Adopting e-commerce for transformed e-procurement

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In the new world economy driven by digital revolution, the consumer is crowned the unchallenged king. It is a world where mass advertising no longer is the main influencer of purchase decisions, instead, product comparisons and peer reviews drive these decisions. Given the new trend, companies have no choice but to embrace digital technology, as existing business models – even in sourcing and procurement – are constantly being disrupted.

Today, business end-users accustomed to online purchases seek the same ease for procurement needs at workplace. For them, it is simpler to find suppliers that provide exactly what they want as they can browse through detailed product specifications and compare brands and prices at the click of a button – all on easy-to-use websites with transparent pricing and delivery commitments.

The corporate end-users are not willing to be constrained by cumbersome procurement processes and would rather, if given the opportunity, purchase directly to meet their specific needs. In fact, a research report from a leading management consultancy indicated that more than half of all B2B purchases will be made on digital platforms by 2016, and expenditures for B2B digital advertising may double by 2018.

End users of procurement services continue to complain that the purchases negotiated by the company was over-priced compared to those available on popular e-commerce websites. Since the emergence of e-commerce over the past decade and ease of access driven through mass personalization and adoption of digital technologies, the end user has become smarter and better connected with the market place.

In stark contrast, the main priorities in procurement organization continue to be dominated by cost savings, supplier rationalization, better quality, better payment term, and the most important, compliance!

Historically, corporate procurement's mandate has been to streamline processes and source the best products at the best price for which the procurement function has controls and policies aimed to curtail lavish expenditures within the organization.

In recent years, procurement groups have tightened their policies even further in an attempt to curb individual purchases on online buying options. These include an approval authorization procedure, reimbursement policies, and also, pre-approved supplier lists that buyers can leverage. However, in the digital age, such measures may prove cumbersome for employees' legitimate attempts to procure in the best interests of their companies.

In the early days of adopting legacy e-procurement applications and first generation punch-outs, the technology to tightly integrate with e-market places was lacking and further constrained by the limitation of payment options. At that juncture, there was no option but to identify outliers by random audit or through requestor inputs and browbeat the vendors to meet the competitive pricing.

However, with the advancement of technologies, it is now feasible to think innovatively in enabling the end user within the organization purchase from the e-commerce market place through an interface.

Taking procurement to e-commerce marketplace

There is no denying that the digital economy is here to stay and has changed not only business models but also user behavior. Perhaps, the most logical thing for a procurement function would be to go with the flow and empower end users with an online procurement tool that allows them to purchase from e-commerce marketplace based on company's procurement policies.
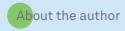
The new generation of Cloud-native e-procurement applications permit organizations to leverage the vast business network of e-commerce market place providers, wherein you can configure and find items from pins to signboards to computer accessories.

Adopting this will not only alleviate the procurement function, it will also inspire confidence in end users. The adoption process is fairly simple once the right e-procurement engine is in place.

- Identify products that are non-mission critical and not price-sensitive and can be allowed for purchase through the e-commerce market place
- Create an internal benchmark (price, delivery applicability) for such product categories and make them available to the end user through unique content filtering, allowing buyers to decide what content is visible to their end users
- Set-up an easy approval process according to the accounting principles laid down by the organization
- Streamline payments by leveraging virtual cards and new generation payment gateways to further reduce cost of transactions Ensure that the purchases are in line with company policies and procedures through use of real-time reporting and monitoring

customer. In addition, technologies with predictive capabilities that provide personalized next-best action' prompts to resolve customer issues, will play a major role in this paradigm shift of customer experience.

Delivering customer experience using IoT data can drastically transform the way customers interact with contact centers. Customer support, as we know it, can become completely proactive from the organization's side. Contact centers would need to evolve and match the accelerated rate of expansion of IoT to deliver to the expectations of the connected customer.

About the author

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Kalpesh is a sourcing and procurement professional with over 18 years' experience spanning operation transformation, consulting and business development. Kalpesh is responsible for driving Wipro's endeavour of enabling organizations to embrace and move towards a digitally-powered procurement function. Kalpesh's deep understanding of the procurement domain comes from his varied experience across the services industry in leading fortune 500 companies on their procurement transformation journey.

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