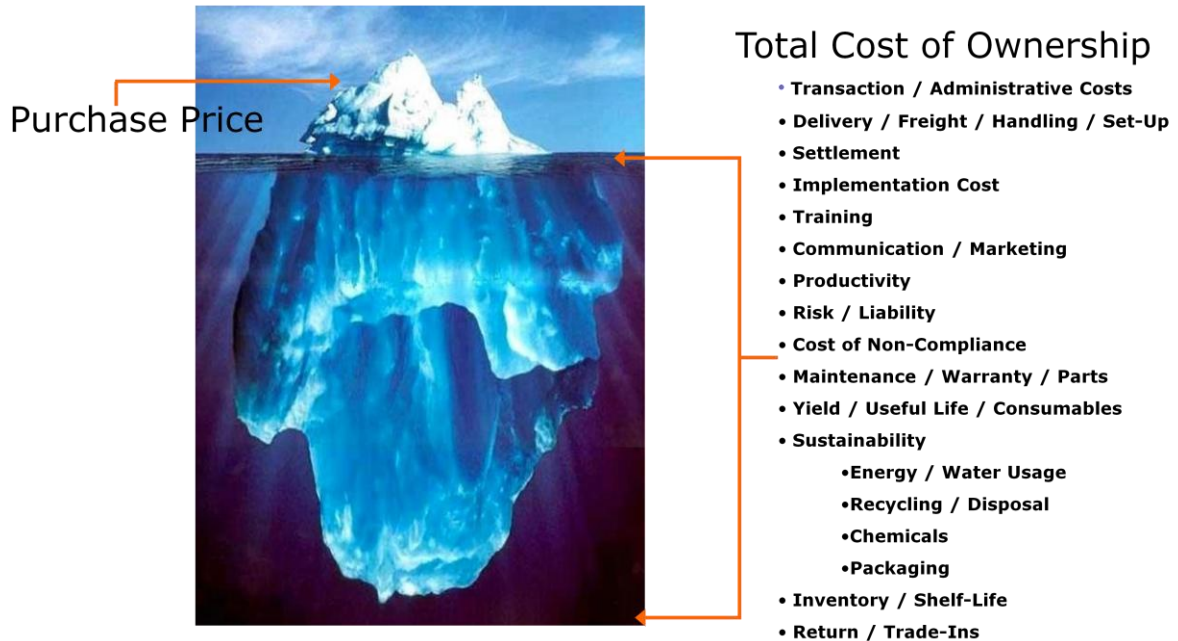


Total Cost of Ownership



Traditional purchasing focuses on the transaction processing and purchase price only. Strategic Sourcing is much more comprehensive focusing on such areas as:

- **Total cost:** It's not just about price, it's about all aspects that make up total value, from acquisition costs, to inventory costs, to repairs to disposal.
- **Volume concentration:** The whole is much stronger than the individual parts. Strategic Sourcing deals with the entire organizations spend.
- **Process improvement:** Strategic Sourcing seeks to be "better, faster and cheaper" in everything we do. The elimination of redundancies and non-value-added activities is key to cost elimination.
- **Supplier performance:** Reducing the number of suppliers to a key group of the highest performing suppliers and holding them accountable to achieving improvements in cost, quality and customer service.
- **Contract compliance:** Developing the internal disciplines to continually reduce "maverick spending."
- Demand Management. Work with our end-users to ensure they are buying the right products in the right way.
- **E-Procurement:** Critical to managing a highly decentralized environment. We can't manage what we can't measure. Quick and accurate spend data is a priority.
- **Customer Satisfaction:** Strategic sourcing foundation is meeting the requirements of the end users.