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DESIGN A DIGITAL PROCUREMENT TRANSFORMATION PLAN



The challenge is on: digital transformations are yielding tremendous performance opportunities. Procurement organizations must begin their journey without delay. From culture to IT systems, through to governance and supplier relationships, the time to act is now.

A holistic approach to transformation

To capitalize fully on current and future digital transformations, the entire procurement system must be changed. Six key dimensions must be accounted for when defining target models:

Develop a digital vision and culture

in procurement: A digital culture must permeate the entire organization before it can be integrated into procurement activities, including procurement strategy development, redefinition of needs with prescribers, and negotiations. That means the digital culture must concern every player, every day, and then find its natural applications in procurement strategy. Procurement leaders and managers must promote digital awareness, and line managers must adopt new prisms as they perform their day-to-day tasks in order to manage new constraints and implications.

Articulate the actions of the CPO/CDO/

CIO triangle: To be fully aligned with the company's digital strategy over time, the procurement director must articulate his transformation plan with the CDO and CIO. This requires establishing and/or evolving procurement governance mechanisms (category committees, zone committees, procurement management committees), which must henceforth integrate digital and IT representatives to ensure optimal detection of upstream opportunities, consistent technology choices, and full alignment with business lines.

Develop new capabilities: Developing advanced analytical approaches, managing change at the core of business lines and relations with pure digital suppliers, rethinking traditional negotiation and contract-related capabilities, mastering new business models, grasping supplier market shifts: the capabilities

demanding by the new digital age are far beyond the traditional understanding of procurement. The buyer of 2020 will be very different from the buyer of today. Ambitious training plans will therefore be necessary to support current employees, and targeted external recruiting will be necessary to meet the growing need for experts in the new profession of "data scientist."

Rethink supplier relationship

management: Historical suppliers must be systematically and almost constantly challenged on their ability to integrate digital innovations that can improve their competitiveness and offer new outlets for performance. The supplier relationship must also be adapted to integrate pure digital players by adopting simple, flexible, and agile processes. Assisting developing startups through joint innovation, co-financing, and experimentation must also be taken on – otherwise companies risk watching innovators leave them for the competition.

Bring in big data: Big data must be leveraged with dedicated tools to anticipate risks, by detecting weak signals and supporting suppliers proactively in risk migration plans.

Design and implement a systems and data

integration roadmap: The IT blueprint for procurement must be clearly defined with the CIO and investments prioritized to ensure that procurement does not remain the "poor cousin" of digital tools and systems. The director of procurement also needs to identify key integrators and technological partners and bring them into designing the blueprint. Finally, intensive change management must be conducted with procurement players and stakeholders in other functions and/or business lines.



84%

of procurement organizations believe that digital transformation will fundamentally change the way their services are delivered over the next three to five years

