

Art of Procurement, in partnership with WNS Denali

Designing an End-to-End Ecosystem Approach to Procurement





As procurement becomes a higher value-driving function, it is imperative to focus on holistic transformation.

Taking an end-to-end ecosystem approach helps look at the ‘bigger picture’ that involves multiple internal and external stakeholders including the procurement team, key business functions, suppliers, and customers as well as infrastructure elements like policies, processes, technology, and data.

Art of Procurement recently partnered with the team at WNS Denali to produce a podcast series focused on designing an end-to-end ecosystem approach to procurement and developing key capabilities for capturing strategic value.

In the four-part series, host Philip Ideson spoke with a team of procurement experts from WNS Denali: Satyen Pathak, Vice President of Solutions and Capabilities, Lynn Rideout, Vice President of Global Category Advisory, Sanjeev Singh, Director of Solutions & Capabilities, and Sushant Adhikari, Director of Solutions & Capabilities.

Their goal was to describe the ecosystem-based approach to procurement transformation and discuss how that perspective advances the goals of three key disciplines within procurement:

- Category Management
- Source-to-Contract (S2C)
- Procure-to-Pay (P2P)

This paper captures the key advice and takeaways from the podcast series, which can also be found [here](#).



Plan an end-to-end ecosystem approach when designing a procurement operating model.

When tackling any challenge or transformation, it is important to look at all the elements of the ecosystem and the interaction they will have on an ongoing basis.

These interactions can be complex because there are multiple stakeholders, enabling infrastructure elements, and a multitude of information and data. At the same time, these interactions are interdependent, making it necessary to understand and assess the baseline in context.

Starting with a Contextualized Baseline

Given the highly interconnected nature of any ecosystem, there are multiple layered inputs for procurement to consider.

- **Data Foundation** – This information may take the form of purchase orders, invoices, RFXs, supplier queries, analysis, and market intelligence. The infrastructure that connects the elements in the foundation should be baselined as well, so procurement understands the current landscape of technology investments, policies, and processes.

- **Stakeholder Engagement** – Procurement must own their relationships with internal stakeholders and the interactions those stakeholders have with the procurement ecosystem. Procurement must also be aligned with overall business objectives and use the same language as their varied network of stakeholders and other supporting functions such as legal and finance.
- **Strategy and Culture** – Procurement should align with what the company wants to achieve next - both strategically and at an operating level. What is the appetite for change? What is the perceived role of procurement in the organization? Is procurement strategic enough? Taking all these elements into account is critical to developing a solid baseline because procurement ultimately needs to create a customized solution for their company's requirements.

Designing a Procurement Operating Model

Procurement operating models should be robust and flexible enough to take into account any changes - including to the resource model. This may include an evolving mix of skill sets, organizational design, technology strategy, and implementation plans. In addition, procurement will need to make sure there is a continual governance framework in place.

To design a robust procurement operating model within the procurement ecosystem it is very important to look deeply within each of the three key disciplines within procurement: category management, source-to-contract, and procure-to-pay.



Category Management

Category management is a strategic way of looking at a segment of spend and ensuring it remains both business-aligned and consistently exposed to optimization. It seeks to address both the business' priorities and pain points and to develop strategies around them through needs assessment, market and data analysis, sourcing and contracting, and ongoing management.

Category management sits at the center of the procurement ecosystem and requires time and focus to move forward meaningfully. Failing to provide category management with the space for long-range and strategic thinking can lead to several pain points:

- Lack of change management skills
- Not removing tactical responsibilities to make space for category-level oversight
- Failing to make time for conversations with relevant stakeholders
- Creating category plans without establishing a methodology to keep them 'alive'

Overcoming these pain points requires efficiency and transparency, both of which can be supported with digital solutions.

Data visualization and supplier dashboards, for example, both empower the category manager to connect granular data to big-picture objectives, much like a customized cockpit. This makes it possible for the category manager to leverage internal data, external data, and their own specific insights. It is very important to create the time and space for capabilities to develop and be applied.

When done well, category management will create more execution work. Procurement must accommodate that with talent and technology in the source to contract part of procurement ecosystem.



Source-to-Contract

The source-to-contract process is always central to procurement but becomes even more so within the ecosystem perspective. This is where most of the savings, benefits, and real value originate (e.g., sustainability and responsible corporate practices).

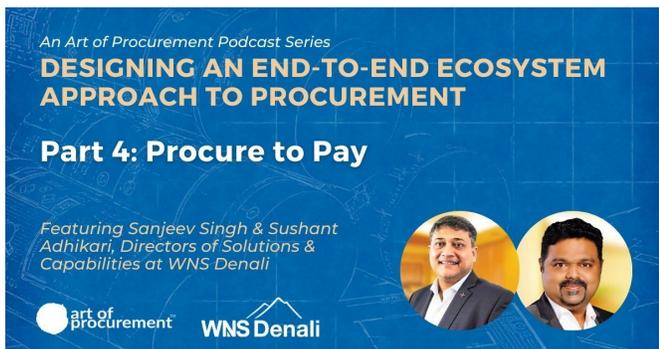
Besides the common pain points associated with the source-to-contract process, the key is to look at following closely from ecosystem development perspective:

- Lack of awareness and agility with respect to internal and external environment
- 'Tick-in-the box' attitude versus having a fully formed intent to drive change

- Insufficient in-house skills and bandwidth to drive higher spend under management and deliver on savings commitments

Organizations have started looking at these pain points as opportunities to transform the procurement team, align them with larger organizational goals, and earn a seat at the strategic planning table.

Enabling procurement with the right set of skills and knowledge and eliminating low value-added activities will free up bandwidth for strategic work and initiatives. Procurement's ability to balance the strategic and tactical elements of source-to-pay will lay the groundwork for the sourcing and contracting functions to assume a central position in the ecosystem, creating an enhanced, seamless experience for all stakeholders.



Procure-to-Pay

Procure-to-pay integrates the purchasing and accounts payable processes involving key stakeholders like finance, business users, and suppliers. If we look at this process in the context of the larger procurement ecosystem, it may appear tactical, but it positively impacts the delivery of upstream functions like category management and source-to-contract.

With today's emphasis on data, the procure-to-pay process is associated with some of procurement's most important data creation activities.

These, in turn, facilitate better decision-making, improved supplier and stakeholder relationships, and a stronger overall ecosystem.

When there are problems in the procure-to-pay process, they tend to be centered around a few elements:

- High cost of operations
- Low levels of compliance
- Inability to scale transaction management as the organization grows

Many of these challenging situations can be addressed by enabling every transaction to be touchless and by keeping the procurement value chain intact. Procure-to-pay has evolved from a pure fulfillment function to a value creating one, and so a holistic approach is needed to assess the impact of procure-to-pay on the procurement ecosystem.

Leading procure-to-pay programs aim to deliver 100 percent compliance, zero leakage, and fully automated processes with end-to-end transaction visibility, but they should also deliver value creation and savings optimization from the largest spend to the tip of the 'tail.'

The three things that need to be considered to establish a valuable and sustainable procure-to-pay function are:

- 'Zero touch' operations for higher compliance, lower leakage, and faster processing
- Driving incremental savings through real-time spot buy execution and effective purchase management
- Never losing sight of the overall procurement ecosystem for all-inclusive end-to-end value delivery

Conclusion: What does success look like?

Success has a different definition in every organization, and that definition will change over time. As each organization is unique, so must be the solutions that best support its growth.

Success may start small, at the start perhaps being as simple as having the resources available to evaluate the clauses in a contract. That success will then grow and evolve one resolved challenge at a time. In the context of the procurement ecosystem, evolution means having the flexibility to adapt and improve, learning from each new decision made and always looking at the big picture.

Taking an ecosystem approach can be complex because it recognizes all the dependencies within the system, but it is truly the only way for procurement to drive meaningful transformation and sustainable growth.

About WNS Denali

Outcome-driven companies partner with WNS Denali to operationalize their Procurement function and improve financial performance and efficiency. We work alongside our clients to co-create, implement, and execute next-generation Procurement operating models tailored to their specific needs and designed to increase the strategic impact of Procurement for their business.

WNS Denali's experts provide a range of advisory and managed services, along with enabling technology and support, to help our clients build an integrated Procurement Ecosystem that empowers them to outperform the market. Contact WNS Denali to learn how we help our clients create greater business value by operationalizing Procurement.

For more information, visit www.wnsdenali.com or follow us on LinkedIn.

About Art of Procurement

Art of Procurement was founded in 2015 to empower professionals at all levels to align procurement performance with corporate objectives. For more information, visit www.artofprocurement.com, follow the AOP company page on [LinkedIn](#) or follow us on [Twitter](#).