

# Digital Procurement

## Driving a revolution in improved performance

2020

A revolution is sweeping the world of procurement. Digital labor aided by robotic process automation (RPA), machine learning and cognitive technologies is helping bring about automation and other technology based enhancements in the procurement function. Digital procurement is enabling a progressive digitization of labor through automation of existing mundane processes and opening the door to new levels of performance at every stage of the procurement process.

### Addressing challenges in procurement

Digital Procurement supports procurement platforms that are rapidly evolving from basic, rule-based process automation to increasingly sophisticated levels of automation. As a result, digital procurement can address a growing number of procurement challenges in the following areas:

Business process	Opportunities	Digital procurement solution
<b>Contract management</b>	Reviewing contracts manually can significantly bog down the contract review process.	Automated programs review contracts and compare them against best in-class templates, flags terms and conditions that are non-standard. Summaries can be generated for the contract management process.
<b>Transactional procurement</b>	Manual invoice review and processing requires significant FTE resources and is subject to human error.	Automation replaces manual review process, thus ensuring consistency, speed, and accuracy of invoice processing.
<b>Strategic sourcing</b>	Sourcing activities below established dollar thresholds can be automatically bid but remain reliant on manual sourcing efforts, which can slow down the procurement process.	Automation automatically bids requests within tactical sourcing thresholds from qualified suppliers, thus reducing the required time and effort for such activities.
<b>Business partnering</b>	Without real time guidance, requisitioners may have difficulty ensuring requisition activities conform to compliance requirements and guidelines.	Automation provides guidance to requisitioners in real time to manage the demand volume and specification level of purchases.
<b>Support processes</b>	Without ongoing master data management, key records, such as vendor information, may become out of date. Inaccurate records can lead to delays in vendor payments and other adverse impacts.	Automation reviews master data records on an ongoing basis to identify inaccurate information, identifies likely resolutions, and automatically corrects information where possible.
<b>Category management</b>	Reliance on manual processes makes it difficult to assign purchases to categories in an accurate and timely manner.	Automated programs classify procurement transactions as they are requisitioned and uses machine learning to identify category assignments based on requisition text hence streamlining the categorization of purchases.
<b>Supplier management</b>	With limited resources, organizations cannot effectively monitor and manage supplier risk.	Automated programs conduct supplier diligence across a number of risk categories to process, review and score supplier data related to key risk indicators, all in a fraction of the time required by manual processes.

## Potential benefits of digital procurement

Digital procurement can help organizations maximize value and efficiencies in an increasingly competitive landscape.

Key benefits include:

- Improved cost performance with the ability to focus on Category Management and support greater collaboration with the CFO
- Accelerated process automation across the Source-to-Pay process, with fragmented systems replaced by a more coordinated approach
- Increased spend under management to drive both cost savings and cost avoidance
- Enhanced supplier innovation and collaboration to both retain and increase the value driven by procurement departments
- Better resource management, including the ability to manage a contingent workforce and address skill shortages
- Greater spend visibility and spend management with better ways to look at spend through technological enhancements
- Improved risk mitigation over factors such as cost volatility, supply disruptions and regulatory compliances issues.

## How KPMG firms can help transform your procurement outcomes

As leaders in both digital procurement and procurement advisory services, KPMG firms offer clients the opportunity to leverage emerging technologies to address their top procurement priorities and maximize total value to their organization. We do this through a dynamic set of service offerings:

01.

**Assess your current procurement automation levels and identify digital opportunities**

02.

**Collaborate with leading providers to implement leading technology enhancements**

03.

**Develop a strategy, roadmap, and business case for digital procurement opportunities**

04.

**Provide technical development, testing, and implementation of digital procurement systems**

## Examples of KPMG member firm client projects

### Professional services firm

Developed and implemented an automated program to review 500 contracts per week and create a granular scoring criteria using machine learning

### Asset acquiring firm

Developed and implemented an intelligent document review system using cognitive intelligence with natural language processing and machine learning to review two million documents for a strategic transaction

### Industrial manufacturer

Developed a 2020 digital automation vision and roadmap highlighting automation opportunities across the organization

### Technology leader

Developed and implemented more than 200 automated programs to streamline business processes and eliminate re-work

## KPMG firms are recognized as industry leaders

### Spend Matters

A Spend Matters 50/50 Provider to Know 2019, 2018, 2017, 2016, 2015, and 2014

### ALM Intelligence (formerly Kennedy)

Vanguard Global Leader in Supply Chain Planning Consulting Providers, and Best in Class for Needs Assessment and Project Management, 2019; Vanguard Leader in Sourcing Strategy Consulting, 2018; Vanguard Leader in Procurement Operations Consulting 2018; Vanguard Leader in Logistics Management Consulting, 2017

### Gartner, Inc.

Gartner Market Guide for Supply Chain Strategy & Operations Consulting, 2018, 2017, 2016

## Contact us



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