

2016 Predictions: What's Next for Procurement?



Ten Considerations for Unlocking Procurement's Full Power in the Year Ahead

2015 was undoubtedly a year of change for the supply chain industry, and it doesn't appear to be slowing down in 2016. Consumers' impatience and changing tastes are dramatically shaping manufacturing and sourcing strategies. Food recalls are also resulting in an increased consumer demand for transparency into the product that they're buying, what's going into them and where they're coming from. Due diligence regulations are also being implemented around the world, mandating companies to take a good look at their supplier base to ensure they're being fair and just in their employment practices across all aspects of their operations.

The expectations for procurement have been high, and will continue to grow in the coming year. What does 2016 have in store for procurement? A few of our executives on the frontlines of the industry weigh in.

1. Procurement Becomes a Trusted Advisor

The speed of change and innovation driven by technological advances is realized only through the ability of an organization to adapt. Procurement will become the place for the best and brightest within an organization through their ability to embrace and leverage technological advances to deliver value, insight and innovation. Procurement will be invited to the table as the trusted advisor due to its ability to find innovative solutions to business problems. – **Tom Pellescki, VP Professional Services**

2. Savings Impact on the Bottom Line Drive Market Leadership

In 2016, companies will be more and more focused on looking for consistency between savings captured from sourcing activities and the direct impact to the bottom line. A crucial task for companies will be to solve the common debate between CPOs and CFOs on how to report incontestable savings data

that people can trust. Those companies that employ the right combination of strategic procurement practices and technology will become market leaders. – **Ezio Melzi, Managing Director**

3. Change Capability, Not Skill

While most strategic procurement organizations will recognize the importance of change management skills in their personnel, the true industry leaders will go one step further and look to institutionalize change capability into their operating model.

These leading organizations will formally assess the business case of change for each project and apply professional resources and tools across individual projects to increase their success. At a procurement project portfolio level, senior leaders will understand which benefits are dependent upon change and they will have organizational capabilities to focus on ensuring those benefits are realized. – **John Ryan Shaw, VP Customer Support**

4. Customer-Driven Procurement

Increasingly high customer expectations have spurred the need for supply chains to adapt to be more customer-centric. The same holds true for procurement. It is no longer just about cost and quality. Speed to market, sustainability and innovation will become increasingly more important to meet customer demands in 2016 and beyond.

Procurement organizations will have to become more strategic in their supplier selection process to not only be cost conscious but to be timely in their operations, to contribute to innovative ideas and be able to adapt to the changing demands of end customers. – **Andrea Brody, Senior Vice President Marketing**

217 N. Jefferson Street, Suite 400, Chicago, IL 60661

T: +1 312-373-3100

info-us@bravosolution.com

www.bravosolution.com



2016 Predictions: What's Next for Procurement?

5. 2016 is the Year of the When and the Where

2016 is where we trade the term negotiate with the term collaborate. It is when evaluators evolve to stakeholders. It is where we move from one-time savings initiatives to renewable value. It is when we exchange the term contract for relationship. It is a year where suppliers help better understand customers instead of vice versa – suppliers become a source of innovation in our supply chain that can impact our customers positively.

It is when risk will finally meet reward and organizations will develop mature approaches to balancing the two. It is when organizations learn that smart people without enabling tools are shackled dreamers and enabling tools without smart people is an unrealized asset. – *Jim Wetekamp, Chief Executive Officer*

6. More Focus on Supplier Value, Not just Supplier Relationship

Businesses that utilize supplier relationship management technology, integrate quantitative and qualitative facts, mitigate risk and apply the right talent and relationship principles with their suppliers, will be able to tie the economic value of suppliers' non-price related benefits and concessions to the supplier's total economic contribution. The supplier's total economic contribution to the buying organization's operating profit will be the new financial value by which procurement teams will be measured.

– *Mickey North Rizza, VP Strategic Services*

7. Differentiation through Innovation

Close customer production is increasingly becoming the key to competitive differentiation; this includes aspects of consumer influence, individual product, time to production and heavy innovation with a focus on time to market and especially growth contribution. This innovation is where all CPOs are looking for answers regarding how supplier relationships can spur growth and revenue contribution.

– *Florian Winterstein, Chief Strategy Officer*

8. Predictive and Cognitive Analytics for Smarter Decision-making

2016 is the year smarter software enables procurement organizations to make quicker and more effective decisions, leveraging alerts to critical trends across the supply chain. With automated notifications of risk, savings opportunity, and supplier relationship improvements, procurement professionals are free

of the tactical effort of opportunity discovery, enabling them to focus on strategic initiatives to increase value. This is further supported through automatic aggregation and analysis of data from many diverse sources, efficiently and effectively providing a holistic view of historically dispersed information. Together, this empowers better business decisions.

– *Jesse White, VP Product Management*

9. Procurement Increases Impact on Social Responsibility

Procurement will have more and more impact on the ability to effect local socio-economic environments. Whether it's manufacturing looking for local component materials, the construction sector identifying local engineers with the right skills and capacity, or governments looking to turbo-charge local economies, procurement is playing a pivotal strategic role in understanding where they are and how to get there. The ability to do this is through supplier value management and real time analytics that enables the right decisions to be made by the right people at the right time. – *Richard Hogg, Managing Director*

10. Data Will be Key to Unlock Procurement

In a distributed and continuously evolving environment, powerful procurements organizations need to have consistent and accurate access to data. They need to have an end-to-end, integrated view – from the past, present and future. Internal and external, structured and unstructured data all need to be integrated and analysed. From basic spend referential and risks to advanced composite contents, performance, supply base context, and capabilities and behaviour, strategic procurement relies on having the right data at the right step of the process. Success relies on sharing that data within organizations to gain maximum value.

– *Patrick DeCocuy, Managing Director*

2016 should prove to be an exciting year in the world of procurement. With a new year comes new opportunities, and the possibilities for driving change in the coming year and generating value that directly shapes an organization's future will be endless. The future of procurement is now. Are you ready?

217 N. Jefferson Street, Suite 400, Chicago, IL 60661

T: +1 312-373-3100

info-us@bravosolution.com

www.bravosolution.com

