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Management Meets
Procurement Technology :
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Procurement technology suites are increasingly packing a bigger punch. Vendors are building adjacent modules to core purchasing and supply management capabilities, including enhanced supplier management, inventory management, budgeting and accounts payable automation (inclusive of e-invoicing) capabilities. Yet sometimes going deep in core procurement and sourcing is equally, if not more, valuable. In this Spend Matters PRO analysis, Xavier Olivera, lead analyst of P2P at Spend Matters, explores the project management module within Ivalua's broader source-to-pay suite, which also includes capabilities spanning category management, vendor management, strategic sourcing, contract management, procurement and finance (account payables), as well as a supplier portal and integration toolbox.

Background on Ivalua and Procurement Project Management

Each Ivalua module has its own unique capabilities and focus capabilities (as do other suites such as **Ariba/SAP**, **Oracle**, **Coupa**, **Verian**, etc.). In this analysis, we will concentrate on one modular area that particularly caught my eye and that procurement organizations should pay closer attention to. This is the "Procurement Project Management" module within Ivalua.

On one level, it works as a procurement project management module, not unlike CRM for sales executives managing an overall portfolio of commercial activities. But in this case, you are not managing sales activities and relationships but procurement projects sourcing activities. From my perspective, Ivalua's Procurement Project Management (or IPP) module is the closest a full S2P solution has come to support direct materials purchasing projects. While it is not really emulating a MRP system, since it doesn't have any production programming capabilities, it handles all of the other related activities associated with managing and scheduling internal procurement projects including sourcing events, work teams, activities, tasks schedules, emails and documents sharing, workflows, etc. It is a useful workbench and overall PMO-type toolset for companies that are used to managing complex internal procurement projects that are frequent in construction, automotive, health/pharmaceutical and other discrete and process manufacturing industries.

Making the Procurement Manager a Project Portfolio Manager

As generically configured, the IPP module, by itself, brings basic project management capabilities. But once an organization configures it based on targeted procurement internal project requirements, the possibilities become infinitely more interesting and can transform the way a company manages

all of its internal procurement-related projects across just about any complex portfolio of activities. For example, the projects could center on a new product introduction (NPI), a building construction project, a government services contract with subcontractors where you need to have audit trails, or even a prototype for a new car.

Each of these examples is likely to require significant underlying project and program elements such as sourcing projects (likely several, team and documents management and collaboration, a schedule with tasks and activities to follow, emails and collaborations, workflows, etc.) With the Ivalua IPP module, you can enable these capabilities and use the module as an umbrella under which to conduct other modular activities including sourcing, contract creation, etc.

How Ivalua Procurement Project Management Works in Practice
Ivalua Procurement Project Management is integrated into Ivalua's broader P2P suite, which means that any project can benefit from overall modular integration including the use of supplier/item catalogs, sourcing, procurement, contracts, analytics or invoicing, while at the same time capturing, reporting on and providing integrated analytics on top of all project, category, spend and supplier data. Other capabilities include:

- Enabling companies to integrate PLM, MRP, BOM, Microsoft Project capabilities into Strategic Actions Plans to allow control and oversight in one system over multiple activities and datasets.
- Using this functionality to act as a sourcing direct material extension for specific procurement projects. For example, integrating bill of materials (BOM) information into sourcing and supplier management programs.
- Letting users customize the toolset on a highly granular level (e.g., integrating specific KPIs to each procurement project and then defining a total cost of ownership comparison model between suppliers proposals using the KPIs as reference data). Other usage examples include integrating a forum where all team members can collaborate and give their inputs. Industry-specific use cases include, in automotive, for example, integrating broader procurement suite and application capability into the PPAP process (production part approval process) so that sourcing, supplier performance management and other processes are connected (even when activities include the management of multiple discrete parts, components, suppliers, etc.).
- Creating both visibility and extensive audit trails (at multiple tiers of the supply chain). For example, if you are a company that subcontracts suppliers, you can have an audit trail for all activities and logs of all documents, communications and activities.
- Embedding every sourcing event with projects and sub-projects. For example, if you are building a lawn mower, an automotive company would need several materials to source and buy in different steps of the process, and each sourcing event will be a project by itself that could be scheduled, have interdependencies, team room management, document collaboration, parallel and serial dependent and independent workflows, etc.

Workflow is, in fact, a broader differentiator in Ivalua's suite and leverages an object-based approach where individual steps, items and elements can be managed on a highly granular level (and linked). The extension of this workflow engine and control to the Procurement Project Management module makes an otherwise simple project management tool a highly robust one.

Exploring the Possibilities
What really grabbed my attention around this module is that while project management tools have been around for over a decade, the idea of extending this type of functionality to source-to-pay is relatively new. Neither Ariba nor Coupa, as examples, have gone as far as Ivalua at enabling this

capability, especially on the direct materials or CAPEX side of procurement, instead focusing on enabling indirect spend management.

The challenges associated with addressing project portfolio management and project management within procurement is not new (even if solutions were lacking before that were specialized as a component of a source-to-pay suite). I remember in the 2000s when I was implementing a PeopleSoft system at a mining company and how complicated the entire system and program was. If I had had this type of procurement project management solution to manage the sub-components of the implementation, it would have saved me a lot of headaches. The approach is also clever because it extends the limits of spend management to large scale internal project at companies in an "under the radar" type of manner by wrapping project management capability around procurement controls and enablement.

Without question, other procurement suite vendors should look at enabling this type of capability and invest the time to build similar project management capability. Doing so will enable their customers (like Ivalua's users can today) to extend the influence of procurement to broader areas of spend and bring procurement oversight and control to project elements that were previously unmanaged or under-managed from a spend control perspective.

The scope for this kind of functionality is significant and can go a long way to enabling procurement technology vendors to address additional spend areas. It can also help extend procurement influence (and technology adoption) in industries like construction and telecommunication that are likely to take advantage of project management capabilities as a core component of a suite.

Configuration is critical to gain the most from project management based on user and category requirements. Ivalua can manage configuration or work with a consulting partner such as KPMG.

Recommendations and Final Observations

With Procurement Project Management, Ivalua has brought a fascinating approach that can make a source-to-pay suite that much more valuable overall to additional users (and extend procurement's reach outside of indirect purchasing).

It is a powerhouse of capability. In summary:

- Tactically, Procurement Project Management is a project management tool supporting procurement during complex projects (construction is an ideal example).
- The capabilities underlying this module also have the potential to transform direct material purchasing projects and can strengthen and extend MRP system capabilities.
- Ivalua differentiates itself from other suite vendors with this capability (and compares favorable with direct material specialists such as Direct Works, Pool4Tool, FullStep, etc.).