

Procurement Management Software: What Is It, How It Works and Benefits a Company



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In today's fast-paced business environment, efficiency is the key to success.

One area where businesses can significantly improve their efficiency is procurement.

This is where procurement management software comes into play.

What is Procurement Management Software?

Procurement management software is a computer program or suite of tools that automates the purchasing process in an organization.

It helps businesses manage suppliers, maintain a product catalog, create purchase orders, track deliveries, and manage invoices.

By streamlining these processes, procurement software reduces the time and effort involved in purchasing goods and services, resulting in cost savings and increased productivity.

What Is the Difference Between Procurement Management Software and Procurement Software?

“Procurement management software” and “procurement software” are often used interchangeably.

Both refer to digital tools that automate and streamline the procurement process, from sourcing suppliers to managing purchase orders and payments.

However, procurement management software might imply a more comprehensive solution that handles procurement tasks and includes features for managing the overall procurement strategy, such as spend analysis and supplier relationship management.

What Is the Difference Between Procurement and Purchasing?

While procurement and purchasing are related, they are not the same. Procurement is a broad process that includes identifying the need for a product or service, selecting suppliers, negotiating contracts, and managing relationships with suppliers.

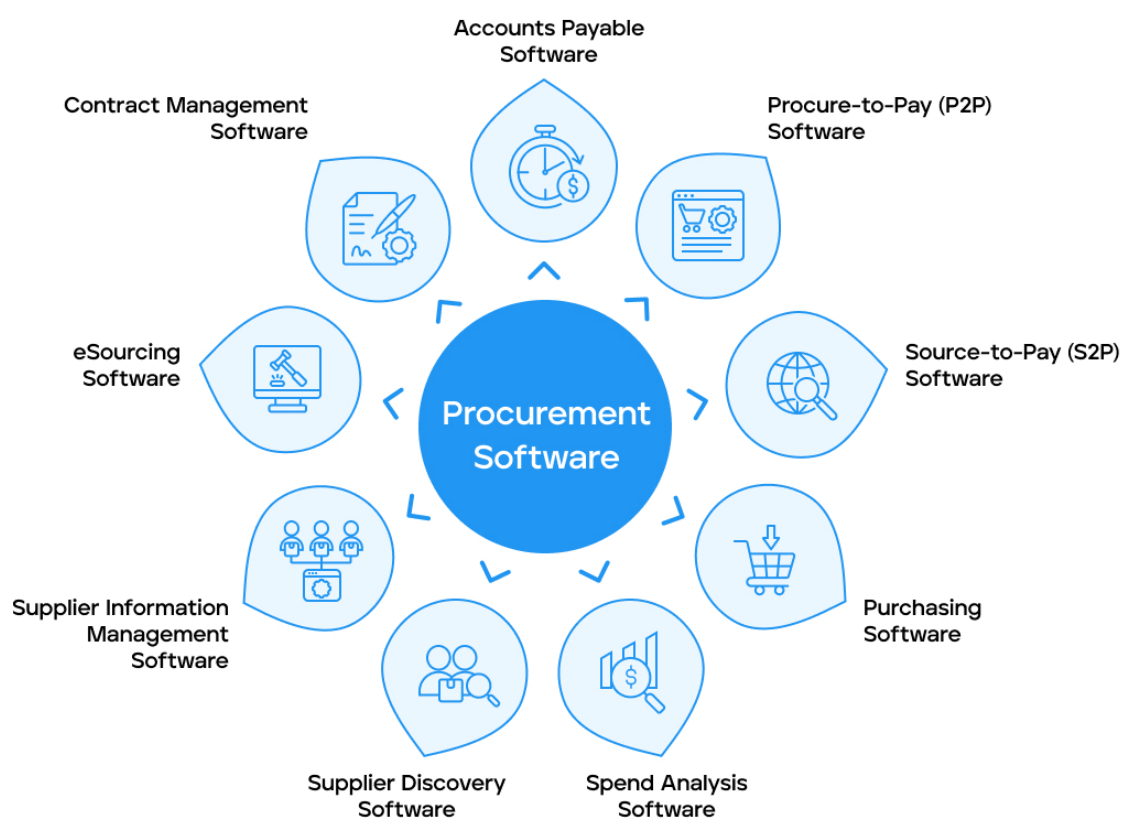
On the other hand, purchasing is a subset of procurement that specifically

involves the transactional process of buying goods or services.

Types of Procurement Software

There are various types of procurement software, each serving different needs:

Types of Procurement Software



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• Accounts Payable Software

Accounts payable software is a procurement software that focuses on managing and automating the payment of company bills.

This includes tracking invoices due, verifying invoice details against purchase orders, and processing payments.

By automating these processes, accounts payable software helps businesses avoid late fees, capture early payment discounts, and reduce

manual data entry errors.

• **Procure-to-Pay (P2P) Software**

Procure-to-pay software covers the entire procurement process, from requisitioning goods or services to paying suppliers.

This software type streamlines and automates each step in the P2P cycle, including supplier management, purchase order creation, receipt of goods, invoice reconciliation, and payment processing.

It provides a centralized system that enhances visibility into procurement activities and helps identify bottlenecks and inefficiencies.

• **Source-to-Pay (S2P) Software**

Source-to-pay software is an end-to-end solution that incorporates all aspects of procurement, including sourcing, contract management, purchasing, invoicing, and payment.

In addition to the features of P2P software, S2P software also includes tools for strategic sourcing, such as supplier discovery and e-auctions.

These features help businesses find the best suppliers, negotiate favorable terms, and manage supplier relationships effectively.

• **Purchasing Software**

Purchasing software focuses on automating the buying process. It allows users to create purchase orders, track order status, and manage deliveries.

Some purchasing software also includes features for inventory management, ensuring that businesses have the right amount of stock to meet demand.

By automating routine tasks, purchasing software frees time for purchasing teams to focus on strategic activities.

▪ **Spend Analysis Software**

Spend analysis software helps businesses understand where their money is going. It collects and analyzes data on company spending to identify patterns, trends, and opportunities for cost savings.

With this information, businesses can negotiate better deals with suppliers, reduce unnecessary spending, and make more informed decisions about future purchases.

▪ **Supplier Discovery Software**

Supplier discovery software helps businesses find and evaluate potential suppliers. It provides access to supplier databases and tools for comparing suppliers based on factors like price, quality, delivery times, and reputation.

This software type is particularly useful for businesses looking to diversify their supplier base or find suppliers who meet specific requirements.

▪ **Supplier Information Management Software**

Supplier information management software provides a centralized system for storing and managing data about suppliers.

This includes contact details, contract terms, performance metrics, and risk assessments.

By centralizing this information, the software makes it easier to manage supplier relationships and reduces the risk of errors or oversights.

▪ **eSourcing Software**

eSourcing software supports the strategic sourcing process. It provides tools for running e-auctions, requesting proposals, evaluating bids, and negotiating contracts.

These features help businesses find the best suppliers and secure the most favorable terms.

• **Contract Management Software**

Contract management software is specialized procurement software designed to handle a company's contract lifecycle.

This includes the stages of contract creation, execution, and analysis to maximize operational and financial performance while reducing financial risk.

This software stores and manages all company contract information, including key dates (like start dates, end dates, and renewal dates), parties involved, terms and conditions, and more.

It often provides alerts for important milestones or deadlines, ensuring that no critical dates are missed.

Contract management software also aids in creating and standardizing contracts using templates, tracking changes made during negotiations, and storing multiple versions of a contract.

Automating workflows helps streamline the approval process, making getting contracts signed and executed quicker and easier.

Each type of software has its advantages, but full procure-to-pay (P2P) software provides the most comprehensive solution.

Why Full P2P Software is the Best Option

Full P2P software encompasses all aspects of the procurement process, from creating purchase requisitions to making payments.

By integrating all these steps into a single platform, P2P software eliminates the need for multiple systems, reducing complexity and increasing efficiency.

It also provides better visibility into spending, making it easier to control costs and make informed purchasing decisions.

Adding automation functionality ensures approval workflows can move smoothly and everyone can access real-time data at any given point.

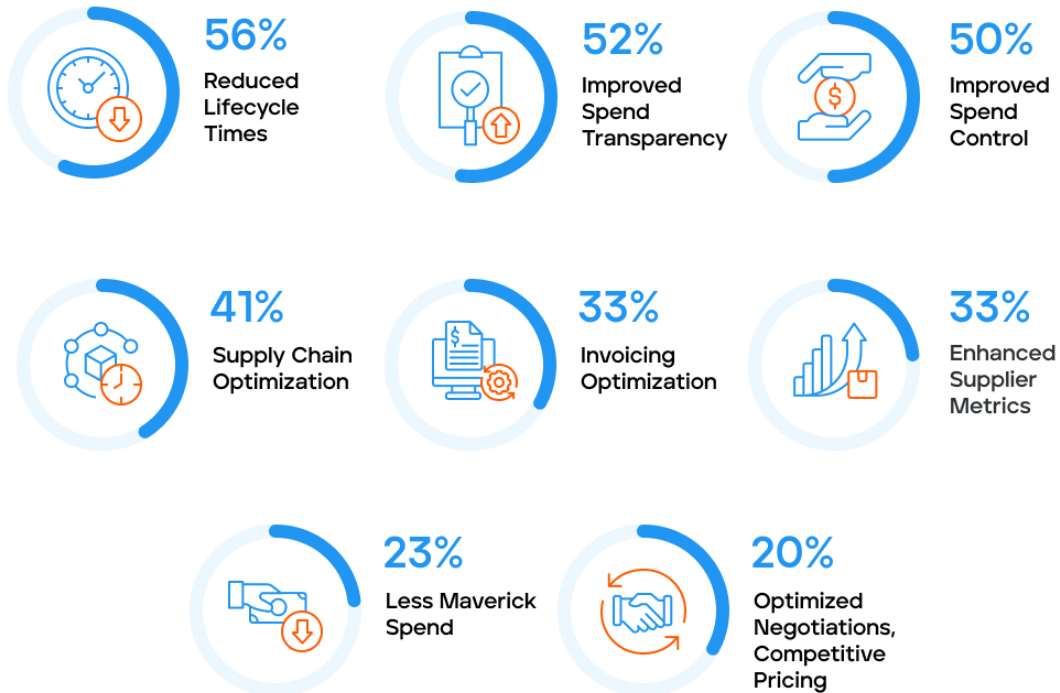
Benefits of Using Procurement Software

A 2019 report from research firm Levvel revealed procurement software offers substantial improvements across procurement.

Companies who added a new procurement solution (or integrated one with their existing enterprise resource planning (ERP) systems) reported:

- Reduced lifecycle times for purchase orders, invoice processing, and other P2P workflows (56%)
- Improved spend transparency and visibility across procurement (52%)
- Improved spend control and security (50%)
- Supply chain optimization (41%)
- Invoicing consolidation and optimization (33%)
- Improved access to supplier performance metrics (33%)
- Less maverick spend (23%)
- More effective negotiations and more competitive pricing through improved supplier relationship management (20%)

Benefits of Using Procurement Software



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But the benefits don't end there.

• Streamlined Processes

Procurement software automates many manual and time-consuming tasks associated with the procurement process.

This includes everything from generating purchase orders to tracking deliveries and processing payments.

By maximizing process automation, procurement software can significantly reduce the time it takes to procure goods and services, allowing staff to focus on more strategic tasks.

• Improved Visibility

Procurement software provides a centralized system for managing all

procurement activities.

This means businesses can easily track and manage their spending, see where delays occur, and identify potential issues before they become major problems.

Improved visibility into procurement activities can also help businesses identify opportunities for cost savings and efficiency improvements.

▪ **Enhanced Supplier Management**

With procurement software, businesses can manage all information about their suppliers in one place.

This includes contact details, contract terms, performance metrics, and more.

Having this information at their fingertips makes it easier for businesses to manage supplier relationships, negotiate better deals, and ensure that suppliers meet their contractual obligations.

▪ **Reduced Risk**

Procurement software reduces the risk of human error by automating many aspects of the procurement process.

It also helps businesses ensure compliance with internal policies and external regulations by providing tools for tracking and reporting on procurement activities.

Additionally, procurement software can help businesses identify and mitigate risks associated with supplier relationships, such as supply chain disruptions or non-compliance with contract terms.

▪ **Cost Savings**

By streamlining processes, improving visibility into spend management, enhancing supplier management, and reducing risk, procurement software can generate significant cost savings for businesses.

These savings can come from various sources, including reduced staff time, lower procurement costs, better-negotiated contracts, and fewer compliance issues.

■ More Benefits of Using Procurement Software



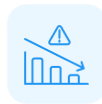
Streamlined
Processes



Improved
Visibility



Enhanced Supplier
Management



Reduced Risk



Cost Savings

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Procurement professionals can use insights gleaned from data analysis to standardize and streamline the entire procurement process, from requisitioning to contract management to spend analysis and supplier relationship management.

Best Procurement Management Software Options

There are many procurement software options available. Here are a few to consider:

Best Procurement Management Software Options

- Planergy
- Coupa
- SAP Concur
- SAP Ariba
- ContractWorks
- Spendesk
- GEP SMART

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• PLANERGY

PLANERGY is a cloud-based, software-as-a-service (SaaS) e-procurement platform that stands out due to its user-friendly interface and extensive features.

The software is designed to streamline procurement processes, making it easier for businesses to manage spending, track deliveries, and process payments. Its robust functionality and ease of use make it a top pick among procurement software options.

It's an all-in-one platform that will help you handle the entire procure-to-pay cycle with modules for accounts payable, purchase orders, contract management, and more.

It's highly customizable and configurable to meet your business's needs.

You'll get real-time visibility into anything along the procurement process, from purchase requests to order management. With three-way matching, you'll never pay for goods you didn't order or receive.

Coupa

Coupa is a leader in the procurement software market, known for its comprehensive suite of tools that help businesses manage their procurement activities efficiently.

While it is an excellent choice for companies where budget is not a concern, it offers substantial value regarding features and capabilities.

This makes Coupa a practical option for larger businesses or those with complex procurement needs. However, another procurement system or management solution will be more affordable and easier to use for businesses on a budget.

▪ SAP Concur

SAP Concur is another well-known name in the procurement software space. However, some users find its interface to be less intuitive compared to more modern tools.

Despite this, SAP Concur offers a wide range of features and is backed by the reputation of SAP ERP, one of the leading providers of business software solutions.

It's a good choice for businesses that value comprehensive features over ease of use.

▪ SAP Ariba

SAP Ariba is a leading procurement and supplier management solution, offering tools that streamline these processes. It provides a centralized platform for supply chain management, lifecycle, performance, compliance, and risk.

With SAP Ariba, businesses can handle the entire purchasing process, from onboarding and qualifying suppliers to segmenting and managing them effectively.

- The software also offers functionalities for automating and streamlining

supplier-related tasks, enhancing efficiency.

Furthermore, it promotes sustainable sourcing savings and enables businesses to control spending while building ethical supply chains.

Users can monitor suppliers and manage supplier-related activities through its Supplier Management dashboard.

▪ **ContractWorks**

ContractWorks is a specialized contract management software ideal for businesses looking for a tool to manage contracts in the procurement process.

This software allows businesses to easily store, track, and manage contracts, helping to ensure compliance and mitigate risk.

While it may not offer the broad range of procurement features that other software does, its focus on contract management makes it a standout in this specific area.

▪ **Spendesk**

If you want to improve spend visibility and profitability, then Spendesk can help you do it. Spendesk is an all-in-one spend management software designed for modern finance teams.

The platform helps to streamline company spending by providing more control, visibility, and automation to finance operations and spend data.

It's particularly appreciated for automating manual expense claim processes. It's available on both Google Play and the App Store, offering a user-friendly interface that simplifies the management of company expenditures.

Spendesk has garnered positive reviews for its intuitive design and smart features, with users praising its balance between freedom and control in managing team expenses.

▪ **GEP SMART**

GEP SMART is a unified procurement software platform built for the entire procurement process. It merges comprehensive capabilities for strategic procurement, such as spend analysis, contract management, supplier management, and savings tracking, with a complete P2P suite.

This cloud-native software is designed to streamline and automate procurement operations, offering real-time tracking and insights that help businesses manage their spend more effectively.

With its user-friendly interface and powerful analytics tools, GEP SMART helps organizations drive efficiency, reduce costs, and make better, data-driven procurement decisions.

Which of the Best Procurement Software Options Will You Choose?

Yes, we're partial to Plangery, but it's easy to see why!

Our e-procurement software is one of the top procurement solutions on the market today because it meets the needs of even the most demanding businesses.

Procurement teams all over the globe use it to optimize their business processes.

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.
- Visit our Procurement Solutions page to see how PLANERGY can digitize and automate your procurement processes saving you time and money.

- Learn about us, and our long history of helping companies just like yours.

Book a Live Demo

2. Download our “Indirect Spend Guide”

Download a free copy of our guide to better manage and make savings on your indirect spend. You’ll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

download a free copy of our guide

3. Learn best practices for purchasing, finance, and more

Browse hundreds of articles, containing an amazing number of useful tools, techniques, and best practices. Many readers tell us they would have paid consultants for the advice in these articles.

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