



## Media Release

# Rethinking Procurement: Waking up to a new digital reality

**Singapore, 31 August 2018** -- An overwhelming 79 percent of procurement professionals surveyed in a new report released today believe that digital disruption will not significantly disrupt the organizational role of procurement.

This new report, *Reboot Procurement*, was announced today at the inaugural KPMG Procurement Ignite Summit at the JW Marriott hotel. The summit was opened by Minister for Education, Mr Ong Ye Kung who also participated in a dialogue session which followed.

Dialogue participants discussed how to transform the procurement function and how it can continue to attract, retain and manage talent by offering engaging experiences and a clear career path.

## Rethinking Procurement

In our survey report of Chief Procurement Officers (CPOs), findings suggest that most procurement-function roles still focused on traditional transactional processes where process efficiency or productivity and savings are key. Considering the impact of digital disruption,

- 90 percent believe that digital disruption offers more opportunities than threats but
- 59 percent thought the impact of disruption on procurement will be situational.

However, procurement professionals appear unclear about digital disruption, its impact, and how best to transform their functions. Among respondents, while

- 59 percent have budgeted for procurement enhancement or transformation,
- only 40 percent felt that they had a comprehensive procurement strategy.

The top three challenges cited by respondents were driving efficiencies and effectiveness, quality and visibility of their data and cost optimization.

“Many procurement functions struggle with legacy infrastructure and processes preventing them from unlocking the potential of the data at their disposal,” says Mr **Satya Ramamurthy**, Partner & Head of Management Consulting at KPMG in Singapore, “Procurement functions need to better articulate the value these new technologies bring to their organizations and how digital tools will revolutionise the way they work.”

**Professor Sheila Wang**, Academic Director, MBA Management Practicum and Adjunct Professor, Department of Analytics and Operations at the NUS Business School says, “Procurement is not about spending money, it is about finding the next competitive edge. It

is an important function where opportunities abound in harnessing businesses' data to enhance efficiency and help leapfrog business transformation through suppliers and market offerings. How organizations and CPOs utilize Procurement to maximize business impact and competitiveness can very well affect an organization's success."

## **Embrace Digital**

Procurement functions are unique in being among a handful of organizational functions with the richest sources of data about their organization's core activities. Rapidly emerging technologies can also help them leverage this data for insights more readily.

The top three types of applications that procurement functions found most useful were data analytics for spend-analysis, contract management and data visualisation / dash-boarding.

While 65 percent of professionals polled said they had an organization-wide data strategy,

- 39 percent of CPOs expressed vague familiarity with data analytics, and a
- further 27 percent admitted to being unfamiliar with the potential of data analytics.

Many also expressed concern that the data is buried in different units and deemed a by-product of business processing.

Top priority investments implemented or planned over the next 2 years identified by procurement professionals surveyed were (i) Data Analytics, (ii) Artificial Intelligence and (iii) Robotic Process Automation.

In our survey, most procurement leaders indicated they intend to implement data & analytics within their function but are unsure of the benefits of IoT technologies such as sensors and blockchain to the function and the organization.

"Integrating spend-data with procurement data on supplier and vendor capabilities and performance, organizations gain real-time visibility into consumption patterns," says Mr **Ramamurthy**.

He adds, "Analysing these patterns along with demand forecasts, product and quality specifications and stock levels, businesses can make better decisions around product and service delivery. They can also respond better to market demands, work more closely with suppliers to innovate as well as manage vendor-related risks."

## **Empower Collaboration**

Emerging technologies are expected to transform the function as robots and e-procurement platforms replace traditional buying activities and transaction execution.

Also affected will be the management of suppliers, vendors, contracts, transactions and sourcing activities.

The role of procurement, its capabilities and the collaboration model with other business units will need to be relooked as technology adoption increases.

**Professor Wang** says, “Procurement leaders are beginning to see value in a team with diverse professional backgrounds given the complex and evolving nature of work the function handles. In fact, non-homogeneous teams actually lead to more diverse and innovative perspectives.”

With the automation of routine procurement tasks, employees can also focus on higher value-added work such as business partnering and alliance, supplier and vendor relationship management.

At the same time, it is important to upgrade and professionalize the skills within the procurement function with the [requisite training or professional accreditation](#).

Says Mr. **Ramamurthy**, “Procurement professionals should ideally be thinking about their role in an increasingly-connected enterprise. Besides understanding how emerging technologies can be managed more successfully in a commercial sense, this will involve empowering their procurement function with the appropriate digital skill-sets.”

###

Note to editors

### **About Reboot Procurement**

*Reboot Procurement* was based on a on a study conducted by KPMG, the National University of Singapore (NUS) Business School and Supply Chain Asia. It comprises a survey over 60 CPOs conducted by KPMG, the NUS Business School and Supply Chain Asia. In addition, a series of in-depth interviews were also conducted with 15 leading procurement professionals. Most respondents are based in Singapore and more than half represent listed companies.

CPOs across a range of industries were represented, including banking, consumer and retail, life sciences, public service and technology. The report is further augmented by secondary research.

### **For further information, please contact:**

Selina Lim  
External Communications, KPMG  
Tel: +65 6507 1509  
Email: [selinalim@kpmg.com.sg](mailto:selinalim@kpmg.com.sg)

Kelvin Lee  
External Communications, KPMG  
Tel: +65 6507 1534  
Email: [kelvinlee1@kpmg.com.sg](mailto:kelvinlee1@kpmg.com.sg)

Fiona Heng  
Corporate Communications, NUS  
Tel: +65 6516 1238  
Email: [fiona.heng@nus.edu.sg](mailto:fiona.heng@nus.edu.sg)

## **About KPMG in Singapore**

KPMG in Singapore is part of a global network of professional services firms providing Audit, Tax and Advisory services. With 200,000 people in the network working together to deliver value in 154 countries and territories, we offer a globally-consistent standard of service based on professional capabilities, industry insight and local knowledge.

In the ASEAN region, KPMG member firms operate across all 10 countries. Our industry focus helps KPMG firms' professionals develop a rich understanding of clients' businesses and the insight, skills and resources required to address industry-specific issues and opportunities.

For more information, visit [kpmg.com.sg](https://kpmg.com.sg).

## **Connect with us**

LinkedIn: [linkedin.com/company/kpmg-singapore](https://www.linkedin.com/company/kpmg-singapore)

Twitter: [@KPMGSingapore](https://twitter.com/KPMGSingapore)

## **About National University of Singapore (NUS)**

A leading global university centred in Asia, the National University of Singapore (NUS) is Singapore's flagship university, which offers a global approach to education and research, with a focus on Asian perspectives and expertise.

NUS has 17 Faculties and Schools across three campuses. Its transformative education includes a broad-based curriculum underscored by multidisciplinary courses and cross-faculty enrichment. Over 38,000 students from 100 countries enrich the community with their diverse social and cultural perspectives. NUS also strives to create a supportive and innovative environment to promote creative enterprise within its community.

NUS takes an integrated and multidisciplinary approach to research, working with partners from industry, government and academia, to address crucial and complex issues relevant to Asia and the world. Researchers in NUS' Faculties and Schools, 30 university-level research institutes and centres, and Research Centres of Excellence cover a wide range of themes including: energy, environmental and urban sustainability; treatment and prevention of diseases common among Asians; active ageing; advanced materials; risk management and resilience of financial systems. The University's latest research focus is to use data science, operations research and cybersecurity to support Singapore's Smart Nation initiative.

For more information on NUS, please visit [www.nus.edu.sg](http://www.nus.edu.sg).

## **About NUS Business School**

The National University of Singapore (NUS) Business School is known for providing management thought leadership from an Asian perspective, enabling its students and corporate partners to leverage global knowledge and Asian insights.

The school has consistently received top rankings in the Asia-Pacific region by independent publications and agencies, such as The Financial Times, Economist Intelligence Unit, and QS Top MBA, in recognition of the quality of its programmes, faculty research and graduates.

The school is accredited by AACSB International (Association to Advance Collegiate Schools of Business) and EQUIS (European Quality Improvement System), endorsements that the school has met the highest standards for business education. The school is also a member of the GMA (Graduate Management Admission) Council, Executive MBA Council, Partnership in Management (PIM) and CEMS (Community of European Management Schools).

For more information, please visit [bschool.nus.edu.sg](http://bschool.nus.edu.sg), or go to the Think Business portal, which showcases the School's research.