying areas for improvement and points of excellence. It is important to define how clients perceive a particular supplier using a structured approach, in order to identify opportunities for change and improvement and to begin a conversation based on multiple insights».

Another system component the purchasing team finds particularly useful is the Contract Management function, which is used to administer the online contract archive, deadlines and KPIs. With the help of this function, a supplier search now provides access to the full spectrum of information relating to the entire Purchasing process.

To sum up, the new strategic approach to vendor management has had a positive knock-on effect in multiple areas: in supplier pre-qualification and qualification, which now take place in parallel; in the selection process, because the same parameters are applied to all suppliers of similar products and services; and in activity status tracking. But that is not all, because the functions used for supplier management (Supplier Value Management), Sourcing and Contract Management are integrated and the documents involved can be accessed at any time, creating a “virtuous digital circle” that embraces the entire procurement process.

