



# A Practical Guide to RPA in Procurement

Procurement is one of the most important application areas for robotic process automation (RPA). This is hardly surprising because traditionally, procurement professionals have had to deal with a lot of repetitive and mundane but highly necessary, business-critical tasks, from identifying suitable suppliers right through to processing invoices for approval and payment. They often also have to deal with a fairly rigid or complex data and IT landscape, especially in organizations with multiple legacy ERP systems, which only add to the burden.

RPA for procurement enables procurement organizations to achieve their goals of cost optimization, risk avoidance or mitigation, compliance, supplier performance and more. Areas that can be considered for RPA in procurement include, among others:

**Data Management:** RPA can help you achieve automated data cleansing, normalization and harmonization of data, to achieve objectives such as improved spend classification.



**Spend Visibility:** With RPA bots you can achieve a holistic view of your procurement performance, identifying opportunities to rationalize suppliers etc.

**Tail Spend Management:** Managing tail spend is typically highly demanding on people's time with little return. Automate invoice processing below set thresholds, reduce maverick spending and consolidate tail spend with preferred suppliers.

**Invoice Processing:** Manual invoice processing involves multiple steps, making it susceptible to delay and human errors. RPA cuts the time taken and minimizes errors. With invoice scanning using OCR to extract the data, automatic matches against purchase orders etc., the invoice is automatically posted to the accounting system and the number of steps significantly reduced.

**Contract Intelligence:** Most organizations have thousands of contracts and staying on top of them is way beyond the management capabilities of human workers. RPA enables an organization to leverage contracts metadata to drive contract compliance, arrest contract leakages and identify and mitigate contract risks such as force majeure clauses.

**Inventory Management:** RPA helps the procurement team to monitor the inventory levels, notify when levels fall below certain thresholds and provides real-time reports that help to forecast the future needs.

# Myth Busters: RPA Edition

So, what's the best way to proceed? First, let's bust a few common misconceptions about RPA.

## The Myths

1. With RPA, you lose human control over processes.
2. We'll need to implement a whole army of bots.
3. It sounds like a lot of extra work for our IT folks!
4. Our staff are worried that RPA will take their jobs.
5. With bots in control, everything will run smoothly – because bots never make mistakes.

## The Reality

1. There are things humans do well and things machines do well. RPA follows rules that you create to find that balance. There will always be room for human intervention to maintain full control.
2. It's best to start small but think big. RPA can start with just one, or a few bots tackling one process area, and then you can scale up based on business priorities and the degree of automation you feel comfortable with.
3. You don't even need to own or manage the bots in-house. Most companies do RPA as part of a software as a service (SaaS) deployment. That said, your IT team should always be closely involved and consulted as key stakeholders.
4. RPA takes away tasks, not jobs. Most companies that automate routine tasks reassign people to more rewarding and creative tasks, ones that add value. This gives you an opportunity to upskill employees.
5. Not exactly. Nothing can be 100%. There are always exceptions and that's when human intervention is needed. Identifying potential exceptions is one of an RPA project's most vital tasks.



# Ten Steps to the Perfect Implementation

Every RPA project is different, but if you follow these guidelines, you'll be on the right track.



## 1. Decide which tasks are appropriate for automation using RPA. They should tick most or all of the following boxes:

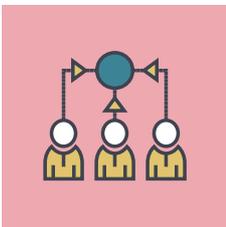
- Repetitive, high volume processes
- Data-intensive
- Rule-based e.g., "pay invoices with a P.O. below certain threshold"
- Low variability
- Is or can be digitized end-to-end
- Standardized process
- Audit trail needed



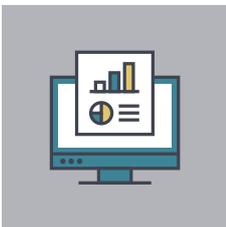
2. Figure out what you want to achieve with automation and set a clear goal. Focus on automating the “low-hanging fruit” first.



3. Communicate with senior management. Get their sponsorship and buy-in.



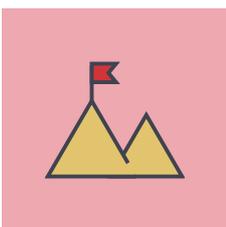
4. Involve stakeholders working with IT and your procurement/RPA solution vendor to optimize the process.



5. Set KPIs for desired outcomes e.g., time and cost savings, risk elimination or mitigation, and identify soft benefits such as better management information and insight.

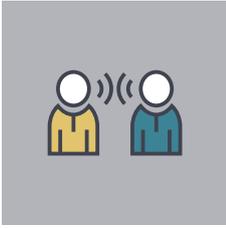


6. Brief the development/implementation team thoroughly on requirements and objectives.



7. Ensure the development team draws up and agrees on an implementation plan with milestones that are realistic but “stretching”.





**8. Communicate progress throughout the implementation process to keep stakeholders involved and help them stay engaged.**



**9. Test, test, test. Identify actual or potential exceptions that will require human intervention.**



**10. Document fully, including lessons learned from the experience that will help frame expectations for the next RPA project.**



*RPA can provide much more than just automation to your business. Want to learn more? Get in touch with JAGGAER today to see how we can help you with your digital roadmap!*



# Notes



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