Why should you invest in Procurement Technology?

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Who am I?

❖ Born and raised in Birmingham, UK

❖ Spent 16 years in corporate procurement in automotive and FMCG industries

❖ Lived and worked in 5 countries, including 12 years as an expat in Germany

❖ Founder of ProcurementSoftware.site and host of The Procuretech Podcast

❖ Digital procurement advisor, freelance consultant and content creator

❖ Passionate about location independence

❖ Fan of red wine and smelly cheese

Where is the problem?

❖ Every company knows what they sell

❖ Surprisingly few **truly** understand their supply base and **exactly** what they're **spending**

❖ Approx. **60%** of a manufacturing business's revenue is spent on **goods and services from external suppliers**

❖ **2.5% cost savings** across all your spend is **equivalent** to a **10% increase in sales revenue**

❖ So, **why don't CEOs care** about Procurement?

Why do you need to digitise procurement?

⚠️ Your business will be a laggard in 2-3 years' time if you don't embrace change **now**

🦕 Fax machines, email and Excel aren't the tools of business in the digital age

🤓 Highly skilled employees should not be spending half their day on admin tasks and firefighting

🚀 Agility is the hallmark of a successful modern businesses

Legacy is great...but it shouldn't still be powering your business

What are the limitations of existing technology?

10 reasons why you should not manage Procurement & Supply Chain in Excel

1. Human error

2. Excel can't easily send push notifications

3. No real time updates into ERP

4. Harder to maintain accuracy in shared group files (SharePoint)

5. Doesn't address master data challenges

6. Can't monitor external factors in real time

7. Doesn't integrate seamlessly with third party data sources

8. Tricky to maintain during rapid growth or crisis management

9. Supply Chain management has many moving parts

10. Lack of trust in the data can lead to "shadow spreadsheets"

Why are ERP Systems not suitable for strategic procurement?

Procurement was still primarily an administrative function in the 1990s.

ERPs only have very limited functionality when it comes to:

- ❖ Spend analytics
- ❖ Strategic sourcing events
- ❖ Supplier Relationship Management (SRM)
- ❖ Intake and Vendor Master Data
- ❖ Contract Lifecycle Management (CLM)
- ❖ Source / Procure-to-Pay (S2P / P2P)
- ❖ Risk Management, Compliance and ESG

Some key characteristics of ERP systems

😬 Server based

🦕 Archaic user interface

🤯 Not intuitive for the "average Joe" to use

🆘 Requires extensive user training

🤑 Expensive and cumbersome to modify or customise

👎 Designed to be an enterprise Finance and S&OP tool

Price: 💰 💰 💰 💰 💰

Some Key Characteristics of Enterprise Source-to-Pay & Source-to-Contract Suites

☁️ Cloud based

😇 More user-friendly than ERP

🌟 Designed for procurement professionals

⚠️ Requires major IT resources to plan and implement

⚠️ Non-standard customisations are expensive

⚠️ Does everything OK-ish, but is pricey

Price 💰💰💰 **to** 💰💰💰💰

Some key characteristics of Best-of-Breed Procurement Software

☁️ Cloud based

😇 User-friendly interface

🌟 Designed for procurement professionals

✅ Can be up and running in a few days or weeks

✅ Easy to use. Can connect to ERPs via API or app store

✅ Solves ONE or TWO problems comprehensively

Price: 💰 to 💰💰💰

Explore over 325 solutions on

Procurement Software .site 🚀

What a digital transformation can - and can't - deliver

Limitations when considering a digital transformation

Challenges that can be solved

- ❖ Poorly structured master data
- ❖ Under-resourced and overwhelmed teams
- ❖ Elimination and automation of day-to-day transactional work
- ❖ Difficulty to measure supplier performance
- ❖ The need for data to be in one, user-friendly "single source of truth"
- ❖ Poor visibility of spend and contracts

What technology CAN'T fix

- ❖ Poor employee onboarding and competency of team
- ❖ Misaligned objectives
- ❖ Technocratic leadership and rigid process
- ❖ Chaotic or toxic company culture
- ❖ Dirty data
- ❖ Lack of basic governance and policies
- ❖ No mandate for strategic procurement

Common misconceptions

🚫 Procurement tech is prohibitively expensive

🚫 You need a 6-figure consultancy budget for implementation

🚫 Procurement software is only designed for large enterprises

🚫 Everything has to be integrated with your ERP system

🚫 Digital procurement = eProcurement

🚫 It requires years of planning and execution

Some real world applications and benefits

Technical Enabler	Main Benefit	Business Outcome
Spend categorisation	Better leverage in supplier negotiations	P&L improvement
Modern User Interface	Reduction in maverick spend	Improved cash flow and forecasting
IoT sensors	Real time tracking of freight	Reduction in inventory; increased OEE
"Push" vendor data updates	Clean, accurate supplier data	Improved compliance, reduction in administrative overhead
Data Scraping	Faster & easier scouting for new suppliers	Security of supply, innovation
Data Scraping	Supply chain risk mitigation	Brand equity, security of supply, improved compliance
AI + Game Theory	Faster sourcing events with better proposals	P&L improvement, cost avoidance
AI + Machine Learning	Automation of one-time buys and tail spend	Optimisation of resource allocation
Process Mining	Identify inefficient or non-compliant processes	P&L improvement, optimisation of resource allocation

How can we make a compelling business case?

World class businesses
have been built on world class DATA
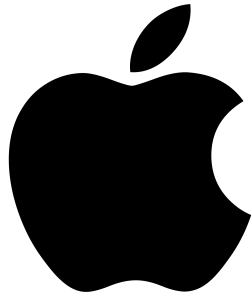
The magic way to get more done, with the same resources

Eliminate

Delegate

Automate

Free up **one third** of your Procurement resources.

Enable them to perform **value-added work**

How to get buy-in from your CEO and CFO

HARD BENEFITS

- Improved data accuracy: the gift that keeps on giving
- Measurable P&L improvement
  - Material cost savings (PPV)
  - Lower total cost of operation
  - Fewer clerical employees (accounts payable, operational purchasing)
  - Better access to innovation: more effective supplier relationships
  - Reduction in maverick spend
- Cash flow improvements

SOFT BENEFITS

- Enablement of fact-based discussions
- Less firefighting
- Less time on repeatable clerical tasks
- Faster requisition-to-PO cycle
- Faster purchase-to-pay cycle
- Reduced impact on operations caused by human error or manual processes
- Improved relationships between procurement, suppliers and stakeholders
- Easier record keeping for audits

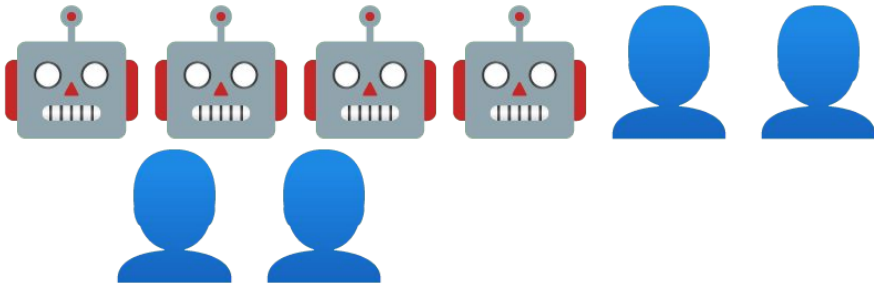# An example of Return on Investment (ROI)

Current State
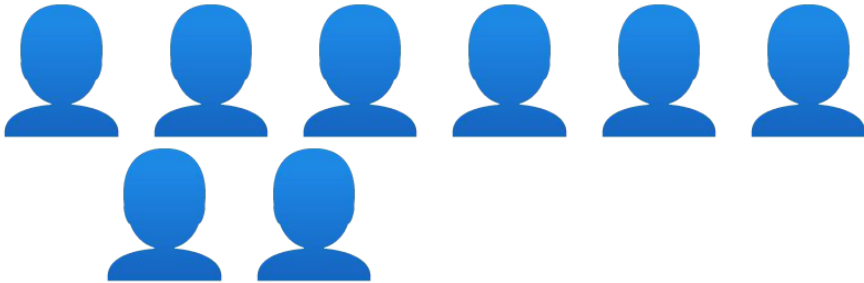
Payroll = 100

Efficiency = 100

Business Value = 100

Future State

Payroll + SaaS = 75

Efficiency = 200

Business Value = 125

5 cool, affordable procurement software SaaS for medium-sized businesses

CostBits

Spend Analytics

CANOPY
Supplier Management

Vendor Intake **Master Data Management**

ebidtopay™
smart procurement for you

Procure-to-Pay **Source-to-Contract**

capto

Robotic Process Automation

t tacto

Project Collaboration

Key Takeaways

Key Takeaways

- ❖ Digital procurement tools don't have to be expensive

- ❖ Payback is months, not years

- ❖ You'll see both hard cost savings **and** efficiency gains

- ❖ Invest first in technology which can automate or simplify non-value-added transactional activities

- ❖ Leverage your "A Players" to move the needle.

- ❖ Treat procurement teams and their systems as an **asset, not an overhead**.

- ❖ 2.5% cost savings = same P&L impact as a 10% increase in sales

- ❖ Up-skill your existing team **and** implement affordable technology!

Thank you for your attention!
Please connect if you'd like to learn more☕ 🥨