

3 TRENDS IN SOURCING & PROCUREMENT



From descriptive + diagnostic To predictive + prescriptive

The traditional decision-support analytics in procurement with the descriptive and diagnostic aspects of 'what happened and why' is now passé. We are now in the world of prescriptive and predictive procurement of 'what should we do next in a given scenario' and 'what is likely to happen'. There will now be an even stronger inter-connectedness between the supplier mix, facilities management, carbon footprint and sustainability index of the organisation, minimising risk of supply disruption and spend forecasting; which will all be used to arrive at business insights and recommendations.



Agile procurement

Volatility, uncertainty, complexity, ambiguity (VUCA) have become the buzzwords for procurement - causing disruptions in the supply markets. Procurement needs to insulate itself as best as possible with agility to combat these. Today, these disruptions due to various aspects - IT that has moved to cloud from on premise, big data, 'uberization' of services and evolution of marketplaces, disruptions from global geopolitical developments such as Brexit, US trade uncertainties, economic slowdown in China and other countries, volatility in commodities due to demand supply shocks, crash in the oil and steel, copper prices and other commodities, among others. All this requires us to leverage real time dynamic supply market-intelligence combined with prescriptive and predictive analytics. The procurement function will need to constantly tap into continuous innovation, deploying technology to reinvent and transform itself: through automation, AI, advanced contract management, digital tail spend management and cognitive procurement.



Continued focus on core procurement

The core procurement responsibilities of the function, of course, continue to be in-focus. These include being the primary custodian of cost / spend management for the organization, compliance and supplier relationship management, and value-delivery beyond cost savings.