WeProcurement™: Putting the We in eProcurement

Leveraging the Entire Spend Ecosystem to Achieve Greater Results
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EXECUTIVE SUMMARY

Today’s Procurement World
First, what is procurement? It is the process companies go through to acquire the goods and services their employees need to do their jobs. eProcurement is the application of automated systems to support that process. From a holistic perspective, it includes everything from the initial employee request to the receipt of the item or service, and the capturing and matching of invoices to purchase orders (POs) and receipts that ultimately release an “ok to pay” to an accounting system. We also call this “Purchase to Pay” (P2P).

Historically, investment in P2P systems was justified by the promise of achieving centralized visibility, control, and savings. Simply by automating their processes, eliminating paper, and capturing data, an organization could save 2% or so off their indirect spend. P2P systems have been viewed as a way to capture transactions and mandate policy and approvals – a top-down approach to enforcing spend against contracts and limiting a user’s ability to spend outside the system. While 2% is good, and certainly does justify investing in a system, especially for large organizations with 10s or 100s of millions of dollars in spend, it is only the tip of the iceberg.

The Next Step for eProcurement – Shifting to a “We” Concept
In working with hundreds of companies in eProcurement over the last 15+ years, Verian has learned that 2% savings can go to 12% or more when the philosophy behind the system design and roll-out shifts from a top-down management style to a bottom-up collaborative approach that leverages the entire spend ecosystem. This happens when companies embrace the “Power of We” in relation to procurement – an approach we call WeProcurement™.

WeProcurement requires intimate understanding of the unique aspects of each end user’s job and provides a vehicle for streamlining those activities. Instead of one department trying to force policies onto the masses, the entire organization is given the opportunity to add value to the P2P process by using eProcurement to do their jobs better. This encompasses:

• Moving from basic “procurement automation” to “procurement transformation”
• Systems and processes that are designed to encourage users to do the right thing because it’s the easiest thing to do in the natural course of doing their jobs
• Positive reinforcement and public recognition when employees do the right thing.

These characteristics create an environment where the system and the end users are self-managing, which allows the procurement department to spend time on strategic initiatives rather than tactical enforcement of policy.

Consumer-based systems used the “Power of We” first – leveraging convenience, collaboration, and measurable results based on use among the “Crowd.” We saw the concept move into the B2B world, with Customer Relationship Management (CRM) and Human Capital Management (HCM) systems being early pioneers. CRM and HCM systems already have shown that the “we” approach achieves far greater results than the top-down approach. Monolithic systems like SAP and Siebel have had market share dramatically shift to systems like Salesforce.com, which supports users in their daily activities in a way that naturally fits with how they expect to work.

Being cloud-based, or Software-as-a-Service (SaaS),
these systems provided employees with unprecedented ease-of-use, and gave companies the benefits of quick implementation and a flexible infrastructure to grow and progress with industry trends. Then, as these systems grew in maturity, user expectations called for even more intuitive technology to enable a collaborative approach and meet unique needs – and that call was answered.

Thanks to systems like Salesforce.com, SuccessFactors, and others, we now expect CRM and HCM systems to reinforce desired behavior and empower collaboration with peers through “likes,” “shares,” and “chats.” These solutions have shifted the mindset of end users to expect B2B systems to provide relevant information tailored to each user’s specific role, not just generic top-down “management reporting.”

Users no longer tolerate an unfriendly user interface or technology that is not giving them the information they need and ways to collaborate with their peers.

Individual, departmental, and community dashboards, as well as in-line intelligence, have become the norm in systems, all in an effort to truly harness the “Power of We.”

Innovation that Delivers Concrete Results
Over nearly two decades, Verian has delivered innovation that has shaped the P2P industry – from integrating eProcurement with receiving, inventory, invoice processing, and asset management to creating custom experiences for specific roles and industries. We are now delivering our next phase of innovation – WeProcurement™ – that is achieved through offering:

- **Relevance** – to create a system that users actually like using, that is tailored to fit with how they do their jobs
- **Intelligence** – to show employees the impact of their actions on the success of the business, and to present information they need to make better decisions directly within their natural workflow
- **Awareness** – to acknowledge users for the value they bring to the organization and empower them to participate in the procurement process.

WeProcurement enables spend transformation. As companies adopt a WeProcurement approach, the overall company mindset moves from execution of tasks to more deliberate spending that frees up working capital to fuel a variety of company programs. Spend behavior is altered across the organization, as employees begin to truly understand how their efforts add value, create a competitive advantage, and propel everyone ahead.

Procure-to-pay automation doesn’t always have to be about control. Many P2P solutions are designed to make life easier for requisitioners with an appealing, fun-to-use interface, needed data at their fingertips and a concise UI that tells them what data they need to provide. Solutions designed to improve requisitioner productivity reduce paperwork and bureaucracy, giving time back for other activities and/or simply allowing individuals to get things done faster.

*Build a Compelling Procurement Business Case for Indirect Procure-to-Pay Technology*

*Gartner*

*November 2015*

With WeProcurement, our adoption rate surged 30% and our savings increased 25% over the previous year. Our employees needed more participation in the procurement process, and giving them the ability to recommend items and see the savings they were producing created community engagement.

*Heidi Murphy,*

*Director of Procurement, YMCA of the Greater Twin Cities*

**Changing Spend Behavior**
WeProcurement reinforces desired spending behavior through rewarding personal achievement, peer competition, and enterprise success within the eProcurement solution. The Speedy Approver badge below is one example of a personal achievement acknowledgment. Read on to learn more about enacting a positive reinforcement strategy to change spend behavior.

**Speedy Approver**
Your approval cycle times average 0.25 days. You are in the top performer category!
Why should you read about WeProcurement? WeProcurement empowers organizations to significantly increase the financial results achieved with traditional eProcurement systems. Gartner states* that by 2018, indirect P2P solutions that support ongoing price stewardship will deliver double the savings of P2P solutions that lack this capability.

We’ve found that clients are taking a WeProcurement approach to foster enterprise-wide spend stewardship and actually change the spending behavior of the organization. These companies are more than doubling savings, and they’re achieving more strategic results beyond just bottom-line savings.

### WeProcurement™ BY THE NUMBERS

<table>
<thead>
<tr>
<th>ROI Source</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom-Line Savings</td>
<td>A Leading Mortgage Banking Company achieved 100% contract compliance in critical categories, leading to savings of 40%+. Operational employees collaborated on alternate approaches to spending that changed their entire process. If the typical 2-5% savings is success for eProcurement, we see how WeProcurement is transformational.</td>
</tr>
<tr>
<td>Spend within Budget</td>
<td>Envision Healthcare keeps spend within budget without caregivers needing to know anything about budgets – so they can focus on saving lives.</td>
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<tr>
<td>Spend Under Management</td>
<td>The YMCA of the Greater Twin Cities went from 0% control over spending to 50% of spend under management in 18 months by creating spend stewardship across their user base. Their goal is to hit 90% controlled spending in the next year.</td>
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<tr>
<td>More Spend Categories</td>
<td>The largest beer distributor in Colorado was able to bring unique spending categories in their marketing department under management by creating workflows with flexible budgets so users can allocate funds to these unique activities on the fly.</td>
</tr>
<tr>
<td>Under Management</td>
<td>DCOR rolled out an approach with mobile capabilities to meet the needs of less-tech savvy field employees to increase their use of the system and get them needed supplies.</td>
</tr>
<tr>
<td>User Adoption</td>
<td>Goodyear had an informal and unscientific focus on supplier consolidation in 2013. Through analysis and employee engagement, they reduced their 6,000 active vendors by 13% in one year.</td>
</tr>
<tr>
<td>Supplier Consolidation</td>
<td>Society for Neuroscience achieved over 90% on-time payment of invoices within one year, with the remaining invoices being legitimately paid late (disputed). Relevant workflows and visibility into individual performance raised the bar for the A/P team.</td>
</tr>
<tr>
<td>On-Time Payments</td>
<td>Centrica was able to deny $457,000 on $7.6 million in spending in one month during a critical time of cost savings for the Oil &amp; Gas industry. Visibility and accountability changed the behavior of approving managers, and they saw their impact on the business.</td>
</tr>
<tr>
<td>Delay / Deny Spend</td>
<td>Pediatric Associates is giving caregivers critical insight into vaccine stock to better inform patients’ parents of availability and ensure stock is being used or moved prior to expiration.</td>
</tr>
<tr>
<td>Inventory Management</td>
<td>A Leading Mortgage Banking Company was able to reduce A/P headcount dedicated to invoice processing by 80%. Changing workflows and understanding no-approval scenarios, coupled with automated matching, allowed invoices to flow through without human intervention.</td>
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*Predicts 2016: Procurement and Sourcing Suites Are Expanding in Scope but Buyers Often Struggle With Adoption

Gartner
November 2015
Purchase-to-Pay eProcurement
P2P encompasses the process that every organization goes through to provide goods and services to employees for executing the mission of the business – from buying to paying invoices. eProcurement automates the following steps in that process.

Create Request: Employees request the purchase of goods or services by selecting from an eCatalog, which is configured with items in a variety of categories from office supplies to repair services to assets to laptops and data plans and more. Then, they add the items to their online shopping cart, and submit the request for approval and purchase.

Approve Request: Automated workflows send the request to the appropriate approval authorities, who approve or deny the request based on budgets, policies, and priorities.

Generate Purchase Order (PO) / Work Order (WO): Approved requests trigger the generation of purchase orders and work orders for approved suppliers (or request from inventory if in stock).

Deliver POs / WOs: Preferred suppliers and service providers, often with negotiated contracts for best pricing and quality, receive the POs and WOs.

Receive Items: Receipt of goods or services is verified, items are entered into inventory, and assets are tracked.

Reconcile Invoices: Invoices from suppliers are matched to POs, WOs, and receipts with touchless processing so “ok-to-pay” triggers can be sent to the accounting system – with discrepancies flagged for human intervention.

Reporting & Analysis: Throughout the entire buying cycle, data is collected and aggregated to help companies better understand their performance. Companies can analyze category spend to consolidate suppliers, improve supplier performance, negotiate better pricing, get invoices paid faster to achieve greater discounts, and identify areas for improvement in contract compliance, among other things.
Historically, there have been three main goals that have driven interest in eProcurement: visibility, control, and savings, typically targeting the areas shown in the figure below.

Most companies sought eProcurement systems because they lacked critical visibility — they needed to see how money was being spent across the organization. Disciplined management was impossible without measurement. Simply by getting rid of paper and tracking spend in an automated system, companies could start to see priority areas to scrutinize.

The control that companies were able to garner over spending processes increased the value proposition — companies were able to control how funds were being spent by instituting policies and tracking to budgets, as well as achieving compliance to regulatory requirements and reducing rogue buying behavior. Financial executives began to see how these systems played a part in their overall risk mitigation strategies, demonstrating a new level of value.

The cost savings just from instituting processes for requests and approvals were enough to justify the investment in a system. Identifying areas of spend aggregation and more favorable contracts, as well as new operational efficiencies further contributed to savings by streamlining operations and reducing cost.
From Automation to Transformation

In reviewing the historical drivers of P2P investment, we saw there was typically a journey that started with automation, or the elimination of paper-based manual processes. As the system and organization matures around the adoption of the system, it undergoes an iterative process of getting more spend under management in the system, which uncovers new ways to aggregate orders and source goods and services at better prices. From a risk mitigation standpoint, enforcement of policy increases over time as the organization makes activities more transparent, leaner, and simpler through the system. This is the phase we call “optimization.”

As we worked with companies that became more sophisticated in their use of P2P systems, an interesting pattern began to emerge. Our most strategic and innovative customers were pushing the envelope on whole enterprise collaboration, engaging participants and providing feedback to employees on their contributions to savings, and creating a culture of spend stewardship to actually change the spend behavior of the organization as a whole. As we saw this trend emerging in our customer base, we observed consumer software expectations evolving along the same trajectory — users were being presented with convenience and avenues to be members of a collaborative community. These two forces have been the impetus behind our WeProcurement™ approach. The most transformative path for organizations moves from simple automation through optimization and then to transformation at the highest performing levels.
So how do companies actually achieve WeProcurement? Beyond the phases of automation and optimization, there are three key pillars that distinguish a WeProcurement system.

1. **Relevance**

Today’s users expect technology to deliver convenience in ways that feel personal. A WeProcurement approach offers customized workflows that users actually like using, simplifying every step, and creating obvious efficiency. These workflows do not require users to understand processes outside of their scope of work – they are given only the information needed and not more. Relevant workflows go beyond a single position in the company and are configured to account for nuances in users’ varying departments and industries.

2. **Intelligence**

When we talk about intelligence with WeProcurement, we’re not referring to the financial data collected for analysis in a traditional eProcurement solution. Although that is extremely valuable, nearly every organization already has reporting and metrics. Intelligence in WeProcurement is about giving users the right information at the right time. It unburdens employees from understanding the procurement process – it gives them the expert knowledge to find what they need and easily make solid decisions. This makes it easier for users to take action in accordance with procurement goals.

3. **Awareness**

WeProcurement encourages employees to be more conscientious about the ways they spend company funds by making them more aware of the impact their actions have on the organization. Employees are asked to participate in the P2P process and are presented with ways they can inject value. Instead of trying to control employees, WeProcurement motivates them to improve the process by seeking their input. This approach also advocates community awareness to show users how their efforts combined with the efforts of others contribute to the overall success of the company. Awareness is the key to creating spend stewardship in WeProcurement.
Shifting Mindset
Transformation begins with a shift in employee mindset across the organization through techniques that alter spend behavior, moving from tactical execution to strategic, deliberate spending approaches that serve a purpose. This requires enabling employees to see beyond their cubicle, outside their team, and understand the greater goals of the company as awareness is created and stewardship is promoted, encouraged, and rewarded. The crux of this process is keeping the lines of communication open during a WeProcurement™ roll-out to ensure:

- Technology stays cutting-edge and offers new features based on user needs
- Processes and workflows are optimized
- Goals of savings are communicated and meaningful to individuals
- Ways to save are easily accessible in the system and positively reinforced
- Employees feel personally motivated to participate in savings initiatives that support the company mission
- Users understand the value they are bringing to the process and to the organization.

Cost savings become an obvious benefit, but are just the tip of the iceberg. A transformation in the economics of the business serves up funding for new initiatives that move the company forward. The new agility from reengineered processes, often architected by the users themselves, makes the company more competitive. Companies realize an actual reduction in risk that goes beyond the fulfillment of regulatory requirements.
Creating Spend Stewardship
We’ve discussed how WeProcurement™, a bottom-up approach, empowers end users and catalyzes their full participation in the process, but change management of any kind requires a feedback mechanism. In our research, we’ve found that the number one reason users drop out of a process is that they feel like their actions are not making a difference and do not matter.

Awareness of performance is necessary to demonstrate the success employees are contributing towards company goals by simply using the system for every request. WeProcurement delivers this through rewarding personal achievement, peer competition, and enterprise success within the eProcurement solution – programs we call WeAchievements™. Users can see exactly how their actions are benefiting the organization as they compare pricing and place orders, without having to understand the procurement process.

Personal Achievement
Rewarding individual achievements with points and badges encourages continued participation from users and helps reinforce desired behaviors.

Speedy Approver
Your approval cycle times average 0.25 days. You are in the Top Performer category!

Compliance Champion
You request items on-contract 98% of the time. Keep your Top Performer status!

Invoice Entry Machine
You’ve entered 500 invoices this month with 0 errors! Keep it up!

Peer Competition
Showing employees where their efforts stack up against their peers promotes healthy intra-company competition.

Stellar Stewards
Top employees suggesting cost-saving items and vendors.

Frugal Travelers
The most cost-effective business tripper.

All-Star Receivers
Marks items received fastest within the system.

Enterprise Success
Together employees can see their impact on overall company goals, and the rationale and importance for spend stewardship by everyone.

$18,824,006
Progress on overall organizational cost-saving targets.

85%
User Adoption
Tracking number of users in the system across the entire enterprise.

70%
Total Spend Under Management
Amount of spending funneling through the system.
Case Study: Retail
This case study focuses on the largest beer distributor in the state of Colorado, representing 30 different suppliers / manufacturers and over 400 different brands.

Unique Need
The distributor’s marketing projects require detailed planning and flexibility to account for the variances in different worldwide promotional opportunities. For example, print advertising in Mexico for an annual 5K run cannot exceed a specified budget; however, the bid for an upcoming television spot to promote the event is flexible up to 20%. The company required a system that offers users convenience and flexibility to navigate a broad range of scenarios, while keeping projects on budget and taking advantage of a variety of promotional opportunities that increase revenue.

WeProcurement
The company created a workflow in their eProcurement system to address the unique needs of their marketing team (Relevance) as they manage hundreds of global projects that hinge on real-time budget intelligence and the ability to negotiate pricing quickly (Intelligence). A top-down budget with administrator-defined approval workflows and budget restrictions simply would not work. The distributor used a WeProcurement approach to shift the top-down method of funds management. Now, the system is configured so that top-level budgets cannot be exceeded, but the project level budgets on this marketing team can swing plus or minus 30%. Giving the project team the ability to allocate funds on the fly without asking an administrator for approval helps them move quickly to seize promotional opportunities that increase revenue, and encourages them to be active participants in the procurement process. This team adds value by moving funds as needed in real time to keep numbers accurate while benefiting the company with the most valuable marketing tactics available (Awareness).
DCOR Case Study: Oil & Gas
DCOR, LLC. (DCOR) is an offshore oil and gas (O&G) drilling company that has employees stationed miles off the coast.

Unique Need
Offshore drilling, decentralized by nature, has the majority of staff stationed on a platform in the ocean for periods of one to two weeks at a time. Planning and maintenance are critical – if a pump is down, the platform is not producing, and profits erode. From pipe and machine parts to food supplies and safety equipment for the staff, there are many items these facilities need to be operational. Purchases are sent to shore bases and are then distributed to the different offshore facilities. DCOR required an easy-to-use solution with mobile capabilities for employees who are typically not software savvy.

WeProcurement
DCOR employs a WeProcurement approach to ensure quick adoption by their staff offshore so they can plan resources and get items to the offshore platform quickly. Specific functionality caters to these non-technical users through:

- **Using completely mobile technologies** to serve the environment on the offshore platform (Relevance)
- **Suppressing information not related to the specific task they are performing** – making each screen relevant to their specific task (Relevance)
- **Using language understood by the user, like maintaining “AFE budgets to actuals”** (Relevance)
- **Sending alerts on priority requests related to uptime** – allowing users to take action on the intelligence inherent in the system (Intelligence)

By creating a central support system for a decentralized organization, this industry-specific workflow allows less software-savvy users to get exactly what they need when they need it. Purchasing teams can easily prioritize orders based on urgency and time constraints, and finance departments can access data for reporting and audits, as well as budgeting and planning for the coming months. (Awareness)

Relevant Workflows: Materials Transfer
For many oil and gas companies, a WeProcurement system caters to a unique ownership structure. O&G companies move high-value items (OCTG, or pipe) among wells and inventory yards quickly. When wells are shut down, the individual pieces of equipment can be checked back into inventory or moved directly to another well – often a well owned by another company. With a Materials Transfer capability, the financial transactions behind these moves are automatically recorded and transferred from one asset pool to another, with the precise location, condition, and value of each piece of equipment (Relevance, Intelligence). The WeProcurement approach unburdens workers from knowledge of the complex financial transactions, and requires only the relevant activity to be logged.

**CASE STUDY:**
*WePROCUREMENT™ FOR OIL & GAS*

**Greg Summers**
Finance Director
DCOR

While we anticipated having to force employees’ hands to use the Verian system, we found it very easy to garner adoption. Once the employees saw the benefits and user-friendly nature, they were eager to get on board.
Pediatric Associates Case Study: Healthcare

Pediatric Associates (PA) strives to bring the best possible healthcare service to children, operating 35 locations with over 200 healthcare providers.

**Unique Need**

With multiple facilities, **PA needs a system that will help them tap into real-time intelligence, like the availability and delivery of vaccines at different locations**, so employees can easily take action without having to spend time closely managing inventory.

**WeProcurement**

PA is taking a WeProcurement approach by using critical intelligence captured in their eProcurement system to empower employees to serve their patients better. With the capability to track lot numbers, expiration dates, locations, and purchasing trends of medications, especially vaccines, the system will give visibility to employees about which locations have usable medications in-stock. Instead of reserving analytics for analysis and management by procurement (a top-down approach), **WeProcurement will enable this information to inform practitioners who, in turn, can give valuable guidance to patients’ parents** (Relevance).

Instead of saying “we are out, and I don’t know when we will have any,” practitioners will be able to specify when parents can expect vaccines to be available at their regularly visited location and which facility to travel to for immediate service (Intelligence). And, employees will be able to request vaccines be moved between locations instead of placing new orders, ensuring all current stock is being used prior to expiration. Providing more obvious value to PA than relegating the procurement system to the procurement team, proper tracking and logging will be elevated in importance across the entire organization (Awareness).

WeProcurement intelligence also streamlines inventory management to prevent certain situations – like the potential for a vaccine shortage – by **triggering automatic reorders that remove unnecessary delays of employee intervention**. The system is able to calculate needed order quantities based on location, season, and expirations, anticipating the needs of the users at a single location instead of restocking based on a global algorithm for all locations (Intelligence).
YMCA Case Study: Nonprofit

The YMCA of the Greater Twin Cities’ mission is to nurture the potential of kids, promote health and wellness, and encourage social responsibility through programs at multiple locations spanning the entire state of Minnesota.

Unique Need
The YMCA had exactly 0% control over spending across their many branches, with each employee wielding a P-Card to purchase goods and services. The YMCA needed a way to demonstrate to employees how saving money could better support their mission and provide them with a new solution that would be even more convenient than a P-Card, which offered total freedom over spending.

WeProcurement
The YMCA adopted a WeProcurement approach to promote stewardship over organizational funds by giving employees a system that is easy-to-use and by telling employees how they are directly contributing to savings goals (Relevance, Awareness). They discovered a pivotal point in user adoption when they showed employees their direct impact on the success of the overall team. Employees began taking pride in seeing how making better choices in spending leads to substantial progress in freeing up more money that can then be used to support the mission.

Users also enjoy a system that supports them in their roles with:
- Easy-to-use functionality; similar to an online shopping experience
- Automatic matching – no collecting / submitting of P-Card receipts
- A variety of supply choices
- The ability to compare prices to get the most value
- Opportunities to collaborate with others on cost-saving initiatives

RESULTS AFTER 18 MONTHS OF WePROCUREMENT

| Controlled spend is currently 50% (Goal is 90% in the next year) | User adoption increased 30% | Achieved 25% savings on spend from the previous year | Continued access to actionable data | Procurement focused on strategic initiatives, not fielding complaints | Supplier management transformed from tactical to strategic |
For more information
To learn more about how WeProcurement™ transforms organizations, visit Verian.com, call 800-672-8776, or email info@Verian.com.

About Verian
Verian helps companies buy and pay for goods and services in a simplified, paperless, and cost-efficient way. Companies can see everything that’s being ordered, purchased, and received, automate approval and payment processes, enforce controls, save money, and reinvest in strategic initiatives.

Verian has been in the P2P market longer than any other independent provider – nearly 20 years. We get P2P. That’s why we have the broadest and deepest solutions available today – to exceed business needs, get the most spend under management, and help organizations pursue what matters most.