

PROCUREMENT EVOLVED

How the world of sourcing
is shifting – and why your
organisation needs to
evolve alongside it

Q&A

What the modern procurement
function needs to succeed

Interview

The intelligence
opportunity



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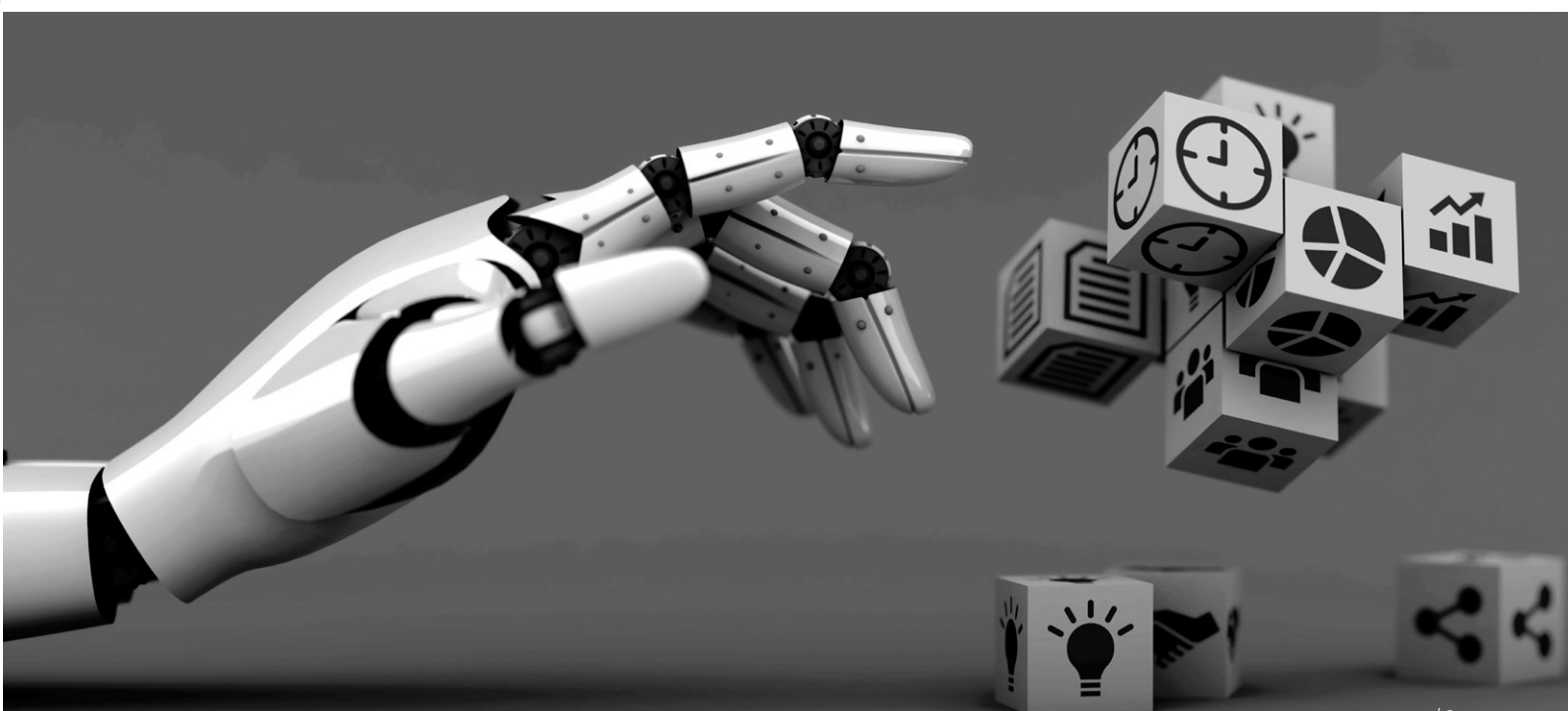
**Whatever the future holds, reliable intelligence and holistic
thinking can help procurement teams navigate it – and get ahead**

What's inside?

Our world has changed. Now, procurement must change with it.

In the world of procurement, the only constant is change. But over the last five years, organisations have faced a lot more of it than usual.

We've seen some of the biggest sourcing crises ever witnessed; with many of them happening simultaneously. From a global pandemic to widespread geopolitical instability and an international shipping shortage, disruption has quickly evolved from the exception to the rule.





But, amidst these unprecedented threats, procurement has had a unique opportunity to demonstrate its full strategic value to the rest of the organisation. Resilient, adaptive, intelligence-driven procurement teams have played a pivotal role in helping their organisations navigate this disruption, and drive growth in even the most challenging conditions.

By proactively adapting sourcing strategies, using market intelligence in new ways, and ensuring the stable supply of essential goods and materials at the right time, procurement has proven itself as a powerful force against enterprise risk. And now, as a result, the function is finding a new seat at the corporate strategy table.

Introducing a new breed of agile, intelligence-driven procurement

To step into its new role as an agile value creator and mitigator of enterprise risk, procurement needs to evolve. By expanding its view beyond traditional goals and embracing a holistic, end-to-end approach built on strong intelligence and insights, leaders can create future-ready procurement organisations that can:

- ▶ **Rapidly adapt to changing market conditions** and sidestep disruption to keep their organisation operational, competitive, and profitable
- ▶ **Understand and anticipate supplier risk** in all its forms and use that insight to create optimised, flexible, and stable supply strategies and supplier portfolios
- ▶ **Find opportunities for value creation** across the supply chain and provide strategic guidance to improve the efficiency and effectiveness of all supply chain operations
- ▶ **Apply deep market and category expertise** to inform product strategy and help the business make the most of emerging market opportunities
- ▶ **Identify trends, patterns, and risks** more quickly and respond to them before competitors to turn emerging threats into valuable opportunities

In this paper we'll look at what it takes to enable this evolution in procurement, calling on a combined expert perspectives from WNS Denali and The Smart Cube. We hope you find it useful, and that our insights help you unlock the full potential of your procurement organisation and help it prepare for an uncertain future.

What makes a modern procurement organisation?

Being proactive not reactive

Driven by reliable intelligence not just intuition

Motivated to create value not just cut costs

An ecosystem builder not a siloed team

A strategic advisor not just the sourcing function

What the modern procurement function needs to succeed



Procurement stands at a crucial crossroads. There are more opportunities than ever to create business value and help the wider organisation tackle major operational challenges. To do that, procurement teams must adopt a more holistic mindset, develop new capabilities, and truly evolve. But with so many potential paths forward, which is the right one? And how exactly can procurement leaders enable that evolution?

To answer these questions, and dive a little deeper into the capabilities that today's procurement organisations and leaders need to succeed, we sat down with **Julie Brignac, Executive Vice President of WNS Denali.**

Q Hi Julie, thanks very much for joining us today. Following a period of intense disruption and significant change across the global procurement and supply environment, what capabilities are now crucial to procurement success compared to a few years ago?

A The last few years have been a case study in change. To me, procurement success in this environment requires three key capabilities: awareness, an innovation mindset, and nimbleness. Let me explain.

First off, given the pace of change today, a practitioner simply must be on top of the latest information, trends, and activities in the marketplace. Intelligence and analytics play a very important role here.

Second, that practitioner must be able to apply these insights in the best way for their company, which requires them to think in terms of the art of the possible. Especially today, novel situations require novel approaches – making innovation thinking a critical skill set. Finally, nimbleness is absolutely essential. We must all be able to pivot on a dime and respond to the evolution of the market as it happens in real time.

Q How do the mindsets of procurement leaders need to evolve, and what does it mean in a practical sense to think about and approach procurement “holistically”?

A I love the word holistic as you use it here. This is exactly the point. Nothing in the procurement function stands alone – everything works together synergistically as part of a full ecosystem. You must look at everything together and connect the dots. That’s one key mindset change I’d call out.

The second evolution relates to the first. Digital transformation is part and parcel of procurement transformation, not a separate workstream. Digital procurement is procurement today.

Finally, I believe all procurement leaders need to view talent with a new set of eyes, because tomorrow’s procurement leader may well come from a background and skill set that differs notably from the generation before, and that difference is what will help this function to continue to evolve.



Q Many procurement leaders are eager to step into a more strategic role within their organisation and help it become more agile and resilient to disruption. What capabilities and skills do they need to be able to achieve that?

A That type of step up requires close alignment with the business first and foremost. If there's one thing I've learned from years of client partnership, it's that procurement simply must speak the language of business stakeholders – understand their priorities, obstacles, and perspectives, and use those as a North Star to shape programs and solutions.

There is no template for doing this. The approach must always be bespoke. Achieving this goal requires the innovation mindset, nimbleness, and awareness I mentioned earlier, but also one additional and highly critical skill – listening. We must listen fully, and truly take in the voice of the business. Only then can we respond in a way that moves the needle.

Q With the role of data constantly expanding and evolving across procurement, what skills should teams focus on developing in that space, and what capabilities can support them?

A Data is a tool, and a powerful one, but it must be harnessed properly. Data eventually becomes insights, and insights will turn into the appropriate strategies for the business. So, it's crucial that you start with solid data.

In parallel, a company's digital ecosystem must be finely tuned and seamless, and products and platforms structured optimally for the organisation. There must be robust training to ensure that all the best results come out of this digital ecosystem.

Finally and most importantly is the human element of this AI + HI combination. Expertise in this specific field is, I believe, one of the most important talent requirements of tomorrow's procurement function.

The intelligence opportunity

How data is enabling short and long-term procurement success

By Omer Abdullah

Chief Commercial Officer and Co-founder,
The Smart Cube



The high-level goals of procurement haven't changed. The function still needs to manage costs, negotiate profitable contracts, and build stable, cost-effective supplier portfolios. In recent years however, procurement's remit has not only widened but come into sharper focus - from mitigating enterprise risk to driving sustainability initiatives, to fostering greater innovation.

With more focus on this wider range of responsibilities comes a greater need for robust data and intelligence to help procurement leaders make more effective decisions.

As it happens, a decade of intense, accelerated digital transformation has given procurement a huge volume and variety of data types to learn from. Today, teams don't just look at spend data to make procurement decisions. They have access to a wealth of diverse internal and external data, relating to everything from user behaviour to category shifts and competitor actions.

It's the procurement team's ability to turn that data into intelligence – and value-creating actions – that determines its success. It influences not only the team's power at the negotiating table, but also the organisation's ability to adapt to disruption, the business bottom line and much, much more.

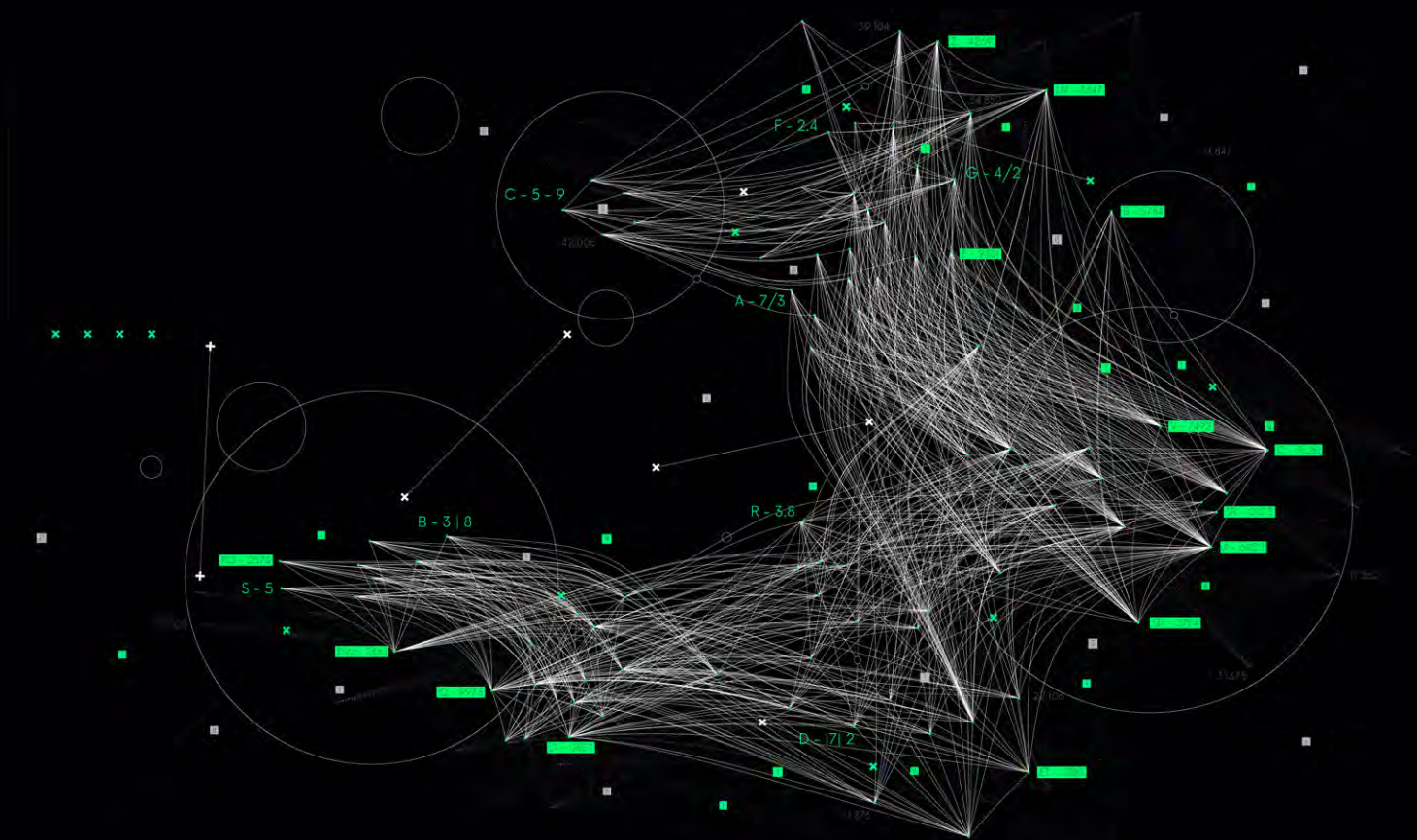
Data is powerful. But it isn't intelligence.

While the variety, velocity, and complexity of data available to procurement teams today is a huge opportunity, it has also created a significant new operational challenge for the function.

Because data alone isn't really what procurement experts need. They need reliable, actionable insights derived from that data. And to gain this, organisations need to establish a strong data foundation and focus on creating a clear and coherent view across an immense variety of data types.

Actionable and valuable procurement intelligence should bring together:





- ▶ Category and market intelligence that gives a clear view of what's happening externally today
- ▶ Traditional internal procurement data from POs, invoices and contracts
- ▶ Category-specific data such as hotel and airline booking behaviour, user preferences for car fleet, consumption trends
- ▶ Business-specific context relating to the goals the organisation is trying to achieve and the resources it has available
- ▶ Operational KPI data that gives insight into factors such as how the
- ▶ business is working with its suppliers, how the function is performing, etc. .

Combining such complex internal and external data sources to generate reliable, contextualised

procurement intelligence isn't easy – a challenge further compounded by the fact that conditions are constantly shifting. Teams, therefore, need to be able to access this intelligence seamlessly and continuously, wherever they are.

AI can help. But you still need to put people first.

That's where emerging technologies and AI become extremely useful. It is simply not possible for people to manually sift through immense volumes of data to extract insights and make decisions. Instead, we must apply AI to do that sifting, and translate the vast amounts of raw data

into more digestible insights that humans can then use to make informed decisions.

AI can handle the massive ingestion and analysis workloads required to turn diverse data sources into actionable insights at speed. But to have the right impact, procurement leaders that apply AI or bring in new digital technologies in their function must ensure that it's done in a way that enables and empowers their people - which requires making material investments in upskilling teams and leading the mindset change required to embrace data and intelligence as a foundation for decision making.

Indeed, the right "human" knowledge and context is crucial for procurement decision-making, and so AI should be applied in ways that make it as quick and easy as possible to use that knowledge and make value-creating decisions.

Supplier risk management is a prime example. Nowadays, organisations face multiple types of risk at numerous points in their supply chain. With so many potential risks at play, it's not humanly possible to keep track of all that data on a real time basis without technology. That's where AI and machine learning can really shine. They can be used to examine a vast amount of data and provide early warning signals. From there, humans can contextualise that data, and decide how it impacts their business and what action to take. As the risk landscape becomes more complex, this use of AI will become even more important.

It's exactly this kind of human-centric and extremely user-friendly application of AI that will define the procurement function of tomorrow.

When intelligence works for everyone, it embeds itself

Procurement organisations that are able to harness the volume, variety and velocity of data at their disposal are being significantly more efficient and effective in delivering to that agenda. So, for today's procurement leaders, the aim should be to embed intelligence at the heart of their function.

Fortunately, that's a lot easier than it sounds. As long as intelligence is generated in ways that solve real challenges for procurement professionals and delivered in ways that naturally fit into their workflows, those professionals will naturally embrace it.

In the past, procurement experts have had to look through data and intelligence, interpret it and make decisions. But with emerging technology like

Generative AI, we're quickly moving towards a world where AI can both do the base analysis required to extract insights from data, and provide answers to questions through conversational dialogue.

Any intelligence or data-driven change in procurement needs to represent a clear and logical step forward for your people. It should be built around them, to augment and enhance their capabilities in intuitive ways – enabling both artificial and human intelligence to get the most from one another..



Looking ahead

Three trends set to define the procurement teams of tomorrow

The unprecedented market, geopolitical, and technology changes that we've seen over the last five years have created a new procurement paradigm. But as organisations take steps to build new capabilities and adapt to that paradigm, it's important to keep in mind that change isn't going to slow down or stop anytime soon.

When planning how to evolve your own procurement organisation, you can't afford to simply look back and respond to changes that have already happened. The first step towards becoming an adaptive, proactive procurement organisation is looking ahead and considering the future trends that will define the world you will be operating in.

Here are three trends every procurement leader and decision-maker needs to be prepared to respond to as they plan for the future.

1 AI is becoming commonplace in leading procurement organisations

Artificial Intelligence has applications in virtually every area of the modern business, and procurement is no exception. It's taken a while for procurement to identify clear and valuable AI use cases, but today there are already several delivering significant value in live procurement environments.

The clearest use cases for AI in procurement are in the delivery and generation of procurement intelligence. Everyone across the modern procurement organisation needs access to timely, reliable, and relevant intelligence to make the right decisions at the right time. By deploying AI, teams can streamline and accelerate how that intelligence is gathered and delivered to the team.

As leaders take steps to apply AI across their procurement teams, it's important to ensure that it's used to augment and accelerate human intelligence, rather than replace it altogether. AI is great at putting the right insights into the right hands, so that humans can apply crucial context and use them to make the right choices.

AI+HI = Intelligence. Accelerated

AI shouldn't replace human intelligence – it should augment it. To learn more about The Smart Cube's approach to applying AI in procurement, download our AI+HI whitepaper, [here](#).

2 Automation will help procurement experts spend more of their time doing what they do best – creating value

Going hand-in-hand with AI, automation can also bring huge process and workflow improvements to procurement teams. And as automation technologies mature, those benefits are only set to get stronger.

Crucially however, that doesn't mean that large swathes of procurement teams will be replaced by automated technology. But it does mean that your human experts will have a lot more time to focus on new forms of value creation – such as mitigating enterprise risk and solving emerging challenges.

By automating the routine tasks that consume a lot of a team's time but don't create a lot of additional value, leaders will have the opportunity to transform the experience of working in procurement. Procurement experts are eager to help the function achieve its full potential, and automation is the key to ensuring they have the time and space to do that effectively.

3 Procurement will become a creator and enabler of ecosystems

The success of major ecosystem businesses like Amazon and Alibaba are hard to ignore. As a result, ecosystem thinking is rapidly rising up the agendas of many business leaders.

Ecosystem thinking encourages leaders to break down silos and enable multiple functions, departments, or even entire organisations to work in connected ways that create high mutual value. The good news for procurement is that over the last few years, that's exactly what leading teams have been doing.

Procurement leaders have worked closely with product teams, using category and competitor knowledge to inform product and go-to-market strategy. They've worked with supply chain teams to ensure both stable supply and distribution. And they've more than proven their worth when it comes to identifying and mitigating enterprise risk.

Tomorrow's progressive procurement organisations will take a very deliberate approach to ecosystem building. They'll be built to enable and encourage collaboration with the rest of the business - as well as external partners - to support the increasingly diverse ways that procurement can create business value.

See the traits helping procurement become an effective enterprise ecosystem builder

To become effective ecosystem builders, procurement leaders should stop thinking linearly and start thinking of interconnected networks. Discover all the traits helping them create enterprise-wide value in **this white paper** from HFS and WNS Denali.

Procurement evolution

The questions you need to be asking

Evolving your procurement function is a complex journey. Every organisation has unique needs, goals, and operational context to consider. So, with no single template to follow, the success of your evolution will come down to your ability to ask and answer the right questions, at the right time.

Here are some key ones that you should ask, broken down by various goals that a well-planned and expertly-executed procurement transformation can help you achieve:

Embedding intelligence and becoming data-driven

- ▶ Do we have internal data sources that aren't currently being utilised by procurement, but are relevant to the decisions procurement is making today?
 - ▶ What external data sources do we need to bring new context to procurement intelligence, and how can we acquire that data?



- ▶ Are we set up to integrate internal data and external intelligence to form a holistic view for optimal decision making?
- ▶ How can we integrate intelligence naturally into procurement workflows, so that it's easy and intuitive for our team to utilise?

Building ecosystems of mutual value creation

- ▶ Which areas of the business could most clearly benefit from collaborating closely with procurement? Where is our expertise needed most?
- ▶ What key strategies or business objectives could best be supported with the help of procurement's deep market, category, and competitive knowledge?
- ▶ Which areas of the business have operational data sets that procurement isn't currently utilising, but would like to?
- ▶ How can we structure the procurement function to better enable collaboration with other areas of the business?

Mitigating enterprise risk and ensuring business continuity

- ▶ How is risk managed across the procurement function? Is mitigating risk a top, metricised goal for the procurement team, and are they actively driven to make low-risk decisions?
- ▶ Does the procurement leader have a clear way to provide risk insights to other senior decision-makers? And if not, how can we establish one?
- ▶ Does the procurement team have all the data and insight it needs to make well-rounded judgements on supplier risk?

Bringing the power of AI to procurement

- ▶ What routine tasks consume a large amount of the procurement team's time, and is there potential to automate them?
- ▶ How can we balance the power and potential of AI with the need to ensure all procurement decisions are still made by humans that understand the full context of our business?
- ▶ Do we have the skills and capabilities required to apply AI in our procurement team? And if not, what is the best way to acquire them?

Whatever the future holds, reliable intelligence and holistic thinking can help procurement teams navigate it – and get ahead

We've seen a huge amount of change over the last few years. But perhaps the most important trend of all is that the pace of change doesn't seem to be slowing down. Disruption is now the default, and procurement leaders and their teams need to develop the resilience, awareness, and insight to continuously respond to it.

By thinking about procurement holistically, and carefully connecting every part of the procurement function, leaders can create a function that's aligned on strategic goals, and able to move as one to rapidly tackle emerging challenges. And by embedding intelligence into that holistic structure – in ways that naturally align with

procurement workflows – they can empower organisations to make the right decisions at the right time.

When conveniently-delivered, reliable intelligence meets holistic procurement strategy, great things happen. Practitioners can consistently achieve their core goals, while also delivering value to the business in innovative new ways. Teams can turn disruption into opportunity and mitigate the impacts of emerging crisis events. And procurement can take its rightful place at the strategy table and drive the business in the right direction.

That's exactly why WNS acquired The Smart Cube in 2023. Now, with The Smart Cube's proven procurement analytics and market intelligence services integrated into WNS Denali's holistic procurement offering, we're in a better position than ever to help procurement leaders transform their function and set it up for long-term success.

As the procurement landscape continues to shift, we're working tirelessly to deliver everything procurement needs to fulfil its full strategic potential, and become the top value creator in the modern business.

PROCUREMENT EVOLVED

To find out more about how WNS Denali and The Smart Cube can help you transform procurement and gain the intelligence, insights, and leading capabilities your team needs to succeed, visit wnsdenali.com and thesmartcube.com or talk to us today.

The world of **WNS PRO∞UREMENT**

 **Denali**



**THE
Smart
Cube**

OptiBuy

WNS Procurement, powered by The Smart Cube, delivers world-class solutions in procurement and supply chain advisory, managed services and digital transformation. We combine expert resources with leading technologies, merging human and artificial intelligence to deliver innovative solutions, enabling our clients to achieve their business, financial and sustainability goals and outperform in their markets.

