



From Supplier Qualification to Contract Management: illycaffè’s Digital Procurement Project

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illycaffè
With the development of the Procurement Portal, supported by JAGGAER, illycaffè has moved ever closer to the current and potential supply market. An interview with Diego Pedroli, Procurement Director of the leading Italian company specializing in the production of coffee.

Allowing Purchasing to accelerate the execution of operational processes and the gathering of the information needed to make timely decisions, thereby freeing resources to focus on core activities. This, in a nutshell, is the result obtained by illycaffè with the project that saw the digitalization of Procurement.

“The digitalization of processes has pervaded all of illycaffè’s corporate functions for some years now with varying intensity, but inexorably towards a transformation process that has also seen Purchasing play a primary and essential role,” says Diego Pedroli, Director of Procurement at illycaffè, in this video interview. “Undeniably, with the development of the eCommerce channel we have moved closer to the final consumer to the extent that, during the pandemic, the digital channel was often the first contact and the first experience with our coffee and our brand, followed by the physical experience purposely sought in bars and large retailers. With the development of illycaffè’s Procurement Portal we have come ever closer to the supply market of both current and potential suppliers in equal measure.

“In fact, all the stakeholders in the purchasing process now have a collaboration tool at their disposal through all the management phases, from accreditation and qualification, to sourcing, contract management, up to performance measurement and audit and risk management, concluding

the cycle with the development of the supplier rather than their ‘phase out.’”

As Pedroli relates, “the digitalization of processes has also made it possible to free up resources from the Purchasing Department, which have been entrusted with higher added value activities”.

Why JAGGAER

JAGGAER One is an intelligent source-to-pay and supplier collaboration platform, and the catalyst for enhancing human decision-making to accelerate business outcomes. illycaffè leveraged JAGGAER’s Supplier Intelligence, a comprehensive view of supplier performance that enhances relationships, seizes innovation opportunities, and proactively addresses risks with intuitive insights.



The Choice of the “Right” Solution

Illycaffè’s journey began in 2017 with market research to identify the platforms that could satisfy its needs. “There were four elements in particular that guided the choice of adopting a Procurement Portal,” Pedroli emphasizes:

1. **Governance & Compliance** for process traceability and to limit risk, 360-degree management of all suppliers, monitoring and improvement of performance, compliance with guidelines and the purchasing process;
2. **Methods**, introducing shared methodologies within the global purchasing community, standardization of procedures, speeding up internal and external responses in terms of time spent through the purchasing process, and continuous improvement through the sharing of best practices;
3. **Transparency**, guaranteeing ethical behavior in processes, as well as accessibility to data and information; and

4. **Economic return**, getting economic benefits derived from process digitalization and recording a reduction in TCO in different spend categories.

Digital Procurement: the Fundamental Elements of the illycaffè Project

“First and foremost, digitalization of procurement could count on the sponsorship of top management, who strongly wanted this project and also actively participated in its implementation in the role of Steering Committee,” Pedroli recalls. “In my opinion this element was decisive for the success of the initiative.”

Equally fundamental was the decision to share co-responsibility for the implementation between the Procurement Function and the IT-Organization-Processes Function: the way in which the project was introduced, which provided for the training of the Procurement team and stakeholders with sessions set up on an ad hoc basis,

also played a key role. “All this has made it possible to manage the change of an important company process in a fluid way,” Pedroli confirms. “Finally, we cannot forget the central role played by our technology partner, JAGGAER, which not only provided the platform but also accompanied us on the path of transformation.”

The Future of Procurement at illycaffè

“The goal of consolidating the use of the Procurement Portal at a global level is already in our program, not only with regard to the various company functions, but also the suppliers who interact with all the foreign subsidiaries. The possibility of increasing collaboration with suppliers on a global level in support of the Procure-to-Pay (P2P) process, in addition to the current upstream process, is also being evaluated. And we are not ruling out the use of artificial intelligence to automate some control and verification processes, from a robotic process automation (RPA) perspective.

“In a nutshell, we will support as much as possible within our supply chain with this digital transformation of processes that began at the company level a few years ago, and which has accelerated significantly in the last year. The new challenges and our future successes will increasingly be linked to the digitalization of the entire business process: ‘from bean to cup,’” Pedroli concludes.

