POLESTAR
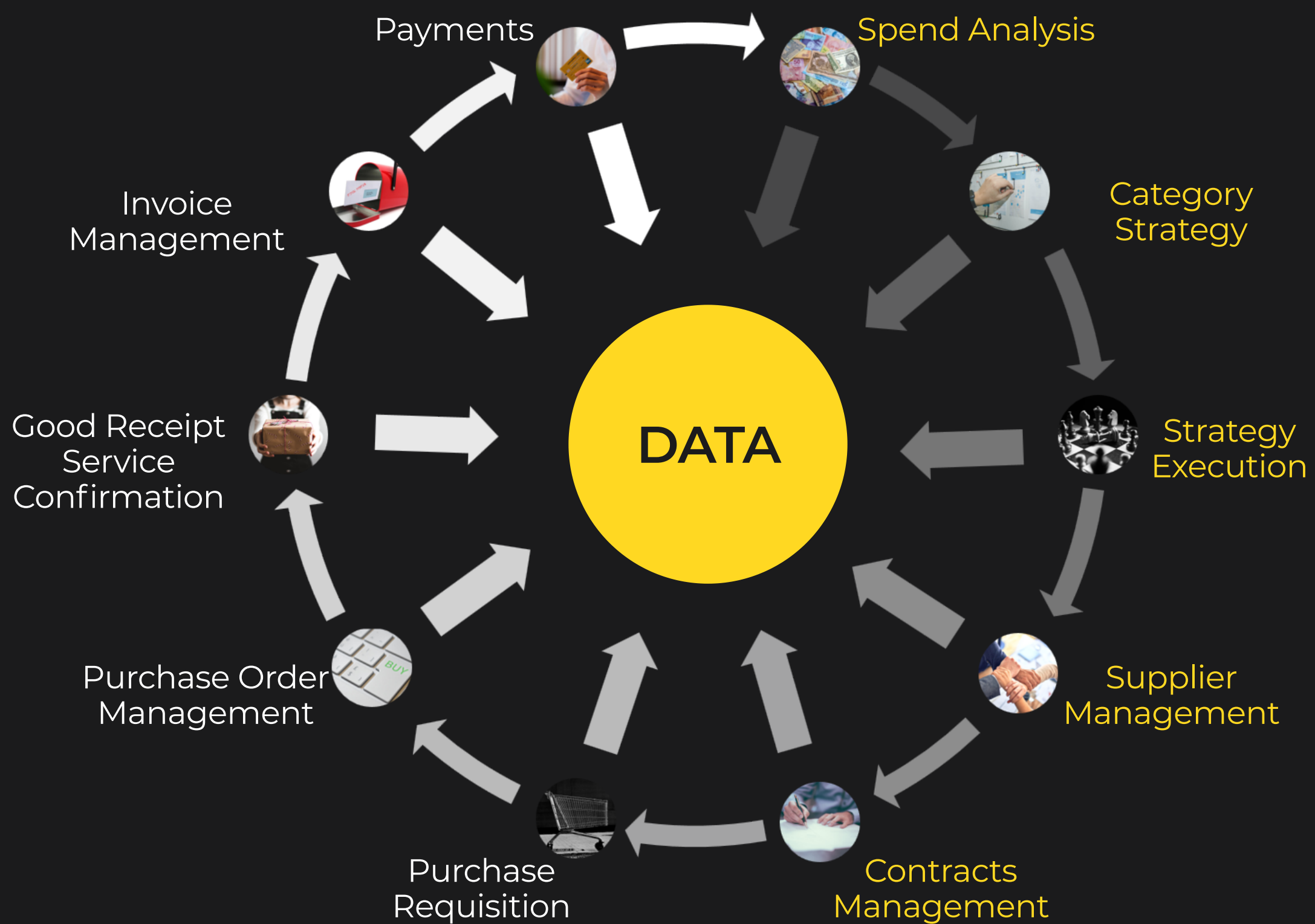
Procurement Analytics

Mapping your data journey across Source to Pay(S2P) cycle

Every stage in a typical Source to Pay (S2P) process is a data generating factory.

Data gets created, consumed, transformed and evolves at every step of the S2P process.

Payments

Spend Analysis

Invoice Management

Category Strategy

DATA

Strategy Execution

Good Receipt Service Confirmation

Supplier Management

Purchase Order Management

Contracts Management

Purchase Requisition

Whether the activity is internal or external, within a function or cross functional, qualitative or quantitative, manual or automated – it creates data

The ability of an organization to use this data effectively to make better decisions is called PROCUREMENT ANALYTICS.
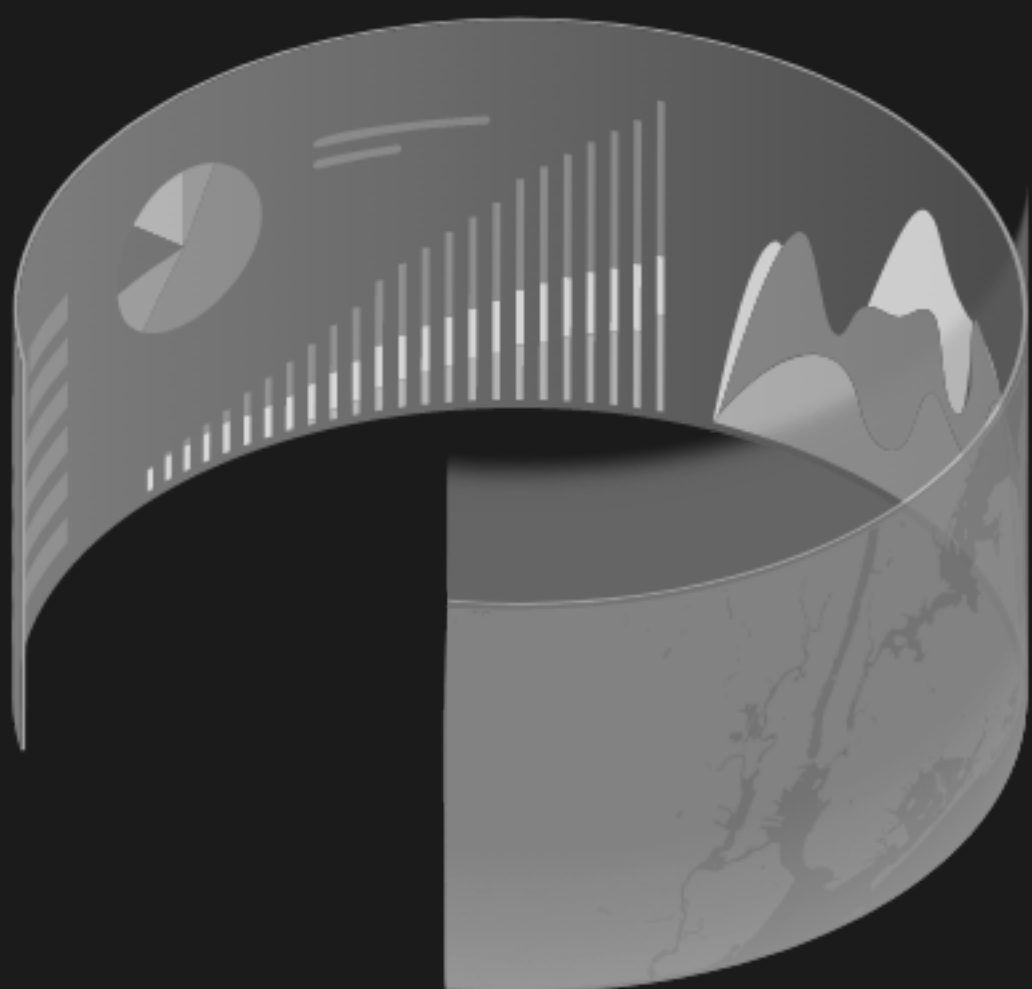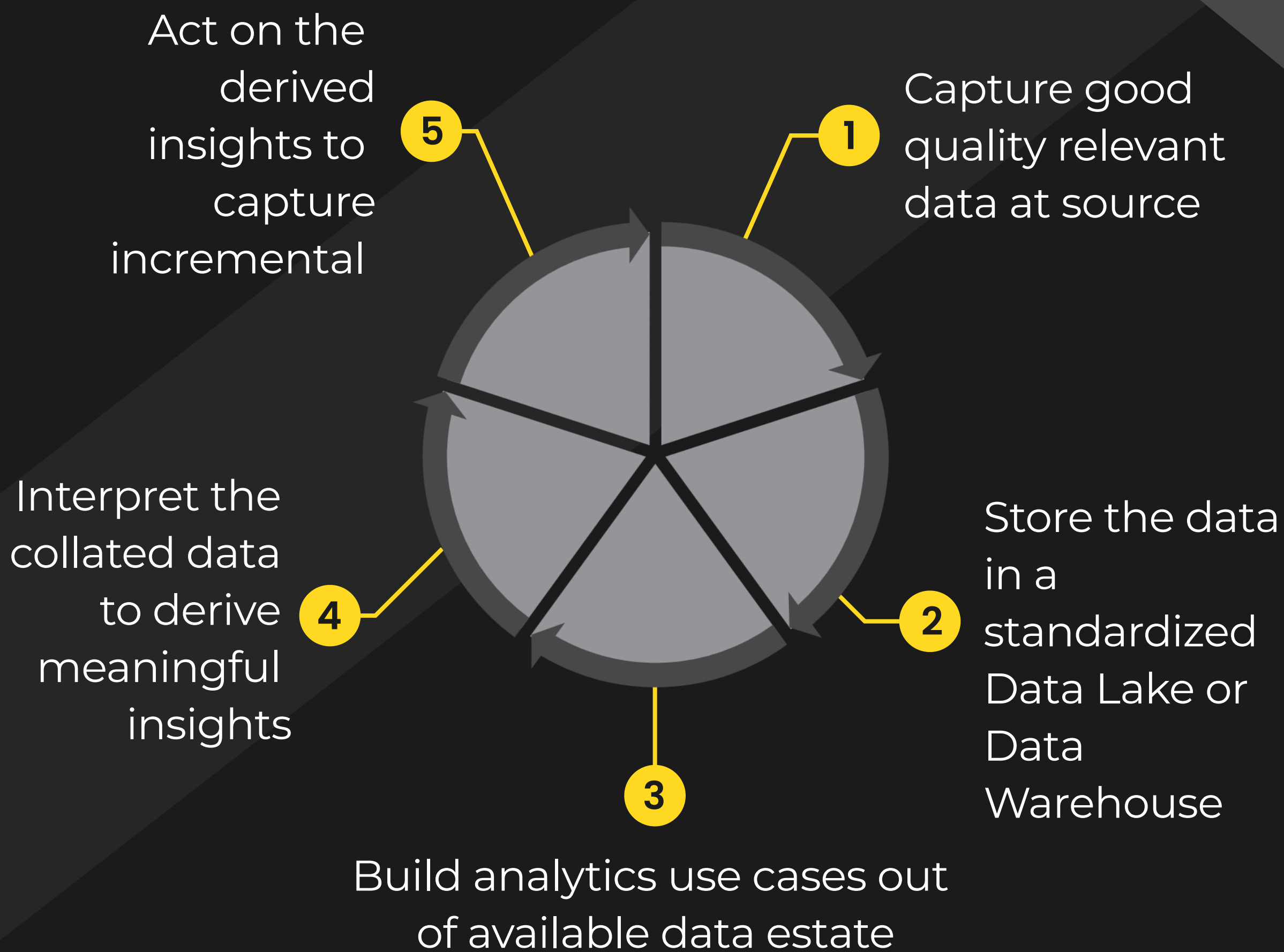
Procurement Analytics can be thought of as a 5 step process that begins with data capture at source of every step of procurement. Significant value may be captured & improvement of existing processes can be expected through Procurement Analytics.

The cycle of
Procurement Analytics

5 Act on the derived insights to capture incremental

1 Capture good quality relevant data at source

4 Interpret the collated data to derive meaningful insights

2 Store the data in a standardized Data Lake or Data Warehouse

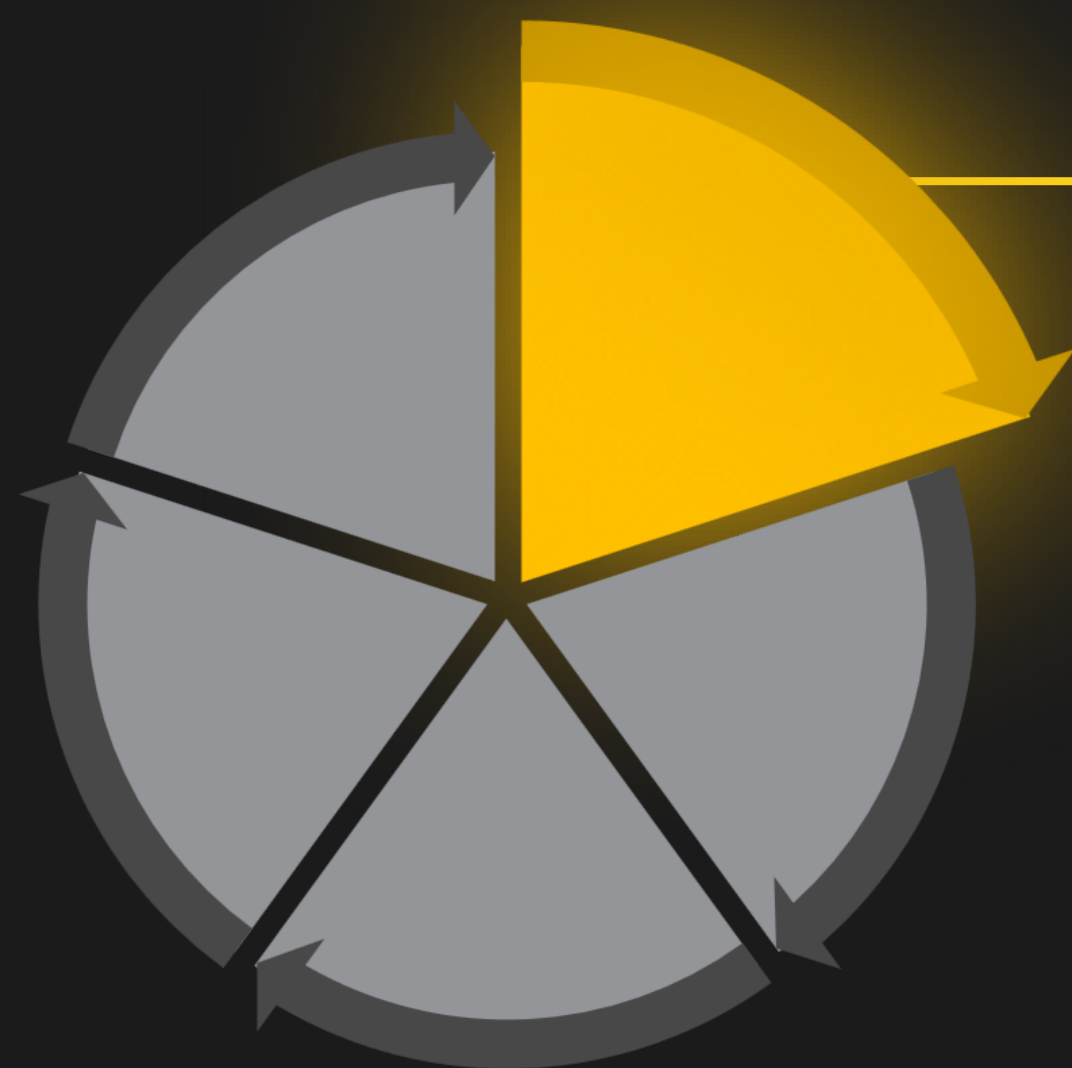**3** Build analytics use cases out of available data estate

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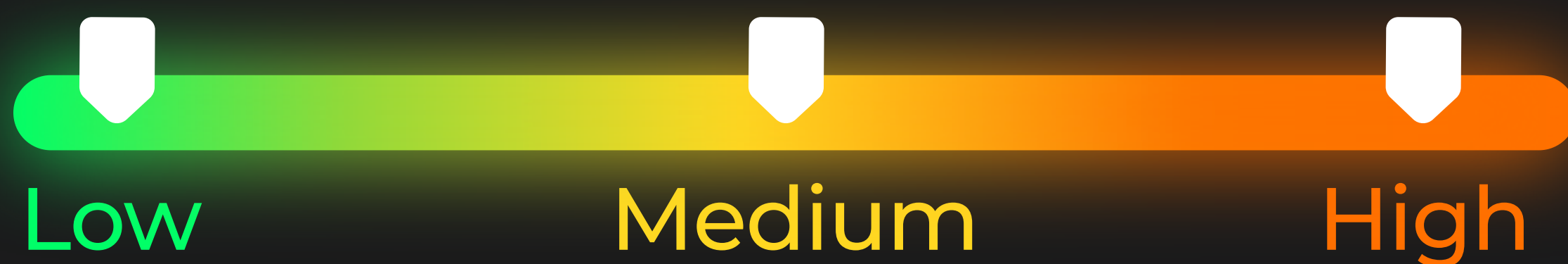Each stage in the cycle is essential for the success of subsequent stages.

In this series we will deep dive into Source to Contract(S2C) processes and explore importance of each stage of the cycle.

1 Capture good quality relevant data at source

Let's explore the Data collection sources and **challenges** in Source to Contract processes in this week's edition

Low   Medium   High

Challenges

Complexity of Data Collection

Low

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

Usually, good quality data may be extracted from ERP or other On-premise or cloud based Purchasing and Invoicing platforms, P Card systems, Travel and Expense reporting systems.

Major **challenge might come from getting the detailed billing record and reports from turn-key contractors**

Swipe →

Complexity of Data Collection

High

| Spend Analysis | Category Strategy | Strategy Execution | Supplier Management | Contract Management |

Unfortunately, many organizations do not maintain a central documented repository for each category strategy created.

Swipe →

Complexity of Data Collection

High

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

Eg– The national strategy for EPC project is to have a **small pool of Primary suppliers for major projects and a wider pool of secondary suppliers for ad hoc niche or smaller projects** then this information may not be readily available as an input to evaluate and compare strategy adherence with respect to spend data

Most of **Category strategy data** will have to be captured via **collaboration across category managers** and then superimposed on actual spend data to assess adherence to strategy

Swipe →

Complexity of Data Collection

High

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

Strategy execution is the **data generated when engaging with suppliers for RFQ, RFI and RFP**. In case of mature sourcing organizations, most of the supplier reach out may already be happening via SaaS Sourcing platform.

Swipe →

Complexity of Data Collection

High

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

In that case getting access to the basic sourcing data may not be difficult. However, in many cases **sourcing analysts simply attach the RFP files as an attachment to the RFP sent via sourcing platform** (to be process compliant) hence the actual meaningful data may not be captured very easily. Hence, we are calling it out as a complex process

Swipe →

Complexity of Data Collection

High

Spend Analysis	Category Strategy	**Strategy Execution**	Supplier Management	Contract Management

A good starting point will be to **collect whatever data we can using the Sourcing platforms**. At a minimum, category, Suppliers participating, timelines, process followed, and award decisions may be captured easily. For capturing details around supplier proposals, we may have to rely on change management to enforce better utilization of sourcing platforms.

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Swipe →

Complexity of Data Collection

Medium

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

Due to nature of relationship, vendor data ends up being very distributed across **sourcing, contracting, Ordering, invoicing, performance management, and receiving systems**.

Swipe →

Complexity of Data Collection

Medium

Spend Analysis	Category Strategy	Strategy Execution	**Supplier Management**	Contract Management

Fortunately, reasonable quality data may be available across these systems such as **Vendor Master, Performance management systems, contracting systems, sourcing systems, Purchasing systems** etc.

However, the quality of data, utilization of vendor master may not be consistent across all systems hence we are highlighting it as a **medium complexity**.

Swipe →

Complexity of Data Collection

Low

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	**Contract Management**

Over the last 10 years there has been a massive uptake in adoption of SaaS Contact Lifecycle Management (CLM) platforms.

Unfortunately, Implementation of CLM tool and adoption of CLM tool are 2 different problems.

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Complexity of Data Collection

Low

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

Many organizations may have licenses to a CLM platform but the adoption of the same for drafting or storage of contracts may warrant more attention.

In either case, legal teams are usually a good source of collecting data on active contracts, active NDAs and some meta data related to legal agreements.

Swipe →

Complexity of Data Collection

Low

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	**Contract Management**

A **combination of data from CLM application and legal** team may help us in capturing reasonable quality meta data related to every contract.

For categories or supplier relationships where the contract data is not available, we may have to rely on emails, local folders and shared drives.

Complexity of Data Collection

Low

Spend Analysis	Category Strategy	Strategy Execution	Supplier Management	Contract Management

Alternatively, the **market has several mature OCR platforms to extract Meta data from electronic or paper copies**.

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To summarize,

1. Strategic processes are the most challenging to capture relevant data.

2. Many of the process steps are intellectually intensive and may not have any tangible data footprints.

3. However, this complexity should not deter Category managers from starting on their data journey.

4. Teams can start with basic outcome-oriented data captured manually and evolve into data capture at process steps to document the thought process.

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To learn more about

PROCUREMENT ANALYTICS

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