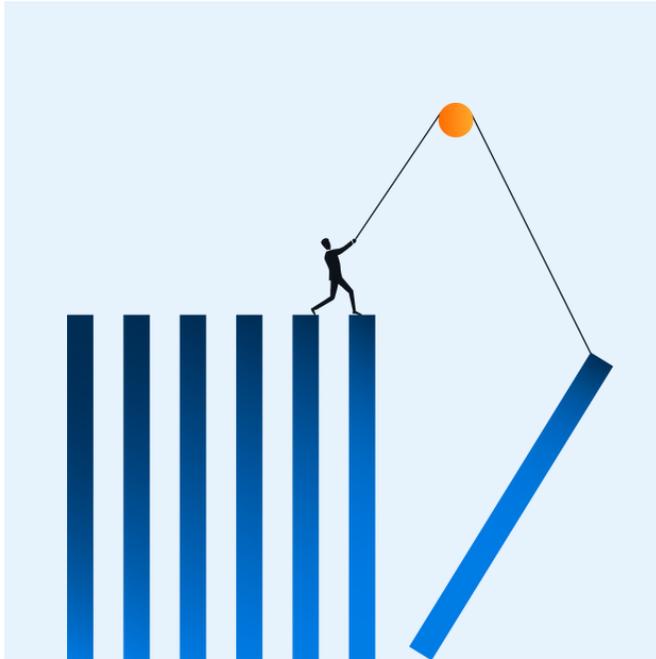


Building Procurement Value Through Spend Visibility



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In today's competitive business landscape, data is considered one of the most important and valuable raw materials available to a company. To quote mathematician Clive Humby, *"Data is the new oil. Like oil, data is valuable, but if unrefined it cannot really be used. It has to be changed into gas, plastic, chemicals, etc. to create a valuable entity that drives profitable activity."*¹

When it comes to spend data, the procurement organization serves as a data 'refinery.' They provide access to relevant, trustworthy spend data that can then be used to create value for the business. Unfortunately, many of these teams struggle to centralize their data because it is created by and stored in multiple separate platforms.

It is absolutely essential to bring data into one centralized platform where it is cleansed, harmonized, and enriched before being put to use. With one comprehensive view, procurement can help the business make more impactful data-driven decisions.

In this paper, Art of Procurement and Synertrade explore the importance of creating a unified view of spend activity, aligning procurement execution with corporate vision, and share real-world case studies that demonstrate the benefits of centralized data and analytics, particularly in complex global supply chains.

¹ Nisha Talaga, "Data as The New Oil Is Not Enough: Four Principles For Avoiding Data Fires," Forbes, Accessed June 10, 2023: <https://www.forbes.com/sites/nishatalaga/2022/03/02/data-as-the-new-oil-is-not-enough-four-principles-for-avoiding-data-fires/?sh=78afcb9ac208>.

Increasing Visibility by Creating 'One View'

If the first step in the spend data refinement process is to centralize it, the next is to ensure that decision makers see it as reliable, relevant, and accessible. When this is the case, procurement is able to facilitate informed decision making, strengthen supplier relationships, maximize savings and efficiency, and satisfy a broad range of corporate objectives.

Put simply, spend analysis serves as the foundation for procurement impact.

Starting with Spend Analysis: Building a Strong Foundation

Companies that start their digital procurement journey with spend analysis position themselves to take a data-driven approach to every effort that follows. By analyzing spending patterns and identifying trends, organizations gain valuable insights that allow them to optimize their decision making and drive improved outcomes.

Data and analytics also provide procurement with the opportunity to pursue many different forms of value. Although they often start by looking for efficiency opportunities, procurement can also drive top line growth, contribute to ESG goals, and expand competitive advantage. This is especially true when data is visually modeled, making it possible to expand the imagination of the entire organization and contribute to a culture of creativity and strategic thinking.

Structure and Impact: Seeing the Bigger Picture

Spend reporting and savings tracking should be tailored to match each organization's structure, preserving information about functions and business units, but ultimately coming together into a comprehensive view. This makes it possible for everyone to see big picture opportunities and optimize spending and investment in supplier relationships.

To turn a comprehensive view of data into meaningful action and ROI, procurement teams need to revisit internal processes and workflows. By reducing lead and cycle times, for example, procurement can enhance the company's agility and responsiveness to external conditions and open up new pathways to value.

In addition to establishing a single source of truth, organizations must invest in the quality of their data. Not doing so can negatively impact procurement's performance and therefore company results. Data cleansing plays a vital role in revealing opportunities that would otherwise be obscured from view.

Supplier performance management and contract compliance are also procurement-led efforts that can be improved or hampered by the quality of data. In many cases, procurement monitors supplier performance through spend data, using it as an input to ensure contractual obligations are met and expected value is delivered.

At this point enough refinement has taken place that procurement can move their focus to execution.

Connecting Corporate Vision to Procurement Execution

Executive teams must constantly adjust their plans to keep up with changing market dynamics. Benchmarking against market indicators like the Consumer Price Index (CPI) can drive efficiency and performance amid volatility, but it also requires constant communication and adaptability to short-term changes.

A CEO is much like the driver of a car, constantly adjusting and reacting to the conditions in front of them. Because of these constant modifications and the importance of supply chains to corporate success, procurement must work in close proximity to executive decision-makers. Understanding their evolving priorities makes it possible for procurement to keep supplier agreements and spending decisions in alignment with the direction and vision of the organization.

When the C-suite has ready access to comprehensive and actionable spend insights, they can drive the organization forward with confidence, despite elevated levels of risk and uncertainty.

For procurement to be recognized as a trusted advisor, CPOs must look beyond savings and also address value-drivers like sustainability, risk management, and top-line growth. Leading CPOs acknowledge the holistic nature of procurement's role and maintain a dual focus on technical platforms and overall business objectives.

It is easy for procurement to claim they want to partner with the business, but first they must deepen their understanding by asking questions like:

- What is the core purpose of the company?
- What are the future goals?
- How can procurement support both?

The answers to these questions can be expected to evolve constantly, sometimes subtly and other times abruptly. Procurement must adapt and align their strategies accordingly.

Case Study: Centralizing Data and Improving Sustainability in Global Manufacturing

One global manufacturing company lacked centralized procurement data. Over time, different regions within the company developed and implemented their own systems, which resulted in fragmented supplier data and a lack of transparency.

Internal audits often required comprehensive information on suppliers, a task that had proven challenging across their different locations.

They selected an analytics platform to consolidate and analyze the data from multiple enterprise resource planning (ERP) systems. Their primary goal was to help the supply chain and procurement teams improve insight-driven decision making.



Because the company has a significant presence in the European Union, the scope of the project was extended to encompass environmental, social, and governance (ESG) compliance considerations as well.

The platform was successfully adopted across the company, making it possible to closely monitor key metrics in real time. They now rely heavily on their new dashboards for crucial insights and decision making, and they have improved their process efficiency, ensuring regulatory compliance and effectively managing potential deficiencies.

In addition to internal requirements, supplier claims and performance criteria were incorporated into the centralized repository in the form of scorecards, providing them with a 360 degree profile of all a supplier's transactions.

With their primary objective achieved, the manufacturer was able to increase the proactivity of their sustainability program as well. They voluntarily addressed emissions, demonstrating their commitment to reducing carbon footprints beyond their immediate operational boundaries.

The spend analytics platform now plays a crucial role in collecting and organizing supplier data, supporting the company's ongoing efforts to ensure full data visibility and meet their sustainability targets.

Case Study: Achieving Spend Visibility in a Highly Regulated Global Landscape

A global financial institution needed to streamline its procurement and operations processes for spend analytics, strategic sourcing, contracts, and supplier performance management. They operate in a highly regulated environment where all procurement decisions are subject to rigorous examination, requiring a high degree of transparency and accountability.

The company manages a vast network of suppliers in over 180 countries. Their procurement activities include a wide range of goods and services, ranging from administrative supplies to specialized subject matter experts.



In addition to managing financial transactions, the institution takes on ambitious projects involving ground-level initiatives in countries where they operate health programs or collaborate with NGO partners. In these cases, the company procures the necessary supplies and supports the execution of these initiatives. This requires a procurement solution capable of handling diverse sourcing requirements, ensuring optimal supplier selection, and delivering measurable outcomes.

The company implemented a comprehensive procurement solution as part of their broader digital transformation journey. This strategic alignment enables the institution to achieve greater efficiency, data-driven decision making, and improved supplier performance. In addition, procurement's processes are now fully auditable and traceable, so the company can confidently address any inquiries or challenges related to supplier selection and tender awards.

Conclusion

Procurement data holds immense value not only for procurement itself but also for other functions throughout an organization, from Finance and HR all the way to executive leadership. How successfully a company harnesses the power of its own data comes down to numbers and data points but also to people. Strong cross-functional relationships enable collaborative data sharing, transparency, and accountability, which lead to better decision making and improved outcomes for all departments.

By building a reliable and comprehensive view of spend data that helps drive critical business decisions, procurement can achieve strategic alignment with the overall corporate vision while also improving the function's own reputation and perceived value along the way.

Centralizing spend data has real-world impact, particularly for complex or tightly regulated global organizations. As our case studies demonstrate, centralizing spend data and prioritizing data quality so that it is reliable and accessible across the organization can unlock the full potential of spend data.

Through effective collaboration and data-driven decision making, procurement can leverage the full power of spend data to become a key strategic partner that influences the success of the entire organization.

About Synertrade

Synertrade is a leading global provider of digital procurement solutions. Synertrade Accelerate, the all-in-one cloud-based platform, covers the entire Source-to-Pay process, enabling CPOs and CFOs to efficiently orchestrate Source-to-Contract, Procure-to-Pay, Supplier Relationship Management processes in an integrated and fully digitised way, enhancing end-to-end collaboration across business functions. With over 400,000 connected users and 4,000,000 registered suppliers, the eProcurement platform now supports more than 250 companies worldwide such as Adevinta, Agco, DeA Capital, Dkv, Eolo, GFT, Groupama, Groupe Pochet, Hjf, Mediaset, Nortegas, Prysmian, Raja, Recordati, Schneider Electric, Tubacex, Vinci. With 7 offices worldwide, over 200 employees and 24/5 support in 10 languages, Synertrade is a satellite company of the Econocom Group.

For more information, visit www.synertrade.com.