

PRIVATE EQUITY CASE STUDY

PROCUREMENT AS A SERVICE: LOGICSOURCE'S PARTNERSHIP WITH A LEADING PRIVATE EQUITY FIRM



Over the last 24 months, LogicSource has been engaged with a leading private equity firm with over \$500 billion in assets under management. LogicSource was engaged to support their Operating group to unlock value creation opportunities within their portfolio through scalable procurement strategies.

Key Macro Procurement Challenges identified across the portfolio:



- **Insufficient indirect category management** and **lack of centralized procurement function** within portfolio companies.
- **Lack of procurement best practices** and **best-in-class sourcing policies** creates difficult post-divestiture restructuring, leading to overspending and non-competitive pricing.
- **Limited visibility into spend** inhibiting the ability to leverage internal buying power and identify areas for opportunity.

This PE firm engaged LogicSource to support their sourcing and procurement efforts on three different levels:



- + Establish best-in-class sourcing and procurement capability and transformation at select portcos.
- + Build out and implement preferred supplier relationships, leveraging both LogicSource's \$150B in spend data and portfolio company wide spend.
- + Execute a focused set of sourcing events at individual portcos.

In 2024, this partnership generated **\$50MM** in realized P&L savings across 10 separate portfolio companies, with another **\$75MM** forecasted over the next 18 months. This partnership addresses over \$500MM in annual indirect expenditures.

THE LOGICSOURCE SOLUTION

Our Solution Model: LogicSource utilized tailored solutions based on our proven “For You” and “With You” models to optimize procurement functions across these companies.

+ Centralized Procurement Transformation

- For **Portco A**, we centralized their procurement operations by adding category management expertise and leveraging our market data. Over 30 sourcing events were executed, driving P&L savings.
- **Portco B** benefited from our build, operate, and transfer model. We rapidly deployed both dedicated and shared resources to rebuild their non-clinical procurement function and introduced sourcing governance and technology to enhance visibility.
- **Portco C** saw immediate improvements by expanding its existing procurement team with category experts, optimizing supplier relationships, and consolidating indirect spend under a centralized procurement function.

+ Strategic Sourcing & Category Management

- Implemented strategic sourcing and category expertise to unlock internal buying power and drive significant cost savings.
- LogicSource deployed 150+ category experts to manage indirect spend, implemented sourcing policies and tracked savings through the Source-to-Contract technology.
- Enhanced internal indirect procurement team’s capacity to cover all indirect spend, implemented sourcing cadence, and consolidated suppliers to negotiate better pricing.

+ Technology & Automation

- Implemented OneMarket technology platform to automate procurement processes and create transparency in spend tracking.
- Implementation of Source-to-Contract technology to automate workflows and ensure rapid procurement maturity.
- Integrated our Source-to-Pay technology platform to streamline spend management, performance reporting, and sourcing execution, optimizing the procurement process across multiple categories.

+ Governance & Policy Alignment

- Implemented strong governance structures to enforce compliance and track savings across categories.
- Established formal procurement policies focusing on category management and compliance, ensuring long-term strategic alignment.

+ Preferred Partnerships

- Implemented, managed, and educated all portfolio companies on preferred supplier partnerships that leveraged the total buying power of the PE firm in addition to LSI’s buying power to drive savings across over 70% of portfolio companies on a supplier-by-supplier basis.

RESULTS

Measurable P&L savings and EBITDA enhancement ultimately resulted in an increase in shareholder value and a derisked supply chain.



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