

SOURCE-TO-PAY IMPLEMENTATION GUIDE

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INTRODUCTION

With any technology, the efficiency and effectiveness of its implementation sets the foundation for its success. Even for complex implementations—the right process, structure, best practices and experience, can ensure smooth transition and set the technology on the right trajectory to generate the intended value for the organization.

The implementation process is crucial because it ensures that the technology not only integrates seamlessly into and improves existing processes but also delivers the anticipated benefits across procurement operations. A well-executed implementation helps avoid common pitfalls such as scope creep, budget overruns, and resistance to change—all of which can delay and/or derail the expected value of the solution. Additionally, a structured implementation approach facilitates user adoption, proper data migration, and alignment with organizational goals, ultimately maximizing the return on investment (ROI) of the Source-to-Pay (S2P) solution.

The data presented in this whitepaper has been collected from approximately 100 survey responses across 31 system integrators, both global and boutique. These are service providers that have implemented hundreds, if not thousands, of solutions for organizations across S2P and all the sub-process categories. The insights gathered reflect the collective experiences of organizations of different sizes and industries, providing a comprehensive view of the challenges and best practices in S2P implementations. By learning from these experiences, procurement professionals can better prepare for their own S2P journeys and position themselves for success.

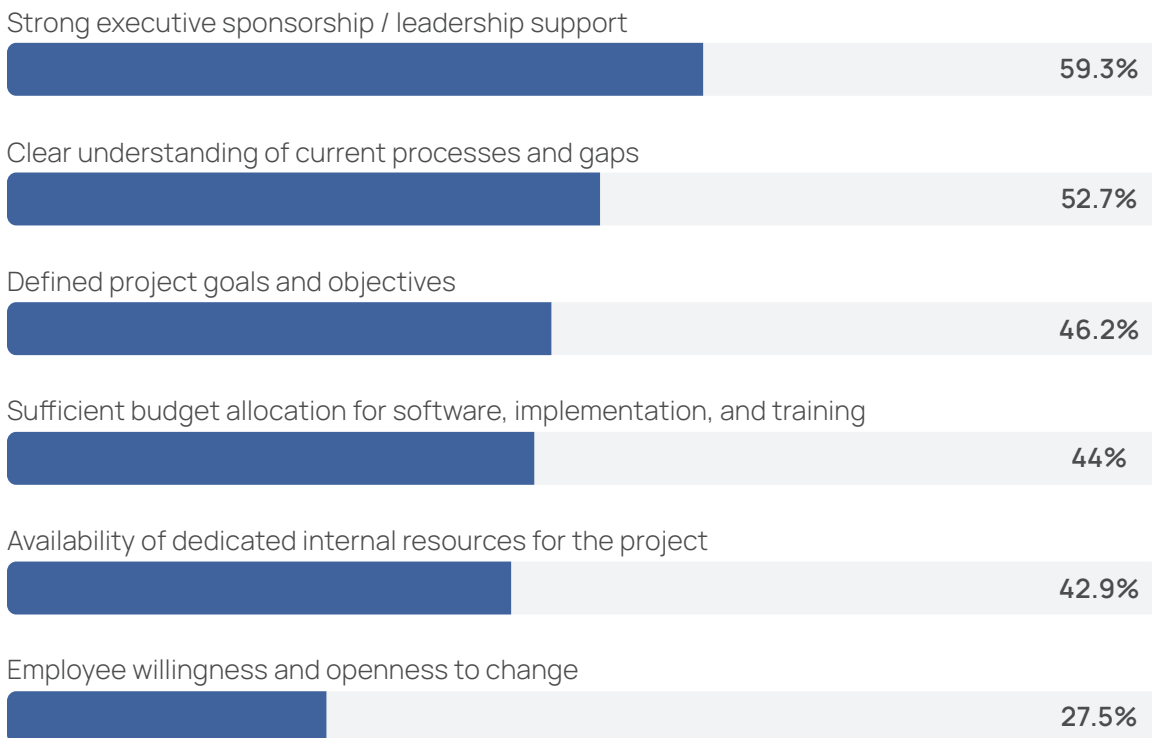


1. READINESS FACTORS FOR S2P IMPLEMENTATION

A critical aspect of a successful S2P implementation is evaluating organizational readiness. The survey highlighted three key readiness factors that procurement professionals should address before undertaking an S2P implementation (Figure 1):

- **Strong Executive Sponsorship (59.3%):** Executive support is a fundamental pillar of success. Leadership alignment ensures that the project receives adequate resources and attention across all departments, preventing potential roadblocks.
- **Clear Understanding of Current Processes and Gaps (52.7%):** A clear picture of the existing source-to-pay processes, pain points, and inefficiencies allows the organization to identify the right solutions and effectively configure the S2P system. Conducting process analysis prior to implementation helps align technology capabilities with organizational needs.
- **Defined Project Goals and Objectives (46.2%):** Defining clear, measurable goals such as procurement efficiency gains, spend under management, improved contract compliance, and strategic supplier engagement sets a clear path for project success. These objectives guide the configuration, implementation, and measurement of outcomes throughout the S2P journey.

Figure 1: Organizational Readiness Factors for S2P Implementation



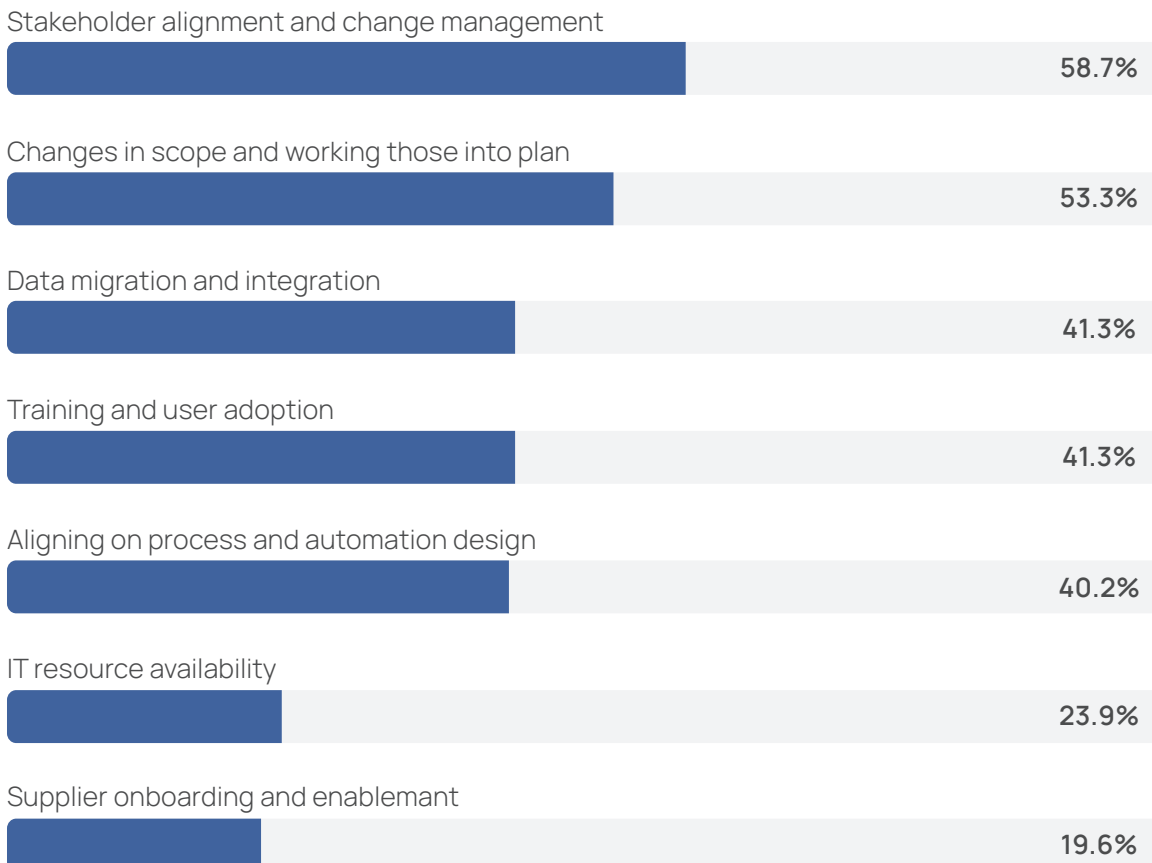
Additional factors that contribute to readiness include sufficient budget allocation for implementation and training (44%), availability of internal resources (42.9%), and employee openness to change (27.5%).

2. COMMON CHALLENGES DURING IMPLEMENTATION

Implementations of S2P or sub-processes (e.g., Source-to-Contract, Supplier Management, Procure-to-Pay, etc.) naturally come with challenges but which ones should you watch out for? The survey responses identified key challenges (Figure 2) that often impede S2P projects during implementation:

- **Stakeholder Alignment and Change Management (58.7%)**: Effective change management is vital to ensure stakeholder buy-in and user adoption. Resistance to change and lack of alignment across departments can hinder the adoption process, leading to project delays or incomplete implementation.
- **Changes in Scope (53.3%)**: As organizations dig in and uncover details, changes in scope can occur. The trick is to know when it is necessary and adding value versus unnecessarily complicating. Setting boundaries and defining a process to vet new requirements is key
- **Data Migration and Integration (41.3%)**: Data migration and integration issues were frequently cited as challenges, with difficulties stemming from poor data quality, data inconsistency, and the complexity of integrating new systems with existing ERP infrastructure. Strong integration capabilities to address different scenarios are crucial.

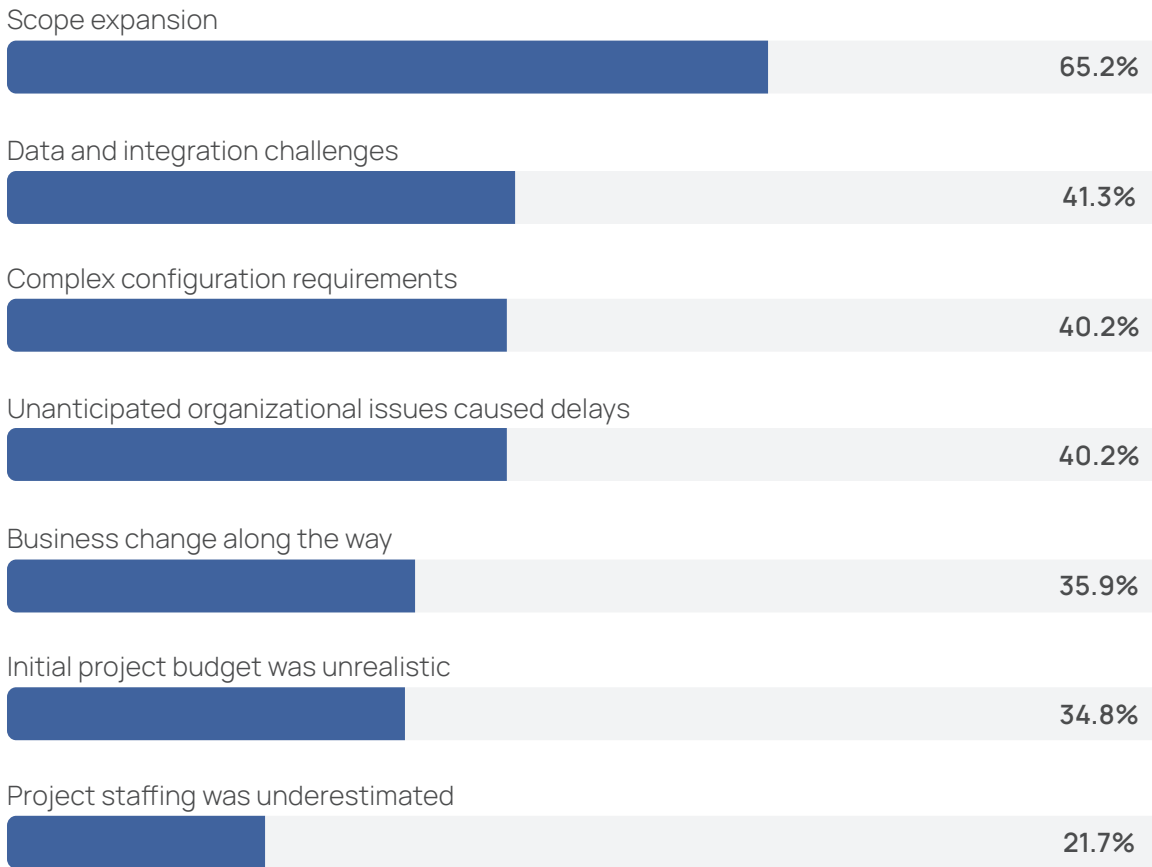
Figure 2: Common Challenges During Implementation



The survey also highlighted some of the main reasons for going over budget (Figure 3) during an S2P implementation, most of which are also aligned with the challenges, with the top three being:

- **Scope Expansion (65.2%):** Changes or expansion in scope is clearly a challenge but also the number one reason for going over budget. Again, clear boundaries and well-documented project requirements are crucial to prevent scope changes that lead to increased costs and extended timelines.
- **Data and integration challenges (41.3%):** Again, this is being highlighted as a key factor that can make a big difference in the trajectory of an implementation. Underestimating this or assuming that various integration or data quality issues can be addressed can be detrimental.
- **Complex configuration requirements (40.2%):** While being able to configure a solution to your particular business is critical, there is a need to balance and ensure that complex configurations are indeed necessary versus nice to have.

Figure 3: Most Common Reasons for Going over Budget



3. CHANGE MANAGEMENT AND COMMUNICATION STRATEGIES MATTER

Often, in complex projects, doing the simple things effectively makes all the difference. Change management for new technologies is a must but what are the most effective strategies? According to the implementation specialists, the most effective strategies are:

- **Gather Stakeholder Input Before Technology Evaluation (57.6%)**: Engaging stakeholders early in the evaluation process ensures that all functional requirements are captured. Involving key users from the start can help align expectations and build enthusiasm for the project.
- **Nominate Ambassadors (51.1%)**: Nominating ambassadors or champions to drive change within their departments can bridge the gap between project teams and end users, promoting smoother adoption.
- **Face-to-Face Training Sessions (35.9%)**: Face-to-face training sessions create opportunities for hands-on experience and personalized guidance, which enhances user understanding and confidence in using the system.

Additional methods to improve communication and collaboration are **digital adoption platform capabilities** (31.5%) on top of the solution and **on-demand e-learning** (31.5%) to ramp up adoption and training.

Similarly, effective communication and collaboration between the implementation team and the customer is critical for the success of the change management process. Implementation service providers identified the following impactful ways to ensure effective communication:

- **Involvement of a Designated Project Manager on Both Sides (53.8%)**: Having project managers from both the customer and vendor sides is essential for maintaining coordination, accountability, and streamlined communication throughout the implementation.
 - **Strong Governance Model (45.2%)**: A robust governance structure helps define roles, responsibilities, and decision-making processes, which keeps the implementation aligned with the organization's objectives.
 - **Dedicated Communication Channels (44.1%)**: Using dedicated communication tools or collaboration platforms allows teams to address questions, track progress, and resolve issues promptly, ensuring that everyone remains on the same page.
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4. RECOMMENDED PHASES OF IMPLEMENTATION AND TIMELINES

The implementation phases can vary depending on the specific needs or challenges being addressed. Some organizations may opt for a big bang S2P implementation but most often, S2P is completed in phases. Based on the experience of implementation consultants, what is the recommended order in which to implement? What are average implementation timelines for all the sub-processes of S2P?

- **Supplier Information (SIM):** Not surprisingly, Supplier information management is prioritized by many organizations in Phase 1 (83.3%), indicating the foundational importance of good supplier data to support all procurement activities.
- **Source-to-Contract (S2C):** Getting S2C off the ground early is the smart move according to the experts. This process is commonly addressed during the early phases, with 33% of organizations starting in Phase 1 and 44% in Phase 2. The main reason being to generate value quickly and to demonstrate quick wins. Sourcing and contract automation deliver clear, quick and quantifiable ROI.
- **Procure-to-Pay (P2P):** P2P often follows Source-to-Contract, with 51.7% of organizations implementing it in Phase 3, once the procurement basics are established.
- **Supplier Risk & Performance Management (SRPM):** Implementation of supplier risk and performance management is often spread across Phases 2 to 4, with a peak in Phase 4 (34.4%), emphasizing the need for organizations to assess supplier performance as part of the broader procurement process.
- **Spend Analytics:** Spend analytics is often implemented in the later phases. 47.8% of organizations focus on this in Phase 5, after the core procurement capabilities are in place, allowing for effective spend analysis and optimization.

Figure 4: Recommended order to Implement Sub-processes of S2P

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Source-to-Contract	33.3%	44.4%	18.9%	7.8%	0%
Procure-to-Pay	7.9%	29.2%	51.7%	16.9%	5.6%
Supplier Information	83.3%	15.6%	4.4%	0%	0%
Supplier Risk & Perf Mgmt	18.9%	25.6%	20%	34.4%	8.9%
Spend Analytics	4.4%	12.2%	15.6%	26.7%	47.8%

Figure 5: Average implementation Timeline for each Phase of Source-to-Pay

	1-3 months	3-6 months	6-9 months	9-12 months	+12 months	+12 months
Source-to-Contract	14.6%	59.6%	18%	6.7%	1.1%	0%
Procure-to-Pay	2.2%	29.2%	41.6%	19.1%	6.7%	1.1%
Supplier Information	52.8%	33.7%	10.1%	2.2%	1.1%	0%
Supplier Risk & Perf Mgmt	51.1%	37.5%	8%	2.3%	1.1%	0%
Spend Analytics	56.8%	33%	8%	1.1%	0%	1.1%

Implementation Phases

The implementation of an S2P solution generally involves multiple phases, with the overall timeline dependent on the complexity of the organization, modules being implemented, and integration requirements. Below is a typical phased approach to implementing S2P:

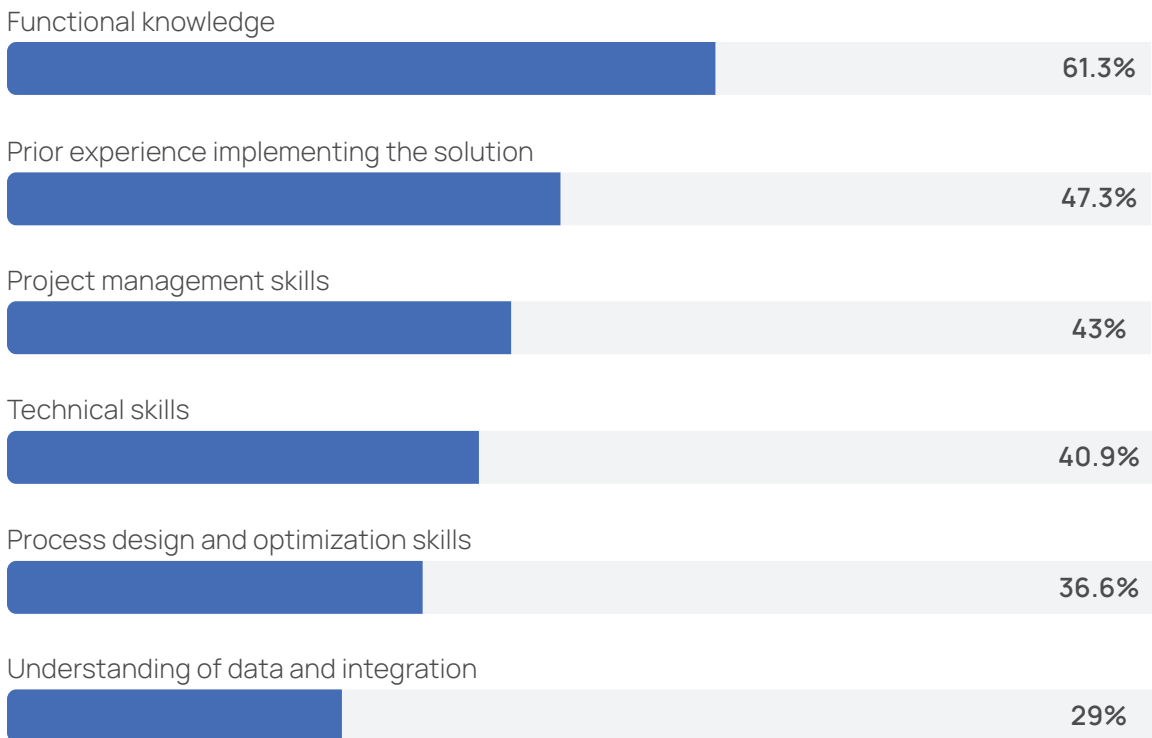
- **Preparation Phase:** This phase involves initial planning, defining success criteria, stakeholder engagement, data assessment, and establishing the implementation team.
- **Design Phase:** The focus here is on process mapping, solution configuration based on business requirements, and alignment on process improvements and automation.
- **Build Phase:** During the build phase, system configurations are completed, integrations are developed, and configurations are implemented. Data migration efforts also commence during this period.
- **Testing Phase:** Testing the solution, including user acceptance testing (UAT), is critical for identifying any gaps or issues that need addressing before going live. Stakeholders and key users are involved in validating the system.
- **Go-Live and Rollout:** This phase involves deploying the solution to the user community, onboarding suppliers, and transitioning from the legacy system. Organizations often adopt a phased rollout approach, starting with a pilot group.
- **Post-Implementation Support and Optimization (Ongoing):** Post-implementation support includes user training, monitoring system performance, addressing issues, and optimizing the solution based on user feedback and evolving business requirements.

5. KEY ATTRIBUTES OF IMPLEMENTATION PARTNERS

An experienced, technically sound and functionally knowledgeable implementation partner plays a pivotal role in ensuring the seamless deployment of an S2P solution. According to the service providers themselves, the top three qualities needed in a partner include:

- **Functional Knowledge (61.3%):** Partners must understand the intricacies of procurement processes and how to best apply the S2P solution's features to meet specific business needs.
- **Experience with Similar Implementations (47.3%):** Previous implementation experience is a strong indicator of a partner's ability to navigate common pitfalls and expedite resolution of issues.
- **Project Management Skills (43%):** Effective project management is crucial for keeping the implementation on track, managing resources, and addressing challenges promptly.

Figure 6: Important Attributes of Implementation Partners



6. BEST PRACTICES FOR SUCCESSFUL S2P IMPLEMENTATION

To navigate the complexities of S2P implementation, procurement professionals must adopt certain best practices to ensure project success:

- **Strong Change Management Focus:** As highlighted by the survey, change management is key to a successful S2P rollout. Creating a communication plan, involving stakeholders early, and nominating change champions will help foster a positive attitude toward the new system.
- **Avoid Customization Wherever Possible:** Minimizing customization and tailoring by configuration, depending on how much is possible with the selected solution, and adhering to standard processes reduces the complexity and cost of implementation. Adopting out-of-the-box functionalities helps maintain system integrity and simplify maintenance.
- **Pilot and Iterate:** Begin with a pilot go-live to evaluate the system's performance with a smaller user base. Use lessons learned during the pilot to refine and optimize the broader rollout, which reduces disruptions and boosts user confidence.
- **Plan for Integration and Data Migration:** Ensuring that data is clean and integration points are clearly defined at the outset is crucial to avoiding issues later in the project. Data readiness is a significant factor for a smooth transition to the S2P platform.
- **Provide Comprehensive Training and Support:** Training programs tailored to different user roles and the availability of support resources are essential for driving user adoption. Digital adoption platforms, e-learning tools, and on-demand support resources can provide continued guidance.

Conclusion

Implementing an S2P solution is a transformational journey that requires careful planning, stakeholder alignment, and a focus on change management. By understanding common challenges, following best practices, and emphasizing collaboration and support, procurement professionals can navigate the complexities of S2P implementation effectively. This whitepaper, drawing on insights from procurement experts across the globe, offers practical guidance to help organizations make informed decisions and maximize the value of their S2P investments.

Organizations should view S2P implementation as an ongoing process of continuous improvement rather than a one-off project. By doing so, they can unlock the full potential of digital procurement and create lasting value for their business.

Thank you to all the systems integrators who participated in the S2P Implementation survey.

By pooling together these shared experiences, procurement professionals can better equip themselves for their own S2P journeys, learning from both successes and obstacles faced by their peers. This collective wisdom positions them not only to overcome common challenges but to achieve greater success in their initiatives. Here's to leveraging shared knowledge for a more robust and informed approach to procurement!

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