

# ElectrifAi

## Customer Success



CASE STUDY

# Ocean Spray Captures \$2M in Incremental Spend Savings Each Year



# Background

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## The Ocean Spray Story: From 3 Founders Into A Billion Dollar Sales Mark

Started in 1930 with three cranberry growers, Ocean Spray has expanded to 700 grower families and holds a majority share of the juice, fresh fruit, fruit sauce and dried fruit markets. And the co-op's cranberries are now part of more than 1,000 products in over 100 countries worldwide.

In recent years, Ocean Spray set out to gain a clearer view into its direct and indirect spending. Until then, the co-op had no centralized procurement function across

more than 20 offices. The challenge would be building new oversight processes from the ground up and gathering useable data from five different systems.

“At the time, it was very difficult for us to get any meaningful data to analyze where we were spending and recognize the top opportunities for savings,” said Philip Parks, Senior Manager, Capital Management & Indirect Procurement at Ocean Spray Cranberries.



Source: Ocean Spray

## ElectrifAi: Making Sense of Vast, Disparate Data

Parks transitioned from internal auditing to lead the new procurement effort. Getting insight into spending with only himself and one contractor at the start, he knew, would be painstaking without a tool to expedite it.

After evaluating various spend-analysis solutions, the team chose ElectrifiAi's ProcurementAi for its ease of use, reporting capabilities, and ability to pull from and make sense of the co-op's data from SAP and other applications.

ElectrifAi would extract massive amounts of disparate data, and transform both structured and unstructured data into actionable business insights using artificial intelligence and machine learning. The technology would find meaning in Ocean Spray's vast and disparate data rapidly and at a level not humanly possible.

“With five different data systems, it would be very difficult to get insights without a tool like ElectrifiAi,” Parks said.



## Surprising Findings

The ElectrifiAi team guided Ocean Spray in pulling data from the various sources and categorizing it. The state of the source data, Parks says, was far from ideal. For that reason, ElectrifiAi recommended best practices and standard operating procedures for data capture to

ensure the co-op would collect the right data for optimal analysis.

Despite many missing data points, ElectrifiAi was able to begin gaining insights within six weeks – uncovering eye-opening findings.

**“ElectrifiAi shows us what we’re buying, who’s buying and from which vendors, enabling us to find millions in savings opportunities”**

Philip Parks – Senior Manager, Capital Management & Indirect Procurement, Ocean Spray Cranberries

### The team uncovered that...

- Across its manufacturing locations and offices, Ocean Spray associates were buying more than 200 different types of gloves and more than 200 different types of safety goggles – just a couple of examples of their fragmented purchasing.
- Employees sourced office supplies across numerous vendors, showing a potential for consolidation and savings.
- Analysis also turned up numerous contracted consulting firms, many of which provided the same type of service. Others had not been re-bid for more than 15 years.

# The Results

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Within several months, the company had categorized spend and prioritized opportunities for savings. Without those insights, this would have taken the Ocean Spray procurement team more than a year and far more effort, Parks estimates.

In response, Ocean Spray made strategic decisions to consolidate and reduce costs. The co-op narrowed its pool of vendors, standardized high-volume items and established strategic sourcing arrangements. A new

nationwide agreement with one supplier means volume discounts and rebates.

Now, the data also flags when a buyer purchases outside of new protocols and agreements. And when a customized request comes down from another department or the C-level regarding spend data, the procurement team can provide a quick turnaround.

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## REALIZED SPEND SAVINGS

# \$2 million

last fiscal year

## PROJECTED SPEND

# \$2 million

this fiscal year

## IMMEDIATE BENEFITS

# 6 week

deployment timeline

## CATEGORIZATION

# 99%

of both direct and indirect spend

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## \$2M Recaptured Each Year, and Counting

Consultants had initially projected that the co-op could reduce its spend by five to six percent. In reality, Ocean Spray saved two to three times that amount – in some categories more than 20 percent.

Each year since teaming with ElectrifiAi, Ocean Spray has captured \$2M in incremental savings by identifying opportunities. And there's still significant potential for more savings by further consolidating vendors for health contracts, employment agencies and more.

As the Capital Management & Indirect Procurement group has recovered savings, it gained the resources to hire two full-time staff, in addition to Parks – giving it the additional manpower to go after opportunities.

**“The hope is that, with ElectrifiAi and the organizational structure to support this, we’ll recapture an estimated additional seven million this year in savings off the base line,” Parks said.**