

# Ariba Spotlight

*“These outstanding suppliers delivered quality products quickly and presented creative solutions to challenging problems. In a highly competitive marketplace, that kind of support is critical.”*

**Jose Mejia,  
President of Supply Chain Networks**

## Lucent Technologies

A Fortune 100 company, Lucent Technologies designs and delivers the systems, services and software that drive next-generation communications networks.

In early 2001, as a result of the downturn in the telecom market, Lucent faced heavy market and operating cost pressures. As a result of having many autonomous business units and regions across the globe, Lucent's procurement organization was highly decentralized. In addition, multiple incompatible legacy systems existed as did manual sourcing and procurement processes which exacerbated the pressure on Lucent's Supply Chain Networks organization ("SCN").

### Improving Net Income by Reducing Selling, General & Administrative ("SG&A") Expenses

Undergoing significant market and organizational change was the catalyst that led Lucent executives to commence top-down cost and spend management initiatives across the company. The visionary leadership recognized the strategic bottom-line impact of indirect procurement and was looking to lower its costs while increasing value in non-core spend categories.

In order to achieve such improvements, the executive team realized that it needed to transfer the responsibility for spend management of non-core, non-critical SG&A expense categories to a third party to enable SCN to focus on core business. SCN also wanted to rapidly shift its fixed costs to variable costs. SCN sought a procurement BPO provider that could gain control over indirect spend, bring best practices in the complete procurement lifecycle, and be fully accountable for planning, execution and driving bottom-line results.

### Comprehensive Procurement BPO for Non-Core Categories and Processes

Lucent chose Ariba® to manage 14 indirect spend categories for the company-including advertising, print and marketing, IT, capital equipment and leasing, energy, environmental health and safety, HR benefits and services, telecom, travel, temporary labor, post-sales support, industrial supplies and equipment, and agricultural supplies and equipment-in North America, Europe and Asia-Pacific regions.

Ariba manages all functions for Lucent, including spending analysis, category sourcing, supplier negotiations, spend compliance, requisition management, invoice services, catalog and supplier enablement services, procurement help desk, as well as application hosting. Lucent has also deployed Ariba Buyer™ to 900 locations across 30 countries over a period of eleven months.

### Achieving Significant Bottom-line Savings and Industry Excellence

Decreased maverick spending, increased purchasing from preferred suppliers, and operational efficiencies have enabled Lucent to achieve such significant bottom-line savings.

In addition to achieving its savings goals, Lucent was also able to decrease its number of transaction centers from 16 to two-one in Europe and one in the United States-and increase its

productivity by dramatically reducing its transaction time from three weeks to approximately two days. Lucent has also consistently ranked in the top quartile of performers, across industries, in the Ariba-CAPS eProcurement benchmark program. Additionally, *Purchasing Magazine* recognized SCN's visionary leadership in managing its supply chain and procurement operations by awarding it *Purchasing's* Medal of Excellence in 2002.

### Indirect Procurement Outsourcing's Contributions to Lucent's Success Recognized with Multiple Lucent Supplier Awards

Ariba (through its Alliente acquisition now part of Ariba's Procurement BPO business) has won multiple Lucent Supplier Awards including the E.N. Barton Supplier Award and the Golden Link Supplier Award.

Lucent's E.N. Barton Supplier Award was awarded for efforts towards "achieving breakthrough milestones and ground-breaking accomplishments". Lucent's Golden Link suppliers are chosen based on a number of critical factors that are important to helping Lucent meet the needs of its customers. These include quality, timeliness of delivery, technology, innovation and overall value. Ariba (formerly Alliente) was recognized for its work with the outsourcing of Lucent's indirect procurement processes.

Jose Mejia, president of Lucent's Supply Chain Networks, commended award winners, "These outstanding suppliers delivered quality products quickly and presented creative solutions to challenging problems," said Mejia. "In a highly competitive marketplace, that kind of support is critical."

### About Lucent Technologies

Lucent Technologies designs and delivers the systems, services and software that drive next-generation communications networks. Lucent's Supply Chain Networks (SCN) group oversees the end-to-end provisioning of Lucent solutions to its global customer base. SCN is responsible for the management and oversight of supplier and supply chain engineering and management, product engineering, test and component engineering, procurement, manufacturing, logistics and distribution, as well as the company's outsourcing and contract manufacturing efforts. For more information on Lucent Technologies, which has headquarters in Murray Hill, N.J., USA, visit <http://www.lucent.com>.

### About Ariba

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba's Managed Services team can be contacted in the U.S. at 1.650.390.1766, in Europe at +33.1.70.37.35.27 or at [www.ariba.com](http://www.ariba.com).



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