Air Canada Overview

Air Canada is Canada's largest airline and the largest provider of scheduled passenger services in Canada.

In 2019, it was among the top 20 largest airlines globally with USD13B of revenue.

Procurement at Air Canada

Prior to its digital transformation, Source-to-Pay activities were manual and disconnected. It was difficult to have spend visibility and governance over the end-to-end process.

The results of a procurement maturity level assessment determined that Air Canada was lagging behind its peers and needed a people, process and technology transformation.

Air Canada chose **SAP Ariba** as the core procurement technology platform.

Procurement at Air Canada

Assessment of Air Canada **Source-to-Pay** activities revealed 4 key themes impacting Air Canada's ability to deliver maximum **value from the procurement process**

Limited Governance over the Source-to-Pay process

- Strategic Procurement is tasked w/ Sourcing and Contracting over $150K
- Branches are tasked with operational procurement, contract management and supplier relationship management
- No single group responsible for effectiveness and efficiency of end-to-end process

Inconsistent platform across Source-to-Pay process

- Specialized systems implemented within branches for key areas of spend
- For indirect spend, a mix of vendor solutions, manual processes and outsourcing are used to address lack of a default procurement platform

Significant manual effort to overcome tool gaps

- Significant amount or procurement activity is being managed using spreadsheets and databases
- RFPs, Contracts, POs are all handled manually without a structured data retention approach

Lack of data availability to maximize procurement value

- Limited access to accurate and detailed spend data
- Difficult to determine exact items, prices of the items, or quantities purchased

A procurement transformation was necessary to align to corporate priorities, mitigate risk and procure best value

Refreshed Policy with Roles & Responsibilities

Changes in processes, policy and organization were necessary to drive value from technology :

- **Strategic Procurement** (SP) is responsible for **governance** over all AC procurement activity
- Competitive procurement process led by SP for spend >$100K
- Branch-led procurement activities through POs, Catalogs or Contract templates on Guided Buying

Approved Procurement Systems
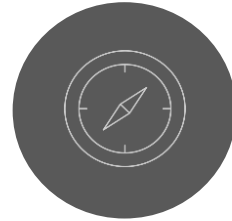
Implementation of **Ariba** as end-to-end S2P technology where no system was in place. It provided traceability over procurement lifecycle and integration of Source-to-Pay processes

Spend Analysis BI dashboard segmenting spend by category, BU or supplier

Streamlined Processes
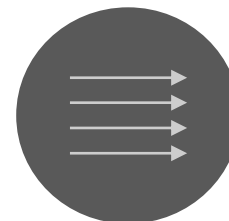
Guided Buying as Portal for all procurement related activities
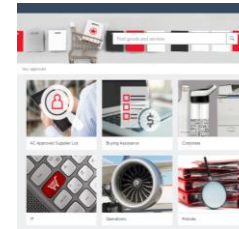
All invoices submitted through **Ariba Invoicing** to allow for automated 3-way match and compliance to negotiated commercial terms

Centralized Support Desks

Procurement Desk: Procurement assistance

Contract Desk: Contract execution and Record retention

Supplier Desk: New supplier set-up and supplier assistance on Ariba

SAP Ariba: Source to Pay Platform

Identify, Source, Contract, Buy and Invoice with SAP Ariba

Sourcing	Contract	**Buying**	Invoicing

4 ways to buy

Contract Invoice
(~70% of the spend)

- Recurring Services / Fixed fee activities
- No PO is required; Contract acts as the order
- Contract set-up with pricing terms and accounting details pre-configured
- Supplier delivers goods/services per the contract
- No DA required for invoice approval

Contract PO

- PO is required to trigger good/service delivery
- Users select items from a catalog linked to a contract

Catalog PO

- PO is required to trigger good/service delivery
- Users select items from a catalog for purchase

Ad hoc PO

- Infrequent/one-off purchases
- Users manually create a PRs with a quote attached

Benefits of Ariba Buying

Compliance to Negotiated Contract

Automated Invoice Reconciliation

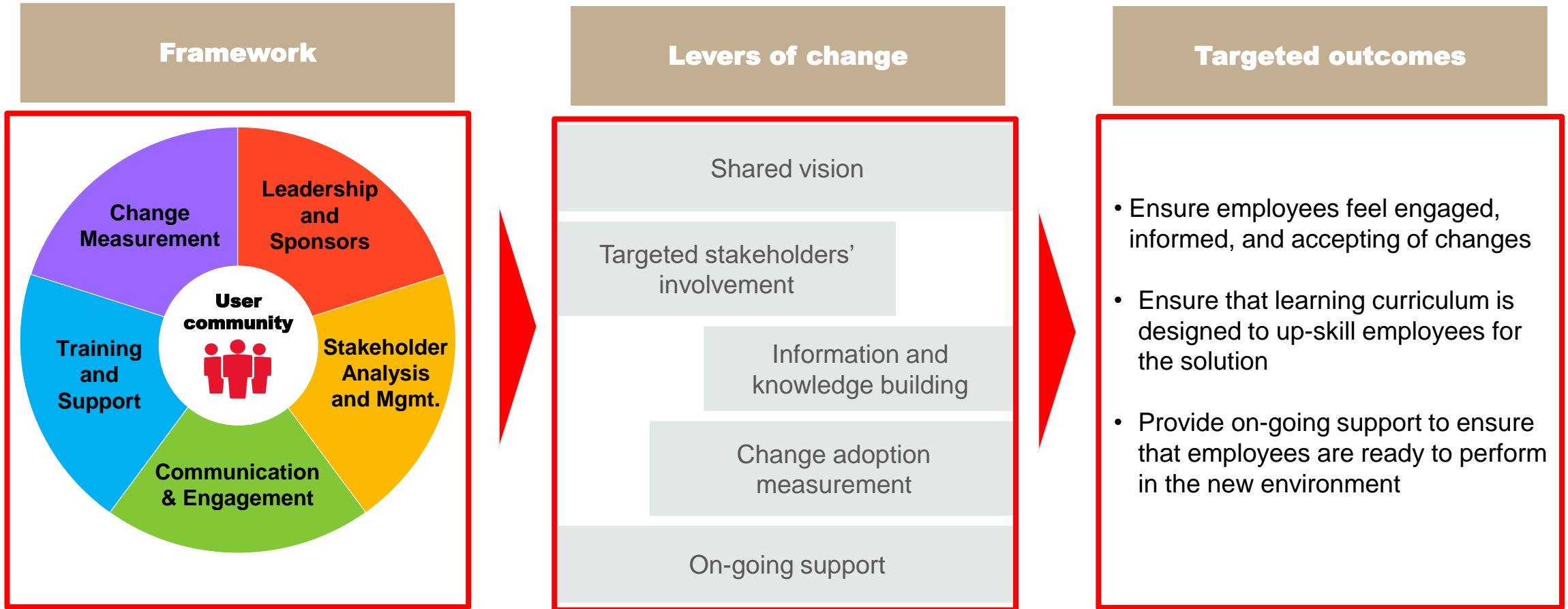Spend Visibility & Traceability

Purchase Requisition & PO System

Upfront Approval per Delegated Authorities

Change Management Strategy

Change Management is a key component of every transformation journey

Framework

- Change Measurement
- Leadership and Sponsors
- User community
- Training and Support
- Stakeholder Analysis and Mgmt.
- Communication & Engagement

Levers of change

- Shared vision
- Targeted stakeholders' involvement
- Information and knowledge building
- Change adoption measurement
- On-going support

Targeted outcomes

- Ensure employees feel engaged, informed, and accepting of changes

- Ensure that learning curriculum is designed to up-skill employees for the solution

- Provide on-going support to ensure that employees are ready to perform in the new environment

Change Management Framework

A framework which blends activities that enable change and activities to engage the organization resulting in sustained user adoption

USER ADOPTION IS ABOUT:

- Aligning leadership on the end state and creating a Change Network to champion the message
- Identifying impacts and managing internal stakeholder and external supplier resistance
- Providing a case for change across stakeholder groups
- Aligning process, roles, skills and capabilities, and training
- Clearly communicating the procurement processes and consequences of not following the processes
- Enabling and reinforcing adoption of internal users and external suppliers
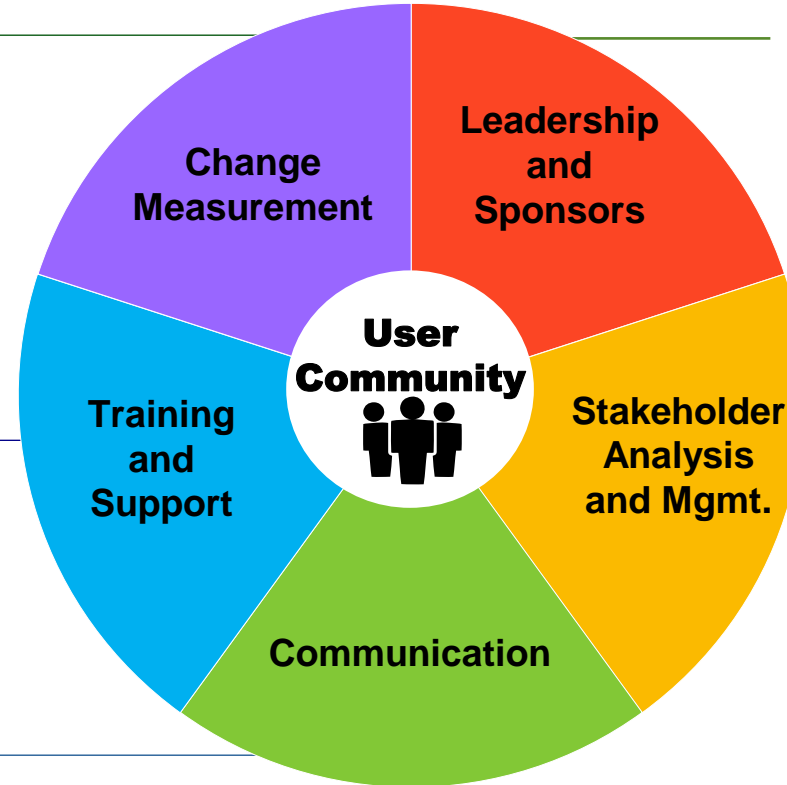
CHANGE MEASUREMENT

- Pre & post adoption evaluation tracking

TRAINING AND SUPPORT

- Training Plan
- Training Content
- Train the Trainer
- End User Training
- Supplier Enablement

COMMUNICATION

- Internal Stakeholder Communication Plan
- Supplier Communication Plan

LEADERSHIP AND SPONSORS

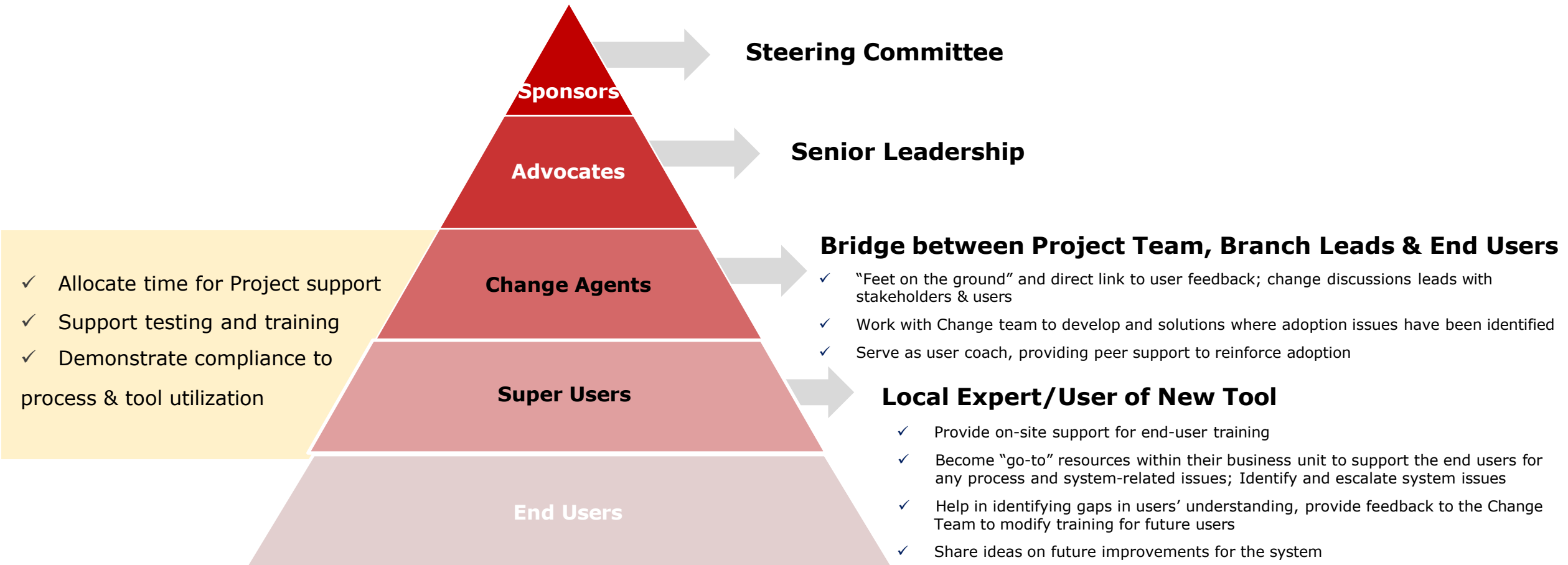- Target End State Vision
- Plans to cascade Vision

STAKEHOLDER ANALYSIS AND MANAGEMENT

- Stakeholders Analysis
- Change Impact Assessment
- Change Sponsorship/ Network Approach

Circular diagram with central "User Community" surrounded by: Change Measurement, Leadership and Sponsors, Stakeholder Analysis and Mgmt., Communication, Training and Support

Support Network – Stakeholders Role Types

Steering Committee

Senior Leadership

Bridge between Project Team, Branch Leads & End Users

- ✓ "Feet on the ground" and direct link to user feedback; change discussions leads with stakeholders & users
- ✓ Work with Change team to develop and solutions where adoption issues have been identified
- ✓ Serve as user coach, providing peer support to reinforce adoption

Local Expert/User of New Tool

- ✓ Provide on-site support for end-user training
- ✓ Become "go-to" resources within their business unit to support the end users for any process and system-related issues; Identify and escalate system issues
- ✓ Help in identifying gaps in users' understanding, provide feedback to the Change Team to modify training for future users
- ✓ Share ideas on future improvements for the system

Pyramid levels (top to bottom): Sponsors, Advocates, Change Agents, Super Users, End Users

- ✓ Allocate time for Project support
- ✓ Support testing and training
- ✓ Demonstrate compliance to process & tool utilization

The main changes below were identified through our change impact assessment to support planning of roll-out and change management plan

People

Creation of new centralized Procurement desk to manage and help guide/triage procurement requests. New contract execution desk to process new branch agreements.

Change Plan:
- Work instructions for centralized team
- Clear process maps
- On-going training of centralized team
- Communication & training to requesters

Process
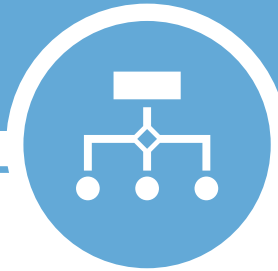
Creation of Purchase Requisitions when buying channel is unknown as intake. Increased usage of POs / PCard for smaller spend. Engaging supplier enablement team at onset of procurement process.

Change Plan:
- Obtain buy-in from branch directors
- Training the trainer approach within Branches on Guided Buying
- Work instructions and guides

Technology

Increased usage of Ariba Guided Buying to allow branches to self serve, contact central team, and create Purchase Orders as required

Change Plan:
- Development of intuitive dedicated intake forms to be used by branches for common buying scenarios (e.g. event services, cleaning, etc.)
- Training of local experts within branches on Guided Buying

End-Users Training Plan - Overview

The Training plan will prepare End-Users to the new aspects of their jobs, and minimize ramp-up time and service disruption

Key Principles

End-Users training will **cover process, roles and technology changes** for every stakeholders impacted by the new Ariba Procurement solution

Training modules built to take into **consideration AC context in terms of existing knowledge and proficiency in Ariba usage**: 'Discovery' training designed for End-users with no pre-existing knowledge and those who need refreshers; 'Advanced' training modules for End-users with pre-existing knowledge or having taken the Discovery training

Training will focus on **new way of working with the tool** using ILT with business scenarios simulation where relevant and Job-aid and 1:1 session for individuals with limited actions to be performed in the tool

Approach to Training Plan development

Identify training needs	Build Training Content	Build Training Curriculum	Perform Training material review cycle
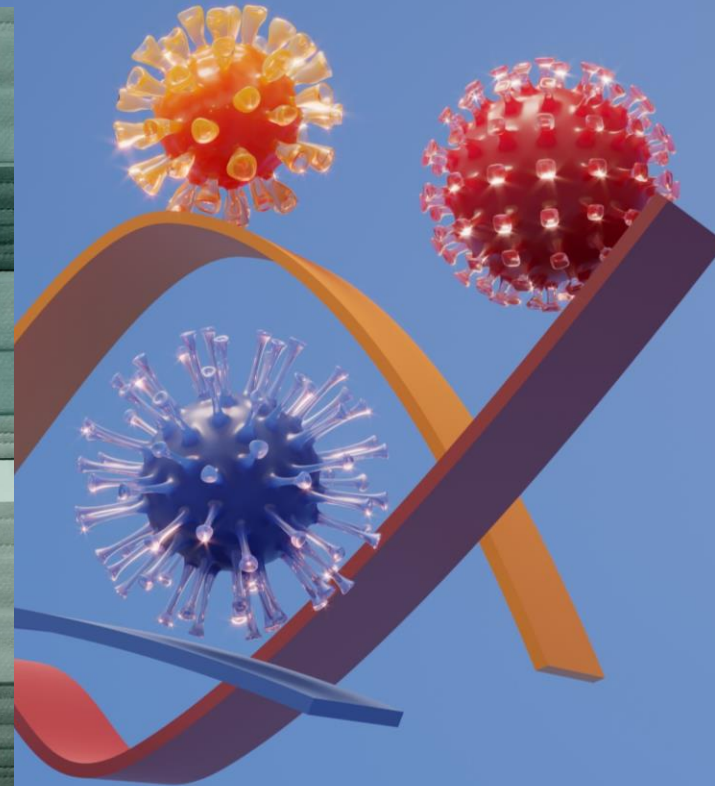
Go-Live was March 2020...

The start of COVID19

The Covid19 pandemic impacted our targeted roll out of Ariba Buying but allowed us to pivot to improve efficiency of teams and gain improved control over spend

Immediate Impact of Covid-19

Decline in Demand
Reduced Spend

Loss of Employees
Reduced team sizes

Change agents no longer available

Remote work
New ways of doing business

Our New Normal

Spend Control
Need for improved spend visibility

Team efficiency
Need to be able to do more with less

Employee Engagement
Targeted approach required to drive maximum engagement

Our deployment of Ariba Buying took a backseat to the pandemic
Once things started to turn around for the better, we needed to change our approach in order to engage our users once again

New Planned Approach

Deployment efforts

Identify high spend/transaction branches and establish a targeted deployment

Utilize corporate catalog roll-outs to establish a new training plan

Provide support

Communication Plan

Re-engage change agents from targeted branches

Establish regular touchpoints with branches to communicate priorities and progress

Provide dashboard, KPIs and tracking tools

Monthly email to highlight status of deployment

Training Material

Revamp of all job aids leveraging brand and visual communication teams

Updated our intranet site and created a separate page for Ariba and Guided Buying

Re-design of Ariba Guided Buying to incorporate all training material, policies and procedures and customized form in order to engage with Procurement Operations when needed

> The goal was to bring awareness to Ariba Guided Buying and re-engage employees

Ariba Guided Buying was leveraged as the primary tool used to operationalize and implement Ariba Buying and our new Procurement Policy
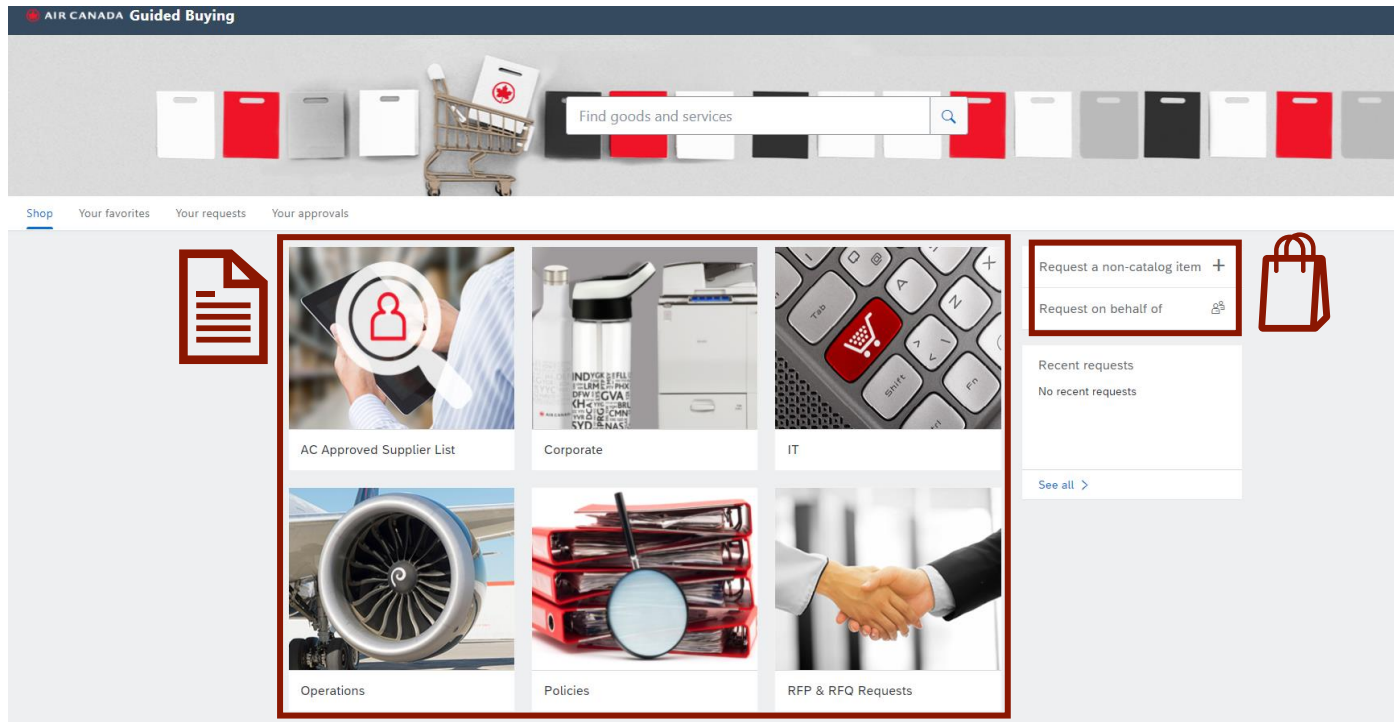
Self-service forms/links to guide users on how to procure. PCard, PO, Catalog, Agreement, SP

Purchase requisitions to be completed when known how to procure. PR to be flipped in POs

Centralized Team to process forms and guide users on best procurement channel in line with policy

Re-design of all internal tools and training material

Training Approach

Approach

In-Person Trainings

Virtual Trainings

Used new office supplies catalog launch to re-engage users

Use of our new job aids created & new Guided Buying Intranet page

Solution

Highlight the benefits of Guided Buying

Increase users knowledge level & create confident users

Offer in-person trainings & virtual training

Results

Over 450 users trained in the tool

Trained many different branches at once

New & Current users learning the tool

5 Live Catalogs in Ariba Guided Buying

600+ Requesters

Support Desk available to all

Governance

Key Outcomes

❖ Promoted our Guided Buying Portal and gave users autonomy and confidence

❖ Increase productivity & performance for branch led purchasing

❖ Created super users within key branches to bring awareness to Guided Buying and its benefits

Governance & Metrics

➢ Quarterly SteerCo Meetings w/Leadership

➢ Monthly Reporting
  o Deployment Efforts
  o Compliance to tool
  o Efficiency
  o Procurement Operations Team Metrics
    o PR/PO approval times
    o Receiving
    o Minimum Order Thresholds
    o Order Confirmations

5 Corporate Catalogs available in Guided Buying	3500+ Catalog POs placed	2.5M PO Spend	2 days avg approval time for PRs

How to Connect with Me

E: pamela.zaravinos@aircanada.ca

Li: https://www.linkedin.com/in/pamela-zaravinos-a2b80b30