



Stop waiting. Start being the orchestrator of supply chains.

The five characteristics of a future-ready procurement function – a point of view from the KPMG Powered Enterprise team.

June 2019

[kpmg.com](https://www.kpmg.com)

The role of the procurement function is changing

From simply managing costs, to adding value, managing security and building closer – and more strategic – relationships.

It means that external interfaces and the technology supporting them are increasingly important, as organisations become more networked and alliance-based. Planned and deployed correctly the potential is exciting – from decision dashboards to a reduction in repetitive and manual document requirements and auditing – bringing benefits to both the buyer and the seller.

It's time to stop talking, and start doing.

Everyone is talking about future proofing and transformation, but few have the operational expertise or insight to confidently put it into action.

To overcome the hesitancy to implement change, you need a strong sense of what a future-ready function could mean for you, and what it might look like. And with 95% of CEOs seeing technological disruption as an opportunity instead of a threat¹, it's time procurement started thinking the same way.

With 'greater speed to market' at the top of the agenda and product cycle times getting shorter, the challenge facing procurement is only going to increase. Add to this the rise in global suppliers and markets, evolving political landscapes and increasingly informed buyers, you can see why it's now more critical than ever to act, with vision.

95% of CEOs see technological disruption as an opportunity¹.



Stop delaying...

Sitting at the nexus of internal and external insight, there is a big opportunity for procurement to become the orchestrator of supply chains as companies form to become ecosystems: with the right solutions and methodology in place to enable partners and suppliers to 'plug in' to workflows and process flows.

But there are many challenges that, unaddressed, could stand in the way of seizing that opportunity.

These include how to make sense of the huge and growing volumes of data produced by increasingly complex supply chains, and turning that data into value.

Then there's the evolving technology landscape to navigate, from research-heavy tech giants to the myriad of small start-ups; finding the right one to stand up in an ever-changing procurement landscape is a minefield.



...start to act

Future proofing and procurement transformation are interdependent; an increasingly volatile and disruptive future can only be managed with a clear design of your future state, made possible with a future-ready operating platform in the cloud.



The five characteristics of a future-ready procurement function

How future-ready is your procurement team? Here's a sense of what KPMG professionals would expect from a top decile organisation; how many statements can you answer yes to?

1 An agile function

"We have a cross-functional team who continuously monitor and proactively eliminate obstacles to efficiencies. And we have structures in place that can help accelerate implementation, enabling flexible changes to core processes – like replacing a supplier or introducing an open-book policy in the supply chain."

2 A new role for procurement

"Our purchasing and supply managers are empowered with insights to fully understand the results of their work on the end-product and/or service – and on the user and customer. So we can clearly identify the value procurement is adding to the business; gaining respect across the company. It gives procurement more control; enabling our department to advise the business as an internal partner."

3 Well managed risk

“Our structure and processes means that we can make smooth, fast and reliable decisions, even in stressful circumstances or where time is of the essence. These resistant structures protect our company from external shocks, structural breakdowns and disruptions by applying stress tests and supply chain risk management tools.”

4 Partners as peers

“We work collaboratively with suppliers – harnessing their brainpower to capture innovation and create an ecosystem – working together to do things differently. With an eye on trends, a clear view of data, and the agility to work closely with our partners, we can ensure success over the short, medium and long term – even in the most uncertain times.”

5 A global-local balance

“We procure and employ locally, while also developing and utilising value creation and ecosystems within our local economy. We don’t replace globalisation with localisation; we combine both strategies to form an enterprise-specific balance, taking into account economic effects along with cultural and sustainability considerations.”



Procurement has the opportunity to become the orchestrator of supply chains, but until you can demonstrate these five key characteristics, you may not be ready.



Isn't it time to stop waiting, and start evolving?

How do you measure up?

Can you confidently say you have the capability to act in these ways, with a model that's built to adapt with the future?

With the right forward-looking approach, tested methodology and pre-defined future-state vision, you can stop delaying and start to proceed with the visibility, confidence and evidence to ease buy-in and implement change – without fear of the unknown and the risks that go with it. Elevating your status in the enterprise.





With KPMG Powered Enterprise | Procurement you can:

- **transform** the way you run your business
- build **agile functions** that evolve as you grow
- help your people **adopt and embrace change**
- **exploit new technologies** for value and performance
- **drive future success** with the latest leading practice.

To find out more about Powered Enterprise and the impact it can have on your business visit:
www.kpmg.com/uk/poweredprocurement

¹ KPMG 2018 Global CEO Outlook.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.