The Definitive Guide to Procurement Software

2020

Simplify your procurement process.

www.procureport.com
Executive Summary

e-Procurement is poised to become a must-have.

According to a recent procurement market intelligence report from SpendEdge, the global category spend for the procurement software market is expected to reach $7.5 billion by 2021, representing an incredible growth trajectory of 11.82% CAGR from 2017 to 2021.

This growth is fueled by rising demand for automation, as well as a shift to cloud solutions that provide simple implementations, modular design, easy to use interfaces, and increased security.

THESE BENEFITS ENABLE ORGANIZATIONS TO:

- Track spend data more efficiently
- Identify enterprise-wide cost-saving opportunities
- Build transparent and manageable vendor relationships
- Automate monotonous tasks
- Increase operational efficiency

This guide was created to help organizations select, implement, and leverage a modern e-Procurement solution.
51% of procurement leaders believe their teams will fail because they lack the sufficient skills and capabilities required to achieve strategic goals.

* Capgemini: Digital Procurement Research 2018
Robust implementation leads to tangible results.

Procurement leaders aren’t alone. According to Capgemini, almost three-fourths of procurement professionals feel they lack the tools and, or expertise to improve productivity meaningfully. This reality is why a collaborative implementation of procurement software, whether you are merely conducting a comprehensive spend analysis, or preparing to integrate with a third-party ERP, is essential for software adoption and organizational process optimization.

Step 1: Design, Configuration & Testing

During this phase, team leaders work with vendors and users to define processes and policies, create implementation documents, and configure the system before testing that requirements have been met.

While many organizations focus on integrations and other technical requirements, it is essential to also consider what processes may need to change, how to communicate the need for change, and how to gather buy-in from all users to ensure holistic future adoption and maximum ROI.

Only 28% of the procurement professionals surveyed believed that their procurement system enhanced their productivity.
Step 2: First Implementation

Focus on the user is essential as new catalog management, contract management, and supplier management practices are introduced into the organization and its vendor network. A lack of attention to the end-to-end needs of all users can be catastrophic for the organization.

These failures can lead to inefficient processes that require manual interventions and can lead to low (spend) visibility, maverick buying, and missed strategic goals.

Siloed procurement risks a 34% first-time failure rate

To avoid these realities, forward-thinking organizations work with early adopters and vendors to design training materials that visualize the value of new processes, communicate progress in real-time and demonstrate each user’s role in the overall value chain. This effort is then delivered to the broader organization, building confidence, and perceived value in compliance with new processes and the adoption of tools.

Step 3: Roll-out

Finally, the entire organization is integrated into the procurement workflow. Early adopters may be tasked with mentoring new team members as they familiarize themselves. These mentors can stabilize the larger team during transformation by providing individual attention to each user, ensuring an understanding of new policies, and reinforcing the value of change.

* Capgemini: Digital Procurement Research 2018
When considering a procurement software purchase, it’s essential to find the features, as well as the vendor’s ability to guide you through the process of designing, configuring, testing, implementing, and stabilizing your system and your organization to gain the most benefit from your investment.

If you would like to talk to an expert about how to build an implementation process that optimizes user adoption and productivity, there are great resources here.

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98% of procurement organizations need a fully integrated technology solution to effectively automate processes, integrate information & gather the data they need to continuously improve organizational impact.

* McKinsey - A road map for digitizing source-to-pay
It is essential for software to support the rising need for business agility.

Procurement professionals are faced with increasingly complex challenges every day. This reality results in long hours and missed goals for many procurement teams. However, organizations that leverage a holistic procurement solution are able to quickly scale from a single module to a seamlessly connected ecosystem as needs evolve. This agility allows those teams to better adapt to organizational shifts while maintaining cost and staff efficiency.

Maintaining complete control across your procurement infrastructure.

One of the key benefits of a modular architecture is the ability to establish an electronic trail. Since there is one unified system, electronic approvals are gathered before an order release, which eliminates the traditionally arduous “sign off” process.

Similarly, a modular architecture increases control and visibility over the entire life-cycle of a transaction and helps to eliminate communication barriers and build transparent supplier relationships. However, to maximize the benefits of a holistic solution, it is essential to get organized first.

POPULAR MODULES TO CONNECT:

- Electronic Procurement
- Purchase Requisitions
- Request For Quotes
- E-auctions
- Award Management
- PO & Invoice Management
- Supplier Catalog Management
- Contract Management
Step 1: Solidify Business Processes

According to Amit Patel, managing director of the enterprise solutions practice at Huron Consulting Group Inc. in Chicago, before implementing procure-to-pay software, the CFO should ensure that business processes are solidified. This effort will ensure that organizational processes are automated and streamlined effectively.

Step 2: Define a Scalable Pilot

Once there is a documented and agreed understanding, Patel suggests documenting which pieces of the process are going to be standard and supported by the software. This includes identifying automation opportunities and processes that should remain manual as the organization integrates the platform into their day-to-day work habits.

Step 3: Consider Data to Migrate

By considering the source and kind of data that will be placed in the system ahead of implementation, organizations can protect data integrity and avoid the need for a manual data cleanse in the future.

* Capgemini: Digital Procurement Research 2018

56% of procurement processes can be automated.
Step 4: Verify Platform Ability

Modular systems, such as procure-to-pay, have rapidly evolved in recent years. They provide advanced features that many professionals are unaware of.

If you would need help evolving your organization to a modular platform, there are great resources and helpful experts here.

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72% of procurement professionals think their tools fail to increase productivity...

and they’re likely right. U.S. companies waste more than 32 million man-hours annually, by implementing ineffective procurement tools.

* Michael McAdam, Head of Procurement Deloitte
Intuitive procurement software facilitates user adoption and optimizes ROI.

According to McKinsey, a revolution in the way procurement organizations manage their spend is gaining steam. This momentum is driven by the increasingly agile nature of today’s business environment. However, the fast pace of modern procurement can often result in fragmented spending, especially across geographically separated teams.

Digital Procurement can reduce product & service spend

Further complicating the situation is the fact that these teams often have regionally specific objectives, making it challenging to coordinate buying activities, identify enterprise-wide savings, and ultimately achieve objectives.

In response, many companies are adopting e-procurement software to encourage real-time collaboration and effectively capture market value.

However, procurement leaders in the early phases of a digital transformation don’t always consider how intuitive the software platform will be for their teams, vendors, and other stakeholders to adopt. This mistake often leads to daily frustration for the user and can lead to a lack of confidence in the tool and the organization itself. Fortunately, there are a few simple steps that teams can follow to make more effective software purchases.
Step 1: Ensure Stakeholder Buy-in

Strategic objectives should always determine software requirements. However, it is also incredibly important to understand what challenges stakeholders expect the software to solve — recognizing that users form an opinion of the solution based on just a few criteria. To maximize user adoption and ROI, an organization must understand it’s stakeholder’s expectations, then compare user needs to other strategic goals and define immediate priorities.

Step 2: Identify Common Workflows

Procurement leaders can better evaluate how user-friendly a platform is by taking the time upfront to fully understand the unique ways individual users and departments complete tasks. With this information, procurement leaders can determine which platforms require the least amount of process refinement and training. Conducting a collaborative review process is also an excellent opportunity to identify best practices and communicate the benefits of process standardization and optimization.

Digital procurement can reduce manual supplier interaction by 50%

* Capgemini: Digital Procurement Research 2018

50%
**Step 3: Consider 3rd Party Integrations**

Finally, it is crucial to consider applications the organization could, or already expects to integrate. Defining this before scheduling a product demo allows decision-makers a chance to discuss the implementation process and fully understand platform limitations.

If you would like to further discuss how to select a user-friendly procurement platform, simply schedule a time with a usability expert here.

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experienced a software supply chain attack...

and 90 percent of those respondents confirmed they incurred an average financial loss of $1.1M.

* CrowdStrike - Securing the supply chain
Organizations should consult with their legal teams to add security elements into vendor and partner agreements—such as an incident response plan and data security policy, in addition to requiring all third parties to test those plans in joint exercises.

ProcurePort not only implements comprehensive security measures, but they also have security compliance experts that can help to establish strong policies and communication. Start here to strengthen your organization's supply-chain and place in the market.

However, the harsh reality is that even with those measures it is likely that an organization will be attacked. Given that reality, it is important that while planning to protect an organization, to also consider how to address a security incident quickly and comprehensively. Simply ask questions like, who will handle communication with partners and customers, what recovery activities will be started, and how will the status be communicated.

Step 2: Add definition and community knowledge to basic security practices.

Organizations need to raise awareness among employees and protect their community—let the community know that customers require the most vigilant security practice and that their support ensures the organization's ability to grow. Whether it is helping employees understand that it is essential to change passwords every 90 days, or why more cumbersome security policies are now necessary, it is essential to communicate clearly and often.

Step 3: Require security assurances are a part of vendor agreements.

Third-party vendors must be held to the same—if not higher—level of accountability than your actual employees. Security is everyone’s responsibility, even your software provider’s. Cyber threats continue to grow exponentially each year. This new normal has made the real ramifications of an attack seem common-place. However, it is vital for an organization to take security seriously and put measures in place that mitigate risk, while also protecting their reputation, their finances, and ultimately their ability to do business.

Many organizations turn to cloud computing solutions because of their ability to providing enterprise features, like security, that many organizations simply can’t afford. This rise in cloud computing interest has lead to a flurry of new e-procurement software platforms. While some are equipped to handle an attack, many lack security features and leave organizations vulnerable.

Here are some easy steps to get organizations to begin evaluating potential security threats and evaluating solutions to mitigate future attacks.

**Step 1: Create a Comprehensive Incident Response Plan.**

Strong planning and communication can go a long way in keeping an organization secure. The first place to start is to
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bring together all relevant stakeholders, including leadership, IT, employees to identify threats, implement priority risk solutions, and a roadmap for continuous improvement. However, the harsh reality is that even with those measures it is likely that an organization will be attacked. Given that reality, it is important that while planning to protect an organization, to also consider how to address a security incident quickly and comprehensively. Simply ask questions like, who will handle communication with partners and customers, what recovery activities will be started, and how will the status be communicated.

Secure transactions are essential if organizations are to fully realize the benefits of e-procurement.

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56% of procurement professionals feel...

their technology has significant gaps...

that hurt their purchasing process and more importantly, destroy productivity.

* Harvard Business Review - The Problem with Procurement
Agility requires a solid platform.

According to McKinsey, principal Wouter Aghina, “It's critical to be agile and quickly respond to change and actually benefit from change. And if you think that you're still in a corner where this doesn't hold true, wait for the disruption to come. Tomorrow it will be relevant for you”.

By asking the innovation question any time they’re having a strategic conversation with a supplier, procurement teams drive 50 percent of the innovation.

Aghina also stated that agility needs two things; the ability to move fast and a stable foundation of things that don't change. This stability is what Aghina says is the springboard for the company.

Obviously, any e-procurement solution must be able to provide the stable foundation that agility needs to thrive. Below are a few things that can help organizations evaluate solutions, so they can select the provider that will best support their ability to move fast and capitalize on every opportunity.

Step 1: Evaluate the Provider’s Ability to Support Agility.

One of the first things to consider when selecting a provider is if they have a successful track record supporting organizations with similar needs.
Step 2: Investigate Opportunities to Customize the Platform.

Whether an organization has a dedicated development team or not, it is important to consider each vendor’s development resources. The simple fact is that every organization has unique needs and the needs of today will almost surely not be the needs of tomorrow.

Knowing that any system will need to be tailored for each individual organization at some point, the question becomes, when the need for custom features or integrations arise will the internal development team be able to address the need quickly.

Additionally, it is important to consider how flexible a platform is and if it can be customized by the users to ensure a tight fit to existing business processes.

Step 3: Custom Reports & Planning.

As the business environment evolves the need for new data insights will emerge. In order to reap the benefits of an agile procurement team, each organization must understand what activities are driving success and what areas must be improved. If a platform doesn’t support customizable data views and real-time reports it will almost undoubtedly affect it’s ability to support the organization.

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One final recommendation is to look to the future before selecting a vendor. While an organization's need may be small today, being faced with the need to migrate to a new system in the future could have significant opportunity costs.

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About ProcurePort

More than automation

Since 2000, ProcurePort has been an industry leader in providing cloud-hosted e-procurement solutions and services. Each day, businesses around the world and across a wide variety of industries take advantage of ProcurePort’s comprehensive and affordable strategic consulting services and e-procurement solutions to reduce costs and increase profitability.

Whether sourcing construction equipment for local government projects or raw materials for global automotive manufacturers, we understand that businesses often require specialized purchasing solutions to meet the unique demands of their industries or market sector. ProcurePort’s clients see immediate results and a measurable ROI.

A Cap Gemini "All Star"

See the Annual Procurement Industry Report >