Grupo Posadas

Grupo Posadas is the largest hotel operator in Latin America with 117 hotels and 20,300 rooms in Mexico, Brazil, Argentina, and Chile.

The Challenges

Managing procurement and sourcing metrics in an efficient and reliable manner was not a realistic possibility for the Grupo Posadas Procurement team with its existing ERP system.

Fausto Jimenez, Strategic Sourcing VP at Grupo Posadas, and his team required a strategic sourcing process throughout the entire organization that would allow them to gain visibility into spend and spend metrics, as well as to achieve central pricing control and purchasing consolidation.

In the short term, the team hoped to identify a platform to effectively meet its needs and handle its entire operational and capital expenditures. The longer-term goal was to manage all of the organization's subsidiaries' spend within the platform.

The Solutions

The team sought an on-demand solution from a provider with a strong reputation in the services industry that would enable them to achieve their goals. Ariba fit the bill perfectly.

"We do not want to be owners of the software—we just want to take advantage of the potential of it. Accordingly, the Ariba on-demand solution fits well for us," said Jimenez.

Grupo Posadas selected the Ariba Sourcing™ solution, the Ariba Spend Visibility™ solution, the Ariba Contract Management™ solution, the Ariba Supplier Information Management™ solution, the Ariba Supplier Performance Management™ solution, and the Ariba Procure-to-Order™ solution to meet is strategic objectives. The team began to use Ariba Sourcing in November of 2010 and implemented the remaining modules over the course of 15 months.

To date, the team has strategically managed numerous categories of spend through the end-to-end Ariba solution, including: bedroom furniture, public area furniture, bedroom supplies, televisions, towels, security services, pest control services, wireless installation, acoustic and movable walls, and more.

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>
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The Benefits

The Grupo Posadas team has achieved 18 percent savings, on average, for the categories it has put through the system thus far. "Not only have we achieved 18 percent in savings, we have also increased the corporate spend under contract negotiations by 25 percent," Jimenez stated.

Increasing its visibility related to corporate purchasing and ensuring compliance in terms of price and service level agreements has been a tremendous asset for the company. They are now able to provide more tools to analyze corporate spend while delivering a useful platform that serves as a backbone for its organization-wide strategic sourcing initiative.

The custom catalog management for each of the hotels in the network provides an easier way to view which products they buy that are both under corporate negotiate and brand standards, as well as to ensure that corporate negotiations are not substituted at the local purchasing level.

Another significant benefit for the organization relates to supplier identification and reduction—moving from 8,000 vendors down to 3,000 strategic suppliers. Interacting with their valued suppliers in RFXs is now easy with the user-friendly platform.

Better tracking of total PO processing time, as well as hastier confirmation from suppliers, allows the Operations department the opportunity to detect stock outs and provide options to the hotel network.

Metrics for subsidiaries that provide internal services such as catalog management and customer support can now be provided. And digital approval flows reduce the amount of time required to work with administrative paperwork.

Next steps for the Grupo Posadas Procurement team include using Ariba Sourcing to extend the negotiations for subsidiaries and to set a continuous deployment of the strategic sourcing initiative. The team also plans to implement Ariba Procure-to-Order in its subsidiaries in the short term.

Tips for Success

Fausto Jimenez learned some instrumental best practices as he implemented the Ariba solution throughout the Grupo Posadas organization.

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He found it critical that the complete team supporting the rollout—including personnel to manage the operational issues and ongoing operation—be integrated and involved from the initial project kick off.

Primary suppliers should also be included early on in the implementation phases of the project in order to ensure a smooth transition into the Ariba platform. Training suppliers on participating in events is essential for increasing participation and reducing response time.

"Identifying all key stakeholders throughout the company and having them on board throughout the entire project, as well as establishing strong and permanent sponsorship from the highest level possible in the company, is crucial. Have every savings in writing and confirmed by the stakeholders," said Jimenez.

About Grupo Posadas

Grupo Posadas, with more than three decades in the hotel marketplace, operates more than 117 hotels and 20,300 rooms in 70 beach and city destinations in Mexico, Brazil, Argentina and Chile. Its eight hotel brands are AQUA, Fiesta Americana Grand, Fiesta Americana, Fiesta Americana All Inclusive, Fiesta Inn and One Hotels in Mexico, and in South America, the company operates Caesar Park and Caesar Business, making Grupo Posadas the leading Mexican hotel operator in Latin America. Grupo Posadas has been listed on the Mexican Stock Exchange since 1992, with the ticker symbol "POSADAS." For additional information, visit its website www.posadas.com

About Ariba, Inc.

Ariba, Inc. is the world's business commerce network. Ariba combines industry-leading cloud-based applications with the world's largest web-based trading community to help companies discover and collaborate with a global network of partners. Using the Ariba® Network, businesses of all sizes can connect to their trading partners anywhere, at any time from any application or device to buy, sell and manage their cash more efficiently and effectively than ever before. Companies around the world use the Ariba Network to simplify inter-enterprise commerce and enhance the results that they deliver. Join them at: www.ariba.com