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## Executive Brief

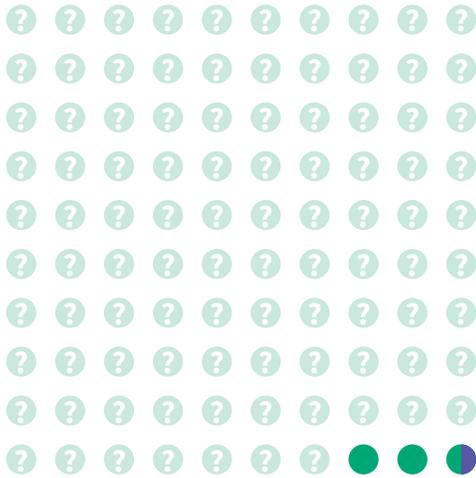
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Procurement and supply chain professionals need to make critical decisions based on large volumes of data from disparate systems to meet their business objectives. The data is often incomplete or less than optimal, making analysis and reporting very difficult.

IT has responsibility for company-wide systems and infrastructure and are under continual pressure to meet their objectives on-time and within budget. This leaves little opportunity to understand or address specific business unit needs or challenges. Large IT data migration and consolidation projects can take many months, quarters or even years to complete. There is little flexibility to circumvent the process to provide business units with specific tools regardless of the urgency or impact to the company.

This paper provides an overview of the main challenges that procurement leaders face using traditional IT-centric and determined spend analysis tools. You'll also learn how using cloud-based Spend Analytics can allow you to integrate, cleanse and enrich your data with little to no involvement from IT. You're in complete control.





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IDC

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## The Business Issue

Procurement leaders are being asked to find opportunities to lower costs, reduce risk and increase levels of visibility and reporting. They are hitting a number of roadblocks and delays in trying to obtain the necessary information at the speed and depth required. One of these challenges is that IT can only do so much – and yet they hold the key to unlocking data.

Many of our clients have expressed frustration of having a very near-term objective dependent on a very long-term data migration plan. Whether its limited access to data due to lack of control or an overdependence on IT, these departments are left with using limited tool sets such as Excel, or not given what they are needed because IT doesn't understand the needs of specific business units.

Time-to-insight is critical for procurement departments and reliance on other departments or critical reports and updates can create bottlenecks or missed deadlines. For example, when issues arise that you can't predict, having to go through multi-stage processes and departments adds delays and complexity to decision-making that can cost your company in a multitude of ways. Self-service spend analytics is not only a must, it's already a reality in well-run, elite, organizations.

When asking departments why they are most likely to bypass IT, business leaders told Sharyn Leaver, CIO practice leader at Forrester, "They value speed over everything else and they believe IT doesn't get it." Research among business leaders highlighted the scale of the challenge, with 35% of those surveyed saying they did not rely on IT to generate innovation and that 65% have budgets to buy IT without involving the IT function.

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## Getting Your Data Integrated - Now

The quest for a single view of all enterprise-wide data has been the dream of procurement since the dawn of information management systems. In an age of data, this won't be getting any easier.

The prevalence of siloed data means that only an estimated 3% of all data is tagged, and just 0.5% is analyzed (according to IDC) – leaving a massive knowledge gap for procurement and the wider organization.

IT departments are constantly wrestling with how to deal with complex legacy infrastructure issues (often on premise) and how best to unify these systems and the data that lies within them. It's a multi-year project often with no end in sight.

Data is stored in an almost infinite number of places within an organization: held locally on desktops and in various departmental siloes; and in a variety of different formats – making successful integration an uphill battle.

With a huge effort needed to often manually integrate these data sources, IT departments don't have the time or the resources to vary from their highly structured and managed process. It is very difficult for IT to address departmental requests that fall outside their planned implementations.

This means that procurement often feels that its needs aren't being met – unsure where the procurement team fits in IT's priorities and timelines. In the meantime, its business as usual with procurement requiring the necessary business intelligence needed to make good, sound decisions.



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## Data Cleansing – However You Want

After completing the first obstacle of data integration, let's face it – much of the data that has been pulled from multiple disparate sources is of poor quality with supplier names duplicated, spelled incorrectly, possessing incomplete addresses and much more. Efforts to improve data quality are often secondary to meeting deadlines or change/update requests get lost in the shuffle.

It is critical that data quality is at the cornerstone of any data-driven strategy, but often there simply isn't the time or resources on premise and within IT to dedicate to resolve the issue, and manage on an ongoing basis.

If the data isn't cleaned (improving its quality), then your ability to make decisions will be no more than guesses – and that's not a confident feeling for Chief Procurement Officers. For spend analytics to be most effective in organizations, there should be a focus on ongoing data quality and process improvement. Single-source or point solutions for data categorization and cleansing are of little value if the changes are not captured for future application and use. Procurement professionals need to be able to work closely with the data to make changes that will be retained and applied in future data refreshes. Work flow and approval process are a necessary part of the critical effort to continually enhance data accuracy.

Spend analytics in the cloud makes managing information easier for procurement because it means that you are in control of managing the state of your data – and doing so without having to rely on an overstretched IT department that is focused on managing software.

## Data Enrichment – When You Want

Once your data is cleansed, the next step is to be able to enrich your spend data. With enrichment sources such as geo-location and supplier credit scores, procurement can build a complete picture of the organization in the market place.

Data enrichment tools gives procurement teams the extra insight they need to strategically prepare for (and respond to) a host of business risks without delay.

Here are a few examples:

SPEND DATA	+	<b>Geo-location</b> information	=	Integrated view of supplier and opportunities for consolidation
SPEND DATA	+	<b>Geo-political</b> information	=	Identify supply chain risks such as regime change that may stop you from delivering products to customers
SPEND DATA	+	<b>Financial Risk</b> Information	=	Predict and react quickly to risk such as financially vulnerable suppliers
SPEND DATA	+	<b>Customer</b> Information	=	Complete view of customers and spend to identify future areas for expansion
SPEND DATA	+	<b>Benchmarking</b> Information	=	Identify areas for improvement and growth against competitors
SPEND DATA	+	<b>Financial</b> Information	=	Including parenting, identify areas for savings opportunities
SPEND DATA	+	<b>Social Media</b> Information	=	Monitor and identify suppliers that may go offline due to geo-political crisis
SPEND DATA	+	<b>Environmental</b> Information	=	Identify carbon emissions in your supply chain and with suppliers for compliance purposes
SPEND DATA	+	<b>Supplier Credit Scores</b>	=	Identify biggest at risk suppliers
SPEND DATA	+	<b>Taxonomy</b>	=	Better category management and sourcing activities

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## Data Management and Analytics – In Real-Time

Once procurement has cleaned and enriched data using self-services tools, it is important to have the capabilities to drive data mining and analysis. In the vast majority of organizations, large and small, creating an effective dashboard requires someone with strong technical skills.

What happens if you want to make a change to a report? You'll probably need to gather data from many sources, extract the pertinent data for your report based on the desired report output. But what happens when the desired report output changes? You are back to the drawing board with a great loss in productivity.

This is, of course, not a working model for procurement when they need to be self-sufficient in analyzing and reporting on a range of procurement data and key performance indicators (KPIs). They also need to be able to respond to ad-hoc report requests in a timely and flexible way.

The key to any good analytics is to have the flexibility to investigate, manipulate and slice and dice data in a non-linear way.

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## The Solution

The sooner procurement has the tools available to be able to take control and manage its own data management and analytics, the faster procurement professionals like you can be empowered to drive costs out of your organization. The secret to success here is having the right technology platform that is built to provide the necessary self-service tools – tools that are designed to give procurement the data it needs to make timely and accurate decisions.

Only in the cloud, free from legacy technology issues, are you able to access a single, end-to-end platform that can cover the spectrum of data needs from extraction and integration to cleansing, and enrichment to management and visualization. By taking a cloud approach, it removes the headache that IT faces in the integration of multiple different pieces of technology with conflicting inputs, outputs and requirements. This should not be viewed as a shortcut but as the right solution to the problem.

By taking spend visibility and self-service analytics into the cloud, you will not only take a substantial burden (and cost) off IT's shoulders, you'll be able to create new opportunities for your own organization by being able to more effectively manage and analyze your spend data.

By placing a single platform at the heart of your spend analytics, procurement will turn the process of achieving spend insight on its head. This is because, in the cloud, technology is no longer an obstacle, as software is delivered as a service. Efforts can be focused on the data itself and analysis, rather than on integrating and preparing data.

It is now easier than ever before for procurement and supply chain professionals to now have the tools at their fingertips to be able to integrate, cleanse and enrich spend data, for use across your entire organization.

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Are you ready to be empowered or do you still want to rely on IT to make decisions? For more information on SaaS Spend Analytics, [contact us](#) or visit our [website](#) for more information.

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