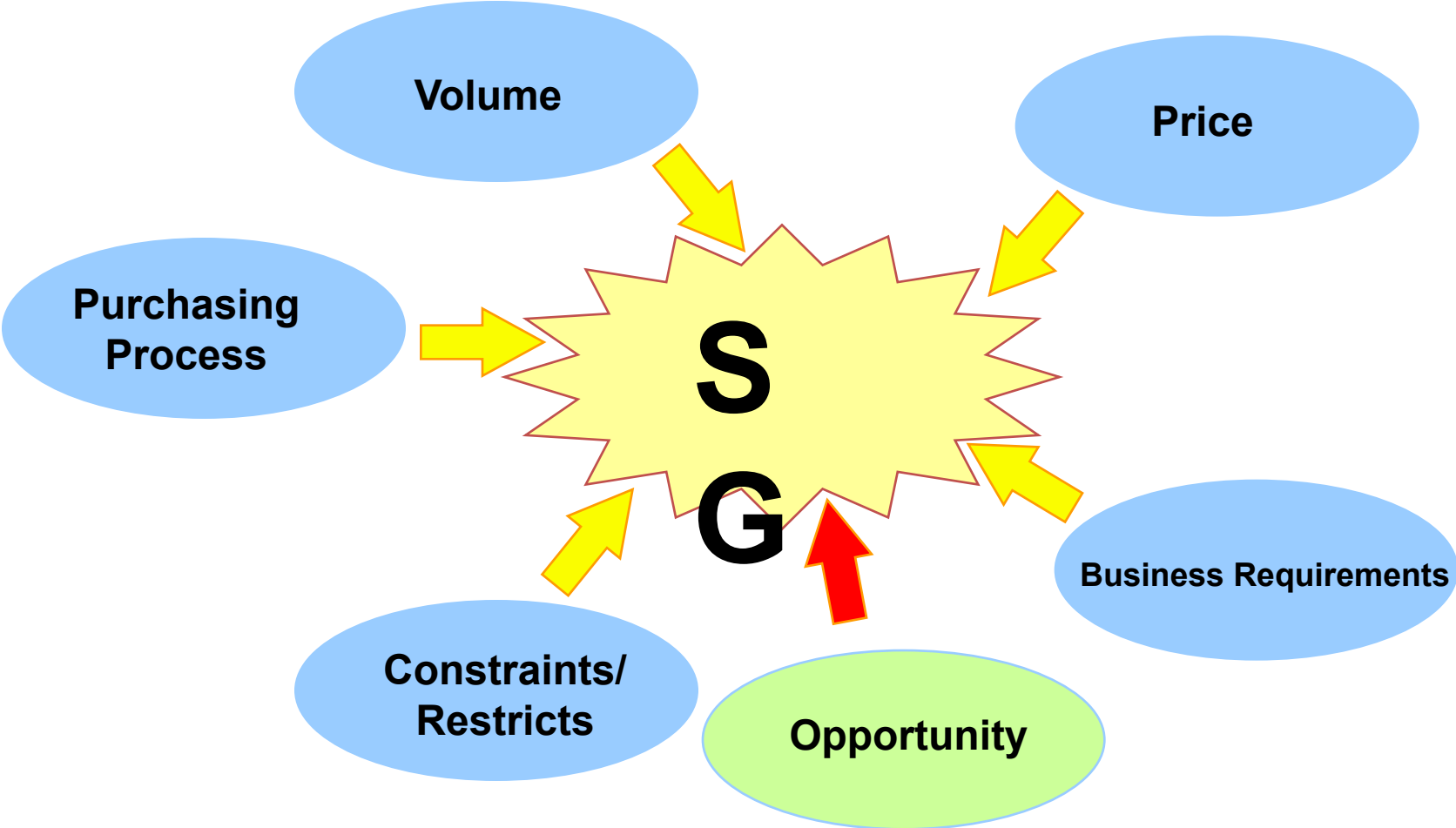


Sourcing Group :- Scope

- **Sourcing group: Telecommunications**
- **Objective: Contribute to Kellogg Russia growth goals by sustaining 4,5% return in savings**
- **Strategy: Leverage**
- **Spend & volume: 14 000 000 rub**
- **Supplier landscape: Rostelecom, TTK, Vympelcom, MTS, Megafon, Orange, Intercall, AT&T**
- **Gemstone left or right: left**
- **Timeframe: 3 years**

Profile The Sourcing Group

CHARACTERIZE THE SG

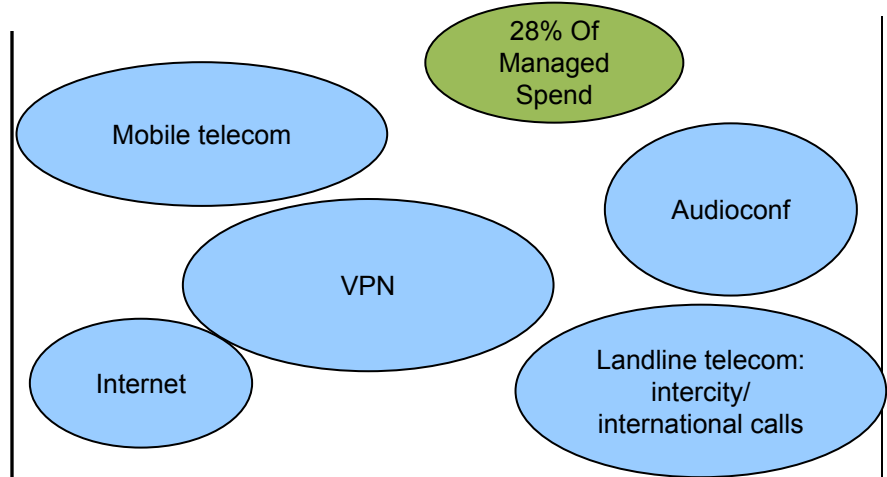


SG Opportunity Assessment

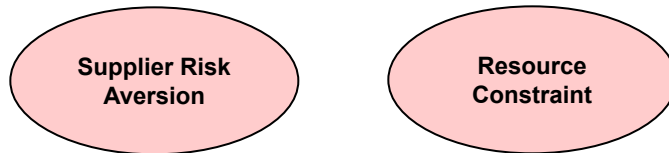
Secondary Area of Focus



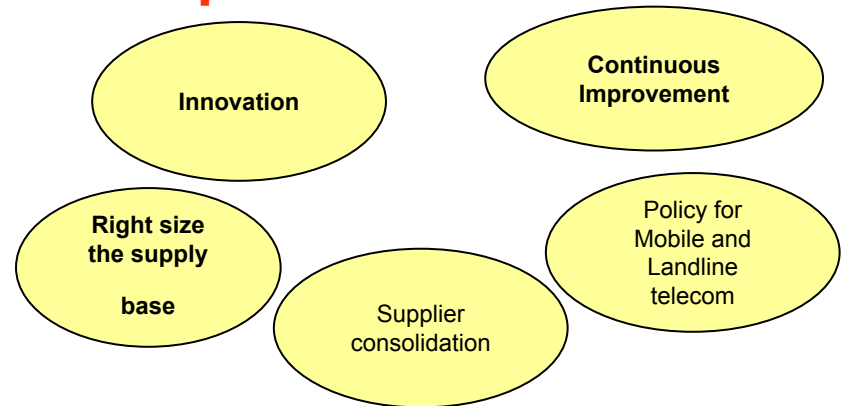
Primary Area of Focus



Special Efforts

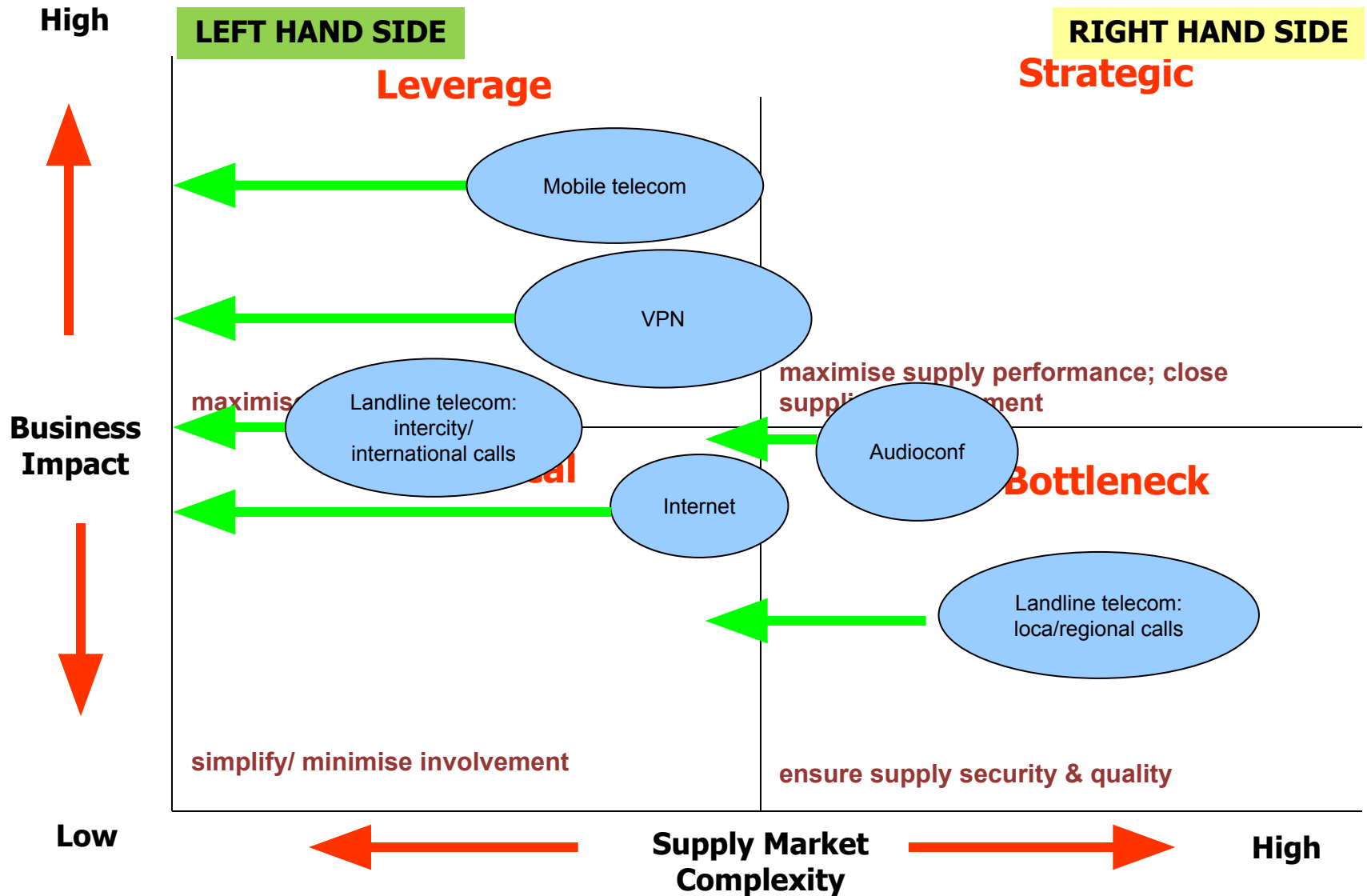


Explore Alternate Solutions



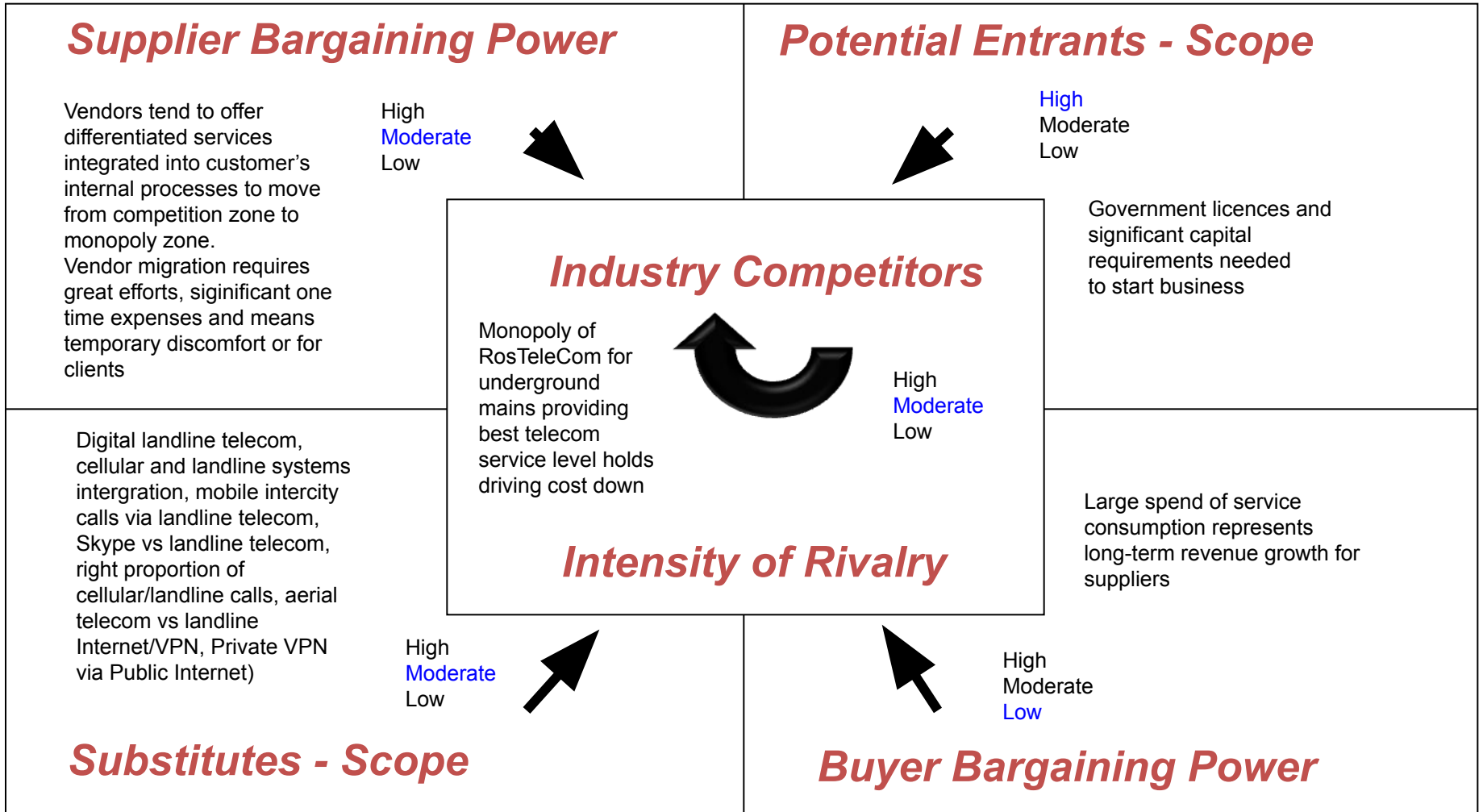
SG How Kellogg See's Supplier Categorization

THE STRATEGY FOUNDATION

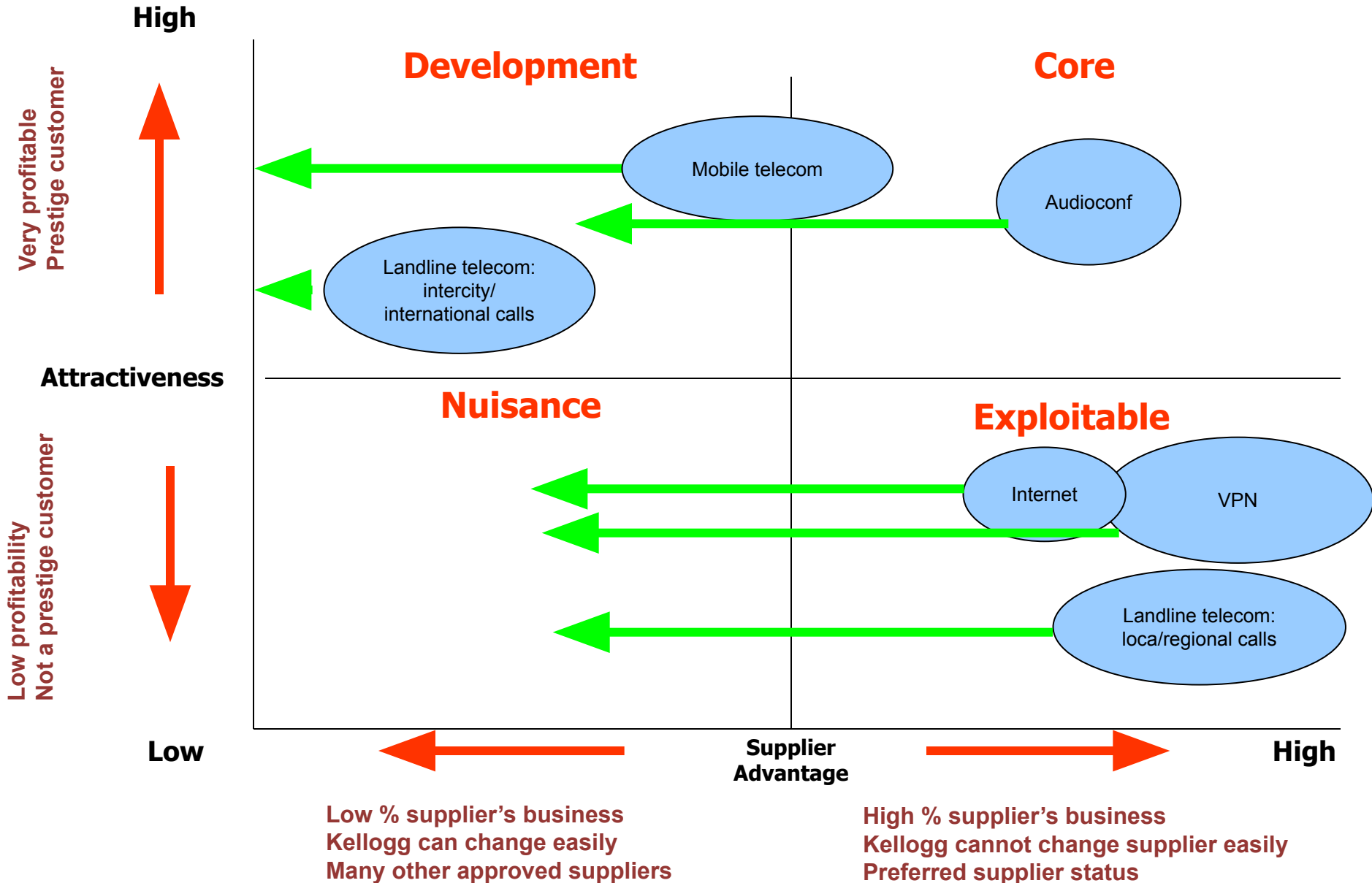


SG Porter's 5 Forces

SUPPLY MARKET COMPLEXITY ANALYSIS



SG How Supplier See's Kellogg

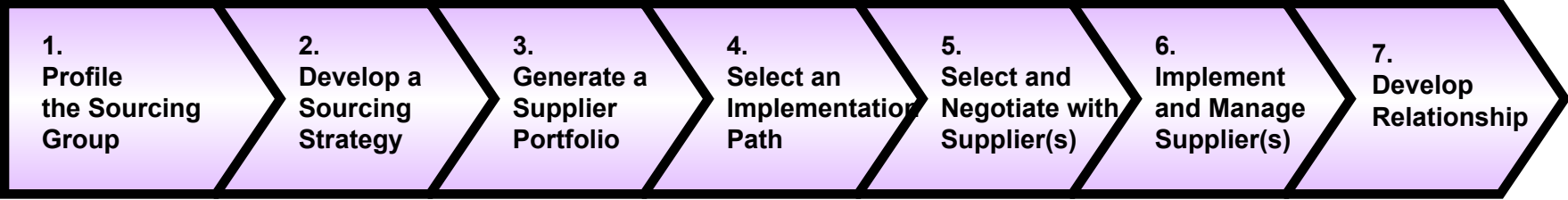


Strategy Dashboard - Primary Area Of Focus

KSS Gemstone - Leverage & Non Critical

Sourcing Group	Owner Name	Annual Spend, M RUB	Prioritization	Suppliers categorization	Kellogg categorization	Resistance to Change	Sourcing Strategy	Volume Concentration	Best value Evaluation	Global Sourcing	Price model	Alternative suppliers	Alternative materials/services	Specs reengineering	Right Size of Supplier Base	RFI	RFO	Cost Reduction Target	Time Frame
Telecom	Sleptsov S.	14 000 000p.	Primary	Exploitable	Leverage	Medium	Leverage	yes	yes	no	TBD	yes	yes	yes	yes	yes	yes	2 165 000p.	3 years

KSS – Follow Seven Step Plan for Strategic Sourcing



Staircase Strategy



Base spend: 14 000 000 rub
 Scope: Mobile/Landline tel, Audioconference, Internet/VPN
 Strategy: Leverage



Volume Concentration
 Best Value Evaluation

Strategic Planning

Group: Landline
Strategy: Use competitive bidding;
Pool volume across business units
Cost Saving: 250 000rub
Time: May2012

Group: Audioconference
Strategy: Use competitive bidding.
Renegotiate/rollback prices
Cost Saving: 365 000rub
Time: Jul2012

Group: Mobile
Strategy: Use competitive bidding .
Renegotiate/rollback prices
Cost Saving: 700 000rub
Time: Dec2012

Group: Landline
Strategy: Use competitive bidding;
Combine volume from different sourcing groups (Mobile/Landline tel, Audioconference, Internet/VPN)
Cost Saving: 100 000rub
Time: May2013

Group: All
Strategy: Use competitive bidding; Redistribute volume among suppliers
Cost Saving: 600 000rub
Time: Dec2013

Group: All
Strategy: Substitute materials/parts
Cost Saving: 500 000rub
Time: Dec2014

Include in the bidding scope LL Telecom from all Kellogg Russian locations, choose the best price from quality vendors

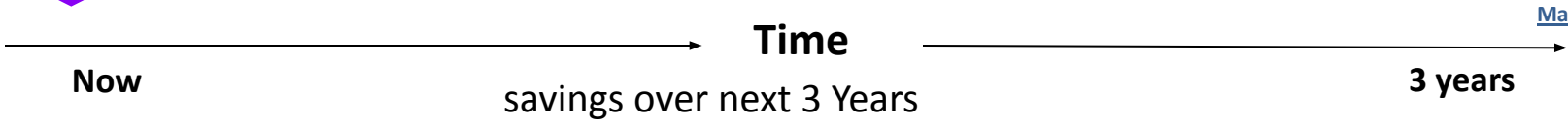
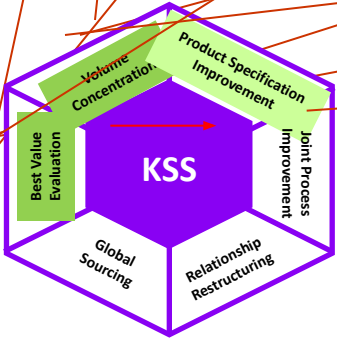
Conduct market research to identify right price. We can not change Intercall as it is our global preferred supplier but we can persuade it to decrease prices to identified right price level for this kind of service level.

Conduct market research to identify lowest price. Drive prices down the lowest possible level

To define opportunities to decrease price to the lowest possible level along with getting vendors interested by combining volumes from different sourcing groups (Mobile/Landline tel, Audioconference, Internet/VPN)

Identify the best prices in the market for all telecom sourcing groups, redistribute volume among suppliers to achieve best total value

Identify cost saving opportunities via embracing new technologies in the market



Implementation

Stakeholder Mapping

		(3) Alex Kutyreff - Finance Director	
	(6) Elena Alexandrova - Commercial Director		
(21) Ilya Filipson- IT Director			(24) Andrew Burns – REM Procurement Manager
(25) Sergey Borisenko – Head of Procurement	(22) Dmitry Kirsanov – Financial Controller		
(25) Vadim Sapunov – Tax Manager	(26) Dariya Fedoseeva – Legal		

Implementation Stakeholder Engagement Matrix



Sourcing Group

APPENDIX