

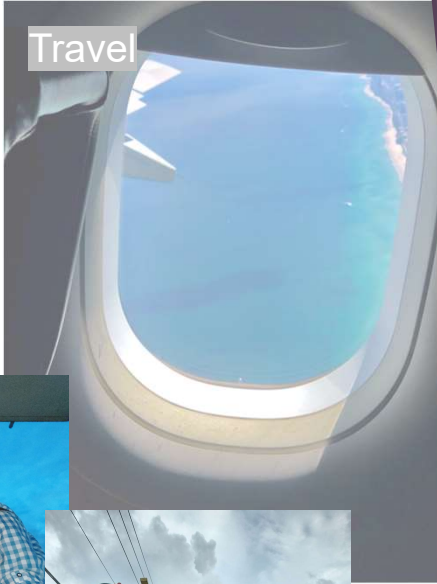
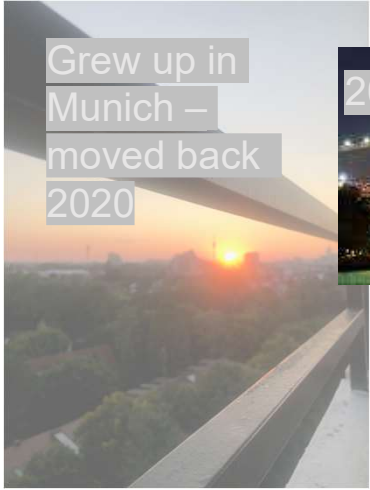


*Revamp Procurement,  
Transform Results:  
The Power of Disruption  
and Innovation*

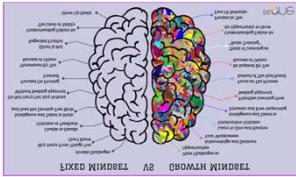
*Procurement Summit – Hamburg  
June 2023*

**Elisabeth Schlag-Lawrence - Bayer**  
SVP, Head of Procurement Governance & Enabling  
**Jamie Ogilvie-Smals - GEP**  
Head of Services Delivery - Europe



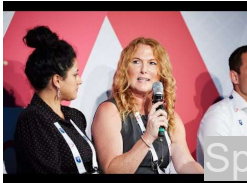


Elisabeth Schlag-Lawrence



FMCG  
Retail  
Manufact.  
Financial

30+ years  
Procurement  
#mindset



THE SHELBY GROUP



<https://www.linkedin.com/in/elisabethschlaglawrence/>



Procurement Summit: Transformation @Bayer Procurement and GEI // June 2023



# We are a **purpose-driven** life science company with core competencies in the areas of healthcare and agriculture

Group key data. Bayer at a glance

*Health for all,  
hunger for none*

**3** divisions

- // Crop Science
- // Pharmaceuticals
- // Consumer Health

Represented by  
**354 consolidated**  
companies in

**83**  
countries

**101.4k**

employees worldwide  
in 2022\*

**€6.6bn**

investment in R&D  
in 2022

**€50.7bn**

sales  
in FY2022



Tackling two of the most pressing challenges of our time:  
**health & nutrition**



Diverse, international focus  
with cross-border and cross-  
division **people development**

\* As of December 31, 2022; employees in full-time equivalents



# We address some of the world's most pressing global challenges by driving innovation for human and plant health across our divisions

Bayer is a life science company with three divisions



**Crop Science**



**Pharmaceuticals**



**Consumer Health**

### /// **Crop Science**

Innovative **crop protection, seeds & traits, digital technologies & services**

### /// **Pharmaceuticals**

**Prescription products** for cardiology, women's healthcare, oncology, hematology, ophthalmology, radiology and other areas

### /// **Consumer Health**

**Non-prescription medicine** in the categories of dermatology, nutritional supplements, pain, cardiovascular risk prevention, digestive health, allergy, and cough & cold

### /// **Enabling Functions**

Support the operational business

**Enabling Functions**



# *Introducing* **PROCUREMENT.**





“

We are trusted **Professionals**.  
We embrace our unique position to  
**orchestrate** external and internal **networks**.  
We enable Bayer's **vision**,  
**Health for All, Hunger for None**.  
We embed **sustainability** in everything we do.

”

*Procurement's mission is to create value that enables both our Stakeholders and Bayer to achieve their goals. "Enabling the Business to Buy Smarter" directly contributing to our overall Business Value.*



# Our Ecosystem – Everyday Realities of **Orchestrating** Inside and Outside of Bayer

*Procurement is Everywhere.*



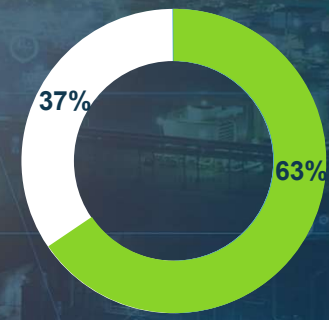
## 26.9 bn € Spend

~ 25,000 Healthcare Professionals  
~ 60,000 Growers  
~ 55,000 Suppliers  
~ 30,000 Business Users  
2.6 m Purchase Orders  
5.4 m Invoices  
170 Manufacturing Sites  
280 Contract Manufacturers

418 Spend Categories:

### DIRECTS

- Active Ingredients & Chemicals
- Contract Manufacturing & Products
- Seeds & Tolling Services
- Packaging Material & Operations
- Logistics & Warehousing



### INDIRECTS

- Marketing Agencies & Consultancies
- R&D Equipment & Clinical Trials
- Facility Services & CAPEX Projects
- Digital Platforms & IT Hardware.
- Energy and everything else.



# The Journey of Transformation we are on ...

## The Evolution of the Operating Model

Infusion of Thought Leadership & Innovation via Lighthouses



### Globalization

2020

Set-up of **integrated Global Operating Model**.

**100% category led** set-up

Move to **Hub & Spoke** structure and elimination of Country Procurement.

Introduction of **Strategic Partner, GEP**

Sustainable business & next-level **E2E stakeholder UX experience**.

**WORLD PROCUREMENT AWARD 2022**



### Optimization

2018

Implementation of **harmonized processes** and standardized ways of working.

Introduction of new software solutions (e.g. *Ariba guided buying and Data.One*)

Set-up of **S2P Shared Service Centers** for transactional activities.

**Monsanto integration & Animal Health divestiture**

**Merging two organizations into ONE**, including legal entities, processes and systems. Divesting Bayer assets, including Animal Health.

### Centralization

2016

Uniting all units within **one Procurement function**.

Country and category matrix established.

Established a **separate Source-to-Pay operation**.

### Start

2015

**Four separate Procurement units** (1 per Division and Corporate).

Presence in 36 Countries reporting to **Country CFO**.





# What are we faced with - Navigating **Global Challenges** and **Creating Opportunities**

Climate Change & Supply Disruptions

Global Health & Pandemics

War in Ukraine

US-China Trade Conflict

Sustainability Regulations

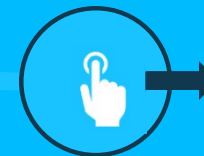
Banking & Interest Rates

Labor & New Ways of Working

Cybersecurity

Energy Transition

Industry Disruption



***Industry  
Collaboration***

***Supplier  
Innovation***

***Disruptive  
Business Models***

***Advanced  
Data Analytics***

***Supply Chain  
Transparency***

# Who is Behind the Scenes – Introducing the PRO Team...



## Our Organization

**44**  
nationalities

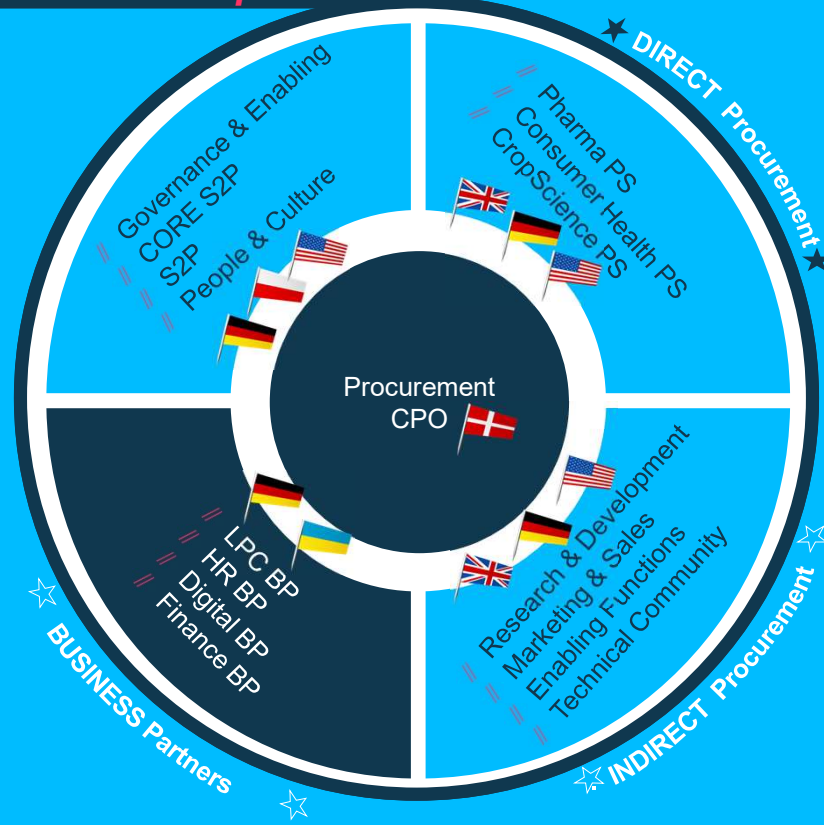
**42.6**  
Average age



**44%**  
female

**56%**  
male

## Our Leadership Team





You cannot  
Build the Future  
with the  
memories of the  
Past

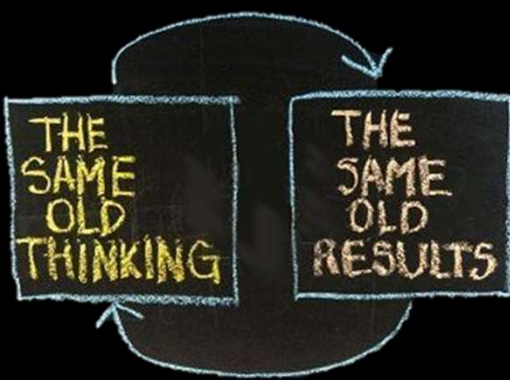
# Failing Forward

# FAILURE



# SUCCESS

- ✓ Mindset
- ✓ Thought Leadership



 **igniting!**  
Lighthouses.



# Infusing Thought Leadership in Key areas of Focus to create Innovation & Competitive Advantage.

*Igniting Network Lighthouse Areas*

## *Procurement Lighthouses*

- Advanced **Category Management**
- Collaborative **Supplier Management**
- Segmented **Business Partnering**
- Heightened **UX via E2E Optimization**
- **Data & Predictive Analytics**
- **Risk Resilience**
- **Sustainability & Diversity of Supply**
- Plug & Play **M&A capabilities**
- **Digital Enablement**
- **People & Culture at the Core**

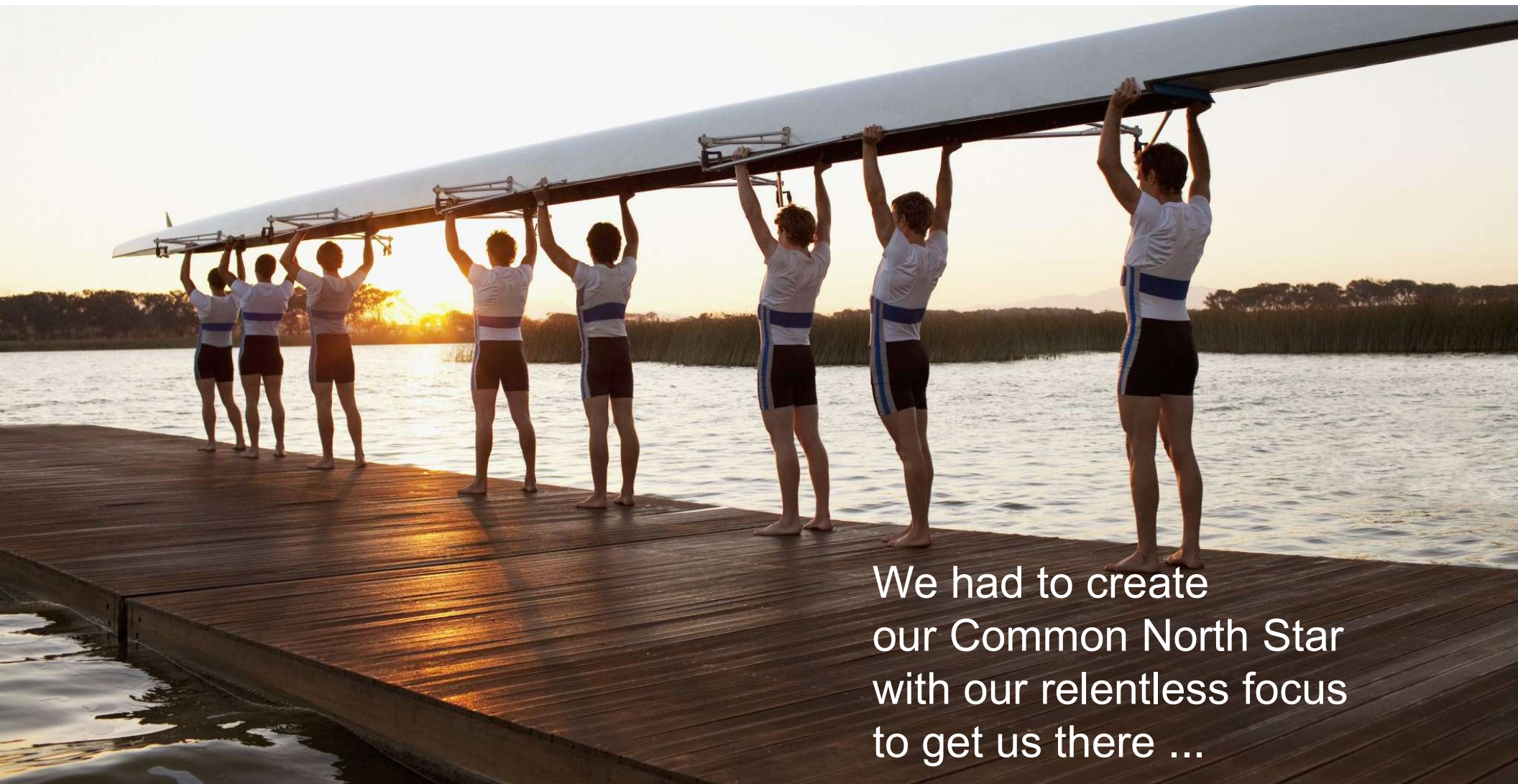


**igniting!**

Lighthouses.

*A Strategic Evolution  
with Lighthouses guiding our way*










We had to create  
our Common North Star  
with our relentless focus  
to get us there ...

# GEP is a leading procurement transformation leader with its all-round consulting, managed services, and software capabilities





### KEY COMPANY HIGHLIGHTS

 <b>550+</b> CUSTOMERS	 <b>6,000+</b> EMPLOYEES	 <b>€ 300 BN+</b> SPEND MANAGED
 <b>FOUNDED IN 1999</b>	 <b>26</b> OFFICES / DELIVERY CENTERS	 <b>110</b> COUNTRIES SUPPORTED







### WHAT WE DO: END-TO-END PROCUREMENT AND SUPPLY CHAIN SOLUTIONS

<b>STRATEGY CONSULTING</b>  <b>TRUSTED ADVISOR</b> Greater Performance, Results and Impact	<b>MANAGED SERVICES</b>  <b>STRATEGIC VALUE CREATION</b> Cost Reduction, Effectiveness and Efficiency	<b>SOFTWARE</b>  <b>NEXT-GEN DIGITAL PORTFOLIO</b> GEP SMART, GEP NEXXE, GEP CLICK and DIGITAL COE
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### OUR CORE PRINCIPLES

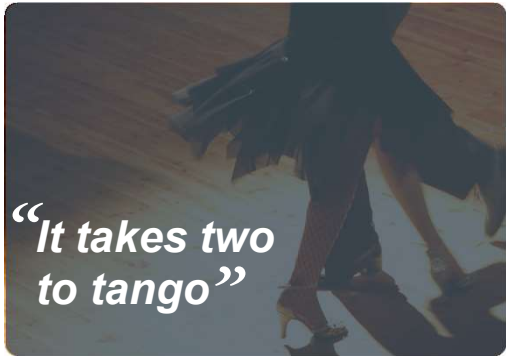
 <b>END-TO-END UNIFIED SOURCING, PROCUREMENT &amp; SUPPLY CHAIN SOLUTIONS</b>	 <b>GLOBAL LEADER AND SPECIALIST IN SOURCING, PROCUREMENT AND SUPPLY CHAIN</b>
 <b>DIVERSE BUSINESS ORGANIZATION</b>	 <b>STRONG COMMITMENT TO SUSTAINABILITY</b>

### RECOGNIZED AS A GLOBAL LEADER BY ANALYSTS

 Gartner Magic Quadrant for Strategic Sourcing and P2P – Leaders Quadrant	 Procurement Transformation Leader — NelsonHall NEAT
 Everest Group PEAK Matrix for Procurement Outsourcing – Star Performer	 Value Leader — Spend Matters' Solution Map for Supply Chain and Procurement Technology
 IDC MARKETSCAPE: WORLDWIDE SAAS AND CLOUD PROCUREMENT APPS	 Named in 50 Fastest-Growing Women-Owned/Lead Companies—WPO



# Progression Towards the Strategic Partnership Vision



GEP and Bayer - Together we are fully committed towards our Lighthouse Partnership to create joint value **1+1=3**

Jointly we establish a culture of collaboration and open communication **1+1=1**

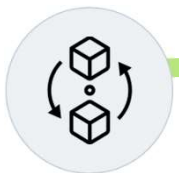
Vision 2023			
Together we co-create extraordinary. Procurement @ Bayer is driven by sustainable value for human health and nutrition. Bayer + GEP are recognized as a lighthouse lighthouse partnership.			
<b>People</b>	<b>Internal stakeholders</b>	<b>External stakeholders</b>	<b>Suppliers</b>
Foster mutual trust	Build smooth processes	Manage and mitigate risks	Focus on innovation
Embrace the digital age	Leverage automation where possible	Secure sustainable savings	Apply social perspective
Be a great place to work	Aim for data quality	Strengthen RPO reputation	Build a community
Focus on core behaviors	Enable career development	Empire positive perspective	Create clear ways of working
Ensure job satisfaction		Create business value	Be customer of choice

One Procurement Organization		
Customer delight	Top Net Promoter Score	High satisfaction
Top talent	Healthy turnover rate	Digital maturity
Through simplicity towards growth beyond		



The journey continues..



Transition



1.0 - Stabilise

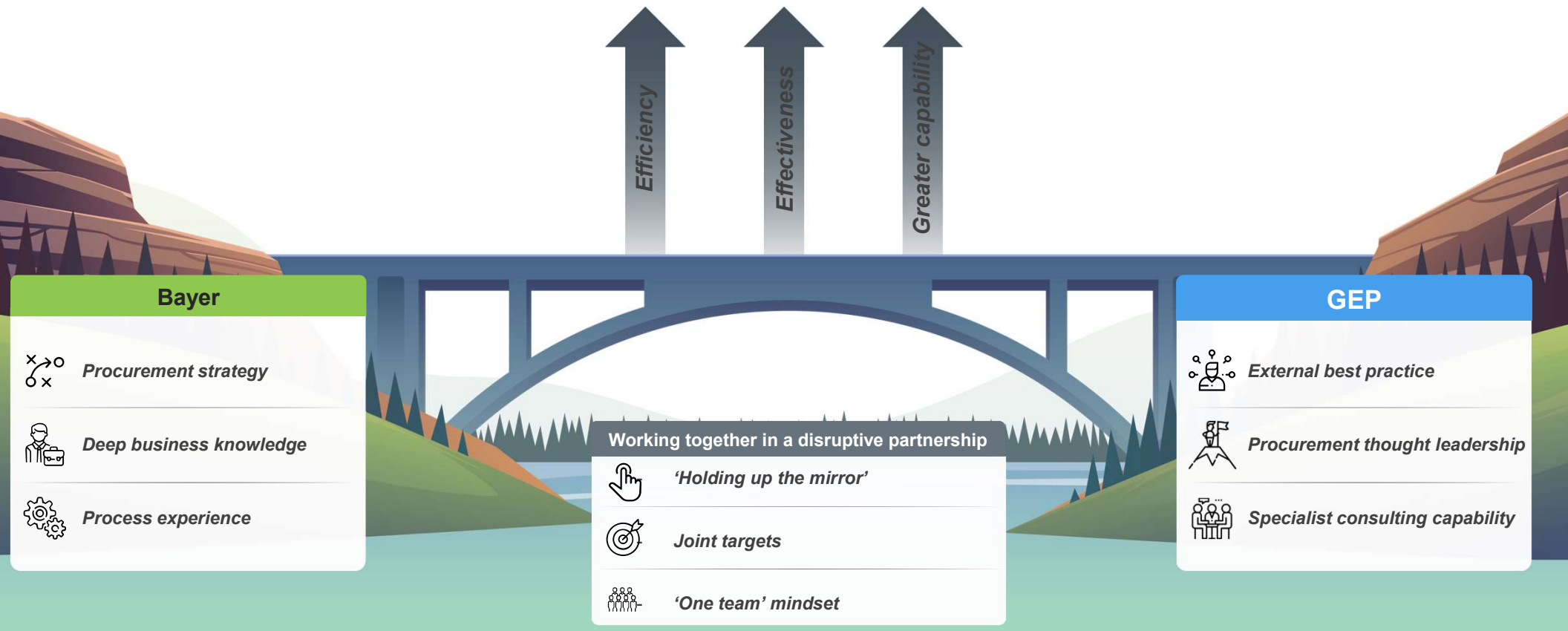
2.0 - Optimise

3.0 - Disrupt














# Joint Operating Model – Innovations and results





# Selected Examples

	1.0 - Stabilise	2.0 – Optimise	3.0 - Disrupt
PROCESS IMPROVEMENT	 <b>ELIMINATION</b> Analysis of high volume / high effort process and elimination or transfer low value areas	 <b>STANDARDISATION</b> Global review linked to updated Operating model for greater use of standards	 <b>E2E Optimisation</b> Drive efficiency and focus based on process speed for users and value maximisation
SUSTAINABILITY	 <b>TRACKING</b> Sustainability benefits - definition, tracking structure, reporting, increase	 <b>DIVERSITY</b> Increase use of small and diverse suppliers, uptick in diverse supplier spend	 <b>ENABLEMENT</b> Updating diverse supplier database and auto-recommendation to sourcers and requisitioners
DIGITISATION	 <b>AUTOMATION</b> Automate high-volume manual tasks, and system database exchange	 <b>POINT SOLUTIONS</b> Low code applications, co-development, enhanced user experience	 <b>GENERATIVE AI</b> Trained LLMs for category strategy development and implementation



## Key Take Away's

- ✓ **Disruption and innovation** go together
- ✓ Disrupt and innovate via **New Ways of Working**
  - ✓ The North Star
  - ✓ Operating Model
  - ✓ Key Focus Areas
  - ✓ Mindset & People / Culture
  - ✓ Using a Strategic Partner



*Thank  
you*





# Appendix





# Forward-Looking Statements

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at [www.bayer.com](http://www.bayer.com). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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# Co-defining Value with Business Partners and Making it Happen

## *Procurement Value Cycle*



# Elisabeth Schlag-Lawrence

SVP, Head of Procurement Governance & Enabling at Bayer



## PROCUREMENT GAME CHANGER & INNOVATOR

With 30+ years of first-hand experience in building and leading Fortune 500 Procurement organizations

*She has led large scale Organizational, Process & Technology redesign and implementations within different industries. Fostering sustainability into the organization as well as driving "Ahead of the Curve" Disruptive Procurement Thinking and Transformation into the areas of People, Process Optimization and Technology.*

### Key Accomplishments

- // Built multiple Leading Direct & Indirect Sourcing Procurement organizations from scratch with \$1B+ spend
- // Building a Global Center of Excellence Category Management with 80% spend under management within just 18months
- // Drove Large scale turn-around Procurement in Germany in just 6 months



*Elisabeth is seen as an innovator and strategic thought leader in her space, familiar with driving change, stakeholder management and communication in complex environments and cultures.*

### Executive Summary

- // Excel at building High-Performing teams, achieving competitive advantage through Innovation and aligning People with the Strategic Mission
- // Apply in-Depth Industry Knowledge and relationship skills to formulate Business Strategy and produce measurable results
- // High level vision via Strategic Planning, compounded by hands-on execution, when needed

### Education

*Degree in Retail Management Munich, majored in English & Biology St. Anna Gymnasium, Munich, Germany*

