PROCUREMENT ROUND UP 2018 – KEY TRENDS WITNESSED THIS YEAR

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Procurement across the globe has been going through a major transformation over the last few years. 2018 has been a significant year where disruptions on multiple levels have started setting path for 2019 and beyond. From Brexit to other socio political & economic changes, gradual adoption of AI, Blockchain and evolving 'as a service models'- this year has indeed been very exciting for Procurement.

Let's check out some of the game-changing events and trends that Procurement witnessed this year and their relevance.

Socio political & economic uncertainty: The wave of uncertainty continued to exist through 2018. Speculations associated with Brexit, linked with expected exchange rate changes and price increase is expected to affect supply chains at EU and global levels. Infact the fears of impending Brexit is causing many companies decide the movement of their supply chains out of the UK. The US-China trade war is forging way for closer trade relationships between EU and Asia. The turmoil wrecking Afghanistan and Yemen, and rising oil prices and clashes within OPEC (Organization of the Petroleum Exporting Countries) are all issues that have been keeping businesses on tenterhooks. These coupled with natural disasters, rising global temperatures and sea levels, changing ecology and frequent forest fires have caused a massive impact on the world economy. Making adjustments to these changes, future risk-proofing are some emerging key focus areas that have been keeping procurement leaders and CPOs busy and the trend is very likely to continue through the next few years as well.

Collaborations, Mergers and Acquisitions: To augment their capabilities, organizations want to consolidate their position through Mergers and Acquisitions or partnership to focus on core business and divest all non-core interests for growth. During this year, SAP acquired the RPA capabilities of Contextor and Qualtrics to enhance experience management while Coupa enhanced their capability through the acquisitions of the Supplier Catalog firm Aquiire, Contingent Workforce software provides DCR Workforce and the third party risk management organization, Hiperos. Infosys added the Design Thinking firm of Brilliant Basics in its kitty- a move focused on fulfilling needs of future clients for digital transformation. IBM's sale of software assets like Notes and Dominos to HCL Technologies reflect how even service providers in this space are building their future ready models.

Cloud & Digital technologies and evolving models like 'Procurement as a service': The expansion of cloud based technology solutions and their integration with Artificial Intelligence in procurement space is seen as a move to enhance the agility, spend visibility and risk management for businesses. This has given rise to the popularity of Software-as-a-Service (SaaS) applications, niche solutions and business apps which encourage even smaller businesses to reap the benefits of such services. Increasingly, clients are looking at alternative procurement outsourcing models such as 'Procurement as a service' (PaaS) where technology and services are seamlessly integrated and offered as "pay as you go" models. More and more third party companies are moving towards offering PaaS in future. Infosys EdgeVerve launched a suite of Procurement centric business applications built on Nia- It's AI platform this year to provide niches solutions to enhance procurement's value proposition. While most CPOs already have or are working towards a digital agenda for procurement in view of these changes- there is also a need for CPOs to assess these applications and models in light of their future business strategy, level of preparedness and change acceptance to be able to reap the best benefits of this digital boom.

Cybersecurity and data protection:
With strict laws on data security and GDPR-
Procurement now has to work within
the gamut of the strict regulations of
cybersecurity and data protection. Which
means that procurement is expected to
have the noose tightened even more in
the manner by which personal data is
controlled.

Blockchain: With all the buzz around
Blockchain- there hasn't really been much
headway in 2018 from a procurement
standpoint; While the concept of digital
database that collects information and
functions as a register sounds like a major
innovation and step towards simplifying
business processes with huge potential
in procurement but we are yet to see it
tangibly being applied. A good application
of Blockchain was seen recently from a
technology provider in manufacturing
offering dedicated Blockchain services
for bringing together manufacturers
and customers in order to utilize surplus
capacities and easing the sourcing process

As technology evolves, procurement trends
will change rapidly. While the changes are
impacting organizations, we are yet to
witness the full scale of digitization and the
opportunities that it will bring along with
it. Organizations have to brace, imbibe and
adapt for this change as they prepare for
the future.

Source:

a.   https://usethebitcoin.com/how-ibm-is-investing-in-blockchain/

b.   https://ico.productivist.com/en/

c.   https://www.forbes.com/sites/sap/2018/12/06/how-procurement-will-save-the-world/#bbe1a555fc8b

For more information, contact infosysbpm@infosys.com

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