GOLD MEDAL PROCUREMENT
SMART STRATEGIES FOR Unlocking Procurement Potential in the Public Sector

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The goods and services purchased by governments and educational organizations are always evolving. They are buying more IT hardware and software and less filing cabinets and stationery; smartphones and tablets are reducing the need for office space; and drones are replacing helicopters, satellites and delivery trucks. Despite this change, procurement’s role in the process has become even more essential. To align to the evolving needs of their organizations, CPOs of the future will inspire the workforce to creatively adapt to these changes and embrace the capabilities and value of emerging technologies.

In the next five to seven years, Accenture research predicts that core business functions will become increasingly handled by intelligent virtual agents to achieve cost savings, support improved decision making and increase quality, consistency and compliance.¹ This means CPOs must transform their organizations into performance-based centers of innovation that inspire and enable employees to consistently provide first-class procurement services to their customers while improving overall operational efficiency.

If done right, this transformation will free up resources to focus on value-added activities, proactively seek out, develop and manage relationships with internal customers and suppliers and improve the procurement team’s ability to provide the right goods and services at the lowest total cost. A renewed focus on the people, processes, technologies and policies that drive public service will help progressive public sector CPOs achieve improved transparency and accountability.
UNLEASH YOUR WORKFORCE POTENTIAL

All the buzz around automation and artificial intelligence has triggered a fear that technology will soon replace people. But a procurement organization’s most valuable assets remain its people. To successfully attract, retain and grow talent within an era of advanced technology, CPOs must create and maintain an environment that inspires improvement, progress and innovation.

Although few individuals say they want to work in procurement when they grow up, there are a growing number of people that are driven to use technology to make the world a better place. Now more than ever, the world of public procurement provides individuals with tremendous opportunities to apply technology and innovation to rapidly increase efficiency and significantly improve mission delivery. If CPOs choose to be bold, they have the opportunity and tools to reinvent procurement in order to attract top talent and unleash the passion and potential of a new generation.

Accenture’s 2017 Technology Vision reports that 76% of respondents believe organizations are under extreme competitive pressure to extend innovation into their workforce and corporate structure.² So how do you balance future expectations with current workforce realities?

Investment in new and emerging technologies, performance-based compensation, flexible work schedules and targeted training, for example, can help attract the right talent and keep them focused on delivering targeted outcomes. A provider of undergraduate and graduate degrees successfully deployed a performance-based compensation structure across its procurement workforce that tied a material part of the employees’ annual compensation to the delivery of savings to the organization. This alignment of incentives and sharing of benefits increased the procurement employees’ engagement and focus.

It’s not all budgets, supply lists and order forms. Developing skills is crucial, because you must understand how to best equip those who serve citizens with the tools to do so efficiently, effectively and enterprisingly. All it takes is a little imagination—and the freedom to be resourceful—to give public service organizations the best goods and services at the lowest cost.
ACHIEVE A HIGH PERFORMANCE-ORIENTED ORGANIZATION

Accenture research shows that CPOs can positively differentiate their organizations from peers by extending their supplier networks and embracing innovators. This effort will result in greater transparency and collaboration that can, in turn, enhance productivity.

Our experience suggests that procurement organizations can achieve a 15% savings by transforming and integrating their operating models.

The key is to design, implement and manage a performance-oriented organization with clear purpose and incentives that align with customer needs. This requires a shift in mindset from merely controlling the enterprise’s spend to facilitating good decision-making. Key value-added processes include strategic category planning, risk monitoring and management, proactive customer and supplier relationship management and leveraging public-private partnerships to deliver innovation and agility.

Accenture helped one of the top ten populated states in the U.S. generate over $111 million in three-year savings by developing and implementing a roadmap that transformed the state’s procurement ecosystem. The transformation included a new procurement operating model, governance metrics and a formal strategic sourcing program.

Beyond just improving price points, CPOs can achieve high performance by embracing a more strategic approach, looking at the environment holistically to drive out waste and align outputs to the delivery of the customers’ mission.
WIN WITH ADVANCED ANALYTICS AND EMERGING TECHNOLOGIES

Procurement modernization depends on emerging technologies working hand-in-hand with a more skilled workforce, providing the right information at the right time with the right insights to generate better outcomes. Public sector CPOs can overcome many of their challenges by embracing artificial intelligence, machine learning, cloud-based portals and other digital technologies that promote advanced solutions in spend analytics, contract development and purchasing management. These technology enablers help procurement organizations achieve more with less.

According to Accenture research, the four digital technologies that will give rise to a first-class procurement organization are: cognitive systems, analytics, cloud computing and the industrial internet-of-things (IoT). These technologies not only allow organizations to gather and analyze more and richer real-time data, but they can also enhance connections and encourage collaboration to drive smarter and more accurate decisions. They make it possible for procurement to evaluate its own operations and processes to ensure that it consistently delivers high value results.

The State of Florida enhanced its procurement website, which now serves as a central buyer portal that identifies currently available contracts, detailed information on suppliers and pricing and guidelines on how to best use the contracts. Keywords help users find the right contract faster during portal searches, and FAQs provide users with immediate answers to common issues. Such data sharing and visualization not only encourages collaboration, but also drives operational efficiencies and lower costs through volume aggregation.

**Administrative leaders expect emerging technology investments to...**

- Reduce risk and improve security by **67%**
- Increase innovation and new services/applications development by **52%**
- And improve efficiency through process automation by **47%**
Such investments will drive down operating costs and free up knowledgeable staff and limited resources so that procurement teams can focus more on value-added activities that improve mission delivery.

Public service organizations are at a turning point. Digitization is here, and it will only expand. To be ready to meet tomorrow’s demands and realities, CPOs need to accelerate their efforts to modernize both their workforce and business operations. Smart procurement is within reach if you take the leap and go for the gold.
ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 411,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

SOURCES


3 Nowosel, et al., 2015