

A Day in the Life of a Procurement Professional

5 Questions to Better Understand Why Content in Context is Critical



What does it mean for procurement processes to be both intelligent AND connected...and why is Intelligent Automation important to a procurement professional?

Procurement processes have many players, many different types of documents, and a direct impact on the bottom line. Procurement is also a process that is suboptimal in many organizations due to the failure to consider the *context* in which content flows through the process and how content is integrated into an ERP system. Intelligent Automation means content delivered *in context*.

Why is Procurement a strategically important process?

The implications of the failure to fully integrate content into Procurement processes carry significant financial implications.



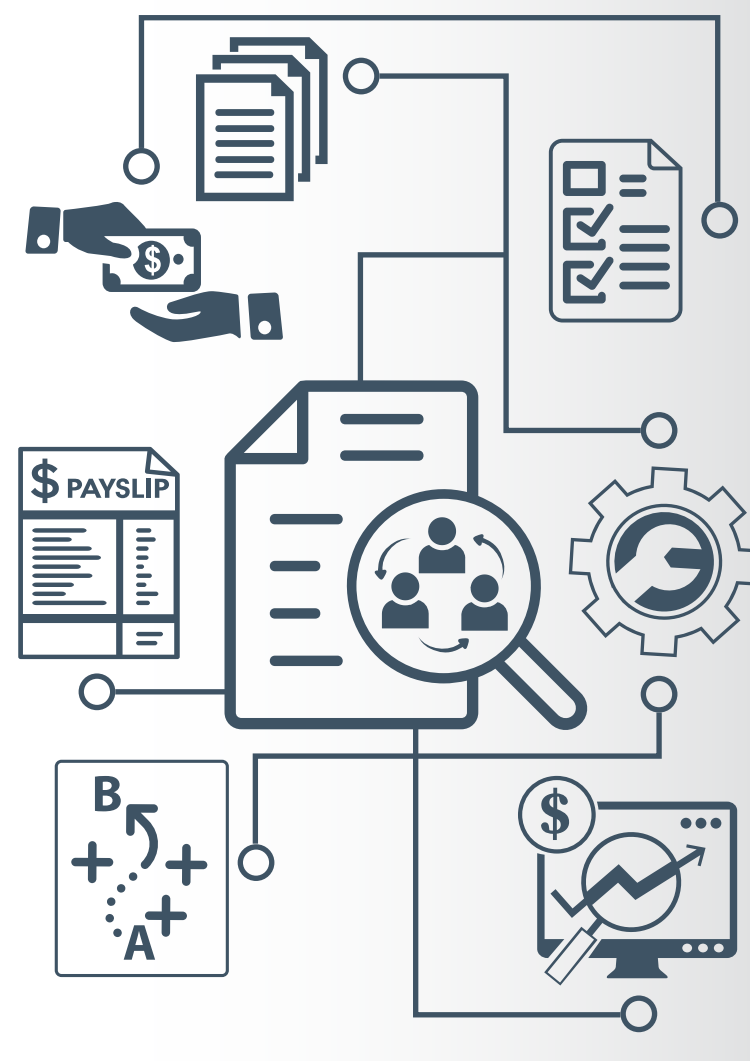
Procurement-related costs are usually the largest single cost in the manufacturing process: "...procurement costs as a percentage of total cost is **50-80%** for companies that develop, manufacture, trade and/or distribute goods."¹



Procurement processes are a key source of waste in the drive to Lean processes: **25%** of the value of a contract is typically lost to "contract leakage."²



40 percent of a company's costs are composed of external spending – and by better integrating procurement and accounts payable companies can cut the cost of their annual external spend by between eight to **12 percent**.³



Is "Procurement" really a single process?



Most processes – including procurement within an ERP system – are collections of multiple workspaces that include people, tasks, data, and content. Intelligent automation requires:



1) a common language and frame for thinking about how digital workspaces connect; and...



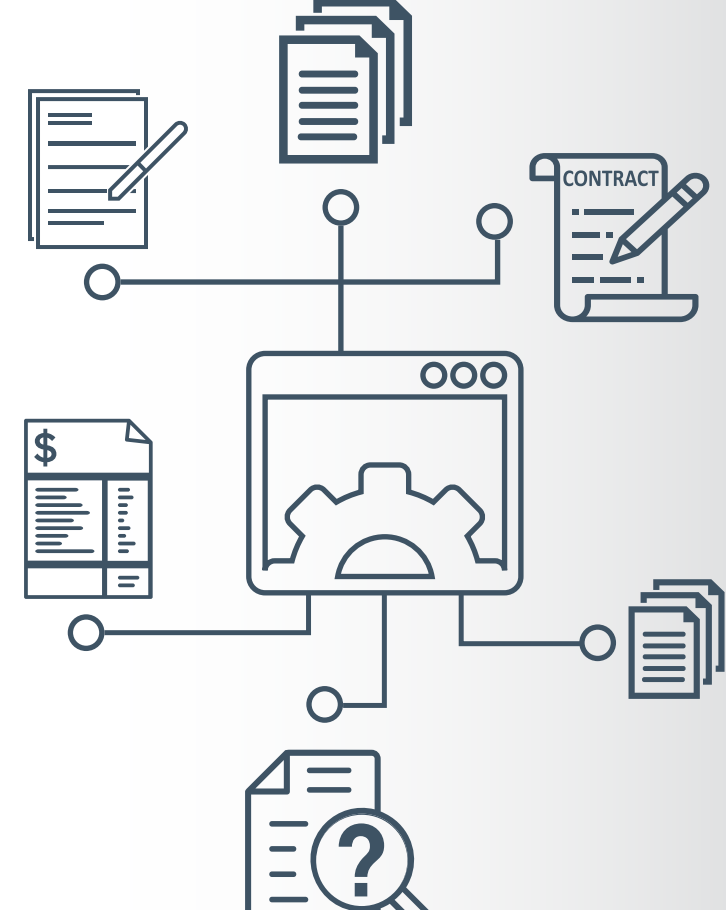
...2) a common strategy for dealing with the content that flows across them.



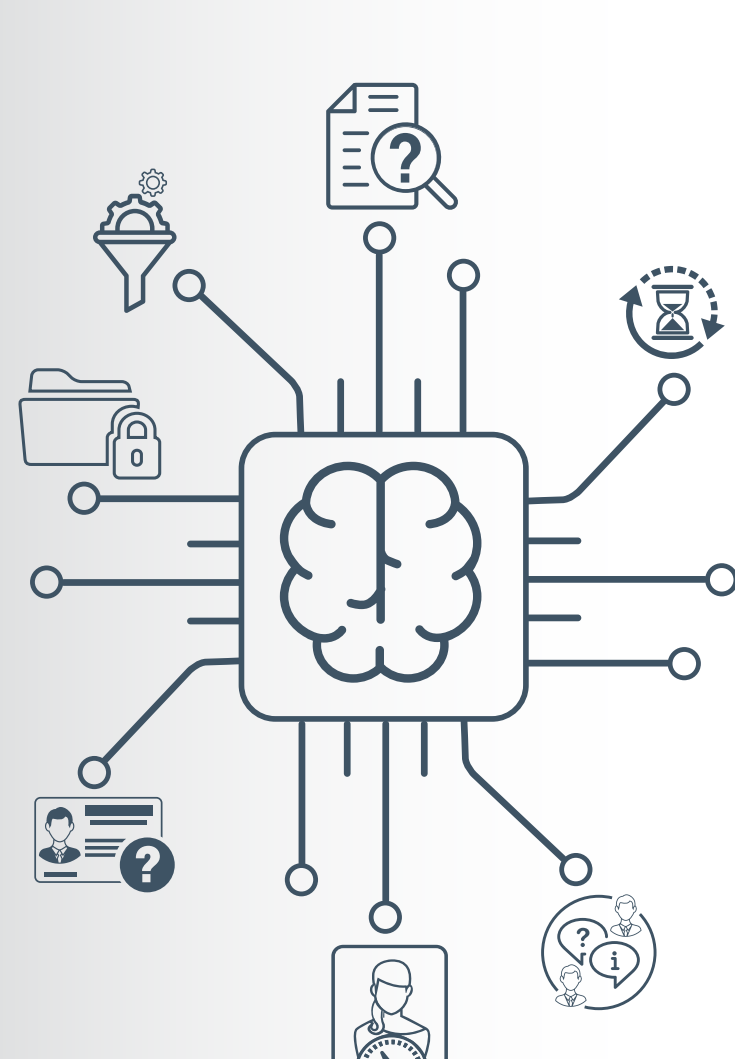
Why is Content in Context particularly important in Procurement?

Internal procurement processes are engulfed in masses of documents and paperwork, in incompatible files, formats, and systems. Employees who need to buy goods submit a purchase requisition, which must be approved and then forwarded to procurement. Procurement then issues a purchase order to one or more suppliers. While ERP systems provide the data entry screens and workflows to manage the request-through-purchase process, Intelligent Automation means these systems must do a better job of helping users capture and attach the necessary unstructured content and documents needed to justify the requisition and the purchase order. These documents include:

- Forecasting sheets, supplier information, product research documents, and regulatory information.
- Requests for quotation documents (RFQs), inspection sheets and approval documents.
- Contracts, orders, purchase orders, estimates, and correspondence.
- Manufacturing documentation, supplier data, bills of lading, freight bills, proof of delivery, and invoices.
- Functional testing reports, inspection reports, supplier quality data, materials data, defect reports, and defect resolution workflows.



How can you tell if you are failing at Intelligent Automation? What are the warning signs of a failure to integrate content into your Procurement system?



- Content related to vendors and procurement processes (such as purchase orders, contracts and vendor audit information) is fragmented across multiple applications, forcing users to work with multiple user interfaces.
- "Two screen" knowledge workers who must manually "connect" (via copy/paste) content and ERP systems.
- "Maverick" and uncontrolled procurement.
- Poor data quality and consistency.
- Difficulty producing relevant documentation during audits and litigation.
- Lack of consistent records management, retention, and disposition practices.
- Supplier and customer frustration due to failure to produce timely information.

How can Content in Context and Intelligent Automation improve supplier relationships?

As external supplier relationships become more strategically important, the operations of manufacturers and their supply chain become more intertwined. When information about these relationships is scattered across multiple systems and applications, it becomes impossible to understand the *context* of the relationship – and prioritize the important ones. Supplier relationships are at the heart of the procurement process, and unstructured information provides the context for these relationships.



"Companies are now aware that they must integrate and collaborate with suppliers to remain competitive and take the next step towards procurement excellence."⁴

Moving forward

Procurement is a good jumping off point to consider the benefits of Intelligent Automation and content in context in other key ERP-based processes like Asset Management, Manufacturing, Supply Chain Management, Predictive Maintenance, and Finance and Accounting.

- The bigger the application and the major systems that surround it (like Procurement in an ERP system), the more valuable it is to view content in context.
- On average, over **50%** of the critical documents in an ERP application are stored outside of the ECM system that was originally intended for this purpose. This creates isolated content silos that make automation of a process like procurement nearly impossible.
- Many organizations struggle with integrating content into lead business applications. **18%** of organizations say their ECM system "fails to meet expectations" when it comes to Integration and interoperability with lead business applications.

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Learn more about how OpenText is empowering intelligent and connected business processes by connecting critical content insights to lead ERP business systems.

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Findings cited in this graphic are from:

¹ PwC, *Supplier Relationship Management: How key suppliers drive your company's competitive advantage*
² PwC, *Supplier Relationship Management: How key suppliers drive your company's competitive advantage*
³ <https://www.theaccountspayablenetwork.com>
⁴ PwC, *Supplier Relationship Management: How key suppliers drive your company's competitive advantage*
⁵ AIIM, 2018, *Getting Ahead of the Digital Transformation Curve*
⁶ AIIM survey of 120 executives in late 2017