Transforming your business processes?

8 varieties of low-hanging fruit that organizations easily overlook

proactis

Are you transforming your business processes?

In today's fast-moving business world, organizations are in a constant state of change, responding to new challenges and opportunities. But sometimes change goes beyond tinkering and adapting.

It's about re-engineering how you operate at a fundamental level. There comes a time for almost every organization when it's time to rethink and transform some or all of its most important business processes.

It may be driven by a need to reduce costs, to improve customer responsiveness or to sharpen your competitive edge in the face of intensifying competition.

It may be your organization is growing and needs to be able to 'do more with less,' or more smoothly evolve with changing market conditions, or a step-change in technology, like making more use of the cloud. Sometimes business processes need to be changed to reduce outside risk or to ensure internal compliance with new regulatory requirements.

Of course, your mission could be a combination of any of these objectives.

With your goal in focus, you embark on a company-wide transformation with the Board's backing, resources signed off and plenty of gusto. Deadlines are set and momentum builds.

Are you missing something important?

Your transformation may be planned to the Nth degree. But wouldn't it be a shame if your team targeted hard-to-reach goals – and yet missed the obvious gains close at hand?

A fresh look

If you don't take a fresh look at spend management, you could fall short of the very goals you're trying to achieve.

Just suppose you wanted to reduce costs and yet you missed an opportunity to save hundreds of thousands of dollars? What if you had a desire to increase performance but your team failed to spot 'quick wins' in the areas of responsiveness, throughput and agility? How can you successfully broadcast the contracts you've negotiated on your franchise's behalf? And imagine if you set out to tackle compliance and risk – but missed easy gains right in front of you?

This paper is all about surprising spend management opportunities that are easily overlooked and how they can help to energize your business transformation.

Goal: Reduce costs

Do you have a gut feeling that your organization could be saving a small fortune in how it buys goods and services? Your instincts are probably correct.

With spend management you can get the tools you need to reduce costs significantly. Spend management can be applied enterprise-wide or on a departmental level.

It's not simply about buying cheaper stationery (although that's possible too). Spend management can help an IT department supplying tech to the business; a marketing team that's purchasing services; or a facilities management unit that's sourcing supplies. In every case, you can make sure you're buying the right items from the right suppliers, in the right way, at the right price.

> **"Despite invoice volumes growing substantially, we have managed to transform Accounts Payable (AP) by streamlining people, process and technology to support best practices. With Proactis, we are achieving over $100,000 efficiency and productivity savings annually."**
>
> **Director of Operational Finance, Screwfix**

Here are three kinds of spend management solutions that can deliver savings for you:

- **Purchase-to-Pay (P2P)** solutions can give your entire organization or an individual department visibility and control over what is spent and with whom. Unnecessary purchases can be eliminated, as buying is steered towards suppliers that provide the best value.

- **Source-to-Contract (S2C)** solutions give your Procurement team the tools they need to find the best suppliers, negotiate the best agreements, monitor performance and make it easy for staff to find what they need from the right supplier. S2C provides an excellent framework for centralized, decentralized or center-led procurement approaches.

- **Accounts Payable (AP) Automation** is clearly focused on the transformation of the accounts payable process and provides a great framework for centralizing AP and turning it into a shared service, reducing costs.

Goal: Increase responsiveness

Sometimes time is just as important as money.

When your organization becomes more responsive, your audience notices, whether that's employees, customers, suppliers, citizens, patients or other stakeholders and service users.

Responsiveness raises satisfaction levels, boosts loyalty and drives repeat business.

Spend management solutions can play a big part in speeding up everyday processes, making your organization more responsive to the needs of your employees and customers.

- **Purchase-to-Pay (P2P)** solutions do a number of things to help your employees get what they need quickly, without having to pay a premium. A P2P solution will quickly guide them to the item or service from the best-value supplier. It either automatically approves the purchase or speeds management authorization depending on established policies. And it automatically sends the PO to the supplier to get things moving. It even speeds the process of getting multiple supplier quotes when that is needed. P2P can take days off the time it takes to respond to a customer too.

- **Source-to-Contract (S2C)** solutions increase the effective capacity of your Procurement team so that it can strategically source more categories. That means it's more likely that a supplier with the right item or service is already established so no-one needs to spend precious time researching where to get something or trying to figure out where to get the best price.

> "Before Proactis we were processing 20,000 invoices amongst a team of 8 every month. Today, we are processing 100,000 invoices. We have absorbed the additional growth without any additional resource, while improving accuracy and reporting."
>
> **Group Financial Controller, Mears Group**

Goal: Improve throughput

Intelligent automation is the key to greater scalability.

As organizations grow, they often struggle to handle rising volumes of paperwork within their Procurement and Finance departments. Greater numbers of transactions, invoices, supplier communications and administration can create major 'traffic jams' – stifling performance and even souring relationships.

Teams may be working flat out, using manual processes. But the workload builds and builds. Something has to give: Either organizations hire more staff or they find a better way to do more with what they have.

> **"Partnering with a global procurement provider was essential to grow our catalog management system. With Proactis, numerous steps are eliminated, many that require 'touch time', decision making or interpretation."**
>
> **IT Manager, Purchase-to-Pay Processes, Halliburton**

Fortunately, spend management provides the answer, allowing you to scale up with ease.

- **Purchase-to-Pay** solutions save time for employees that need to purchase items, by guiding them swiftly to the best-value supplier. A P2P solution either automatically approves the purchase or speeds up management authorization so the employee doesn't need to spend time chasing approvals. P2P also helps managers spend less time managing budgets by giving them a clear picture of the 'cost pipeline' in their area so they can quickly make purchase request approval decisions. Everyone can get more done when they spend less time on the buying process.

- **Accounts Payable Automation** solutions are all about getting more throughput with the same or fewer resources in the Accounts Payable process. Throughput can skyrocket when the majority of invoices flow 'straight through' with little or no manual action required.

- **Business Networks** greatly reduce non-value-added time for everyone in Procurement and Accounts Payable by automating a large part of routine supplier interaction and by enabling suppliers to do many things on a self-service basis. This helps to ensure supplier information is always up-to-date and instantly accessible to everyone.

Goal:
Increase agility

Having the right buttons, pedals and levers makes the difference.

How easily can your organization react to new business challenges or opportunities? Does it feel like you're steering a speedboat or trying to turn around an oil tanker?

A good spend management framework can give you all the tools you need to adjust your procurement processes, the way you pay for items, and every step in between. When outside circumstances change, you can respond accordingly, without missing a beat.

Agile tools provided by effective spend management:

- ◌ **Highly configurable** business rules, workflows and automated processes so they can easily evolve with your organization policies, procedures and processes.

- ◌ **Multi-organization application structure** so they can easily scale with your organizational structure changes.

- ◌ **Global business capabilities**, including full support for multiple currencies, languages and tax schemes so you can overcome geographical or market boundaries.

- ◌ **Intuitive, easy to use interface** so you can quickly drive adoption in new areas.

- ◌ **Integration framework** that makes it easy to effectively integrate with any existing systems as well as those that will inevitably come along in the future.

Agility is at the heart of every spend management solution:

- ◌ **Spend Analysis**
- ◌ **Purchase-to-Pay (P2P)**
- ◌ **Sourcing**
- ◌ **Supplier Management**
- ◌ **Contract Management**
- ◌ **Supplier Network**
- ◌ **Accounts Payable Automation**
- ◌ **Source-to-Contract (S2C)**

Goal:
Reduce risk

Wouldn't it be great to know that checks and safeguards are operating automatically?

Fraud, mistakes and poor oversight can cost your organization heavily – in cash terms and through serious damage to your reputation. But how can you keep an eye on every transaction without weighing down your business with endless checks and deadening bureaucracy?

With spend management, you've suddenly got a framework where all transactions are brought into the light, checked, measured and presented for everyone to see. You can also set rules in many instances, so it's impossible for anyone to overstep the line without being blocked or red flags appearing.

○ **Purchase-to-Pay** solutions can significantly reduce the risk of fraudulent purchases through strict purchase authorization processes. A solution can also reduce the risk of you having budget over-runs by providing a clear picture of the 'cost pipeline' and requiring purchase authorizations according to your established policies.

○ **Spend Analysis** solutions can help reduce the risk of fraudulent or unnecessary purchases by identifying any unusual activities that need investigating.

○ **Supplier Management** solutions can significantly reduce supplier risk by automating the initial supplier qualification process, as well as periodic performance and compliance reviews.

○ **Contract Management** solutions can also reduce supplier risk by automating reviews of compliance with contract terms.

> **"The risk to JLL to not implementing a single solution around this area would be we could never improve our business, we can't drive our efficiencies and we can't continue to evidence to our clients that we are staying ahead of the market."**
>
> **Services Development Director, JLL**

Goal: Drive up compliance

Don't leave any room for processes to spin out of control. Make sure the right rules are hard-wired into every key process.

If your business process transformation agenda includes compliance, then a review of current spend management processes is absolutely essential.

When it comes to expenditure on goods and services, compliance with regulatory requirements is not optional; it's critical to avoiding substantial fines and damage to your reputation.

So it's vital for all of your business units and business processes to be compliant with your own corporate policies – and a spend management platform is the perfect way to deliver this.

> **"It's no small feat to establish a single procurement system that enables us to manage over 5,000 different properties as separate entities. But in doing so, we now have one of the best spend control systems in our business. We believe Proactis gives us the perfect platform to ensure that we are at the forefront of delivering both value from procurement and control of expenditure management."**
>
> **Head of Procurement, Property and Asset Management, CBRE Ltd.**

- **All Spend Management solutions** contribute significantly to driving compliance with any external or internal requirement or policy because they are built around configurable business rules and workflow management that ensure things are always done the right way.

- **Purchase-to-Pay** solutions fundamentally drive compliance with corporate purchase authorization and supplier payment policies.

- **Sourcing** solutions help ensure compliance with regulatory requirements and organizational policies by establishing standardized sourcing event procedures and guiding your organization through those processes. These solutions provide transparency too.

- **Supplier Management** and **Contract Management** solutions help to ensure compliance with any customer requirements that may flow down to suppliers by providing standardized qualification and review processes.

Spend management for business transformation

8 varieties of low-hanging fruit

Looking to reduce costs, boost performance and take care of risk and compliance?

Transforming your business process can be hugely beneficial. But don't under-estimate the contribution that can be made by today's spend management solutions.

Look for interlocking, modular spend management solutions that will help to drive your success. And whilst your processes are changing anyway, these opportunities are within easy reach and can deliver a rapid payback.

8 Spend management initiatives for you	Reduce cost	Increase responsiveness	Increase throughput	Increase agility	Reduce risk	Ensure compliance
#1 Spend Analysis				◎	◎	◎
#2 Purchase-to-Pay (P2P)	◎	◎	◎	◎	◎	◎
#3 Sourcing			◎	◎		◎
#4 Supplier Management				◎	◎	◎
#5 Contract Management				◎	◎	◎
#6 Business Network			◎	◎		◎
#7 Accounts Payable Automation	◎		◎	◎		◎
#8 Source-to-Contract (S2C)	◎	◎		◎		◎

Contact us to learn how Proactis can help you transform your business processes to achieve your spend management initiatives:

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