

Why You Should Establish an eProcurement System



In a global marketplace driven by big data, next-gen tech, and continuous improvement, It's no secret that procurement teams around the world are increasingly anxious to leave behind the inefficiencies and inaccuracies that come with manual procurement processes.

Implementing electronic procurement software, often abbreviated to *eProcurement software*, with advanced artificial intelligence (AI) and process automation is one way procurement departments are looking to gain efficiency, productivity, and deeper insights from their procurement process.

Making the leap to eProcurement can be daunting, especially for companies with a long history of manual workflows and a corporate culture wary of sweeping changes.

But by developing a thorough understanding of how eProcurement works and the benefits it brings, you can create a roadmap to successful implementation and adoption of an eProcurement solution for your business.

What is an eProcurement System?

Combining the convenience of online shopping with the power of cloud-based data management and AI-driven process improvement, eProcurement (sometimes called E-Procurement) solutions are closed systems that allow your team to purchase goods and services they require electronically.

In addition to providing a retail shopping experience for users, eProcurement software enables organizations to take control of all procurement processes, from the procure-to-pay (P2P) cycle to strategic sourcing to contract management and supplier relationship management.

Many eProcurement systems are Software as a Service (SaaS) systems, which are cloud-based (as opposed to older, on-premise systems) to ensure the latest updates, features, and security upgrades are automatically applied.

SaaS systems reduce IT footprint by minimizing software and hardware requirements, as well as shrinking the need for IT support through built-in user support.

They can be as simple as automated purchasing software or as advanced as a comprehensive procurement suite that includes modules for supply chain management, inventory control, and advanced spend management supported by data analytics.

Both large companies and small businesses rely on the substantial benefits provided by eProcurement software to help them:

- Provide a centralized, user-friendly shopping experience for creating purchase requisitions while insulating against invoice fraud, theft, and maverick spend.
- Streamline and automate all business processes, including approval workflows, to provide greater productivity, efficiency, and cost savings.
- Ensure full visibility and tracking of all transactional data, supported and enhanced by spend analytics, accessible via both on-premise workstations and via mobile devices.
- Centralize, access, and manage data in real time for improved collaboration, analysis, and decision-making across the entire

organization.

- Improve supplier management, supply chain optimization, and contract management by providing complete and accurate tracking of vendor contract compliance and performance.
- Provide a vendor portal to achieve complete integration and spend transparency with all vendors and support electronic invoicing, collaboration, and sharing of insights and opportunities.
- Reduce wasted time, resources, and money through reducing human intervention in common processes and elimination of paper-based, manual workflows.
- Connect all business units to a master system, integrating procurement with:
 - Enterprise Resource Planning (ERP) software
 - Inventory management software
 - Project management tools
 - Accounting software systems
 - Customer Resource Management (CRM) systems
 - And many other software solutions to provide consistent, comprehensive, and clear information access and sharing, supported by process optimization.
- Facilitate global procurement by providing access to a broader global supply chain and integrated support for various currencies, languages, and national and international compliance management.
- Transition the procurement department into a more strategic role as a source of actionable insights and added value, rather than cost savings from the purchasing process alone.

Over time, your eProcurement solution can provide deeper data insights that make tracking both compliance and performance, for both your team and suppliers, much easier by making continuous improvement an integral part of your workflows.

Crafting an Effective Implementation Plan

for Your eProcurement System

Understanding the value of eProcurement gives you the foundation necessary to begin charting your implementation roadmap.

It may be a long journey, with a few bumps in the road, but by creating a plan and sticking to it, you can help your company make the transition.

Every company is different, but generally speaking, you can achieve a successful implementation by following a series of simple steps:

1. **Start with where you are, then decide where you want to go**

The first step is to identify and document your current procurement workflows and business processes.

This will help you identify the pain points in your procurement management, and allow you to develop a list of needs that you want to address with eProcurement.

2. **Draw up a list of changes necessary to reach your goals**

Knowing what you want to do is important, and figuring out *how* you'll make those changes real even more so.

What would have to change in order to eliminate rogue spend and increase transparency in your indirect spending?

What processes and policies would need to be developed and enforced to ensure you capture valuable early-payment discounts with key vendors?

What changes would need to be made to insulate your company against needless vendor risk by ensuring contract, safety, and regulatory compliance?

These are just a few of the questions you may ask as you develop your list.

Remember, too, that the necessary changes may be cultural as well as

operational.

Don't overlook, for example, the need for education and training in ensuring full buy-in and support from both the C-suite and the everyday users who will rely on the system daily.

3. Identify the key features you want and need from eProcurement software

Not all procurement management solutions are created equal. The one you choose should be a match not just for your technological needs, but your budget and support needs, too.

4. Create and document key performance indicators (KPIs) you can use to track and measure the success of your implementation

Reduced purchase order lifecycle times? A more efficient request-for-proposal (RFP) process?

Total number of manually-processed purchase requests? More accurate financial reporting supported by detailed spend analysis?

The metrics you measure will differ from your competition, but full data visibility and clear benchmarks are powerful tools that can save you time and frustration through real-time monitoring both before and after implementation.

5. Build a winning business case and sell it to the C-suite

Executive buy-in ensures you've got the resources necessary for effective project management *and* top-down support for the operational and cultural changes necessary to a successful implementation.

Choose the eProcurement solution that best meets your needs and create an implementation plan around it

In addition to selecting the right eProcurement tool, you'll need a firm plan, built in stages, to ensure a successful implementation.

Don't be afraid to get granular and start small.

Begin by bringing your most important suppliers into your system, and then expand outward.

This will not only help minimize disruptions to production, but give you a chance to evaluate your entire supply chain to remove redundancies, eliminate high-risk vendors, and streamline your spend categories as well as your workflows.

In addition to the actual workflow changes, you may need to take a graduated approach to training and adoption, beginning with informational seminars, extensive training on how to use the software, and support materials your team may need for ongoing reference.

This applies to the vendors in your supply chain as well. Like your staff, they may require training and support to get the hang of your new procurement management solution, and may require additional training to integrate their own systems with your vendor portal if you're using one.

If your procurement software provider offers support and training, don't be afraid to take advantage.

They've likely helped clients just like you build a custom solution before, and can provide invaluable guidance to help ensure a smooth and successful roll-out as well as a consistent user experience.

7. Monitor, measure, and evaluate the efficacy of your plan before, during, and after implementation

Use the KPIs you drew up in Step 4 to keep your project on track before and

during implementation, and make necessary adjustments after it's complete.

You may need to add new KPIs as time goes on and your process refinements grow more sophisticated.

In addition, tracking these KPIs can help you spot problems such as user frustration/confusion or technological insufficiencies and address them with training refreshers or new equipment before they become disasters.

Over time, your eProcurement solution can provide deeper data insights that make tracking both compliance and performance, for both your team and suppliers, much easier by making continuous improvement an integral part of your workflows.

eProcurement Systems Make Procurement More Strategic—and Profitable

Nobody wants to be left behind. Making the switch to a cloud-based eProcurement platform can help your company connect with and compete effectively in the global marketplace while reducing risk and maximizing both productivity and profitability.

Find the procurement software solution that's right for your business, and gain the benefits your company needs to reach its goals.

What's your goal today?

1. Use PLANERGY to manage purchasing and accounts payable

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing financial risks. To discover how we can help grow your business:

- Read our case studies, client success stories, and testimonials.
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- Learn about us, and our long history of helping companies just like yours.

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2. Download our guide “Indirect Spend Guide”

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