

THE SPARK

Sourcing and Procurement Flash Report

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TECHNOLOGY & DATA

Procurement Pros: Don't Give Away Your Hard-earned Savings



Adversity can be revealing. It shows us who we really are when the pressure is on and the stakes are high. In 2020, adversity was in no short supply, and businesses were forced to take a long, hard look in the mirror. The old “reliable” way of doing business was kicked to the curb, and left many leaders navigating treacherous COVID-waters without a trusted compass. The stakes for many firms across the country were binary: survival or dissolution.

But in throwing out the old playbook and calling an audible, businesses created an opportunity for themselves to rethink and re-tool how they do business, manage their supply chain and optimize those old reliable protocols and practices. Any business that is not leveraging these “blank slate” pandemic conditions to accelerate the digitization of their procurement process is missing a critical opportunity to become more efficient and lean. The data backs it up.

A recent study of more than 450 procurement organizations worldwide found that, on average, only 45% of total indirect spend is currently being classified to a level of detail that procurement professionals would classify as “actionable”. What’s more, as a result of procure-to-pay challenges, only 50% of spend was compliant with contracts, negotiated prices, and volume discounts. When spend, pricing and contract data is leaking out of your processes like a sieve, procurement’s true impact on the bottom-line will never be realized.

So what can you do about it?

The closed-loop savings capture approach is not a new concept but has often been overshadowed and delayed by competing priorities or subpar applications. By transforming this process and utilizing streamlined technologies available in the marketplace today, you are empowering your procurement organization to weaponize data, instill controls, and achieve end-to-end visibility for next-gen procurement organizations.

For those businesses that took advantage of pandemic conditions to rewrite their playbooks, the results are already evident. A recent McKinsey study shows that as a business community, we have vaulted the equivalent of five years forward in consumer and business digital adoption in a matter of around eight weeks. With progress happening at light speed, if you’re not acting now to build a lean procurement machine, there’s a chance you’ll never catch-up to the competition.

Don’t allow Procurement to be left behind. Now is the time to harness the new environment and embrace the speed of change.



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We want to hear about your business challenges.

Contact thespark@logicsource.com to start the conversation.

