

The Evolution of Corporate Procurement Systems

By: The Spend Matters Analyst Team



This content originally appeared on Spend Matters and has been made available by [Vroozi](#).

Introduction

Today's corporate procurement systems operate similarly to the way people shop at a supermarket. Users make all purchase decisions individually, decide which aisles to go down, compare products, place the items they want in their shopping cart and pay for them at checkout. At the end, the user will have had a good or a bad experience and will decide whether to frequent that supermarket again.

User experience is crucial for supermarkets, and thus they take it very seriously. Most grocers invest huge amounts of money into product displays, store design and advertising to create the optimal shopping experience for users to ensure they will return. Corporate purchasing has similarly become a self-service activity. And just as in supermarkets, providing a successful shopping experience is key for getting people to use a purchasing system consistently.

While this evolution in corporate procurement would not have been possible without the foundation laid by ERP systems, these technologies have not evolved to accommodate this new style of purchasing. This is why e-procurement solutions exist.

These solutions are capable of tackling new procurement challenges and providing successful purchasing experience in complex scenarios for organizations with multiple ERP systems; dozens of offices; hundreds or thousands of employees; transactions in multiple currencies and languages, mobile, and automation requirements; and, critically, the need to analyze, control and optimize all organizational spend.

This whitepaper explores a pair of IT solutions' realities for procurement and what is required from e-procurement solutions to succeed in the era of evolved corporate procurement, ending with predictions for what the e-procurement solution of 2020 will require.

A Pair of Realities

Today, ERP systems still fail to meet the new demands of user experience, efficiency and results for corporate procurement. New e-procurement and P2P solutions are the sole technologies capable of tackling these new business demands.

Yet creating an engaging user experience, while meeting the business demands of procurement organizations, is more complex than just replicating an Amazon-like user interface. Although a consumer-friendly UI is key to building a successful user experience, serving corporate procurement means solution providers must consider additional requirements, such as business rules, purchasing approvals, budgets compliance, inventory management, supplier contracts compliance, user access permissions and remote and mobile access, to name just some.

Conquering the Challenges of New Technologies

New technologies have revolutionized the concept of corporate purchasing, turning it into a self-service activity further improved by automation. Still, there are clear challenges to overcome, including usability, efficiency, and the ability to analyze, control and optimize all organizational spend.

Generally speaking, conquering these challenges requires the procurement solution to offer:

- An easy-to-use interface (requiring no training), immediate access to necessary documents and information, ease in navigation, and access to levels of support and help. These are just a few components that a user interface needs to achieve the goal of usability.
- A digital store that allows the user to find with ease (via a search engine) the product or service needed. There should be certainty that the results will be the best option for the user and the company (price, quality, supplier, service levels, etc.) and in compliance with the contract negotiated with the supplier, the budget of the business unit or department, and any policy or business rule of the company. This is achieved by a powerful search engine (keyword, category, vendor, product, service, etc.) and a robust supplier catalog system, allowing the configuration of kits, bundles, lists and e-forms for any type of product, service or a mixture of them.
- A workflow engine combined with business rules that guides the purchasing process for each user, including requisitions and purchase orders approvals, data verification or modification, exceptions handling, acknowledgments and attending alerts. The workflow engine is a key element for building processes that are 100% automated and enhance process efficiency and productivity.
- A system that is 100% configurable, allowing system personalization according to the requirements of the company, avoiding the need for custom development (for example, user profiles, workflows, business rules, chart of accounts, currency types, tax rates, units of measure and payment terms). The combination of system configuration with workflows and business rules is a winning formula for process efficiency and spend control and optimization.
- A robust data analysis tool for procurement reports and analytics, such as benchmarks, identification of potential savings (with actions to be taken to achieve them), distribution of expenditure (e.g., user, department, business unit, category), forecasts of expenditure, expenditure trends, analysis of user behavior and process activities information. The reports and analytics should be easy to interpret with options for drill down and navigation between data and documents. Good reports and analytics are a key element to support users' decision making, determine corrective action procedures or simply keep the users informed with timely and relevant information to do their jobs and fulfill their objectives.

Further information on this topic and others can be found at this website: www.spendmatters.com. Reproduction of this publication in any form without prior written approval is forbidden. The information in this report has been obtained from sources believed to be reliable. Spend Matters disclaims all warranties as to the accuracy, completeness, or adequacy of such information and shall have no liability for errors, omissions, or inadequacies in the information contained herein or for interpretations thereof. The reader assumes sole responsibility for the selection of these materials to achieve its intended result. The opinions express herein are subject to change without notice.

- The ability to work in a mobile setting, allowing users to engage in activities from any smartphone or tablet in the same way they do from their office desk – searching for products and services, creating purchase requisitions, giving approvals, collaborating with stakeholders, accessing dashboards or reports, etc.
- A help function (text, video, chat) for solution features and functions or organizational (policies and procedures) inquiries that allow the user to be self-sufficient while working with the procurement solution and not have to depend on third parties in case of any questions or problems.
- A solution integrated or unified with any require system of record (suppliers, general ledger accounts, commodity codes, etc.) and processes related with procurement (inventory, supplier management, finance, accounts payables, etc.) in order to orchestrate workflows and business rules effectively and enable the full automation of the procurement process.

2020 Vision: E-Procurement

Today, new e-procurement solutions have evolved to make the shopping work environment a pleasant and user-friendly space, where all users enjoy working within a purchasing process that is completely automated with accurate workflows and business rules. These solutions are empowering all users to be more productive and achieve better results in their own activities and, as a result, for the organization.

For our 2020 vision, we believe future e-procurement solutions will be so intelligent that the issue of achieving a great user experience will become less important, since there will be less need for a user interface, catalogs, storefronts and other information sources to perform purchase requisitions.

Instead, the user will only have to intervene in exceptional cases, since the system will be configured in such a way that it will predict users' purchasing needs and automatically launch the corresponding requisition and approval process to send the purchase order to the corresponding supplier.

Less than five years away, such technology is no longer a distant reality. ■

About our Sponsor



Vroozi® is a cloud-based enterprise procurement software vendor based out of Southern California with customers globally in their localized languages. Vroozi customers range from Fortune 1000 companies to privately held enterprises across many industries – entertainment, healthcare, technology, manufacturing, defense and services. Vroozi platform features include complete mobile-enabled procure-to-pay functionality, catalog content and supplier management, master data management, workflow approval, and integration with other financial systems. For more information, visit www.vroozi.com or call 866-509-5045.