



PRINCIPLES FOR E-PROCUREMENT INTEGRATION SUCCESS



THE SHELBY GROUP

“Planning is bringing the future
into the present so that you can do
something about it now.”

–ALAN LAKEIN

The Case for E-Procurement

Imagine how incredibly liberating it would be if buying and paying for the goods and services you need at work were as easy as your buying experiences as a consumer. Because, as a consumer, your processes for buying and paying for things are—for the most part—digitized, you have visibility into what you're spending, insight into opportunities for savings and control of your overall budget.

Consumerization is driving the digitalization of business processes. To streamline and automate operations, enterprises are reorienting delivery of shared services to focus on employees as consumers.

The implementation of cloud-based e-procurement platforms represents the consumerization of how enterprises buy and pay for goods and services.

By automating daily processes, enterprises are reducing friction, shrinking cycle times, freeing employees to focus on what they do best and delivering the same benefits you enjoy as a consumer: increased visibility into spending, greater insight into opportunities for savings and greater control over expenditures.

This e-book does not describe the coding and object-mapping tasks for integrating e-procurement platforms with internal enterprise systems. It does, however, offer suggestions for optimizing IT services and integration planning to ensure both technical and business success.

The Case for E-Procurement Integration Planning

This e-book presents a framework for collaborating with business stakeholders and internal system owners to more accurately define requirements and to promote the more efficient utilization of valuable IT resources. The principles and approaches discussed herein also help to ensure that IT investments result in business benefits that are aligned with enterprise objectives.

Cloud platforms, including e-procurement platforms, represent the future of IT service delivery. Spending on cloud computing is expected to grow at six times the rate of IT spending through 2020. However, according to Gartner, many enterprises have failed to achieve cloud-computing success because they haven't implemented strategies that align the delivery of IT services with business outcomes.

The insights provided here—which are based on hundreds of e-procurement platform engagements by The Shelby Group—will help IT and project management teams to follow a proven process for phase-based planning and implementation. While every company has unique goals, business processes and infrastructure requirements, the principles discussed on the following pages will help you to maximize near-term gains and get the most out of your company's investment in procurement automation during subsequent phases of rollout.

While the recommendations presented here are specifically related to e-procurement platform integration, these principles can be applied to the integration of any cloud-based platform with enterprise systems.



Don't Underestimate Internal Resource Requirements



Leading e-procurement platform providers have greatly simplified the process of integrating with popular ERP, accounting, HR, legal and other internal systems through open standards, APIs and integration toolkits. This sometimes leads IT departments to adopt overly simplistic views of the tasks associated with e-procurement integration.

Understand Internal Unknowns. Often overlooked and underestimated are the challenges involved in getting reference and transactional data out of internal systems and into e-procurement platforms. This can result in unintended consequences, and unanticipated costs and delays once integration tasks begin. Supplier data, for example, may be required from multiple platforms or accounting data may exist in different locations. Often, customizations have

been made to internal systems that add complexity, particularly when the experts and documentation on those modifications are not readily available.

Other unknowns involved in estimating requirements may not become evident until you get further into the planning process with business and technical stakeholders, recommendations for which are addressed on the following pages.

Don't overlook the potential challenges and resources needed for accessing data from internal systems.



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Identify Business and Technical Stakeholders at the Outset

E-procurement initiatives typically begin with a narrowly defined set of objectives that are driven by one internal buyer group, either from procurement or finance departments. The business goal may be to simply automate procurement processes or to move to paperless invoicing. As a result, you may be inclined to minimize the number of stakeholders involved. Whether you begin on the procurement or the payment side, digitizing these business processes will ultimately lead your company to a fully automated procure-to-pay (P2P) environment, where automation facilitates the transactional flow of data that is sent to a supplier as well as the data that surrounds the fulfillment of the actual order and payment for the product or service.

Automating procurement or payment processes isn't a single event—it's a journey. In planning for that journey, don't limit your stakeholders to the initial project champions. Identify both the business process owners and technical system owners who will enable and ultimately benefit from the P2P journey. This includes representatives from finance, accounting, procurement and operations departments, along with the technical owners of your ERP, finance, HR, invoice and other systems that will be integrated. These individuals will be critical in shaping the near-term plan and longer-term vision for your e-procurement initiative, which we discuss on the following page.

Who are the business process and technical system owners who will benefit from and enable your e-procurement initiative?





Develop a Roadmap for Procurement Automation



Much of the content promoting e-procurement platform adoption describes the benefits of a holistic P2P approach for automating procurement processes, invoice and payment, sourcing, contracts management and supplier management functions. While the benefits of P2P automation are well documented, for most companies, they accrue over the course of a series of phased implementations. Your procurement automation roadmap will help to prevent a siloed project charter, where integration begins without regard for what comes next.

One of the biggest problems for IT departments facing e-procurement integration is the lack of an overarching business strategy and roadmap for what the initiative will achieve, not only in the initial phase of implementation but also in the subsequent phases of platform adoption.

The Blinder Effect. Often, lack of attention is paid to the subsequent phases of implementation because the initial project sponsors don't understand how the procurement automation platform will impact or benefit other business functions.

Having a clear strategic vision and roadmap for what procurement automation will achieve at the enterprise level is essential for three reasons. First, it facilitates proactive planning for the resource requirements over the lifecycle of the project. Second, it assures the executive-level sponsorship that will be needed to facilitate change management and adoption. And finally, it helps to ensure the alignment of IT services with enterprise objectives.

An e-procurement roadmap is essential for achieving executive support and gives you the opportunity to plan ahead.





Gain Consensus on a Detailed Configuration Plan

Let's assume that you have identified the major business and technical stakeholders for your e-procurement initiative. And, as a result of collaboration with teams from finance, procurement and operations departments, stakeholders have agreed on a strategic roadmap.

Embrace Complexity. A critical next step in e-procurement integration planning is to create detailed specifications and requirements for the transition from "as is" to "future state." Here's where you'll need to drill down into the inherent complexities that surround the way different departments, business units, facilities and locations do business today.

If, for example, your initial strategic charter is to control indirect spending, you'll need to document the similarities and differences in as-is processes between different locations, facilities, departments

and divisions. This requires documenting process flows from initial requisition and approval to P.O., and through to invoice and payment. Next, you'll need to define the future state, utilizing the best practices embedded within the e-procurement platform. Finally, you'll identify the systems and data sources that will enable the automation of these flows and document the future state in a detailed configuration plan.

Gaining consensus for the configuration plan will be essential. Your major challenge will likely come from those who resist change and insist on modifying the e-procurement platform to adapt to current processes. Insights into addressing this ever-present challenge are presented in the following section.

The success of your integration effort depends on gaining consensus around a configuration plan for the future state.





Resist Those Who Perpetuate Unnecessary Complexity

When discussing the challenges of estimating internal resource requirements on page 5, we identified that internal modifications to ERP and other systems increase e-procurement integration resource requirements and costs. Such changes are often made on the fly and without documentation.

Over the course of your e-procurement integration project, you'll inevitably encounter the same mindset that led to those modifications from business stakeholders who claim, "We can't change the way we do things. We have to modify the platform." The issue is whether modifying the platform is advisable; in other words, will making changes increase costs and reduce business benefits?

Today's leading e-procurement platforms simplify the automation of buying and paying for goods and services by embedding best practices that have been tested over time and proven to be effective in facilitating billions of transactions. Thus, to ensure a successful e-procurement implementation, it's incumbent on the IT and project management teams to resist those changes that perpetuate unnecessary complexity. Having a clear strategic vision for procurement transformation and support from senior leadership are essential for addressing this challenge. It's also extremely helpful to have an experienced e-procurement implementation partner on your side.

A clear strategic vision and support from senior leadership are essential for overcoming internal resistance to change.



Accelerate procurement success with platform-enabled solutions from Shelby

Procurement departments everywhere face a common challenge. How can you increase transparency, control and compliance in order to deliver measurable business benefits to your organization? Today's cloud-based procurement platforms offer powerful and flexible tools to integrate best practices into daily operations. However, a low utilization of features and misalignment with business processes can negatively impact your success.

The Shelby Group is the global leader in platform-enabled procurement optimization. With hundreds of platform implementation and support engagements to our credit, Shelby can help accelerate your success through each step of your journey with Platform Implementation, Program Optimization and Procurement Operations solutions.



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