

## Verian Constructs Success for Caterpillar Dealership

Whayne Supply, a 1,000-employee Caterpillar dealership headquartered in Louisville, KY. The dealership employs hundreds of people across their 16 locations that purchase millions of dollars in mechanical parts, services and supplies each year. Although Whayne is one of the few Caterpillar dealerships in North America with a centralized purchasing department that negotiates supplier contracts, they still lacked quality, aggregated data that would reveal opportunities for even better negotiating leverage.

Better contract negotiation was just one of the reasons Whayne's Vice President of Finance, Steve Meredith, started to look for an automated purchase-to-pay system. Meredith was looking to replace an outdated system that was creating too much manual work for his purchasing employees. "We had five accounts payable clerks doing nothing but reconciling purchases and manually reentering data from 50,000 purchase orders into our accounts payable system each year. Just entering a purchase order took an hour." said Meredith.

After a thorough selection process involving several competing vendors, Whayne selected Verian Technologies. Verian's web-based purchase-to-pay software solution with sophisticated purchasing automation capabilities exceeded all of Whayne's functional and technical requirements.

Verian enabled Whayne to start conducting spend analyses to get a better grip on their purchasing habits. The solution also enabled Whayne employees to utilize vendors' negotiated contracts. Prior to implementing Verian's solution, Whayne's



First Year Bottom-Line Savings	Amount
Contract Compliance	\$500,000
Recovery of Lost Service Billings	\$640,000
Process Improvements	\$3,532,000

out-of-contract spending was at 35 percent. "Even though we negotiated good deals, some of our locations were still going outside those contracts for purchases," said Les Long, Director of Purchasing for Whayne Supply. "Most of the time, they were paying higher prices, which was wasting Whayne's money." Long said those higher prices cost Whayne at least \$500,000 each year.

The better negotiating power is paying off as well. Soon after launching Verian's applications, one of Whayne's largest vendors agreed to eliminate freight charges on all shipments - a \$20,000 annual savings. Even beyond the free shipping, Whayne started using data from the system to negotiate discounts from 5-15% on purchases with the same vendor.

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Key Wayne Supply Purchasing Metrics	Before Verian	After Verian
Time to issue, receive PO & pay invoice	120-150 minutes	4 minutes
Avg. cost to issue, receive PO & pay invoice	\$83.25	\$12.60
Total cost per year (@50,000 POs/year)	\$4,162,200	\$630,000

In addition to better contract negotiations, Wayne was also able to fix a hole in its procurement process. “In our old system, there was nothing in place to prevent our customers from being billed before we knew the full cost of the parts and services used for service work,” said Long.

Long said that this problem amounted to at least \$40,000 per location in lost revenue each year. Verian’s teams integrated their applications with Wayne’s work order and accounts payable systems to capture key information on the front end and pass it through without requiring re-entry of data. This integration has plugged the hole and added \$640,000 to Wayne’s bottom line.

Verian’s purchasing solution enabled Wayne to reduce a 15-step purchasing process down to eight. Wayne’s online catalogs are now pre-populated with up-to-date vendor pricing and item information. The process is completely

automated, including purchase order delivery, so there’s no paperwork to send or calls to make. As a result, it now takes just 4 minutes to issue a purchase order. And the average cost of issuing, receiving and paying is now \$12.60, for an annual total of \$630,000 — savings of \$3,532,200.

While the benefit of process improvement to Wayne’s bottom line is indirect, Wayne’s customers benefit directly. Jobs are completed much faster, increasing customer satisfaction and loyalty.

“I’ve been very impressed with the quality of service we’ve received from Verian,” said Long. “They understand purchasing and quickly grasped the nature of the challenge we were facing here at Wayne. The Verian professional services team was able to work with our staff to implement the system much faster than I’ve ever seen a comparable system implemented.”

Wayne Supply has radically transformed the way they conduct purchasing — in a relatively painless fashion. With Verian’s help, Wayne solved their most challenging issues, including off-contract buying, lack of reliable data for negotiations, lost service billings and inefficient approval procedures. For more information, call Verian Technologies at 1.800.672.8776 or visit us online at Verian.com.

