



Stop holding back. Start tackling five common obstacles

**Five reasons why procurement organisations don't transform –
a point of view from the KPMG Powered Enterprise team**

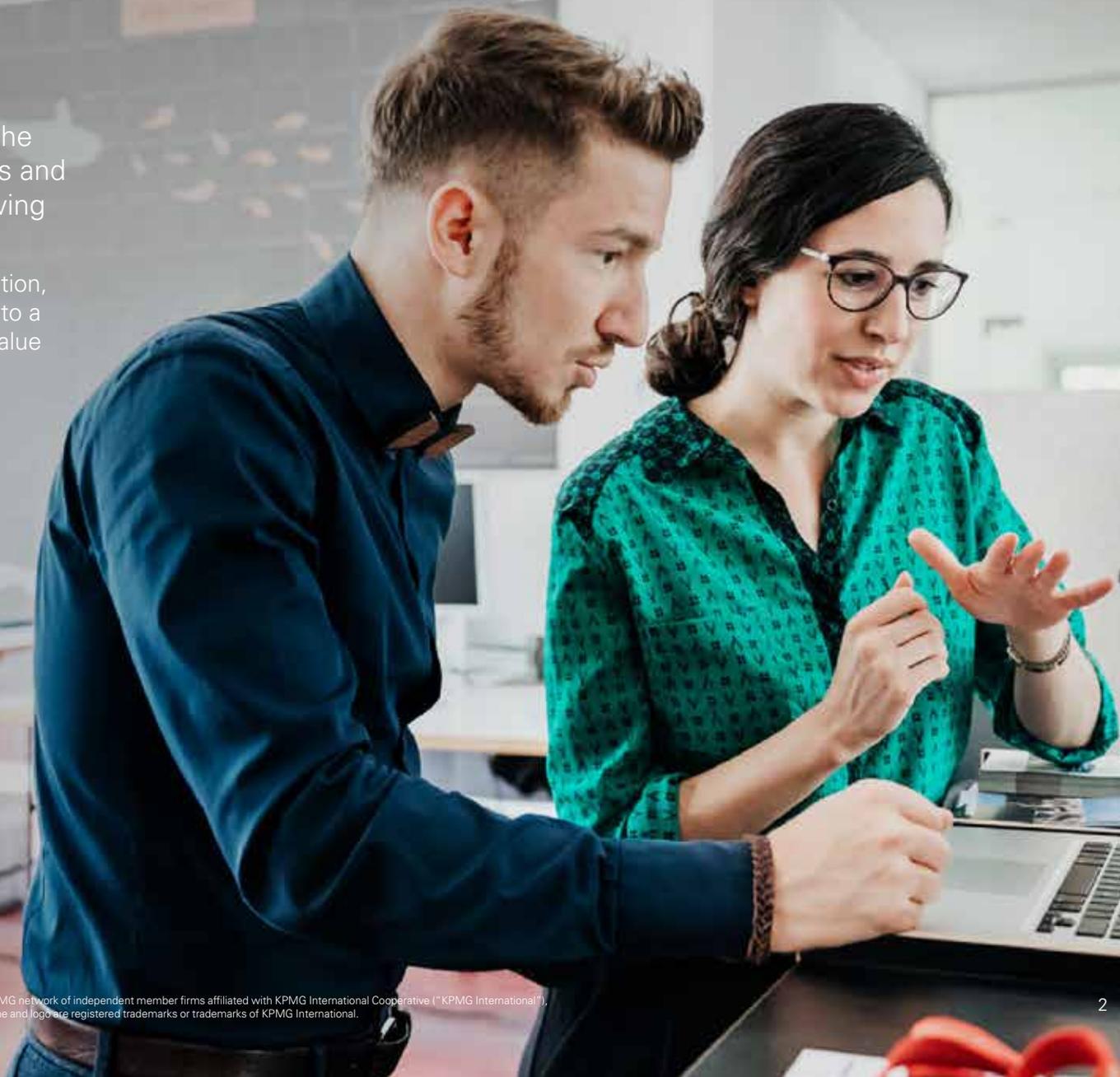
March 2020

kpmg.com/uk

Change

It's critical to staying ahead. Especially for the procurement function, steeped in old habits and long-standing processes that could be slowing valuable progress.

Yet with so many disrupting factors facing the function, it's difficult to know where to start in transforming to a more modern way of working that brings greater value to the business.





It goes beyond technology

Many organisations look to solutions that offer artificial intelligence or robotic process automation. But the challenge facing procurement is bigger than simply rolling out the latest digital trend. It's time for procurement to elevate itself and start having a much wider, more strategic conversation.

Helping the function to gain recognition—at board level—by delivering greater value, risk reduction and market insight that goes beyond simple cost savings.

71% of CEOs plan to radically transform their organisations' operating model

Procurement must build alliances across departments – particularly with finance and IT – to demonstrate its value. And move beyond a simple, transaction role.

It's vital to get this right, with over half of CEOs saying that acting with agility is the new currency of business.¹ Meanwhile, almost 80% of CIOs say their digital strategy is only moderately effective, or worse.² So what is stopping the function from evolving? We look at the five top areas that we see holding back our procurement clients...

1 Stop misunderstanding what transformation means

Often, the right measurements and metrics are not put in place up front in digital projects – but this is a critical step in aligning viewpoints of what success means. For one role it could be increased efficiencies, for another, an improved customer experience. It's important to have a shared vision with clear outcomes that everyone can stick to.

2 Start reacting to political and business change

New and changing regulatory pressures, global political change and uncertainty, and growing consumer expectation all make for a more complex role for procurement. Not wanting to introduce new risk, it's easy to sit still and avoid change. Focussing instead on tightly managing the supply chain and keeping procurement costs to a minimum. But this is causing a lost opportunity for the function. This time of change gives more reason than ever to adopt a more efficient and modern procurement approach that can navigate – and even profit – from these changes.

80% of CIOs say their digital strategy is only moderately effective, or worse.²

3 Start progressing beyond the cloud

Adopting a cloud platform is the first step. But it is only the first step. How can you maximise your new and more flexible platform? What systems can you start migrating to the Cloud? And are you using it to quickly spin up new services, processes or reporting possibilities? Deploying Cloud and then stopping at that is akin to doing nothing at all.

4 Stop ignoring the digital talent deficit

Procurement might be missing the digital skillsets needed to take the function forward using evolved technology, solutions and processes. Dedicated digital specialists are required. They can be acquired by developing existing talent or bringing in new specialists. With supply a challenge in the sector, consider incentives to encourage some staff to retrain where possible.

5 Start focussing on the data

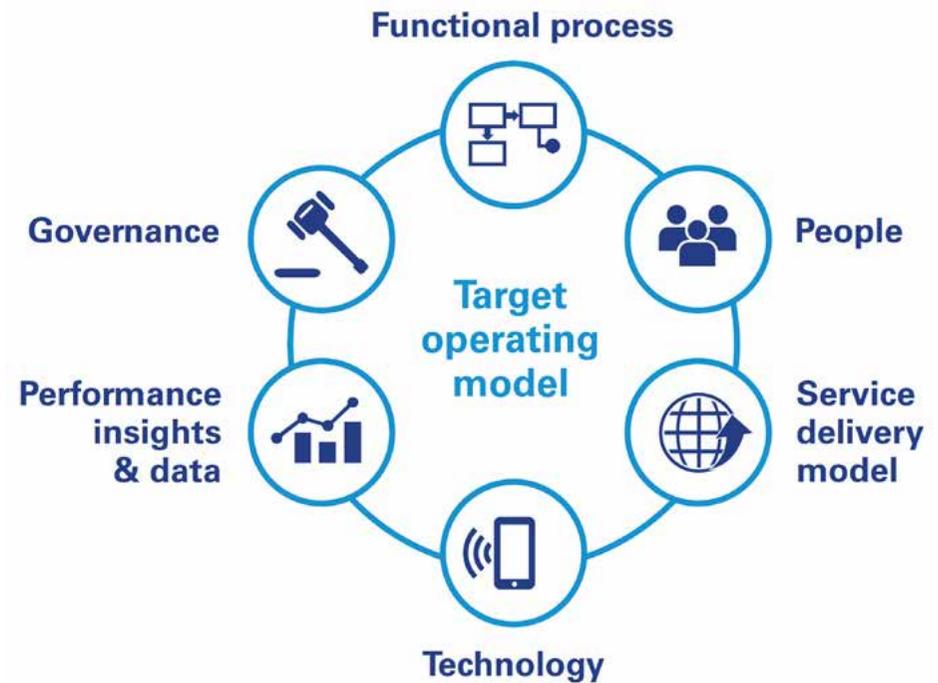
It's often forgotten about, with poor data only discovered halfway through transformation – when it's too late. It's vital that procurement understands where all their data comes from, and where it sits in the business. Particularly given the myriad of data sources that come from working with a complex supply chain. Cleaning that data before any big business change project is critical. And, as mentioned previously, the right role is required to do this. Define who is responsible for taking care of data. Create a new role for a data scientist or similar, so you can determine where the responsibility lies.





Starting a more strategic conversation

By addressing these five key areas and mapping out an end-to-end process change project, based on a pre-defined methodology and clear end-state, the procurement function can start to engage in more strategic conversations and bring more value across the business.





With KPMG Powered Enterprise | Procurement you can:

- **transform** the way you run your business
- build **agile functions** that evolve as you grow
- help your people **adopt and embrace change**
- **exploit new technologies** for value and performance
- **drive future success** with the latest leading practice

Additional reading:

Jump start your transformation: [Powered Enterprise | Procurement](#)

A report: [The future of procurement](#)

To find out more about Powered Enterprise and the impact it can have on your business visit:

www.kpmg.com/poweredenterprise

1 Global CEO Outlook Survey, KPMG International 2018

2 Harvey Nash/KPMG CIO Survey, KPMG International 2018

© 2020 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the United Kingdom. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Designed by CREATE | CRT125693

