

WHITE PAPER

Unlock procurement's new competitive advantage

Collaborate with suppliers and
reinvent procurement planning to
drive down costs, reduce risk,
and enable innovation

anaplan

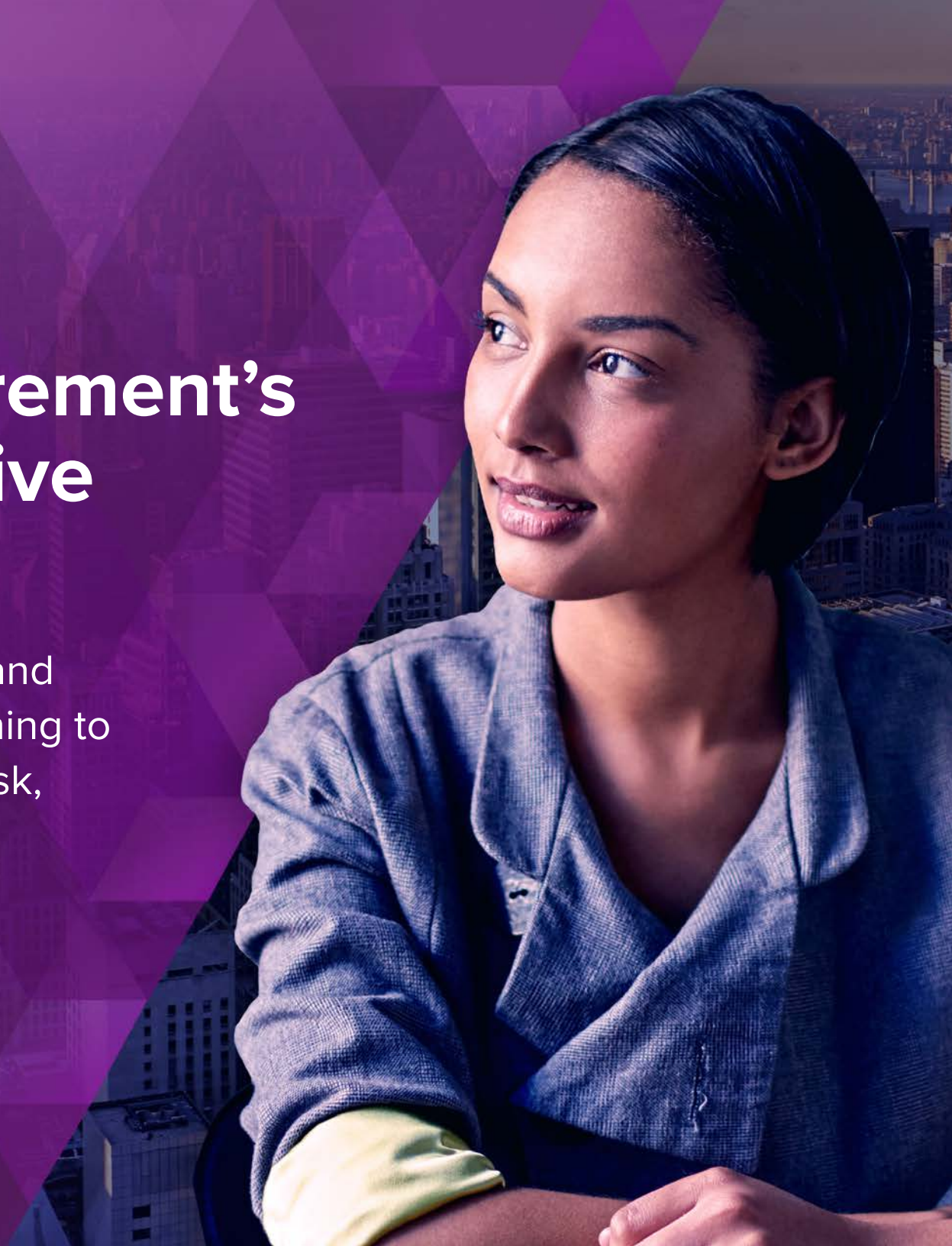




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1. Background: Modernization promises major gains for procurement

Crisis and uncertainty have turned up the pressure on procurement. Businesses in every industry have seen first-hand what happens when a complex, interconnected web of suppliers breaks down. Procurement teams face pressure to find ways to shore up the supply chain against the next disruption. At the same time, the drive to save money and improve efficiency never stops.

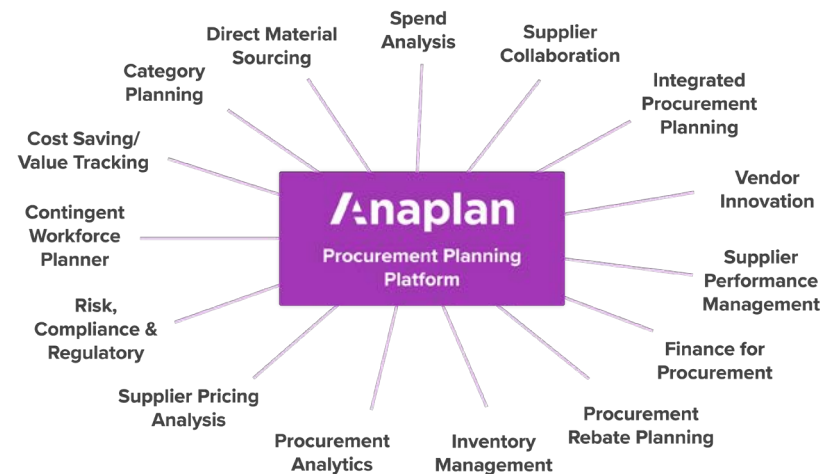
Even so procurement is among the last business functions to benefit from digital transformation. The typical procurement function still depends on many workplace tools and habits that inhibit efficiency and in-depth analysis. These include data stashed in siloed systems, inefficient and insecure communications with suppliers, and a profusion of spreadsheets filled with rapidly obsolete data.

Pressure to deliver stability and savings has accelerated the push toward digital transformation. As a result, many procurement organizations are rushing to modernize, hoping to leverage new technologies to advance their goals. However, although most enterprises have automated the core processes around procurement, such as payment processing and contract management, other technology-driven opportunities remain untapped.

Fast-adopting companies across industries have started using low-code, rapid-deploy, flexible procurement planning platforms to reinvent procurement for significant business advantage in new levels of collaboration, untapped cost savings, and better risk management.

In this white paper, we define the procurement planning platform as a unifying solution specifically designed to bring procurement systems, data, and stakeholders together in one secure, cloud-native environment for enhanced analysis and scenario planning. This new technology layer does not replace existing purchasing execution software; it enhances it by orchestrating all of the planning that happens before the purchase.

In the following sections, Bryan Baum, Anaplan's Director of Sourcing and Procurement Solutions with more than twenty years in supply chain leadership, weighs in on what today's transformative procurement planning platforms can deliver.



2. Bring systems, stakeholders, and suppliers together in one collaborative environment

Procurement organizations routinely manage relationships with hundreds and often thousands of vendors and suppliers. In a business that spans continents, multiple procurement teams may work with many internal groups, including supply chain management, finance, manufacturing, operations, logistics, engineering, sales, marketing, and others.

Each of these teams and vendors uses multiple specialized software tools and solutions to track activity and plan for future needs. Getting information to flow through these disparate systems has traditionally been labor-intensive and generally yields information that is outdated and inaccurate upon arrival. The common currency bridging systems, both internal and external, is often still the spreadsheet. Even when companies deploy top-of-the-line systems for aspects of procurement, without a layer to bring everything together, the overall ecosystem remains scattered and opaque, making analysis extremely difficult.

Procurement planning platforms are rapidly changing all of that. Powerful, secure, cloud-native platforms make it possible for purchasing teams to connect with stakeholders and suppliers around a single version of the truth for fast, sophisticated planning, forecasting, and analysis.

“If your systems are disconnected, your teams are disconnected, and your suppliers are disconnected, it is going to be hard to recognize where potential operational efficiencies, cost savings, and risks might be hiding,”

Bryan Baum,
director of sourcing and procurement solutions





Engage more effectively with internal teams and stakeholders

Platforms that bring internal teams and stakeholders together in one environment can significantly improve and accelerate the procurement process. When everyone has access to the same data in the same place in real-time, teams can make better decisions and plan more quickly before a purchase decision is made. Collaboration between internal teams lets procurement better understand needs and leverage its sourcing expertise for more strategic purchasing. This improvement helps procurement get involved in forward planning and analysis more, an area where companies can still find significant untapped value.

“All kinds of teams — finance, engineering, manufacturing, logistics, procurement — need to work together to determine the optimal sourcing allocations in terms of cost, speed, quality, and risk,”

Bryan Baum,
director of sourcing and procurement solutions

Collaborate with suppliers, vendors, and other external partners

The speed and complexity of today's procurement tasks has outpaced traditional forms of communication and information sharing. It is no longer safe or efficient to use manual processes to convey needs and specifications to a supplier.

“The latency and risk of email and spreadsheets can't compare with access to a secure cloud-based platform where information is current and easy to share,”

Bryan Baum,
director of sourcing and procurement solutions

Procurement planning platforms enable collaboration with external partners in a safe, convenient environment. The flow of information can and should be two-way. When procurement has visibility into supplier capacities and systems, they're able to make more informed purchase decisions. Understanding the capabilities of suppliers can be as important in ordinary times as when a crisis strikes, as the ability to scale production is key to business growth. Likewise, when suppliers see changes in procurement forecasts, they can adjust accordingly.

Frequent collaboration on a shared platform also enriches relationships and can lead to other gains, such as increased innovation. Today's suppliers are deeply enmeshed in the business. The world's largest brands rely on co-manufacturing and factory partners to a tremendous extent. Large or small, businesses need to be able to collaborate with their partners to innovate, improve quality, drive product differentiation, and stay ahead of the customer's evolving needs.



Global Consumer Goods Retailer

A **global consumer goods retailer** faced a perfect storm of supply obstacles. Three events coincided to impact their supply chain: pandemic shutdowns, a cargo lane disruption, and material shortages. They had recently deployed a procurement planning platform to allow their factories and suppliers to share pricing and inventory. When one of the locations needed to close down due to COVID-19, the sourcing and procurement teams were able to quickly analyze various scenarios. Reallocating materials to a secondary manufacturing site, they ensured that product quotas continued to be met without interruption. Had the team relied on email and spreadsheets to collect data, it might have taken weeks instead of hours to determine the best course of action.

The best procurement planning platforms make existing systems work better together. They don't replace them; they improve them. Companies can derive more return on their investments by bringing siloed information together where it can be readily used and shared.



Unify siloed systems and data in one easy-to-use platform

If data is trapped and isolated in disconnected systems, no matter how effective those individual systems might be, doing spend analysis and sourcing planning is very challenging. Having one platform where systems, stakeholders, and suppliers are connected means that procurement planning reflects reality. If demand for supplies or the supplier's ability to deliver changes, so does procurement's plan. When data can flow between systems, new insights emerge as connections and overlap become evident. Forecasting and analysis improve because they're based on more current and comprehensive data. Workflow also improves.

"Your procurement team might have dozens of inventory management spreadsheets. An effective platform can collapse them down to one, which lifts a great deal of manual workload off your employees. In addition, it simplifies your portfolio, the exchange of data, and data analysis,"

Bryan Baum,
director of sourcing and procurement solutions

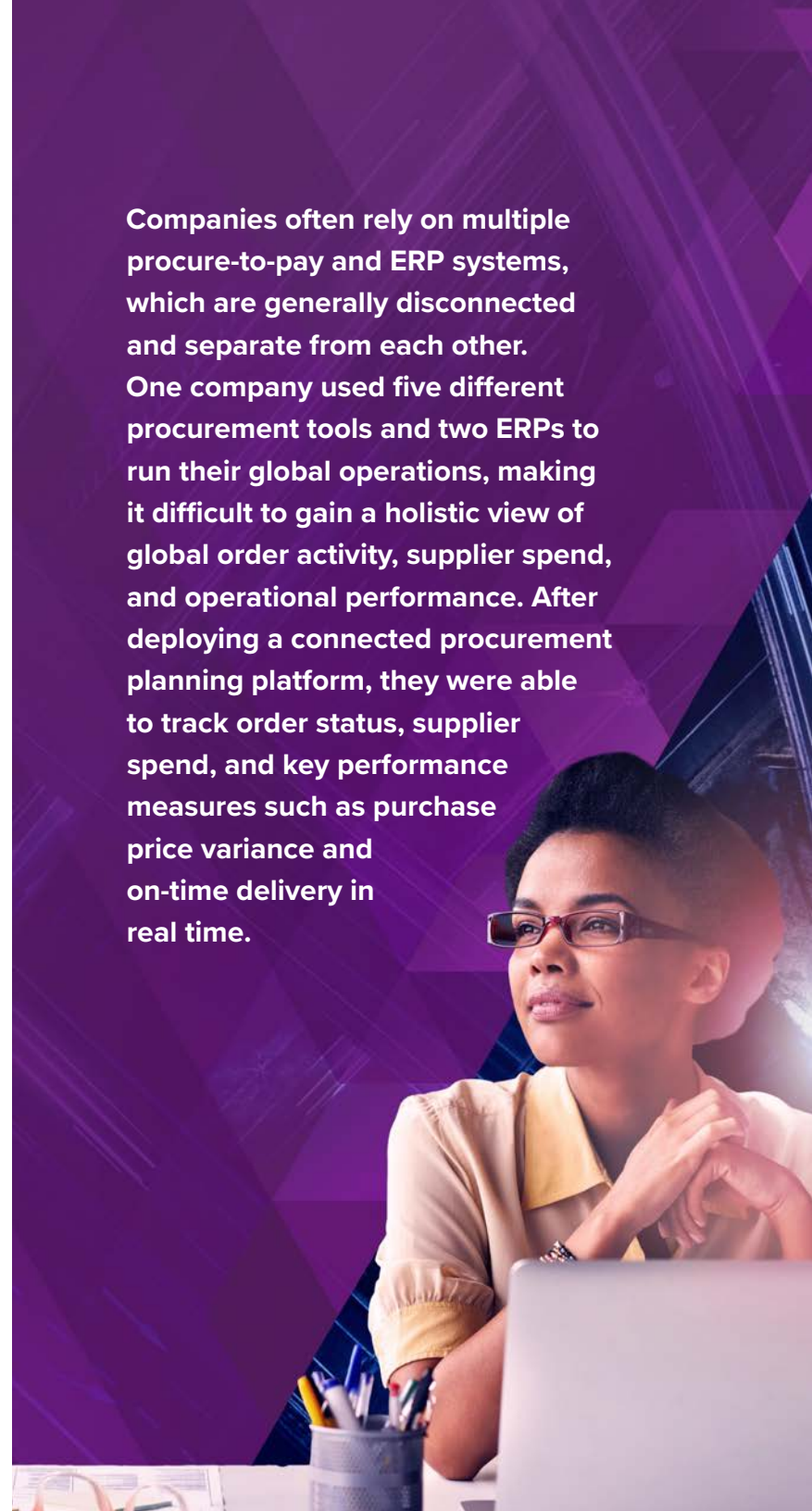
3. Discover hidden opportunities to reduce costs and achieve new efficiencies

Procurement drives profitability by cutting and avoiding costs. The complexity of global business obscures many avenues for achieving cost savings. A unifying platform that connects systems and data makes it possible to uncover hidden savings and process efficiencies.

Having procurement directly connected to supply chain and finance systems, for example, is a game-changer for cost savings and spend management. It opens up sightlines that reveal ways to streamline processes and trim costs that aren't visible otherwise. Similarly, a big-picture view of suppliers and partners reveals ways to consolidate and streamline purchasing.

Procurement planning platforms centralize information, eliminating redundant work and delivering major new efficiencies. A change in one place — the shipping date or quantity of an essential supply — immediately flows through to all of the other areas it may impact. Data is connected and updated automatically.

Companies often rely on multiple procure-to-pay and ERP systems, which are generally disconnected and separate from each other. One company used five different procurement tools and two ERPs to run their global operations, making it difficult to gain a holistic view of global order activity, supplier spend, and operational performance. After deploying a connected procurement planning platform, they were able to track order status, supplier spend, and key performance measures such as purchase price variance and on-time delivery in real time.





Electronics Company

An **electronics company** made a surprising discovery after they implemented a platform that gave them an enterprise-wide view of materials pricing and purchase activity. Multiple divisions around the world were buying large quantities of microchips from the same top-tier supplier. With the new platform in place, they realized various divisions were paying significantly different prices for the same product. When this disparity was brought to the supplier, the costs came down to align with globally negotiated contracts. Without a unified view, neither individual teams nor corporate headquarters were able to see the purchase price variance spread across dozens of disconnected spreadsheets.

Uncover cost savings with greater visibility into needs and sources

How many divisions of your company are ordering from a given supplier? Are supplies stockpiled in one region or division and short in another? Are there opportunities to consolidate purchases to negotiate a better deal? Are terms consistent? Are suppliers meeting their contract commitments?

The kind of holistic, strategic thinking that brings costs down across a complex system simply isn't possible when data isn't readily available. A procurement planning platform delivers visibility that can revolutionize purchasing.

When supplier data is distributed across dozens of solutions, there's no way for stakeholders to identify anomalies, such as disparities in pricing, or to spot hidden cost savings. A procurement planning platform provides visibility across systems and tools, both large and small, so it's possible to do pricing, analysis, forecasting, budgets, and negotiation with suppliers without relying on spreadsheets for critical business decisions.

Track cost savings to improve budgeting and increase profitability

Effective procurement planning platforms provide total visibility into budgets, planning, demand, contracts, and costs, allowing savings to be linked directly back to the source. With line-of-sight on every dollar, it's possible to track savings to the bottom line or reallocate funding where it's needed.

Having a comprehensive view of spend and materials sourcing lets procurement assess the whole picture, looking for ways to achieve efficiencies and savings overall. The ability to see what is happening across the enterprise and collaborate easily also lets procurement manage supplies and inventory more closely, invest more efficiently, and free up capital to improve profitability.

“Access to real-time data makes forecasts more accurate, which leads to optimized inventory stocking levels and better purchasing decisions. You hold less inventory and return cash flow back to the company,”

Bryan Baum,
director of sourcing and procurement solutions

Realize process efficiencies by streamlining planning and analysis

The unifying technology layer of a procurement planning platform streamlines workflow and processes for big gains in efficiency. Fewer systems and spreadsheets, easy access to data, automated processes, powerful analytics, and ease of collaboration cut redundancy and latency.

Liberated from spreadsheets and empowered with new capabilities, the procurement team can turn their attention to strategic vendor management and assessing purchase decisions before they cut an order. Procurement planning cycles are also streamlined, shaving days or weeks off the process.

A procurement planning platform creates traceability, accountability, and process efficiencies in supplier communications. The sum of each vendor relationship finds a home on the platform, meaning information doesn't drop out whenever someone changes roles or goes on vacation.



4. Reinforce your supplier network against risk and uncertainty

Businesses are only as resilient as their essential suppliers. Seamless collaboration and data sharing with these partners is a key part of business continuity and resilience. When a situation is changing quickly and information updates are critical, gaps in data and communication limit what's possible. To be agile, companies must work closely with suppliers.

Procurement leaders agree that information sharing and collaboration with suppliers is key to pulling risk out of the supply chain. In a 2021 survey of more than 400 chief procurement officers by Deloitte Insights, 75% of respondents agreed “enhanced supplier information—sharing is the top supply risk mitigation strategy.” The report identified high-performing CPOs as “95% more likely to have high visibility into tier-one suppliers.”

A procurement planning platform drives down risk by creating a secure information flow with suppliers that illuminates what's happening at any given moment. Whether it's business as usual or in a crisis, knowing where supplies are, what is available, what is missing, and what options are feasible can make all the difference. Complete and current information allows for faster, more informed decisions on good days and bad.

“Greater visibility helps you be better aligned with changes in the marketplace and better able to pivot quickly to address those changes.”

Bryan Baum,
director of sourcing and procurement solutions





Recognize supply chain gaps and vulnerabilities

Disconnected systems can hide relatively obvious problems. A company might feel secure because must-have supplies are being purchased from a variety of vendors. However, a global view of purchasing could reveal that all of these vendors are sourcing their product from the same region, creating vulnerability in the event of a natural disaster or shipping delay.

To ensure that essential services and supplies will always be available, procurement needs visibility into each link of the supply chain. Where are the dependencies? Where are the weak links? Where are the critical pieces that could delay production? Where are redundancies most needed? With detailed information at their fingertips, procurement can design systems to prevent disruptions in supply.

The ability to see how much business is flowing to each vendor across the enterprise helps procurement understand how dependent the business is on various partners and geographic regions. Recognizing where problems could occur can help procurement shore up weak points and minimize risk by diversifying supply options, improving supply chain agility.

¹ "2021 Global Chief Procurement Officer Survey," infographic, Deloitte Insights. <https://www2.deloitte.com/us/en/insights/topics/operations/chief-procurement-officer-cpo-survey.html>.

Explore strategies to bolster supply chain resilience

For much of the supply chain, purchase decision-making is a complex business. Many variables must be evaluated when weighing the feasibility of alternatives, from cost, quality, timing, and reliability to tariffs, taxes, currencies, shipping options, and other logistics. Given access to information and analytics in one easy-to-use platform, procurement can develop a more flexible network of suppliers.

Analytics lets the team explore options and scenarios: Working in a procurement planning platform makes it easier to monitor supplier performance and compliance, leading to more informed decisions about where it's safe to invest and grow the relationship. In addition, the procurement planning platforms can help teams consider alternative suppliers and vendors, evaluate the actual cost of various options, and look for ways to backstop dependencies and critical supplies.

Information sharing with suppliers exposes deeper layers of risk: Consider the shortage of sterile test swabs early in the COVID pandemic. Purpose-built with synthetic fiber for medical testing, these swabs were

“Having deeper relationships with vendors builds commitment and trust. That’s key in a crisis, but it also matters day-to-day. It could mean going to the head of the line for priority allocation, receiving exclusive access to constrained materials, or receiving first rights to collaborate on new products and features.”

Bryan Baum,
director of sourcing and procurement solutions

in short supply globally. It turned out that only two companies made the bulk of medical-grade swabs for the entire U.S. market, both located in a COVID hotspot in Italy. A procurement planning platform could have included detailed information from the COVID test suppliers’ supply chains, exposing this risk earlier. Companies could have sourced new suppliers in alternate locations to mitigate the risk of a shortage.

Relationships built on frequent collaboration are more reliable, more flexible, and better able to withstand a crisis: Modernized procurement capabilities create an opportunity to work directly and frequently with suppliers, solidifying relationships and forging more resilient connections. Procurement leaders agree. According to Deloitte’s CPO survey, the best way to address complexity and volatility in the supply chain is for procurement to “build new and deeper alliances with the business and suppliers.”



A **leading beverage company** sourced its specialty ingredients around the world. They created a procurement planning platform where their co-manufacturing partners and ingredient suppliers could share capacity forecasts, bills of material, and pricing updates, and stay on top of changing inventory requirements. By improving collaboration and broadening the exchange of information, the overall planning process for purchasing shrank from weeks to days. It also enabled procurement to optimize material-sourcing decisions, extracting enormous savings from the billions of dollars in supplier spend being managed across the supply chain.

5. Next steps: Transform procurement planning with Anaplan

Traditional methods of handling procurement leave value trapped in siloed processes. Automating and digitizing transactional aspects of procurement has revolutionized once-manual processes, but is not sufficient to address today's complex and dynamic supply chain. In a crisis, there are too many variables and factors for unconnected processes to handle quickly. Even in the best of times, procurement faces ongoing pressure to drive down costs and find new efficiencies, requiring new capabilities to achieve savings.



Connected Planning for Sourcing and Procurement by Anaplan is the only platform that can deliver these benefits by creating a **unifying** technology layer, **simplifying** analysis, and **strengthening** collaboration.

The solution is a unifying technology layer specifically designed to bring disparate systems, tools, and data streams together in one seamless platform. This platform should:

- Be **flexible** enough to be customized to a business's specific needs and yet fast and **easy to implement**.
- Be **cloud-native**, built to orchestrate and unify information from thousands of sources.
- Have powerful but **easy-to-use analytics**, including the ability to process vast amounts of data instantly.
- **Not require coding** or long training to use it.
- Be protected by **robust security** and access controls as well as **strong encryption** of data both at rest and in transit.
- **Enable collaboration** and analysis to such a degree that it inspires new habits and quickly eclipses old ways of handling information.
- **Focus on planning**. Plans and forecasts are where the opportunities to make gains and improvements reside. When procurement planning is **dynamically connected** to plans and forecast from other divisions and partners, the process accelerates, accuracy improves, and new purchasing options open up, **making the business more agile and efficient**.



Unify: Enable collaboration and get more out of existing tools with a unifying technology layer

Anaplan is not a replacement for existing procurement tools and systems; it frees up value hidden within them. Anaplan is a unifying layer that makes it easy to access, analyze, and share information without toggling between software and spreadsheets. More access and streamlined collaboration mean the procurement team can function more efficiently and derive more benefit from existing tools.



A **leading technology company** used Anaplan to improve team engagement and drive business agility.

Challenges

- 200+ component suppliers globally
- 67 monthly spreadsheets
- Complex analysis of commodity cost and supplier spend

Results

- Changes roll out in one day instead of two weeks
- Improved information-sharing with stakeholders
- Better business outcomes and job satisfaction

“Our ability to collaborate is vastly improved, which reduces the stress level and enables a better team relationship.”

Director, planning

Simplify: Streamline analysis to uncover hidden cost savings and efficiencies

Anaplan lets procurement do what it does best: Find optimal ways to deliver the goods and services the business needs to thrive. Analytics and scenario planning capabilities draw on current, complete data for more accurate results more quickly. Spend analysis becomes more sophisticated, allowing new efficiencies to emerge. Visibility into the supply chain surfaces opportunities to save and allows for more consideration before a purchase is made. Having information available transforms procurement from a reactive fulfillment function to a proactive strategic partner in evaluating supply chain possibilities.



Apparel Business

A **major apparel business** implemented Anaplan for big gains in inventory and forecasting efficiency.

Challenges

- 250,000 SKUs
- 850 million items annually
- 30,000 retailers
- No complete, holistic view of supply chain and procurement activities

Results

- Eight days trimmed from inventory process
- \$25 million in inventory carrying costs saved
- 10–15% reduction in excess and obsolete inventory
- Visibility into all products at one time in one view

“We have definitely seen an improvement in our ability to forecast.”

Senior Director for Operations

Strengthen: Identify risks, explore what-if alternatives, and build stronger relationships

At its core, Anaplan is about collaboration and planning. To minimize risk and fortify resources, procurement and its partners need to work more closely together, share information more frequently, and gain a more complete, fact-based understanding of what is likely to happen next. Anaplan creates an environment where procurement and its partners can come together around a single version of the truth to solve problems and seize business opportunities. This allows for the more frequent and practical creation of what-if scenarios and sourcing alternatives to balance cost, lead-time, quality, and risk.



Major Manufacturer

Using Anaplan, a **major manufacturer** centralized their global supply chain information for significant new efficiencies.

Challenges

- Geographic spread of team makes consensus and collaboration difficult
- Highly sensitive to macroeconomics, international trade regulations, and exchange rates

Results

- Faster planning processes
- One platform for short- and long-term material planning
- Optimized and accurate price and volume forecasts
- Improved supplier relationships for more reliable order promises and priority service

“We can do things two-to-three times quicker and more efficiently than we did before.”

Head of Project Office

Businesses in all kinds of industries are using **Connected Planning for Sourcing and Procurement by Anaplan** to extract new savings and efficiencies from longstanding processes. They're finding innovative new ways to work with existing suppliers and exploring creative alternatives. The combination of stronger relationships, more options, and the ability to quickly regroup when things change is giving teams — and businesses — real agility. Anaplan lets procurement teams step up to help shape the strategic choices that drive business success. With powerful capabilities at their fingertips, procurement can engage in strategic thinking to deliver a new competitive advantage.

Find out how Anaplan can help your procurement team collaborate more effectively, cut costs, limit risk, and become a strategic partner with the business.

To learn more, visit anaplan.com/procurement

About Anaplan

Anaplan (NYSE: PLAN) is a transformative way to see, plan, and run your business. Using our proprietary Hyperblock™ technology, Anaplan lets you contextualize real-time performance, and forecast future outcomes for faster, confident decisions. Because connecting strategy and plans to collaborative execution across your organization is required to move business FORWARD today. Based in San Francisco, we have 20 offices globally, 175 partners and more than 1,700 customers worldwide.

To learn more, visit anaplan.com