

The Future of Procurement: meer dan digitaliseren

Not just a tool implementation, but a business transformation

Andries Feikema
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Virtual keynote

NUTRITION · HEALTH · SUSTAINABLE LIVING



DSM

BRIGHT SCIENCE. BRIGHTER LIVING.

It's so simple...



Introduction

DSM Global Procurement



Andries Feikema



Royal DSM

DSM Global Procurement

Global Director Procurement Transformation

&

Global Program Director Digital Procurement
Program (buy.SMART)

Agenda

Procurement at the forefront of a positive change



Introduction



DSM at a glance



Global Procurement



buy.SMART



Procurement Transformation



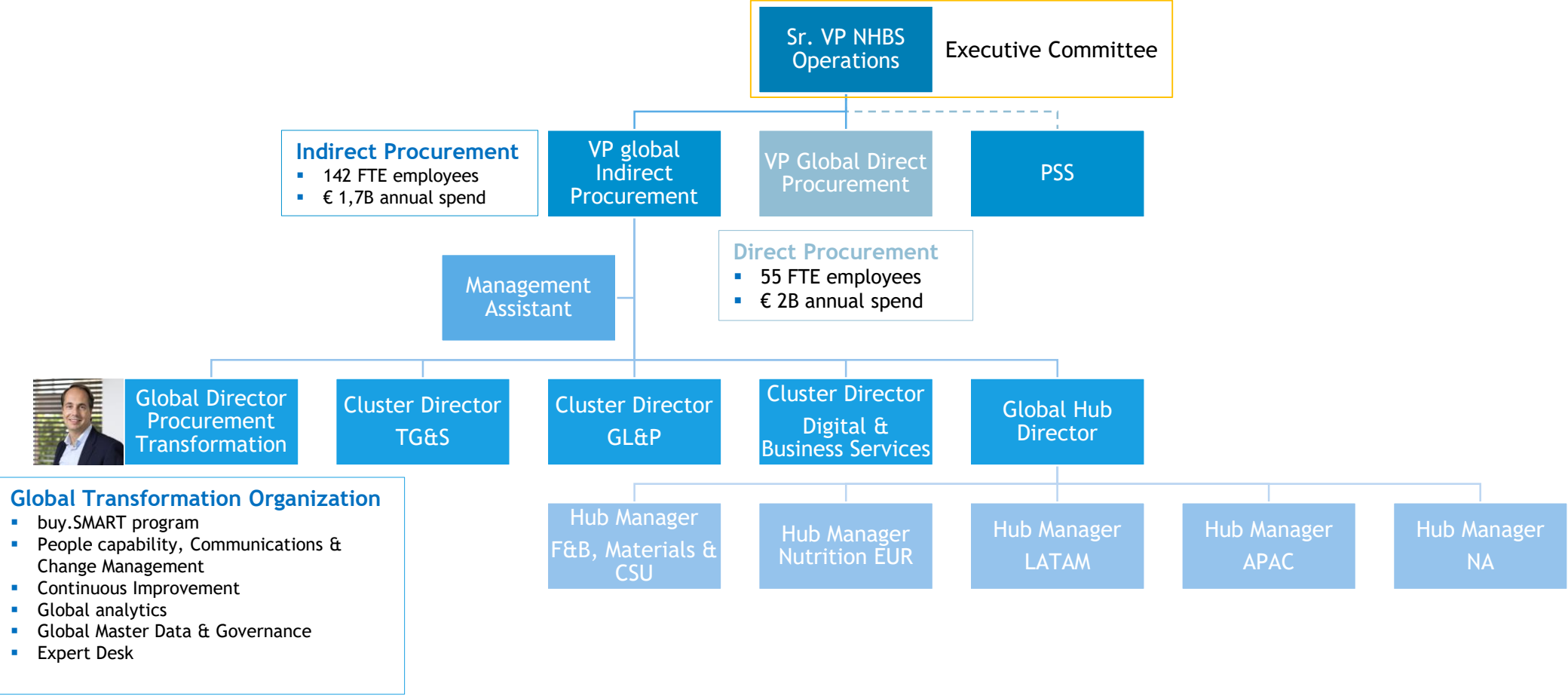
DSM at a glance

A Purpose-led, Performance-driven Nutrition, Health & Bioscience company. Global company with an annual sales of > € 8 billion and a highly engaged workforce across the world of 23,000 employees



Global Procurement

A highly engaged workforce across the world of ~197 Direct & Indirect procurement professionals managing a total annual spend of € 3,7B



buy.SMART - Introduction

buy.SMART in 3 minutes

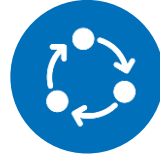


buy.SMART - Program Objectives

buy.SMART will improve DSM's Indirect Procurement capability and maturity to reach the next level of procurement value creation to support DSM's growth strategy



Improve employee satisfaction (user-friendly and intuitive solution)



Develop end-to-end processes and system functionality



Improve supplier engagement and limit supply risks



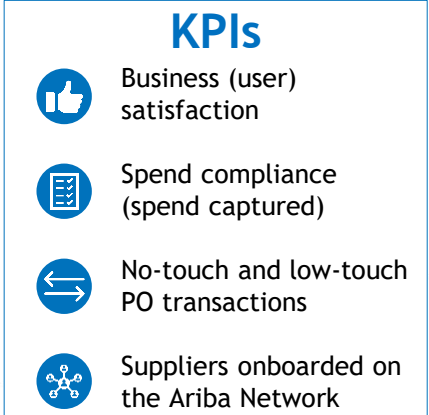
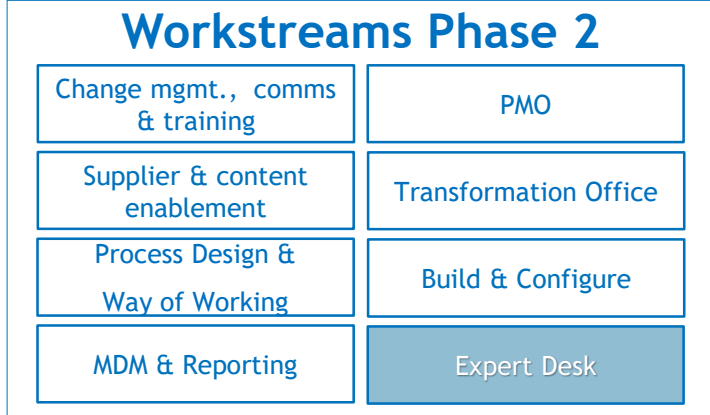
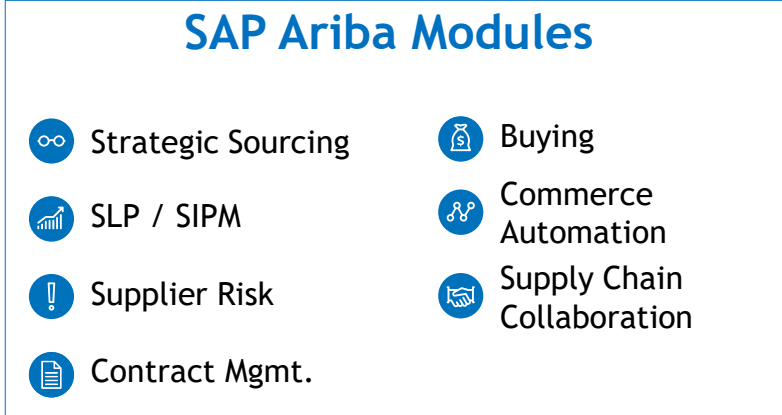
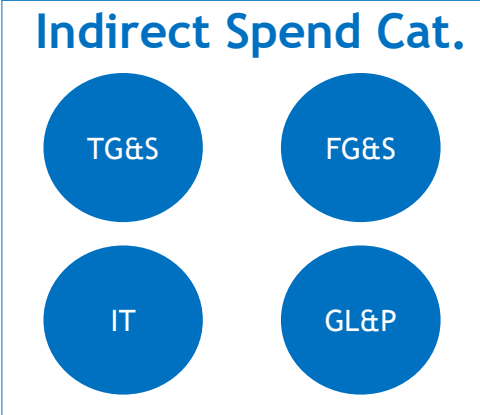
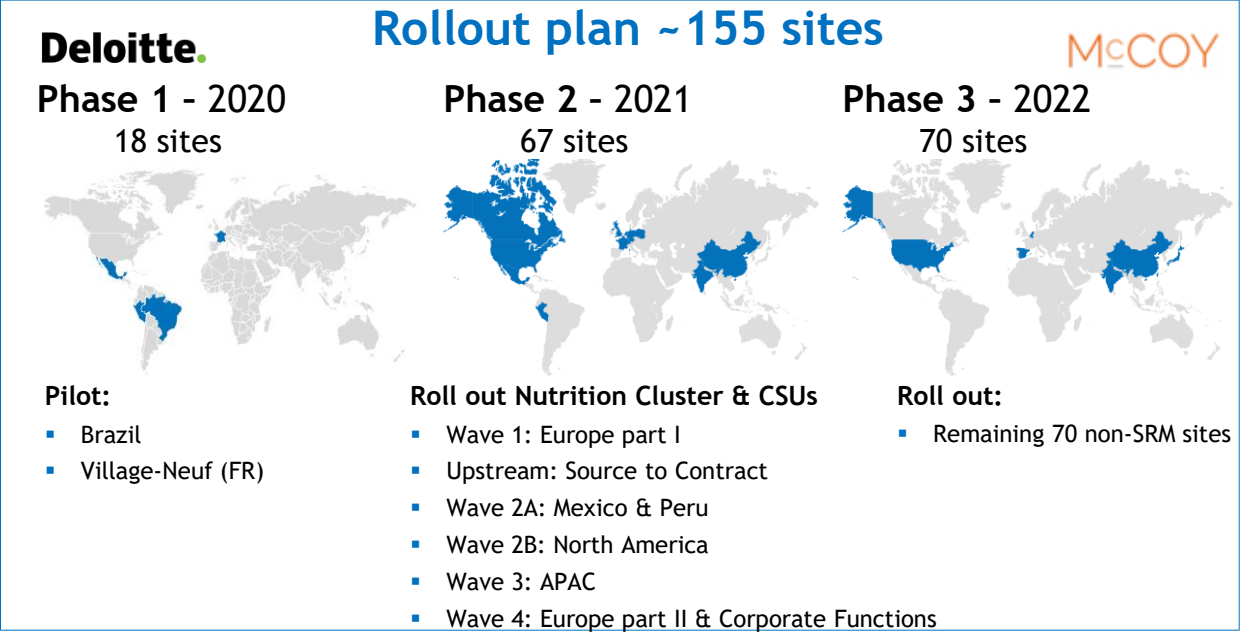
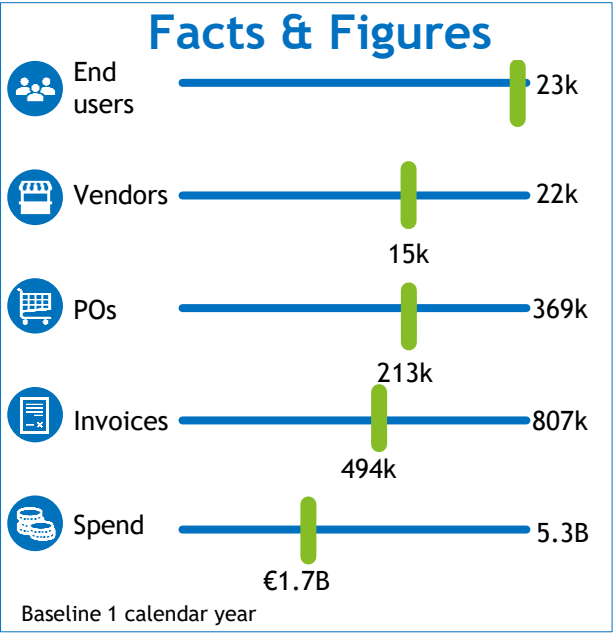
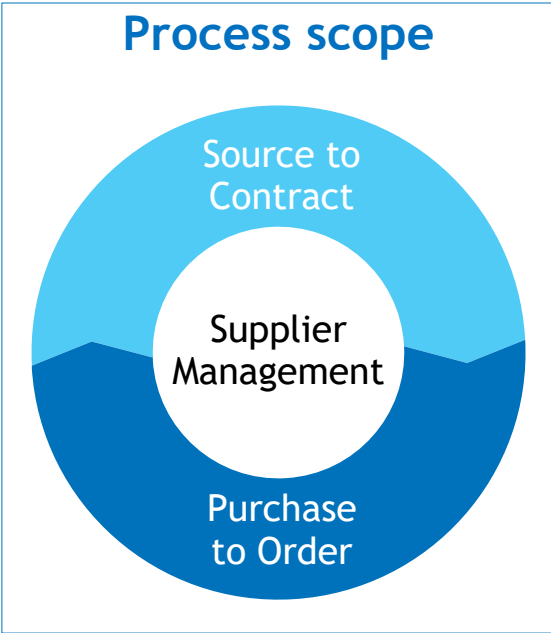
Improve financial benefits: tail spend management, increase spend under contract, reduce maverick buying, advanced sourcing methods



Improve end-to-end procurement capabilities

buy.SMART - Business Transformation

A 3-year business transformation program that touches the entire organization and the full end-to-end scope of the Procurement Processes: Purchase-to-Pay and Source-to-Contract



buy.SMART - Program Approach

Global implementation is based on predefined guiding principles



Global design, validate locally



Generate results fast (early value, early adoption)



Best in class processes are the standard



Minimize customization to only legal and fiscal requirements



No transfer of outstanding transactional data



Global design finished during pilot phase 1, focus during following phases on localizations (legal / fiscal) requirements



Readiness Assessments and configuration of requirements in an agile approach

Readiness Assessment



Configure



Change management is a key element throughout the program



buy.SMART - Understanding the barriers to Change

Most corporate change efforts fall short with only 12% achieving or exceeding expectations¹. This won't be much different for procurement digitalization transformation programs

A few often-heard common misunderstandings about change:

- *“People are smart, they’ll just get it”*. There is no need for training; there is no need to give people time. We hire great people who are smart and talented. Making the change won't be hard for them.
- *“Just flip the switch”*. For technology changes in particular, people think turning on the technology is enough. They think the technology alone can manage the change.
- *“Change happens quickly”*. We live in a time when everything happens quickly, and we expect change to behave the same way. No one wants to hear it or admit it, but change takes time. When done well, the return is worth the wait.

CHANGE



¹ Bird, A., Lichtenau, T., Michels, D. (2016), 'The What, Who and How of Delivering Results', *Bain & Company*, pp. 1 -12(2) Dr. Kotter, J.P. (1995), 'Why Transformation Efforts Fail', *Harvard Business Review*, pp. 59 - 67

² Aiken, Carolyne, Galper, Dmitriy, Keller, Scott (2011), 'Winning hearts and minds: The secrets of sustaining change' *McKinsey & Company*, pp. 46 -53

buy.SMART - Change Management Strategy

Different from other digitalization programs, buy.SMART is not just a tool implementation but a business transformation, where change management plays a key role in its success



Dr. John P. Kotter



buy.SMART - Fact & Figures Year to Date

After two years of hard work, we have made great progress and the adoption of the platform is growing rapidly. Below facts & figures are since the first go-live in September 2020 (pilot phase)

ARIBA ACHIEVEMENTS



26.540 Purchase Orders via AN (outlook of 350,000+ POs per year)

- 3.564 Service Entry Sheets processed
- 3.125 E-invoices processed
- 49 RFPs in the system
- The avg. PR approval lead time is 1.61 days
- 95% of POs are first time right

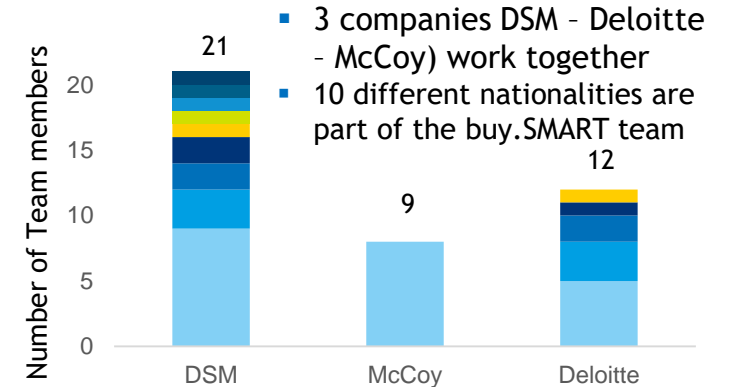
DSM USERS



45 Sites Live, 40 will follow

- Deployed in 6 waves
- 3.070 users are in the system
- 471 requesters that have placed a PO
- 8 realms are built to support all processes

buy.SMART TEAM



VENDORS on ARIBA NETWORK



58 catalogs available

- 26.128 qualified vendors
- 4.022 enabled vendors
- 1.690 transacting vendors
- 33 integrated vendors

CHAMPIONS & SUPPORT



172 Champions supporting the roll out

- Over 410 training sessions are organized
- 40 instruction videos are created
- 67 Quick reference cards are designed in multiple languages

TRANSFORMATION EXPERIENCE

Amazing contribution from our Champions, who play a key role during Testing and Training despite nervousness at first in training their colleagues.

High complexity for CCT, related to regional differences in terms of processes and ways of working, but also cultures and languages. Thanks to very engaged and high performing CCT Regional Lead and Trainer in Asia, Latam, North America, Germany, we make it possible and look at any ways we could use to maximize the adoption.



VALUE DASHBOARD

Galileo Value dashboard developed to monitor the Return on Investment (EBITDA performance) as agreed with the Executive Committee



buy.SMART - Key Principles

A business transformation is required to become a true “steward of spend,” with the ability to manage supply, demand, and compliance across the company



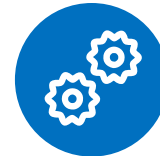
Design global & validate local



Tackle Master Data early on



Content is King



New capabilities = new Way of Working



Change starts from day 1



Keep it Simple



buy.SMART - Program Key Success Factors

Organizations with a clear and documented linkage between their strategic objectives and each business case objective report a 14% higher Business Satisfaction Rating than others¹

<p>Program Vision & Business Case </p> <ul style="list-style-type: none"> ▪ Key stakeholders have education, awareness, and buy-in ▪ Business case, business outcomes, benefits investment, and change 	<p>Executive Sponsorship </p> <ul style="list-style-type: none"> ▪ Executive advocate & champion of the program ▪ Evangelize importance 	<p>Governance & RASCI </p> <ul style="list-style-type: none"> ▪ Cadence for monitoring progress, resolving issues, celebrating wins ▪ Driving accountability ▪ Transparent RASCI for all involved in the program 	<p>Success Measurement </p> <ul style="list-style-type: none"> ▪ KPIs & performance monitoring ▪ Baseline vs. target ▪ Benchmarking ▪ Define what success looks like, measure regularly to manage goals
<p>Process Refinement </p> <ul style="list-style-type: none"> ▪ Update business processes to drive optimization and consistency ▪ Leverage best practices 	<p>Buy Process Enablement </p> <ul style="list-style-type: none"> ▪ A multi phase roadmap timeline ▪ Enablement plan (e.g. by stakeholder, category, business unit, geo) 	<p>Resource Planning </p> <ul style="list-style-type: none"> ▪ Implementation ▪ Steady state operations 	<p>Supporting Policy </p> <ul style="list-style-type: none"> ▪ Internal and external ▪ Provides specifics expectations for compliance
<p>Cross Functional Collaboration </p> <ul style="list-style-type: none"> ▪ Clearly aligned objectives ▪ Participation across departments 	<p>Incentives </p> <ul style="list-style-type: none"> ▪ Ensure goals are perceived as important ▪ Inspire and rationalize the need to change 	<p>Training </p> <ul style="list-style-type: none"> ▪ How the day-to-day job will be different but also the subject matter, value, and 'why' ▪ Not one size fits all but should be specific based on job function and role 	<p>Communication </p> <ul style="list-style-type: none"> ▪ Develop a strategy for internal and external communication ▪ Strategic communications come from executive sponsors

Procurement digitalization seems to be on every CPOs agenda today. But too many CPOs are frustrated at procurement digitalization programs that take too long, cost too much, and produce results that are too slow and meager.

- **What** do we want to achieve? (And why is this important?)
- **Who** will make change happen? (And who will support them?)
- **How** will we get there? (And what might get in the way?)



¹ SAP Performance Benchmarking (2014)

Procurement Transformation

Exponential technologies fundamentally change the Procurement function and operating model as it becomes more predictive, automated, and proactive



People

Skill set change



Organization

Operating model is changing



Process

Self service is the norm



Systems

Autonomous procurement

It doesn't stop here ... Continuously Improve!



It's so simple, when you know
how to do it ...





VERBINDT. VERSTERKT.

FOCUS
ONLINE

8 T/M 12 NOVEMBER 2021

Bedankt voor je deelname

Bekijk op www.VNSGFocusOnline.nl welke sessies er nog meer zijn!

