

ReThink Spend

Drive greater value
and productivity,
whilst lowering risk




proactis

ReThink Spend

**How enterprises
can recoup vast
amounts of wasted
time, talent and
cash.**



**Calling all CEOs,
CFOs, CPOs and
other strategic
decision-makers...**

It's time to ReThink Spend. Your future depends on it.

It's easy to think that company expenditure on goods and services is a job for Procurement alone. But that's a serious mistake. Unless you address the issue at a strategic level today, the new economy will overtake you tomorrow.



What you spend, who you spend with and how you manage spend is fundamental to your organisation's operational and financial performance. It also affects your ability to generate revenue, the quality of service you deliver and the quality of people you attract and keep.

Getting it right does include minimising costs. But it's also very much about ensuring your organisation is effective and agile enough to achieve its mission in a fast-changing world.

Will you fit into the new economy?



Make no mistake – we are moving to a new, more challenging economy. The digital economy, the future economy or just the new economy – the name doesn't matter. It's an economy where all private and public sector organisations must find ways of doing more with less to survive and thrive. It's an economy that demands maximum efficiency, so it's increasingly driven by technology-based business models.

Forward-looking organisations know they need to operate faster, leaner and smarter in order to thrive in this new economy. And they know waste is what gets in the way. Decisions and processes that drain away time, talent and cash must be stopped – with urgency.

Smart organisations are hitting non-payroll spend, hard



Innovative organisations are now taking waste out of all their non-payroll spend. They are using tech-enabled processes to transform the way they buy and pay for all of the goods and services they use, while ensuring everyone gets what they need quickly and easily. Their focus is on maximising the value by eliminating the waste of time, money and talent from the process.

Discover why rethinking spend will be critical to your ongoing success – and consider the fresh new ways of doing things that organisations are embracing to transform their fortunes.



What does the future economy require?

Faster, leaner, smarter

Imagine an organisation – a company, government agency or non-profit – that has eliminated all waste, so it focuses only on value creation. Automation is deployed to the max, so every task feels effortless. The best goods and services are purchased at the best price – and only when they are needed. People are empowered with the time and tools they need. No talent is wasted.



No organisation has quite reached this ultimate level of efficiency or probably ever will. But some are working towards the goal and seeing the immediate benefits. They are reshaping themselves to better fit the economy of tomorrow. They understand that in the coming economy, they must be faster, leaner and smarter than they've ever been before.

They must be faster

at doing everything they do: Faster at meeting the needs of customers or those they serve. Faster at responding to change. And faster at recognising and acting on opportunities to grow or improve.

They must be leaner

in the way they operate, using only the minimum resources to get things done. They must get every ounce of value out of what they spend and the workforce they employ. And they must be conscious of how they use the world's limited resources too.

They must be smarter

in the ways they do things, leveraging technology wherever possible to eliminate the need for people to do routine, repetitive tasks. Smarter, so they make doing things the right way, the easiest way. They must continuously capture and use information to make better decisions – all day, every day.



**What's
standing
in the
way?**

Organisational spend: The machine you can't afford to ignore

No organisation can operate faster, leaner and smarter if it does not focus on making the way it buys and pays for goods and services faster, leaner and smarter.



Every organisation uses all kinds of purchased tools, materials, equipment and supplies to do what it does. Every organisation uses a wide range of service providers to perform specialised or non-core functions. The process of obtaining all those goods and services involves nearly everyone throughout the organisation.

Certainly the Procurement professionals responsible for helping the organisation get the best value for what they spend, and the Accounts Payable team responsible for making sure suppliers are properly paid are

central to the process. But just about everyone throughout the organisation is involved in some way – either as a buyer, a requestor or an approver.

And the process impacts everything the organisation does. If things that are needed are obtained quickly and easily, at good value from a low risk source, the organisation functions well; but if it takes too much time and effort, the cost is more than necessary, the quality is poor or the supplier does not perform as expected, the organisation falters. It's as simple as that.

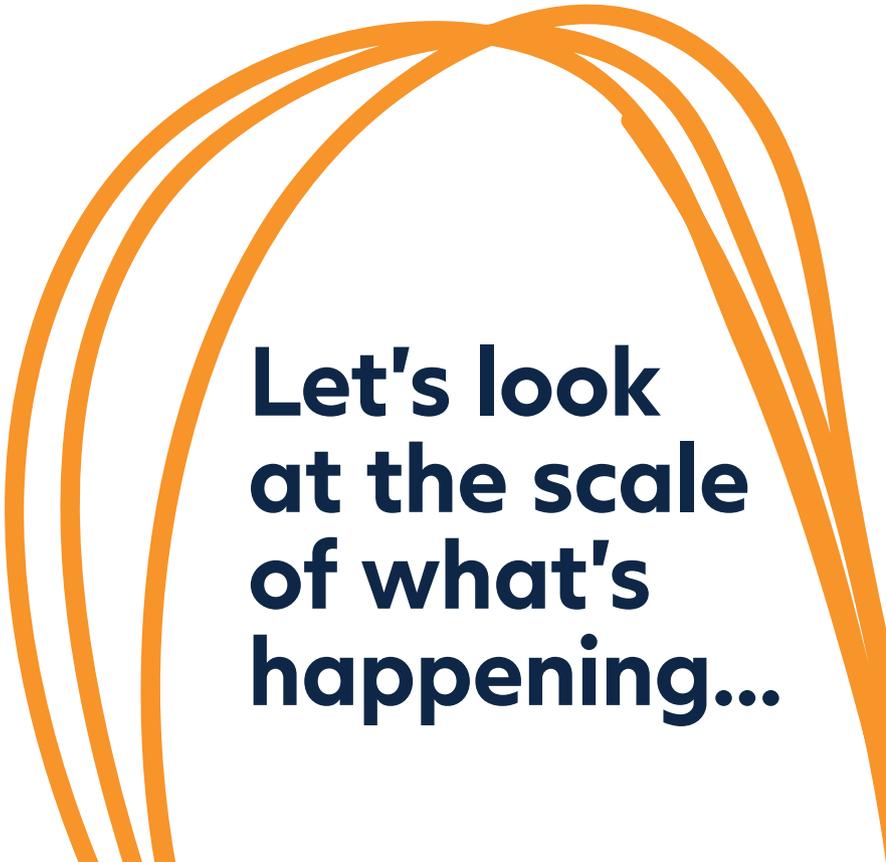
This is especially true for service-based organisations that have a large workforce split into multiple business units and dispersed across numerous locations, possibly even across multiple countries with different languages, currencies and tax regimes. And for any type of organisation that has expenditure across a wide range of products, services and suppliers.

In short, the way an organisation goes about buying and paying for goods and services is one of the most pervasive, far-reaching processes there is in most organisations. Just about everything the organisation does is impacted.

So it's no wonder that this critical machine has a fundamental effect on business success.

It'll either propel your enterprise forwards or drag you back.

Considerable time, money and talent can be wasted when it's not done well.



**Let's look
at the scale
of what's
happening...**

The cost of wasted time, money and talent

No organisation can afford excessive waste of time, money and talent in its procurement and payment process. The cost is too high because it's just too critical to their overall business success. That waste has a direct impact on the current bottom-line as well as the organisation's ability to become faster, leaner and smarter over time.



Wasted time...

...happens when it takes too long to get things done. Wasted time clearly works against an organisation becoming faster at what it does. If it takes an employee four days to get something they need to meet a customer need rather than two, it slows customer response. If it takes Procurement teams six months to adjust to changing usage patterns or market conditions instead of three, it means an opportunity for growth is missed. If it typically takes 10 days to process an invoice instead of two, it reduces financial visibility which reduces operational flexibility.

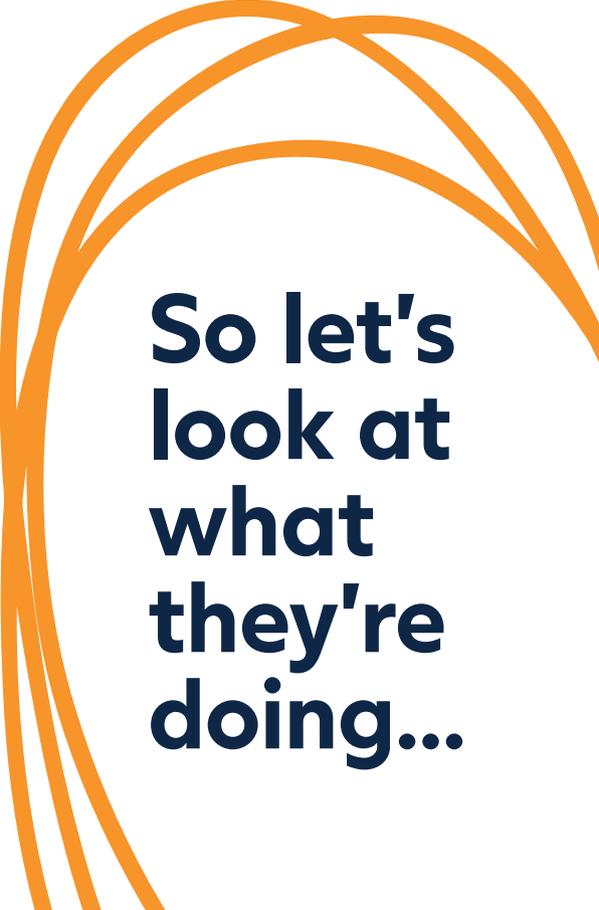
Wasted money...

...happens when unnecessary costs are incurred. Wasted money obviously works against an organisation becoming leaner in the way it does things. Unnecessary purchases and ones from poorly-performing suppliers will add cost that could have been avoided. The inability to pursue competitive sourcing methods for more spend categories means the organisation is likely spending more than necessary for certain goods or services. Letting working capital go unleveraged when it could be used to obtain supplier discounts misses an opportunity.

Wasted talent...

...happens when an organisation is not working smarter. Talent gets wasted when routine, repetitive tasks are not automated, and when people have to take extra time to manually comply with corporate policies or regulatory requirements. If employees are forced to take an inordinate amount of time away from their work to get something they need, their ability to add value is diminished. When Procurement professionals use half their time on routine admin tasks rather than sourcing activities, or Finance professionals have to spend hours just accumulating spend data for analysis, that talent and its potential for generating savings is lost forever.

That's why organisations are doubling down on their efforts to transform the way they go about buying and paying for the goods and services they need to perform their mission.



**So let's
look at
what
they're
doing...**

Rethinking spend is a #1 priority

Forward-looking Finance and Procurement leaders are transforming the way goods and services are bought and paid for. And this trend is gaining momentum across the private, not-for-profit and public sectors.



These organisations are rethinking the importance of the overall procurement process. They are seeing that it is critical to becoming more efficient – and ripe for the application of technology as a means of streamlining how it works, while at the same time making it more effective.

For some, rethinking spend is happening today, because it fits perfectly with other strategic goals, such as:

- ④ Their overall 'digital transformation'.
- ④ A merger, acquisition or major re-organisation.
- ④ The deployment of a new Enterprise Resource Planning (ERP) framework.

Others are rethinking spend and making transformation of the full Procure-to-Pay process a strategic initiative in its own right.

That's possible, because the case is *so strong*.

Either way, the right time to rethink spend is today. Wasted time, money and talent cannot be ignored by organisations that are serious about sustainable success.

Thinking of the transformation of organisation-wide procurement as a quest to eradicate waste can be very useful. The elimination of waste is a core tenant of the lean movement that has helped progressive manufacturers make much progress over the past few years. The elimination of waste in the Procure-to-Pay process can do the same for any organisation.

Technology-driven business processes are available today to dramatically reduce waste.



**How can
they recoup
wasted
time, money
and talent?**

Wasted time: How and where to eliminate it

You can greatly reduce the time consumed by many procurement processes by using technology to streamline them. Technology can also be used to drive greater compliance with organisational policies and regulatory requirements at the same time.



You can reduce the time to:

- ④ **Perform a step in a process** by having all the information you need to hand.
- ④ **Move from one step to another** and let the next person know they need to do something.
- ④ **Document what was done** for later audit or analysis.

The primary technology tools for streamlining processes include:

- ④ **Electronic records** that replace paper documents.
- ④ **Automated workflow** that connects the right steps and the right people.
- ④ **Access to information** so people can perform their steps quickly and effectively.
- ④ **Embedded business rules** that ensure compliance.
- ④ **Mobile device support** so things can be done just about anywhere, any time.

Just a few examples where these general tools are applied include:

- ④ **Purchase request and approval:** Time savings can be dramatic. Easy access to supplier catalogues and websites speeds identification of a product or service that meets a need from a best-value supplier. In many cases, this can become a rapid 'buy now' process with automated approval based on embedded business rules. When needed, workflow and real-time access to budgets and spend activity can speed up the manager approval process. Mobility means the purchase can be immediate.
- ④ **Invoice processing:** Automated matching and workflow-driven exception handling dramatically reduce the time it takes to move invoices through to payment authorisation.
- ④ **Spend Analysis:** Continuous capture and access to spend activity provides immediate insights for decision-makers. It greatly reduces the time it takes to identify opportunities for savings or problems with processes. Action can be taken much sooner.
- ④ **Sourcing:** Rapid 'quick-quote' capabilities embedded within the purchase request and approval process greatly reduce the time it takes for many types of purchases. Workflow-driven collaborative RFx creation greatly reduces the time it takes to develop specifications for more complex purchases. eTendering and eAuctions greatly reduce the time it takes to perform competitive sourcing events.



**But what about
wasted money?**

Wasted money: How and where to eliminate it

Since procurement has long been seen of as a means of reducing the cost of purchased goods and services, this is a pretty well-understood area.

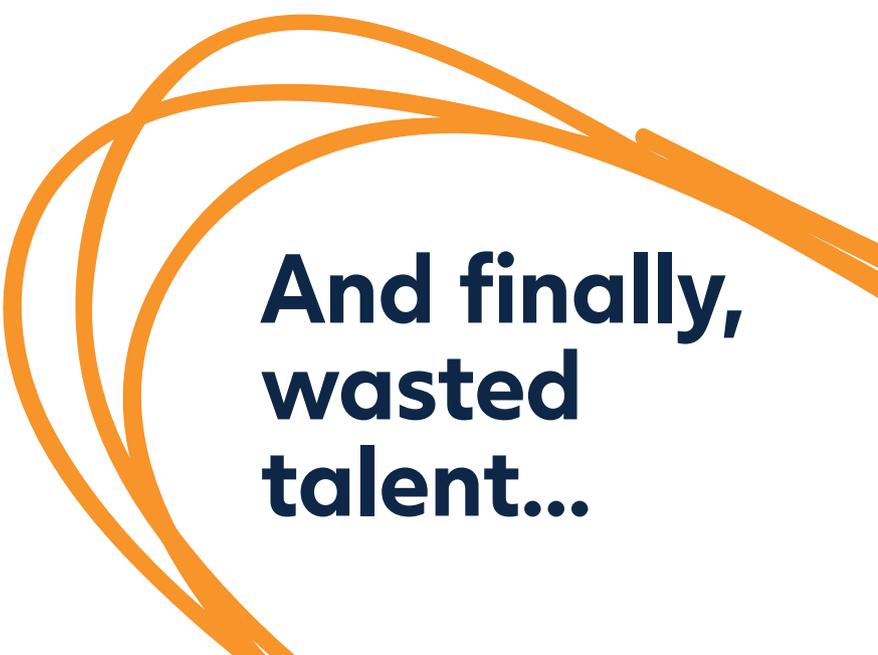


The basic ways to reduce wasted money are to:

- ④ **Prevent unnecessary purchases**, as well as fraudulent purchases.
- ④ **Create best-value agreements** with well-qualified suppliers in as many categories as possible.
- ④ **Drive purchases to best-value supplier agreements** as much as possible.
- ④ **Minimise the risk of supplier non-performance or non-compliance**, and thus the cost of that happening.
- ④ **Leverage working capital** to obtain additional supplier discounts in return for early payment (a new goal made possible by today's electronic commerce).

Primary technology tools for eliminating unnecessary costs of purchased goods and services include:

- ④ **Workflow-driven approval processes** that ensure only appropriate purchases are made by driving compliance with corporate policies and enabling managers to make good budget management decisions.
- ④ **eSourcing tools that allow more spend categories to be competitively sourced.** Examples include tendering, eAuction and 'quick-quote' capabilities that make all types of sourcing events faster and easier, resulting in best-value agreements in more spend categories.
- ④ **Guided buying tools** such as catalogue and website search capabilities that help employees quickly find, compare and select what they need from suppliers with best-value agreements.
- ④ **Automated supplier qualification and review processes** that identify potential supplier risks for attention before problems occur.
- ④ **Supply chain financing** capabilities embedded in electronic invoice processing.
- ④ **Spend Analysis** capabilities that help identify the best opportunities for savings.



**And finally,
wasted
talent...**

Wasted talent: How and where to eliminate it

You can greatly reduce the time people must take away from their core jobs by using technology to simplify interaction points, automate more aspects of the process and make the overall system more 'self-managing'.

By rethinking spend, you can:

- ④ **Make all system interactions as intuitive and quick to use as possible** to eliminate the time needed to 'figure out' how to do something or spend a lot of time entering information the system could have already known based on the circumstances.
- ④ **Automatically monitor information,** including things like the last time data was re-verified, the passage of time and accomplishment of process steps; then alert the right people when action needs to be taken or automatically initiate action. This eliminates the time people need to spend keeping manual task lists or 'checking' things.
- ④ **Automatically monitor activity** to identify where things are being done incorrectly or inefficiently and alert the right people when it should be looked into for possible process improvement. This prevents long-term continuation of inefficiencies.
- ④ **Automate routine, repetitive tasks** where the majority of the work follows a normal pattern, and simply alert the right people when there are exceptions.

A few examples where these technology tools are applied include:

④ **Purchase request and approval:**

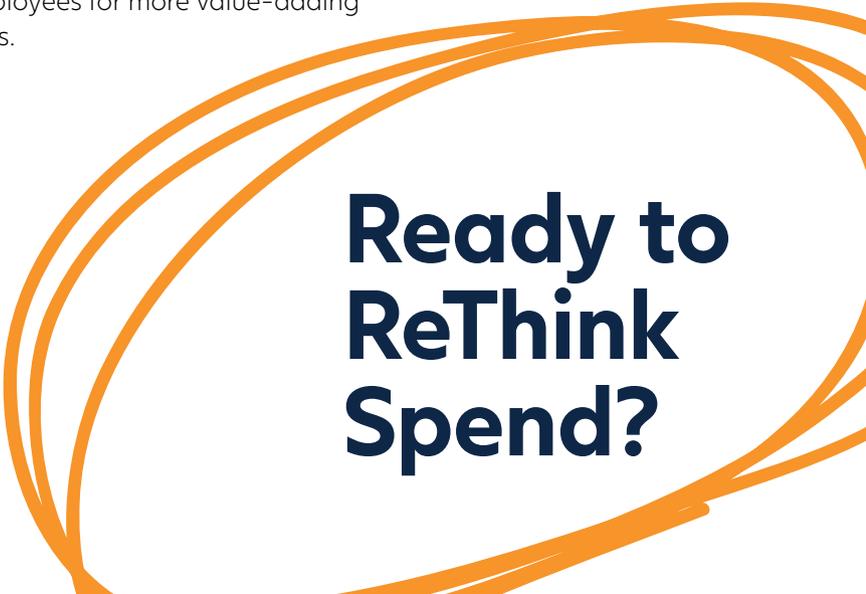
The same guided buying tools that help employees make purchases from best-value suppliers also reduce the time people need to take away from their core job to get what they need.

④ **Contract management:** Automated monitoring of contract milestones and expirations eliminates the need for Procurement professionals to spend time manually keeping track of when things need to be done while ensuring they will know when they do.

④ **Supplier management:** Automated monitoring of supplier performance and review milestones, as well as automated supplier communication, eliminates much of the time Procurement and Finance professionals need to spend keeping supplier information up to date and watching for potential supplier risk.

④ **Spend analysis:** Continual analysis with embedded artificial intelligence (AI) eliminates the need for managers to take time to manually analyse spend activity by automatically sensing where activity in particular areas of the organisation, spend categories or procurement processes are trending outside set KPI ranges and let the right people know.

④ **Invoice processing:** Automated matching, exception handling and payment authorisation can eliminate the vast majority of time needed in Accounts Payable to process invoice. This frees employees for more value-adding roles.



**Ready to
ReThink
Spend?**

We can show you how

Today's rapidly-changing economy and organisation-specific trigger points are leading many organisations to seriously rethink spend – and it's delivering impressive results for them. But if you're only encountering the idea for the first time, then bear two points in mind.

You can't do everything at once

It's important and valuable to develop a broad vision but, at the same time, it's only practical to pursue the vision in a step-by-step manner. What's most important is to get started, and to do things in ways that eliminate waste today and sustain that progress once made. Finding a knowledgeable partner is key to success.

It's 'always' time to rethink spend

To use an old expression, taking the waste out of spend is a journey, not a destination. Although tremendous improvements can often be achieved very quickly, continuous improvement is just as valuable. Company objectives and market conditions change. Having an overall spend management and eProcurement framework with the flexibility to respond rapidly and smoothly is essential.



ReThink Spend: The journey starts here

At Proactis, we recognise the need for every enterprise to ReThink Spend. And we can help. We've got the tools, know-how and experience to make your transformation a success.

ReThink Spend with us

If you want to become a **faster, leaner, smarter** organisation, then contact our friendly team.

Email info@proactis.com

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