

# Procurement Software: What Is It, Its Benefits, and the Best Type For Your Business



## IN THIS ARTICLE

- What Is Procurement Software?
- What Does Procurement Software Do?
- What Are the Different Types of Procurement Software?
- What Are the Benefits of Procurement Software?
- Best Practices When Buying a Procurement Software
- Procurement Software Should Be a Source of Value

Every business needs to procure goods and services from vendors to operate and turn a profit. Using procurement software to do so can generate significant value.

In this article, we'll cover what procurement software is, the different types of procurement software, and what to look for when shopping for the best procurement software for your business.

# What Is Procurement Software?

Procurement software is any kind of program that enables an organization to execute—and ideally automate—procurement processes.

These processes include purchasing, order management, inventory management, supplier management, contract lifecycle management, invoice management, and others.

Procurement software keeps all of the information and processes related to the procure-to-pay cycle within one convenient location.

It's often able to integrate with your enterprise resource planning (ERP) platform, whether that be Oracle, SAP, or something else.

## ■ What Processes Does Purchasing Software Cover



Purchasing



Supplier  
Management



Contract Lifecycle  
Management



Invoice  
Management



Order  
Management



Inventory  
Management



ERP or Accounting  
Software Integration

PLANERGY™

## What Does Procurement Software Do?

Procurement software streamlines and automates each step of the procurement

process to create a faster and more agile procurement function.

A robust procurement management software will execute all of the following functions and more:

- Enable internal teams to submit purchase requisitions for approval.
- Automatically route approval requests to the right people and notify them until action is taken.
- Create purchase orders based on approved purchase requisitions.
- Electronically submit purchase orders to suppliers.
- Manage communication with suppliers to confirm purchase orders, cancellations, or alterations as needed.
- Maintain an inventory of goods to help prevent shortages.
- Track inventory transactions as goods, materials, and services are delivered.
- Provide spend analysis reports based on real-time data—with insights on how to improve realized cost savings and maximize profits.
- Streamline standardization and administration across multiple platforms.
- Automatically enforce purchasing policies and procurement internal controls.
- Provide a guided-buying catalog where teams can easily make purchases from pre-approved suppliers.
- Manage supplier contracts and remind teams when contracts are up for renewal and negotiation.

## **What Are the Different Types of Procurement Software?**

Procurement is a complex process, and different types of procurement software address different parts of the process.

There is a lot of overlap between the different types of software, and many procurement solutions will perform most or all of these 'types' of software within one comprehensive single platform with multiple modules, as PLANERGY does.

The types of procurement software include:

## • **Spend Analytics System**

Spend analytics software tracks every transaction, communication, and interaction your organization conducts.

This spend analysis reveals patterns in your purchasing behavior that can help you streamline your internal processes and optimize cost savings.

Many spend analysis applications allow you to “slice and dice” your research by supplier, category, or project.

These applications can exist on their own, but this functionality is also included in a comprehensive procurement suite.

## • **Purchase Order Software**

Purchase order (PO) software is designed to automate the purchase order process.

Users can create POs from templates, auto-populate POs with purchase requisition information and vendor terms and pricing, and include boilerplate terms and conditions to meet internal and legal standards.

Purchase order approval workflows are automated, with contingencies and reminders built-in to ensure that the PO process is completed in a timely manner and PO cycle times are low.

It also provides a complete record of every purchase and helps reduce time and money losses due to human error, rogue spend, and fraud.

PO software may be a standalone application or included in a larger procurement suite that also includes other parts of the purchasing process.

## • **Supplier Relationship Management Platform**

Supplier relationship management (SRM) platforms help procurement teams source and work with the best possible suppliers for their business.

Using this software effectively can yield significant benefits in the form of

reduced risk, higher profits, and a better competitive advantage.

The goal of SRM software is to build a diverse and healthy supply chain. It enables searching for vendors based on specific criteria such as capacity, location, certification, and compliance metrics.

Procurement teams can more easily identify and collaborate with ideal suppliers through the SRM system.

Finding suppliers is not the only functionality; managing them is also a key feature. SRM systems track supplier performance histories and risk profiles—making it easy to reward high-performing suppliers or trim underperformers.

It can also integrate with other systems to populate supplier data into forms and databases automatically.

Again, SRM software can be a standalone platform or included as part of a greater suite.

## • **Electronic Sourcing (eSourcing) Software**

eSourcing software allows suppliers to respond to electronically to your requests for proposal (RFPs), requests for quotes (RFQs), and requests for information (RFIs). It streamlines these bid processes and enables exposure to more suppliers.

This encourages healthy competition by allowing suppliers to see bid values relative to their competitors.

## • **Contract Management**

By providing templates and support for custom user-generated content, contract management software makes it easy for users to create contracts on demand.

Users can route contracts for approval, track revisions, alert the procurement team when current contracts are approaching renewal, and access a centralized document repository.

## ▪ **Electronic Invoicing (eInvoicing) Software**

Also known as ePayment software, eInvoicing connects your suppliers to your procurement and accounting systems for digital invoicing and payments.

Connected invoicing helps procurement teams in several ways:

- Helps suppliers comply with contractually approved terms, conditions, and pricing.
- Ensures that invoicing and payments data is complete, transparent, and accurate.
- Instantly verifies invoices against the purchase order and receipt or packing slip to ensure correct payment. This is known as automated 3-way matching.

## ▪ **Guided Buying System**

Guided buying systems create an internal business shopping experience similar to Amazon and other eCommerce platforms.

These systems enable procurement professionals to create pre-approved, pre-populated catalogs of goods and services from approved vendors only.

The catalogs can also include integration with suppliers online catalogs, PunchOut catalogs and other formats.

After users select items and services to purchase, they go through a “check out” process that submits a purchase requisition.

This request is either routed for approval (depending on spend limits, item categories, budgets, etc.) or goes directly to procurement to generate a purchase order.

Guided buying helps companies save money by encouraging users to buy only pre-approved items with negotiated contract terms. It discourages maverick spend while ensuring fair prices and consistent quality.

# eProcurement Software

Rather than just focusing on a single functionality, eProcurement software streamlines the entire procure-to-pay (p2p) process including requisitions, purchasing, and accounts payable.

It also encompasses other key features such as guided buying systems, supplier relationship management, and contract management.

PLANERGY falls under this category, as it offers a customizable and all-in-one procure-to-pay software that includes the other types of procurement software.

In addition to procurement functionality, it also features inventory management, asset management, supplier management, travel and expense management, and AP automation.

Other software may also incorporate sourcing functionality to cover source-to-pay.

## What Are Different Types of Procurement Software?



Spend Analytics System



Electronic Invoicing (eInvoicing) Software



Purchase Order Software



Guided Buying System



Electronic Sourcing (eSourcing) Software



Supplier Relationship Management Platform



eProcurement Software



Contract Management

PLANERGY

## What Are the Benefits of Procurement

.

# Software?

Procurement software provides many benefits. Most importantly, it gives companies that use it an advantage over those still using manual methods such as paper forms and Excel spreadsheets.

Some of the most important benefits that procurement software provides are:

- **Increased Efficiency**

Automating manual, time-consuming procurement processes creates lasting efficiency for your organization and frees up employees to focus on more high value tasks.

- **Better Spend Visibility**

When using a single system for all procurement, you can see all of your spend data in real-time. With an advanced system, you can set up dashboards and have automated reports sent you so you don't miss out on any valuable insights.

- **Cost Savings**

Procurement software creates cost savings in several areas. It reduces the amount of labor needed to run your procurement cycle and reduces costs related to maverick and efficient spend.

It can even help you reduce supplier costs as you can use insights from your spend data to negotiate better contracts.

- **Streamlined Procurement Process**

When all of the procurement processes from requisition through invoicing are fast and efficient, your business is better set up for success.

You'll have improved supplier relationships which can lead to more favorable contracts, and you'll be able to pay fast enough to capture early

payment discounts.

## • Fewer Errors

Errors in the procurement process can be costly. For example, manually matching invoices to POs and packing slips can sometimes let duplicate invoices or incorrect amounts slip through.

When you automate these types of processes with procurement software, there are far fewer errors and associated costs.

## ■ What Are the Benefits of Procurement Software?



Increased Efficiency



Better Spend  
Visibility



Cost Savings



Streamlined  
Procurement Process



Fewer Errors

PLANERGY™

# Best Practices When Buying a Procurement Software

The best practice for buying procurement software is simple: make sure it has what you need for your unique business situation.

When shopping for the right eProcurement solution for your company, refer to the 'types of procurement section' above and compare the different types with your current and future needs.

Another best practice is to evaluate procurement software to make sure it has industry standard features, and ideally more.

To achieve this, you should ensure it has the following features:

## • **User-Friendly Operations**

Procurement software should be intuitive and user-friendly. If your team struggles with any part of it, it will be frustrating for everyone.

Not only will they have to continually ask for help, but the company will lose time through repetitive training sessions.

Or even worse, user adoption will be low and the software won't be used properly. This means all the benefits you were hoping the software would deliver will never be realized.

Ease of use of the software and implementing good user adoption strategies will help.

Day-to-day processes need to be easy to complete and forms should be easy to fill out and submit in one click.

## • **Budget Data**

Every team has a budget, and the procurement platform should reflect that with budgets and spending limits in place.

This helps with spend management and makes it easier to approve purchases.

Real-time budget access enables automated approvals for routine purchases that are within the expected limits—which cuts approval times and speeds up purchasing.

If teams request purchases outside of the normal budget or spending limit, there should be process for routing the request to approvers, along with justification for the request.

Access to budget data also allows for accurate spend analysis in real-time, giving you instant insights into what areas are going over or under budget.

Control over budget and strong budget reporting are important to keep your business profitable.

## • **Automated Approval Workflow**

Relying solely on humans to remember to approve purchases creates a never ending bottleneck in your purchasing department.

Your eProcurement solution should make it easy to set parameters for approval based on budgets, spending limits, or department.

Then, the approval flow should be automated when someone submits a purchase requisition.

For example, when Steve from marketing submits a purchase request to renew a software subscription that's within the expected budget, the request could automatically go straight to the marketing budget holder for approval.

However, if it's over budget, the overspend needs to be reviewed in more detail before the budget is increased and the expenditure can be committed to.

## • **Real-Time Updates**

All system integrations should work seamlessly and in real-time. The process for sending a purchase order to the accounting system should be automatic.

When procurement automation is set up correctly, no one should worry about where a purchase requisition, purchase order, or invoice needs to go.

## • **Mobile Access**

In today's flexible work environment, the industry standard for procurement software is to be able to access it on any device, including mobile phones. Managing remote procurement is essential.

This access can be provided over a web browser or mobile app. remote procurement can easily provide this feature, while those that use on-premises servers may have a harder time delivering mobile access.

If there is a mobile app, you should also be able to set permissions for what people can access on their mobile devices, as there may be security concerns.

You may want procurement team members to be able to approve purchases on their phones, or you may not. You should have that choice.

## • Easy and Flexible Implementation

Every organization is unique, so it's possible there will be kinks to work out during implementation.

Working with the right provider will ensure there is a software implementation plan that follows best practices for SaaS implementation.

However, it should not take months to complete. You should look for a software that takes less than a month to set up, and it should be flexible to change down the road as your organization evolves.

*When searching for the best procurement software for your business, it's important to find the perfect combination of the features and flexibility for your unique business situation.*

### ■ Areas To Evaluate When Buying Procurement Software



User-Friendly Operations



Budget Data



Automated Approval Workflow



Real-Time Updates



Mobile Access



Easy and Flexible Implementation

PLANERGY™

# Procurement Software Should Be a Source of Value

In the end, making the switch to procurement software is all about saving time and money.

The initial investment and implementation process may make it hard to calculate the savings right away, but this is a long-term investment that generates more value over time.

The right software will help you track procurement KPIs and accounts payable KPIs to ensure consistent improvements are made after the initial launch.

As your entire organization gets used to the new procurement system, the speed of your procurement processes will rapidly increase and the need for labor and intervention will go down.

The extra time and money can then be re-invested into creating more value as procurement team shifts their focus from daily activities to growing the bottom line.

## 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.

## **Related Posts**