

## Premikati Inc.

- SAP Ariba Gold Partner
- Certified Woman owned business
- 100% implementation on time and on budget success rate
- 0 failed implementations

Procurement consulting and managed services firm that assists businesses in driving their profitability by leveraging best-in-class SAP Ariba software.

In the PE space, this would allow your organization to analyze spend across portfolio companies, source new suppliers, and leverage the marketplace to achieve contract compliance resulting in increased EBITDA and valuations.



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# SAP Ariba Spend Offerings: Integrated Across your Portfolio Companies

## SAP Ariba Spend Analytics



### Identify savings

- ✓ Spend Analytics across all portcos to fully understand what is being purchased & from whom
- ✓ Rationalize vendors & standardize
- ✓ Identification of savings potential & sourcing opportunities
- ✓ +4% in spend savings achieved

## SAP Ariba Sourcing



### Capture Savings

- ✓ Partner- led execution of sourcing events ensuring maximized savings via best practices
- ✓ Best possible pricing via leveraged buying power

## SAP Ariba Buying and Invoicing Marketplace



### Enforce Savings

- ✓ Central Procurement marketplace for all portcos to purchase items & services at lowest prices/rates
- ✓ Full approval controls at the portco level
- ✓ Ability to easily remove portcos from system if divested

## Key Highlights



- ✓ Best in class software led at PE level - with savings maximized across all portcos in approximately 12 weeks
- ✓ Portcos can be turned on/off quickly as they are acquired or sold
- ✓ Centralized control with portco-level authority
- ✓ Purchased at the PE level, chargeback at the portco level
- ✓ Increased EBITDA



Focus on your business.  
We've got Procurement  
covered...

## Managed Services with Premikati

### Procurement Operational Support

**Current State:** You have multiple portcos and need to leverage savings across the board to increase EBITDA

**Desired Result:** Leverage these savings and do it without training staff or hiring extra human capital

**Solution:** Premikati's Managed Services. (See ROI on the next page)



✓ Primary Ariba Administration responsibility



✓ QBR and Ariba functionality assessment



✓ Reporting and Analytics



✓ Integration Administration Support



✓ "Help Desk" functional assistance



✓ Supplier and Catalog Enablement Team



✓ Quality Assurance Monitoring



✓ Business Process and Transformation Management

# Creating Value through Procurement

## Blackstone business case

As acquisition multiples hit all-time highs, private equity firms are constantly in search of new ways to create value in their portfolio companies. This is particularly true for Blackstone, the world's largest alternative asset manager, with more than \$340 billion under management.

### Create visibility

Blackstone uses the Ariba Spend Visibility solution (now available as SAP Ariba Spend Analysis) to assemble, organize, and analyze spending data from its portfolio companies. The tool makes it possible to slice and dice around \$35 billion of spend by region, supplier, and product.

### Establish relationships with key vendors

The spend visibility solution is used to find common spend. The firm then uses its scale to negotiate preferred pricing agreements with more than 75 key strategic vendors, typically single-sourced categories, for items like software, rental cars, healthcare benefits, and insurance.

Annually, about \$5 billion is spent on buying supplies and services from vendors that include FedEx, Marsh, Dell/HP, and American Express. In addition to lower costs, these and other companies provide Blackstone with highly differentiated services.

### Leverage e-sourcing to get the best value

For other vendors, Blackstone uses the SAP Ariba e-sourcing platform to automate the bidding process. Prequalified vendors simply log into the software and answer standardized questions, saving everyone hours of back-and-forth e-mailing.

Next, the portfolio company, in collaboration with Blackstone, hosts a live auction with a twist: bidders compete to offer the lowest price to provide the product or service. When the auction is complete, Blackstone can decide whether to accept the lowest price or walk away.



\$850M

Savings realized since launch

\$1.5B

In annual sourcing events

14%

Average e-sourcing savings

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“Up until 2005, there was a lot of low-hanging fruit, companies where you could easily craft a value-creation strategy. Today, we have to be more innovative in terms of driving differentiated growth in margins and cash flows.”

Gregory Beutler, Operating Partner at Blackstone

# Sample Business Case

## Creating **value** through procurement

### Preliminary Benefits summary – estimated steady state savings

\*Based upon a spend cube of \$3B along with industry, third-party, and SAP benchmarks of other companies operating in your industry, the benefit potential is significant.

|                            |   | Conservative     | Likely          |
|----------------------------|---|------------------|-----------------|
| Impact area                | Improvement opportunity   |                  |                 |
| <b>Price reduction</b>     | <ul style="list-style-type: none"> <li>Improve Strategic Sourcing Savings Indirect</li> <li>Improve Strategic Sourcing Savings Direct</li> <li><b>Increase Spend Under Management Indirect</b></li> </ul> | <b>\$23.83 M</b> | <b>\$32.40M</b> |
| <b>Process Improvement</b> | <ul style="list-style-type: none"> <li>Lower Analysis &amp; Reporting Costs</li> </ul>  | <b>\$0.80 M</b>  | <b>\$0.80 M</b> |
| <b>Total</b>               |   | <b>\$23.83M</b>  | <b>\$33.20M</b> |

**Portfolio Revenue: \$7.6B | Total Portfolio Addressable Spend: \$3.3B**

**0.8% - 1.1% Savings on Addressable Spend**

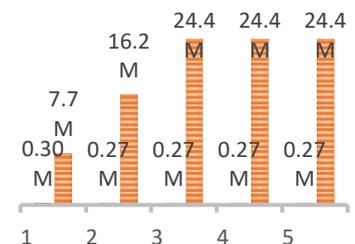
### NET BENEFIT VS TOTAL INVESTMENT

#### Five-year project economics

Year Net present value (NPV) **74.87**

Return on investment (ROI) **71.50**

Break-even quarter\*\*\* **1**



| Value Lever (M)                      | YEAR 1      | YEAR 2       | YEAR 3       | YEAR 4       | YEAR 5       | TOTAL        |
|--------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Savings</b>                       |             |              |              |              |              |              |
| Price Reduction                      | 7.75        | 15.85        | 23.83        | 23.83        | 23.83        | 95.10        |
| Process Improvement                  | 0.22        | 0.64         | 0.80         | 0.80         | 0.80         | 3.28         |
| <b>TOTAL BENEFIT</b>                 | <b>7.97</b> | <b>16.49</b> | <b>24.64</b> | <b>24.64</b> | <b>24.64</b> | <b>98.38</b> |
| <b>CUMULATIVE BENEFIT</b>            | <b>7.97</b> | <b>24.46</b> | <b>49.10</b> | <b>73.74</b> | <b>98.38</b> |              |
| <b>Investments</b>                   |             |              |              |              |              |              |
| Total Software Investment            | 0.16        | 0.16         | 0.16         | 0.16         | 0.16         | 0.79         |
| Total Services Investment            | 0.03        | 0.00         | 0.00         | 0.00         | 0.00         | 0.03         |
| BPO License Cost^                    | 0.11        | 0.11         | 0.11         | 0.11         | 0.11         | 0.54         |
| Total Customer Internal Investment** | 0.00        | 0.00         | 0.00         | 0.00         | 0.00         | 0.00         |
| <b>TOTAL EST. INVESTMENT</b>         | <b>0.30</b> | <b>0.27</b>  | <b>0.27</b>  | <b>0.27</b>  | <b>0.27</b>  | <b>1.36</b>  |
| <b>CUMULATIVE INVESTMENT</b>         | <b>0.30</b> | <b>0.56</b>  | <b>0.83</b>  | <b>1.09</b>  | <b>1.36</b>  |              |
| <b>NET BENEFIT</b>                   | <b>7.67</b> | <b>16.23</b> | <b>24.37</b> | <b>24.37</b> | <b>24.37</b> | <b>97.02</b> |
| <b>CUMULATIVE NET BENEFIT</b>        | <b>7.67</b> | <b>23.90</b> | <b>48.27</b> | <b>72.65</b> | <b>97.02</b> |              |