5 BEST PRACTICES
FOR SELECTING
PROCUREMENT
SOFTWARE

BASED ON INSIGHTS FROM BUYERS AND END USERS

Best Practices for Selecting Procurement Software

Based on Real User Reviews of GEP SMART™

2020

ABSTRACT

Procurement invariably pulls together multiple stakeholder groups and separate systems in a corporation. Each business will have its own distinct way of connecting its people and organizational units into a coherent procurement process. For these reasons, best practices for selecting a procurement solution emphasize integration capabilities. According to users of GEP SMART™ on IT Central Station, the best procurement software for today's dynamic corporate environments is fully integrated, cloud-based, and AI-driven. Also, given the inevitably diverse user base, ease-of-use and an intuitive user interface are critical requirements for an effective procurement solution.

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INTRODUCTION

Procurement is a challenging area of corporate operations. With many processes spanning departments and third-party vendors, procurement involves multiple stakeholder groups and separate information systems. Every business has its own way of handling procurement, though its objectives are usually similar: maximize savings; meet the demands of the supply chain and operations; and keep the procurement operation as lean as possible.

Given these requirements, best practices for selecting a procurement solution stress completeness as well as integration with systems like Enterprise Resource Planning (ERP). According to IT Central Station members who use GEP SMART, the best procurement software for today's dynamic corporate environments is cloud-based and AI-driven. Also, given the inevitably diverse user base, ease-of-use and an intuitive user interface are critical requirements for an effective procurement solution.

Overview of Procurement Software

Procurement seems pretty simple on the surface. Companies need to buy raw materials and various other supplies to keep their businesses running. Suppliers are eager for the business. The lowest prices and best service win out. It's not actually that simple, however, especially in a large enterprise. The supply chain is complex and frequently fragile. Senior executives want optimal cash management along with optimal procurement. The procurement operation itself can be labor-intensive. Most companies want the department to improve its efficiency over time.

Procurement software like GEP SMART offers a solution that enables procurement professionals to automate vendor management and purchasing processes. IT Central Station members' uses of the technology reveal its broad range of functionality. For example, a Contracts Administrator at an energy/utilities company with more than 500 employees shared that it uses GEP SMART in its supply management group for contract management and spend analytics.

A Manager of Strategy, Resource, and Supply Chain at an energy/utilities company with over 1,000 employees, who uses GEP SMART for Supplier Relationship Management, or SRM, explained, "It interfaces to our business operating system, which is managed by SAP." For a Procurement Analytics Manager at a manufacturing company with over 10,000 employees, the use case is spend analytics. As he put it, "It's used for reviewing how each of our departments is spending. We also use it for payment-term analysis, evaluating how many payment terms our company has with vendors. We try to use that information to standardize the payments that we have and to look for working-capital benefits."

Best Practices for Selecting Procurement Software

What makes for effective procurement software? IT Central Station members weigh in with their reviews of GEP SMART. They stress the importance of having end-to-end capabilities contained within an integrated solution. Figure 1 depicts the people, processes, and systems that procurement typically involves. The solution should be cloud-ready and AI-driven. Ease of use is also important, given the usual IT department constraints on personnel along with the wide range of people who will need to use the software.
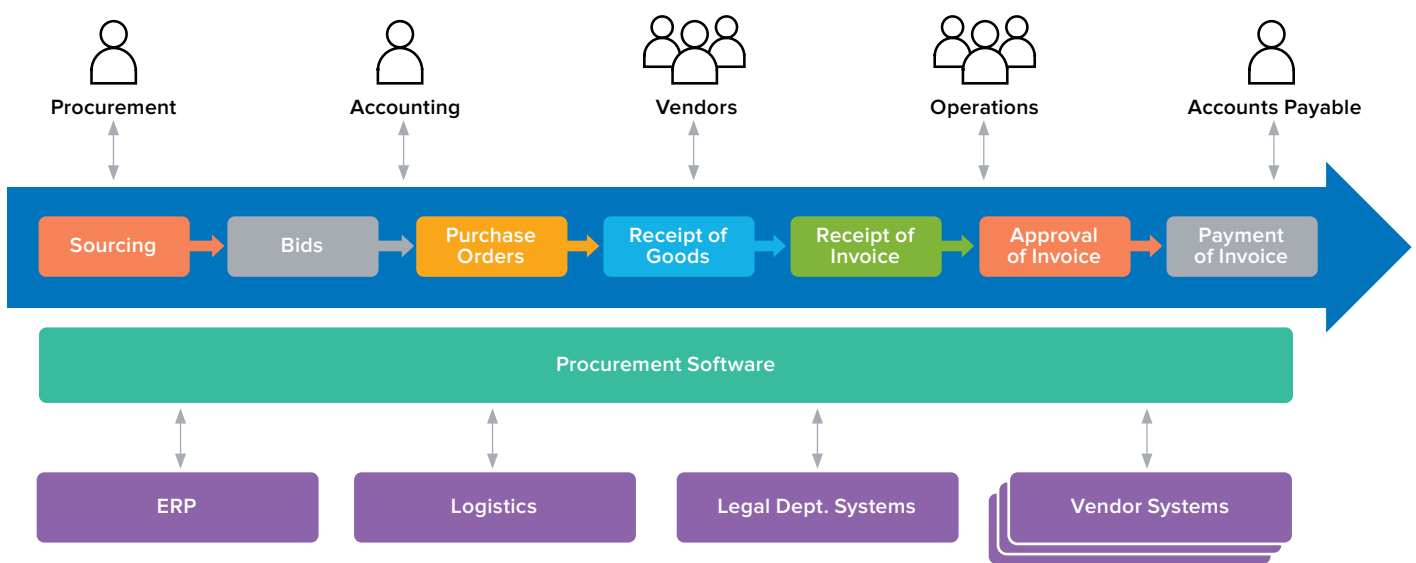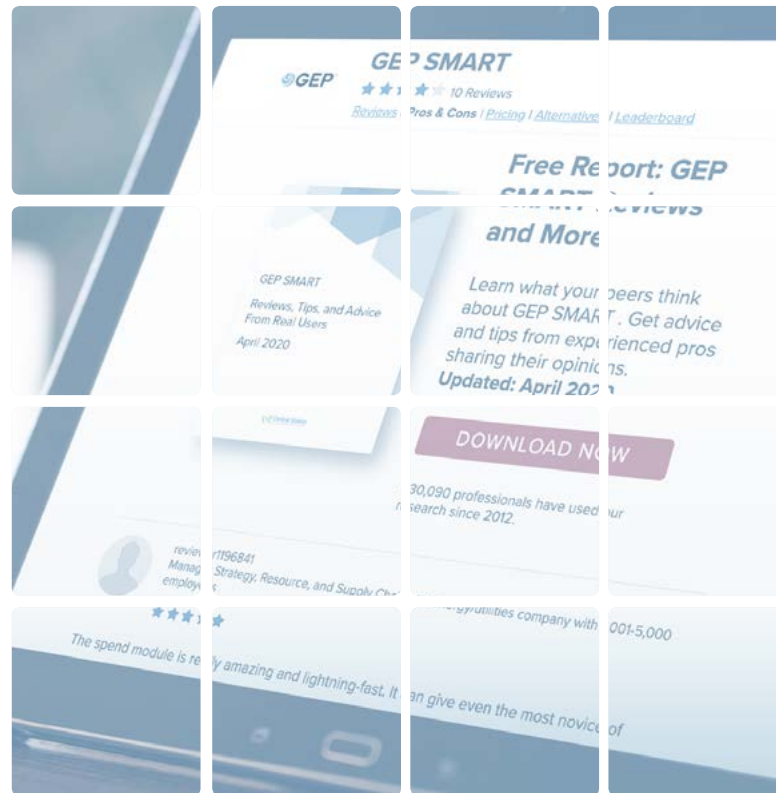

Figure 1 - A simplified reference architecture for the people, process steps, and systems involved in procurement.

End-to-End Capabilities

Completeness matters for users of procurement software. The procurement process is sufficiently complex that it's best if the solution can handle the full scope of transactions. The Contracts Administrator at the energy company spoke to this need when she said, "It gives us everything that we need for building a contract from scratch and using electronic signatures." The Manager of Strategy at the energy company acknowledged the value of GEP SMART's source-to-pay (S2P) functionality. S2P refers to the full procurement lifecycle, from sourcing through purchase order, billing, and payment. He remarked that S2P "has contributed to the digital transformation of our company. We built interfaces between it and SAP to help our buyers do their work more efficiently."

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This user then offered an example, saying, "When a supplier receives a purchase order, they can confirm that purchase order through GEP. The interface then comes back into SAP and automatically fills out the confirmation that the supplier received the purchase order. Any change requests are managed through the buyer. The buyer can edit the purchase order and re-issue the PO back to the supplier." In their experience, this capability has helped save time. Previously, the buyer had to print out a fax and then manually go into the purchase order, in change mode, and manually add the confirmation. This all now happens automatically through the software interface.

Procurement involves contracts, so effective

procurement software needs to fulfil the legal aspects of the procurement process. As a Senior Legal Specialist at a healthcare company with over 10,000 employees noted, "I love it because everything is done within the contract module. The previous tool that we had really acted more as a repository, whereas this is the lifecycle. Once a business owner gets to the point where they want to enter into a contractual relationship with a party, from that point, including the drafting of it through to the signature on it, it covers the lifecycle. It's from the beginning to the end to even the archiving. It's all done within the tool, including e-signature."

Look for a Fully Integrated Solution

Procurement software should be able to integrate with other systems, such as ERP, logistics, and accounting. The Contracts Administrator at the energy company explained that their company uses Adobe as a third-party to handle e-signatures. She said, "There's an integration there which was very beneficial for us and what we do. And it enables our vendors to not have to log in to the system to sign an agreement. They get a direct email from Adobe, sent from GEP SMART. They can just click on the link and sign it and then it comes back to GEP SMART. That was a huge thing for us."

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This user also shared that her department integrates GEP SMART on the spend side, where it's integrated with their accounting system and has bimonthly uploads of data. She commented, "We have pretty current spend information that

we can access and build reports on. On that side it's very easy to use, very straightforward." A Senior Manager at an outsourcing company with over 10,000 employees had a comparable insight. He said, "The fact that GEP is a single, [unified software platform](#) for our whole organization certainly unifies the information in one place."

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> ## The fact that GEP consolidates all that information into one place is a big deal for us.

"The solution [integrates with our ERP system](#). It's been built into the flow and the processes, so it's a pretty natural interface right now," said the Manager of Strategy at the energy company. He added, "The supplier module [interfaces](#), through middleware called TIBCO, to our vendor master in SAP. The sourcing events primarily stay in GEP. The contracts module can be created and the workflow executed in GEP, and then it can create an SAP contract."

Other notable comments about integration included:

- "GEP SMART is very [well integrated](#) so any design that we have for procure-to-pay has to keep that in mind, as we integrate with our financial system. That's blueprinted as part of our program." - Senior Manager at an outsourcing company with over 10,000 employees

- "The fact that it's a single, [unified software platform](#) for our whole organization has positively affected our procurement operations because we get a single view of each of our vendors. Unlike some of the other source-to-contract suites, all of the modules are integrated." - Executive Vice President, Head

of Procurement, at a media company with over 1,000 employees

- "We operate with three different systems that input data. The fact that GEP [consolidates all that information](#) into one place is a big deal for us. It streamlines that data for us." - Procurement Analytics Manager at a manufacturing company with over 10,000 employees

Leverage AI for Efficiency, Accuracy, and Productivity

The new generation of procurement software utilizes AI to help expedite procurement processes and identify opportunities for overall improvement. For example, as a Head of Procurement at a media company with over 1,000 employees explained, "It uses [AI machine-learning](#) to help us categorize what the vendor does for us and the particular goods or services they have. It looks at various data points and it learns if it's this GL [General Ledger] account, the description it should have, and which category that spend should be mapped to."

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> ## We wouldn't be able to do that without the AI and machine-learning capabilities for the spend analytics solution.

This mattered to them because AI enables the group to understand which vendors are providing fulfillment services or creative agency services. He noted, "We wouldn't be able to do that without the AI and machine-learning capabilities for the spend analytics solution." The manufacturing Procurement Analytics Manager similarly found that, "in terms of that classification, the [AI tool](#) definitely has learned from the

information we've given it but also from some of the corrections that we've made. It may have auto-applied a classification and then we have gone in and corrected it, given it some feedback. With that, more and more, we are not having to touch the information once it gets processed."

In their case, the AI capabilities worked at an organizational level. He further stated, "It's classifying it from the get-go in the correct category. That helps us because it allows each of our procurement managers in different departments to really see everything that's in their realm, without having to look for mistakes or nuances. It's become fairly knowledgeable." Figure 2 highlights some of the areas of

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procurement **software** that benefit from AI.

"Our spend team uses the AI and machine learning," said a **Senior** Manager, Procurement & Systems Support, at a media company with over 1,000 employees. "We approve it each month. We look at any new suppliers to make sure they're categorized correctly but they do use the machine learning to make sure that the rules fall within our category tree mapping."

Be Cloud-Ready

A procurement solution needs to function well in a cloud environment. This might mean having good cloud interfaces or being cloud-native. Either way, cloud-readiness is a prominent criterion for suitability. To this point, the Manager of Strategy at the energy company remarked, "Our purchase orders, requisitions, and work orders are all created in SAP and go to the cloud and the vendor through the portal in [GEP SMART] P2P. We have the spend module, the supplier
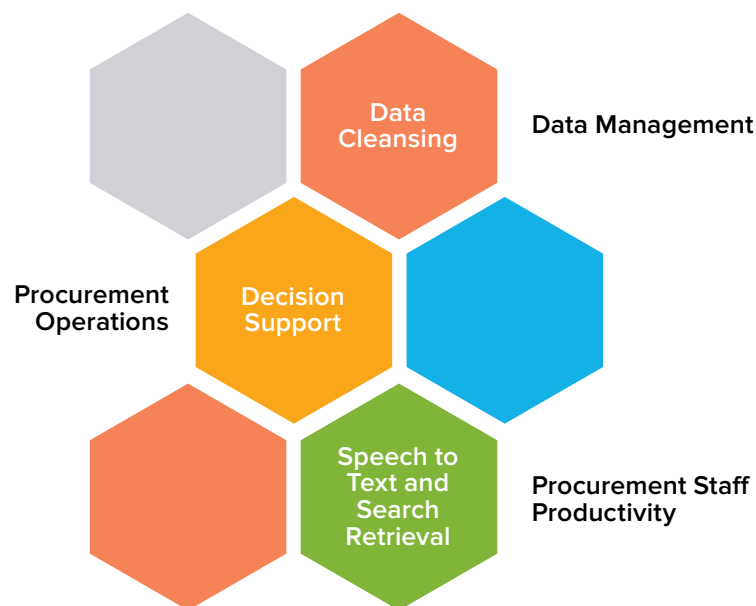

Figure 2 – AI in procurement software affects the quality of data management, the efficiency of procurement operations, and the productivity of procurement staff.

module, sourcing, contract, and P2P. It is 100 percent in the cloud."

He also spoke to this issue when he said, "It has ability to create contracts and set them up through the workflow, and have them available, both as a contract to select from, and as a catalog to pull a material or service item from in the GEP tool in the cloud. It is really a benefit that is unique. Users simply cannot get that in our SAP system."

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It is so fast through the cloud. They've really been able to maximize that…

"It is so fast through the cloud. They've really been able to maximize that," said the Manager of Strategy at the energy company. The outsourcing company Senior Manager identified additional benefits of cloud-hosted procurement software. He said, "Since it's cloud, we can fairly easily grant access to whomever we need to grant access, to be able to leverage that data. Similarly, we have a very wide and dispersed user forum for procure-to-pay and it's something that we can quickly give them access to, including our purchasing catalog, with very minimal training."

Select an Intuitive UI for Ease of Use

Procurement software has to be easy to use. Many people, often with widely varying skillsets, depend on the tools to do their jobs. IT Central Station members acknowledged GEP SMART's qualities in this context. The Manager of Strategy at the energy company said, "In terms of ease

of use, GEP has done a lot of work through its enhancements over the years to make the user experience more intuitive. There is a more standard-Amazon-like experience, where manuals and tutorials are not really required because the user experience and what's on the screen are pretty intuitive."

Other comments about the importance of ease of use include:

- "It's so intuitive. Version 2.0 is head-and-shoulders above what 1.0 was. It's a lot more user-friendly. I like to call it 'Google-ish.' The search mode makes more sense. It's more what people are used to. I think it's super-easy to use." - Senior Legal Specialist at a healthcare company with over 10,000 employees

- "It has a user-friendly user interface. You don't have to be an IT expert. It's intuitive in terms of drag-and-drop and maximizing the functionality. Everyone who's used it has found it to be user-friendly and beneficial." - Executive Vice President, Head of Procurement, at a media company with over 1,000 employees

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It has a user-friendly user interface… It's intuitive in terms of drag-and-drop and maximizing the functionality.

- "It's really easy to use. You don't have to train vendors. You can add a new vendor at any time, and that vendor will get an email saying, 'You've been selected to participate in our RFP, and you do X to get your ID set up.' That works really well." - Senior Director at a retailer with over 1,000 employees

CONCLUSION

Procurement looks simple, but it is not. The process is about so much more than just purchasing. Solutions for procurement must create optimal connections between divergent stakeholder groups and information systems. They have to adapt easily to each company's unique way of handling procurement. At the same time, the solutions have to enable the achievement of objectives like keeping material costs down while juggling complex supply chain parameters and tight delivery schedules.

IT Central Station members have weighed in on what makes for an effective procurement solution. Their recommendations emphasize finding a complete, unified solution that can handle the total procurement workflow. The right procurement solution should also integrate easily with systems like ERP and accounting. Ease of use, cloud-readiness, and AI capabilities are also important in today's dynamic environments. These qualities make it possible for a procurement solution to adapt and continue to facilitate efficient corporate operations as a business evolves over time.

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The Internet has completely changed the way we make buying decisions. We now use ratings and review sites to see what other real users think before we buy electronics, book a hotel, visit a doctor or choose a restaurant. But in the world of enterprise technology, most of the information online and in your inbox comes from vendors. What you really want is objective information from other users. IT Central Station provides technology professionals with a community platform to share information about enterprise solutions.

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ABOUT GEP SOFTWARE

GEP SOFTWARE™ provides award-winning digital procurement and supply chain platforms that help global enterprises become more agile, resilient, competitive and profitable.

With beautifully rendered interfaces and flexible workflows, GEP® provides users fresh, intuitive digital workspaces that yield extraordinary levels of user adoption and meaningful gains in team and personal productivity.

GEP products capitalize on machine learning and cognitive computing, advanced data and semantic technologies, IoT, mobile and cloud technologies, and are designed to incorporate continual innovations in technology.

GEP's software integrates quickly and easily with third-party and legacy systems, such as SAP, Oracle and all other major ERP and F&A software. And with superb support and service, GEP is an industry leader in customer satisfaction and loyalty.

A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC, Procurement Leaders and Spend Matters.

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