Moving from Strategic to Transformational Sourcing

Russell Investments

Viet Ho
Chief Procurement Officer

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Director Global Sourcing and Procurement
Russell Investments

• Russell Investments is a global asset manager that provides multi-asset solutions through our 5 world-class capabilities: capital market insights, portfolio construction, portfolio implementation, manager research and factor exposures.
• As of August, 2018, Russell Investments had approximately $287 billion in assets under management and works with 2,700+ institutional clients, independent distribution partners and individual investors globally.
• Headquartered in Seattle, Russell Investments has approximately 1,380 associates in 22 offices globally.
• Russell Investments’ Global Sourcing & Procurement (GSP) team manages over $1 billion in spend for both direct and indirect
• Russell Investments’ Corporate Transformation Services (CTS) team is responsible for global optimization efforts
Introduction

Viet Ho, CPO

• 20+ years of experience in Strategy, Procurement and Supply Chain at Russell Investments, JPMorgan Chase, Accenture, A.T. Kearney and PwC

• Mr. Ho earned a BA & MA in Mathematics with Honors from Oxford University and an MBA with High Distinction from Indiana University

Ranko Asari

• Broad experience in Sourcing and Procurement at Russell Investments and Denali Sourcing Services

• Ms. Asari earned her BA in Law, Jurisprudence and Social Thought from Amherst College and an MA from Tallinn University of Technology
0-3 Centralization of Procurement

4-6 Re-engineering Sourcing

7+ Transformational Journey
Centralization of Procurement

Operations Procurement

Real Estate & Facilities

Global Sourcing & Procurement

IT Procurement

Corporate Procurement
Year 1 – The Development Year

- Training the team
- Gain support
- Develop the tools
Hard-work and growing successes

- Exceeded our savings target every year
- Growing GSP team from 10 to 30 FTEs
- Expand our influences across all categories & executives
- Early engagement, lots of RFPs, growing influencing role
Are we there yet? Not yet!

- GSP conducted full RFPs and extensive negotiation
- Strategic Sourcing delivered lower cost contracts
- GSP sourced all expiring contracts over threshold
- GSP is invited to the table to discuss sourcing strategy
Year 4-6: Re-engineered Sourcing

- Re-engineered requirements
- Demand management
- Supplier/Partnership development
- Supplier driven innovation
- Procurement talent development
Procurement is still a back office function

Procurement is not driving decision

Procurement support the execution of decisions

Procurement only deals with suppliers/3rd parties

Procurement isn’t at the front of the house

Are we there yet? …Not yet!
Existential question. What is Procurement?

What value does Procurement bring to the organization?

Is it conducting RFP?

Is it negotiating lowest prices?

Is it managing vendor for performance and/or risk?
In our opinion: All of the above and MORE

It shouldn’t be an activity or any function. It should be where we add the most value. Because in our role, we worked with all internal stakeholders and external 3rd Parties. We are in a unique position to do bring more values:
- Facilitate collaboration across the enterprise
- Nurture ideas and drive innovation
- Drive decision making process

We are very good at driving positive change!
Year 7 – Training to be Procurement Jedi
Our continuing journey - Examples

• Re-engineering Finance MM Payment processing
• Redesign our Direct Investment processes to double capacity
• Optimize the efficiency of our Operation group across three countries
• Voice of the customer project between IT & GTM groups
• Revenue generation partnership with our consulting group
Q & A
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