



Case Study



Industry: Petroleum Retail

E-Procurement, Supplier Automation & Cash Management Initiative

OIG SaaS Based Solutions for Family Express

Client Focus: *Indirect Materials / Operational Expenses*

“The virtual warehouse approach for ordering the items we need for daily operations simplifies the process at each location and strengthens our supplier relationships as a whole”

Gus Olympidis, President and Chief Executive Officer of Family Express

“By automating the sourcing, procurement, fulfillment and payment processes, Family Express and its’ respective supplier community will realize immediate efficiencies. The technologies will also improve our cash management and reporting capabilities”

Monique Horn, Chief Accounting Officer for Family Express

Result Highlights:

- 52 stores, corporate offices, Bakery division, Distribution Center and 18 Car Wash locations launched within 60 days.
- 100% critical commodity coverage achieved through incumbent supplier adoption and existing OIG supplier community.
- Integration into FE accounting System (PDI).
- 48 Catalogs containing over 5000 items and 6 punch-out suppliers
- Supplier compression from 178 in-scope reduced to 83 total, including 37 incumbents

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CLIENT SUMMARY

Headquartered in Valparaiso IN, Family Express is a petroleum retail company with 52 stores located in the state of Indiana. They employ 500 people and also operate a Bakery and Distribution Center. With gross annual revenues of \$300MM, Family Express features its own high performance fuels as well as other proprietary brands such as Java Wave gourmet coffees.

Family Express Launch Timeline

Signed contract: December 2009

Kick-off Meeting: January 6, 2010

Go-Live: February 26, 2010

PROJECT SCOPE:

- 92 users, 13 approvers
- 52 stores, corporate HQ, Bakery division, Distribution Center and 18 Car Wash locations
- 3 Critical Business Challenges
 1. Manual ordering processes
 2. Lack of spend visibility and supply chain management
 3. Limited cash management and reporting capabilities
- 178 in-scope suppliers in review
- P-Card and E-Invoice Payment configuration driven by existing buyer-supplier relationship
- Dollar Thresholds Approval Hierarchy configuration for corporate and store users
- 3148 unique budget codes
- Budget Functionality Enhancements combining cost center and account code fields to a designated budget amount
- Integration into PDI the pre-existing Accounting System application
- Custom training program for Corporate Users and Train the Trainer support

4 Strategic Program Goals

1. A simplified and streamlined ordering process
2. Supply chain management through process automation
3. Cash management through budgetary controls and PDI Integration
4. Spend Visibility through ad-hoc reporting capabilities

BUSINESS PROBLEM SUMMARY:

1. *Manual approval and ordering processes*

Family Express supported a manual ordering process from point of sourcing through the distribution of an approved purchase order. Family Express buyers would email or walk orders to the appropriate “corporate approver” for sign-off before orders could be placed. Once approved orders were typically distributed via phone, email or fax.

Primary Solutions:

OIG Procure & OIG Catalog

Solutions that provide Family Express buyers with a SaaS (Software-as-a-Service) based suite of applications for sourcing Indirect Materials, generating electronic requisitions for approval and distributing electronic purchase orders to suppliers.

Business Problem 1

IMPACT

- Increased error rate on purchase orders
- Increased order cycle time
- Discrepant order data between PO, Ship Notice and Invoice
- Limited visibility to receivables
- Supplier relations impact relative to order tracking and payment

See Exhibit 1: P-F-I-P-R process (Procure, Fulfill, Invoice, Pay and Reconcile)

2. *Lack of spend visibility and supply chain management*

Inconsistent payment processing and methodologies as well as discrepant records were further compounded by the inability to quickly assess payables due and most importantly, Level III line item detail for every order. In addition their current system contained many dormant and out-dated supplier records.

Primary Solutions:

OIG Fulfill, OIG Payment & PDI Integration

Solutions that provide Family Express and their respective Suppliers with a SaaS based suite of applications enabling e-fulfillment of Purchase Orders and the distribution of Ship Notices and Invoices.

Business Problem 2

IMPACT

- Reporting accuracy for critical business decisions
- Increased order cycle time
- Increased days out relative to payables due
- Inefficiency costs for supporting a paper based system (receipt, invoice, payment, etc.)
- Supplier relations impact relative to order tracking and payment

Furthermore, OIG Payment was leveraged to manage all payment processing as negotiated between buyer and supplier. And finally, seamless data distribution to PDI for real time reporting and 100% spend visibility.

3. Cash Management and reporting capabilities

Family Express's current system did not provide the necessary tools enabling them to establish, manage and conduct real time budgetary reporting. The noted deficiency had a direct impact on corporate ability to maintain spend accountability.

Primary Solution:

OIG Procure

OIG Procure provides for Budget Functionality allowing for budgets to be set at location, cost center, account code of custom configuration to meet clients requirements. Furthermore it includes ability to set over limit email notifications, update budgets as well as the ability to import and export for quick reports.

"The Budget Management feature will enable us to manage and track spend across the company down to the employee level. Budget management has now become extremely easy by leveraging the detailed reports and over-budget e-mail alert notifications."

Monique Horn, Chief Accounting Officer

SUMMARY

Within 60 days Family Express users were trained and began to log into OIG Procure (configured as FE Order Desk) to shop, order and receive their items all in one application. OIG Catalog provides Family Express a best in class shopping experience with images and sophisticated search capabilities, making shopping easy and quick for Family Express store and corporate users. Additionally, OIG Catalog allowed Family Express to customize catalog content views, so that the stores only had access the suppliers and catalogs meeting their specific needs.

BUSINESS PROBLEM RESOLUTIONS:

- Automated Approval Hierarchies
- AP/AR Discrepancies Eliminated
- Improved Cash Management via p-Card processing
- Enabled Supplier Community
 - Electronic Order Processing with e-Ship Notice & e-Invoice
 - Catalog Content Management and Buyer Approvals
- Accurate Spend Visibility
- Reduced Cycle Times
- Strengthened Supplier Relations
- Budgetary Controls
- PDI Integration

Most importantly, the inherent business process benefits provided within the suite of applications allowed for rapid user adoption by Family Express as well as their respective Supplier Community.

CLOSED LOOP SOLUTION

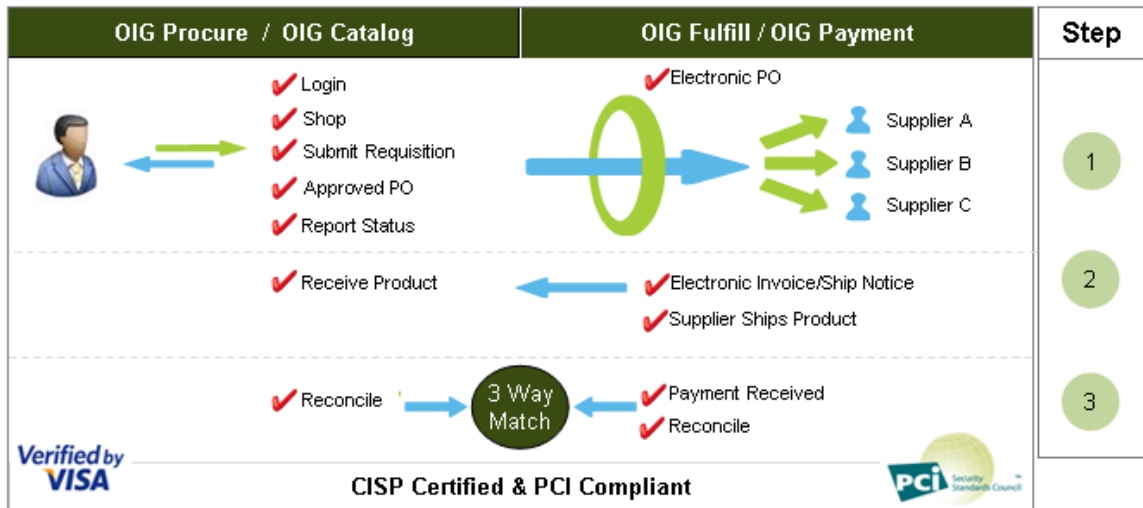


Exhibit 1: P-F-I-P-R process (Procure, Fulfill, Invoice, Pay and Reconcile)

ABOUT OIG

OIG services a breadth of large buyer clientele across diverse verticals inclusive of Petroleum Retail Outlets, Convenience Stores, Quick Serve Restaurant (QSR), Universities, Healthcare Institutions and Tier 1 Automotive Suppliers. Working directly with OIG, the buyer client realizes an almost immediate return on investment through complete automation of their respective supplier community. Gaining clear visibility to operational supply spend both buyer and supplier strengthen their relationship and are able to identify lost opportunities equilaterally. In addition, extensive process related savings start with their first purchase order.

OIG MISSION STATEMENT

OIG empowers clients, employees and partners through the delivery of clear and actionable results. We do so via the practice of teamwork and an open air communications policy that both encourages and supports innovation, creativity and adaptability to change. Our core values of integrity and respect are applied to all whom we encounter and expressed in a manner which we would expect in return. Our daily charter is to continuously improve and increase both the value and reward for all OIG stakeholders.

More information available at www.Osirisig.com or call 888-445-0010