

Procurement Roadmap

Business Case for Change

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What is a Procurement Roadmap?

A Procurement Roadmap is a communication toolkit that bridges the gap between strategy and operational execution.

The document is used to engage senior leadership, the business and solution partners to:

- communicate baseline and progress milestones for capability maturity
- establish current and future scope of services at an operational delivery level of detail
- prioritize and sequence initiatives to elevate capabilities
- align enterprise governance and policy to support operational change
- realign operational focus quickly in response to new organizational drivers (e.g., M&A)

The roadmap scope includes the following functions:

- Sourcing
- Purchasing
- Travel & Expense
- Accounts Payable
- Spend Analysis
- Payment Register Oversight
- Supplier Risk Management
- Supplier Performance Management
- Global COE for Spend Management

Organization

The Procurement Roadmap is organized around three types of work:

- 1) Governance – the prioritization and oversight of Spend Management maturity development
- 2) Services – customer facing delivery of repeatable steady state activities (e.g., Purchasing request, Invoice submission)
- 3) Initiatives – building new capabilities through the development or improvement of new services

The Governance calendar, Services inventory and Initiative portfolio are contained in the appendix of this document.

Stakeholders

Successful engagement and adoption of the roadmap requires awareness and active support by key stakeholders.

Roles to Consider (Sample)	Name	Title
CFO	<<Insert>>	<<Insert>>
Controller	<<Insert>>	<<Insert>>
Lead for Sourcing	<<Insert>>	<<Insert>>
Lead for Purchasing	<<Insert>>	<<Insert>>
Lead for Accounts Payable	<<Insert>>	<<Insert>>
Lead for Travel & Expense	<<Insert>>	<<Insert>>
Lead for Supplier Management	<<Insert>>	<<Insert>>
Lead for S2P Systems Management	<<Insert>>	<<Insert>>
Business Unit Representative #1	<<Insert>>	<<Insert>>
Business Unit Representative #2	<<Insert>>	<<Insert>>

Governance (Sample)

A calendar of predefined topics is scheduled to provide alignment of Policy and Operations. The key is to ensure that desired behavior is reinforced through Policy. Keeping the rules simplified can be accomplished by communicating Policy adoption as engagement is services and embedding the compliance rules into the services.

- Q1 2013 – Sourcing Engagement Policy
- Q2 2013 – PO Adoption Policy
- Q3 2013 – Centralized Invoice Receipt Policy
- Q4 2013 – Supplier Management Attestation Policy
- Q1 2014 – Contract Archival Policy

Services Inventory

Below is sample inventory of steady state services. This allows the organization to answer ‘what do we do?’.

In addition, the inventory allows the organization to be nimble in adjusting to strategic shifts in focus (e.g., using the inventory to map two organizations during an M&A event).

<i>Spend Mgmt. Roadmap: Service Inventory</i>				Roadmap Modeling		
#	Function	Sub-Function	Service Name	Service Type	Value Driver	Benefit Category
1	Sourcing	Enable Business	Request RFP services	Customer Facing	Bus. Partnership	Business Enablement
2	Sourcing	Enable Business	Request Contract negotiation	Customer Facing	Bus. Partnership	Business Enablement
3	Sourcing	Enable Business	Request Spend by Category or Business Unit	Customer Facing	Bus. Partnership	Drive Savings
4	Sourcing	Sourcing	Sourcing Front Door (Decision Filters / Routing)	Customer Facing	Info Mgmt	Service Satisfaction
5	Sourcing	Supplier Services	Post Sourcing Checklist (Supplier Setup, SRM)	Customer Facing	Info Mgmt	Service Satisfaction
6	Sourcing	Supplier Services	80 - 80 Supplier Segmentation	Customer Facing	Info Mgmt	Service Satisfaction
7	Procurement	Purchase Order	Request for Quick Bid (auction)	Customer Facing	Bus. Partnership	Drive Savings
8	Procurement	Purchase Order	Request for PO	Customer Facing	Control Oversight	Service Satisfaction
9	Procurement	Purchase Order	PO setup (blanket)	Customer Facing	Control Oversight	Service Satisfaction
10	Procurement	Purchase Order	PO Catalog	Customer Facing	Info Mgmt	Service Satisfaction
11	Procurement	Purchase Order	Request to add/change catalog	Internal	Info Mgmt	Business Enablement
12	Procurement	Purchase Order	Project PO (Legal, Real Estate, IT Projects)	Customer Facing	Info Mgmt	Drive Savings
13	Supplier Management	Segmentation	Perform quarterly supplier segmentation and Venc	Not applicable	Info Mgmt	Drive Savings
14	Supplier Management	Risk Mgmt	Maintain Supplier Certification and Capture Risk M	Not applicable	Control Oversight	Compliance
15	Supplier Management	Performance Mgmt	Capture & Manage Supplier Performance Measure	Not applicable	Info Mgmt	Drive Savings
16	AP	Supplier Services	On-board supplier for AP	Supplier Facing	Control Oversight	Compliance
17	AP	Supplier Services	Change supplier profile for AP	Supplier Facing	Control Oversight	Compliance
18	AP	Supplier Services	Capture Supplier W8/9	Supplier Facing	Control Oversight	Compliance
19	AP	Supplier Services	Enroll supplier in ACH program	Supplier Facing	Control Oversight	Drive Efficiency

Initiatives Portfolio - Capability Maturity Map

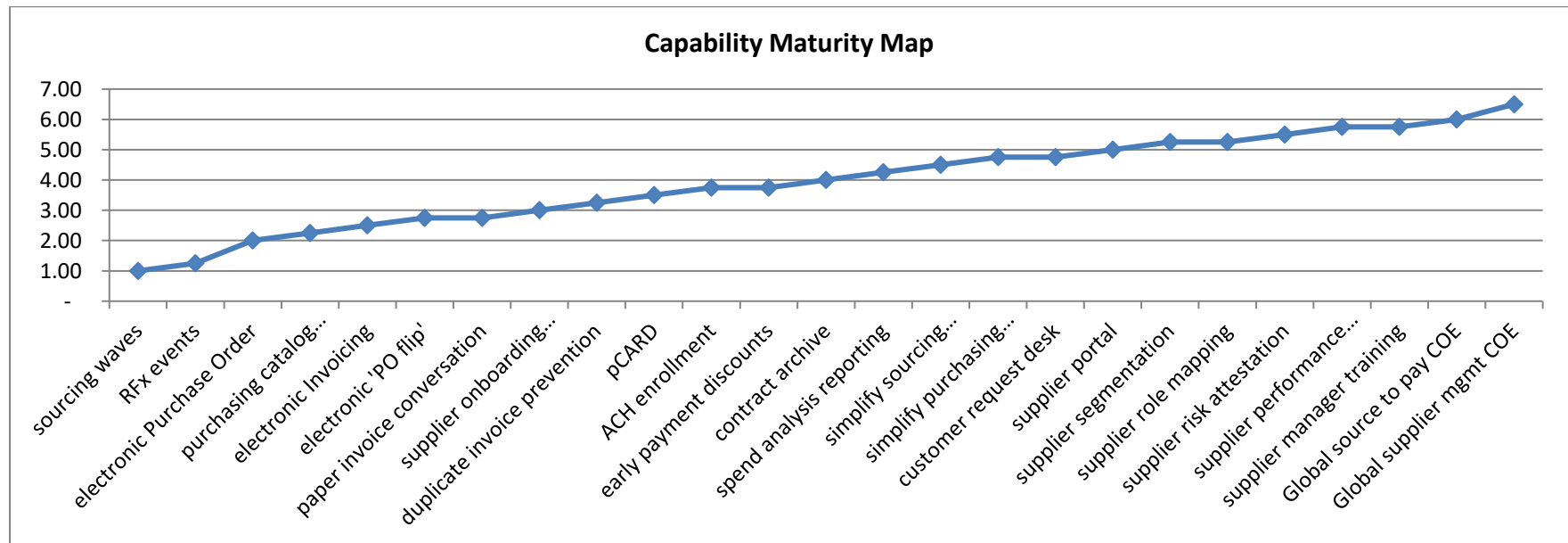
Over the past ten years, Source to Pay has gone through three major shifts:

- Sourcing waves – typically one time efforts to analyze and negotiate supplier spend
- P2P automation – implementing solutions to automate Purchase Request, Purchase Order and Invoice processing
- Workforce optimization – eliminating item processing and optimizing labor costs related to repeat functions

More recently, two trends have emerged to elevate Spend Management performance:

- Shared Service mindset – simplifying engagement in services through shared service portals for business and suppliers
- Supplier management – extending value into the business through the development of a Center of Excellence for supplier management

The below graph maps the sequence of initiatives for capability maturity:



Roadmap Engagement, Adoption & Progress Measures

Scaling and elevating Procurement performance for today's workforce requires a strategy that assumes 24/7 global access to services that are offered in a simplified web portal with mobile service updates. Without these toolkits, it is not possible to introduce and updates services in a scalable manner without excess investment in 'how to' and 'where do I go' training.

Engagement can be greatly clarified by creating a shared services portal which treats all employee and supplier requests with consistent response and resolution times. This shared service mindset is successful in meeting today's workforce expectations.

A sound Policy and Process adoption strategy is to embed controls and rules into the services so that employees and suppliers need only to engage in the services to drive compliance and efficiency.

Below are sample visuals of how employee engagement and adoption are simplified and scaled through shared service approach.

Engagement & Adoption

Visuals for web portal for Suppliers and Employees – a single destination for all things supplier related.

The screenshot displays the SupplierWorks web portal. On the left is a vertical navigation menu with icons and labels: HOME, QUEUE, SERVICES, SAMPLE REPORTS, FAQs, REGISTER, EXPORT, and SEARCH. The main content area is titled 'Welcome to SupplierWorks' and includes a sub-header 'Supplier Onboarding' with a table of services. Below that is a 'Procurement Services' section with another table of services. Each table has columns for 'FUNCTION', 'SERVICE', and 'LAUNCH'. The 'LAUNCH' column contains gear icons.

FUNCTION	SERVICE	LAUNCH
Supplier Setup	New Supplier Setup Invitation Click to initiate a supplier request. The supplier will be invited to complete and submit their profile for review and setup.	⚙️
Supplier Setup	New Supplier Setup (Supplier Bypass) Click to enter all supplier profile information for new supplier setup. No invitation is issued to supplier when using this form; supplier is bypassed and information is entered directly.	⚙️

FUNCTION	SERVICE	LAUNCH
Procurement	Engage Procurement Engage procurement to support an RFP, contract amendment, or other complex supplier transactions	⚙️
Procurement	Create or Manage a Purchase Order Click to create a new PO or manage an existing PO.	⚙️

Benefit Measures

With a Procurement Roadmap strategy that is hinged on shared services mindset – engagement and adoption are the key measures that will drive desired outcomes. For example, PO adoption will drive price compliance. Below is a list of sample measures. A more comprehensive list is in the attached appendix.

Measures	Related Service Adoption	Outcome
Savings	Sourcing engagement Early Payment Discounts	2-6% annual savings by category
Compliance	Supplier onboarding portal Supplier risk attestation	Ability to demonstrate SOX compliance in with confidence in a timely manner
Cost Avoidance	PO adoption Central invoice submission	Decrease price variance from target price Decrease duplicate invoices

Adoption Measures

While these are good measures for service delivery and adoption. Holistic roadmap view should track:

- % and Amount of Spend on PO
- % and Amount of Spend on PO that was competitively sourced
- % and Amount of Spend on PO 'Flip' invoice
- % of Amount of Spend with ACH and Early Payment Discount terms
- % spend mapping to supplier manager roles

Document Version Control

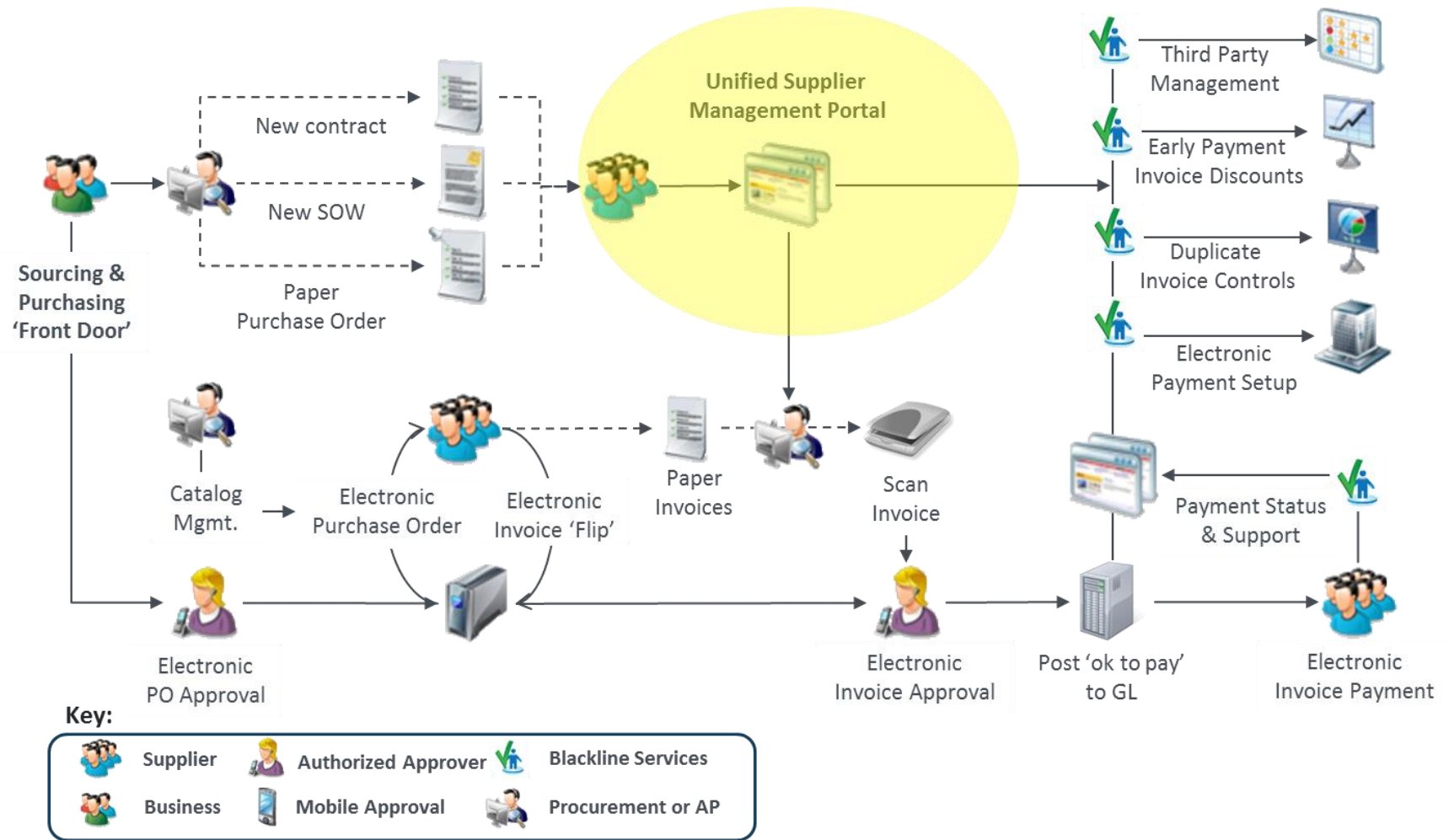
Owner: Name, Sourcing & Procurement Lead

Last Updated: 1/1/2014

Update Comments: Updated initiative portfolio and service inventory

Next Review: 6/1/2013

Appendix 1 – Visual for Operations



Appendix 2 – S2P Shared Service Inventory (SAMPLE)

Delivery Made Simple <i>DMS Service Inventory</i>							Roadmap Modeling		Resource Allocation Planning		
#	Function	Sub-Function	Service Name	Service Type	Value Driver	Benefit Category	Q1' 2012	Q2' 2012	Q3' 2012	Q4' 2012	2013
1	Sourcing	Enable Business	Request RFP services	Customer Facing	Bus. Partnership	Business Enablement	1	1	4	6	8
2	Sourcing	Enable Business	Request Contract negotiation	Customer Facing	Bus. Partnership	Business Enablement	1	1	4	6	8
3	Sourcing	Enable Business	Request Spend by Category or Business Unit	Customer Facing	Bus. Partnership	Drive Savings	1	1	4	6	8
4	Sourcing	Contract Mgmt.	Archive contract for pipeline reporting	Internal	Info Mgmt	Drive Savings	1	1	0	0	0
5	Procurement	Purchase Order	Request for Quick Bid (auction)	Customer Facing	Bus. Partnership	Drive Savings	0	0	1	2	2
6	Procurement	Purchase Order	Request for PO	Customer Facing	Control Oversight	Service Satisfaction	0	0	0	1	1
7	Procurement	Purchase Order	PO setup (blanket)	Customer Facing	Control Oversight	Service Satisfaction	0	0	1	1	1
8	Procurement	Purchase Order	PO Catalog	Customer Facing	Info Mgmt	Service Satisfaction	1	1	0	0	0
9	Procurement	Purchase Order	Request to add/change catalog	Internal	Info Mgmt	Business Enablement	1	1	0	0	0
10	Procurement	Purchase Order	Project PO (Legal, Real Estate, IT Projects)	Customer Facing	Info Mgmt	Drive Savings	0	0	1	1	1
11	Supplier Management	Segmentation	Perform quarterly supplier segmentation and Vendor	Not applicable	Info Mgmt	Drive Savings	1	1	1	1	1
12	Supplier Management	Risk Mgmt	Maintain Supplier Certification and Capture Risk M	Not applicable	Control Oversight	Compliance	1	1	1	1	1
13	Supplier Management	Performance Mgmt	Capture & Manage Supplier Performance Measure	Not applicable	Info Mgmt	Drive Savings	1	1	1	1	1
14	AP	Supplier Services	On-board supplier for AP	Supplier Facing	Control Oversight	Compliance	1	1	1	1	1
15	AP	Supplier Services	Change supplier profile for AP	Supplier Facing	Control Oversight	Compliance	1	1	1	1	1
16	AP	Supplier Services	Capture Supplier W9	Supplier Facing	Control Oversight	Compliance	1	1	1	1	1
17	AP	Supplier Services	Enroll supplier in ACH processing	Supplier Facing	Control Oversight	Drive Efficiency	1	1	1	1	1
18	AP	Supplier Services	Provide supplier payment status	Supplier Facing	Control Oversight	Service Satisfaction	1	1	1	1	1
19	AP	Supplier Services	Enroll and manage Supplier in early payment disco	Supplier Facing	Info Mgmt	Drive Savings	1	1	1	1	1
20	AP	Supplier Services	Manage supplier duplicate payments	Supplier Facing	Info Mgmt	Drive Efficiency	1	1	1	1	1
21	P2P Enablement	Supplier Services	Enable electronic self PO submission (non-catalog)	Supplier Facing	Info Mgmt	Price Compliance	1	1	1	1	1
22	P2P Enablement	Supplier Services	Enable electronic Invoice (PO based)	Supplier Facing	Info Mgmt	Price Compliance	1	1	1	1	1
23	P2P Enablement	Supplier Services	Enable electronic Invoice (Non-PO)	Supplier Facing	Info Mgmt	Drive Efficiency	1	1	1	1	1
24	Shared Info Mgmt	Analysis & Reporting	Publish compliance reporting for all Functions	Customer Facing	Info Mgmt	Compliance	1	1	1	1	1
25	Shared Info Mgmt	Analysis & Reporting	Publish Metrics for all Functions	Customer Facing	Info Mgmt	Drive Efficiency	1	1	1	1	1

Appendix 3 – Initiative Portfolio

#	Initiatives	Maturity Level	Capability
1	sourcing waves	1.00	One Time Savings
2	RFx events	1.25	
3	electronic Purchase Order	2.00	P2P Automation
4	purchasing catalog management	2.25	
5	electronic Invoicing	2.50	
6	electronic 'PO flip'	2.75	
7	paper invoice conversation	2.75	
8	supplier onboarding compliance	3.00	Supplier Engagement
9	duplicate invoice prevention	3.25	
10	pCARD	3.50	
11	ACH enrollment	3.75	
12	early payment discounts	3.75	
13	contract archive	4.00	Customer Engagement
14	spend analysis reporting	4.25	
15	simplify sourcing engagement	4.50	
16	simplify purchasing engagement	4.75	
17	customer request desk	4.75	
18	supplier portal	5.00	Supplier Value Optimization
19	supplier segmentation	5.25	
20	supplier role mapping	5.25	
21	supplier risk attestation	5.50	
22	supplier performance tracking	5.75	
23	supplier manager training	5.75	
24	Global source to pay COE	6.00	Scalable Best Practices
25	Global supplier management COE	6.50	

Appendix 4 – Business Case Measures (SAMPLE)

Business Case Spend Profile	Baseline	< 9 Months	Year One	Year Two	Target
Total Annual Supplier Spend	\$ 3,000,000,000	\$ 3,000,000,000	\$ 3,000,000,000	\$ 3,000,000,000	\$ 3,000,000,000
Total Annual Supplier Invoices (estimate, validated with business case)	400,000	400,000	400,000	400,000	400,000

Spend Channel Optimization (% volume)

Shift from manual to more efficient and controlled spend channels. (Baseline can be validated with business case)

manual transactions	60 (us mail)	68%	25%	20%	5%	5%
	45 (fax/email)	17%	15%	10%	5%	5%
electronic transactions	10 (eInvoice)	5%	50%	55%	60%	60%
	3 (PO eInvoice)	10%	10%	15%	30%	30%

HARD SAVINGS: Operational & Cash Management Benefits Summary

Detail provided in Benefit Sections 1 & 2 (below)

Current Operational Costs	\$	8,000,000	\$	8,000,000	\$	8,000,000	\$	8,000,000	\$	8,000,000
S2P operational costs	\$	-	\$	4,880,000	\$	5,040,000	\$	5,280,000	\$	5,280,000
OPERATIONAL COST SAVINGS	\$	-	\$	3,120,000	\$	2,960,000	\$	2,720,000	\$	2,720,000
Early Payment Discounts (Standard)	\$	450,000	\$	1,800,000	\$	2,100,000	\$	2,700,000	\$	2,700,000
Shared Revenue Program	\$	-	\$	720,000	\$	1,050,000	\$	2,700,000	\$	2,700,000
CASH MANAGEMENT REVENUE	\$	450,000	\$	2,520,000	\$	3,150,000	\$	5,400,000	\$	5,400,000
TOTAL HARD SAVINGS	\$	450,000	\$	5,640,000	\$	6,110,000	\$	8,120,000	\$	8,120,000

COST AVOIDANCE: Price Compliance Benefits Summary

Detail provided in Benefit Section 3 (below)

Contract Price Compliance	\$	-	\$	900,000	\$	900,000	\$	3,375,000	\$	8,100,000	\$	8,100,000
Catalog Price Compliance	\$	-	\$	3,750,000	\$	3,750,000	\$	9,562,500	\$	20,250,000	\$	20,250,000
TOTAL COST AVOIDANCE	\$	-	\$	4,650,000	\$	4,650,000	\$	12,937,500	\$	28,350,000	\$	28,350,000