



**A COMBINATION MINDSET,  
SYSTEMS AND PARTNERS**



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**Karim Ouali**, VP Procurement at Deutsche Telekom, explores the company's journey to being more proactive, with a close eye on future supply chain disruptions.



# EUROPE'S LARGEST TELECOMMUNICATIONS PROVIDER, DEUTSCHE TELEKOM, HAS BEEN ON A PROCUREMENT TRANSFORMATION JOURNEY IN RECENT YEARS.

**A** task that was no mean feat for a company of this size, Karim Ouali, VP Procurement, explains, "We defined four stages in our journey. We are confident that we are now at the end of the third stage whilst working in parallel with stage four."

**The four stages are defined as follows:**

### **STAGE ONE**

Standardisation of the master data;

### **STAGE TWO**

Harmonisation of processes and core systems, implementing

one sourcing suite throughout the entire organisation and defining KPIs;

### **STAGE THREE**

The era of data, creating an analytics platform whilst fixing some data topics;

### **STAGE FOUR**

Data-driven procurement, using the data to get insights, as well as anticipating the future and creating viable use cases.

Karim says, "Stages one and two are focused on bringing efficiency, but stage three is around entering the era of data. This is where we need to get more usage out of

the data, as opposed to simply enabling the creation of structured data. Based on the use cases, we have been able to proceed to the fourth stage.”

Why is it so important for Deutsche Telekom to reach the fourth stage of data-driven procurement? Karim answers, “In the past, there was no anticipation. We waited until there was a business need, such as a contract expiring. The reality is that if we wait for a trigger, we will lose time and money, and we may not even be able to meet the demands. The triggers today are disruptions in the supply chain, so if we can anticipate the future based on the data, this puts us in a better position to negotiate contracts. This is why stage four is so crucial for us.”

Recent disruptions in the supply chain have included suppliers going bankrupt, Brexit, and the Covid-19 pandemic. Karim continues, “We had products stuck in the US when a Chinese forwarder was made insolvent, then Brexit came along. We have around 180 interactions with British or British-based suppliers, so we had to react quickly to deal with potential increases in cost. We are still in the process of tackling the Covid situation whilst looking forward to identify potential future risks. I believe the next huge risk will be an aluminium



shortage because the production of aluminium requires magnesium, and 90 per cent of magnesium is produced in China. With mounting tensions between the US and China, this is a disruption we can expect to happen. The key is to move from being reactive to proactive, so if something like this does occur, we are prepared because we have increased stocks or diversified our supply chain.”

Karim highlights the fact that Deutsche Telekom’s journey is a learning journey, as well as being one of digital transformation. He explains, “We learned how to fix problems quickly, and we showed evidence to prove that we could do it. I don’t want to see the same issues come up again and again in the supply chain. I would like to anticipate the future based on our learnings.”

Agility does not just pertain to the process, but it is a mindset, as Karim emphasises, “For me, the biggest challenge is having agility in the mindset because you need to trust the data, and that is a problem. In stages one, two and part of stage three, if you require data, there is a process for taking the data out of the system, making



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sure it tells the story that you would like to tell. But, in the later phase of stage three and stage four, there is no manual preparation of data, and the truth is based on the data only. People still don't have the level of trust in the data to say that something will happen in the future based on these insights. People want evidence, which a forecast cannot show. This is a real challenge for the mindset topic."

Karim is responsible for the digital team and the team for sourcing of fibre roll-out services, both within Deutsche Telekom's procurement. He argues that the development of the people is fundamental





to each stage of the company's procurement transformation journey, as outlined below:

### **STAGE ONE**

The digital team is required to have system expertise to define the requirements for standardising the master data;

### **STAGE TWO**

The digital team then become

process experts, understanding how sourcing activities are running, while the procurement team is required to enter data into the system capturing all stages of the contract negotiation;

### **STAGE THREE**

Having understood how procurement works, the digital team become data analysts in order to understand the data,

derive insights, and define threats and opportunities, while the procurement team is asked to perform best-fit negotiations to bring their skills to the next level;

### **STAGE FOUR**

The digital team is developed from data analysts to data scientists.

Karim adds, "We strive to develop our people and the ratio is high.

We still have a few positions where we need to bring people in from outside, which can be beneficial for the company. Luckily, though, we have a good rate of internal people who will reach a high maturity level."

Aside from the people, Karim points out the importance of technology in any modern-day procurement organisation. He





continues, “We work with our own IT infrastructure, as well as the systems of our partners. Stage one and two were all about bringing efficiency and not looking for innovations. When alternative solutions started to enter the market in 2014 and 2015, we were able to integrate digital processes that were previously outside the system. We are now a few years

Scope 3 emissions. Technology is more than just a system – it is a service that comes from a good understanding of the business needs.

“Sievo is our data procurement analytics platform partner. They know that I don’t want to talk to them about structuring the data, but the use cases. They come to

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down the line, and technology has overloaded us with new capabilities. It is so mature now.”

These days, Karim does not go to trusted partners to ask them to solve an issue. Instead, the technology companies come to Deutsche Telekom with new opportunities to increase supply chain resilience, reduce risks, and bring about savings, for example. Karim continues, “The role of a partner is to understand our business and to come to us with potential new solutions, such as a solution for reducing our

us regularly with new technical innovations, which is exactly what we need. They have a lot of data from other companies at their disposal, which they can use to identify trends and best practices. Their expertise is invaluable to us.”

Deutsche Telekom’s vision is to automatically create a negotiation roadmap based on correlation between internal demands and external events. Karim says, “We want to achieve the best-fitting solution to the sourcing activity in the



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negotiation roadmap. I believe we are on the right path, but we still have a lot of work to do. To complete our vision, the next step will be to anticipate the supply chain developments, as well as the disruptions, to define the negotiation roadmap based on the data."

The other pillar for the future is to increase the resilience of the supply chain by being more proactive. Karim concludes, "By increasing resilience in our supply chain, a future disruption will not affect us too heavily. It is not only IT development and the digital journey, but the mindset transformation that will be key. Evolving skills requires acceptance, and acceptance means mindset."

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