

# Novartis embarks on a journey of Category Management Digitization with Cirtuo

**Industry:** Pharmaceuticals | **Revenue:** \$50 billion | **Location:** Basel, Switzerland



Novartis is reimagining medicine to improve and extend people's lives.

**+12bn**

Covered in 100+ Category

**+90**

Strategies Created

**+16bn**

External Spend

**+50bn**

Customer Annual Revenue

 **GUIDED  
STRATEGY  
CREATION™**

AI-powered  
Category Management

## CLIENT OVERVIEW

Novartis is reimagining medicine to improve and extend people's lives. As a leading global & focused medicines company, it focuses on delivering transformative innovation, boldly using Data & Digital, electively operating, and building trust with society, incl. ambitious sustainability goals.

The company's products reach nearly 1 billion people globally, employing >100.000 people of more than 140 nationalities working worldwide.

Global Procurement Team operates in 40+ countries, consists of ~ 900 associates, and manages an external spend of 15+ bnUSD.

## BUSINESS OVERVIEW

By defining and implementing the right category strategies, Procurement aims to help the company reimagine medicine.

Procurement seeks to achieve this through high collaboration with stakeholders and within Procurement; Procurement associates will drive end-to-end data-driven (spend, contract, market & suppliers, risks, business needs, etc.) and strategic Category Management activities, following a transparent process and using a single AI-based integrated platform.

The procurement team has decided to elciently co-create impactful category strategies and implement initiatives with their stakeholders to enable company growth and smart reallocation of resources.

### Some of the Critical Challenges that the Client was Looking to Address Include:

- ✓ Diferent ways of working
- ✓ Diferent levels of alignment with Stakeholders and within Procurement
- ✓ Knowledge management
- ✓ Improvement of spend data quality
- ✓ No technology solution leading to inefficient use of Excel & PowerPoint
- ✓ No integrated external market data

## SOLUTION HIGHLIGHTS

The company embarked on its digital Category Management journey utilizing Cirtuo, a digital, cloud-based Category Management solution.

Cirtuo helped the organization standardize, speed up, positively challenge & improve category strategy creation, making it a more collaborative effort per its Category Strategy Framework.

Before that, there was a category strategy/management process, but it was manual and time-intensive. Category Managers had to spend much time gathering the data, formatting it, and then putting them on slides.





Thanks to the standardized methodology, guided strategy creation (GSC), and defined strategic tools applied within Cirtuo, the Procurement team has dramatically improved consistency and transparency, allowing high-quality output.

Category Managers have made good progress in managing spend, generating value for the business & patients, and creating a competitive advantage by delivering value beyond savings, including risk management, digital & technology strategy, innovation & sustainability, which are just a few hallmarks of every strategy created.

By deploying a digital Category Management solution, the Procurement team can align better, orchestrate & collaborate with the business and other functions.

The collectively accumulated know-how and facts are all captured on a single digital platform and accessible to all users and stakeholders within the company. All key stakeholders are actively engaged and will see their strategic needs and business requirements adequately reflected in the developed category strategies.

The analysis is no longer limited only to internal knowledge available within the organization. Integrated access to external market intelligence quickly provides valuable insights and connects the dots between strategic business goals/needs and supplier market/most capable suppliers.

## BUSINESS IMPACT

**Throughout the Pilot and Implementation phase, the organization has been able to operationalize significant changes, such as:**


- ☑ Transitioning from a flexible & sometimes individual Catman approach with PowerPoint and Excel to collaborative work through a single platform with GSC.
- ☑ A 'Learn & Practice' program of 4 months ending with a 'category week' event, so far covering three cohorts, approximately 150 associates trained, allowed to have digitized the vast majority of the procurement categories which between them account for more than 80% of company third-party spend
- ☑ Piloting the Integrated Market Intelligence operating model

**Specific examples already achieved thanks to implementing Cirtuo's Category Management solution include:**

- ☑ A standard way of working & Catman methodology
- ☑ Higher collaboration
- ☑ Category managers are positively challenged in their way of thinking and current level of understanding of the category thanks to GSC
- ☑ Structured category strategies, improved exec. summary & storytelling
- ☑ Knowledge management – all in one place, accessible at any time in a couple of clicks

## Specific examples already achieved thanks to implementing Cirtuo's Category Management solution include:

- ✔ Properly defining the Power Balance (Kraljic + Supplier Preferencing) in several categories led to a change of strategy and relationship with existing suppliers to get additional value.
- ✔ SRM Program Lead can have access in a few minutes to all Strategic Objectives from many sub-categories from different towers related to the critical partner allowing them to create a more robust joint ambition and revise the strategic objectives of the relationship to maximize the benefits across Novartis
- ✔ In several cases, the detailed analysis of the category has led to the selection of additional strategic options; thus, a more effective and impactful category strategy



By the end of 2022, the company would have involved and onboarded all of its Category Managers in the new, digital Category Management process supported by CIRTUO, covering the vast majority of Third Party Spend.

At the same time, Novartis & Cirtuo teams are busy introducing additional product features to improve the solution and are actively working to integrate Cirtuo into other companies' systems.

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**Book Demonstration**



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