

Driving and Measuring Procurement and Supplier Innovation Value:

6 Years Learning in Minutes

Roche

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Roche

Driving & measuring Procurement & Supplier Innovation value

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Driving & Measuring the Value of Innovation

Agenda

Innovation & Value

Key elements of a Procurement & Supplier Innovation program

Increasing Supplier Innovation

Measuring the Value of Innovation initiatives: *Value Statements*

Fast Forward to the future

Innovation & Value

Definitions

“Something new that creates Value”

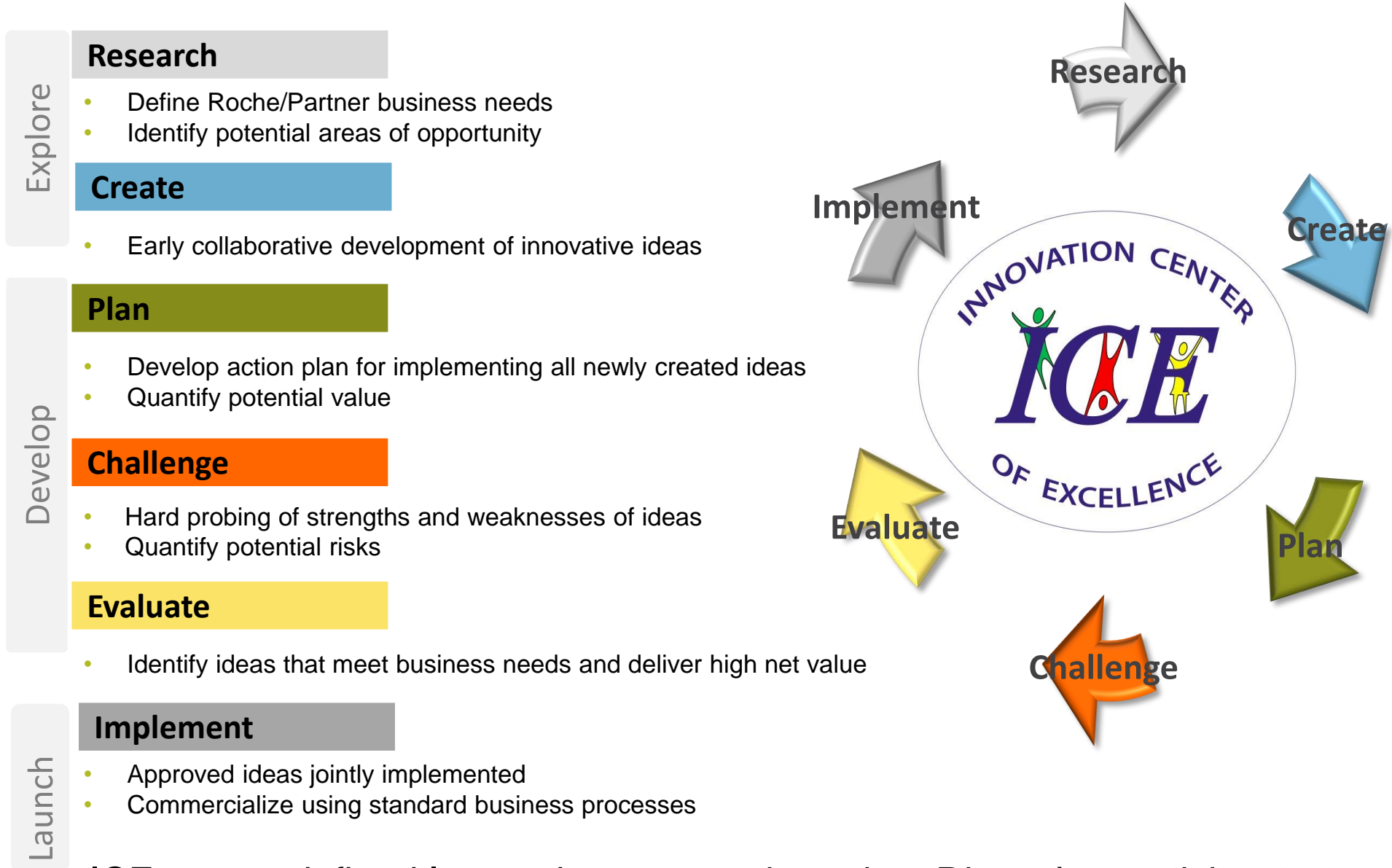
“Something” = process, product/service, information

“new”

- = to this activity, (*Core*)
- = to the company, (*Adjacent*)
- = to the world, (*Disruptive*)

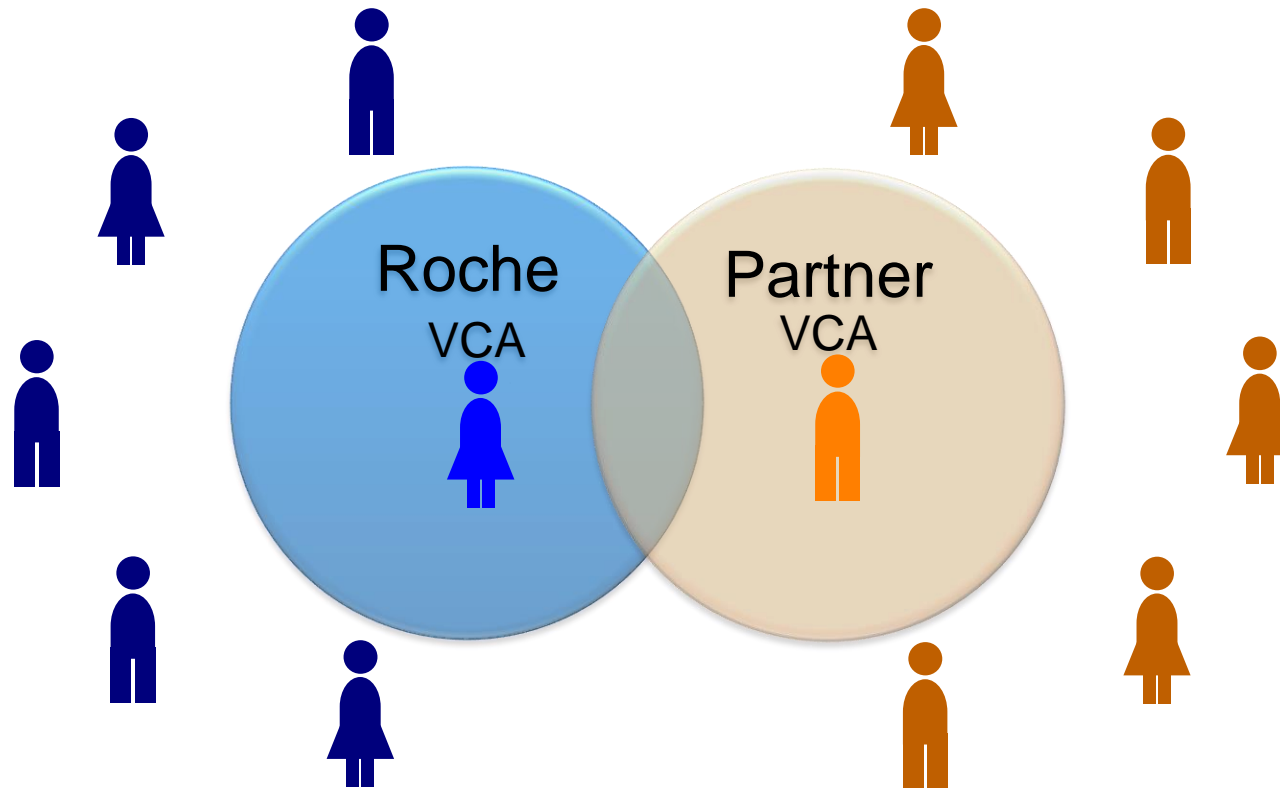
“that creates Value” = in the eye of the beholder

Key elements: Process



ICE uses a defined Innovation process based on Disney's creativity strategy

Key elements: People



Value Creation Agents leverage Roche and Partner subject matter experts

Key elements: Innovation focus



Focus Innovation on the processes, products & services
with the greatest value creation potential

Key elements: Portfolio

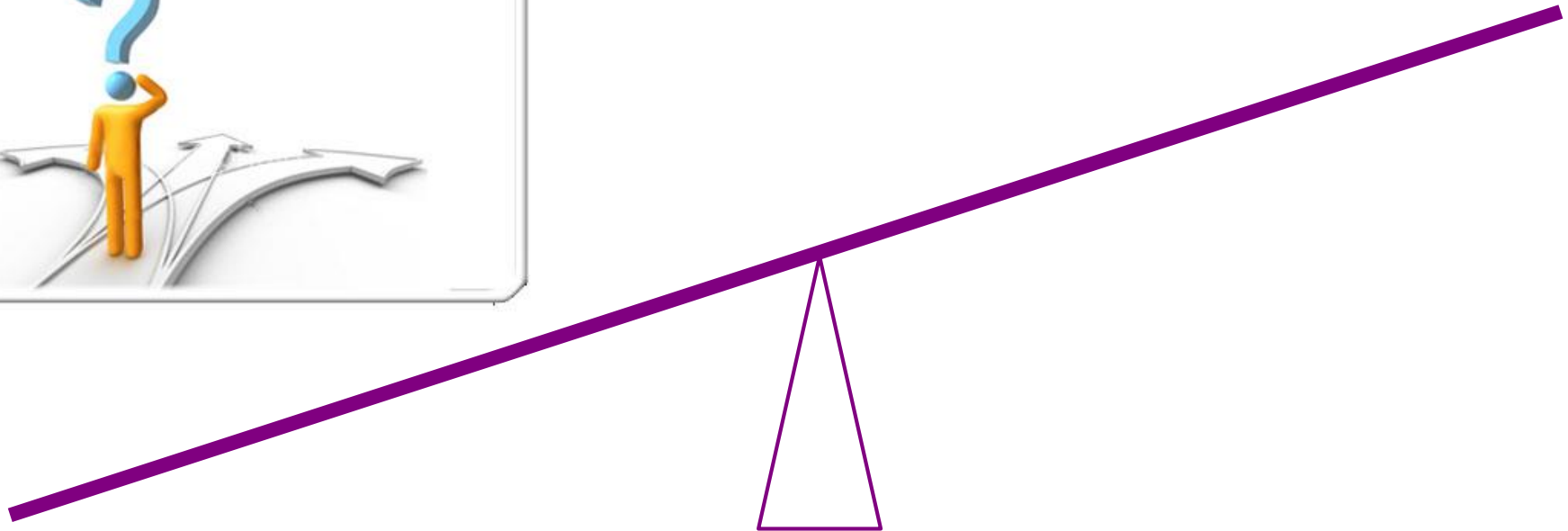


Develop an Innovation portfolio for both short & long term value

Key elements: Innovation targets

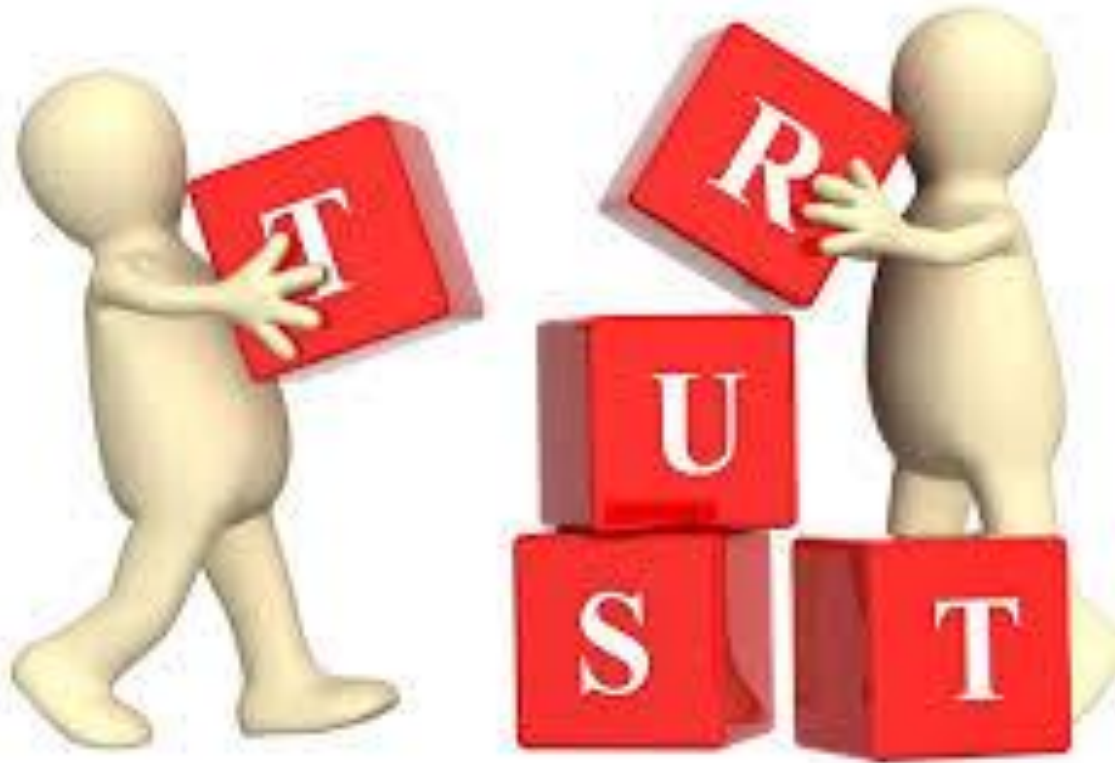


**new
value**



Business Issue resolution *trumps* New Value opportunities

Increasing Supplier Innovation: Supplier trust



Build trust and commercial intimacy through open collaboration

Increasing Supplier Innovation: Mutual Value



Look for mutual value creation opportunities

Measuring the Innovation “Program” & “Initiatives”

Success indicators, Enablers, Value outcomes



Measuring the Value of Innovation Initiatives



Success indicators, Enablers, Value outcomes

Indicators of success

Business issue resolved *or* New Value Opportunities delivered
Core, Adjacent & Disruptive ideas generated
Participant excitement & upward selling

Enablers

Clearly defined & enticing Innovation Challenge statements
Active business participation in the process
Business Case approval processes

Value outcomes

Innovation Business Case approved, launched & implemented
Value Statements defined & delivered

Typical Innovation Value Types

Examples of Business focus areas



Cost reductions



Speed/ time improvements



Customer benefits



Headcount efficiencies



Risk reduction



Revenue growth

Implementing Innovation Value metrics

Value Types

- Identify potential **Value Types**
- Ensure meaningful to the Business Partner
- Ensure measurable by Finance

Baseline, Target, Date

- Define the **Baseline level**
- Agree the **Target level**
- Define the **Date** to achieve the Target level

Business Case

- Include **Value Statements** in the **Business Case**



Fast forward to the future



The end of “Procurement”, (move to Business Value Creation & Management)

Manage the Total Cost & Drivers of Business Value through Innovation, (external & internal)

Strategic Alliances between Companies & trading of external Partners

Significant automation, (sourcing, negotiations, contract management, resource allocation, analytics & insights, supplier interactions)





Doing Now What Patients Need Next

Value Statement examples



Baseline level, Target level, Target date

- **Cost:** Reduce the purchased price of Chemical A from \$X to \$Y per liter, by 31st Dec 2018
- **Speed/Time:** Reduce the average cycle time to create a new CRO contract from 26 to 10 business days by the 20th June 2019
- **Headcount:** Reduce the FTE's required to perform 100 supplier quality audits per year from 5 to 4 by the 30th Sept 2019
- **Risk reduction:** Increase the number of approved suppliers for packaging component A from 1 to 3 by the end of 2019
- **Quality:** Reduce the number of rejected vials on the production line from 3% to 1% by 30th Oct 2019



Presenter

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