



Unlocking opportunities in Procurement Automation

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Innovation through automation



What if you could improve your organization's procurement efficiency and cut costs, all without hiring new staff or making major IT investments?

In today's business environment the perceived complexity is increasing, making it more important than ever for organizations to focus on value adding tasks and unlocking the opportunities in their business. For procurement professionals one opportunity lies in automation of processes

Cost benefits of RPA* - Percentage reduction of FTEs

- 16% Requisition and Purchasing
- 26% Supplier Management
- 50% Month end reporting
- 55% Receiving and storage

*(Dependent on organizational size)

that occupy unnecessary cost and time. Many are aware of the potential of RPA, though they are struggling with where to start or how to realize the value of the automated processes. In this paper we will share our view on how to start unlocking the full potential of procurement automation

What does the future of automated procurement look like?

A continuum of disruptive technologies

- Buy-desk automation and invoice processing will be driven by RPA, support chat bots and analytics will use natural language processing technology.
- Spend classification, contract management and other data intensive activities will rely on machine learning and cognitive technologies to deliver real time fact-based decision making.

A combination of digital solutions enable extreme automation

- Self-monitoring solutions will provide spend and contract analytics that will predict the date of a contracts full consumption and identify what contracts should be renegotiated and when.
- Integrated and customized applications will create an off-the-shelf cloud procurement platform with an open architecture that allows for integration with existing technology.

Solutions centered around customers, suppliers and transparency

- A supplier-centric procurement with visibility through deep interconnection of systems and data, and transparency along the entire product list cycle
- Procurement can become invisible to customers by providing simple interaction with chatbots, Digital Assistants, and Artificial Intelligence (e.g., Cognitive Contract Authoring)

The futuristic workforce: A partnership between humans and bots

- Having a change management strategy is key since success in automation can only be reached if humans see bots as their partners and not as competitors.
- To succeed, organizations need to set a plan for how to recruit talent, but also how to bridge the knowledge gap for existing employees.

Applying automation in the procurement process

Automation potential spans across the procurement process. While some process areas can benefit greatly from basic, script-based automation, other areas require a higher level of automation complexity to realize the full value potential.

Automation can be divided into three levels:



Level 1

Basic process automation implemented without IT involvement. Solutions are easily designed, quickly tested and implemented with a relatively low investment or expenditure.



Level 2

Incorporate more advanced technologies enabling use of structured and unstructured data to support elements of self-learning.



Level 3

Decision support and advanced algorithms to allow automation of processes that are more cognitive in nature. Solutions incorporate advanced self-learning capabilities.

Examples of automation applied within procurement processes



Category Opportunity Identification (COI)

Automated real-time COI

The system monitors on-going procurement activities and identifies category saving opportunities based on changes in spend.



Contract Management

Contract collection and ingestion

The system collects and ingests contracts from across the organization and adds it to the Source to Pay system. The system pulls metadata from contracts and enters into the system.



Supplier Relationship Mgmt.

Contract performance manager

Tracks contract use over time to identify and collect on rebates, tiered pricing, and other discounts and remuneration changes or penalties due to SLA issues.



Procure to pay

Purchase guidance

As requisitions are entered, it will provide guidance in real time to help manage the demand volume and specification levels, just as that a procurement expert otherwise would.



Procure to pay

Automated invoice review

Matches invoices with final disbursement amounts and looks out for discrepancies in payment amounts. The discrepancies will then be addressed by sending automated notifications to the suppliers.



Knowledge management

Automated chat bot

Addresses user questions about appropriate purchasing methods and processes for each purchase. The Chatbot can also assist in execution of transactions.

Automation in practice

- 5 initial steps to automation

- 0** To take full advantage of the transformational potential of automation, procurement organizations **should think big, setting a vision** for step change improvement in performance and capabilities where automation is included.
- 1** Begin by **reviewing all procurement processes** to identify and shortlist what will benefit from automation.
- 2** The opportunity list generated based on the criteria in step 1 should then be **prioritized** based on a RPA segmentation framework to **target the greatest ROI**. The prioritization typically considers the impact of the RPA opportunity as well as the effort to implement the solution.
- 3** For the **highest priority opportunities**, as well as for **quick hits**, the organization should develop a **business case** to estimate the economic and performance impact and develop a more granular implementation cost estimate
- 4** The **portfolio of prioritized opportunities** should then be organized into a time-phased **roadmap** that delivers **quick hit improvements** as well as **deeper process efficiency** enhancements over time through a “waved” deployment.

How can we help?

As leaders in digital procurement advisory services, KPMG offer clients the opportunity to leverage automation to address their top procurement priorities and maximize value to their organizations. We do this through a dynamic set of service offerings



Identifying what automation processes that will generate the best return on investment



Setting a vision together with the client and putting that vision into context



Putting together a business case and making sure the intended results are obtained



Helping our clients build their own competence within RPA



Supporting in shaping and driving the change management process

Get in touch



Pontus Sandslätt
Head of Procurement
Advisory Sweden
Management Consulting
T: +46 73 4438388
E: pontus.sandslatt@kpmg.se



Anna Grauers
Head of Digital
Procurement Sweden
Management Consulting
T: +46 70 9812784
E: anna.grauers@kpmg.se



Gustav Persson
Head of Intelligent
Automation Sweden
Digital Strategy and
Automation
T: +46 73 4446065
E: gustav.persson@kpmg.se





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