



Fannie Mae™



Procuring at Fannie Mae

About Fannie Mae

We help our partners house America and create opportunities for people to buy, refinance, or rent a home.

We are a leading source of financing for mortgage lenders, providing access to affordable mortgage financing in all markets at all times. Our financing makes sustainable homeownership and workforce rental housing a reality for millions of Americans.

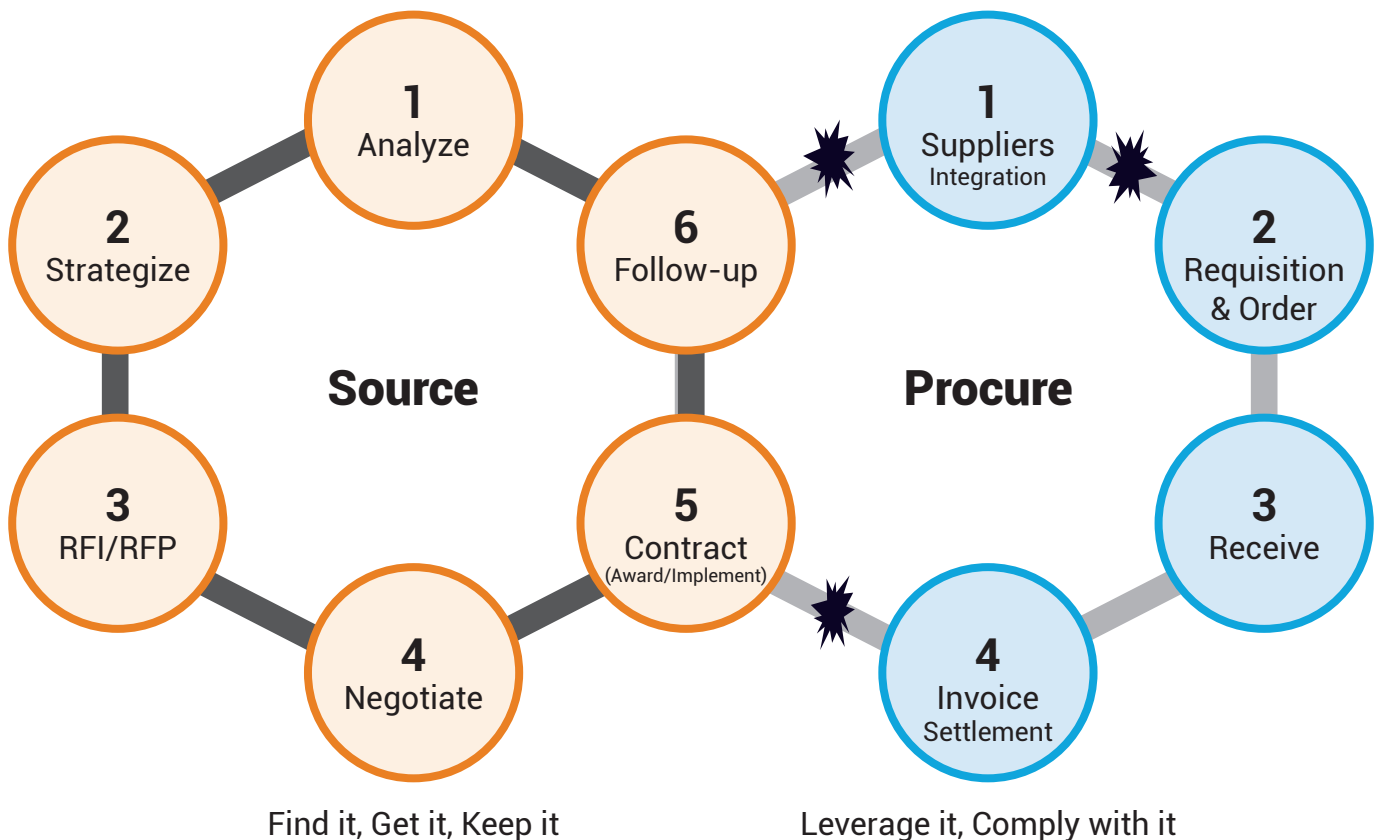
Established in 1938, Fannie Mae employs over 7000 people.



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Sourcing and Procurement Challenges



Inefficiency and Risks:

- "High-touch" purchasing process that
 - introduced higher opportunities for errors, and
 - impacted the purchasing cycle time
- More opportunities for after-the-fact contracts that may result in risk exposure
- Ineffective ways to track approvals outside of Procurement processes
- Significant efforts to prepare regulatory reports that are pulled from different sources

Challenges by Process:

- Supplier Registration: Multiple Source of Records for supplier data
- Contracts: No integration between Contract and Purchase, and they are on different systems
- Requisitions: Contract information is manually entered when Purchase Requisitions are created and validated
- Orders: Buyers manually create the purchase order
- Approval Workflow: Multiple processes with special cases driving complexity of the approval process. Some offline email approvals that need manually uploaded for system of records



Finding Solutions



Expected Capability Deliveries:

- **Improved efficiency** by removing multiple inputs, multiple approvals that enables **automatic deal approval** from contract to purchase transaction
- **Increased data accuracy and consistency** through seamless flow of data by integrating with multiple FM systems, for **comprehensive view** into all contractual spend commitments in a single tool and reducing the time it takes to satisfy quarterly financials
- **Enhanced controls** by effectively tracking approvals outside of Procurement processes avoiding after-the-fact risk exposure
- **Risk mitigation** by automating the update of supplier data across systems (e.g. vendor bank information)

P2P System Selection Considerations:

- Unique, broad and comprehensive suite on a single platform for
 - End-to-End Source-to-Pay
 - Supplier Information, Risk, Performance and Relationship Management
 - Spend Analytics
 - Catalog Management
- Good Out-of-the box functionality to meet the needs
- High Configurability – did not want rigid 'as a service' system
- Modern, Familiar Consumer Internet user interface
- Handles complex Workflows easily
- Robust, Native, Single Integration Toolbox
- Nimble, Responsive partner focused on our Success



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Benefits Realized

Expected Capability Deliveries:

- ✓ ~ 30% faster S2P cycle times due to automation and process visibility
- ✓ ~ 2000 Sourcing Events and Projects executed
- ✓ Reduced high touch and manual entry using one system from contracts to purchase
 - ✓ Average 1000 PR and PO a month excluding Real Estate Operations
 - ✓ 100% PR and PO transactions are electronic
- ✓ Reduced offline email approval and eSignature
 - ✓ Online approvals are now 100% of total approvals

End-to-End Visibility:

- ✓ 100% of total spend is analyzed
- ✓ Improved controls and compliance through data/ process transparency
- ✓ Timely procurement reports e.g. Purchase Requisition approval cycle time enables measurable continued improvement

100% Current Accessible Data:

- ✓ Automatic propagation of data & task creation against pre-defined workflows
- ✓ Validation and cross-reference rules
- ✓ Warnings and blocking alerts reduce human error

Expected Capability Deliveries:

- ✓ One-click access to Supplier, RFX, Contract, PR, PO, Receipt
 - ✓ **Examples:**
 - ✓ Activity, such as POs can be seen on a supplier record
 - ✓ Requisitions are accessible from the PO
 - ✓ Master agreements are linked to Purchase Orders
 - ✓ Procurement objects are a "click away" from within a record

Improved Compliance to Policies and Regulations:

- ✓ Online Portal for Supplier Information Management, Updates, Certificate submission
- ✓ ~6,000 Online Active Contracts managed in the system
- ✓ Allows a supplier to submit what is needed, when needed and alerts buyers when a requirement is done or missing
- ✓ Forced compliance with insurance and regulatory compliance as the system can prevent orders until requirements are met
- ✓ Effective audit trail
- ✓ Got the ability to enforce rules to support compliance with:
 - ✓ Government Audits
 - ✓ Financial audits
 - ✓ Sarbanes-Oxley Compliance



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Benefits Realized

High Employee Adoption:

- ✓ 100% employee adoption
- ✓ ~1000 employees used the system in the 1st two weeks
- ✓ Employees appreciate having everything in one place and knowing that suppliers are operating within the application
- ✓ Intuitive to use for ALL users- analysts, configurators, administrators, category managers - not just Requestors

Great Supplier Adoption:

- ✓ Ease of Use and Supplier-self service capabilities
- ✓ No supplier training and Supplier help-desk required
- ✓ Multiple ways for suppliers to connect
- ✓ ~65,000 Suppliers have been registered in the S2P system
- ✓ No Supplier Fees that comes with a 3rd party business network
- ✓ Supplier delight - see Awards, Contracts, POs in a single place
- ✓ >95% of Suppliers on-boarded for RFX and POs

Easier, Cheaper, Simpler IT management:

- ✓ All-in-one system from Sourcing to Purchasing
- ✓ Eliminate cost of maintaining separate legacy systems and databases
- ✓ Utilizes information from financial ERP system – does not replace it
 - ✓ Integrates to Fannie Mae ERPs
 - ✓ Full control over choice and timing of innovation updates from Ivalua (never forced to upgrade)
- ✓ Majority of configurations done by business users and not IT
- ✓ Low Help Desk requests or calls due to 'Ease of Use"
- ✓ Responsive partner- resolves change requests and support issues quickly



Keeping it going

Three DOs	Three DON'Ts
Project team members are empowered with decision making	Unrealistic timelines without comprehensive reviewing on time needed for testing, training, and communication
Project scope and controls	Restrained solution to what legacy systems does
Communication and training plan ahead, ensure all levels of communication, keep in mind of user experience	Mapping all steps old process does

Key Take-Aways:

- ✓ Procurement's continued improvement is a journey
- ✓ Utilize technology to support people and processes agenda
- ✓ Leverage technology to enable Functional center excellence
- ✓ Training and continued support to promote adoption and performance improvement
- ✓ Win the confidence and trust with stakeholders by providing data accuracy and value delivery
- ✓ External partnering and benchmarking to accelerate value and mitigate risks
- ✓ Most importantly, keep the momentum going and make the continuous improvement an organization culture

About IVALUA



Ivalua is the Procurement empowerment platform. Recognized as a Leader by Gartner, Ivalua's Source-to-Pay suite is leveraged by over 250 leading companies across the globe to manage over \$500 billion in direct and indirect spend. The platform's combination of ease-of-use, depth, breadth, and flexibility ensures high employee and supplier adoption, rapid time to value and the ability to meet unique or evolving requirements, evidenced by the industry's leading 98%+ retention rate.

Realize the possibilities at www.ivalua.com

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THE PROCUREMENT EMPOWERMENT PLATFORM
REALIZE THE POSSIBILITIES