PROCUREMENT LEADERS

Customised digitalisation:
A multi-tiered approach to
transforming procurement

Tackling maturity head on

CPOs are realising they must make an honest assessment of the levels of maturity within their procurement ecosystem if they are to deliver effective digitalisation

The pivotal role that procurement ecosystem maturity plays in an effective digital strategy cannot be underestimated, says Christopher Eyerman, head of procurement innovation at WNS Denali, a global consultancy that helps clients cocreate, implement and execute next-generation customised operating models to improve the strategic impact of procurement for their businesses.

"When we consider digital transformation, it is essential to start with a holistic view of the client's procurement ecosystem. Digital success is dependent on the entire procurement ecosystem, and how we approach our digitalisation journey starts with a candid assessment of their overall procurement maturity," he says.

Eyerman says WNS Denali works with its clients to map the digital aspects of their existing and developing infrastructures in the context of overall procurement

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> **Matthew Edgar,
> WNS Denali**

maturity, so they are best positioned to develop a bespoke and optimised digital transformation strategy.

THE ECOSYSTEM MATURITY PUZZLE
Matthew Edgar, senior manager client engagement at WNS Denali, says ecosystem maturity is a critical piece of the jigsaw.

"The right digital ecosystem drives and develops the maturity of any type of procurement organisation. You can evaluate where you are in the maturity curve by analysing the aspects of your digital ecosystem," he says.

The time to maturity is directly impacted by the use, adoption and implementation of digital tools, Edgar says. To obtain the data needed to benchmark its position on the maturity curve and develop a procurement roadmap, the organisation must be able to evaluate its supply base and understand

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Kerri Beatty, WNS Denali

what real-time information is available to help make critical business decisions.

However, the process of gauging the procurement maturity of enterprise digital and procurement ecosystems in the real world can be problematic, says Kerri Beatty, head of academy and enablement at WNS Denali.

"You do not have to be perfect, as it is an art not a science. A common mistake organisations make is overestimating their maturity and underestimating the importance of closing fundamental gaps before trying to leap forward with the latest tools. They assume everything is good since they invested time and money but, in many cases, they did not bring the right people together or invest enough in the 'boring' things to bridge between the vision and some of the foundational building blocks," she says.

KEY MATURITY QUESTIONS

There are many parameters that need to be considered in this context. Eyerman says it is important to look at where enterprises sit on the procurement maturity scale and the technologies they have implemented.

Questions that need to be addressed include:
■ What is the state of their processes?
■ Where are they in terms of the data?
■ Is that data available?
■ Is the data accessible?
■ What is the quality of the data?
■ What is the culture of that organisation?
■ Are they ready to drive for more technology, or are they more conservative?
■ Are they risk-taking?

Edgar cautions that there are widespread misconceptions – among organisations of all sizes – centring on their perceived procurement and digital maturity.

He says one client, a Fortune 500 consumer-packaged goods organisation, appeared very advanced, as measured on the procurement maturity curve, with robust systems and desktop procedures to manage global procure-to-pay processes. However, there were some real issues when it came to systems and system integration.

"I see a lot of companies, even with the digitisation of all the source-to-pay platforms, that have a real problem submitting documentation offline. They are still pushing a lot of paper via Outlook and not using technology appropriately. Some are still tracking their savings on spreadsheets."

This widespread gulf between perceived and actual digital maturity is a serious roadblock that affects the operational effectiveness of many procurement organisations. Eyerman says that low-maturity clients must adopt a step-by-step approach to capability development to create a robust and effective ecosystem.

"Understanding these building blocks is a key area that we see organisations struggle with when they are working on digital transformation. There is a temptation to jump into technology, with many organisations chasing the latest shiny and cool tools. But digital itself is not an objective. Digital should support, enable and, ideally, accelerate how you achieve your business objectives in procurement," says Eyerman. ■

CREATING A PLATFORM FOR DIGITAL PROCUREMENT STRATEGIC SUCCESS

For procurement to transform itself into a data-driven function and emerge as a strategic leader within the business, it must have strong foundations. These foundations, which extend beyond technology alone, differentiate the teams that are set up to take advantage of the data-driven opportunity and those that are not. Procurement Leaders' research has identified several practices common among the top performers, with these separated over the following five critical capability layers:
■ **Vision:** The objectives of procurement's data strategy.

■ **Strategy:** The action plan that the function develops to address its data improvement and analytics objectives.
■ **Skills:** Developing expertise around data stewardship, analytics and digital project management.
■ **Data management and operations:** The processes and practices used to collect, store and use data effectively.
■ **Digital solution architecture:** The technological underpinning of the procurement ecosystem.

Source: Data-driven decision-making: Building procurement's future foundations, Procurement Leaders, 2021.

A multilayered approach

Successful digitalisation programmes depend on organisations implementing strategies that take into account people and processes, not just technologies

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> **Matthew Edgar, WNS Denali**

Procurement's transformation towards a new, block-by-block, data-driven strategic value proposition can only happen in stages, with research pointing to a spectrum of digital maturity across organisations.

Procurement Leaders' report, *Data-driven decision-making: Building procurement's future foundations*, found: "Teams can only establish data-driven decision-making through a capability improvement strategy that accounts for people, processes and technology. Leaders who focus exclusively on tools and systems – without accounting for the skills and strategy necessary to ensure the success of such investments – will fail to deliver the desired impact."

The study further suggests that, although the number of high-performing procurement functions within global enterprises is growing rapidly, many organisations are still struggling to execute plans to improve capabilities across multiple commercial and operational parameters.

One roadblock to implementing effective procurement digitalisation programmes, according to Matthew Edgar, senior manager client engagement at WNS Denali, centres on the failure of leaders to encourage the widespread adoption of new procurement technologies and working practices.

"Adoption might be the biggest issue as it relates to realising the value from, frankly, really expensive digital platforms. I do not think a lot of organisations do a great job of enforcing the adoption and then executing it in a way that makes it easy and digestible," says Edgar.

"It is important for category managers and for the wider procurement function to promote themselves as agents of change. Organisations pay millions for technology platforms. We need to adopt them and procurement needs to take the lead and show the organisation how it should be done."

A MORE STRATEGIC APPROACH

Edgar adds that category managers must overcome growing operational complexity. To address this issue, savvy organisations are deploying digital tools to enhance the role, while category managers think and operate more effectively and strategically in the context of overall commercial objectives.

"Procurement should be adding more value to the business – not just dollars and cents on the savings targets – but strategic operational enhancements. Procurement functions, and category managers armed with the right digital tools and systems, have the potential to demonstrate they are good business partners and can add value when it comes to understanding the complexities of the supply market for the wider business," he says.

Christopher Eyerman, head of procurement innovation at WNS Denali, reiterates the central importance of procurement chiefs understanding their position on the procurement and digital maturity scale to help their teams maximise their commercial value to the organisation.

"Procurement organisations are all in different stages of overall maturity. We look at an organisation and evaluate where it lies on the maturity spectrum. This helps us to understand how procurement is working to bring this value to the organisation and to see where it is struggling," he says. ∎

Elevating digital maturity

Understanding the overall ecosystem of the function within your organisation is critical to building the right digital foundations before moving to the next level

90%

Of CPOs say digital transformation is a high priority, but only 28% report high adoption rates

Source: WNS Denali

The vast majority of WNS Denali's procurement clients are focused on, and investing in, their digital capabilities (90% of CPOs indicate that digital transformation is a high priority, but only 28% report great adoption), and expect that focus to increase in the coming years. However, the overall digital maturity across these organisations tends to be lower than the maturity of their overall procurement function.

Most of the clients tend to fall in the low to medium maturity category, with only a few companies having a high digital maturity. As a result, there are key needs that procurement teams should focus on addressing in each of these areas.

Generally, for functions in the early stages, it is critical that they start with a focus on their overall ecosystem and building the right digital foundation. For more digitally mature procurement organisations, our focus turns to helping

them to accelerate value by connecting the dots across their ecosystems in several key areas.

DIGITAL MATURITY
Low digital maturity organisations are characterised by largely manual processes, disparate and non-standard core systems and limited access and visibility to data. The key focus for these organisations is to establish a strong digital foundation, including:
■ Solidifying core processes and establishing an efficient procurement operating model, including making the function easy to work with and connecting the strategy through execution activities.
■ Establishing and optimising your core S2C and P2P platforms, as these will carry the bulk of your procurement process.
■ Mapping data maturity and initiating core analytics. Mapping involves taking account of all of your procurement

Christopher Eyerman, WNS Denali

data – spend, supplier, contract, market, and so on – whether it exists, whether it is accessibile, and whether it is of the appropriate quality.

Medium digital maturity organisations have generally established the foundational elements, have an established strategic category management driven function and are looking to better leverage digital to help support their next level of strategic procurement. The focus for these businesses is to build on their core procurement platforms and implement key digital accelerators to get to the next level of digital maturity, including:

■ Making the procurement operating model more frictionless and automated.
■ Driving more proactive and predictive insights from data, knowledge and market intelligence.
■ Supporting the needs of their next-generation category managers.

CONNECTING THE DOTS

Many clients who have established their digital foundation with core S2C and P2P systems are struggling to find the next level of their digital transformation to support their strategic evolution. Our 'ecosystem first' approach to digital helps our clients to connect the dots across this ecosystem by integrating AI and digital technologies with human intelligence.
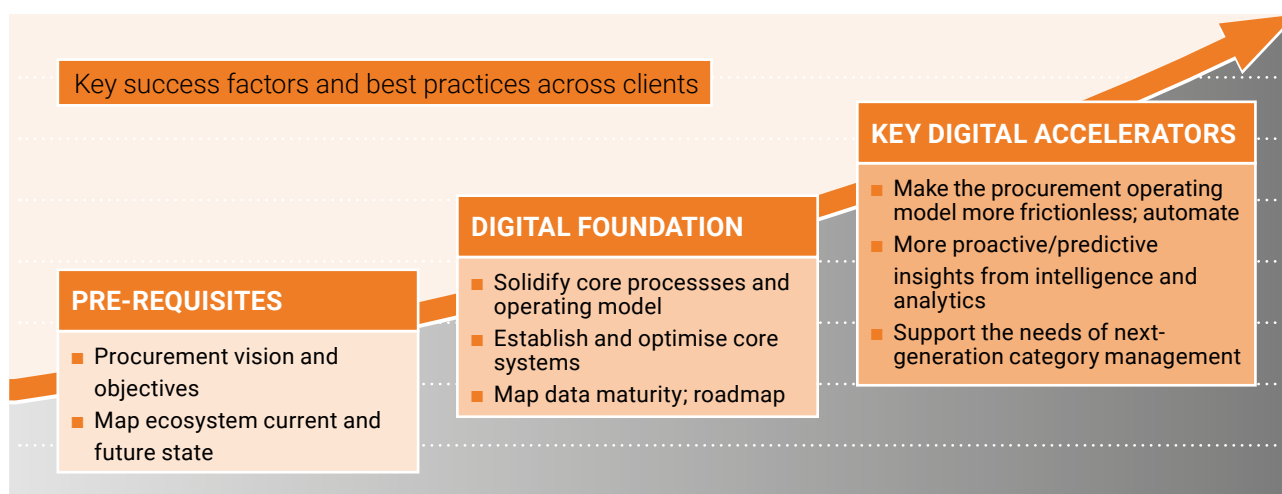
Most of our clients have existing technologies and core S2P platforms. These platforms are a good foundation, but have numerous gaps, leaving the procurement ecosystem fragmented. In particular, we have seen the need for technology solutions that help to connect the dots:

■ Connecting the dots across complex procurement processes and operating models. Our Procurement Intelligent Assistant (PIA) reduces friction for business stakeholders, and ProjecTRAC automates the end-to-end procurement portfolio management.
■ Connecting the dots between disparate data, knowledge and market intelligence and the key players across the procurement ecosystem. InsighTRAC and KnowledgeTRAC help to uncover more proactive and predictive insights from all internal procurement data, knowledge and external market intelligence.
■ Connecting the dots to support the needs of strategic category management. CategoryTRAC provides an actionable workspace to access and utilise the data and insights available to inform their decisions.

WNS Denali digital solutions complement and extend our clients' core S2C and P2P systems by making the procurement operating model more frictionless and efficient, providing more timely and actionable insights from data, knowledge and market intelligence, and driving measurable category management maturity progress. ■

FIG 1: DIGITAL TRANSFORMATION IMPERATIVES

Key success factors and best practices across clients

KEY DIGITAL ACCELERATORS
■ Make the procurement operating model more frictionless; automate
■ More proactive/predictive insights from intelligence and analytics
■ Support the needs of next-generation category management

DIGITAL FOUNDATION
■ Solidify core processses and operating model
■ Establish and optimise core systems
■ Map data maturity; roadmap

PRE-REQUISITES
■ Procurement vision and objectives
■ Map ecosystem current and future state

Case study: Healthcare provider

Building the foundations for a digital roadmap for a new procurement organisation

> " It is important, for category maturity, for it to be able to manage and share resource planning

**Kerri Beatty
WNS Denali**

A US healthcare insurance provider was at the start of its procurement journey and, as such, was at a very low level of maturity. It selected WNS Denali as a key partner to help set the vision and deliver a foundational framework for the new procurement function.

This new framework provided a category management approach and operating model, alongside core work processes and systems. Processes and policies were overhauled.

"We focused on establishing the core building blocks of a procurement function," says Kerri Beatty, head of academy and enablement at WNS Denali. "They wanted us to assess their organisation, get an understanding of what 'good' looks like and build a roadmap to achieve their vision."

WNS Denali helped identify and implement improvements for Oracle requisitioning and data analytics. It also implemented the PIA Digital Assistant to help procurement and the rest of the business communicate effectively. "The chatbot helps to reduce friction in stakeholder interactions," says Beatty.

As the company did not have a centralised project-tracking approach, ProjecTRAC was installed to track projects and activities.

"There needs to be an effective way of managing pipeline and resource capacity in order to advance maturity. This enables long-range planning, increases stakeholder visibility, and helps procurement teams make the turn from reactive and tactical to proactive and strategic," she says.

The company now has many of the basic tools in place, alongside an operating model framework and digital roadmap, to develop and mature. ∎

Case study: CPG company

Gauging maturity and levelling up digitalisation for a mature function

> " We looked to find the main kinks and iron them out, moving the function into the realms of optimisation

**Christopher Eyerman,
WNS Denali**

A very mature procurement organisation was undergoing a major transformation process. It had put in place updated processes and core systems alongside analytics, while the role of category managers was well defined.

However, in discussions between the organisation and WNS Denali, it was apparent that it was less mature from a digital standpoint.

"It was difficult for them to find where they were optimal, and needed support to gauge where to go next," says Christopher Eyerman, head of procurement innovation at WNS Denali.

Opportunities to automate and digitise further were discovered, and a suite of WNS Denali's digital solutions, called CPOTRAC, was implemented. Among these solutions,

ProjecTRAC was used to automate project management. A significant amount of data on both spend and supplier could be further leveraged and analytical tools including InsighTRAC were installed.

"Category managers were doing a lot of operational work, despite the procurement function's maturity," says Eyerman. "We looked to find the main kinks and iron them out, moving the function into the realms of optimisation."

The multinational CPG company now has a more efficient and effective category-driven operating model. It also has a central platform for sharing critical information across regions. Enhanced analytics and intelligence support the development of category management. ∎

ABOUT OUR PARTNER

Outcome-driven companies partner with WNS Denali to operationalise 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 operationalising procurement.

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