

A comprehensive guide to e-procurement optimization and sustainment



A strong e-procurement system is essential in today's changing operating environment. Beyond simple operational convenience, it should play a key role within an organization's path to strategic excellence.

A comprehensive approach to carefully improving your e-procurement focuses on two critical aspects: immediate alignment with your current operational requirements and proactive inclusion and adoption of the latest functionality.

Are you getting the most out of your e-procurement solution investment?

In the face of continuous industry pressure, the significance of assessing your procurement spend management functions cannot be overstated. Organizational leaders must prioritize reviewing the interplay between people, processes, and technology and foster a culture of ongoing optimization, innovation, and improvement.



Common challenges in e-procurement

Organizations often grapple with persistent challenges that impede the full realization of their system's capabilities. Some common issues our clients encounter include:

- **Stasis in system evolution:** E-procurement environments within many organizations are often relics of their inception. For example, a system implemented in 2017 might remain virtually unchanged after its launch, resulting in a static platform that does not reflect the current best practices or technological advancements — anchoring the procurement process to an earlier era and hindering progress.
- **Unrealized ROI due to unused modules:** Unused licensed modules signify a gap in achieving a full return on investment, as paying for unused features is inefficient and costly.
- **Update inertia:** The infrequency of updates leaves users without the latest enhancements and features that could streamline operations and drive efficiencies.
- **Strategic misalignment:** A significant gap often exists between e-procurement functionalities and the broader strategic objectives of the organization, leading to misused resources and missed opportunities for strategic procurement initiatives.
- **Process redundancies:** Repeated and unnecessary steps within procurement processes are common, wasting valuable time and resources and reducing overall efficiency.
- **Underutilized interoperability:** Many organizations fail to capitalize on the interoperability of their systems. We often see major gaps where procurement leaders struggle to articulate the benefits and rationale of adopting e-procurement systems during transitions from on-premise ERP to cloud-based solutions. Specifically, when organizations already have e-procurement integrated with their on-premise ERP and then introduce a cloud ERP system (such as Workday or Oracle), they find themselves having to advocate strongly to retain their e-procurement solution. There is a clear opportunity to diminish manual efforts and interventions, thereby augmenting the e-procurement system's efficiency.
- **Technological integration deficit:** The pace at which emerging technologies advance is not reflected in the integration capabilities of many e-procurement systems, resulting in a lack of agility and the inability to use new tools that could provide a competitive edge. Incorporate specifically relevant artificial intelligence (AI) and robotic process automation (RPA) tools that can improve performance.
- **Supplier enablement stagnation:** Organizations often struggle to scale the number of suppliers that offer catalogs, punchouts, and electronic connectivity for orders and invoices. This limitation restricts utilizing more contemporary, multi-supplier search functionalities and hampers efficient procurement operations.



Sustainment: Embracing continuous improvement post-implementation

In the post-go-live phase, organizations often struggle to keep pace with new information and updates released for their e-procurement systems. The key to overcoming this is sustainment — a consistent, strategic approach to absorbing and applying new updates and functionalities as they become available.

Overcoming information overload

Clients frequently find themselves inundated with updates, struggling to discern their relevance or effect on their specific operations. A clear understanding of these new functionalities and a mechanism to align them with the organization's needs can reveal a wealth of untapped solutions to address existing problems.

Adopting and governing new releases

The capacity to adopt new releases requires a well-structured team that's adept at understanding, vetting, and integrating new features. Governance around managing these releases is pivotal to ensure that the organization can benefit from each update without disrupting the existing workflow.

Utilizing internal customer insight

Engaging with internal stakeholders is vital. Organizations that fail to consult their users lose valuable insights that could guide the adaptation of new changes. Feedback from those interacting daily with the system is critical to identifying issues and implementing solutions that address their needs.



Emerging trends: Cultivating talent for future-ready procurement

As we venture further into a landscape marked by rapid technological advancement and shifting workforce dynamics, leaders increasingly focus on nurturing a workforce that is efficient, productive, and with current and competitive skills to fulfill the expanding corporate agenda.

Skill development for the modern workforce

Developing employee competencies in key areas like supplier relationship management, sustainability, and data analytics is necessary. These skills are the building blocks of a robust business strategy, enabling teams to harness data-driven insights for better decision making and fostering sustainable practices that are increasingly becoming more crucial.

Navigating workforce disruptions

Functional leaders are at a crossroads, facing the dual challenge of nurturing talent amid widespread disruptions — from high turnover rates and the “Great Resignation” to the normalization of remote work. This new reality necessitates an innovative approach to talent management and development, ensuring teams remain cohesive, motivated, and productive, regardless of their physical location.

Strategic focus areas for procurement

Our research identifies five strategic focus areas to amplify procurement's impact:

- **Supply-chain resilience:** Strengthen the backbone of procurement by building robust supply chains that can withstand disruptions and adapt to changes with agility.
- **Innovative category value-creation:** Reimagine the approach to category management by starting from zero-base design, ensuring that strategies are lean, focused, and primed for value generation.
- **Supplier partnerships and innovation:** Invest time and resources into cultivating deep supplier relationships that can yield collaborative innovation and shared success.
- **Digital and analytics adoption:** Accelerating the digitization of procurement processes is no longer optional but a necessity, enhancing remote work capabilities and artificial intelligence to automate routine tasks, improving decision making with predictive analytics, and uncovering new opportunities for innovation.
- **Agile operating model transformation:** Shift to an operating model that prizes agility to enable your procurement teams to respond swiftly to changing goals and market conditions, making resilience and flexibility the new norm.

By concentrating on these areas, procurement leaders can position their teams to thrive in the face of change.



How to get started

To effectively initiate sustainment, consider the following strategies:

- **Analyze your supplier spend and transactions:** Conduct a thorough comparison of current supplier spend and transactions against the capabilities of the new system updates. This analysis can reveal opportunities for optimization and efficiency.
- **Review release notes and resources:** Study release notes, attend webinars, and utilize online resources to identify functionality gaps. Understanding the specifics of each update can pinpoint how they can serve your existing processes.
- **Internal user community feedback:** Gather feedback regularly from your internal user community. Understand the manual processes they rely on that could potentially be automated. This feedback can serve as a foundation for improvement and should directly influence the prioritization of new features and updates.
- **Foster a forward-looking mindset:** Encourage a culture of continuous improvement within your organization. By always looking to the future, you can prepare your team to anticipate changes, proactively embrace new functionalities, and ensure that your e-procurement system remains a robust, evolving tool that grows with your business.
- **Work with a trusted partner:** Working with a trusted partner with expertise in these domains to guide your organization through these transformations will ensure that your procurement capabilities are leading-edge and position you at the forefront of industry innovation.

By embedding these practices into your organization's routine, you can establish a dynamic sustainment model that keeps pace with technological advancements and uses them to drive continuous improvement and value creation.



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