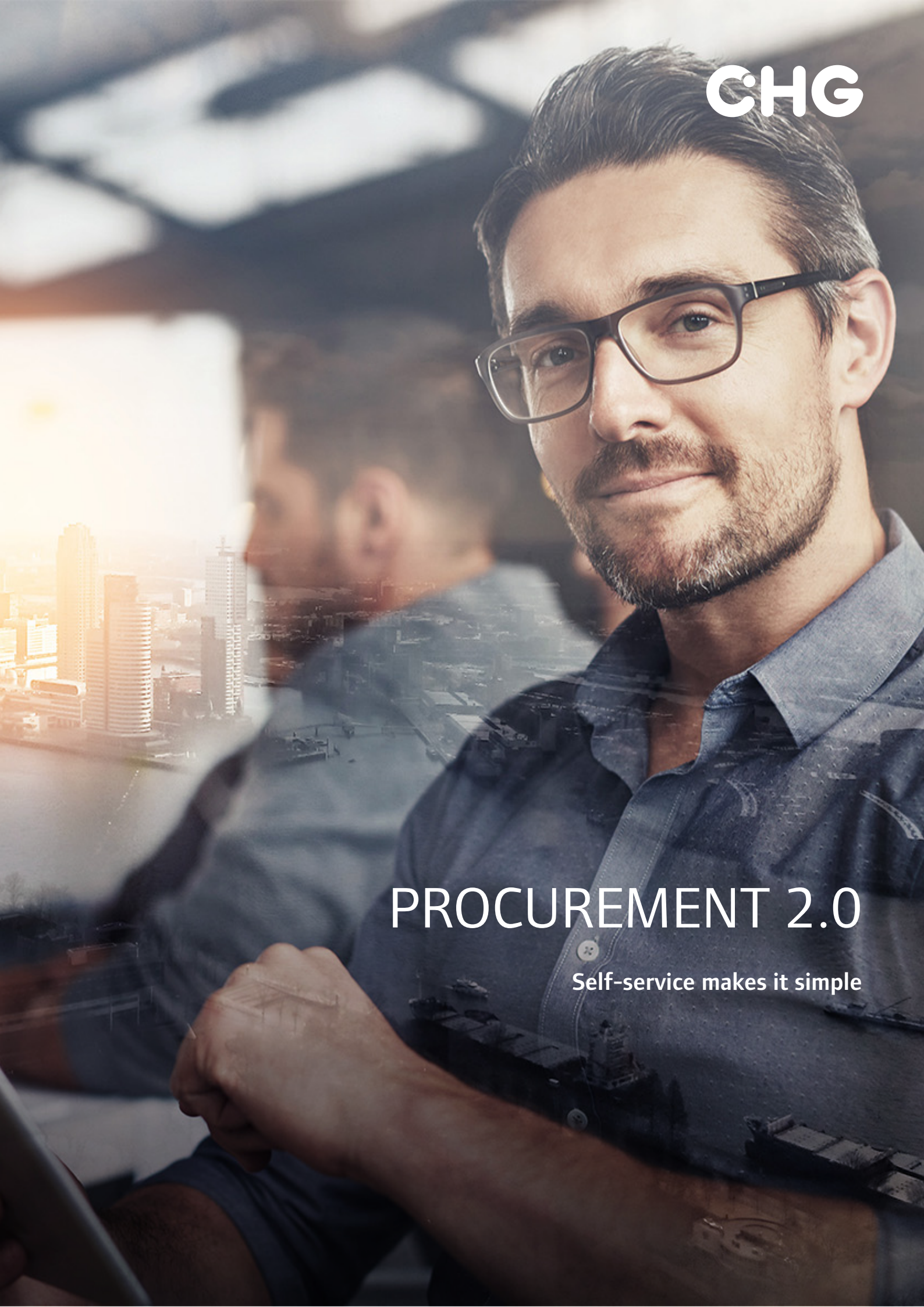
CHG
PROCUREMENT 2.0
Self-service makes it simple

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Conventional IT procurement methods are complex, protracted, and take up a lot of resources. IT departments waste valuable time on installing new workplaces and maintaining the existing systems landscape – time that could be used to address important strategic matters. The complete digitalisation of procurement processes and the involvement of users via a self-service portal frees up time and increases user satisfaction.

Even today, the procurement of IT equipment involves overlapping responsibilities, long waiting periods, and interrupted workflows. On larger projects, the IT, procurement, and finance departments can spend weeks and months setting and agreeing budgets, formulating calls for tenders, and examining the quotes received. In some cases, where processes are not yet digitalised, it can lead to absurdly convoluted workflows, for example where contracts are printed from the procurement system, signed, scanned, and emailed to the supplier, who then prints, signs and scans the contract to be able to process it digitally.

When the equipment finally arrives, the IT department is faced with the often complex task of rolling it out. Each device needs to be checked and configured, and dates for installing and setting up the workplace have to be agreed with each employee. But the world has often moved on in the months since planning and procurement. Technological advances can make new devices seem outdated, or employees might have moved to a new role that requires an entirely different IT setup. No sooner has the workplace IT been installed than the whole process starts again. Then there is the issue that complexity and a lack of transparency make calculating the actual procurement costs very difficult. And it is not just the procurement processes that can muddy the waters, the process costs over the lifetime can often be difficult to get a handle on too.

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Why procurement has to change

Conventional procurement methods lead to dissatisfaction for all parties. According to market researchers IDC, almost half of those responsible for procurement have no understanding of the various departments' requirements, and only 10 percent of respondents say that their cross-departmental procurement processes are satisfactory. IT departments are struggling under the load of rolling out and administering IT equipment for hundreds or even thousands of workplaces, Procurement is overrun with constant questions and change requests, and Finance is puzzling over the actual costs of procuring and operating the new equipment.

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But most of all, the employees are dissatisfied too. They have been spoilt by shopping portals like Amazon, and expect ordering and using IT equipment at work to be as simple and straightforward. All too often, the equipment they use for their daily tasks is anything but ideal. Faced with a lack of equipment, complex approval processes, and long delivery times, many employees take matters into their own hands and buy the required equipment themselves. This leads to what is known as shadow IT, i.e. the use of unauthorised equipment at work, which has a negative impact on IT security and compliance. Research by IDC shows that 62 percent of companies are battling with this problem.
A report by Infoblox stated that over a third of companies in the US, UK and Germany had more than 5,000 non-business devices connecting to their enterprise networks each day. Such a huge number of shadow devices presents a massive challenge to the IT team.

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Source: Sourcing and Vendor Management – A Critical Component of Digital Strategy, IDC.

Challenges in IT procurement

Complexity, inefficiency, and a lack of transparency are not the only reasons why companies need to rethink their procurement processes. The analyst firm Gartner has identified the following additional challenges that companies are facing:

Seamless digitalisation

Digital processes permeate all aspects of the business model and the organisation, and this is leading to a fundamental change in the way that companies create value.

Increasing complexity

The growing number of connected and overlapping processes slows down workflows and nullifies efficiency gains.

Data transparency

Customers, regulators, managers, and employees expect companies to be open about the data that they collect, how they process it, and how they protect it from misuse.

Changing process responsibility

Access to tools and data allows departments to manage processes themselves that previously had been the responsibility of the IT department.

War for Talent

Faced with a lack of skilled workers, companies have to create an environment that attracts the best candidates and allows the organisation to make the most of expertise across functions and departments.

Accelerated production

Technologies such as 3D printing make it possible to bring products to market within a short space of time and adapt them to customer requirements.

Regulatory fragmentation

Diverging political and economic interests in each country lead to a variety of – in some cases contradictory – regulations which need to be taken into account in international procurement.

Modern procurement has to address all these challenges and be able to make new IT equipment available within a few days or weeks, not months or even years. It must also be possible to calculate the costs of IT procurement for each workplace. Cost transparency should not be limited to procurement: it should also take into account all expenditure on operation, support, maintenance, and disposal or remarketing. The employees' individual requirements and preferences should also be taken into account as far as possible.

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Procurement 2.0 – the trends

Technological developments and new business and provisioning models are designed to allow companies to meet these challenges. Currently, the following developments are particularly interesting:

Procurement as a service

Companies are increasingly outsourcing tasks such as strategic procurement planning, budget and supplier administration, and the management of procurement processes to external service providers, or they obtain the required resources from the cloud as software as a service (SaaS). According to one study by IDC, almost 40 percent of companies surveyed are planning to use procurement as a service (PaaS).

Use of machine learning and artificial intelligence

Innovative platforms and service providers are using self-learning algorithms and methods such as natural-language understanding (NLU) to analyse and optimise supplier relationships, automatically generate and analyse contracts, and accelerate procurement processes.

Growing importance of big data

Analysing large volumes of data is becoming increasingly important in procurement too. This means, for example, that sources can be assessed more efficiently, the best suppliers can be identified, prices and forecasts can be optimised, and risks and supply chain bottlenecks can be predicted.

Blockchain as the basis for all procurement processes

Blockchain technology makes it possible to store and share large volumes of data in a way that is tamper-proof. It is therefore particularly suited to the end-to-end digitalisation of supplier contracts.

Self-service instead of central procurement

Just as in HR, in finance departments, and in data analysis, there is a trend in procurement for employees to take responsibility for handling certain business processes.

IT procurement 2.0 – from aspiration to reality

Certain conditions must be met if rapid, transparent, and tailor-made procurement is to become a reality. A central role in this falls to the procurement platform, which connects the internal parties involved and the suppliers and service providers. It presents all the processes required for procurement and automates them to the greatest degree possible. This applies particularly to procurement requests and their approval procedures, which are now displayed and approved digitally. Printouts, faxes, and other paper documents interrupt the workflow and slow down progress, and should be avoided where possible.

The introduction of a self-service platform through which employees can select and order end devices, applications, and services is a major step. Users can choose from a selection of PCs, laptops, smartphones, and tablets defined for their department, role, and remit. By limiting the selection to specific product families, operating systems, and software versions, companies can avoid a mishmash of technologies and ensure that seamless, standardised processes for procurement, rollout, and maintenance can be put in place. The formula should be: as customisable as possible and as standardised as necessary. The objective is to meet the user's specific requirements to the greatest extent possible, so that they can work efficiently.

A SELF-SERVICE PORTAL HAS FIVE MAJOR ADVANTAGES:

Greater employee satisfaction

Users are no longer the passive recipients of IT equipment that has been selected and made available to them by somebody else; they are now actively involved in choosing their IT environment. This involvement increases their satisfaction with their tools, which in turn results in better work. After all, the user knows best what type of PC and software will allow them to complete their tasks most efficiently. It is also far more convenient to use a self-service platform than to fill in an Excel sheet or a paper form. This creates a better user experience and contributes to greater satisfaction, while the companies benefit from their employees' digital expertise and technical skills.

Greater attractiveness for highly qualified applicants

Skilled young workers, in particular, value lean and efficient IT processes and a maximum of freedom when it comes to selecting the tools they use for their work. The current war for talent, which is set to intensify over the coming years, is a very good argument in favor of introducing a self-service platform.

Relieving the burden on the IT department

A self-service portal allows the employee to create a bespoke IT environment for their workplace, set a date for delivering it, and configure it themselves. This reduces the amount of time the IT department has to spend on arranging a convenient time, which can tie up a lot of resources on a large rollout.

Reduced workload for the procurement department

Optimising procurement processes by introducing a self-service portal can reduce the amount of operational and administrative tasks that the procurement department has to handle. Instead of wading through a sea of purchase requests, orders, and supplies every day, decision-makers can dedicate their time to more important strategic procurement planning tasks.

Cost savings and cost transparency

More efficient order processes, user-managed installation, and the optimal adjustment of the working environment can result in savings in the double-digit percentage range. All costs associated with procuring and operating IT equipment for a workplace can be calculated and predicted precisely.

Procurement provides the digital hub

Procurement is also benefiting from the increasing digitalisation and automation of processes. A digital procurement platform becomes the hub for all processes necessary in budgeting for, approving, and ordering IT equipment. It not only connects internal departments with service providers and suppliers but also seamlessly integrates all decision-making processes.

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A self-service portal is an integral element of any Procurement 2.0 strategy and allows employees to configure and order IT devices and peripherals themselves. This increases job satisfaction and reduces the burden on the IT department – and not just in terms of the procurement process. Other tasks that can be handled via the portal include arranging support, reordering hardware and software, accessing general usage information, and replacing decommissioned hardware. When it comes to a sustainable and future-proof procurement strategy, nothing can beat a procurement platform with fully digitalised and automated processes and a self-service portal.

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