WHY SHOULD PROCUREMENT CARE ABOUT SPEND ANALYSIS?

Spend data is the lifeblood of Procurement but many systems only allow basic spend visibility (e.g. spend by supplier or spend by region) and the data is often misclassified due to suboptimal purchasing processes, making it difficult to trust reports. Also, data is often stored in disparate systems leading to error prone work to consolidate.
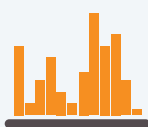
COMMON CHALLENGES

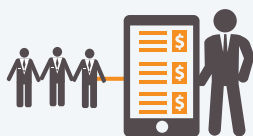| Disparate data sources	High level categories	Low quality data	Significant investment to fix
Multiple sources of spend data and master data, potentially multiple ERPs	Spend is not categorised to a granular level and generally only supports Finance objectives	Caused by manual data inputs in the purchasing process e.g. GL coding, classification, item descriptions	Much time, resources, and money is required to fix data at the source to obtain strong and repeatable reporting

4 KEY AREAS COMPANIES SHOULD INVEST IN

| Stakeholder engagement	Categorisation methodology	Technology	Spend dashboard
Agree category taxonomy and incorporate Category Manager feedback on a regular basis to refine the spend categorisation	Categorisation of transactional data based on business rules that are owned by Category Managers	Leverage spend analysis tools to help automate the consolidation, cleansing and categorisation of data	Online dashboard reporting providing granular spend visibility, driving actions and faster decision making

BENEFITS
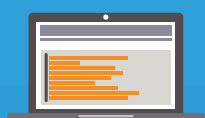
Spend visibility: Accurate / Granular

Opportunity assessment: Savings

Effective sourcing: Fast, targeted

Cube refresh Monthly / Quarterly

ROI >10x
Low cost: ROI of >10x