

DIGITAL ↗ OUTCOMES 2023

Event Recap



Successful procurement leaders understand the importance of organizational culture and its impact on digital adoption. This means that in order to 'Cross the Chasm' per the classic marketing book by Geoffrey A. Moore, procurement needs to understand the human and technical elements that must fuse to drive desired outcomes.

My key takeaways from the two day event are:

It is crucial for procurement to align their initiatives with the needs and goals of the business. Isolated digital investments can be well-intentioned and still create obstacles. Driving lasting change goes beyond platform usability, meaning that procurement can only drive adoption if they understand their stakeholders' priorities.

Every organization needs to understand the ROI of digital investment as well as what they are solving for. Procurement's business case should connect with the organization's approach to measurement and capture both quantitative and qualitative benefits.

Building a network of advocates for digital transformation and updated procurement operating models will help overcome hurdles and roadblocks. Early adopters in procurement, driven by new business models and technology, contribute to the evolution of the profession over time, even though each organization is on their own journey.

And finally, taking carefully qualified risks is an important part of making progress. There will always be pockets of enthusiasm for and resistance to change, but if managed well, these can strengthen and even broaden the impact of transformation.

If you enjoy this overview, be sure to watch some or all of the sessions on demand and let our speakers know that you benefited from their expertise!

Philip Ideson, Founder & Managing Director, Art of Procurement

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Prioritizing the Digital Procurement Experience



Featuring Jaime Garcia, Director of Strategic Enterprise Programs at the U.S. Department of State

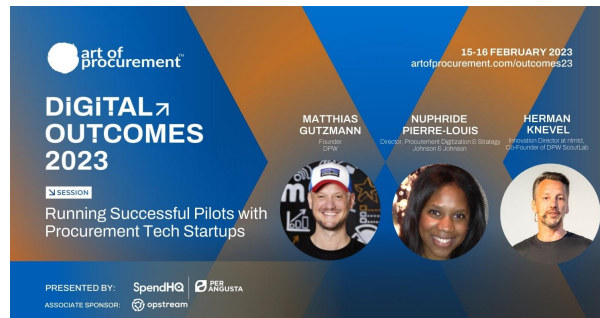
The US State Department's digital - and cultural - transformation is well underway, and positive results are already emerging.

Culture has been a crucial pillar for change, and large-scale change management can not be successful unless leaders understand and work within it. In the federal procurement, as in all large organizations, fears about missteps and complex frameworks can become ingrained in the culture, making transformation more challenging than it needs to be.

To address this, Jaime's team is investing in the training, resources, and tools they need to facilitate active engagement - to the benefit of both internal and external stakeholders. As an industry liaison, he is also working to improve engagement, understand pain points, and lower barriers for private industry, especially small businesses.

Comprehensive spend portfolio reviews early in the year provide an opportunity to examine priorities and improve effectiveness. With early insight, Jaime's team is able to focus on improving industry involvement, engagement, and outcomes.

Running Successful Pilots with Procurement Tech Startups featuring Johnson & Johnson



Featuring Matthias Gutzmann, Founder of Digital Procurement World (DPW), Herman Knevel, Innovation Director at nlmtd and Co-Founder DPW ScoutLab, and Nuphride Pierre-Louis, Director of Procurement Digitization & Strategy at Johnson & Johnson

In recent years, procurement has been growing exponentially in importance, especially as businesses face challenges related to inflation, sustainability, and supply chain management. The demand for innovative new digital solutions has grown as well, leaving procurement trying to figure out how to evaluate the many startups available in the market.

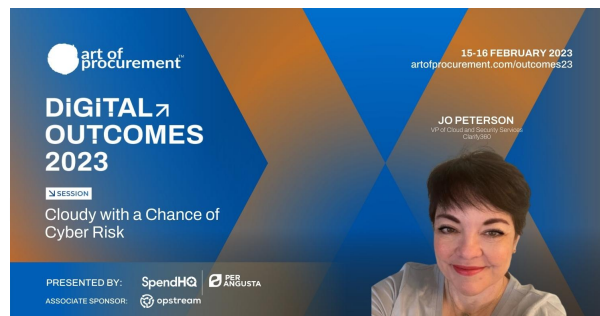
DPW ScoutLab has developed a methodology they describe as "100 Days" for running pilots and proof-of-concept projects. This approach focuses on establishing a clear start and end point for collaborations, enabling companies to quickly assess the potential value and fit of a solution.

The 100 Day methodology has been particularly successful in cases where timing is of the essence. By focusing on the critical aspects of a project and fostering a strong cultural fit between larger and smaller companies, businesses are able to make faster decisions and deliver more value.

One notable example of the 100 Day methodology in action is Johnson & Johnson's procurement garage initiative. The company partnered with DPW ScoutLabs to rapidly test solutions in the procurement tech space. The results were impressive: increased focus on critical business needs, a shift in leadership expectations, and internal improvements to support agile procurement processes.

As more organizations recognize the importance of procurement and supply chain management, more companies are likely to adopt methodologies like the 100 Day approach. By fostering agile collaborations and focusing on delivering value quickly, companies can stay ahead of the curve and make the most of the constantly changing procurement tech landscape.

Cloudy with a Chance of Cyber Risk



Featuring Jo Peterson, Vice President of Cloud and Security Services for Clarify360

A weak security posture can have dire financial consequences for any organization in today's world. With cybercrime on the rise, small businesses are especially vulnerable, bearing the brunt of financial losses. The 2021 Cost of a Data Breach Report from IBM and the Ponemon Institute revealed that the average cost of a data breach in 2021 was \$4.24 million - and the longer a breach remains undetected, the higher the financial impact.

Organizations face cyber risk-based losses across multiple fronts, including intellectual property, customers, and brand reputation. Companies must invest time and resources in remediation, including providing service credits or refunds to affected customers, dealing with lawsuits, paying fines from regulatory agencies, and dealing with increased insurance premiums.

As technology shifts, procurement must be aware of the impact these changes have on relative cyber risk. Many organizations rely on cloud and Software-as-a-Service (SaaS) platforms, leading to a shared responsibility model for security between customers and cloud providers.

To mitigate these risks, organizations should establish evaluation and monitoring frameworks for their supply base, ensuring a robust approach to cybersecurity in procurement activities. Periodic security health checks can help organizations stay ahead of potential vulnerabilities and maintain a strong security posture throughout the contract term. Investing in cybersecurity education and resources is vital to keep up with the ever-evolving threat landscape, one where procurement must remain vigilant on their company's behalf.

Reframing Failure: There's Always a Way



Featuring Gavin Mlinar, Founder of Blacklisted Consulting and extreme sports enthusiast

As Gavin shared in this session, you only fail if you quit. After attempting to climb the equivalent vertical feet of Mount Everest, 29,029 feet, and not making it, he has lived the reality that you may have to fail 99 times before finding success or reaching your goals.

Every experience is a learning opportunity for procurement, with effective communication, planning, and a solution-oriented mindset as the best way to tackle challenges and keep projects moving forward.

Transformation projects are often new endeavors that require time and patience to master, and so creating a safe space for employees to express their opinions and feel valued is crucial for fostering innovation and breakthrough performance. In an environment where diverse voices are heard and respected, teams are more likely to succeed.

When managers lead with positivity, even the most challenging work can be a positive experience for everyone, nurturing a culture of growth, resilience, and innovation.

Top Performance Concerns for Forward Looking Executives



Featuring Pierre Laprée, Chief Product Officer of SpendHQ and Founder of Per Augusta, Blessen Kurian, Procurement Director, Digital & Data Science at Thermo Fisher, and Keith Barthelmeus, Global VP and CFO of Product and Technology at Brinks

It comes as no surprise that inflation, supply chain disruption, and aligning with the constantly changing C-suite agenda are at the top of procurement's priority list.

Effective communication, structure, and technology are vital for delivering value, and procurement must resist getting bogged down in data and spreadsheets. Roadmaps and company-wide objectives play a key role in how procurement defines and executes against their goals, which should be socialized with the C-suite.

When it comes to sustainability, it is essential to start with available data and create opportunities from there. Initial measurements might be less precise than procurement would like, even gradual progress will lead to more refined data.

Different stakeholders have varied concerns, and procurement professionals must articulate each message accordingly. It is essential for procurement to respond to align with the business on performance expectation, even if the current data only supports directional indicators.

Measurement is crucial for improvement, as it allows procurement to allocate resources to the most critical battles. The financial aspects of procurement's contributions, such as cost savings, cost avoidance are important to measure but so are non-financial metrics like carbon footprint reduction, waste reduction, water consumption, and supplier diversity.

Technology can help track financial and non-financial performance, and the more digitally enabled the process is, the more granular, actionable, and trustworthy those performance measures will be.



Session Soundbites



**Keith
Barthelmeus
Brinks**

“We’ve got a lot on our plate right now as it relates to supply chain challenges and inflationary risk, but the business is also struggling naturally through these times to maintain performance. We’ve got to not just look at what’s needed to maintain business but what’s needed to really drive bottom-line improvement in every way that we can.

We’re working towards becoming servant-leaders to the business and ensuring that we are 100 percent aligned at all times, working proactively to drive insights that will lead us to a better tomorrow.”



**Blessen Kurian
Thermo Fisher**

“Thermo Fisher is an incredibly complex company.

To help centralized procurement organization do a more effective job, we are putting a lot of emphasis on continuous improvement – what we call PPI or practical process improvements – making the work experience a little bit better and prioritizing those efforts because there’s no shortage of work to be done in procurement.”

The Care and Feeding of the Procurement Startup Ecosystem



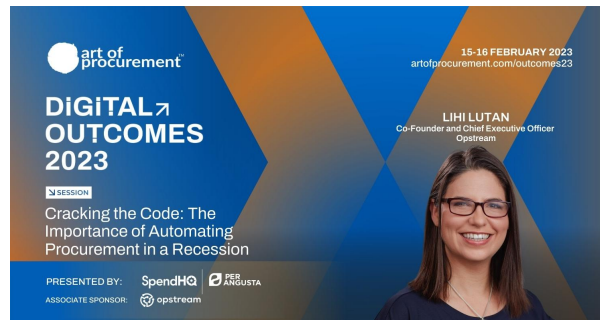
Featuring Jack Freeman, Partner at Peakspan Capital

In this session, Jack touched on the challenges faced by procurement tech startups aiming to sell to large enterprises, especially in procurement. There are very few truly innovative CPOs, creating a challenge for early-stage companies who are willing to change their solution in order to gain traction, but end up creating a product that the market as a whole can not adopt.

There are two primary types of procurement tech founders, and companies are likely to notice a difference in that their solutions offer. There are serial procurement tech founders who are trying to elevate the space from within, and there are innovators who experienced the pain of poorly-functioning procurement platforms as users and believe there must be a better way.

Jack sees plenty of opportunity for startups, despite the high level of fragmentation seen in most spider charts. Future innovation may actually be in areas of functionality that have not received as much attention in the past (for instance, supplier payments), but are now higher priority given the macro environment and procurement’s maturing relationship with the business.

Cracking the Code: The Importance of Automating Procurement in a Recession



Featuring Lihi Lutan, CEO and co-founder of Opstream

The current market environment has created a sense of urgency for procurement operations. Procurement and finance teams face pressure to do more with less, making automation the most viable solution for increased workloads and responsibilities.

One of the challenges in adopting automation is the lack of data. Automation provides procurement professionals with the data and dashboards needed to streamline the approval process and focus on alignment with the business.

A great user experience is essential for successful adoption and implementation, and learning from other companies and being an active part of the overall community can help procurement discover best practices.

Companies that can successfully adopt procurement automation usually exhibit two main characteristics: agility and an emphasis on the user experience. Starting small and achieving value quickly is crucial, as are smooth onboarding and adoption across the organization.

Ultimately, automation can be a powerful tool to help procurement professionals demonstrate their value and drive positive - and lasting - change within their companies.



About Art of Procurement

Art of Procurement was founded in 2015 to empower professionals at all levels to align procurement performance with corporate objectives.

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