Efficient, Effective and compliant, Intelligent Spend Management
Metro Trains Melbourne
Best Run SAP

Network & Spend Management

- Metro Trains Melbourne Pty Ltd (MTM) is the operator of the Melbourne metropolitan rail network under agreement with Public Transport Victoria. As city's metropolitan rail service, they operate 226 six carriage trains across 998 kilometres of track, transporting 450,000 customers each day, providing a seamless transport solution to keep individuals connected.
- Procurement at Metro Trains Melbourne (MTM) is responsible to provide valued Business outcomes through sustainable & responsible supplier solutions for $1.2b spend annually with 1000+ suppliers, with focus to increase value for money by exercising procurement expertise and leveraging economies of scale
- MTM initiated transformation of their procurement systems and process with a view to strengthen policy and controls, enabling the transformation through technology with Ariba and monitoring and measuring Purchase to Pay performance.
- This transformation has delivered significant change and uplift in capability, agility, metrics, governance and compliance while delivering the goods and services required to run the business.

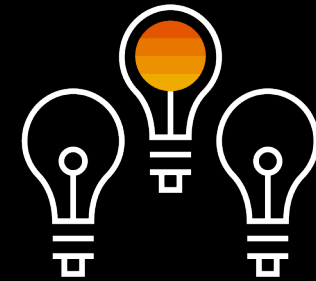| Industry	Product and Services	Featured SAP Solutions	Website
Public Transport	Ariba Buying and Invoicing Ariba Sourcing and contracts Ariba Commerce Automation Success Factors Business Tech. Platform	Ariba Buying and Invoicing Ariba Sourcing and contracts Ariba Commerce Automation	www.metrotrains.com.au

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Challenge

- MTM procures a diverse range of goods and services for the construction, operations and maintenance of the rail network; MTM's suppliers are critical resources for business in delivering Melbourne railway services to connect people and places. Procurement's role at MTM is to provide valued Business outcomes through sustainable & responsible supplier solutions.
- Pre 2016, the procurement function, policy, process and systems were predominantly manual with low control, high risk and lacked agility. MTM was performing well below benchmarks for key procurement metrics.
- Poor adoption levels against industry best practices resulted in process and compliance challenges for the customer leading to organizational losses. This also meant that there was great stakeholder frustrations due to delays and inefficiencies.
- MTM recognized the need to drive and accelerate organizational buy in, engagement and adoption, to maximise the effectiveness of purchasing and payments for Metro Trains Melbourne's stakeholders, suppliers and internal teams.
- The need for improvement was identified in many areas including:

    - Making compliance easier,

    - Sourcing and Contract Management simplification and user experience improvements,

    - Enabling easier and better buying –Catalogues, Sole Source, approvals, etc.

Solution

- From 2019, MTM embarked on its transformation journey, focused on strengthening policy and controls, enabling business transformation through technology with Ariba at its core, monitoring & measuring Purchase to Pay performance.

- MTM chose to deepen their investments in Ariba capabilities over other products due to Ariba's business process maturity and well established customer trust gained in the market and continuous product innovation based on an ongoing roadmap to improve user experience and functionality.

- MTM engaged FourPL, a local Australian company with deep expertise in Spend Management and Supply chain visibility to assess, advise and develop a roadmap for priortised improvement initiatives in order to maximise MTM's effectiveness with purchasing and payment processes with SAP Ariba leading to greater value generated from their installed procurement systems.

- This transformation delivered significant process change and uplift in capability, agility, metrics, governance and compliance while delivering the procured goods and services required to run the business.

- All along this transformation journey MTM's focus was on better process governance, business enablement through best in class technology and upskilling people. This combined with periodic governance and performance benchmarking and monitoring resulted in Metro moving from below average to performing above average against most external benchmarks with some areas now performing at or above Best in Class external benchmarks.

- Ariba's product maturity combined with upskilling our internal resources, recruiting subject matter experts and selecting an expert partner to conduct a full process review and utilizing Ariba's reporting capabilities enabled us to make a significant change and move the needle in metrics and performance

Impact

- Achieved Digital Transformation & simplification delivering to our vision and objectives of sustainable products and services with better commercial outcomes and improved user experience.
- Metro Trains Melbourne introduced strong process and compliance focus within procurement. Achieved greater policy compliance and control with system implementation.
- Embedded operational excellence in all procurement systems and processes, managed change through clear, concise, and consistent messaging and educated end users on purchasing best practices.
- Empowered and enabled self service by business users. Created an environment of simplicity by minimising admin and rework within the purchasing process.
- Procurement organization value proposition was enhanced due to : increased profitability, improved user experience and operational excellence, greater supplier performance and greater visibility and management of supplier risk.
- Gained organizational maturity to shift focus to high value spend, improve category management capability.
- Improved supplier pricing and reduce lead time to Increase Share of Alliance revenue

Overall the project helped to reduce operating costs and increased profit margins to positively impact EBITDA, in particular relating to projects share of scope, while providing greater visibility into organisational spend patterns, behaviours, and market trends

Compliance	Operational Excellence:	Greater visibility	Greater adoption:
• **Spend under contract**: from 29% to 79% (more than doubled and approaching best in class). • Improved management of Supplier Financial risks by closing out over 16 Audit actions	• **Touchless invoicing**: from 36% to 65% (consistently exceeding targets) • **Invoice to Approval cycle time** moved from 26 days to 2.1 days (92% improvement)	• **% spend associated with contracts/catalog** from 15% to 60% (almost 4 times increase over FY21). • Avoided cost increases to the tune of ~$5M.	97 Sourcing Events, 300 + contracts for $890M spend, 41K + PO's for over $1.2B spend through ariba, resulting in improved cost savings helping MTM achieve 107.3% of target in FY22 till date.

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" MTM's procurement and supply chain management bears no resemblance to what MTM inherited in 2009 when there were very few contracts, no purchasing system and frequent supply chain problems. It has taken two evolutions to get where we are today, within these last three years taking MTM to a level of which we can be proud and is consistent with MTR's high quality brand. "

Pete Ryan, ED Finance and Commercial, Metro Trains Melbourne.

"We have achieved significant business transformation with our change and system implementation, which would have taken many years longer in other organisations. This was possible as a result of the Metro Train Melbourne's executive sponsorship and organisational commitment along with our partner's support along this journey. We now have over 80% of spend and volume going through our procurement systems and managed processes, strong controls and compliance and performance metrics that are approaching best in class. Ariba is a true enabler for our organisation creating value, control and compliance."

Simon Rabl, Head of Procurement Operations, Metro Trains Melbourne.

Partner Information

FourPL Supply Chain Specialists

MTM engaged FourPL to complete an end to end assessment of MTM's Ariba deployment and development of a roadmap of prioritised improvement initiatives which would underpin further enhancements and value generation from SAP Ariba. MTM partnered with FourPL to define and deliver a prioritised, costed program of works, along with its practical implementation in phases.

FourPL leveraged its domain expertise of Spend management and its advisory experience of solving business and technology problems faced by its customer in the usage of systems and platforms that enable the management of all categories of business spend.

FourPL helped understand the problem, identify opportunities and deploy solutions to solve MTM's business challenge with effective use of its Ariba platform.

"We have had the pleasure of working with the MTM team for the past 3 years. Simon and the MTM executives have provided great leadership & amazing support throughout our engagements which has allowed the FourPL team to deliver great outcomes for the business. Throughout the platform review and business improvement project Simons team were professional, flexible, patient and embraced the program in gusto which help to achieve considerable user adoption and overall productivity gains for the business."

Brett Findlay, Chief Executive Officer, FourPL Supply Chain Specialists

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Business Value	Metric	Best in Class	MTM Target	Baseline at start of program	12 months after implementation	Improvement
Greater visibility and management of Contracts	% of invoices associated with contracts, catalogs, and Blanket PO's	88.70%	63.00%	19.50%	59.30%	
Operational Excellence	% of Electronic Ariba Invoices	99.60%	72.90%	30.70%	71.50%	
Compliance	% of Ariba Invoices with no exceptions (No Manual intervention)	91.30%	74.50%	24.60%	59.60%	
Greater visibility and management of Contracts	% of PO Line items created from Catalogues	89.00%	57.00%	8.00%	20.70%	
Operational Excellence	Avg. Invoice Approval Time in (Days) - Ariba	1.17	4.14	8.14	2.98	
Improved user experience	Avg. Requisition to Order Cycle Time (Days) - Ariba	0.30	0.74	2.54	1.39	