



## CUSTOMER SUCCESS PROFILE

### **Al-Futtaim Engineering Company, LLC**

*A solution provider to the Construction Industry, Al-Futtaim Engineering is a multi-disciplinary engineering organization which has been operating throughout the United Arab Emirates and in other parts of the Gulf Region since 1974. As a member of the Al-Futtaim Group, they enjoy the benefits of being part of one of the leading business houses in the Middle East. Their involvement in numerous large-scale projects in the UAE has given them a wealth of experience. From Scaffolding to Elevators and Security Systems to Air-Conditioning, Sanitaryware and MEP to Facilities Management, the Al-Futtaim name spells quality and reliability. They also represent various marquee brands across different industries like Hitachi Elevators, Sanyo Air Conditioning and Toto Sanitary ware in the UAE and other parts of middle-east region.*

#### **Challenges**

This project was launched at a time when Dubai was under severe pressure due to the Global Recession. With predictions of stagnant growth, credit becoming scarce, no equities available for any big projects, ongoing projects being halted in mid spire, difficult times were ahead for the Engineering industry in Dubai. The Middle East market in the last few years had seen demand for products and services far exceeding supply. On top of that, stringent specifications and preference for brands specified by external consultants had left buyers with limited choice for suppliers.

Al-Futtaim Engineering had seen good growth in the past years with their aggressive growth plans and was focused on improving their top line. As a diversified group, Al-Futtaim faced several challenges in the supply side which impacted cost-effective execution of projects. The sourcing practices were not optimal, resulting in increased cost of executing projects.

#### **The Solution**

Faced with an impending global recession, Al-Futtaim realized the need to focus on improving the bottom line and to become more efficient by standardizing processes as they continue to pursue their growth plan. What Al-Futtaim needed was a comprehensive strategic sourcing initiative that would help them manage their spend effectively. In November 2008, Al-Futtaim Engineering decided to partner with Ariba for spend management solutions. The scope of the engagement included a combination of Sourcing Services and Ariba Sourcing



*“The downturn in the construction sector forced an inward examination of all our processes, not the least of which was our buying mechanism. The adoption of the Ariba system has transformed our approach to the purchase function. This has led not only to significant dollar savings but also to a transparent, open methodology resulting in increased confidence and deeper commitment of our vendor base.”*

Mr. Vishesh Bhatia  
Group Director [EET]  
Al Futtaim Group



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Professional software solutions. A strong pipeline of sourcing projects was identified in addition to a cross-functional team to execute these projects. The team initially focused on high spend categories like HVAC equipments, Electrical items, Stores Fit out, etc. The first sourcing project was completed in December 2008.

*“During the current economic situation, adopting the Ariba online sourcing process has helped us in maintaining a fair and transparent procurement system yet achieving cost savings on various opportunities, which is of paramount importance in today’s competitive market environment.”*

Mr. Dawood Ozair  
Managing Director  
Al Futtaim Engineering, Al Futtaim Group

Ariba provided Al-Futtaim expertise in analyzing spend data, aggregating spend across the enterprise, augmenting the supplier base through supplier outreach, pre-qualifying suppliers by institutionalizing a Request for Information (RFI) process, preparing total cost Request for Quotations, using global best practices for sourcing, and using facts and technologies for negotiation.

The solution was gradually rolled out across categories as diverse as MEP Equipments and Consumables, Cleaning Services, Potable Water, Landscaping, AC Sub Contracting, Staff transportation, Scaffolding, etc. In little over a year, the team delivered identified savings in excess of 6 Mil USD by increasing spend under active management, bringing increased focus and domain expertise to the targeted spend categories, and leveraging spend across the enterprise to realize additional savings opportunities. Having seen the early success, Al-Futtaim became an early adopter and trained their internal team to run the Ariba process. In a year’s time, the team has run more than 100 online markets. Al-Futtaim Engineering Management decided to use the Ariba online negotiation tool as a mandatory requirement for spend exceeding AED 100,000.

The introduction of best sourcing practices, adoption of technology, category expertise, more supplier enablement and greater user involvement ensured that the initiative delivered cost savings, process standardization, a rationalized supply base and increased visibility into spend.

## Benefits

The benefits that accrued to Al-Futtaim because of the spend management initiative are multipronged. Not only have they saved money and become more competitive, the whole sourcing process has become more standardized, planned and disciplined. More suppliers were enabled through the process, which brought in competition in the negotiation process. Greater

transparency has been brought to the sourcing process by the use of the dynamic, auditable online negotiation tool. Being an early adopter, they ensured that all of their buyers are trained on using Ariba Technologies for sourcing. Since knowledge now resides within the organization, buyers are able to deploy the tool for sourcing various categories.

## Results

- Spend under management : in excess of 34 Mil USD
- Savings identified ~ 6 Mil USD
- Process standardisation
- High adoption of technology
- Improved process efficiency
- Increased transparency in the sourcing process
- Knowledge management