

The Top Ten CPO Metrics to Battle Inflation, Risk, & Uncertainty

Webinar

09.01.22

Andrew Bartolini

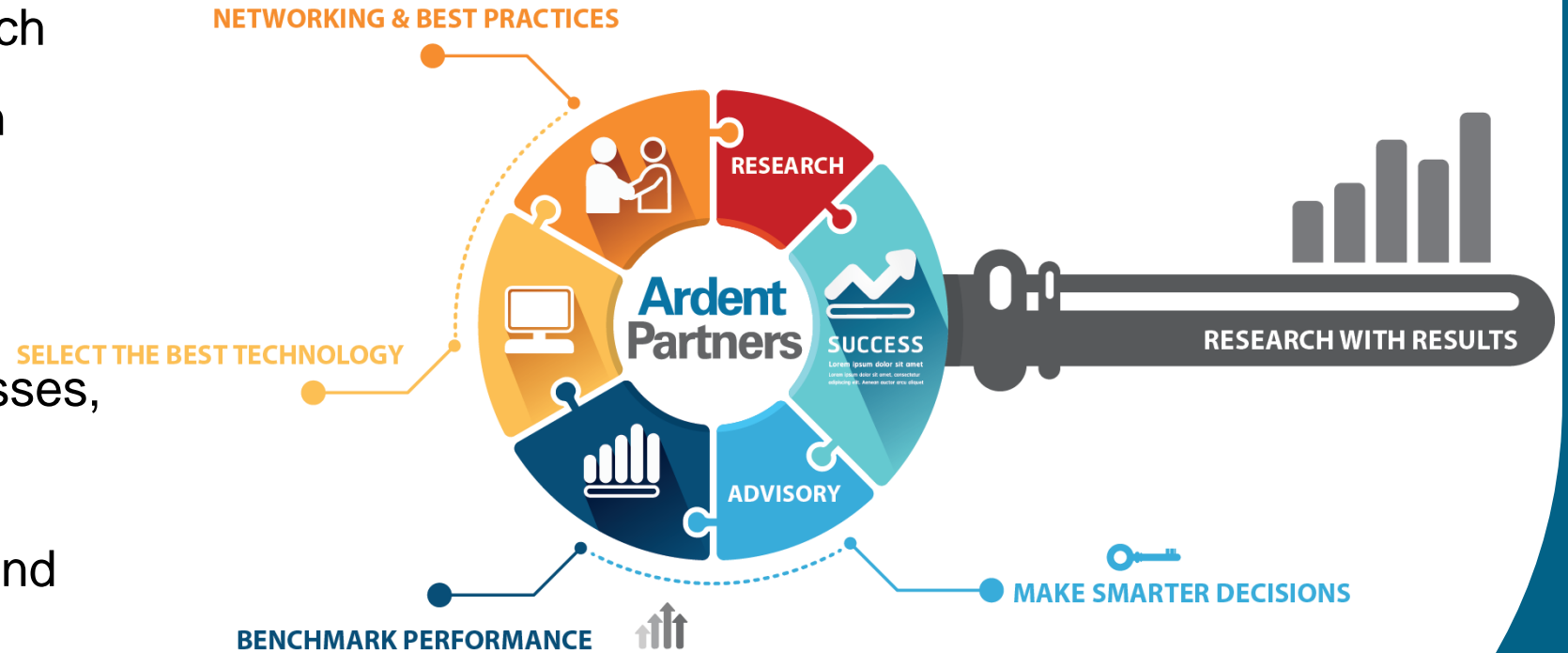
Founder & Chief Research Officer

Agenda

- **Introduction**
- **The State of Procurement in 2022**
- **Top Ten CPO Metrics Used to Battle Inflation, Risk, & Uncertainty**
- **Q & A**

Ardent Partners: Delivering Research with Results since 2010

Ardent Partners is a research and advisory firm focused on defining and advancing the procurement and financial operations strategies, processes, and technologies that drive Best-in-Class performance and accelerate organizational transformation.



Ardent Partners' Monthly Webinar Series

Webinars for Procurement Pros

Scheduled Dates:

- ❖ *September 21 – AP Trendspotting and Key Influences – What You Need to Know Right Now!*
- ❖ *September 29 – Services/Workforce Procurement*
- ❖ *October 27 – Topic TBD*
- ❖ *November 17 – The CPO Honors*
- ❖ *December 15 – Risk v. Rewards in Supply Chain*



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Solution Selection Research

Ardent Partners
RESEARCH WITH RESULTS

The 2020 MSP Solution Advisor

Research designed to help business leaders navigate the enterprise technology and solution landscape.

Ardent Partners
March 12, 2020
Analyst:
Christopher J. Dwyer
Contents:
1 Executive Summary
2 2020 MSP Solution Rankings
3 The Ardent Partners Advantage
4 Research Methodology
5 Managed Service Providers: A Mature CRM Solution Model
6 The MSP Solution Advisor Rankings
7 Provider Profiles
8 Overview of Solution Evaluation Criteria

Executive Summary

The 2020 Managed Service Provider ("MSP") Solution Advisor is designed to help procurement, talent acquisition, human capital management, and human resources executives navigate the MSP solution provider landscape, accelerate their RFP and solution selection process, and select the MSP solution that most closely aligns with their talent/workforce needs and requirements. This report analyzes and assesses the primary MSP solution providers in the marketplace today and is designed to serve as a resource in 2020 for businesses seeking to transform their contingent workforce management and talent acquisition programs. Readers will be able to use this report to identify, and ultimately select, the MSP solution that best aligns with their specific requirements and budget.

Ardent Partners' 2020 MSP Solution Rankings

Ardent Partners evaluated the market's top MSP solution providers' **Solution Strength** (the ability to support the full scope of contingent workforce

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The 2021 ePayables Technology Advisor

Research designed to help business leaders navigate the enterprise technology landscape.

Ardent Partners
April 6, 2021
Analysts:
Bob Cohen
Andrew Bartolisi
Contents:
1 Executive Summary
2 Ardent Partners Advantage
3 Research Methodology
4 Ardent Partners' ePayables Framework™
5 The ePayables Technology Advisor Rankings
6 Provider Profiles

Executive Summary

The 2021 ePayables Technology Advisor is designed to help Accounts Payable (AP), Finance, and P2P leaders navigate the ePayables solution provider market.

Ardent Partners' 2021 ePayables Rankings

Ardent Partners evaluated the market's top ePayables solution providers' **Solution Strength** (the ability to support the full scope of accounts payable activity, as defined by Ardent Partners' ePayables Framework discussed below) measured along the X-axis, and **Provider Strength** (which includes factors such as execution ability, client success, references, and product vision) measured along the Y-axis.

SME Leader Market Leader

Ardent Partners
RESEARCH WITH RESULTS

The 2020 B2B Payment Technology Landscape

Research designed to help business leaders navigate the enterprise technology landscape.

Ardent Partners
August 11, 2020
Analyst:
Ron Carter
Contents:
1 Executive Summary
2 Introduction
3 B2B Payment Methods and Options
4 Leading B2B Payment Provider

Executive Summary

The 2020 B2B Payment Technology Landscape is designed to help finance, treasury, accounts payable ("AP"), and procure-to-pay leaders navigate the business-to-business ("B2B") payments provider marketplace, accelerate the request for proposal ("RFP") or solution-selection process, and maximize their investments in B2B payment solutions. This Landscape report provides an overview of B2B payments, in general, and delivers a review and assessment of the leading B2B payment providers in the marketplace today. The report will serve as a critical reference document for those organizations pursuing B2B Payment solutions to support their AP, working capital management, supplier management,

Ardent Partners
RESEARCH WITH RESULTS

The 2020 VMS Technology Advisor

Research designed to help business leaders navigate the enterprise technology and solution landscape.

Ardent Partners
November 12, 2020
Analysts:
Christopher J. Dwyer
Andrew Bartolisi
Contents:
1 Executive Summary
2 2020 VMS Technology Rankings
3 The Ardent Partners Advantage
4 Research Methodology
5 The Impact of Vendor Management System (VMS) Technology

Executive Summary

The 2020 Vendor Management System ("VMS") Technology Advisor is designed to help HR and procurement executives navigate the VMS solution provider landscape, accelerate their RFP and solution selection process, and maximize the value generated from their investment in VMS technology.

Ardent Partners' 2020 VMS Technology Rankings

Ardent Partners evaluated the market's top VMS solution providers' **Solution Strength** (the ability to support the full scope of contingent workforce management activity, including requisitions, candidates, projects, talent pools, etc.) measured along the X-axis, and **Provider Strength** (which includes factors like execution ability, client success, references, and product vision) measured along the Y-axis.

Ardent Partners publishes reports that rank solution providers based upon a detailed analysis of each provider.

Supply management professionals can use these reports to identify, and ultimately select, the solution that best aligns with their specific requirements and budget.

Today's Speakers

Andrew Bartolini

**Founder & Chief Research
Officer**

Ardent Partners



Vishal Patel

VP of Product Marketing

Ivalua



Ivalua In A Nutshell



| | | | | | | | | | | | | | | | | |
|---|---|---|---|--|--|--|--|--|--|--|----------------------|----------|----------------|--------------|-----------|----------|
|  <p>~ 800 Employees</p> |  <p>Founded in 2000</p> |  <p>>380 Customers</p> | <p>Recognized Leader in:</p> <ul style="list-style-type: none">• Supplier Value Mgmt.• Source-to-Contract• Procure-to-Pay• Supplier Risk & Performance Mgmt. <p>Gartner </p> | | | | | | | | | | | | | |
|  <p>Serve Customers in 70+ Countries</p> |  <p>17 Offices Globally</p> | <p>1st customer</p> <p>Still with Ivalua</p> | | | | | | | | | | | | | | |
|  <p>Majority Mgmt. Owned</p> |  <p>Financially Strong & Stable</p> | <table border="0"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Supplier Risk & Perf</td><td>Sourcing</td><td>Contract Mgmt.</td><td>eProcurement</td><td>Invoicing</td><td>Payments</td><td>Spend Analysis</td></tr></table> <p>1 Unified Platform For Source-to-Pay</p> | |  |  |  |  |  |  |  | Supplier Risk & Perf | Sourcing | Contract Mgmt. | eProcurement | Invoicing | Payments |
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| Supplier Risk & Perf | Sourcing | Contract Mgmt. | eProcurement | Invoicing | Payments | Spend Analysis | | | | | | | | | | |

A Unified Platform For Spend Management

All Spend and All Suppliers - No Compromises



✓ 360° Spend & Supplier Visibility

✓ Collaboration & Automation

✓ Agility & Extensibility



Supplier Risk & Performance



Sourcing



Contract Management



eProcurement



Invoicing



Payments



Spend Analysis

PLATFORM

Analytics

Workflow

Integration

AI

Collaboration

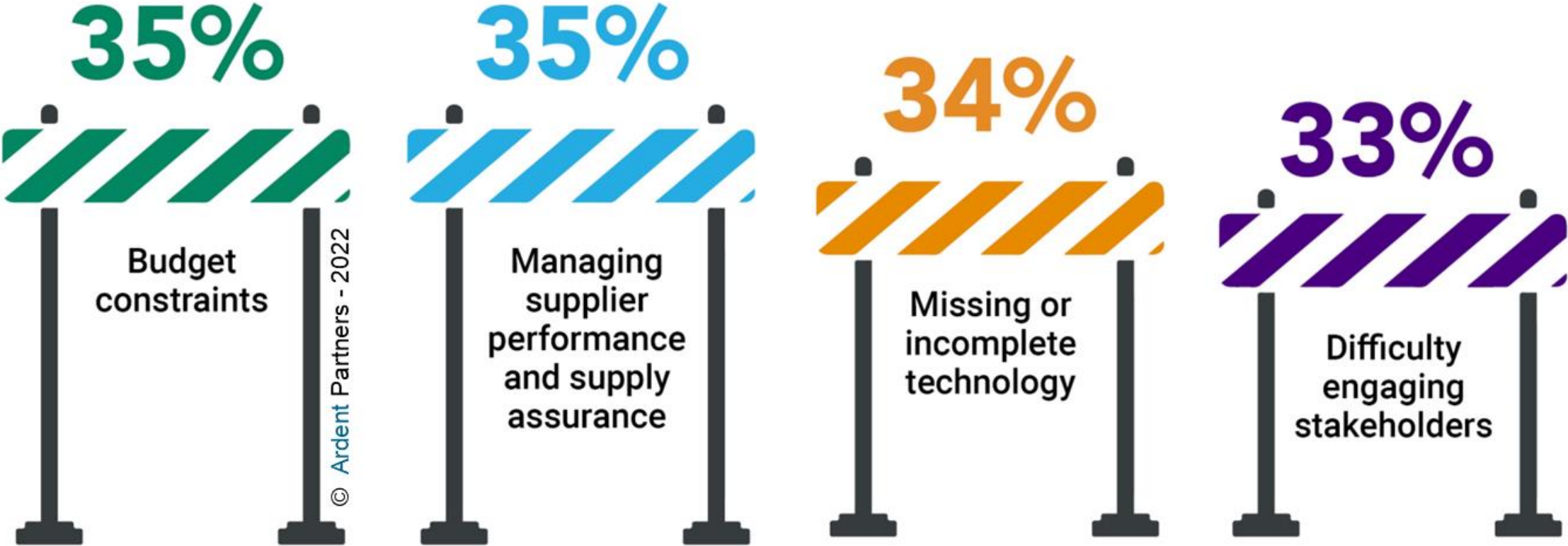
Design Mode

Additional Modules

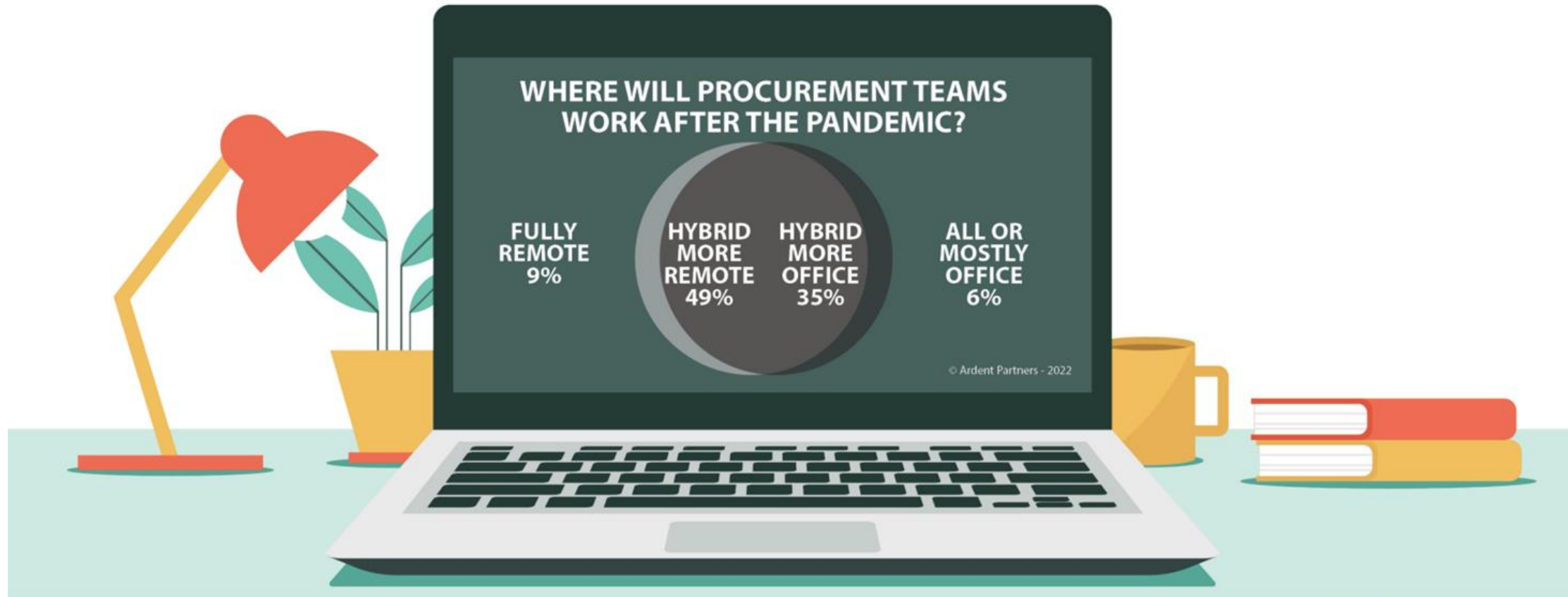


The State of Procurement in 2022

THE CPO'S TOP HURDLES TO SUCCESS



PROCUREMENT TEAMS WILL BE PERMANENTLY-HYBRID



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TOP CPO PRIORITIES IN 2022

New Focus on the Supply Chain

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Supply Risk – 44%
ESG – 27%

New Focus on the Bottom Line

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Savings – 38%
Inflation – 25%

August Business Headlines – Supply Chain

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SUPPLY CHAIN MANAGEMENT

How China's strict Covid policies led to supply chain bottlenecks

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Massive strike expected to fray already fragile supply chain

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Port delays, storage issues, rail capacity and a trucker shortage all play a part in strain on system

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Megan Hernbroth
4 hours ago

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WORLD | EUROPE
Russia to Halt Nord Stream Gas Flows to Europe, Citing Pipeline Maintenance
Unexpected three-day shutdown fans fears that Russian natural-gas cuts will tip Europe into recession



THE IMPACT OF SUPPLY RISK & DISRUPTIONS

- **Loss of productivity**
- **Cost increases**
- **Brand/reputation damage**
- **Diminished service levels**
- **Customer complaints**
- **Loss of revenue**



August Business Headlines – Inflation

Bloomberg

US Edition

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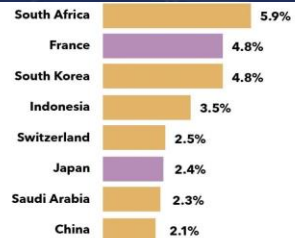
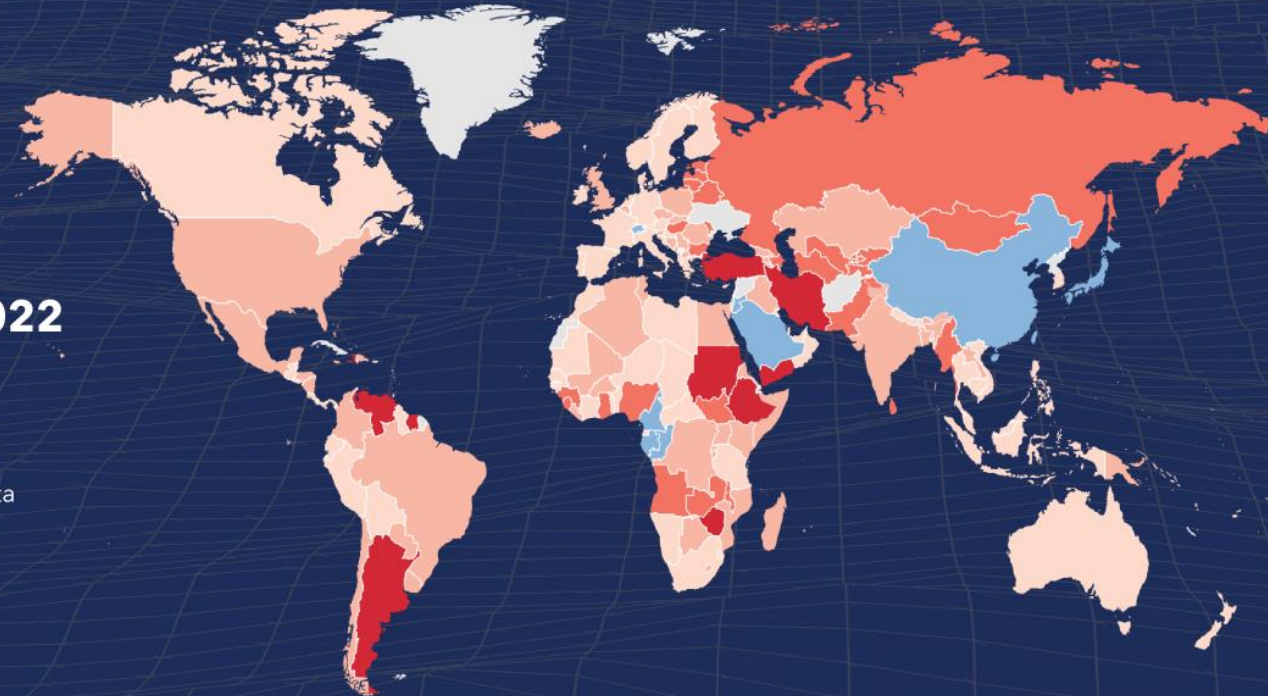
Year-over-year inflation rates for the G7 countries in July 2022



*Note from Ardent:
These IMF Projections are now thought to be understated.

Inflation Projections 2022

Average consumer prices, annual percent change



Economics

IMF Cuts World GDP Outlook a Third Time as Inflation, Rates Jump

- Outlook risks 'overwhelmingly tilted to downside,' fund says
- World may soon be teetering on recession edge, Gourinchas says

THE IMPACT OF INFLATION

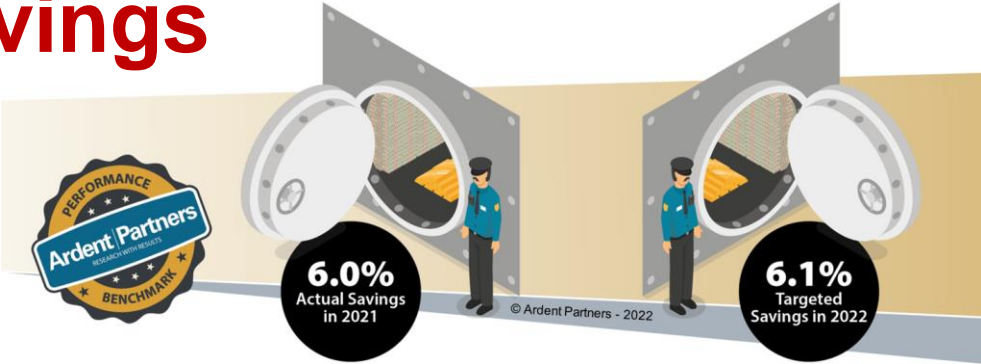
- Higher costs
- Wage pressure
- Budget pressure
- Competitive pressure
- Revenue pressure
- Uncertainty



Ten Metrics to Battle Inflation, Risk, & Uncertainty

INFLATION METRICS: SAVINGS-RELATED

Savings



Savings Leakage



Cost Avoidance



Savings from Sourcing



INFLATION METRIC: SOURCING ACTIVITY (ADDRESSABLE SPEND THAT IS COMPETITIVELY SOURCED)

44% Competitively Sourced

56% Not Sourced



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BONUS LIST: STRATEGIES TO BATTLE INFLATION

INTERNAL COLLABORATION

- 1. Develop a real-time inflation impact hub**
 - A. Rapid reporting developed with finance**
 - B. Impact reports sent to executives and business leaders**
 - C. Impact reports to sales/pricing teams**
 - D. Prioritize categories based on exposure (market & contracts)**
- 2. Cross-functional sourcing (and communication)**
- 3. Tighten the partnership with finance**

BONUS LIST: STRATEGIES TO BATTLE INFLATION

SMARTER MANAGEMENT

- 4. Improve category management**
- 5. Demand management**
- 6. Inventory management (adjust batch sizes and order frequency)**
- 7. Defend existing contract pricing**
- 8. Max out low-price contracts and build inventory**

BONUS LIST: STRATEGIES TO BATTLE INFLATION

BETTER, MORE ADVANCED SOURCING

- 9. Refine sourcing/contract index models**
- 10. Aggregate supply (*must balance risk/assurance*)**
- 11. Advanced sourcing strategies (i.e. should cost, embedded cost, and other analyses)**

RISK METRIC: HIGH-RISK SUPPLIER RATE



RISK METRIC: RISK VISIBILITY (SUB-TIER)

SUPPLIER NETWORK RISK

Risk Score

Sub-Tier Suppliers | **Sub-Tier Network**

■ High Risk ■ Low Risk ■ Medium Risk ■ Risk Not Available

Tier-1 Suppliers are shown with an*
Click on any supplier node to visualize its network

Compass
Operational Low
Contract Inherent Risk Medium
Compliance High
Geographical Medium
Security Medium
Upstream Count: 1

BL Global
GFH Connectors
Amp Tech
AWH Wire
ACME Supply INC*
Quality Component Inc.
Munch Rare Earth
Agility Tech Group
AB Optics
W&W Glass
R&P Glass

UNCERTAINTY METRICS

Spend Under Management



Enabled Suppliers



Contract Compliance



TEN METRICS TO BATTLE INFLATION, RISK, & UNCERTAINTY

1. **Savings**
2. **Cost Avoidance**
3. **Savings Leakage**
4. **Sourcing Activity**
5. **Savings from Sourcing**
6. **High Risk Supplier %**
7. **Risk Visibility (Sub-Tier)**
8. **Enabled Suppliers**
9. **Spend Under Management**
10. **Contract Compliance**

Q & A

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Thank you!