

About the research

Welcome to the SAP Ariba & University of Würzburg-Schweinfurt “What’s the Next Big Thing in Procurement” survey. This year’s survey provides new and groundbreaking insights on trends and challenges that are shaping the future of procurement, as well as opinions/sentiments that are shaping the function.

This year’s survey received 452 number of responses* from Procurement and Operational Leaders across the globe.

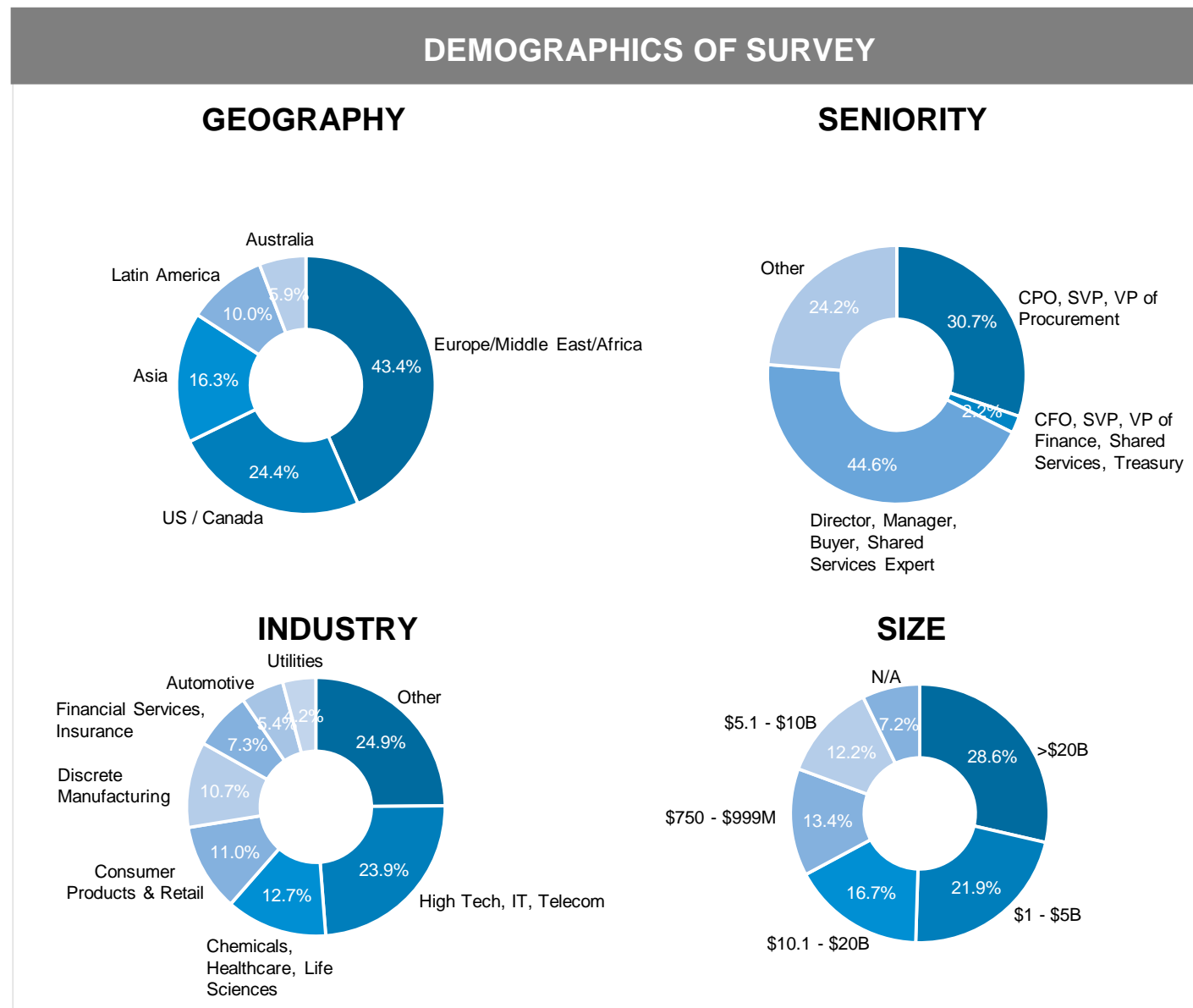
In this report, you will find:

- Challenges that procurement leaders face in creating a more efficient function
- Trends in organization structure
- Application of emerging technologies and the road ahead
- How leaders think and track procurement risk

We hope you find this report insightful.

Finally, we’d like to thank the executives who contributed to this study.

*in total 2,419 people have been approached to respond



Key Findings



83% of respondents believe Digital Transformation will be impactful but only **5%** of respondents have highly automated processes



30% of participants recognize talent management as a roadblock but **63%** don't have a talent management strategy to address it



88% of respondents have **purpose objectives** defined for procurement and see the value



IOT is the largest current technology trend but **RPA & AI** are the future



Procurement most commonly reports into **CFO, CPO or COOs** but organizational reporting structure varies and is fragmented



Corruption and child labor are the largest purpose driven risks managed



Analytics / data quality & budget restrictions are the largest roadblocks to achieving functional efficiency



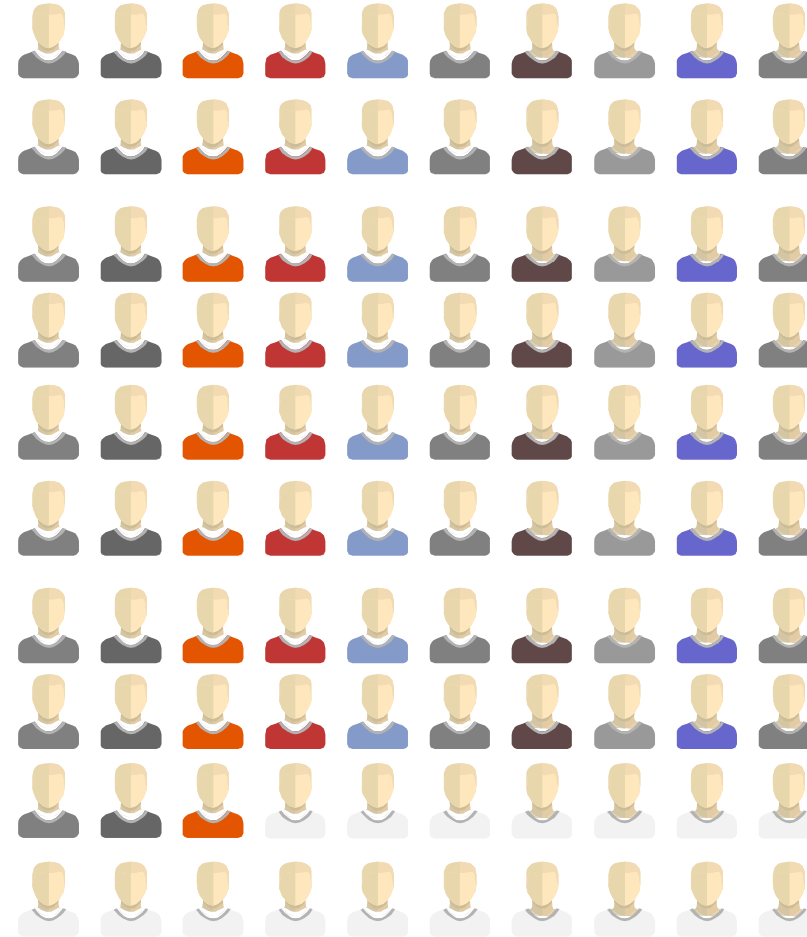
Hard savings, cost avoidance and compliance are the top KPIs to measure procurement performance



The **CPO role** will continue to evolve into a more strategic role, especially in **emerging markets**

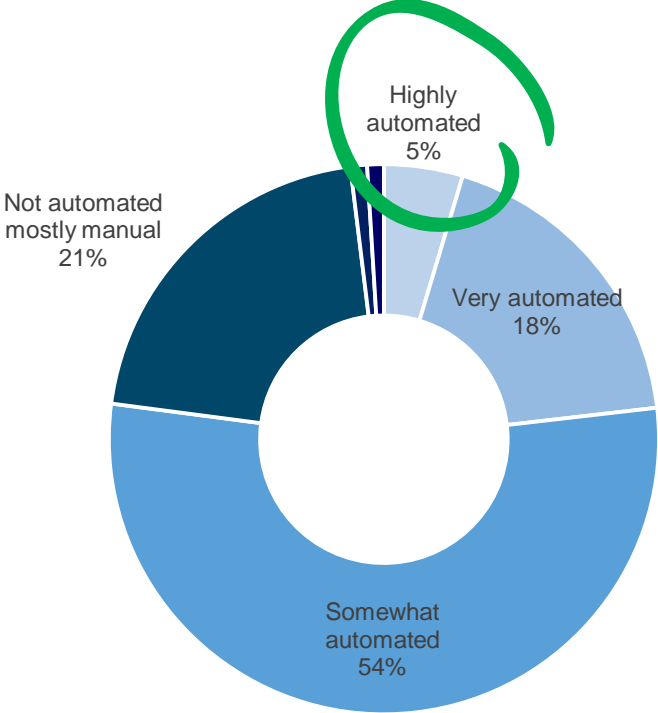
83% of participants think Digital Transformation will impact procurement, supply chain, finance more in 2018, than in 2017

Question: Do you think the Digital Transformation will impact procurement, supply chain, finance more in 2018 compared to last year?

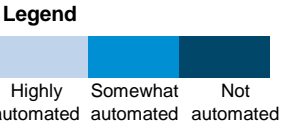
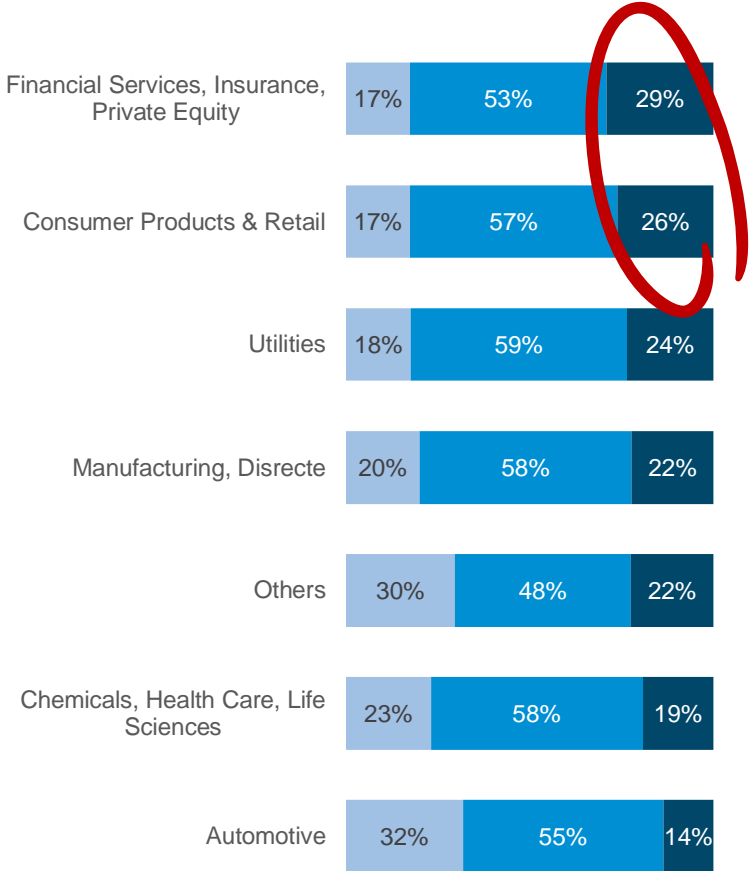


Only **5%** of respondents have highly automated systems / processes within the function..

While 83% of respondents think Digital Transformation will impact procurement, supply chain, finance more in 2018, only **5%** of respondents have highly automated systems / processes...

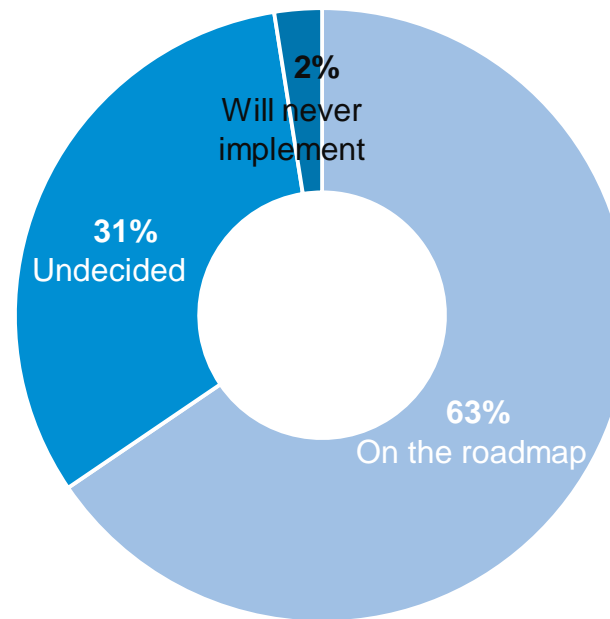


Financial Services, Consumer Products and Retail have the **least** automation



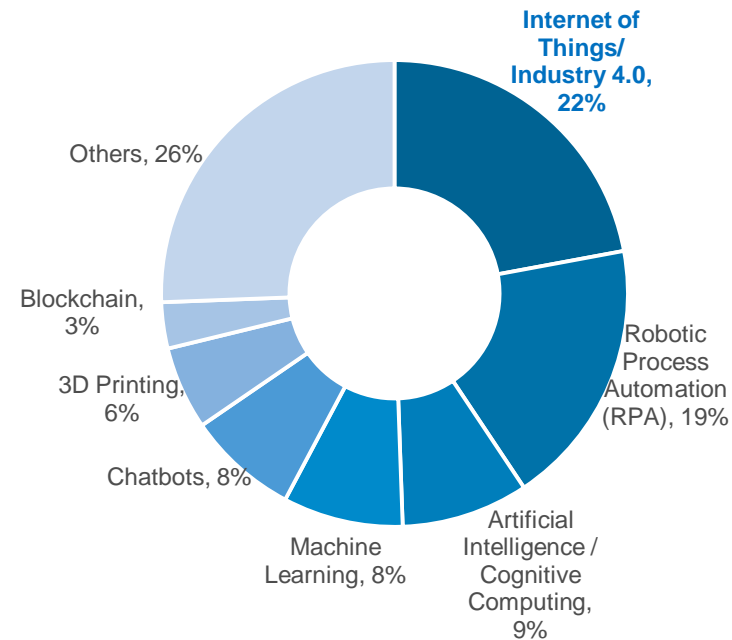
But, 63% of participants think automation is important and have automation on the roadmap

Question: In your opinion, how important is self-service automation in your Procurement/ SCM/ Finance function?

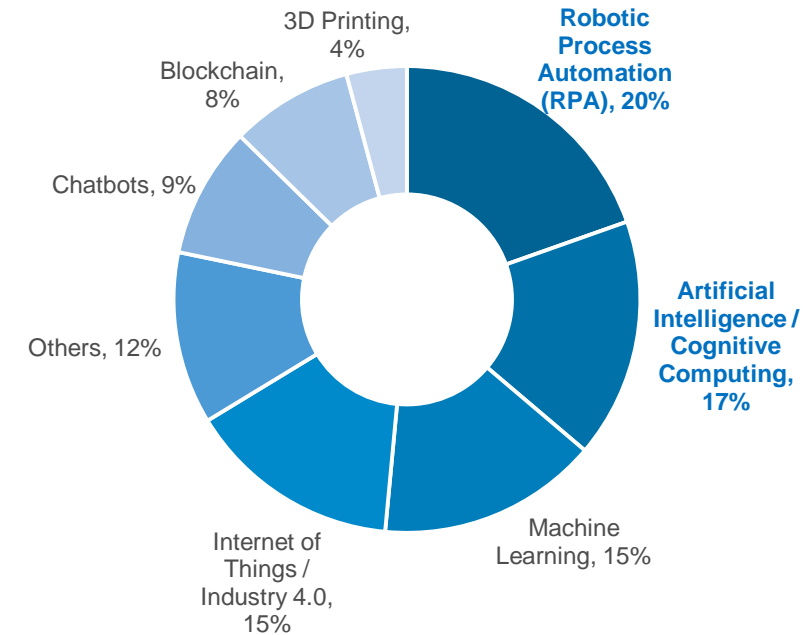


IOT is most common technology used; but, organizations plan to invest in RPA and AI over the next 12 months...

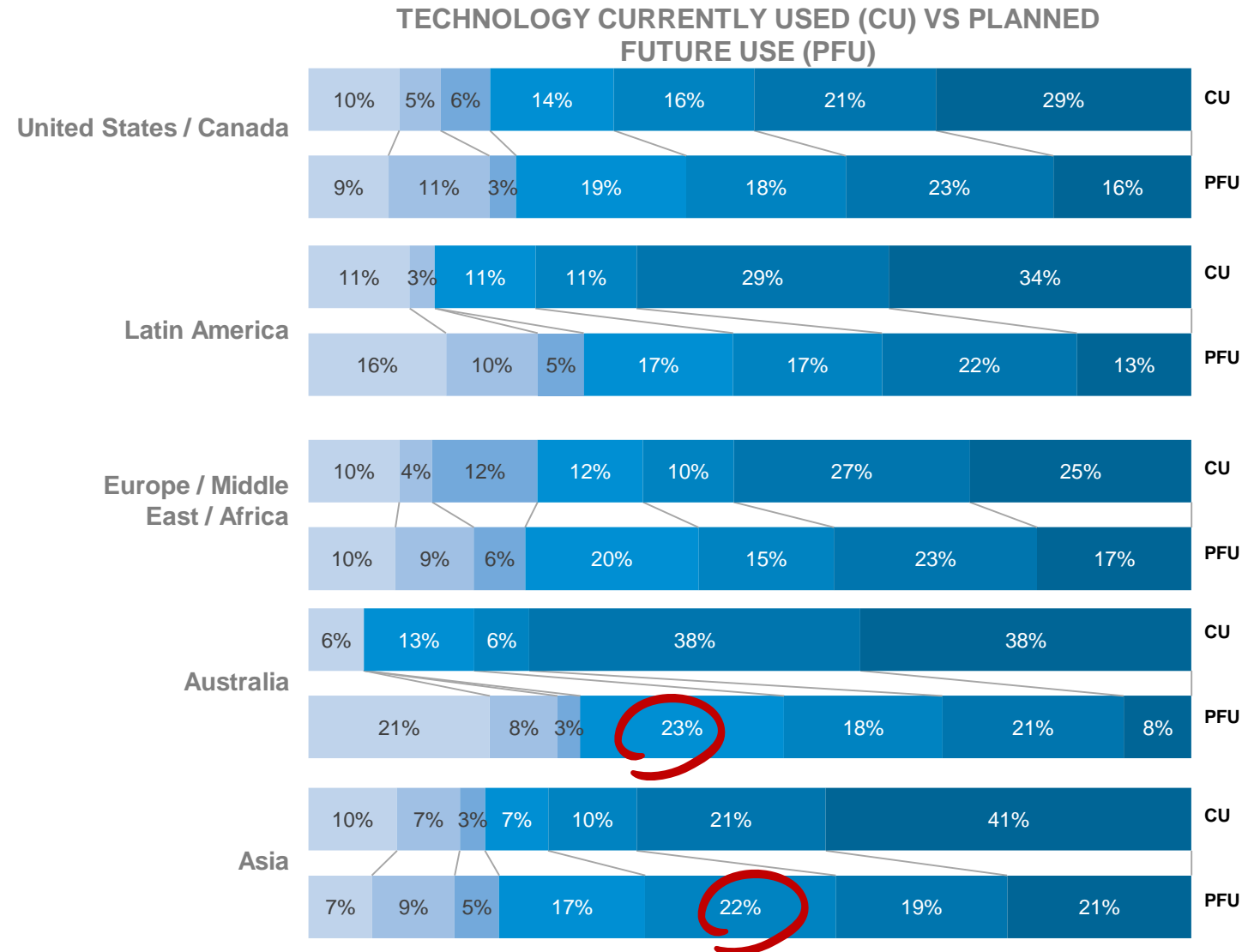
TECHNOLOGY CURRENTLY USED



PLANNED FUTURE USE



Asian-based companies plan on investing heavier in machine learning, while Australia-based organizations plan on investing more in AI

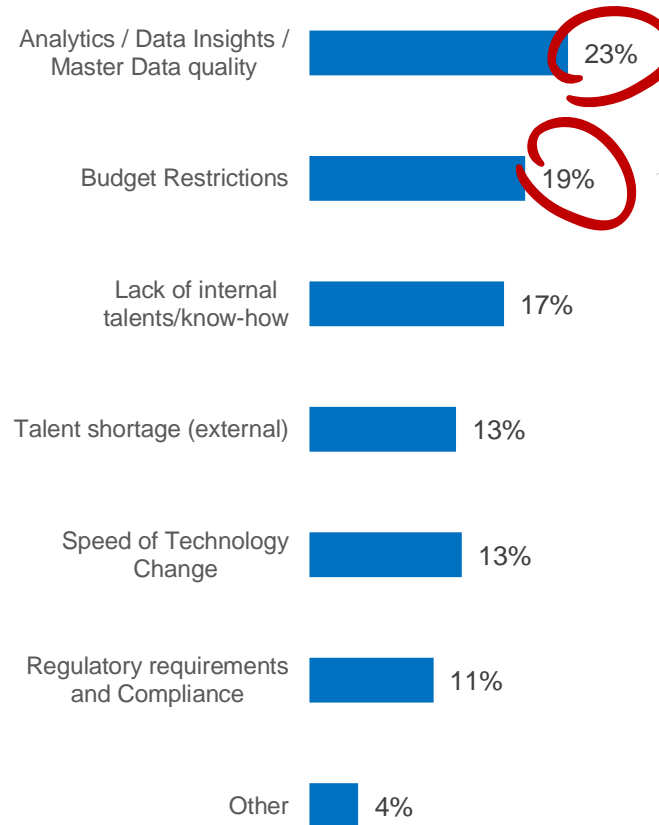


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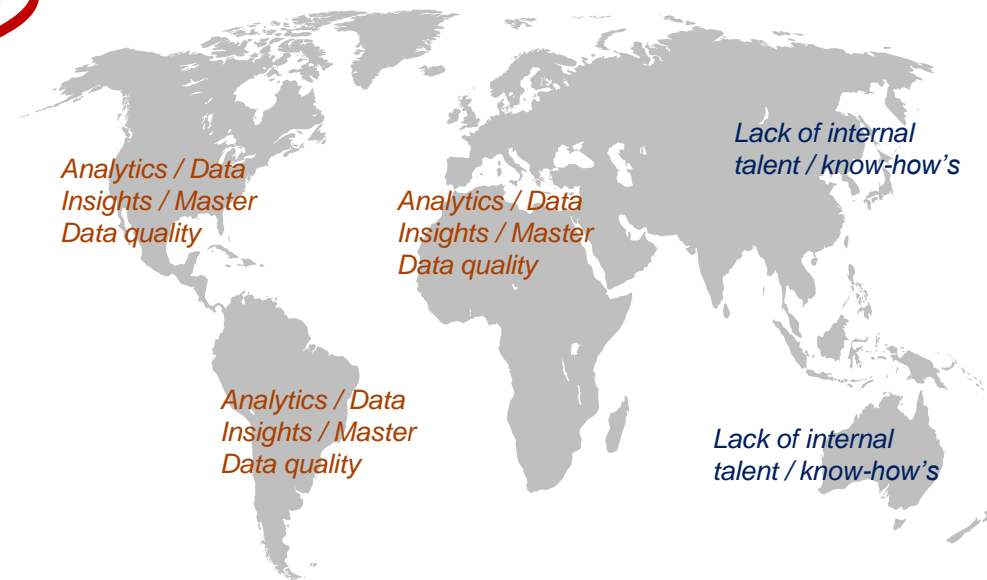


Analytics / insights and master data quality are the largest inhibitors for function efficiency

Question: What are your roadblocks in making your organization/function more efficient?



TOP INHIBITORS BY REGION



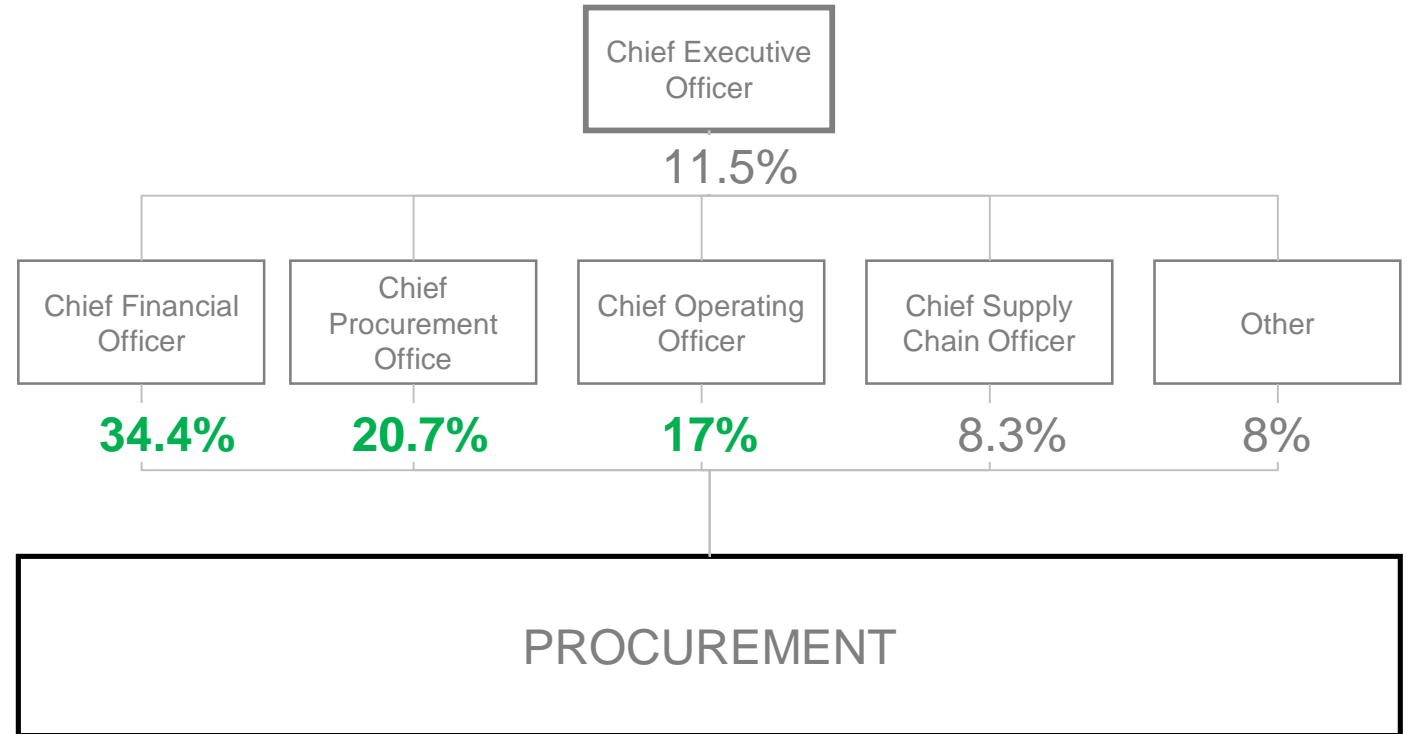
Talent management and a lack of talent strategy are roadblocks for future success

Question: Do you have a dedicated talent management strategy in place for your function?



Procurement most commonly reports to CFO, CPO or COO but the structure is still fragmented

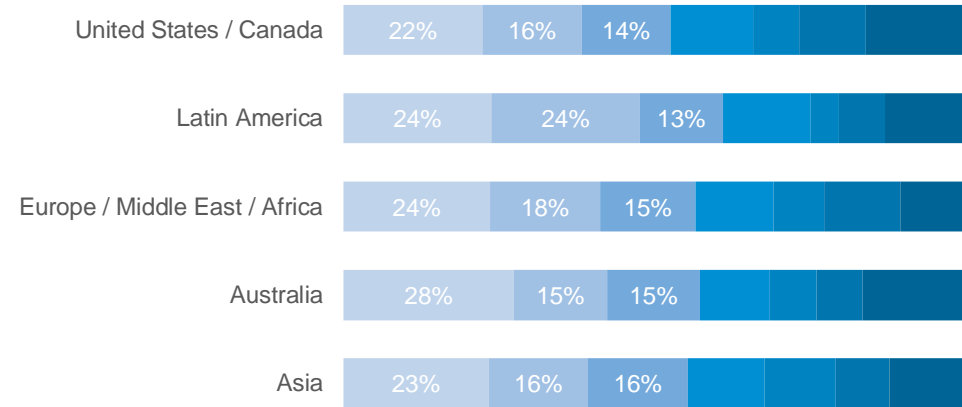
Question: Where does procurement report into? (% of respondents)



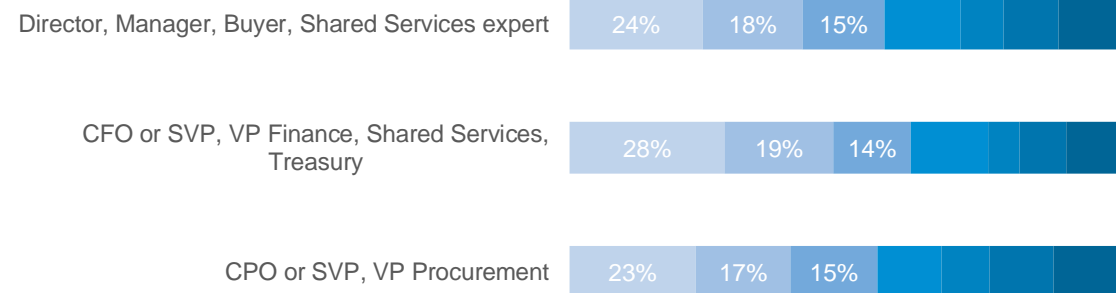
Hard savings, cost avoidance and compliance are the top KPI's to measure Procurement's performance

Question: Which KPIs do you use to measure your procurement performance?

RESPONSES BY REGION



RESPONSES BY TITLE

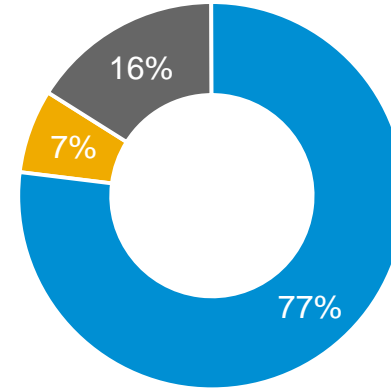


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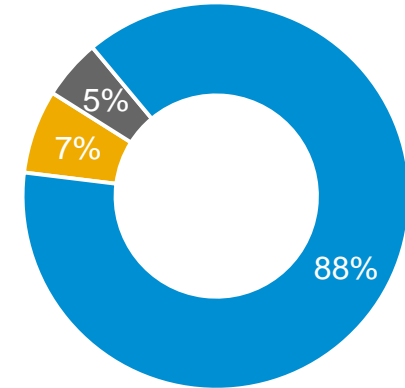


The majority of respondents have **purpose objectives** for procurement and see the value of doing so. They also most closely monitor **corruption & child labor risks**

Do you have CSR, sustainability and diversity objectives established for your suppliers?

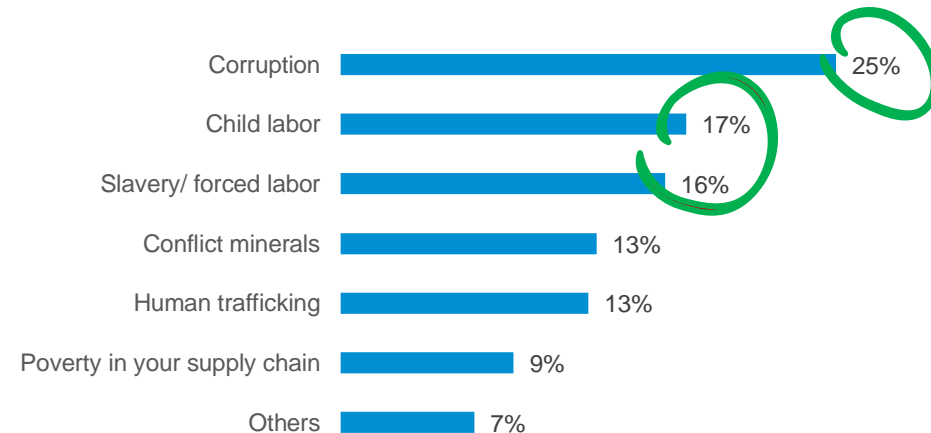


Do you see Creating Purpose for Procurement/Supply Chain/ Finance as a huge differentiator and priority?



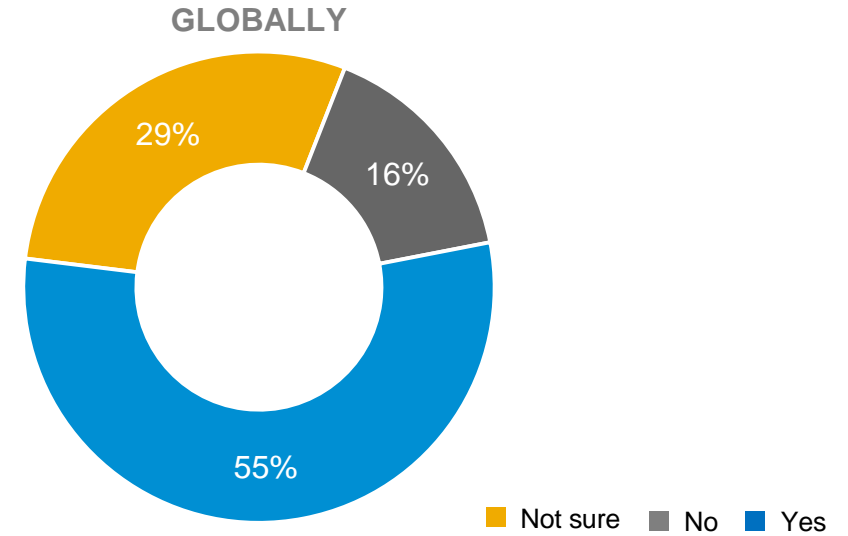
Not sure No Yes

What risks do you monitor?

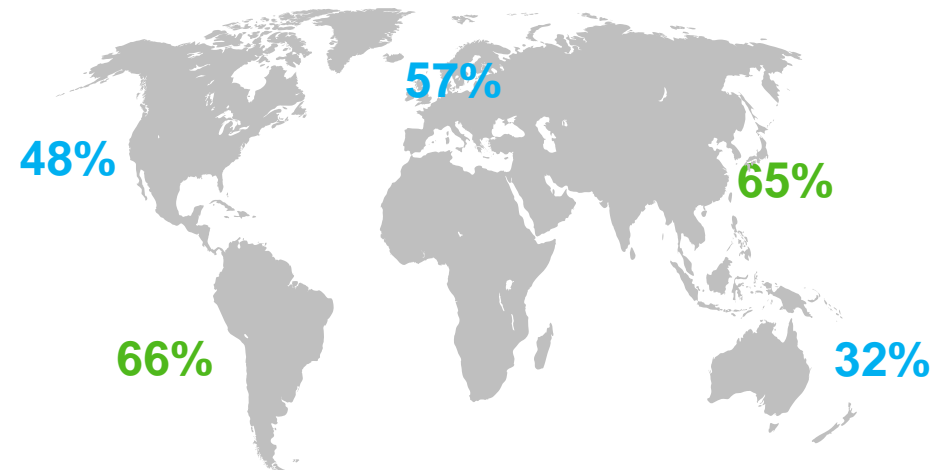


Do you think that the CPO will evolve into a more strategic role in the future, such as Chief Value Officer or Chief Collaboration Officer?

Most see the CPO role evolving, especially in emerging markets like Asia & Latin America



% OF RESPONSES THAT THINK CPO ROLE WILL EVOLVE



9 Key Elements of the Next Big Thing in Procurement

- 1 Evaluate opportunities to **automate processes** by embracing the wave of Digital Transformation
- 2 Invest in technology of the future: **RPA and AI**
- 3 Consider making investments in **data quality** and collaborating with **Finance** on annual budget discussions
- 4 Develop a **talent management strategy** to advance roles, skills and knowledge
- 5 Regardless of reporting structure, an **adaptive and agile operating model** is necessary to meet business requirements
- 6 **Success measurement** with a focus on value beyond cost savings is key to measuring progress
- 7 Organizations that do good, do well. Create **purpose** beyond traditional procurement objectives
- 8 **Active risk management** will ensure business and operations continuity
- 9 CPO's should embrace **complexity** and new **challenges** – their role will continue to evolve