



## e-Procurement

Solving Compliance and Addressing the Long Tail of the Supply Chain

### The Growing Demand for Compliance

**23%**

of CPOs see addressing compliance as the biggest benefit of Purchase-to-Pay systems. (Supply Management)

**39%**

of spend in organizations without e-procurement systems is off contract and therefore a compliance headache. (Aberdeen Group)

### e-Procurement Savings:



Every \$1 spent under management (e.g through an e-Procurement system), yields between 5c and 15c in savings. (Forrester)

### e-Procurement Savings: SPEND COMPLIANCE



**=4% SAVING**

According to analysts, improving spend compliance from 60% to 95% would reduce cost of goods sold by 4%, translating into a direct impact on operating cost reduction and profitability. The cost of processing an electronic invoice is 1/3 the cost of a paper invoice. (Payables Place)

### Managing the Long Tail

Most businesses aim for 'operational excellence', and so tightly managing the long tail of the supply chain can be a significant contributor towards this goal. For instance, did you know that?



### Lost Earnings

The accumulated long tail (or the unimportant 20%) that many firms ignore can add up to a substantial portion of their lost earnings.

Unfortunately, there are still many who let the 'tail wag the dog' by spending too much time 'firefighting' non-strategic, but 'noisy' spend:

- Indirect procurement accounts for 60% to 80% of all purchasing transactions
- 80% of your indirect suppliers will account for 20% of business expenditure (Tail Management)

### Global Organizations

A disproportionate level of tail spend comes from purchases made by the most remote outposts of the company – underlining, the larger the geographic spread of a business, the greater the need for addressing the tail. (David Wyld)

We analyzed spend patterns of an organization spending \$1 billion on 3rd party goods and services.

**75%** = of their supplier base received 10 orders or less per year. (Basware)



**\$650 K PER ANNUM**

By simplifying the procurement process and taking advantage of online retail in a B2B context in the long tail could save as much as \$650K per annum in P2P and AP process costs alone. (Basware)

Connect with strategic and long tail suppliers to collaborate in real-time for

“Stronger and more transparent supplier relationships with lower risks and transaction costs.”

To drive additional revenues from your supply chain or to gain a unique insight into the trends that procurement professionals are driving, download our e-book.

**'A guide to Networked Purchase-to-Pay'**