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# How Procurement Can Help Restore Growth and Ensure Business Resilience



April 7, 2021

ALL SPEND, ALL SUPPLIERS, NO COMPROMISES

## Today's Presenters



**Duncan Jones**

Vice President, Principal Analyst  
Forrester



**Alex Saric**

Chief Marketing Officer  
Ivalua



## Agenda

- Study Overview
- Enabling Procurement-led Growth
- Q&A

# How Procurement can help their firm restore growth

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**Duncan Jones**  
Vice President, Principal  
Analyst



April, 2021

BOLD  
AT  
WORK

# Revenue growth is enterprises' top priority

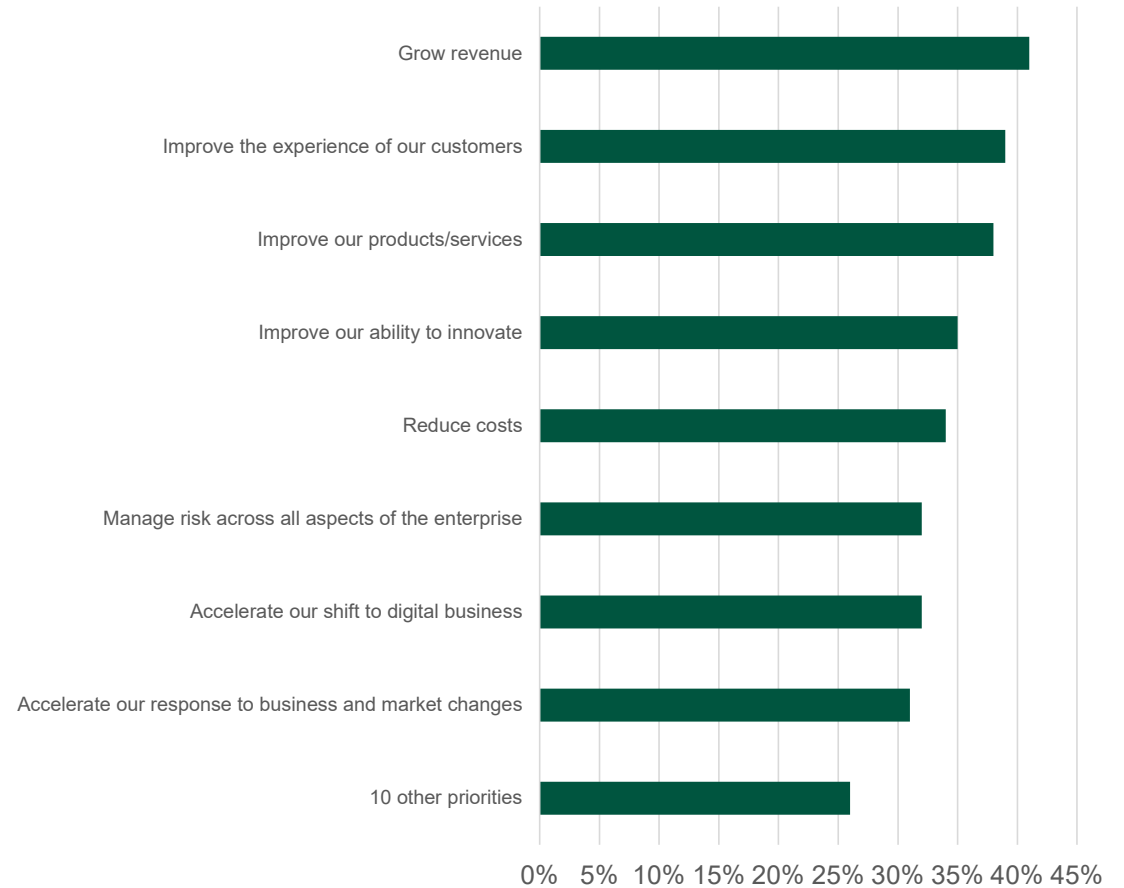
Related priorities include CX, product quality, and innovation

Source: Forrester's Business Technographics Software Survey, 2020

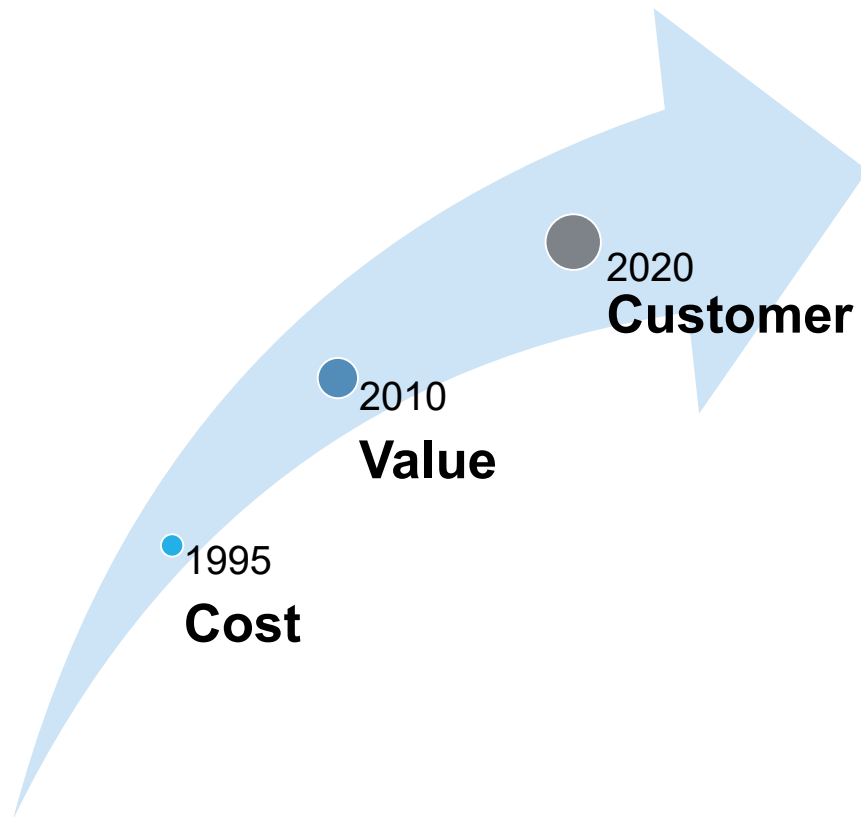
Base: 3794 software decision makers

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Which of the following initiatives are likely to be your organization's top business priorities over the next 12 months? (High + critical priority respondents)



## Procurement's maturity journey



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Procurement is focusing better on customers' priorities

- **Faster co-innovation with your supply ecosystem**
- **Reliable, sustainable & ethical suppliers**
- **Empowering employees**
- **Business agility**

# Your customers care which suppliers you choose



Safe



Sustainable



# You face many external risks



Climate  
Disruption



Geopolitical



Pandemics

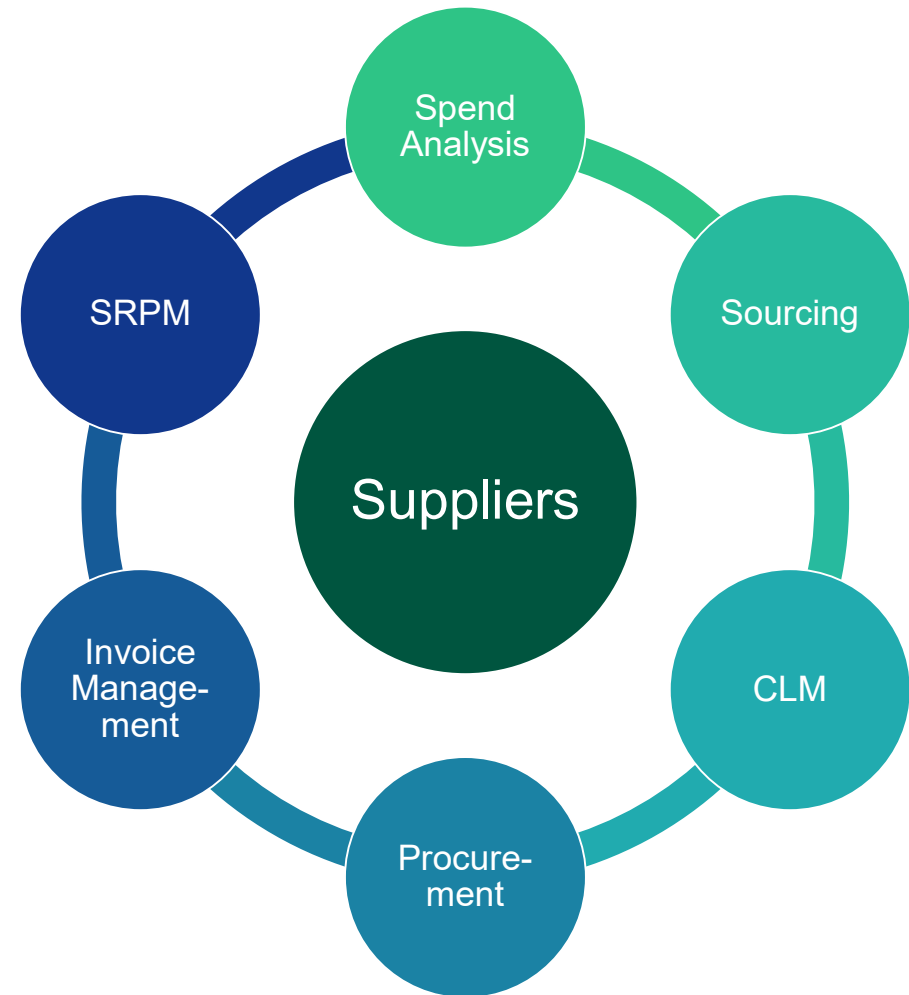
Legislation





# Supplier Value Management (SVM) has become a \$12 billion category

Procurement is investing in modern smart SVM software



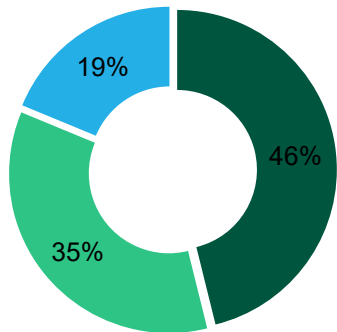
CLM = Contract lifecycle management

SRPM = Supplier risk & performance management

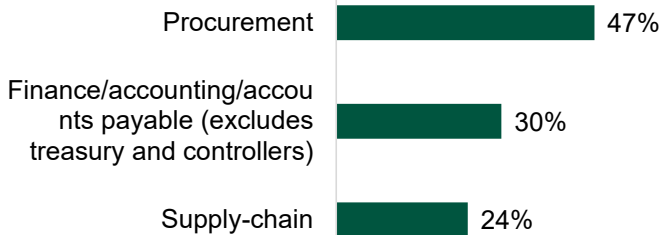
# Firmographics

## Position of Respondent

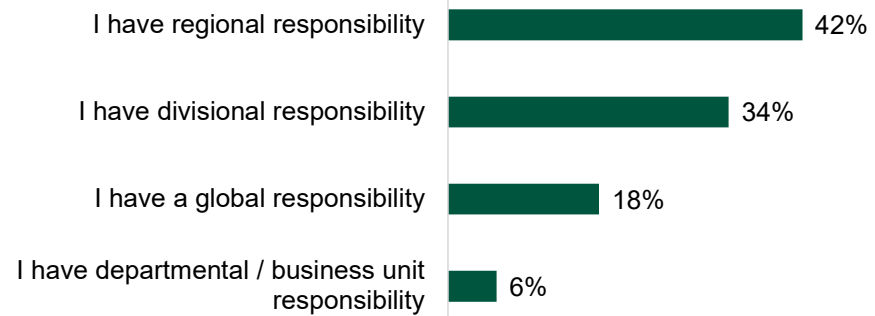
- Director (manage a team of managers and high-level contributors)
- Vice president (in charge of one/several large departments)
- C-level executive (e.g., CEO, CMO)



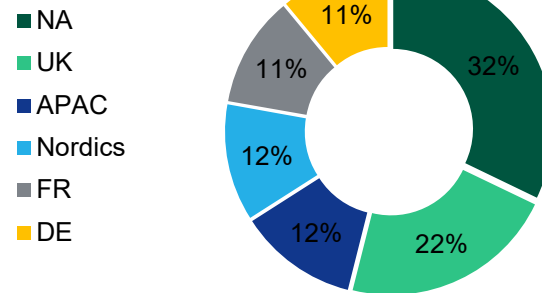
## Department



## Level of Responsibility for Procurement



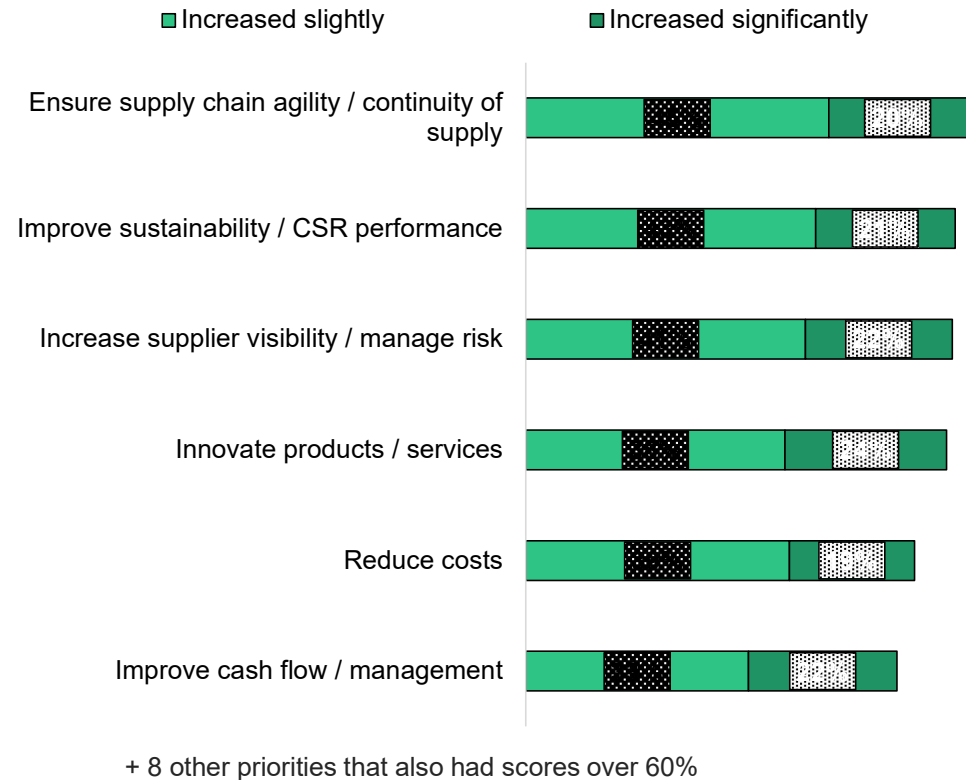
## Region



# Procurement now faces more priorities than ever

Caution: 60% think they perform better than their competitors against these priorities

## How has COVID19 changed procurement's priorities in your organization?



Base: n464 Director level and above finance, procurement and supply chain decision-makers including Sales/BD  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, January 2021

# Co-innovation and speed are growth enablers

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“How is your procurement organization helping to grow revenue?”



**Improving collaboration with suppliers (60%)**



**Improving data quality & access to improve decision-making (56%)**



**Helping to launch products faster (53%)**



**Reducing product costs to improve pricing competitiveness (49%)**



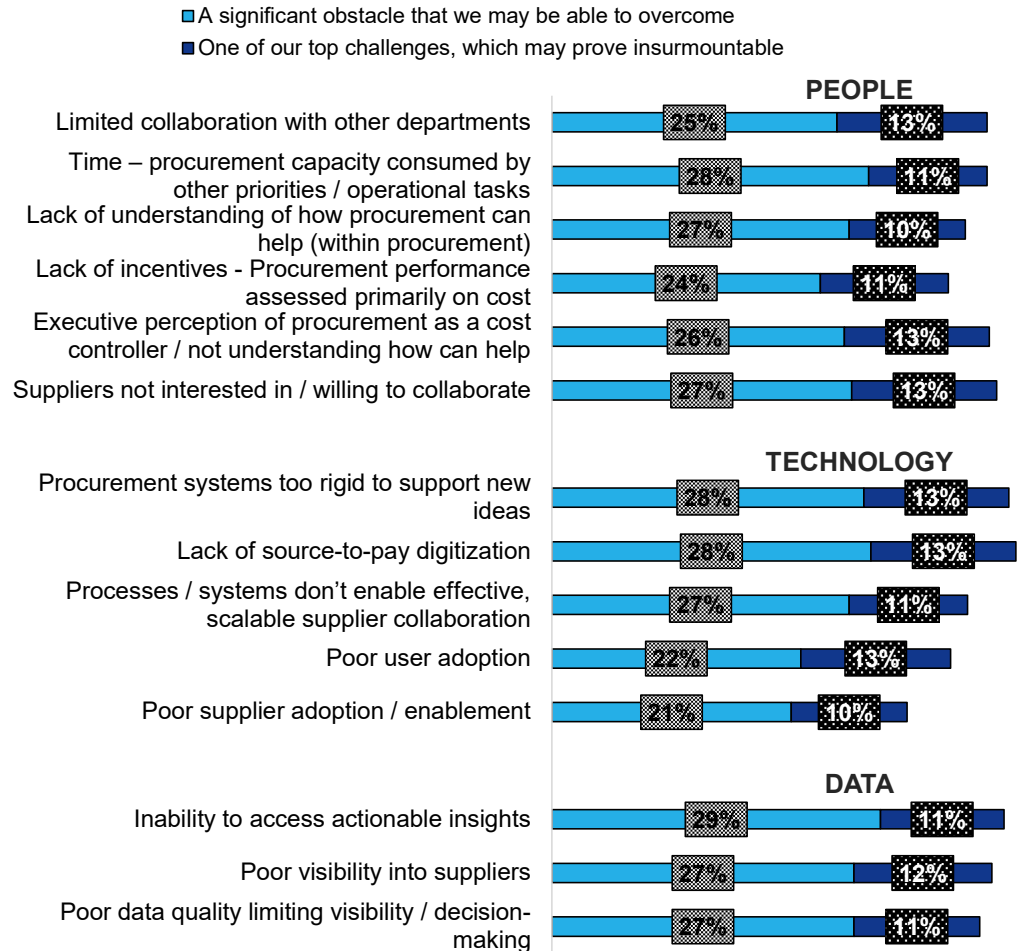
**Making the organization a customer of choice so suppliers share innovations (34%)**



# You face a wide range of obstacles.

Inadequate software & unreliable data are common themes

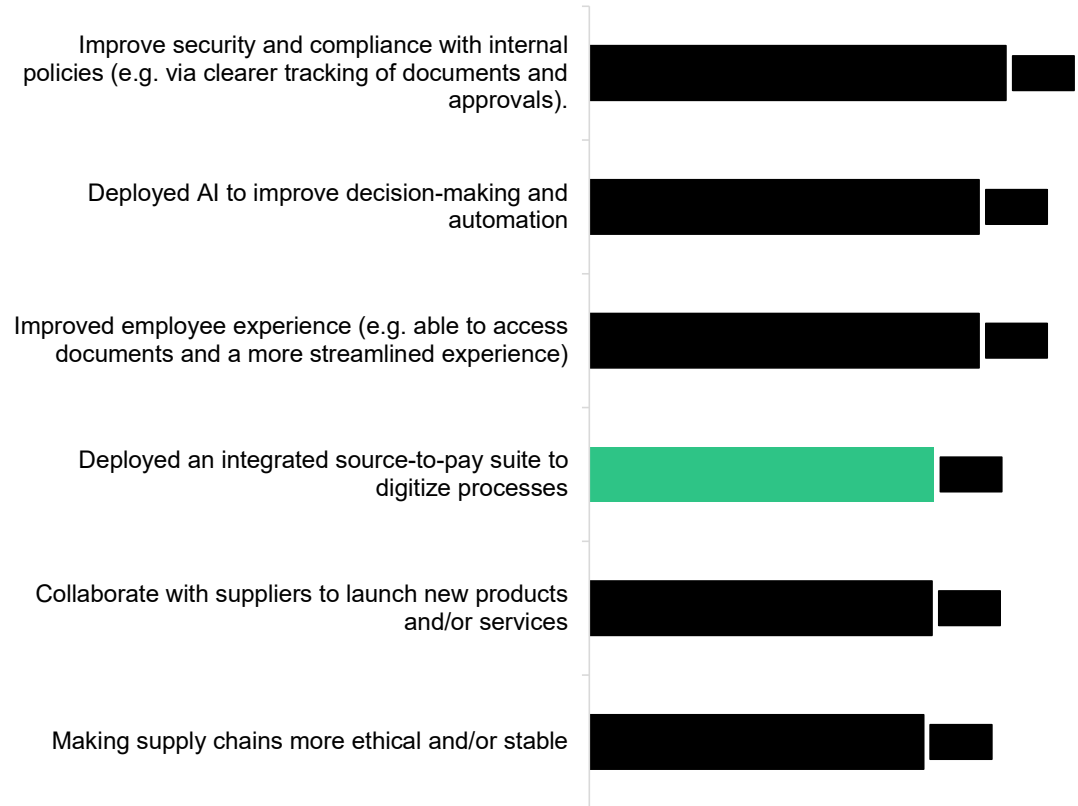
## Q5. What are the obstacles to procurement supporting top line growth?



# Procurement tries various ways to become more strategic

Digital leaders favor AI-enabled empowerment over policy enforcement

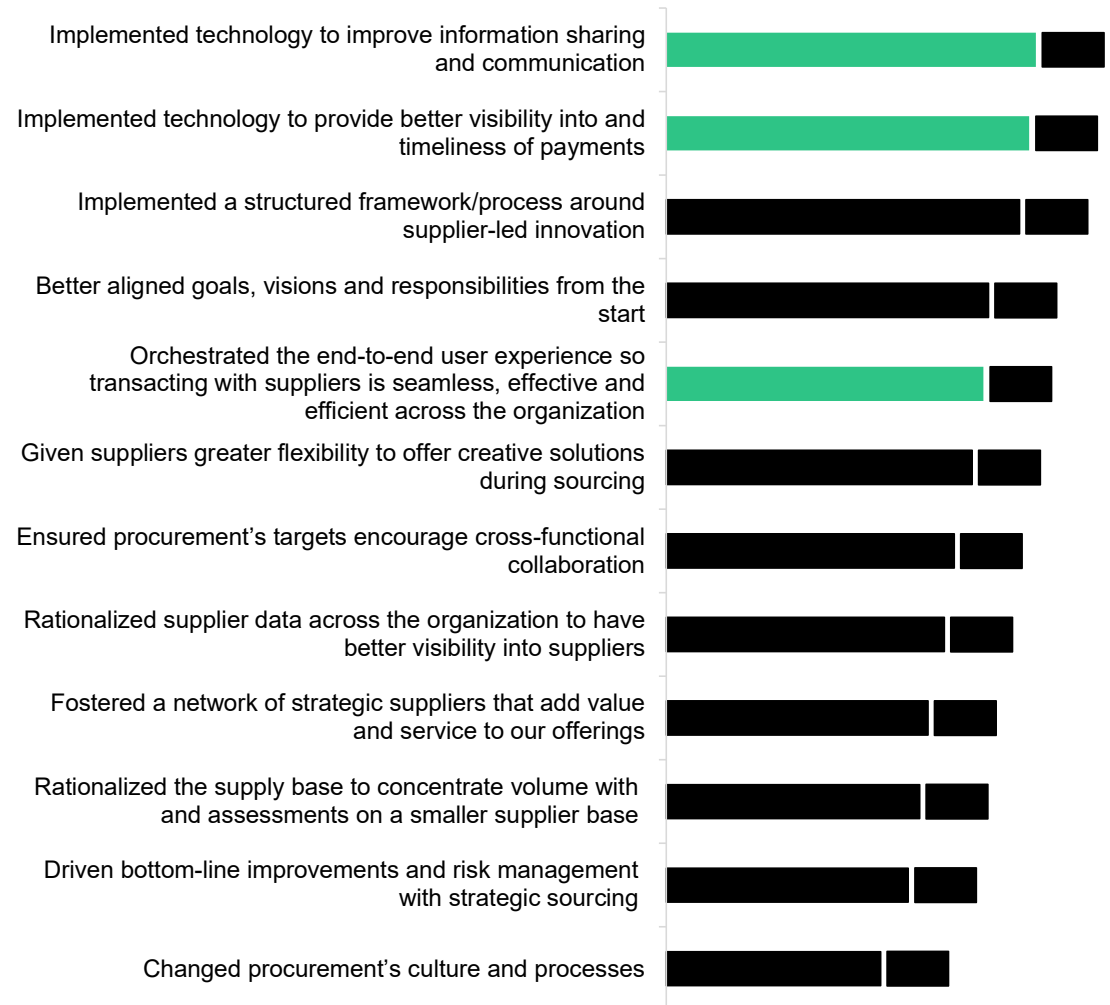
**Q7. Which of these strategies are deployed in your organization to deliver more strategic value from procurement? Select all that apply**



Base: n464 Director level and above finance, procurement and supply chain decision-makers including Sales/BD  
Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, January 2021

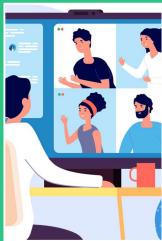
In order to improve supplier-led innovation, procurement leaders have implemented technology to improve information sharing, visibility into timeliness of payments and taken a structured approach to innovation. However, this isn't possible without better aligned goals.

**Q9. What are the top strategies your procurement department has taken to improve supplier-led innovation? Select up to 5**



# Digital processes are the foundation of co-innovation

Which strategies have you taken to improve supplier-led innovation?



**Implemented technology to improve information sharing and communication**



**Implemented technology to provide better visibility into and timeliness of payments**



**Orchestrated the end-to-end user experience so transacting with suppliers is seamless, effective and efficient across the organization**



**Given suppliers greater flexibility to offer creative solutions during sourcing**



**Rationalized the supply base to concentrate volume with and assessments on a smaller supplier base**



**Changed procurement's culture and processes**



# Modern smart software will enable & empower

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Enabling skilled professionals to better address business's priorities



Automate tasks



Prioritize action



Optimize decisions

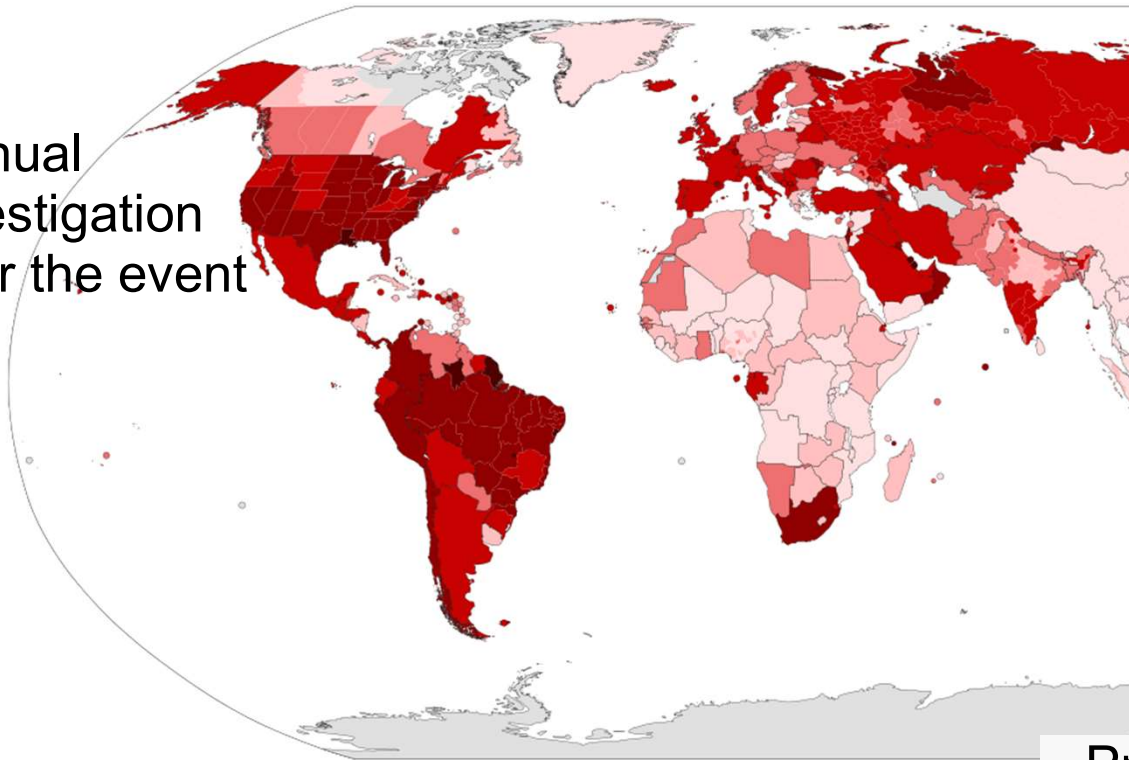
## Automate what is high volume, semi-skilled, but mundane

- We've already automated unskilled tasks such as invoice data capture & matching
- We're now seeing intelligent automation of harder tasks
  - E.g. invoice coding, contract redlining, RFX response processing
- Higher business value from freeing scarce expensive people to focus on more important & interesting work
- Early adopters report higher employee satisfaction, by focusing on the tasks they hate

# Smart software shifts from drill-down to alert-up

Alert managers to trends or events they might have missed, & suggest how they should respond

Manual  
investigation  
after the event



Preventative, prescriptive warning

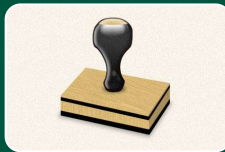
# Alert-up Examples



Late delivery prediction



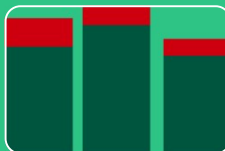
Profligate spending



Superfluous approvals



Duplicate invoices



Excessive price variances



# Decision optimization is further away

Needs more data, and better ways to measure decisions' optimality



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# Summary recommendations

- Align your procurement function's goals with growth drivers such as innovation and agility
- Continue to make your supply ecosystems more agile, ethical, and reliable
- Modernize your Supplier Value Management software so you can deliver on these goals
- Put vendors' AI capability at the center of your evaluation, both what they've already delivered and with their future roadmap
- Focus first on automation of semi-skilled tasks and prescriptive alerts that trigger preemptive management action



ALL SPEND, ALL SUPPLIERS, NO COMPROMISES

# Enabling Procurement-led Growth

Alex Saric  
Chief Marketing Officer  
Ivalua



# Creating New Revenue Opportunities

Bring Your Best Ideas to Life to Build a Competitive Advantage



1. Engage the Business
2. Leverage Technology to Enable / Scale Your Best Ideas
3. Promote Successes Internally

*Technology should enable innovation, not stifle it*



**Created >\$1B in Incremental Annual Revenue**

Opportunity: Optimize revenue on used handsets

Enabled:

- Configured Ivalua Sourcing to run large scale forward auctions of used mobile devices
- Optimized results using rich features to optimize bidding strategies

# Unlocking Supplier-led Innovation

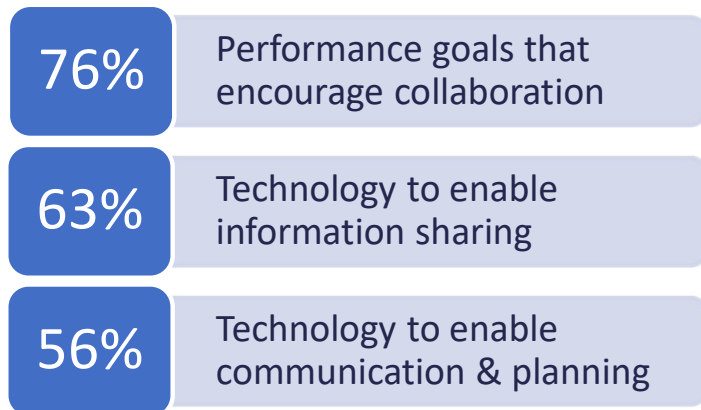
## Incentivize the Right Behavior



### Procurement Team

Align MBOs / KPIs with innovation goals

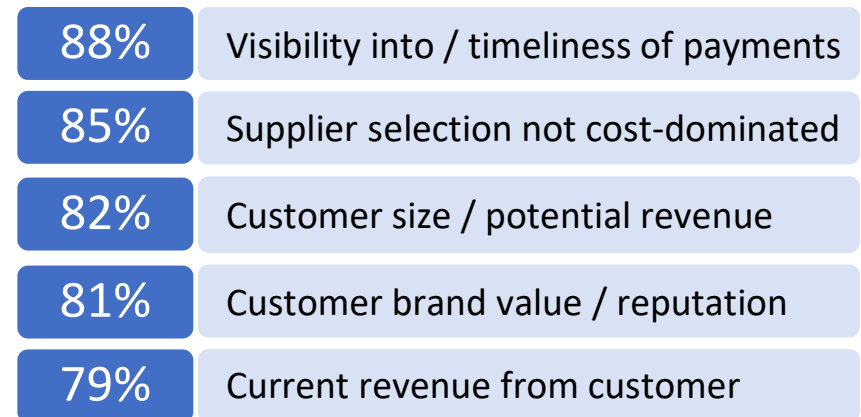
How effective would these be on improving collaboration with suppliers? (% answering "very effective")\*



### Suppliers

Launch a customer of choice initiative that addresses payments, sourcing & communication

How do these factors impact your willingness to collaborate with & share innovations w/ a customer? (% saying increases willingness - Top 5)\*



\* Source: Ivalua Collaborate To Win Survey, a commissioned study conducted by Forrester Consulting on behalf of Ivalua, April 2020

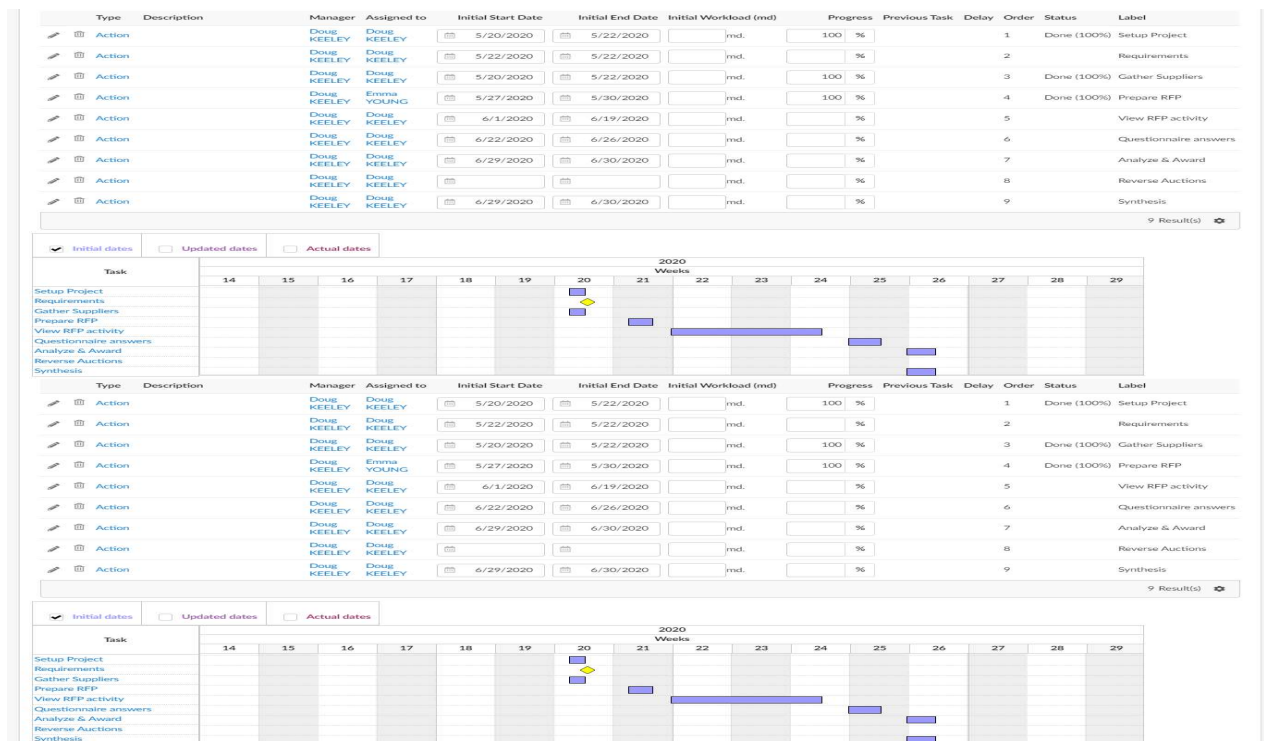
# Unlocking Supplier-led Innovation

## Enable Effective, Scalable Collaboration



- Implement a structured framework to supplier-led innovation
- Digitize to enable effective collaboration across more processes, suppliers and categories
  - Secure information sharing
  - Effective communication
  - Integrated project management

### A Key Benefit of a True Platform – Integrated Collaboration





# Accelerated Innovation via Collaboration at Meritor

## Digitized the Complete Product & Supplier Lifecycle

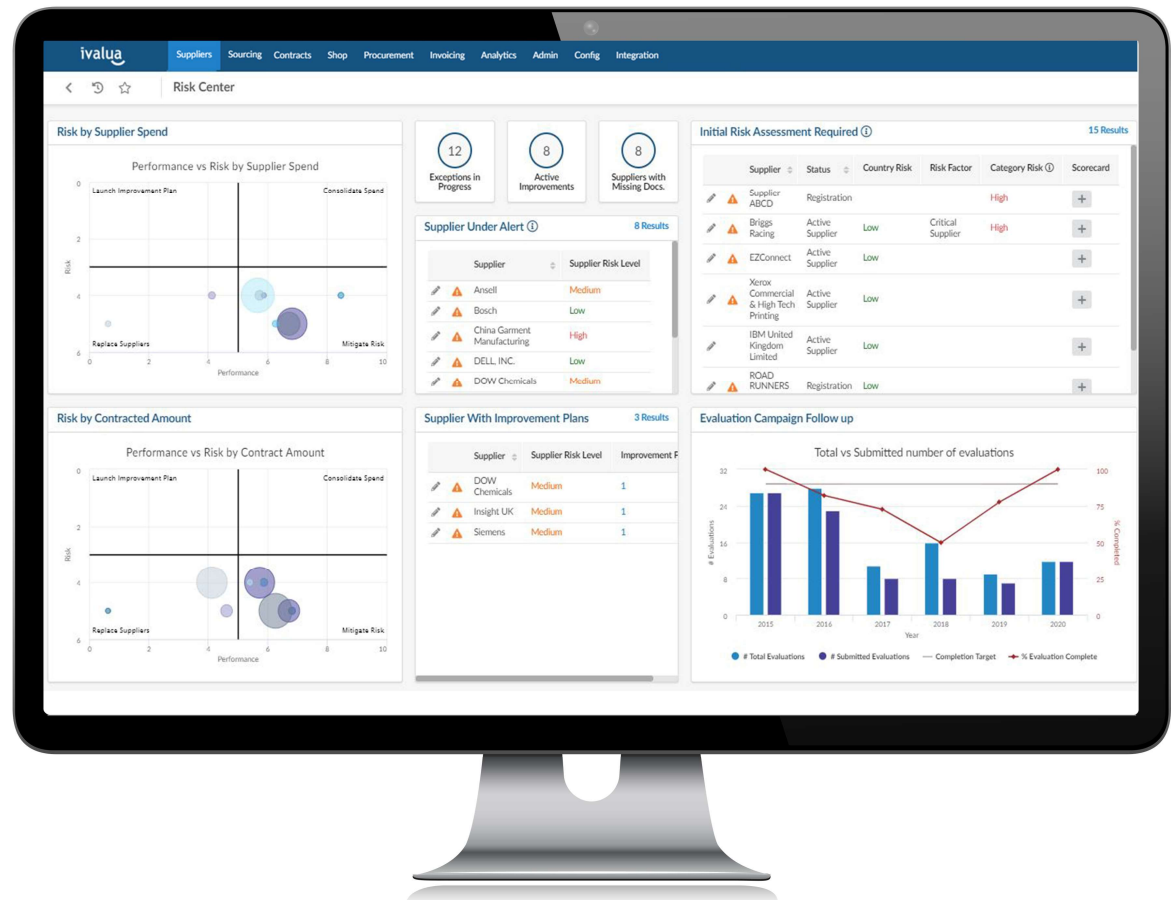


# Ensuring Supply Chain Resilience

## Enable Broad AND Deep Analysis



- Gain control of enterprise-wide supplier data w/MDM
- Look under the covers of technology to ensure unified data across processes
- Look for seamless integration with 3<sup>rd</sup> party data sources
- Capture your sub-tier



Risk by Supplier Spend



12

Exceptions in Progress

10

Active Improvements

8

Suppliers with Missing Docs.

Supplier Under Alert 8 Results

Supplier	Supplier Risk Level
⚠️ Ansell	Medium
⚠️ Bosch	Low
⚠️ China Garment Manufacturing	High
⚠️ DELL, INC.	Low
⚠️ DOW Chemicals	Medium

Initial Risk Assessment Required 13 Results

Supplier	Status	Country Risk	Risk Factor	Category Risk	Scorecard
⚠️ Briggs Racing	Active Supplier	Low	Critical Supplier	High	+
⚠️ IBM United Kingdom Limited	Active Supplier	Low			+
⚠️ Premium Mobile Ltd	Active Supplier	Low			+
⚠️ EZConnect	Active Supplier	Low			+
⚠️ Xerox Commercial & High Tech Printing	Active Supplier	Low			+
⚠️ Office Furniture	Active Supplier	Low			+

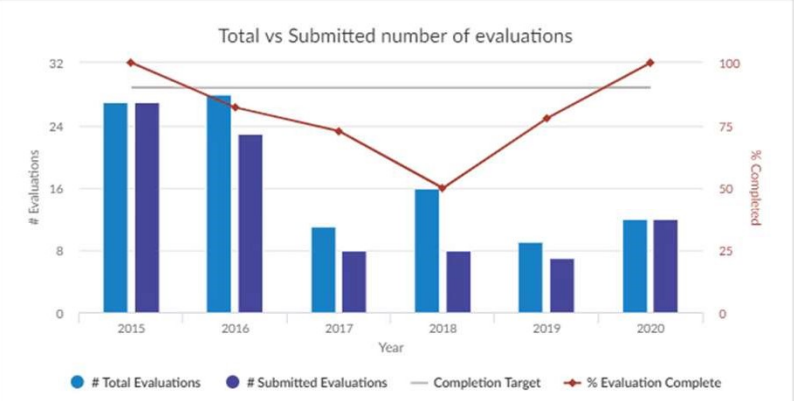
Risk by Contracted Amount



Supplier With Improvement Plans 3 Results

Supplier	Supplier Risk Level	Improvement P
⚠️ DOW Chemicals	Medium	1
⚠️ Insight UK	Medium	1
⚠️ Siemens	Medium	3

Evaluation Campaign Follow up



# Ensuring Supply Chain Resilience

## Optimize Sourcing Allocation / Supplier Selection



- Take a portfolio view of risk
- Scale sourcing optimization to help balance cost vs. risk and other objectives

The screenshot displays the ivalua Sourcing project interface for 'Sourcing project: BPM000261 - Flexible Packaging RFP'. The main dashboard shows 5 Optimized Scenarios, 0 Manually Solved, 1 Draft, and 0 Infeasible. A 'Create a Scenario' dialog is open, showing the following details:

- Scenario Name:** Model Stakeholder Requirements
- Description:** Consider requirements from business units and plant managers
- Rules (2):**
  - Limit Amount of Volume (Percentage):** Enabled
  - Mitigate supply risk at plant level:** Enabled (Limit the amount of volume (percent) to at most 60% for each plant and for each supplier)
  - Force Allocation:** Enabled (Force allocation to Incumbents for France, United Kingdom)

Below the dialog, a table lists various scenarios:

Scenario	Status	Last Updated	Items	Total Cost (USD)	Savings (USD) %	Rules	Winners	Actions
Proposals Awarded	Draft	-	-	-	-	0	0	Solve, Refresh
Best Price on Each Line	Solved by System	6/2/2020 12:02 PM	16/16	3,757,106.84	227,913.74 (5.72 %)	0	4	Solve, Refresh
Best Overall Bid	Solved by System	6/2/2020 12:02 PM	16/16	4,101,767.81	-116,747.23 (-2.93 %)	1	1	Solve, Refresh
Best Spread Among 2 Bids	Solved by System	6/2/2020 12:02 PM	16/16	3,767,350.45	217,670.13 (5.46 %)	1	2	Solve, Refresh
Best Spread Among 3 Bids	Solved by System	6/2/2020 12:02 PM	16/16	3,758,676.98	226,343.60 (5.68 %)	1	3	Solve, Refresh
Best Rating	Solved by System	6/2/2020 12:02 PM	16/16	4,101,767.81	-116,747.23 (-2.93 %)	1	1	Solve, Refresh

# Data-Centric Transformation at Chassis Brakes Int'l



“ Ivalua has enabled our transformation journey effectively, making Procurement more agile and digital. It really began with a focus on suppliers and clean supplier master data to make better decisions. Resolving this empowered efficiency, visibility and much more value creation for the business.



**Cyrille Naux**  
Executive VP of Purchasing  
and Supply Chain  
Chassis Brakes International

## CHALLENGES

- Corrupt supplier master data and excessive suppliers
- Poor visibility into indirect spend (<25%)
- Very low PO coverage (30%)
- Inconsistent PR/PO processes for Indirect & Direct

## APPROACH

- Single, unified S2P platform deployed w/integrated VMM
- Supplier records synchronized with 25 SAP instances
- Standard, automated reporting / dashboards created
- Empowered global commodity managers

## BENEFITS

Enterprise-wide, 360 degree supplier visibility  
50% reduction in supply base  
99% PO digitization  
98% spend analyzed, 100% contract visibility  
10% savings across indirect, 0.5% across direct materials



## PROCUREMENT RISING

The Covid-19 pandemic has elevated the Procurement function like never before.

**Ivalua NOW 2021** is the premier event for Procurement and Supply chain leaders looking to restore growth through innovation and build resilient supply chains able to *rise up* and meet any challenge the future might hold.

APRIL 27-29  
FREE REGISTRATION AT [IVALUA.COM/NOW](https://ivalua.com/now)



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