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Newsletter Highlights

Old Vs. New
Procurement Function

When Automation is in
Place

Survey Responses

AI in Procurement

MOVING TOWARDS A NEW MODEL OF PROCUREMENT

A Study from Harvard Business Review

According to Eloise Epstein, partner at Kearney, a global management consultancy, digital technologies will automate all the mundane and repetitive procurement processes in the coming years.

The organization which will embrace the digital technologies in its procurement function will stay a cut above its competitors while improving the products and the services and will turn supplier capabilities into a competitive advantage.

Then Vs Now

Looking back, procurement professionals spent a tremendous amount of time piecing together the information from numerous transactions. Today, a machine or an e-procurement software to be precise can perform these tasks within a few seconds.

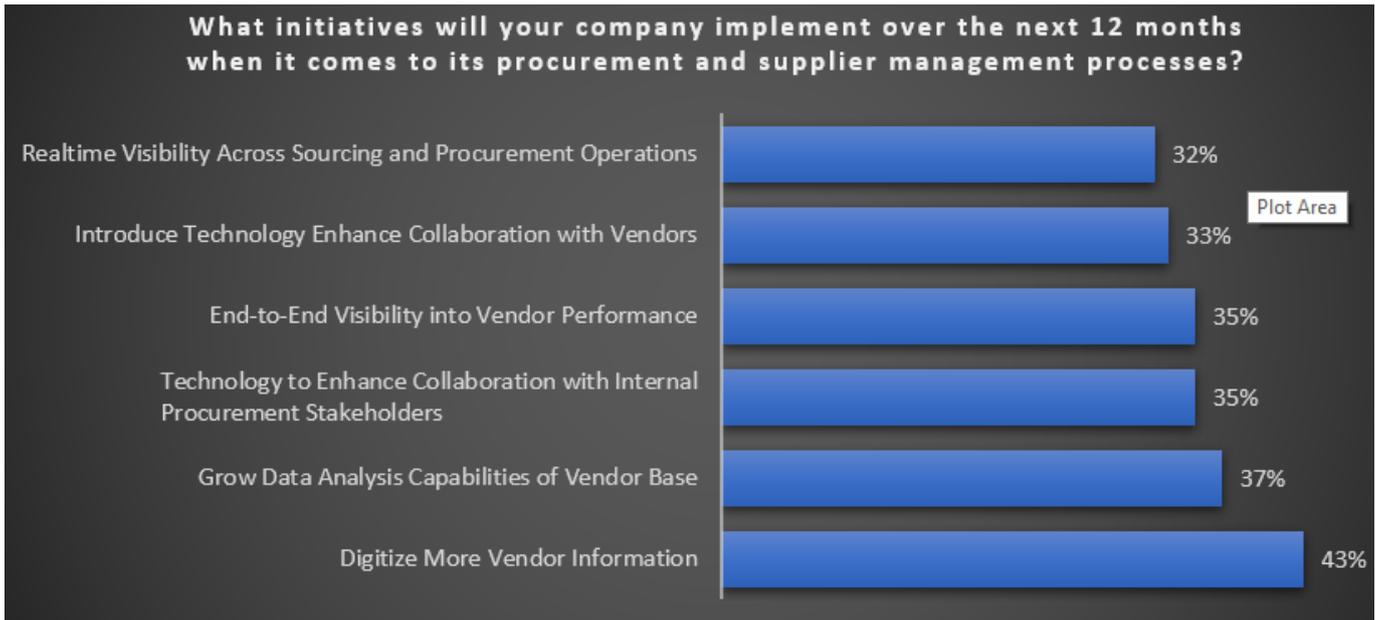
Previously the procurement function revolved around cost management. There is no doubt that cost management still plays a crucial role in the procurement function, aspects like resilience, risk management, innovation, and corporate citizenship have emerged.



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When Automation in Place...

Technology, when put to use for performing all the transactional work, procurement professionals will be spared the time for focusing on more strategic and value-driven activities such as supporting product development and strengthening supplier relationships.



Source: Harvard Business Review Analytic Services Survey, September 2020

The survey generated some fascinating observations upon a simple question, "What initiatives will your company implement over the next 12 months when it comes to its procurement and supplier management processes?"

- **43%** of the surveyees responded that they would digitize more vendor information
- **37%** of the surveyees responded that they would grow data analysis capabilities of the vendor’s base
- **35%** of the surveyees responded that they would introduce technologies to enhance collaboration with internal procurement stakeholders
- **35%** of the surveyees responded that they would begin end-to-end visibility into vendor performance
- **33%** of the surveyees responded that they would induce technologies to enhance collaboration with vendors
- **32%** of the surveyees responded that they would facilitate real-time visibility across procurement & sourcing operations



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With automation in place, procurement professionals find it convenient to have up-to-date information at their fingertips which has been assisting and will continue to assist them in making well-informed decisions. For companies implementing cloud-procurement solutions, discovering maverick spending has become very easy because procurement professionals get up-to-date data on spend analytics with a few clicks.

The shift is not just limited to using the cloud. The procurement function will experience the involvement of AI, machine learning, and blockchain which will change the nature of supplier management, supply chain risks, and overall financial planning. The future of procurement will leverage artificial intelligence in not only the accounting part but in the logic behind,

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- 1). How much to procure?
 - 2). From where to procure?
 - 3). At what cost to procure?
 - 4). At what time to procure?
 - 5). What capacity is to be reserved?

Currently, identifying the answers to these questions may seem to be tedious. But with past data, AI & machine learning in place, finding the answers to these questions will become easier.