



Great procurement **brings powerful insights and analytics that inform decisions**

Analytics play an increasingly influential role in most business decisions. For procurement, the field of data analytics is rapidly advancing, and offers numerous applications to drive additional, tangible value.

Understand the Analytics Landscape

Take time to understand how analytics can drive value. Then, establish which combination of analysis can be applied to provide the maximum benefit.

Descriptive Analytics

Establish your baseline – start by compiling all the data you can gather. What data do you have? What do you know – and where are the gaps? Defining a baseline can deliver fresh insights into consumption and spending patterns, value opportunities and determine levels of compliance and efficiency. At a minimum, sanitizing spend data can reveal what the business spends and where, and can help to identify the largest areas of opportunity. This can be referred to as ‘descriptive analytics’.

Diagnostic Analytics

Find the facts – determine what is currently happening in procurement, and the wider organization, based on factual data. Using accurate metrics helps you swiftly identify essential, and often unseen, problems, understand WHY these problems are occurring, and pinpoint genuine wins. Diagnostic analytics explain or identify what happened.

Predictive Analytics

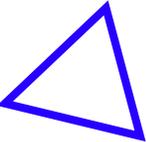
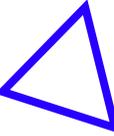
Forecast & predict – building on a foundation of past activities, ‘predictive analytics’ can be used to find trends and patterns to help forecast the probability of a situation occurring again in the future. Combine data with a wider understanding of the business and predictive analytics generate insights that help shape more effective responses to the most challenging scenarios.

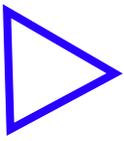
Prescriptive Analytics

Recommend and prescribe – in today’s landscape, this capability stands at the leading edge of analytics. ‘Prescriptive analytics’ harness learnings from multiple sources – both internal and external, be this big data from the emerging Internet of Things (IOT) to pattern-recognition and cognitive technologies. In this way CPOs can help progress critical business functions from reactive to proactive/predictive, and develop specific action plans, based on more detailed and more intuitive predictive models.

Benefits for Procurement: Everyone has data—but your team has mastered its data and cracked the code, understanding what questions to ask, and what data to analyze, to become an important advisor to the business.

Business Benefits: Procurement helps the business identify and uncover unexpected opportunities to drive additional value from investment.





Use Analytics to Turn Insights into Action

With an understanding of the types of analytics, turn your attention to how to apply analytics in a procurement context to capitalize on your data, inform decisions and take action. This thinking can take many forms, for example:

Spend Visibility

Analyze spend data to develop insight about spend and consumption, identify value opportunities, and assess compliance.

Category Analytics

Drive maximum savings for the business by developing market and supplier analyses, should-cost models, price benchmarks, aggregate supply market intelligence and tools and templates to identify opportunities, support bids and negotiations, and drive efficiency.

Compliance Analytics

Analyze compliance with preferred suppliers and buying policies, invoice accuracy and contract compliance.

Payments Analytics

Ensure payment accuracy, detect duplicate or erroneous payments and optimize working capital based on payment terms and policy analysis and best practices.

Supplier Risk & Performance Analytics

Monitor supplier performance with regards to the contract and SLAs and identify risks.

Benefits for Procurement: Procurement plays an important role in using data and analytics to ensure that expected results are achieved, and policy and compliance are maintained, while constantly mining data for new insights and opportunities to present to business stakeholders.

Business Benefits: The business harnesses its data for real-time decision-making based on data and insight, making smarter decisions, faster, and driving better results.

