How Procurement & IT Can Work Together



When it comes to purchasing IT assets for your company, are you making mistakes?

As a procurement professional, does it feel like IT is speaking a foreign language?

Both departments often feel frustration, wishing the other would just get it together.

Under a traditional corporate structure, the two departments operate separately, despite the fact that their business functions have considerable overlap.

It's important to remember both departments report to stakeholders and have to show their contributions to the company.

Responsibilities of Procurement and IT

Both IT and procurement are responsible for addressing needs of other departments – procurement for obtaining the technology, equipment, and supplies they need, and IT for integrating that technology and equipment with the rest of the system in place.

Every business needs IT to succeed – especially since many businesses rely on the internet and SaaS to operate.

But, if procurement purchases IT related products and services without first consulting IT, there could be a nightmare of products and solutions that don't do anything for the betterment of the company – resulting in wasted time, resources, and spend.

At the same time, if IT doesn't understand the proper procurement process and blindly submits purchase orders for what they need, they could be making recommendations that don't benefit the business.

Instead of operating under an IT vs. procurement mindset, or an IT vs. finance, or procurement vs. finance mindset, imagine what could happen if all departments in your organization could collaborate efficiently and effectively.

How would that transform your business processes? While it may be a headache in the beginning during the transition, it will pay off greatly over the long term.

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Both procurement and IT should it down and discuss the purchasing process together.

They both play a role in vendor selection and supplier relationship management. IT can work to make sure the technology is correctly appraised, and procurement can make use of their negotiation skills.

IT can help with the identification of suppliers because they know more about what they are looking for and what kind of technology the business needs and will get the most benefit from.

Then, procurement can start the process to build contracts and get the best deals in terms of payment terms and cost control, before consulting with IT once more to make a final decision on who to award the contract to.

IT has a better understanding of the risks associated with contracts, such as the possibility of software license audits, while procurement has the experience for

contract lifestyle management to ensure everyone stays on track with deliverables and milestones.

> *Share data analytics with IT and ask them to share the information with you. Together, you can set benchmarks from a price perspective, and set clearer and more realistic expectations.*

Treat IT as a Customer

The procurement department is serving IT, by providing them with the best possible deals on the equipment and technology the company needs, instead of focusing solely on the least-expensive suppliers.

By treating them as one of your customers, you're fostering a mutually beneficial relationship that helps the entire company grow.

When you invest in new technology for the company, you'll need IT to help you implement it, so it makes sense to keep them happy just as you would any other supplier or vendor.

Effectively Manage the IT Category

You should always know what's possible and what things should cost, rather than what they actually cost.

Be sure to always compare apples to apples and get help from IT to make sure you're not accidentally comparing apples to oranges.

Work together to find alternative supply markets and new suppliers, too.

Use Your Procurement Tactics to Better IT

Bring everything you do in procurement, from strategic sourcing and spend analysis to contracting, benchmarking, and spend management together to work with IT.

If you're looking for ways to save money on IT, talk with IT about ways to do it without making their lives harder.

They can give you insights into cost avoidance and risk management if a change of vendor is necessary and show you ways to increase value add in the contract, based on what they know they will need over the course of working with a particular vendor for servers, software, or other technology.

By making IT and procurement work together as part of your corporate strategy, you're bound to see tensions decrease, and profits increase.

Your procurement team will be more productive. Your IT team will be more productive. They can focus their attention on other areas of supply chain management that are crucial for business success.

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