

A Reliable Lab-Wide Strategic Sourcing Partner Helps Optimize Lab Operations and Facilitates Business Growth

Abstract

Laboratories are taking control of their assets and simplifying processes with a reliable lab-wide strategic sourcing partner to ensure success and sustainability. Such partnerships enable operations to prosper by tailoring a comprehensive service strategy to maximize current business objectives and future growth.

Introduction

It is widely recognized across industries today that high-performing sourcing, procurement, and supply chain management is crucial to company success, as explored by the Harvard Business Review Analytical Services.¹ Over the last decade, this notion has been tested and adopted, and is becoming standardized across the scientific laboratory sector. To meet ever-growing demands for greater efficiency and productivity while continuously adjusting to ever-changing business conditions, science leaders are looking for expert guidance outside of their organization to evaluate and optimize their service strategy. Single-partner service solutions can simplify laboratory asset management activities and processes, providing scientific and administrative personnel with the bandwidth to focus on core competencies, such as advancing science and achieving business objectives.

The evolution of outsourcing from tactical purchasing activities, often referred to as procure to pay, to that of a strategic sourcing partnership, results in optimization of lab operations through high-performing sourcing services. A high-performing or strategic sourcing service partner aligns service suppliers to business stakeholders' objectives and uses data-driven insights to maximize both the value of service spend and the availability of instrumentation. Delivery parameters are implemented and routinely measured to ensure that the greatest value is being achieved with laboratory resources and service suppliers. An ideal lab-wide service partnership provides experience and expertise in sourcing, change management, and laboratory services. A good strategic sourcing partner will fully understand the critical needs and intimate details of complex scientific equipment.

Ultimately, the goal of strategic sourcing is to increase lab-wide efficiency, and by extension increase productivity. Through a dedicated sourcing partnership, labs can take control of their assets to ensure success and sustainability, enabling operations to prosper from a strategic alignment of their service strategy with current business objectives and future growth plans.

Transitioning from tactical to strategy sourcing unlocks opportunities

Outsourced tactical sourcing is often the initial step in an effort to optimize procurement services for the entire laboratory. This optimization typically involves replacing the many service providers for a laboratory with a single point of contact, thereby dramatically reducing the transactional

management costs for quoting, scheduling, ordering, monitoring, and payment of services. Under one consolidated invoice, outsourced tactical sourcing also reduces accounts-payable costs, while maintaining the required transparency. Such consolidation endeavors often yield a one-time saving from 5 to 10% on average over preexisting models and are becoming standard practice in the laboratory. Lab-Wide Instrument Services white paper² explores various services models that have evolved from the efficiency needs of the laboratory industry and compares and contrasts those alike. Tactical sourcing pinpoints a single, capable provider behind a lab's full range of service needs, from an urgent, unplanned repair or project-based calibration to an extensive array of scheduled maintenance and qualifications, contracted by original equipment manufacturers (OEMs) and third parties.

In short, outsourced tactical sourcing effectively offloads the list of laboratory suppliers to a trusted industry and sourcing expert to take responsibility for procurement, delivery, and payment. For many organizations, this is a major advancement in both hard and soft savings, as well as peace of mind. The benefits from tactical sourcing taper off when looking further into the future, often resulting in having to continually catch up or stagnating in maintenance mode.

Strategic sourcing, in contrast, is a mindful, proactive approach that solves service questions through a much broader lens, considering the company's future growth plans, and the challenges inherent to that growth: operational restraints, resource limitations, risk mitigation, and financial obligations. Rather than finding service providers suited for today's needs, a strategic sourcing partner explores long-term business goals, finds service providers and solutions suited to fit these current goals, and confirms their ability to adapt to future changing business landscapes.

A dedicated strategic sourcing partner knows how to drive savings through continuous improvements long after initial implementation, avoiding the common service-savings plateau and associated pressures to continue reducing costs, which often lead to compromised service quality. They consider a holistic view of an organization's entire inventory and associated services. A benchmark assessment is performed, incorporating data including an instrument's age, service history, criticality, use, redundancy, and end of support. The information is then overlaid with organizational capital expenditure budgets and production goals to lay the foundation for a strategic service plan.

Strategic sourcing offers guidance through an analytical risk assessment, which changes the mindset from "how do we reduce service spend?" to "how do we optimize service spend to achieve business goals?".

Table 1 demonstrates a few thought-provoking answers that a developed sourcing model can yield in response to some common service questions.

Strategic sourcing builds beyond tactical sourcing to provide effective and efficient execution of procurement activities, primarily because laboratories need a range of service providers to ensure high-quality service across diverse technologies. Strategic sourcing is an evolution of the procurement solution to this diversity, not an alternative, providing depth, quality control, and organizational alignment.

ProcureAbility, an industry leader in procurement services and strategic consulting, argues that treating sourcing as a strategic initiative better aligns sourcing with other growth-focused teams within the organization.³ By partnering with a sourcing expert to think strategically about a lab's current and potential service providers, decisions can be made to better prepare that organization for growth. At the same time, strategic considerations of sourcing ensure that service needs are visible to the rest of your organization and are a part of all growth conversations.

A knowledgeable scientific partner is critical for strategic sourcing success

Internal ownership of sourcing may seem optimal for assuring alignment, however, delegating sourcing operations in the lab service category to a knowledgeable lab-wide sourcing partner brings significant benefits. By off-loading sourcing decisions, an organization frees internal resources to focus more heavily on otherwise competing goals: customer demands, advancing discovery, and growth targets. At the same time, the strategic service partner develops a sourcing strategy to fit those goals, and ensures that all suppliers adhere to the organization's goals.

Even with a strategic service partner involved, the selection of service providers should remain with the organization. Rather than owning those decisions, the partner should aim to provide the options and data to make those decisions easier. Recently, cumulative data have been critical in identifying

companies, usually OEMs, that account for the highest capital expenditure. Organizations are strategically choosing to maintain a strong direct relationship with these instrument manufacturers for mutual benefit. That aside, the strategic service partner works with the organization to define service metrics based on organizational goals. The service partner can then present the organization with a detailed report of all service suppliers' performance, held against those same metrics. If a supplier should fail to meet targets, the organization owns the decision to change providers, while the service partner owns the execution of that change, such as finding suitable replacements, terminating existing contracts, and certifying the new suppliers—all while possessing the understanding and ability to delicately manage and communicate such change throughout and across functions.

A laboratory service sourcing expert is well-connected to a large network of providers, meaning that they provide access to more options when creating a customized service plan. This accessibility ensures supply chain optimization in close collaboration with lab managers' requirements and those of the existing sourcing team.

Having third-party insights and expertise also provides simplicity and confidence. Rather than juggling dozens or even hundreds of unrelated service providers, the strategic service partner becomes the dedicated single point of contact to manage and streamline service. In addition to management and coordination, a partner handles questions, escalations, and more burdensome tasks, freeing the bandwidth of staff for strategic decisions. All back-end and administrative work is handled externally, freeing up time for what matters most – science.

The strategic partner also negotiates for contractual improvements on behalf of their customers, saving time and minimizing spend, while maximizing the return on that reduced spend. Furthermore, they provide valuable market insights, global reach, and relationships. All efforts are augmented by preexisting sourcing departments to ensure expert service within and across all laboratory sites and locations.

Table 1. Common service questions answered by tactical and strategic sourcing.

Question	Tactical Sourcing Answer	Strategic Sourcing Answer
How Many Suppliers Do I Need?	As few as possible	As many as your workflow and fleet will require
Which Suppliers Are Right for Me?	The least expensive ones	The ones that produce the best value for spend
What Are Our Competitors Doing for Sourcing?	Not sure	Looking for a partner who can ensure business results

Having a reliable strategic sourcing advisor extends your value and savings into the future

The quality of your single-source service partner and the ability to build a mutually beneficial, long-standing partnership with such a collaborator plays a critical role in your success. A knowledgeable partner with a long history in the laboratory domain recognizes the importance of always having instruments operationally available yet appreciates that the criticality of a given instrument or set of instruments can be dynamic. They understand the detrimental impact of instrument downtime and importance of meeting compliance regulations. When these needs are truly appreciated and considered in every asset entitlement decision and contract negotiation, then the entire strategy is developed, implemented, and maintained to deliver success.

By considering your strategic sourcing partner as a reliable advisor empowers that partner to provide recommendations for growth based on market insights and data; by integrating a scientific company as your sourcing, you can be confident that they recognize meaningful data metrics. For instance, benchmarking your lab against the statistics and trends shared from the laboratories of both your colleagues and competitors is part of the data analysis a scientific partner can provide. As you share more about your laboratory enterprise, workflow operations, and business goals, your trusted partner serves as an advisor, equipped to provide data-driven recommendations to facilitate growth in new and improved ways.

In addition to providing an educated, external perspective to support the optimization of your laboratory service strategy and operations, a strategic partner brings experience with a global network of scientific providers, often already vetted against company- and ISO-certified industry standards and processes. The partner's experience can offer thoughtful supplier and entitlement recommendations for improved changes.

A strategic service partner uses local buying power and market knowledge to consolidate and negotiate contracts on your behalf, in support of your unique lab goals, and offers full financial transparency to discounts and pricing. As requested, strategic sourced suppliers are held to established key performance indicators (KPIs) through supplier business reviews (SBRs), optimizing the overall quality of both existing and new suppliers, and thus the value of the overall service spend. The right partner seeks to reduce service spend by continually evaluating all service providers to ensure a single source of truth for performance and monitoring of suppliers. With maximized value on service spend through supplier consolidation, the active performance management enabled by laboratory sourcing professionals yields an average of 7 to 10% in savings, realized over 3 years. The scientific lab is a dynamic environment with ever-changing needs that require scrutiny as to which suppliers to maintain or change according to scientific and business conditions. Profit from the confidence in your trusted partner as an advisor to pair knowledge of the lab with the familiarity of countless suppliers, to help build the strongest service strategy possible.

Conclusion

Today's labs are complex and always evolving. A strategic sourcing partner confirms the ability to adopt to continuously changing and expanding business landscapes and has both breadth and depth of expertise in procurement processes and laboratory needs. By partnering for an optimized service strategy, you are simplifying laboratory asset management and will benefit from facilitated growth and a renewed focus on science. It lends you the ability and support to focus on the future as you collaborate on a tailored growth strategy necessary to achieve your current and future business growth plans.

References

1. High-Performance Sourcing and Procurement Driving Value Through Collaboration. *Harvard Business Review* **2017**.
2. Agilent CrossLab Lab-Wide Instrument Services, *Agilent Technologies white paper*, publication number 5994-3531EN, **2021**. <https://www.agilent.com/cs/library/whitepaper/public/whitepaper-led-labwide-instrument-services-5994-3531en-agilent.pdf>
3. Making the Journey from Tactical to Strategic Procurement. *ProcureAbility* **2018**.

www.agilent.com

DE24036115

This information is subject to change without notice.

© Agilent Technologies, Inc. 2022
Printed in the USA, November 11, 2022
5994-5439EN