



Virgin Active tones up Source to Contract with Medius



Case study

Virgin Active health clubs is part of the Virgin Group and operates over 122 health clubs across the UK, offering the very latest equipment and exceptionally dynamic exercise environments to their members.

Following its acquisition of Esporta health clubs in 2011 Virgin Active continues to lead the way. Medius Spend Management solutions enabled Virgin Active to achieve peak sourcing fitness following its acquisition of Esporta health clubs, delivering savings, efficiencies and supporting strategic sourcing and supplier rationalization.

Source to **contract** **action plan**

Virgin Active strives to deliver an exceptional member experience through a high standard of service and quality products, making procurement a critical and central function.

Having begun a transformational journey towards the improved collaboration between procurement and both internal and external key stakeholders, Virgin Active looked towards the procurement technology solutions that could help it deliver value and increase the productivity of the team.

With an investment in Medius Sourcing and Contract Management via Medius' strategic partner DU360, Virgin Active had kicked off its Sourcing health and fitness plan in earnest.

The Esporta acquisition in 2011 meant that the organization almost doubled in size overnight, from 69 to 122 clubs, becoming a much more complex business with larger spend volumes and more suppliers.



Improved spend visibility

With data spanning the two businesses, it was a challenge to achieve single visibility of all spend. Yet, with the implementation of the DU360 Spend Analysis tool the procurement team were able to quickly and efficiently gather and analyze this data effectively.

Combined with Medius Spend Management solutions this enabled Virgin Active to progress and react quickly and accurately to purchasing needs amid their changing business structure.



Medius spend management solutions
are very easy and very intuitive for
the team to use.

Merging teams: **One goal**

A change in the procurement team structure was required in order to merge Virgin Active and Esporta's Procurement functions effectively.

The team's approach was changed to focus on category management challenging them to become experts in all critical categories.

Merging and refocusing the team presented an opportunity to look at every aspect of key category spend, including quick-wins focusing on where to drive cost out of the business.

Utilizing Medius Sourcing and Contract Management

the procurement team also further rationalized its now combined supply base and consolidated many product and service contracts to generate exceptional results and major cost savings in short timescales.

Changing to a category management approach and introducing Medius Spend Management has allowed the relatively small procurement team to undertake significant projects using best-practice processes and methodologies to over-deliver in just nine months, exceeding its targets in Virgin Active's annual plan.

Fit for mid-market success

Although part of the Virgin Group, Virgin Active operates as a distinct organization and faces purchasing challenges common to mid-sized organizations - limited scale, spend, buying power and budgets. Yet, its challenges remain similar to those of larger enterprises - driving value, innovation, productivity and reliability. eProcurement technologies such as Medius are key enablers for smaller teams to meet those critical objectives.



Cross- functional collaboration

Collaboration with finance is also critical to success and the Procurement Director meets weekly with the Finance Director to discuss procurement activity, priorities and the needs of the business, to understand how these factors can be positively impacted within the procurement strategy. Virgin Active has seen considerable financial and efficiency benefits from Procurement engaging with the business as a whole and creating cross-functional teams.

Collaborating with other functional teams has also helped to change the view of procurement across the business, previously seen as an administrative function. This transformation has been made possible by the ability of the procurement team to engage in the rest of the business and deliver commercial value, directly supported by Medius Spend Management solutions.



We've had over **\$1.3 million**
savings in **5 eAuctions** alone.

Procurement agility

As a relatively small procurement team in a medium-sized business, Virgin Active needed a Source to Contract solution that offered easy and quick deployment and use. The intuitive nature of Medius Sourcing and Contract Management was a key determining factor.

As the procurement team often work on several projects simultaneously, Virgin Active chose a Sourcing platform

over a series of managed events; it wanted a tool that enabled best practice and would up-scale the team's skills and procurement agility.

With the majority of all sourcing activity now managed through the platform, the productivity and skill set of the team have increased. The number of activities and projects delivered in 12 months has also grown significantly.



Key measures include:

- A 46% reduction in the supplier base
- 13% savings on addressable spend over 12 months
- \$1.3 million savings made in just 5 eAuction events
- 500% efficiency and productivity increase of the procurement function



The ease of use and intuitiveness
was the key determining factor.

About **Medius**

Medius AP management software replaces the work and worry of invoices with AI and automation. Medius goes far beyond basic automation by using artificial intelligence to do the work - so invoices get coded, approved and paid, and your business can trust your budgets and forecasts without the fear of potential fraud. And you won't have to worry about implementation and ongoing administration costs, because you'll start seeing the value immediately and the innovation won't stop. To learn more, visit medius.com.



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