



The path to procurement of the future



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Introduction

The long-standing relationship between KPMG and Coupa offers numerous valuable insights when it comes to a seamless transition from legacy approaches, to future-proof procurement operations and technology.

Here are 10 key things to know.

Procurement urgently needs to shift from being a siloed function to taking a more central role as a true partner to the business. However, many procurement functions don't have the right operating model and supporting technology to achieve this potential. It is common for functions to be sitting on legacy procurement technology that isn't cloud enabled. Others are relying on the procurement settings in their everyday Enterprise Resourcing Planning (ERP) solution. This might be fine on balance, but is unlikely to be best-in-show when it comes to optimising the procurement function specifically.

Moving from on-premise to the cloud, and from generic to tailored technology, can seem to be a monumental task, especially while keeping the business operating as usual. However, it is possible to move seamlessly to a new procurement operating model and technology.

David McGonigle, Director, Financial Services Powered Procurement at KPMG in the UK, and Donna Wilczek, Senior Vice President Product Strategy and Innovation at Coupa, know this first-hand. David and Donna had a conversation about the experiences of KPMG and Coupa working together to help numerous global organisations, and what they have learned about making transformation happen quickly and effectively.



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01 New demands for procurement



David McGonigle: The role of procurement is central to the success of today’s organisations. With issues such as cost management more important than ever, due to challenges such as COVID-19, procurement now needs to be a true partner to the business. This means engaging early with other functions on projects, having clear agreement on priorities, and sharing data-based insights for decision making.

Procurement of course needs to continue to drive value from suppliers and lead the way with competitive sourcing. There’s also an expectation that procurement will help support innovation, manage contingent workforce costs and compliance, leverage predictive analytics and Artificial Intelligence (AI), and assist with contract management.

Meeting regulatory requirements is still as important as ever, with the added layers of managing supply chain sustainability to help with the Environmental, Social and Governance (ESG) agenda, mitigating supplier risks, and helping with overall business resilience.



02 What CPOs are asking for



Donna Wilczek: To meet these demands, Chief Procurement Officers (CPOs) want to know how the function can move away from having fragmented models and processes to a more streamlined system and consolidated technology landscape. They're also asking how they can deliver really rich spend analytics to the business, on factors such as costs and contract management, to make a difference to the overall strategy. They also want rapid innovation and better overall intelligence, leveraging community data to help them see around corners.

At the same time, CPOs want to be sure that any new system they introduce won't create integration issues, add complexity or burden resources.

David McGonigle: I'm also finding that CPOs want the most cutting-edge procurement technology. They want this delivered with a very agile implementation strategy, and they're also looking to transform faster and more cost effectively than they have in the past. CPOs also tell me that they want this technology to deliver a 'central source of truth' about every supplier engagement for immediate visibility of the organisation's spend and obligations.

Taking away the burden of administration is also important, so that procurement can be much more strategic and value adding. They also want a streamlined user experience for their teams on any device at all times, so that they can make the most of the software.

It's really important to CPOs that this is all sustainable and will stand the test of time as the business changes.

03 Legacy technology issues



David McGonigle: In many cases, organisations have a long way to go to meet these expectations. They have multiple and sometimes very different technology solutions to facilitate their end-to-end procurement requirements, but often they don't all connect; they're from different providers, and they're missing out on a lot of benefits.

There can be a lot of manual work required for the teams and they may not have the latest capabilities such as automation, or they might not be able to deliver accurate data for insights and decision making.

CPOs have important questions

- How can procurement help unlock transformation?
- Can I be a better partner to my business?
- How do I move away from a mix of models and processes?
- Can I drive value with richer spend analytics?
- What is the best way to make change happen smoothly?

Donna Wilczek: We know that generalised ERP systems are great for some applications, but they often fall down on delivering procurement value. A key thing that can get lost, that is important to procurement functions, is overall business spend management (BSM). This means that both procurement and business users around the world work in a patchwork of systems, manual spreadsheets and expensive-to-maintain custom-made apps. People adopt these separate systems to get around the shortcomings of ERPs, which is where the challenges come in. Having disparate systems can mean unfriendly interfaces, so they aren't taken up across the business.

Procurement functions also need to be agile to keep up with new suppliers, rules, regulations, employees, social responsibility and sustainability, security risks and more. If their technology needs aren't managed as-a-service, with the provider managing the implementation of the latest upgrades, it takes up their valuable IT resources, if feature upgrades are needed.

04 Empowering procurement with Coupa



David McGonigle: KPMG helps organisations to transform their procurement operating model and technology using both our Powered Procurement approach and Coupa cloud technology.

KPMG’s Powered approach is designed to give you a jump start on your transformation journey. It draws on all of our experience in how functions work and with technology implementation, to give you immediate access to leading practices and processes. In short, we give you an operating model and technology solution that has been tried and tested in the real world.

We start with planning your target operating model (TOM), based on our deep experience of what works for each function. We then bring the pre-configured Coupa software to the business, so that you can accelerate to what we understand to be a best practice approach to procurement processes. This all means reduced implementation risks and a solid platform for continued evolution.

Donna Wilczek: Coupa is a cloud-native solution that is typically hosted in the Amazon Web Services (AWS) public cloud. It offers everything procurement needs in a single, unified platform – sourcing, invoicing, supply chain design and planning, payments, risk management and more.

It has a specialised focus on BSM (Business Spend Management) so it has revolutionised how companies manage their spend, and brings spend data together from multiple systems so it’s accessible by everyone, in real time.

05 The benefit of 'adopting not adapting'



David McGonigle: The ethos of KPMG's Powered Procurement methodology, utilising Coupa, is to 'adopt rather than adapt'.

What that means is instead of undergoing huge amounts of customisation and configuration, you adopt what we understand to be the best practice operating model for your function, and adopt the best practice processes that are in-built into the technology. This is instead of adapting the technology in complicated ways to match the processes that your procurement function may have built over the years – which could mean missing out on a lot of the advances in things such as automation, which Coupa can offer.

Powered Procurement provides a formidable combination of leading practices and processes, tried and tested technology solutions and a next-generation delivery framework:

- The Powered operating model shapes how transformation plays through every layer of your organisation
- The Powered execution suite is an integrated platform of next generation tools to help deliver functional transformation
- Powered managed services provides access to specialised resources to drive continuing evolution.



06 Seamless transformation with Powered and Coupa



Donna Wilczek: Coupa works in the same way that a Customer Relationship Management (CRM) solution like Salesforce.com, and a Human Capital Management (HCM) solution like Workday, are cloud-native extensions to ERP solutions like Oracle and SAP. Coupa is also a cloud-native extension to ERP, but focused on procurement, finance, and the supply chain.

We know some organisations are worried about having dedicated solutions for functions, as they are concerned about the increasing complexity of integrating data points between different systems.

However, even if you use one vendor for everything, it can still mean your team has the burden of building and maintaining integrations between modules, often without documented Application Programme Interfaces (APIs).

At Coupa, we've undertaken thousands of integrations with ERP systems such as Oracle and SAP – often all in the same company. Processing billions of API calls on an annual basis and global customer success stories, we've proven that integrating with an ERP today is no longer the hardship it was in the early 2000s.



07 Accelerating change without endless coding



David McGonigle: With our Powered Procurement methodology and in partnership with Coupa, our projects are being delivered safer and faster than ever before, with real benefits. Having delivered in excess of 100 global procurement transformation projects together, we're seeing greater supplier and user adoption than ever before. A key factor in this is that the Coupa software doesn't require custom coding.

Donna Wilczek: We follow a 'business process-driven' methodology, where business processes drive the integration required. This contrasts many legacy approaches, where every field was integrated without thought for the business use case. This meant that the integration time, cost and complexity were increased.

Coupa was designed with an OPEN mindset where REST-based APIs, ERP specific connectors, flat files, and middleware accelerators help reduce the upfront configuration work, and enable easier integration with external applications.

We've worked so hard to build out our no-code configuration-based model, and we also have upwards of 10 million permutations of configuration to support customer uniqueness and business process complexity. This allows organisations to be agile and change their business processes as needed, without having to rely on their IT team resources or deal with additional costs.

08 Risk mitigation and security



David McGonigle: A topic that comes up nine times out of 10 when I talk to clients is third-party risk management, especially in the financial services sector, due to it being such a heavily regulated environment.

Regulators want confidence that you're managing your supply chain risk. A huge benefit with Coupa is that it assists with third party risk management and finding any risks during supplier onboarding.

Donna Wilczek: To help with risk management, we apply AI and machine learning to our community big data to accelerate and enhance the insights derived. We have additional apps for risk scoring, supplier fraud detection, supplier onboarding, invoice compliance, and much more.

In terms of Coupa's security, it starts with the physical security offered through AWS, and continues to our virtual private cloud security infrastructure. Our model ensures data never co-mingles across tenants, and we've achieved the highest levels of security certification, including ISO27001, HIPAA, SOC II, FedRAMP, and many others. To show the robustness of our cloud infrastructure, our measured uptime for the last 6 years is over 99.99 percent.

09 Upgrade management made simpler



Donna Wilczek: Many legacy purchase-to-pay (P2P) and Business Service Management (BSM) applications have long and complicated deployments and painful system upgrades – if they offer upgrades at all.

Unlike these legacy systems, Coupa has a light-touch or no-touch model to manage upgrades. As a Software-as-a-Service (SaaS), all aspects of infrastructure, failover and redundancy, uptime Service Line Agreements (SLAs), and security are managed by Coupa. This removes a heavy burden on IT teams compared to more traditional applications.

David McGonigle: Clients often say that they want a sustainable system that will future-proof their procurement function. Coupa is all designed around the future agility of your business as it is always providing the latest in automation, predictive analytics, and cognitive learning to extend the role of procurement.

10 Improving the user experience

David McGonigle: A key factor in the success of a modern procurement function is having a seamless user experience and user journey for all people using the system. Part of this is having a single platform that connects across departments and is easy to use. We see with Coupa that internal customer satisfaction and user adoption of the system is much higher than with other procurement options.

Any technology transformation needs people to accept it and use it to make it stick. An enabler, and as part of the KPMG Powered approach, is our unique change management programme which provides this vital support for the implementation of the new operating model and technology. Effective change management takes people on the journey and helps to ensure the sustainability of the transformation.

Donna Wilczek: Coupa has a common data model, common services and common user experience across the platform, making it easy for everyone to use. In the Gartner P2P Suites Magic Quadrant for October 2020, Coupa had top scores for both Ability to Execute and Completeness of Vision. In part, this is because we provide community-driven benchmarks and analytics-based performance recommendations to our community of customers, which adds to the value of the service.

In addition to this, we think the Gartner Peer Insights is quite enlightening. With Peer Insights, you can see exactly how customers are assessing the market – and compare vendors head-to-head. We are proud to see all of our focus on ensuring customer success is working, as customers rated us as their top market choice when Gartner published their latest Customers' Choice for P2P Suites.



Find out more

The relationship between KPMG and Coupa is long and established, having completed over 100 global implementation projects together. If you would like to learn more about KPMG Powered Procurement and Coupa, please get in touch.

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