

# Powered Procurement

Procurement & Finance



## The Challenge

Companies across all sectors are facing increased pressure on their profits. In order to ensure their profits in the long run, it is important to manage costs, i.e. third-party spend.

In order to successfully manage a company's third-party expenditures (capex and opex), companies must establish effective and efficient procurement and finance functions.

KPMG's insight into many companies across various sectors shows that in the past, many clients concentrated on the revamping of their Procurement function as well as their Finance function. Although this is a step in the right direction, we often experience that both functions were optimized as "silos" (i.e. stand-alone functions), and as a result are not tailored to collaborate with each other and the business units around them. Specifically, we see that

- Roles and responsibilities are not clearly defined
- Organizational structures are not aligned and interfaces between the functions are not defined
- Processes and interfaces have gaps between Procurement, Finance and Business Units
- System landscapes are not designed end-to-end and systems are not integrated with each other.

However, all of the above are vital to improving cost management and operational excellence.

## The Vision

In order to address these challenges, businesses should streamline their source-to-pay and contract lifecycle management processes and ensure a close collaboration between Procurement, Finance (Accounts Payable) and the Business Units. Formulated as a high-level vision this means:

- **Organizational alignment** between Procurement, Finance and the Business Units, including the clear definition of roles and responsibilities
- Effective and efficient **end-to-end processes**, covering all crucial source-to-pay and contract lifecycle management activities (demand management, sourcing, contract management, supplier management, purchase-to-pay)
- Robust **governance**, which on the one hand ensures compliance with policies, rules and regulations and on the other hand measures performance and strives for continuous improvement.
- An **integrated system** landscape covering the entire end-to-end process, enforcing the streamlined processes through standardization, allowing maximum spend transparency, facilitating data analytics and ensuring compliance with rules and regulations

By striving towards this vision covering the areas **organization, processes, governance and systems**, companies are able to further improve their cost management and operational excellence.

## Client challenges we often encounter

- **Spend Transparency**  
Missing system support and lack of master data management often leads to insufficient spend transparency. As a result, many Procurement and Finance functions conduct their operations reactively rather than pro-actively.
- **Effectiveness and Efficiency**  
Unclear roles and responsibilities, inconsistent processes, lack of systems and enablers often lead to inefficient and ineffective Procurement and Finance operations (i.e. potential for standardization & digitalization).
- **Spend Management**  
The lack of a consistent collection and analysis of spend data often leads to missed opportunities in the active management of spend / category management.
- **Supply Risk**  
Many companies expose themselves to increased supply risk due to missing or ineffective source-to-pay and contract lifecycle management processes.
- **Compliance**  
Often compliance with internal policies and external regulations is not enforced. This exposes companies to an increased risk of compliance breaches.

## Client benefits



Reduced costs thanks to active **spend management**



more **efficient and effective processes** which are standardized, automated and digitized



Lessened **supply risk** due to consistent use of orders, goods receipts, etc.

The realization of this vision and therefore the benefits can be achieved with the **Powered Procurement** approach.

### Digitalization as Enabler

Digitalization plays a crucial role in achieving excellence in the source-to-pay and contract lifecycle management processes.

Digitalizing the key processes will result in enhanced standardization and automation of business activities, thus increasing efficiency and effectiveness. An end-to-end digital solution will also facilitate consistent master data management and therefore transparency when it comes to third-party spend, contracts and the performance of the operations measured with key performance indicators. This enhanced transparency can also be used to actively manage spend and implement a category management function. Internal control systems (ICS), which are usually difficult to monitor in the absence of a digital solution, can be integrated into the IT system for the end-to-end processes. This will allow a streamlined and timely monitoring of compliance with processes and policies.

A good shortcut to this vision is to implement a leading eProcurement tools, such as Coupa®. It offers standardized, out-of-the box processes, roles, permission and reporting capabilities and therefore helps the client realize its vision.

### How can KPMG help?

In order to implement the earlier described vision and therefore obtain the illustrated benefits, we offer the transformation of the crucial areas **organization, processes, governance and systems** for our clients.

In order to ensure an effective and efficient project delivery, we apply our proven Powered Procurement methodology.

This methodology will take the client on the following journey to excellence and take a closer look at the:

- **Analysis Phase:** Using the process mining tool Celonis® we identify pain points and white spots in the current operations and conduct a quick as-is analysis based on the available data.
- **Design Phase:** Leveraging our experience and global knowledge network, we will develop the future operating model for the client's business, applying industry leading practices. During this phase, we will support the client in their selection of an eProcurement solution that best fits the situation on hand and that will pave the way for a later digitalization and automation of the newly designed processes.
- **Implementation Phase:** In the implementation phase, we roll out the design, implement the eProcurement solution and support the client's change management process in order to stabilize the newly designed operational model.

With our proven **Powered Procurement** methodology we are able to create sustainable impact on your business in the least amount of time.

## Contact

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