



INCREASE BOTTOM-LINE BY 35 TO 40% WITH EFFICIENT PROCURE-TO-PAY

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P2P, S2P, procure to pay or source to pay are the very key functions of any organization.

Let's start a talk about how procure to pay as a function and its transformation can really bring in healthy efficiencies to the bottom line of the organizations. Not only bottom line but increase customer satisfaction, supplier satisfaction and even employee satisfaction with the help of a smoother and more efficient operations.

If we look at age old procurement system which is very manual driven by ad hoc decisions not driven by intelligent analytics decision for the procurement be it direct or indirect.

Let's talk about direct procurement first. In fact in our review, I was talking to one of my customer and doing a review. We were looking at

one of the KPI of the delay in invoice payment and we figured out that the payment is delayed because the advanced shipping notification and the receipt of a good, there is a difference of almost 15 days. Why 15 days? Why do we need 15 days between shipping notification and the receipt of material. Then we unearth that it is far off. Far off implies what? Two. one longer the distance longer the freight cost, huge loss. longer the lead time, longer high inventory carrying costs, because you have to carry that inventory for the timely production for 10 15 days and that is high value item.

But did it occur earlier before we look at the KPIs, so most important aspect if you look at even the direct procurement is that what is your lead time? What is your value of the goods? How much is your inventory carrying costs?

That demand is generated based upon your forecast as well as order, but are you really sourcing well in time effectively, efficiently to even deliver to the customers in time. Let's talk about indirect procurement. Do we really understand on the indirect procurement the amount of a saving organization getting get. If you talk for analyst like APQC, Hackett and others, everyone claims that it is very easy to bring in 15 to 20% efficiencies to the bottom line directly by controlling indirect procurement. Do we really know what is our tail spend? What is our long tail spend? What is our short tail spend? What is our medium steady tail spend?

If we look at any organization who has not really started on the path of transformation, your Maverick spending or just in time spending, or row spending is as high as 65 70% can we control it? Yes, of course we can.

We really need to look at a strong category and catalog management, strong vendor negotiation of the prices for office supplies as one can easily save what's wrong. It's just a stationary No. if you consolidate the stationary requirement across the global organization, it will come into billions of dollars. You save very, very easily by really centralizing and channelizing your procurement and consolidating our requirement for the indirect procurement. And if you have really done good on a category and catalog management you go on the payables. I was surprised to really read when I was reading certain articles that even as low as a 4% value spend of our indirect procurement, organization is getting has I has 70% of the invoices. What does that mean? Two third off your payables team time is getting devoted to really paying off these invoices. Is it really

worth? Can't we have an auto pay feature for any threshold, let's say amount less than hundred dollars or thousand dollars or whatever we may define as a controls.

So if we look at the entire procure to pay as a cycle, there are opportunities at every stage. Even at the beginning of vendor onboarding.

Again, I was talking to one of my customers there were saying for a control perspective they need to send before the onboard of vendor to three different functions. One to check social security number, one function to check bank records, account details and all other details and one for checking up your tax details. Do we need that? Today with the age of robotic process automation, I can do all these three checks and onboard vendor automatically without human intervention in

less than three minutes and how much time you can imagine these three functions if doing manual checks they will be taking? At least one person, per function, would be devoting at least, and hour each so three hours for vendor onboarding viz-a-viz three to four minutes with the help of automation and robotics process automation. Similarly, looking at your

entire workflow and management and categorization of your entire procure to pay process with the help, again of automation and of intelligent workflows and analytics, the bottom line saving organization actually have achieved, we can look at the data from the analyst is as high as 35 40% within the first year of transformation exercise itself.

