



Signify Automates, Standardizes and Innovates in Procurement

Vertical

Manufacturing

Location

Netherlands

Size

- 35,000 employees

Featured Product Families

- JAGGAER One Platform
- Spend Management
- Sourcing
- Contracts
- Supply Chain Collaboration
- Supplier Intelligence

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About Signify

Signify is the world leader in lighting. Headquartered in the Netherlands, the company provides professional customers and consumers with quality products, systems and services. Today, Signify's connected lighting solutions bring light and the data they collect to devices, places and people – redefining what light can do and how people use it. The company's innovations contribute to a safer, smarter and more sustainable world. With 2022 sales of EUR 7.5 billion, approximately 35,000 employees and a presence in over 70 countries, Signify unlocks the extraordinary potential of light for brighter lives and a better world.

The Challenge

Lighting is an extremely competitive market. To lead, you have to manage your time well, particularly when unexpected events occur – and in recent years we have seen plenty of these, such as COVID-19, shortages of key components and soaring freight and energy costs. "Managing these risks takes time and effort. To lead, you also need to innovate constantly and to do this you need a robust procurement platform to onboard and manage the best suppliers," says Arnold Chatelain, transformation program director at Signify. "When a risk event occurs, it's not sufficient to know about it. What really matters is how you respond to it. For example, if your capacity is down because of a fire at a factory you need to find capacity elsewhere. And to do that you need to know which suppliers can provide the components quickly and in the



Why JAGGAER

JAGGAER One is an intelligent source-to-pay and supplier collaboration platform, and the catalyst for enhancing human decision-making to accelerate business outcomes. Signify leveraged JAGGAER's Supplier Intelligence, a comprehensive view of supplier performance that enhances relationships, seizes innovation opportunities, and proactively addresses risks with intuitive insights.

required quantity. This is why it's important to us to have JAGGAER One, our source-to-pay platform, and Sphera SCRM, for managing supplier risk, integrated," says Rob van Grinsven, procurement leader performance and compliance at Signify.

Implementation

A few years ago, Signify carried out a thorough analysis of its digital landscape in terms of cost and performance. How long did it take, for example, to onboard a supplier or create a contract? It benchmarked its findings against best-in-class companies. "The results were not where we wanted to be," Arnold says.

Based on these findings, Signify designed its roadmap for change. But this was not done in an arbitrary way. "We listened to users inside the organization, and we listened to suppliers. We collected and listed all of their issues, and for each issue we designed countermeasures," Arnold explains.

Signify was surprised and delighted at how quickly JAGGAER One could be implemented. The first three JAGGAER modules were in place across the globe after just four months. "Whereas many companies try to build a customized solution from the start, we decided to take the standard package and start

using it immediately, since it met our needs. We only customized it in the next cycle," Arnold explains. "This agile approach gained us a lot of time."

Signify handled all the digital transformation work itself, without the assistance of a consultancy firm.

User Adoption

User engagement was even more important at the execution phase, which involved transforming processes and workflows and the introduction of JAGGAER technology.

"Adoption is the key to success," Rob says. "We're not introducing a tool for its own sake; we're creating an efficient process. The solution has to help users in their day-to-day work, making them more efficient so that they can pay more attention to the really strategic part of the procurement process."

When Rob and Arnold talk about 'users' they are not simply referring to the 450 procurement specialists that Signify employs around the world. "A procurement platform is at the center of a network of buyers and suppliers. So, the suppliers must also feel that there is a benefit in using the software," Arnold explains. Signify introduced performance scores into supplier contracts which, as well as issues such as sustainability and innovation, measured supplier progress on digitalization, including use of the JAGGAER One platform.

Internally, Signify trained users and communicated the reasons for the transition, but the company also tracked adoption against a special KPI and incentivized managers to hit adoption targets. "You need both the carrot and the stick!" Arnold says. Signify also engaged with users and encouraged them to submit ideas for

improvement. Each idea is analyzed and if approved, it is included in the next cycle of system development. "An implementation is not a once and for all act, but rather a process of continuous improvement. If people can influence this process, they feel part of it," Arnold says.

High on the Agenda: Sustainability

Environmental, social and governance (ESG) issues were also central to the transition at Signify. The company has ambitious sustainability targets. This includes working with suppliers to have a positive and lasting impact, for example, on tackling climate change. Signify has embedded sustainability practices across its business for years. Since 2020, it has used 100% renewable electricity and is currently tracking ahead of its 2025 target to reduce emissions across the entire value chain by 40% against a 2019 baseline. Signify has been included in the Dow Jones Sustainability World Index for eight consecutive years. 'Lighting for circularity' is an important element in its vision of a sustainable future and, already, 36% of the company's revenues come from circular products, systems, or services.

"All of this starts with purchasing and with our suppliers," Rob says. As part of the transformation of procurement, Signify introduced a strategy based on four pillars to encourage best practices by its suppliers. To verify these, Signify sends independent external sustainability auditors to suppliers. First, there's the Responsible Business Code of Conduct, which includes a Declaration on Sustainability. Second, Signify checks the substances contained in materials and components to ensure the health and safety of workers across the supply network, in terms of legislation and even beyond legal requirements. Third, Signify also actively carries out due diligence checks to ensure

that the company does not indirectly contribute to human rights abuses in cobalt, lithium, mica and graphite mining. And fourth, Signify monitors what suppliers do to reduce their carbon footprint.

Buyers at Signify have all this information in front of them in JAGGAER One to ensure that they do business only with the most responsible and compliant suppliers. "This means it's not just words, but action. And that's really motivating," Arnold says.

Reporting on Risks in Real Time

Supplier intelligence provided by the JAGGAER One solution enables Signify to assess any risks associated with new or existing customers from various perspectives. These include regulatory and geopolitical risks, exposure to natural disasters as well as reputational risks linked to ESG. And it does this in real time, feeding risk scores into JAGGAER One, where they can inform processes such as sourcing and category management. "There are simply too many risks out there to keep track of them effectively using manual tools and human knowledge alone," Rob says.

Moving forward, Signify's digital transformation journey will follow three tracks: standardization, automation, and innovation. Standardization means breaking free from the 'silo' mentality, for example. Reporting and spend-analysis need to be consistent across the organization – and reports themselves are

automated. A team is currently working on the automation of the RFQ and bidding process. "We are harnessing the power of artificial intelligence to negotiate with our suppliers," Arnold explains. Another innovation is what Signify calls 'cognitive buying' whereby users are guided to the best buying decisions based on AI analyzing data from years of activity.

A New Mindset

In short, Signify is embracing a completely new mindset for procurement, made possible by technology. "Since implementing JAGGAER One we have seen a real shift in skills from people who used spreadsheets to people who are really comfortable working with big data and data analytics and visualization tools that drive forward progress in automation," Rob says.

"The buyer of the future will offer a perfect combination of analytical and data skills on the one hand, and soft skills to build effective personal relationships on the other," Arnold concludes



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