

# M&A Under the Lenses of Procurement: Pre & Post-Integration Efforts

HELPING LEADING ENTERPRISES WORLDWIDE ACHIEVE EXTRAORDINARY RESULTS

Alex Guarino, Senior Manager GEP



- Background



- Pre Spin-off Activities

- PMO Overview
- Gap Analysis
- Knowledge Transfer

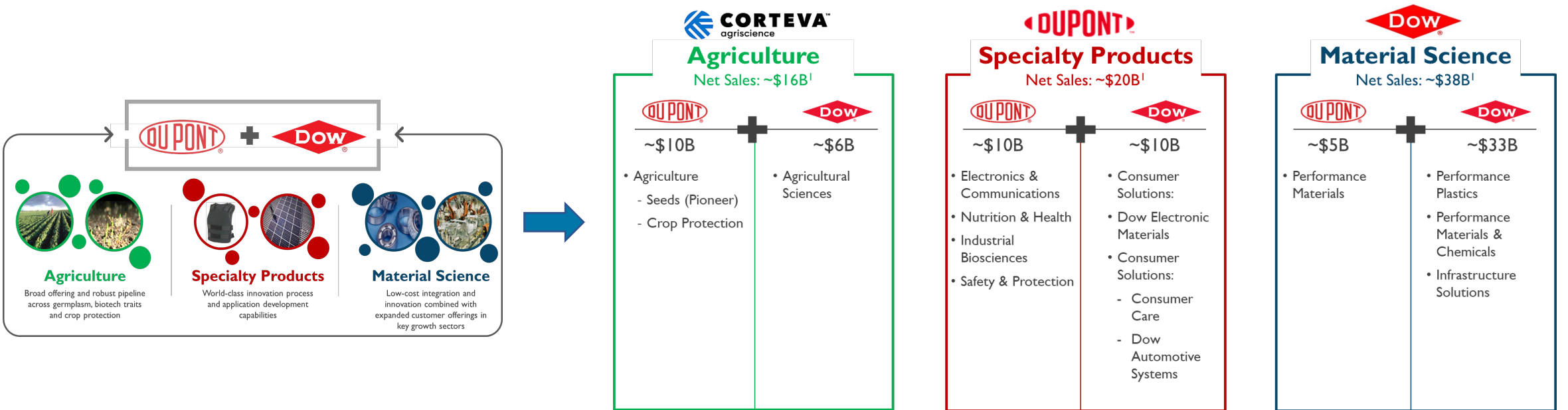
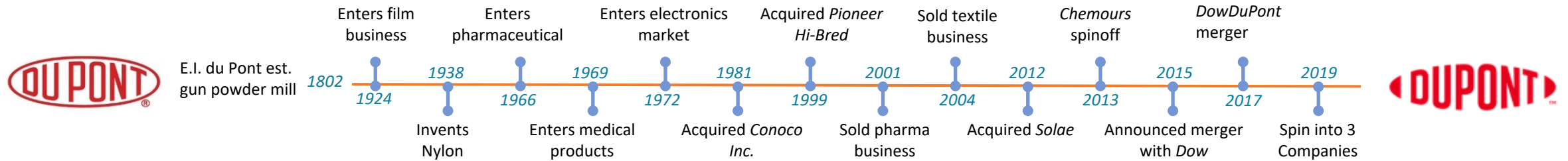


- Post Spin-off Activities

- HyperCare
- Accounts Payable



# Background



# SpecCo Integration Progress PMO Overview

## Weekly Summary

Raw Material GPSA negotiation is behind timeline, given the fact that Dow has no incentive to expediate progress, actions required from SpecCo side to close negotiations. SPL Site visit in NA is delayed due to inclement weather (week of 1/28), major hDow site visit deadline on Feb 15<sup>th</sup> is at risk. For RTO, Lisa Palser to follow up with Janice and learn if frequency of contracts uploading to e-Sourcing can be changed from monthly to weekly. On the other hand, we need to expediate hDuPont to MatCo contract assign and mirror – only 55% completed and no contract has been visible to MatCo. No risks observed from Logistics. KT is 70.2% completed (45% of subcategories are fully completed).

Reporting Status	Workstream	Risk Level		Comments
		This Period	Previous Period	
R	RMEP	Medium	Low	Salvador and Lisa will work to expediate GPSA negotiation
R	Indirect	High	Medium	Impact of potential requisitioner shortage is under investigation. Based on analysis to date, risk seems isolated but further verification required; NA SPL Site Visit is delayed due to inclement weather
R	Logistics (Operations)	Low	Low	LIT Global Leads met in Hong Kong for AP go-live preparation
R	Logistics (Procurement)	Low	Low	Modal Leads and Integration Leads conducted workshop in Belgium for EMEA Workshop to identify 2019 projects
R	SSC	Low	Low	Successfully handling carve 3 volume for APAC and LA
R	RTO	Medium	Medium	hDuPont assign and mirror 70% completed hDow assign and mirror to SpecCo 63% completed Need contracts uploading to e-Sourcing on weekly basis Need to begin uploading contracts for hDuPont to MatCo into tool
R	IT	Low	Medium	Dow cloned LnT window confirmed: mid-August to mid-September

### Reporting Status:

- R Update Received
- B Bi-weekly update; update will be received next week
- V Workstream Lead on vacation
- T Workstream Lead is traveling

### Risk Level:

- Low
- Medium
- High

# Pre Spin-Off Activities 1 of 2: Gap Analysis

- Gap Areas Identification**

- Identify integration areas where processes might be different, e.g. Insurance, CAPEX Management, Accounts Payable, IT & Telecom, Staff Augmentation, Utilities Set Up

- Monitoring and Tracking**

- Create tracking tool to monitor and record gaps between old and new processes
- Develop meeting cadence with stakeholders who have communicated with and/or visited the sites directly involved in the merger
- Consolidate gaps into the tracker and through internal communication identify the proper group to address them

- Timeline**

- Overall gaps should be all identified and well communicated internally by the day of Spin - Off



Regio	Site	SPL	IPL	BU	Gap Area	Gap Description	Solution	Owner	Urgency L/M/H
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Agreement Management	Energy bills - how are they going to be paid?	Future state of Energy Bills	Escalate to Tom Martenelli	M
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Agreement Management	S&C Johnson SLA	Contracts need to be assigned to the site	Mike Hendry	M
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Staff Augmentation	<b>No Contract in place</b> - Excebec Inc - contract labor Providing support for main gate security, logistics, production, maintenance, fire prevention, stores	Operate under the blanket order post spin. Christine Lukasic will review the opportunity for a Master Agreement and future strategy	Follow up with Chris Lukasic	L
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Agreement Management	Quebec Linge - Uniform services	Site contract that needs to be assigned to DuPont	Hendry Mike	L
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Agreement Management	Schneider trucking	Contracts need to be assigned to the site	Hendry Mike	H
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Agreement Management	CN Rail	Contracts need to be assigned to the site	Hendry Mike	H
NA	Varenes	Hendry, Mike	Beitler, AJ	S&C	Agreement Management	Customs broker (Livingston ?)	Contracts need to be assigned to the site	Hendry Mike	Solved



Site manager	Engineering Manager	CA	Operations	Procurement	Questions
				x	What are your high level roles and responsibilities pertaining to this buying category?
				x	Please confirm what items/services/sub-categories are considered as in-scope for Procurement?
				x	Please confirm is your understanding of spend in line with the figure of spend mentioned in the Global spend report?
				x	How actively does procurement collaborate with business to optimize processes/reduce costs or implement demand management initiatives?
				x	How do you monitor spend managed by procurement? Do you have a tool that reports spend? Can you share detailed spend report by sub-category, and supplier?
				x	How actively does procurement collaborate with business to optimize processes/reduce costs or implement demand management initiatives?
				x	What are the various buy/pay channels used at the site? And what commodities are bought through each?
x			x		Are you using Ariba? For what?
x	x	x	x	x	Are the requisitioners on-site or off-site?
			x		Lab Equipment
			x		PPE

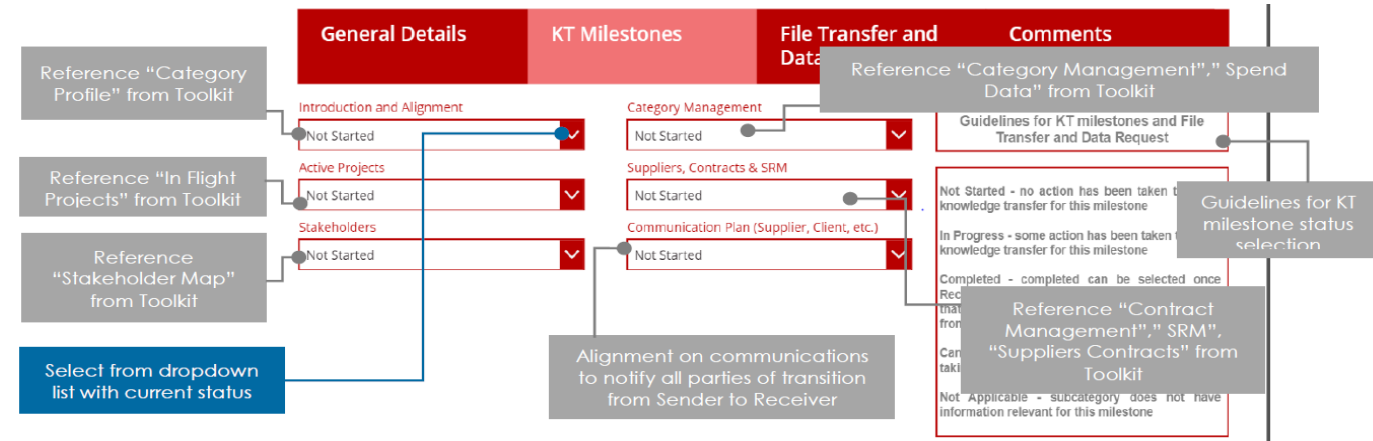
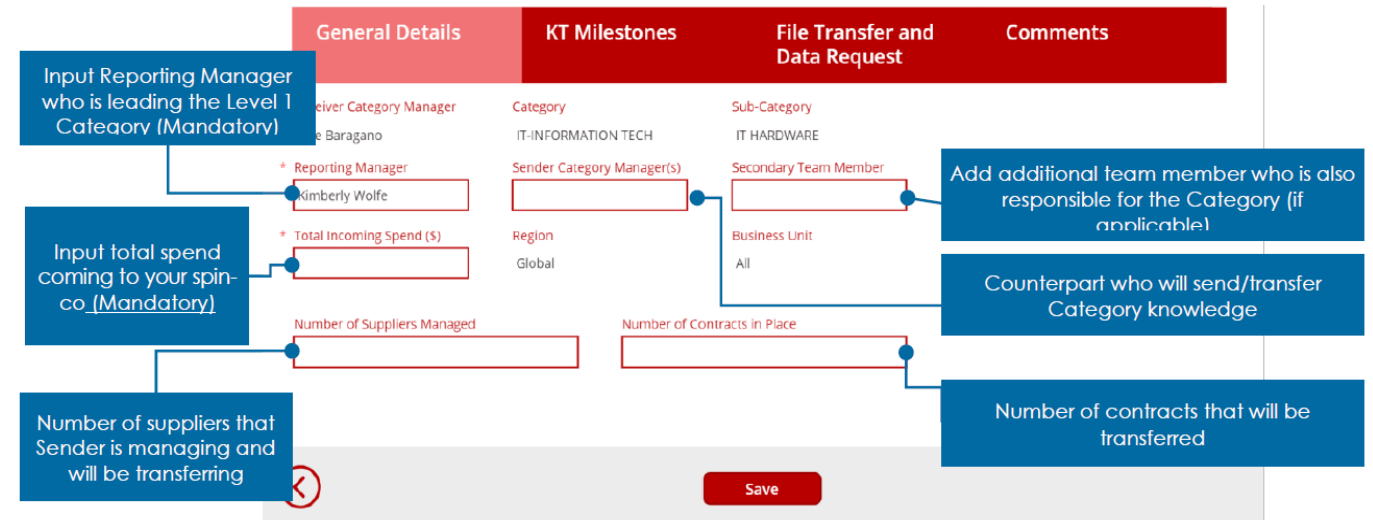
## Pre Spin-Off Activities 2 of 2: Knowledge Transfer

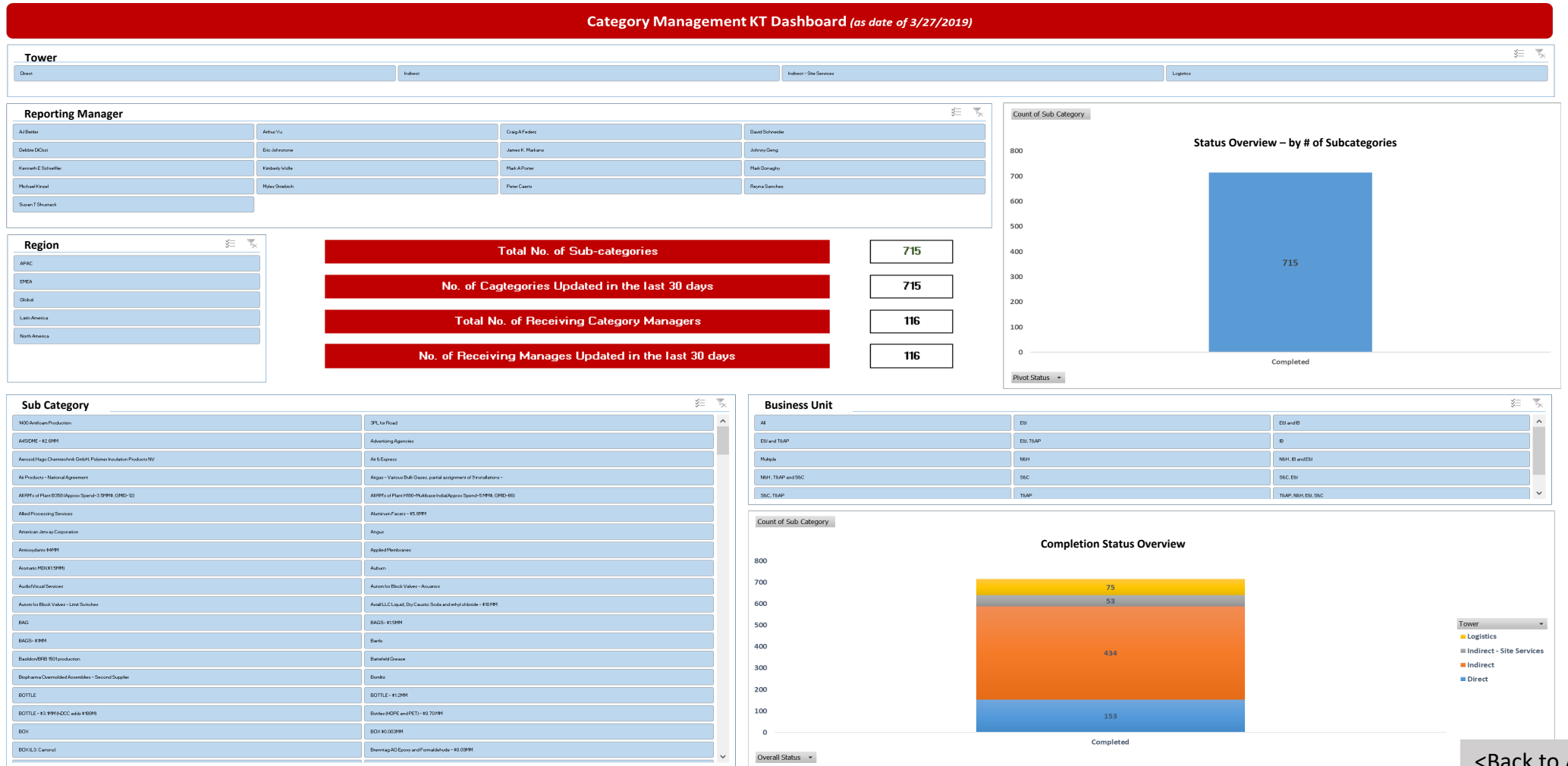
- Why did we build the KT App?

- There were not tracking tools to report the KT progress
- Needed to quantify and predict the amount of workload required
- Needed to get a written confirmation that testified the completion of KT by DuPont from Dow

- Why was it challenging to create and implement?

- Needed to navigate a complicated Knowledge Transfer mapping structure (Not a 1:1 - Dow had multiple per category vs DuPont had one)
- Knowledge Senders and Receivers needed to be trained on how to update the KT App
- Senders would often delay the transfer of contracts/agreements with Receivers postponing agreed deadlines

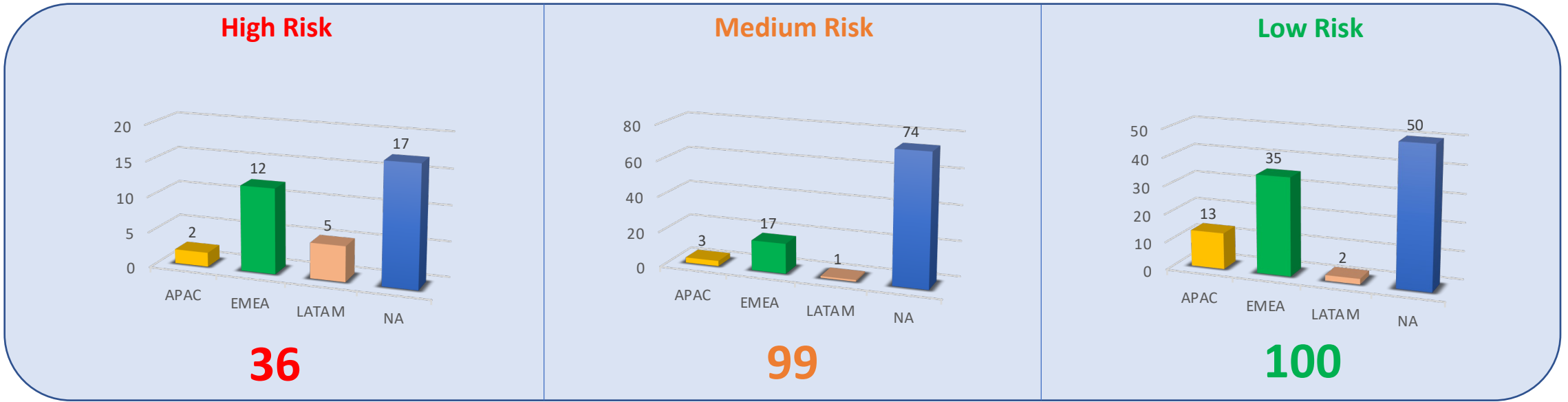






# Gap Analysis: Results at the time of Spin-Off

## Issues' Risk Level Breakdown



## Issue Status as at the time of Spin-Off

	HyperCare	HyperCare
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# Post Spin-Off Activities – 1 of 2: HyperCare

- HyperCare Team Development

- Identify a “HyperCare Team” which should be composed by integration leads across the organization, eg. Procurement Leaders, Tower Leads, Finance, IT, Utilities, SMEs

- Monitoring and Tracking

- Develop daily/weekly meeting cadence with “HyperCare Team” to facilitate internal knowledge transfer and issues resolution
- Create tracking tool to monitor and record issues discussed on the HyperCare meetings
- Consolidate issues into the tracker and assign an owner/resolutioner per each of them

- Resolution and Communication

- Coordinate communication with “Issue Owners” and share knowledge with all members of the HyperCare Team



Date mm/dd/yyyy	Reported by (Name)	Region	Site	Issue Area	Issue Description	Solution	Name of the person addressing the issue	Urgency L/M/H	Next Steps	Completion date	Completion Status
2/27/2019	Cheong Kok Wai	APAC	Dow Chemical (Australia) Pty Ltd	Procurement Policies/Procedures/ Trainings	Speco invoices that are mixed with Dow invoices to be pag was email to SG S&L pertaining to how to paid.	Propose/suggest to DOW CHEMICAL lead to sort out the DOW invoices and the new SpecCo legal entities. DuPont will handle the invoice from the new SpecCo	Cheong	M	Cheong feedback to end-user	4/15/2019	Completed
3/24/2019	Anne Kroon	NA	Copley	Accounts Payable - Policies/Procedures	Revise PO to facilitate payment for equipment revision & freight as agreed	New Req to add value to Lift & Transfer PO	Ashok	M	5.28.19 Anne Kroon As of last week nothing has been updated yet. As for Ashok, this item has been closed. However Anne said that still needs to be completely addressed		Not Completed
3/27/2019	Dave Schneider	NA	Marlborough/Newark	Contract Admin	Approval of suppliers at the hrow sites	Provide SSCs & KBR with ASML & Site Sourcing Guide	Rajeshgar Donekal	H	Ken provided ASML & Site Sourcing Guide to Raj	3/28/2019	Completed



**Completion Status**

Completed

Not Completed

**Region**

APAC

EMEA

LATAM

NA

**Issue Area**

Accounts Payable - Policies/Pro...

ARIBA

Contract Admin

IT

No Issue

Other

Procurement Policies/Procedur...

**Week # Issue Recor...**

Before Spin

Week 1

Week 2

Week 3

Week 4

Week 5

Week 6

Week 7

**Week # Issue Solved**

Week 6

Week 7

Week 8

Week 9

Week\_10

Week\_11

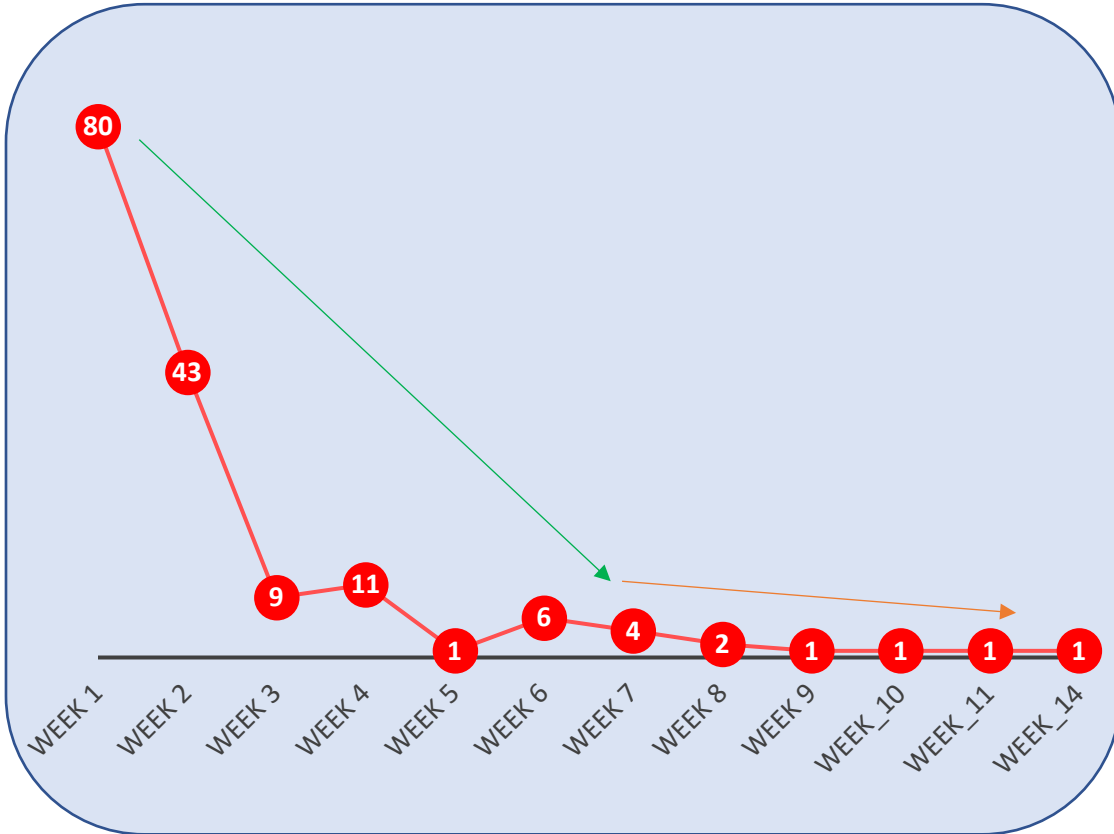
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Week\_13

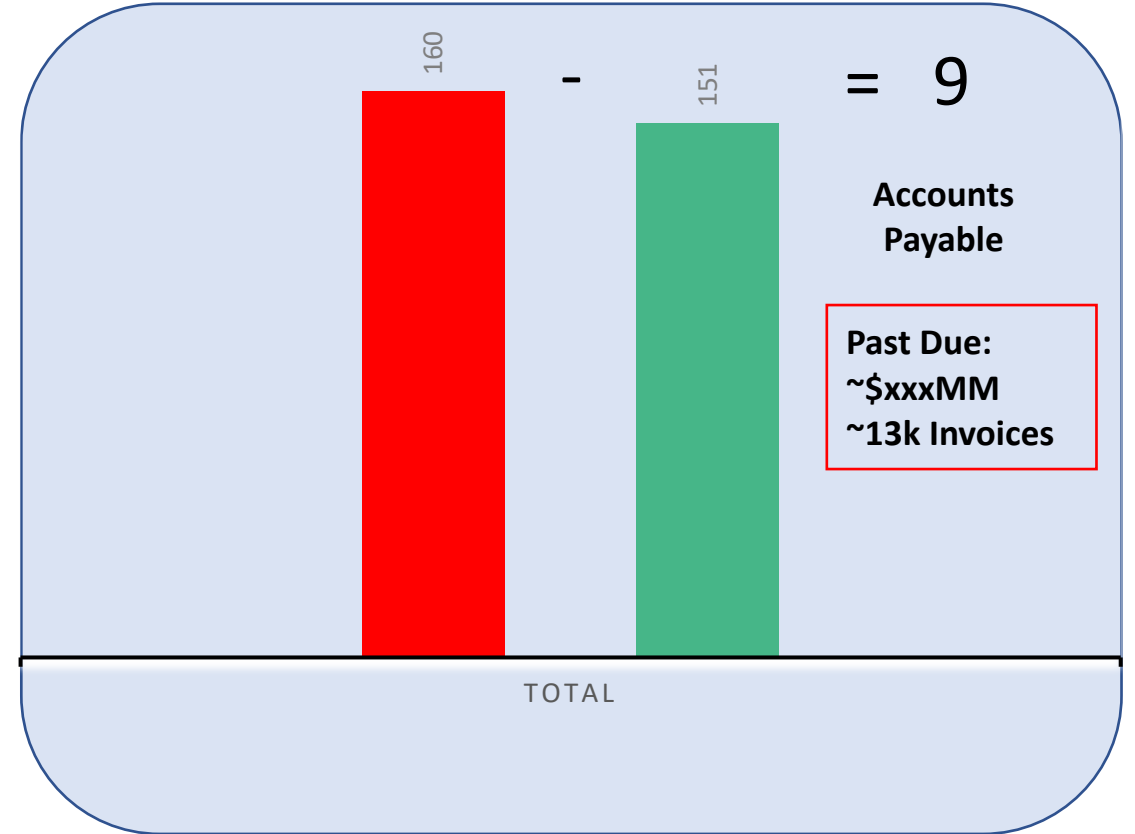


# HyperCare: Results at the end of this effort

### Historical Open Issues Overview



### Open Issues Vs Closed



# Post Spin-off Activities – 2 of 2 : Accounts Payable

- Finance/Procurement Joint Team Development

- Establish a “Finance & Procurement Team” which should be collaborating on a daily basis to identify, discuss and resolve APAY related issues. The team should be composed by APAY regional leads, workflow/Ariba experts and Procurement improvement leaders

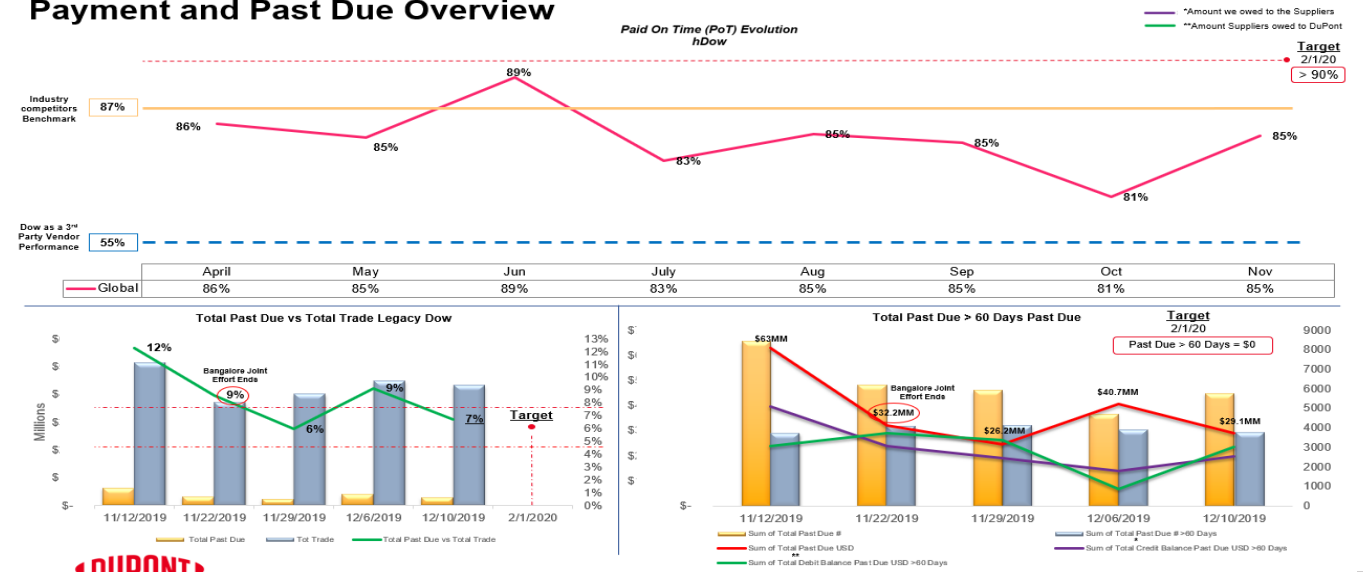


- Monitoring and Tracking

- Identify a “Past Due” file that should serve as source of truth to monitor progress
- Procurement/Finance/Site team members to utilize file above to address Past Due invoices prioritizing the most aged ones
- Develop daily/weekly meeting cadence with “Joint Effort Team” to facilitate internal knowledge transfer and drive issues resolution
- Areas to monitor: Cycle Time (Received Date vs Scan Date, Posting Date and Clearing Date), DOI (Days of Inventory), Past Due vs Total Trade

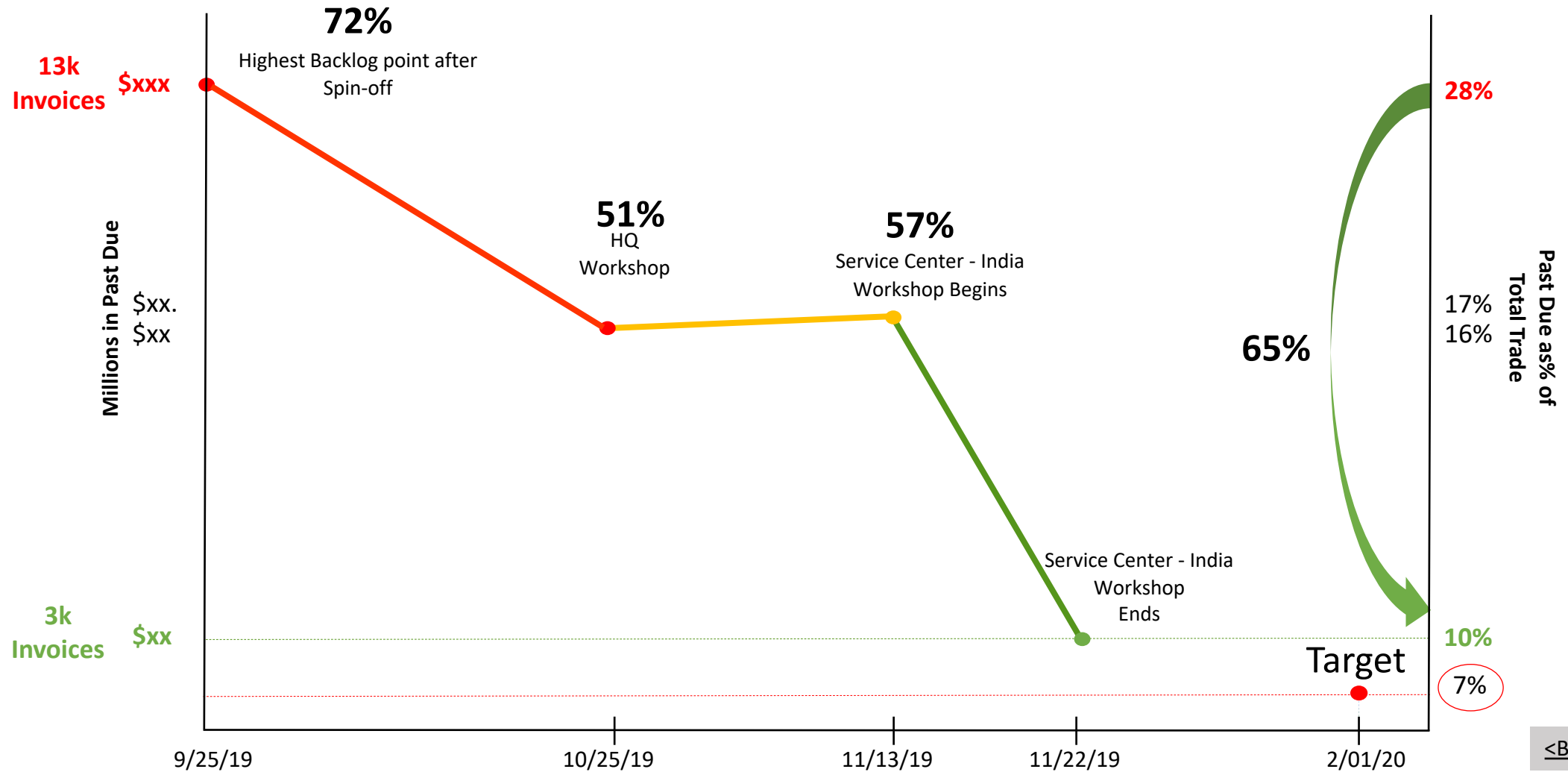


## Payment and Past Due Overview



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# Accounts Payable Performance Overview





# Thank You



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100 Walnut Avenue, Clark, NJ 07066 | P 732.382.6565 | [info@gep.com](mailto:info@gep.com) | [www.gep.com](http://www.gep.com)

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# Thank You