Procurement success is no longer based on cost reduction alone. When procurement teams work closely with other departments and suppliers, they can deliver value through:

- Efficient sourcing - with quicker cycle times and a closer match to the required goods or services
- Optimizing the supply base - lower-risk vendors that deliver quality products and services
- Innovation - working with the supply chain to deliver new products or services
- Capital improvements and cost reductions - when faced with unforeseen challenges such as cash-flow issues, labor shortages, and supply-chain disruption

Spend visibility and analytics provide another opportunity for procurement to contribute to wider business objectives. An in-depth spend-analysis exercise can:

- Rationalize the supply base
- Deliver unit cost savings from unmanaged spend
- Reduce maverick spend
- Harmonize pricing across buying centers

Spend analysis is a straightforward concept but, in practice, the full benefits can be hampered by fragmented legacy systems that provide inaccurate or incomplete data, leaving actionable insights hard to find. But trying to overcome this issue with technology alone is not the answer. Spend-analytics solutions deliver their full potential when they include experienced analysts to review data accuracy, and category experts to draw out insights.
Genpact’s spend analytics solution

Our spend-analytics offering provides visibility and insights on spend across an organization’s supply base. We bring together scalable technology and analytics experts to deliver accurate results that give sourcing and category teams confidence in the spend data, so they can focus on delivering value.

Insights, not technology

We focus on delivering information to procurement professionals in a format that answers common procurement questions, such as “what’s the benefit of rationalizing tail spend?” and “is P2P process performance maximizing working capital?”. We handle the dirty work: cleansing data, performing categorizations, and integrating analytics across systems. As a result, procurement teams can focus on turning the insights into business-results (figure 1).

Accurate supplier categorization

We’ve completed more than 1.6 million supplier categorizations across different industries, so we can accurately categorize spend using the combination of our expertise and technology.

Deep categorization

Using our proprietary tools and spend experts, we typically categorize 97%+ of company spend. Without this level of categorization, it’s nearly impossible to identify maverick suppliers and manage tail spend (figures 2 and 3).

Enriched data

Your data can tell you so much more when combined with third-party data. We routinely incorporate Dun & Bradstreet data, supplier-risk data, and diversity data to generate insights for procurement teams.

Figure 1: Procurement summary dashboard
Easy deployment

Our system is cloud-based and is delivered with pre-built dashboards. These dashboards answer most typical procurement queries, but the system also has the flexibility to add new dashboards as required. In addition, thanks to our pre-built adapters, integration is easy and requires very little support from IT departments. Many deployments only take 10 weeks, with most of that time spent on data validation.
Seamless expansion

Spend analytics only gets you so far. At some point, you will want to link spend to your contract, risk, and supplier-performance data. Our spend-analytics offering is integrated into our wider source to pay-analytics offering, so we can seamlessly incorporate other procurement data and provide a one-stop source for all your procurement insights.

Impact

Genpact’s spend-analytics solution helps procurement teams deliver strategic business outcomes. With increased spend visibility you can identify opportunities to improve compliance, reduce demand, and facilitate strategic discussions with business stakeholders. You can focus on the insights and strategies, and leave the data-crunching to us. As well as reducing costs by 5-10%, our solution will:

- Reduce supply-chain risk by moving spend to contracted and risk-assessed suppliers
- Increase procurement process compliance and identify where targeted change management is needed
- Track savings and determine profit and loss impact
- Increase visibility into current supplier performance to strengthen future supplier negotiations
- Optimize cash flow through payment terms analysis and price variance

CASE STUDY

Situation

A major pharmaceutical company needed to streamline its fragmented source-to-pay processes for a clear view of spend across different categories. It worked with an initial spend-analytics provider but was deeply disappointed with the results and frustrated with rising costs.

Solution

Genpact came onboard to evaluate activities and understand the processes and gaps. Based on our findings, we revised the spend taxonomy and implemented our RAPid spend-analytics platform to ensure the necessary depth, accuracy, speed, and frequency of categorization. We also introduced our proprietary spend-categorization process to sort 99%+ of the client’s spend.

Results

- Refresh frequency improved from quarterly to monthly
- Reporting cycle cut from 30 to 8 days
- Rogue spend slashed by 50% through identifying non-compliant tail spend suppliers
- Performance against a $50 million savings program accelerated by identifying and prioritizing aggregation opportunities
- Robust data used to develop category plans for procurement realignment

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real, driving digital-led innovation and digitally-enabled intelligent operations for our clients. Because transformation happens here, at Genpact.com.

For additional information contact, cfo.services@genpact.com and visit https://www.genpact.com/finance-accounting

Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.