



2021 Procurement Insight Report

A Buyer's Guide to Procurement
Automation Software

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Introduction

Procurement adjustments to the "new" part of the new normal after the pandemic have slowly dulled. Managing back-office operations with a remote workforce, procuring personal protective equipment (PPE), and creating a touchless shipping and receiving process might have intimidated companies last year, but it's become part of the routine. Now, with the business world returning to business as usual, one question emerges: what now? After one of the most disruptive crises in modern history, it remains to be seen what parts of the pre-pandemic world will return and which will be eliminated. What will be the permanent effects of COVID-19 on procurement?

Choosing a partner for automation may be one of the most important decisions organizations make for procurement. The pandemic has proven this, as those who took time to evaluate both potential software providers and their current procurement process could continue with business as usual seamlessly. However, businesses that hastily chose a tool experience learned that their tool falls short of their needs in a pivotal time. These companies may experience more frustration with tooling than with a fully manual process. Fortunately, this report walks organizations through what procurement looks like at most organizations and serves as a buyer's guide to choosing and implementing a modern, scalable procurement software.



Executive Summary

Executive Summary

Primary Takeaways

- » **COVID-19 has changed procurement for good:** When the COVID-19 pandemic started, many organizations panicked. With so many moving pieces and employees working remotely, how would business as usual operate? Some chose to implement software that would give them the flexibility to weather the pandemic. Some of those already using software found it was inadequate in enabling a remote environment. Others decided to retain pre-pandemic processes to stave off any more change and confusion.

While these decisions were made with the short term in mind, the pandemic undoubtedly has had long-term effects on procurement and back-office processes. Many organizations are still operating remotely, and an increasing number are considering making this move permanent. Additionally, data over the past two years has shown that many now find automation more appealing than before the pandemic. Many businesses identify consolidation of disparate technologies and automation of tasks as critical initiatives.

Of those not using a tool, over 50% are very or extremely interested in automating and plan to do so in the next two years. These figures, paired with the many challenges exacerbated by the pandemic, point to a different procurement process than that which existed in 2019—one where departments invest in technology, seek out additional ways to automate, and look at the process as a value-add critical for business continuity.

- » **Separating leading tools from basic ones:** One trend the pandemic has accelerated is the separation of leading tools—those that automate tasks and allow true management of the entire procurement process—from more dated ones that just digitize it—where a flawed pre-software process is moved onto the computer. In the past, most organizations adopting a tool were coming from a fully manual or spreadsheet-based procurement environment. Now, many are shifting from a homegrown, ERP-based, or even third-party, cloud-based tool. This is because more organizations are realizing that not all tools are created equally. Every software provider that claims to do eProcurement does not offer the same functionality or set of features.

Not only is this visible in the data, where over 60% of respondent organizations were formerly using an ERP-based, homegrown, or third-party software, but also in speaking to the software vendors themselves. Many vendors speak to the Level Research team



about less greenfield applications and more about competitor replacements. This trend is a net positive for the end-users, as it requires not only a shift in marketing but a true reprioritization of procurement departments and their struggles and needs in software.

Data Summary

For this report, Level Research surveyed over 300 professionals involved in or with knowledge of their organizational procurement process. The study consists of respondents from all seniority levels, including team members, analysts, middle managers, and executives, as well as all sizes and industries. Sample sizes vary across this report, due to logic that dictated which questions respondents were asked.

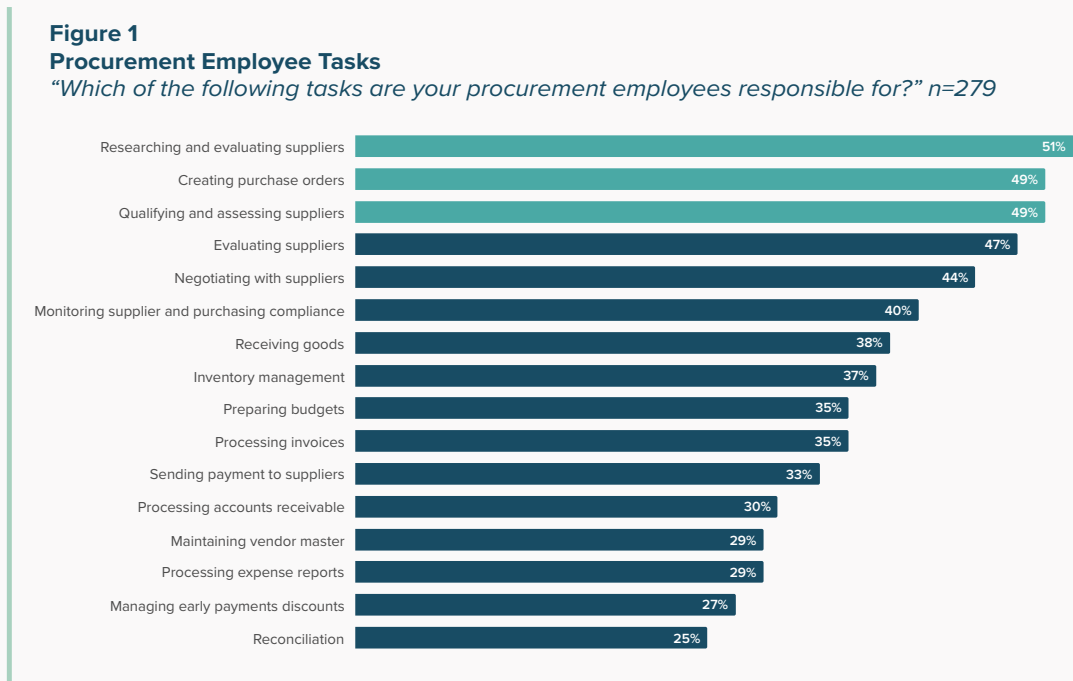


Procurement Across Organizations

Procurement Across Organizations

Procurement Employee Jobs

Procurement has been tasked with taking on an increasingly strategic role. What used to be a job that simply handled purchasing goods and relationships with suppliers, is now responsible for ensuring that vendors are from diverse backgrounds, implement sustainable practices when necessary, and reduce supply chain risk. Data shows that procurement employees’ tasks extend beyond purchase order (PO) creation and supplier evaluation into monitoring vendor compliance, receiving goods, and even AP-tasks like managing discounts, preparing budgets, and processing invoices (**Figure 1**).



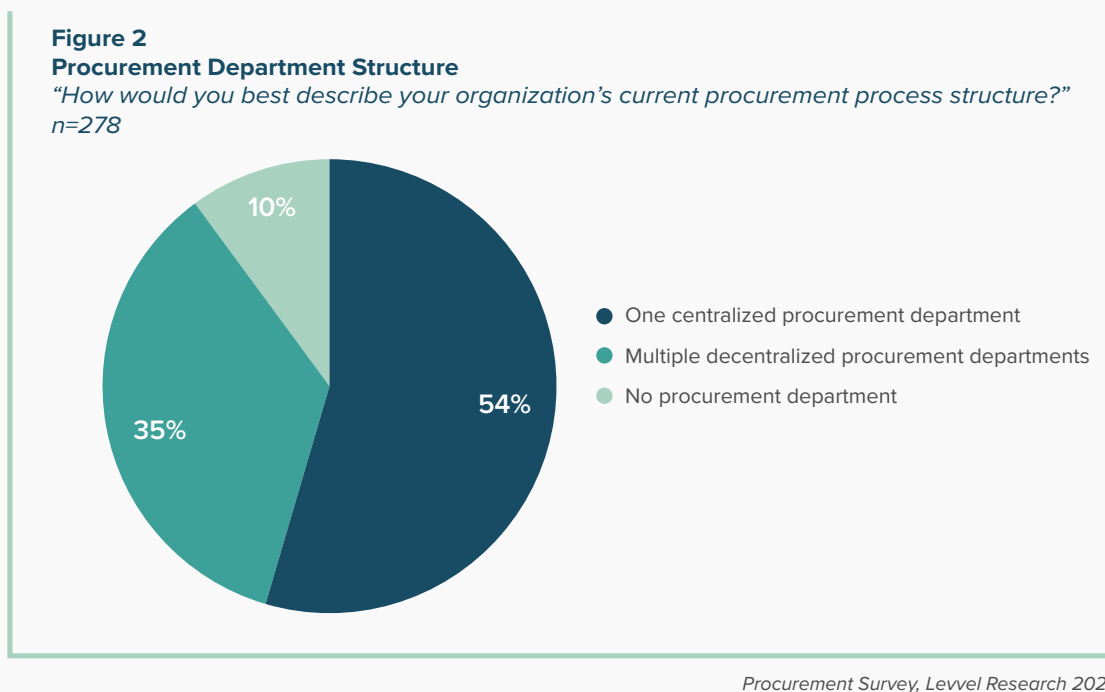
Procurement Survey, Level Research 2021

To tackle these jobs, procurement departments must be equipped with the data to make purchasing decisions and the tools to manage different processes. Unfortunately, both are often disparate and decentralized across organizations’ different locations and departments. When data is stored in different formats and systems, it’s difficult to get a complete picture of the efficiency and performance of procurement at a high level. When the process itself has different steps, standards, and structures within the organization, it’s also tough to manage risk and quality control. Additionally, purchasing the same item from different distributors or suppliers may lead to missed savings opportunities and an inability to benchmark vendors against one another.



Procurement Department Structure

Procurement departments are tasked with taking on increasingly strategic roles. What used to be a job that handled purchasing goods and relationships with suppliers, is now responsible for managing vendor diversity, supply chain continuity and risk, and item and vendor master systems. To handle these tasks, most organizations utilize a singular centralized procurement department (**Figure 2**), as opposed to decentralized departments that may have different processes and policies.



Organizations that have multiple decentralized departments tend to be larger companies, enterprise (organizations with above \$1B in annual revenue) and mid-market (\$50M-\$1B in annual revenue). Those without a formal procurement structure tend to be SMEs (less than \$50M in annual revenue). Looking at historical data shows that an increasing number of organizations are establishing formal procurement departments, particularly among the SMEs, which used to have as many as 1 in 3 leaving purchasing up to individual offices, teams, and employees. This shift towards formalization and centralization could be because more employees are working remotely. With more remote work, organizations have even less visibility into what's being purchased and are prone to suffering from maverick spending. To rectify this, companies establish guidelines, processes, and order for purchasing.

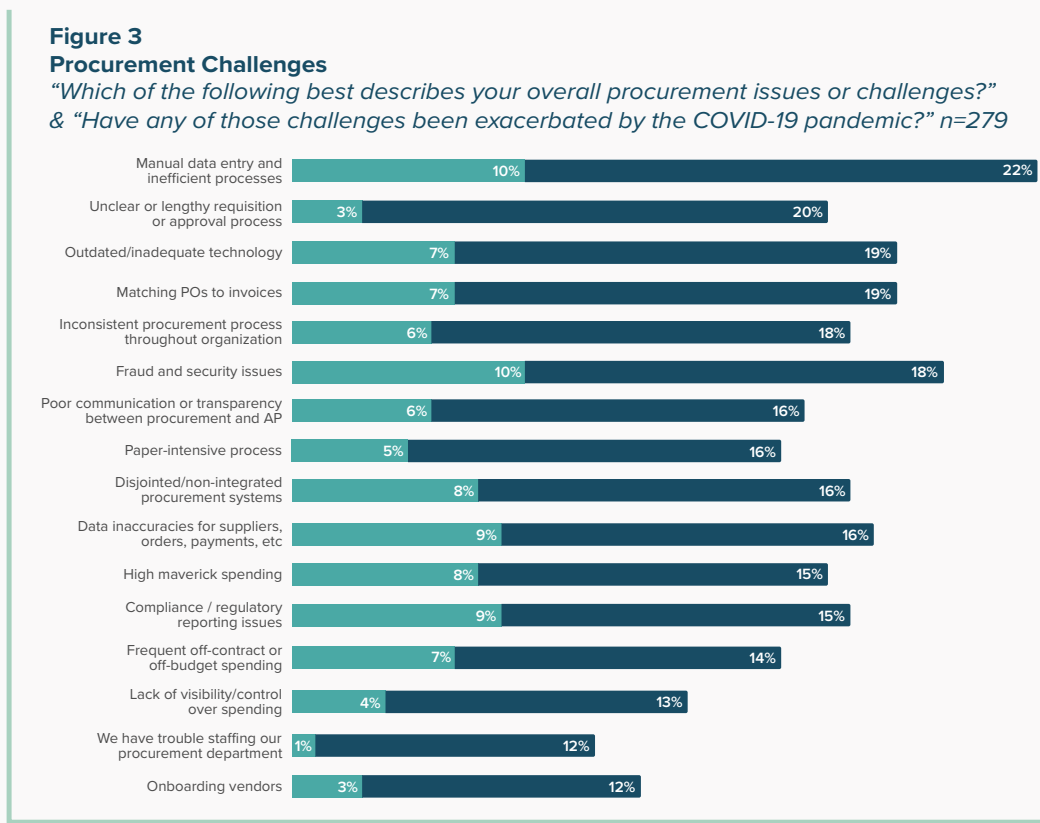
Purchase Order Utilization

One way to add procurement structure and reduce maverick spending is instituting or increasing usage of purchase orders (PO). POs formalize and specify purchases and include important details such as items, quantity, cost date, supplier, and addresses. Once accepted without exception, a PO is a legally binding document that lists agreed to terms, conditions, and expectations from buyer and supplier. Typically, these documents go through an approval process to ensure that the request follows company policy and budget. When used for situations where the PO matches the invoice and shipping receipt (often called three-way matches), utilizing POs provides companies with security and auditability into expenses. The average organization uses POs in 58% of their purchases. They are used more often among larger organizations, presumably because they are more likely to have specialized software that makes the creation of these documents easier. Regardless of size, organizations that use an eProcurement tool use POs in more of their purchases than manual companies.



Challenges

Completing the process using manual, disparate systems is the biggest challenge for procurement departments (**Figure 3**). 20% of the organizations listed the manual data entry portion as the top issue. This holds true even for organizations using an ERP-based, homegrown, or project management/excel-based system, suggesting that these software are inadequate in automating the process. These respondents were also more likely to list outdated/inadequate technology as a significant hurdle.



Procurement Survey, Level Research 2021

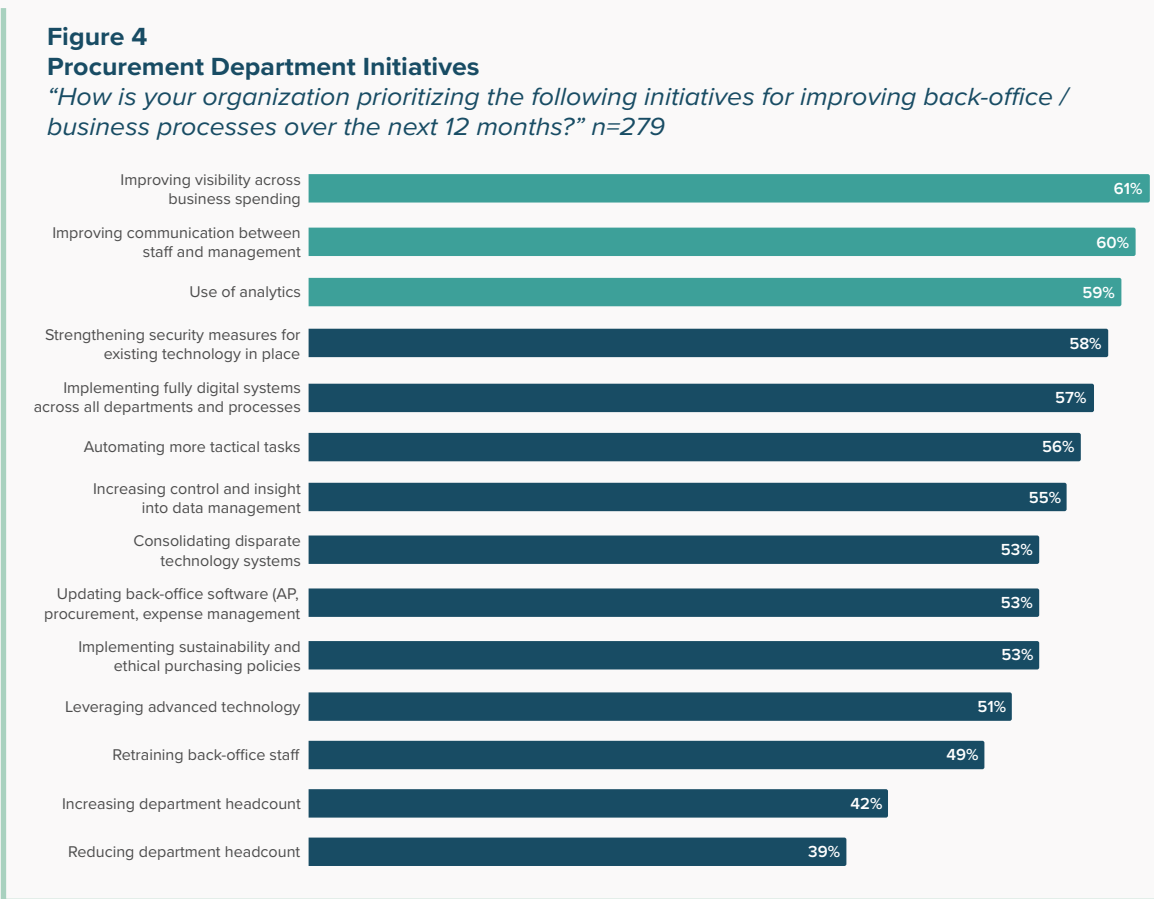
The other top challenges—matching POs to invoices, confusing and inconsistent processes, and lengthy cycle times—also speak to the pains of managing procurement with paper or disparate, archaic software. When asked to elaborate on departmental challenges, pain points like lack of sustainable suppliers, singular system management, and office safety procedures also came up.



Survey results show that these issues have been made worse by the pandemic, as nearly half of respondent organizations said that COVID-19 exacerbated their departmental struggles. The challenges organizations highlighted included more strategic ones like poor communication/transparency between AP and procurement, fraud, compliance, and security trouble, and outdated technology. The pandemic has caused supply chain shocks and interruptions, which has highlighted pre-existing department and process weaknesses. This may also be due to 80% of organizations shifting some part of their organization to a remote environment.

Goals & Initiatives

To improve their back-office operations, many organizations are trying to automate more tactical tasks, digitize their processes, improve communication and visibility, strengthen tech security, and use more analytics over the next year **(Figure 4)**.



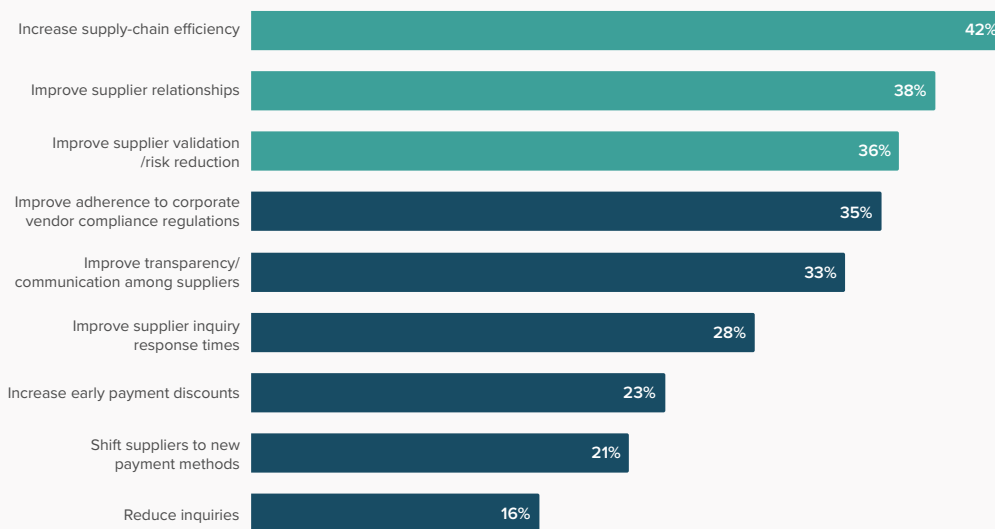
Procurement Survey, Level Research 2021



Many of these initiatives involve making better use of technology, rather than changing employee headcount or retraining existing staff. The prioritization of software reflects a change from procurement being viewed as a back-office cost center to a vital operation that ensures business continuity. This also fits into a larger trend of digital transformation that has many organizations putting significant effort into updating their technology. These updates can increase speed-to-market, improve security, and reduce dependency on outdated systems. Upgrading procurement software is also necessary because of the numerous tasks departments must handle, many of which are centered on managing suppliers. Respondent organizations' top goals in dealing with suppliers are increasing supply chain efficiency, improving supplier relationships, reducing risk, and improving adherence to corporate regulations (**Figure 5**).

Figure 5
Supplier Management Goals

"What would you say are your organization's primary goals in managing its suppliers?" n=279



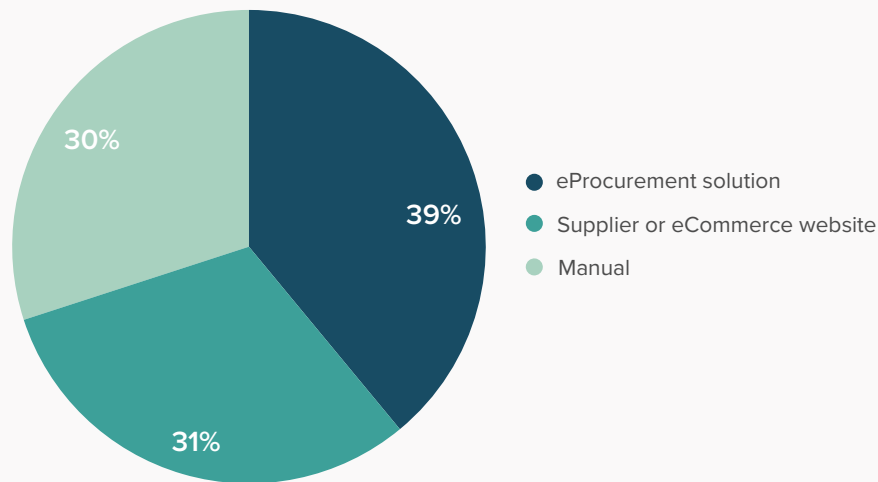
Procurement Survey, Level Research 2021



Automation

In order to address challenges and meet their goals and initiatives, many procurement departments adopt eProcurement solutions (**Figure 6**). These tools automate much of the low-value, manual work so that employees can focus on the more strategic procurement jobs, like negotiating with suppliers and analyzing department risk and performance.

Figure 6
Methods for Placing Orders with Suppliers
“How does your organization typically place the majority of its orders with suppliers?” n=273

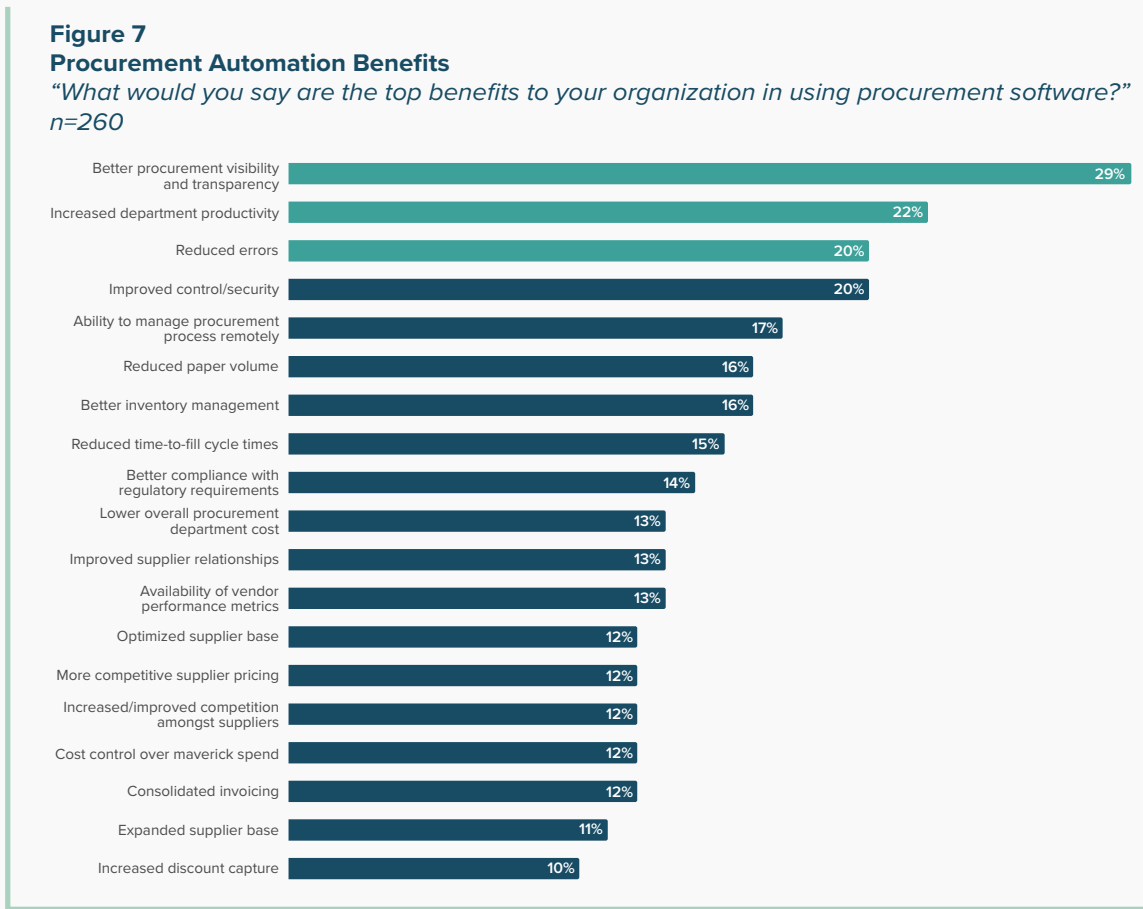


Procurement Survey, Level Research 2021

COVID-19 has had a large effect on views towards automating procurement and other back-office processes. Respondent organizations that said the pandemic made existing challenges worse were over two times more likely to say automation was more appealing as a result of COVID-19 than respondents whose challenges were unaffected. Part of this is likely due to the high number of organizations that have employees working remotely; those organizations were 10% more likely to say automation was more appealing due to the pandemic. Remote work made many organizations realize the necessity of a dedicated software for managing procurement. Without such a tool, departments must rely on email chains and spreadsheets or disparate, dated software. An eProcurement tool centralizes the process so information can be accessed in a singular location.

Benefits

Digitizing procurement not only consolidates purchasing but also streamlines and improves it. Respondent organizations cite improved visibility and transparency, reduced errors, increased productivity, and better department productivity as the top benefits to using eProcurement software (**Figure 7**). All of these benefits make the job of procurement employees easier and drive department efficiency.



Procurement Survey, Level Research 2021

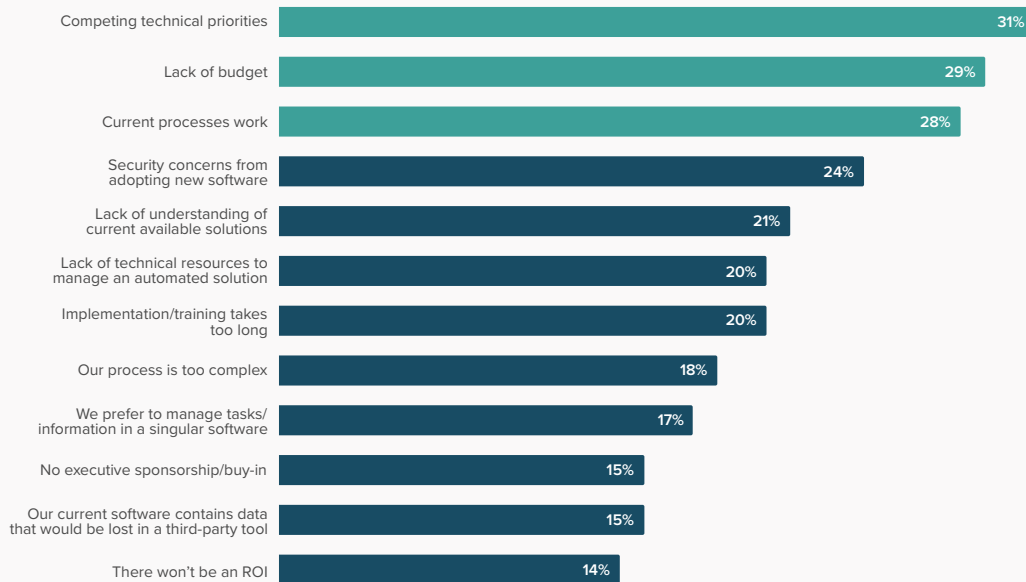
Additionally, many organizations said eProcurement improved their ability to manage the process remotely. The benefits to using software also directly extend to the bottomline: cost control over maverick spend, better inventory management, lower department cost, and more competitive supplier pricing.



Barriers

The top barriers to adoption among organizations that have not implemented a third-party, standalone eProcurement tool are competing technical priorities, lack of budget, the process working as-is, security concerns, and lack of understanding of the software (**Figure 8**).

Figure 8
Barriers to Third-Party Procurement Software Adoption
“What do you perceive to be the greatest barriers to adopting a third-party procurement solution in your organization?” n=163



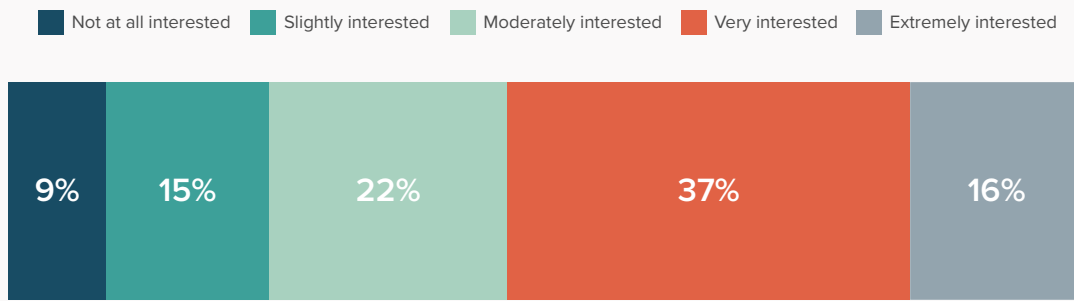
Procurement Survey, Level Research 2021

Prioritizing other technical initiatives and lack of budget both fit into the antiquated view of the back-office as an unimportant corporate function that does not necessitate investment; this ignores the operational and financial benefits to automation. Lack of understanding and outdated procurement views both stem from a lack of education on how the tools work and improve the process. When looking at the barriers by organization size, there are many differences: SMEs are much more likely to have no executive sponsorship and are far less likely to have competing technical priorities, where mid-market companies and enterprises were more likely to cite these as barriers. Enterprises were much more likely to list the desire for managing everything in their ERP than mid- and small-sized organizations. On the other hand, enterprises were far less likely to be worried about security concerns from adopting new software.

Adoption Interest and Timeline

The vast majority of companies not already using one are largely interested in adopting third-party plugin software (**Figure 9**). 91% of respondent organizations expressed interest, with 53% identifying as extremely or very interested. This trend is true among those using an ERP-based or homegrown tool, as well as those operating procurement completely manually.

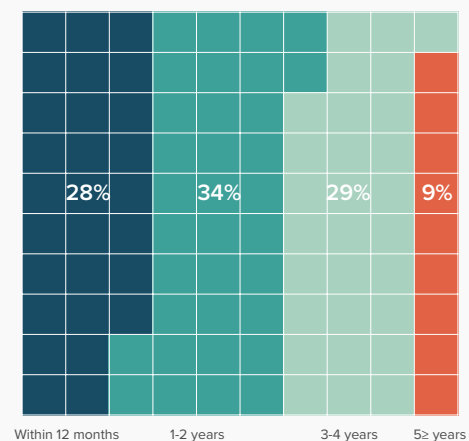
Figure 9
Software Adoption Interest
“How interested are you/your organization in purchasing or considering third party, plugin eProcurement software?” n=163



Procurement Survey, Level Research 2021

The timeline for the move to a third-party tool is also similar across tool type, with most estimating adoption in the next two years (**Figure 10**). There is a slight difference in timeline when looking at company size; enterprises are significantly more likely to estimate their adoption occurring in 3-4 years than smaller companies. This may be because they have more pressing technical priorities and have more complex technological needs, as indicated by the barriers from the previous section.

Figure 10
Software Adoption Timeline
“When do you estimate your organization will adopt a third-party, plugin eProcurement solution?” n=138

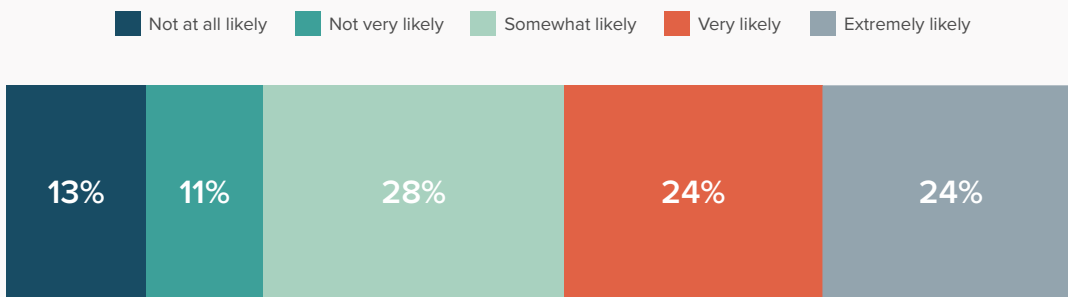


Procurement Survey, Level Research 2021

Likelihood and Reasons for Switching Procurement Software

Many respondent organizations utilizing procurement software express interest in switching over in the next year—75% compared to 55% in the 2020 survey (**Figure 11**).

Figure 11
Likelihood of Switching Tool
“How likely is your organization to switch its procurement software in the next 12 months?”
n=254

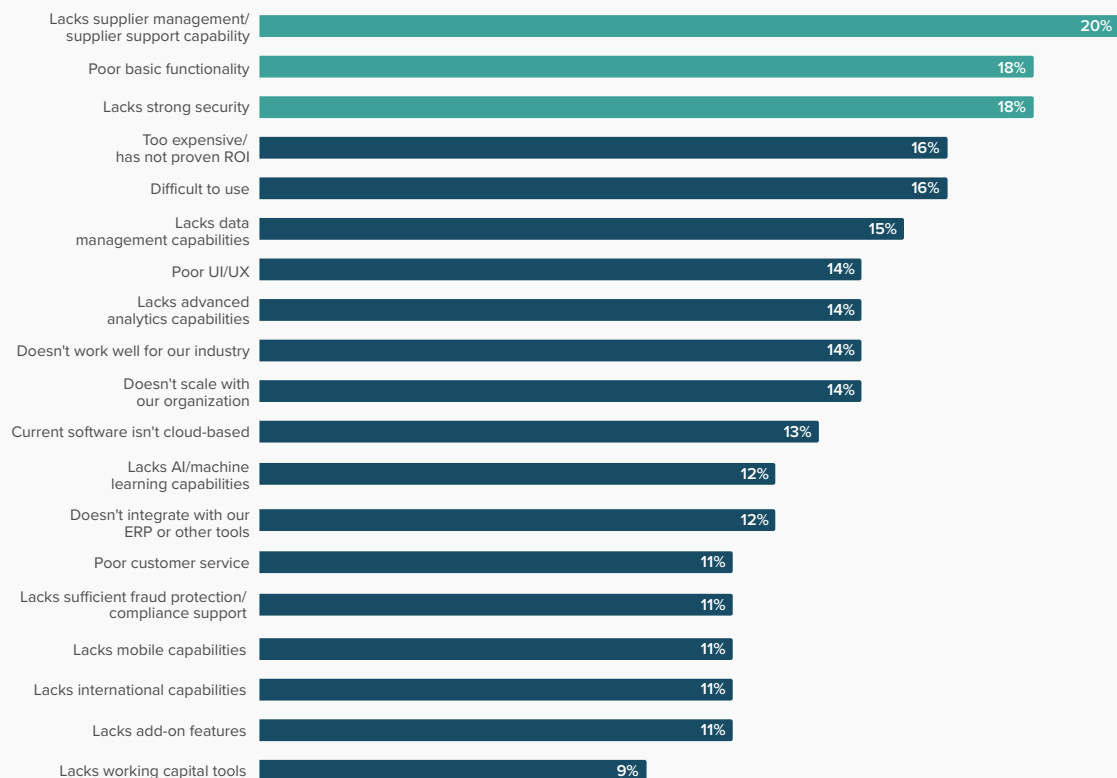


Procurement Survey, Level Research 2021

Those that have been using the same tool for over five years are significantly more likely to have a desire to switch software than those using newer tools, meaning they may simply be ready for an upgrade. This is corroborated by the fact that respondent organizations using older tools are also twice as likely to use a homegrown tool and are significantly more likely to use an on-premise software. Respondent organizations that said they were likely to switch their tool in the next 12 months listed lack of supplier management capabilities, poor basic functionality, difficulty of use, and unproven return on investment (ROI) as their primary reasons for considering new software (**Figure 12**). This figure serves as a message to procurement software providers to ensure that the basic features of their tools are simple and easy to use before building more advanced functionality that may confuse and frustrate users even more.

Figure 12
Reason for Switching Tool

“What are the main reasons or issues that explain why your organization is likely to switch its procurement software in the next 12 months?” n=194



Procurement Survey, Level Research 2021



Electronic Procurement Software

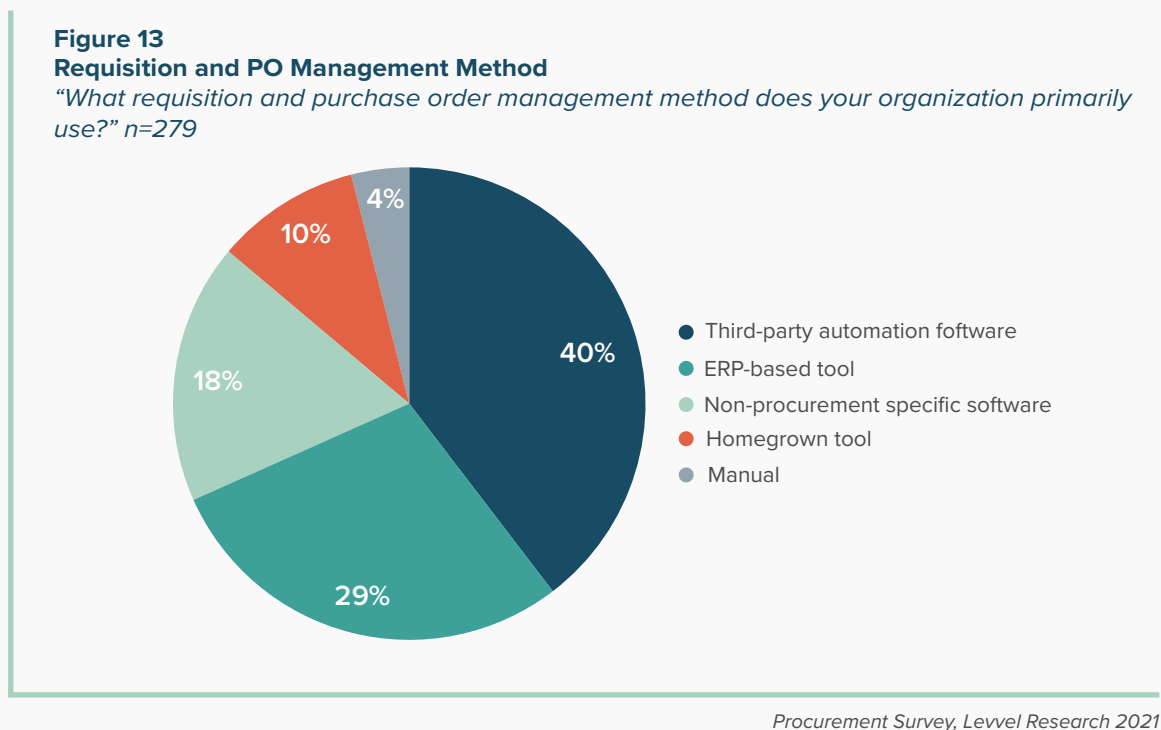
Electronic Procurement Software

Types of Software

Modern procurement departments have a number of different roles to play, so most use software to help. Advanced eProcurement tools give organizations better analytical insight, automate purchase order creation and approval, and consolidate supplier information. But the amount of automation and information this software provides varies widely by the type of tool. The most basic tools will merely move the analog procurement process into an electronic environment; the most advanced will create an almost touchless process and give foresight and predictability.

Figure 13 shows the current utilization of the four types of procurement software, which include:

- » Software not specifically intended for procurement
- » Homegrown procurement software
- » Tools that are part of existing ERP/accounting software
- » Third-party/plugin procurement software



Tools not specifically designed for procurement offer the fewest features and lowest automation of the four types of procurement software. Common examples of these include document processors and spreadsheets, which offer minimal automation, and expense management tools, which may have approval and workflow features that can be manipulated to fit the procurement process. The companies using tools not designed for procurement are usually mid-markets and SMEs looking for a workaround, as they may not have the purchasing volume to justify investing in dedicated software.

While many rely on spreadsheets in the early stages of maturity and are eager to replace them, Levvel Research has observed that more expense management tools include features that can be used for purchasing. While the number of organizations using spreadsheets and document processors are shrinking, Levvel Research predicts that the percentage of companies using tools in this classification will stagnate. Respondent organizations in this category self-report low automation and satisfaction levels and are very inefficient, with a high number of procurement-focused employees compared to their purchasing volume and supplier counts.

Homegrown tools are the least common option for procurement automation. Respondent organizations of all sizes rely on them, though traditionally, they tend to be used by large organizations that can afford to invest the resources to build and maintain in-house software. Often, these are built by organizations in industries with highly specialized needs or restrictions, such as oil and gas, healthcare, and higher education. The level of automation these tools offer varies greatly depending on the investment made during build and design, as well as for maintenance and updates. Respondent organizations using homegrown solutions have the lowest self-reported automation and satisfaction levels and tend to have been using their current tool for longer.

Levvel Research believes that building in-house software should be a last resort for organizations whose needs cannot be met with a one-size-fits-all solution. Before deciding to build a custom tool, organizations should attend industry trade shows and conferences to see what providers offer and research the generic providers, being sure to ask for references from customers in similar industries. Homegrown software may seem like the perfect solution, but they're built to suit the needs of organizations at a point in time. As companies grow and mature, those needs change, meaning the software must change along with it. This requires a great deal of resources, effort, and attention to detail to ensure the company doesn't outgrow the tool.

The most common alternative to a third-party eProcurement system is one that is part of an ERP system. They're most commonly used by mid-market and enterprise level companies. ERP-based



solutions are typically made up of simple procurement features that are small add-ons or are included in the accounting software, so they require little additional training or implementation apart from that of the original ERP. This lack of investment or commitment is part of what attracts organizations to use them. But procurement isn't core to an ERP, so many lack procurement-specific functionality. ERPs are also widely known as clunky and difficult to use. For these reasons, respondent organizations were unable to evaluate many of the features/capabilities of an eProcurement system—because their tools lack them all together. Many respondent organizations said they would likely switch tools because they lack supplier management/support capabilities, strong security, advanced analytics capabilities, and are not cloud-based.

Third-party tools are the most advanced of the four options. They are usually cloud-based, updated regularly, and have features developed specifically for modern procurement departments. Third-party tools typically integrate with other financial software, like ERP, inventory, and AP automation systems. Some are developed for companies of a specific size, industry, or accounting software, while most are designed to work with a variety of different organizations. The respondent organizations using third-party tools report high automation and satisfaction levels (both overall and at the feature level), all with global supply chains and high supplier counts.

Core eProcurement Features

There are five core features that make up eProcurement software. Homegrown and ERP-based tools will have a few of these, whereas a third-party tool will likely have most if not all of them. They are all intended to automate and centralize different elements of the procurement process, but all work towards achieving back-office visibility and efficiency. These six components are outlined below.

Requisition, Order Lifecycle, and Purchase Order Management

Definition and Capabilities: With a requisition management feature, users have the ability to create purchase requisitions and control who they're sent to for approval. This includes budget and category restrictions to ensure employees are only purchasing items that meet corporate policy. Organizations should look for requisition management functionality that is flexible, easy to use, and customizable. These qualities are important; as companies expand and mature, it's important to be able to easily make changes such as adding additional approvers, adjusting budgetary restrictions, making employee policy changes, and accommodating purchasing needs. The most advanced tools offer an experience that can be adjusted based on department, location, seniority, dollar threshold, and spend category. Solutions should also make sure requisitions are able to be re-routed when sitting idle, approvers are out-of-office, and when employees have too



many other requisitions in their queue. The better a tool's requisition management, the more control organizations have over spend. Once approved, requisitions are automatically converted into purchase orders and sent to the supplier.

Who Benefits: Requisition management directly benefits not just the procurement department but the entire organization. By eliminating confusion around routing and corporate policy, requisition management saves requesters and approvers time and reduces maverick spend.

Catalogs

Definition and Capabilities: Employees make purchases through the catalog feature of eProcurement software. They're typically designed to look like an eCommerce website but retain the control necessary for business spend. There are three types of catalogs: hosted (static); punch-out (external); advanced (hybrid); and specialized.

Hosted catalogs are located directly in the eProcurement software. This means that suppliers must register for the system, upload and maintain the master, and ensure all product information is correct. **Punch-out catalogs** are hosted and maintained by suppliers. They are accessed via the eProcurement tool but function as an external website. Goods added to the cart are communicated back to the ERP or third-party eProcurement system to create a requisition.

Hybrids blend punch-out and hosted catalogs to create a singular shopping experience for the end user so that all items appear in one place, regardless of supplier. Finally, **specialized catalogs** are those that exclusively contain items that are tailored to a specific industry need (e.g., lab equipment, school supplies, chemicals).

Who Benefits: Catalogs are beneficial to everyone that makes work-related purchases. They are also helpful for suppliers, who will not have to correct purchase orders with incorrect item information.

Supplier Management

Definition and Capabilities: Supplier management functionality is made up of two components: the supplier portal and the supplier information management system. Despite the name, this feature is usable by both suppliers and buyers. At the most basic level, the supplier portal is where suppliers can accept POs and edit their payment, contact, and general business information. Most leading tools enable suppliers to flip POs into invoices, change their preferences for payment and PO method, submit tax, legal, and certification information, and communicate with buyers. Portals are a self-service hub and where suppliers will interact with the solution the most.



Advanced software have full Supplier Information Management (SIM) systems where organizations can access critical information regarding suppliers. The SIM feature serves as a single source of truth with a complete history of the relationship with the supplier. Because SIM is not fundamental to eProcurement software, many tools don't have them, and the depth of functionality on those that do varies significantly.

Who Benefits: As the name implies, supplier management is very useful for suppliers. It streamlines onboarding and gives them an easy way to communicate with the buyer. On the buying side, staff-level employees benefit the most, as they do not have to make calls and emails to suppliers for missing documents and have access to relevant information in one place.

Receiving and Reconciliation

Definition and Capabilities: When a shipment is received and its goods are inspected and verified, the receiving department must compare it to the purchase order and create a goods receipt. This goods receipt can then be flipped into an invoice by the supplier. In the case where the PO and goods receipt don't match, most basic tools will allow for users to partially receive POs, whereas more advanced tools will let them start the return process. Depending on the eProcurement software, the process continues in the tool's AP module or integrates with the organization's existing AP tool. eProcurement software with AP functionality is known as a Procure-to-Pay tool, which has invoice receipt, management, and workflow features.

Who Benefits: The receiving and reconciliation portion of eProcurement software primarily benefits staff-level employees in the procurement and shipping/receiving departments. This feature automates the matching process, makes the exception process easier, and ensures that organizations pay only for the actual goods they receive.

Reporting and Analytics

Definition and Capabilities: The reporting and analytics feature of eProcurement tools tracks the metrics of the different steps and processes within procurement. Users can examine spend by category, department, and region in order to obtain a complete picture of how the business is performing.

Basic eProcurement tools will have out-of-the-box reports that track the most basic department metrics. Many tools have interactive dashboards that give users the ability to drill-down to get specific insights. Often, these dashboards can be customized to highlight different benchmarks, process times, suppliers, and budgets. The most advanced eProcurement software allows for the



creation of fully custom reports that can be automatically sent to employees, internal and external benchmarking, and predictive analytics that give an idea of the future organizational needs.

Who Benefits: Leadership relies heavily on reporting, as it's a vital part of the decision-making process. Reports summarize spend activity and help management spot trends, make improvements, and shape spend policy. Reporting dashboards also help detect potential fraud, out-of-policy spend, and suppliers and employees who slow down the procurement process. The insights generated by advanced reporting and analytics tools aid C-suite professionals in targeting trouble spots and provide a holistic overview of the organization's cash flow.

Emerging Technology in Procurement

Behind every feature in an eProcurement tool is some form of emerging technology. The primary technologies incorporated in software are Robotic Process Automation (RPA), Artificial Intelligence (AI) and Machine Learning (ML), big data analytics, and Blockchain. These technologies used to be featured exclusively in the most advanced, high-end software, but most are now standard for third-party eProcurement tools. Some vendors will attempt to attract potential customers with highly technical and confusing terminology, but the Level Research team stresses prioritizing how the technology can make organizational procurement better. The definitions and applications to procurement for these emerging technologies are addressed below.

Robotic Process Automation

Robotic Process Automation, commonly abbreviated as RPA, is one of the first emerging technologies incorporated in back-office software. It's a backbone of procurement software and is used to automate simple, repetitive tasks that require minimal human cognition. RPA relies on formulas and instructions to complete business processes that are usually high volume and rules-based. In eProcurement, it's used to match documents, automatically send out reports, and manage inventory levels.

Artificial Intelligence and Machine Learning

One of RPA's biggest shortcomings is its inability to handle more complex processes. Artificial Intelligence (AI) and Machine Learning (ML) rectify this by mimicking the human ability to think and use logic (AI) by detecting patterns to improve accuracy, reliability, and performance without human intervention (ML). They are used in eProcurement software to detect potential fraud, suggest items that should be purchased, and classify spend by category and supplier.

Big Data

Big data is usually referenced in the context of “big data analytics.” Big data refers to datasets too large and complex for humans to extract conclusions from. Big data analytics applies AI and ML to these datasets to analyze trends, assess organizational performance and efficiency, scorecard suppliers, and identify areas for improvement.

Blockchain

Blockchain is an expandable set of records that carries and stores unique information regarding transactions and events. Unlike the other technologies, blockchain is still in its infancy of inclusion into eProcurement software. The “block” portion refers to the singular action and its related information, and the “chain” refers to the blocks and data that are chained together in a chronological series of events. Once an event occurs, no part of the blockchain can be modified; this makes it secure, reliable, and impervious to fraud. Its applications to procurement include contract and purchasing document creation, supplier information verification, and supply chain traceability.



The Buyer's Guide

The Buyer's Guide

Cost

Lack of budget is one of the largest barriers to adopting an eProcurement tool. This is partially due to the confusion around pricing and how much implementation and subscription costs. When looking into licensing software, many organizations feel they are charged for every aspect of the tool, including each additional feature, user, and document. To clear things up, there are typically on-time fees, including implementation and training costs to get the system up and running and subscription fees, which are recurring and typically paid yearly to license the software. There are two prevalent pricing models for determining the annual license fee:

User-based pricing

In a user-based pricing model, organizations are charged based on how many users utilize the software and in what capacity they use it. Some solutions offer tiered pricing based on the primary functions employees utilize the software for, with full access users who utilize most of the tool's features and approval-only users who are using it exclusively for approving documents.

Transaction-based pricing

In a transaction-based pricing model, volume of transactions and/or documents is the primary driver of the subscription fee. It usually has tiers so that price per transaction decreases as volume increases, meaning that pricing tends to be more volatile than user-based pricing.

Buyer's Guide Walkthrough

1. Current State Assessment

Evaluating the procurement process prior to automation is the most important step of the automation journey. Without completing this step, organizations may end up with expensive software and a flawed procurement structure that is just as difficult, time consuming, and inefficient as before.

To conduct a current state assessment, organizations should be able to quantify: indirect spend, percentage of spend approved via PO, and supplier count and geographic distribution. Businesses need to evaluate indirect spend totals, distribution, and changes over the past five years. That way, organizations can choose vendors that can handle their purchasing volume and organizational complexity.



The next part of the current state assessment involves qualifying the following: approval structure, department centralization, and policies and procedures. These questions help organizations eliminate steps and rules that may be redundant or slow the process down. Additionally, it challenges procurement departments to simplify purchasing so that it looks as uniform at all parts of the organization as possible.

2. Research and Evaluate Vendors

Once an organization has streamlined their manual procurement process as much as possible and decided to go forward with adopting software, the vendor evaluation process begins. Evaluating multiple tools is the most overlooked step of the buying process. Historical data shows that most organizations only consider one or two tools before making a decision, which leads many with unsatisfactory software that does not fit their needs.

Organizations should look for software providers that use a consultative approach and look at their end-user as partners rather than customers. They should take a vested interest in ensuring that their eProcurement offering is a good fit for each organization. Organizations should always evaluate providers on their features, ability to integrate with existing systems, and customer references. However, the COVID-19 pandemic has taught organizations that other considerations should be prioritized. Reporting and analytics are critical when it comes to financial performance and forecasting insights, automation versus digitization, and whether or not the tool enables remote work.

3. Consider the Future State

Considering the future state of an organization is just as important as its current state. Because business is constantly evolving, procurement needs are also always changing. Features and tools that are currently irrelevant to an organization may become necessities down the line. Organizations experiencing rapid growth may generate volume that quickly outgrows a solution that made sense in the present. Because of this, organizations should look for software providers that are constantly adding and updating their features.

Another element of evaluating the future state involves calculating return on investment (ROI). Once they have purchasing volume information, software providers are able to approximate the total year-one and year-two licensing costs. After these costs are given, organizations should begin looking at where they will generate savings: 1) spend under management and the elimination of maverick spend, 2) percentage of purchases made via PO, 3) labor optimization and reallocation of back-office resources, and 4) process improvement. Measuring these savings against the cost of software helps calculate an approximate date for achieving ROI.

Conclusion

The last year has brought some massive changes and challenges to procurement. A lot of organizations dealt with out-of-stock goods, supply chain shutdowns, and items and documents that got lost in the shuffle. Some businesses saw minimal interruption, and others were pushed to the brink of solvency. But every company can take a lesson from the pandemic: whether it's prioritizing investing in back-office technology, establishing a set of procurement policies, or merely allowing employees to work remotely, those that apply what they've learned to post-pandemic work will see continued success and increased productivity.



Coupa

Coupa empowers all businesses—from Fortune 1000 companies to the world’s fastest growing organizations—to unify their supply chain design and planning, procurement, payments, and treasury processes in one comprehensive, cloud-based Business Spend Management platform. Coupa’s community of 2,000+ customers use the platform to maximize the value of more than \$2.3T of spend to date.

Founded	2006
Headquarters	U.S.
Other Locations	36+ locations around the world
Number of Employees	3,000+
Number of Customers	2,000+
Target Verticals	Financial Services, Industrial Manufacturing, CPG, Healthcare, Life Sciences, Retail, Business Services, Technology, Public Sector
Partners / Resellers	KPMG, Deloitte, Accenture, PwC, and dozens more around the world
Awards / Recognitions	Coupa is a leader in 28 current analyst reports across every major analyst firm and every area of Business Spend Management including Procure to Pay, Accounts Payable, Sourcing, Supplier Management, Third Party Risk Management, and more.

Solution Overview

Coupa provides a unified, cloud-based spend management platform that connects hundreds of organisations representing the Americas, EMEA, and APAC with millions of suppliers globally. Coupa empowers all businesses to unify their Procurement, Expense Management, Invoicing, Payments, Strategic Sourcing, Contract Management, Contingent Workforce and Spend Analysis, in one comprehensive, cloud-based Business Spend Management platform. The Coupa platform provides greater visibility into and control over how companies spend money. Customers – small, medium and large – have used the Coupa platform to bring billions of dollars in cumulative spend under management. Learn more at www.coupa.com



Procurement Management

Coupa brings the ease of consumer shopping to a B2B procurement experience. By driving company-wide adoption, full visibility and control over all spend is achieved while saving employees valuable time. Coupa's procurement management solution guides employees across the buying process, surfacing preferred products and services to alert employees to discounted pricing and other advantageous terms.

Coupa supports all types of purchases, ranging from standard goods and materials to contingent labor and complex services that may require a blanket purchase order. Users can access system-loaded catalogs, punch out to a supplier-hosted catalog, access Coupa's "OpenBuy" marketplaces, or leverage forms to input data about the goods or services requested including start/end dates of services.

As a unified part of the Coupa BSM platform, Coupa's procurement management solution is directly linked to all other modules, allowing for full contract visibility at time of purchase request, 100% touchless invoicing, in-flight supplier risk notification, real-time budget visibility and much more.

Implementation and Pricing

Coupa uses both internal professional services resources and Coupa's Certified Implementation partners to support clients' implementations. These partners work with each client to define and establish their preferred method of support during implementation. Coupa currently has over 500 professional services resources and over 3,000 certified partner resources. Individual partner resources must go through a structured certification program to be able to implement Coupa.



Medius

Medius is a leading global provider of cloud-based spend management solutions, helping organizations drive their business forward by enabling best-in-class process efficiency, cost saving opportunities, and greater financial control. Nearly 4,000 customers and more than 500,000 unique users worldwide use Medius spend management solutions, managing transactions worth more than \$160 billion annually.

Medius’ modular spend management suite includes solutions for strategic sourcing, contract management, procurement, accounts payable automation and supplier management, as well as data insights tools bringing control, compliance and cost savings throughout the entire Source-to-Pay process.

Medius was founded in 2001 and acquired procurement solution provider Wax Digital in 2019. Today, the company has over 350 employees and offices in Sweden (HQ), the United States, United Kingdom, Australia, Denmark, Norway, the Netherlands and Poland.

Founded	2001
Headquarters	Stockholm, Sweden
Other Locations	USA, UK, The Netherlands, Poland, Sweden, Norway, Denmark and Australia.
Number of Employees	360
Number of Customers	3,600
Target Verticals	All verticals, with particular strengths in Food and Beverage; Construction; Healthcare; Defense and Aerospace; Financial Services; Retail; Manufacturing
Partners / Resellers	KPMG, Exostar, Sapphire Systems, Proxima, Caliba, Cloud Procurement, Datel, Tradeshift, Accigo, Aspia, Columbus Global, Duni EFF, Exsitec, Iptor, Istone, Logiq, NAB Solutions, Navcite, Norsk Arbeidskapital, Oseberg, S5 Consulting, Tanka, To Increase, Vipetech, Vitari, Avvaneo, Columbus Global, HSO, TIE Kinetix, Acom Solutions, Scancloud, AlfaPeople, Armano, Berkone, Leanswift, Olympus Solutions Inc, AP Flow, Ricoh, Microsoft, Readsoft - Kofax
Awards / Recognitions	Gartner Magic Quadrant Procure-to-Pay Suites “Visionary”; Spend Matters “50 To Know” Vendor; Spend Matters Solution Map Leader; Red Herring Europe 100 Winner, National Business Awards Finalist; Prolific North Tech 2019 winner for “Best Application of Tech”



Solution Overview

Medius Procurement is designed to bring organizational spend under control and into compliance. It is 100% integrated eProcurement and AP in terms of platform and UX but also in process. Medius helps customers unify the CFO and CPO by providing reporting and metrics that both Finance and Procurement agree on. With this comes holistic strategies for supplier segmentation and cash management.

Medius's procurement automation functionality is available with a simple user interface, customizable workflows, business model-level rules, alerts/notifications, and built-in data validation that requires minimal IT input. The Medius platform also leverages artificial intelligence to suggest specific efficiency recommendations based on complex automated intelligent analysis of significant cross-industry purchasing data. The solution includes voice-activated features using natural language (e.g., Cortana, Alexa), and Medius is currently developing support for wearables technology.

Procurement Management

Medius Procurement has been developed since 2001 and features a consumerized shopping experience, complete with punchouts to third-party catalogues, advanced search functionality, and approval workflow that can be tweaked to the needs of individual organizations.

The Procurement solution has mature catalog management features that allow for supplier self-management of catalog content. Any changes or updates made by suppliers will be routed to the buyer for approval where they clearly see the old price and new price side by side for the items that a supplier has updated for easy approvals. Suppliers also maintain master data information such as banking and contact details. Again, any changes are routed to the team selected by the buying organization to review changes before they are accepted and optionally pushed into ERP for updating. Medius supports punch-out via OCI and cXML for direct catalog integration and federated search for an Amazon-like search experience. Medius is connected out of the box to a large number of catalogs and eCommerce solutions worldwide.

The Medius Connect module is an Integration Platform as a Service (iPaaS) that links back-office systems to the Medius suite of spend management solutions. Medius operates an ISO 27001-certified information security management system (ISMS) that preserves the confidentiality, integrity, and availability of information across all locations.

The Medius supplier portal dashboard is the first screen a supplier encounters when logging on and it contains a set of interactive and dynamic widgets that the supplier can configure to provide

detailed, real-time data insight into their trading and engagement with a given buyer, depending upon which Medius modules that buyer has deployed. The supplier portal allows for suppliers to keep their contact information and remittance information up to date. It allows for self-assessment as part of SRM. Suppliers can also see the status of all their invoices to prevent incoming calls to AP. PO-flipping and invoice submission are other standard features. Suppliers can collaborate and red-line documents and can sign documents electronically.

Implementation and Pricing

The average timeline for integration and implementation of Medius depends on the specific modules implemented and the scale of the implementation, ranging from four weeks to several months. Clients have access to a 24/7 online support helpdesk application and are given an account manager for the duration of their relationship with Medius.

Regular roadmap workshops and customer/product forums are conducted with clients to collaborate on functional extension and improvement. Additionally, a Best Practice Network fosters an online client community where clients have access to regular webinars, functional demonstrations/videos, peer presentations, and an open forum for sharing questions and ideas with other clients.

Medius is licensed annually on a named user and transactional basis. Free monthly upgrades are delivered to all customers across all modules.

About the Author

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Major Bottoms Jr is a Research Consultant for Level Research based in Charlotte, NC. He plays a key role in the analysis and presentation of data for Level's research reports, webinars, and consulting engagements. Major's expertise lies in the Procure-to-Pay, Source-to-Settle, and travel and expense management processes and software, as well as technologies and strategies across DevOps, digital payments, design systems, and application development.



About Level

You're going to use technology to change the world. We're going to help you create it. Whether you are reinventing your company, creating an industry-changing product, or making existing products even better with new technologies—we exist to make your endeavor a success story.

We exist at the crossroads of strategic insight and the ability to execute. Our teams bring the gamut of business domain knowledge, design prowess, and technical expertise to create success for your business across the entire project lifecycle.

