




The future of decision intelligence in procurement

*How high performing leaders
use decision intelligence*

ProcureTech 

 LEVADATA

Definition of Decision intelligence

Decision intelligence is the process of using advanced analytics and data science to make decisions faster and more effectively. The approach is driven by data gathering and analytics, alongside a number of other disciplines, including economics, supplier management and market analysis.

The process of decision intelligence involves gathering and analysing data, before evaluating how successful a process or solution currently is, then identifying alternatives. The core aim of decision intelligence is to improve the quality and speed of decision-making (both at an individual and an operational scale), thereby increasing the likelihood that business approaches will be successful.

In the case of procurement, its applications include optimising spend, supply chain management, supplier management, building resilience, reducing time to market and improving operational sustainability.

It's all about intelligence



Dr Elouise Epstein
Partner, Kearney

It's all about intelligence. Whether it is spend, risk, ESG, or category intelligence, the ability to generate meaningful insights is procurement's endgame. This is how we will move from being the proverbial order-takers - that frustrate end users with arbitrary and complicated processes - to becoming part of the business, whereby we make meaningful contributions to the strategic decision-making process. This statement is shared by an overwhelming proportion of survey responses to this research study.

The greatest risk to the enterprise comes from our supply base. The greatest opportunity to meet ESG compliance comes from our supply base. The best way to protect margin is through smart supplier management. We are not going to meet these challenges and opportunities through policies and processes. Instead, we will achieve this by creating net new intelligence. To do this, we have to get

exponentially better at how we collect data from our suppliers, extract data from our internal systems, and collect data from external sources. Once we have this data, we need to be able to make sense of it through analytical modelling. Then, we can apply it to our business objectives and constraints and thus help inform various aspects of enterprise strategy.

We are entering the Intelligence Era. Whether it is AI, Human Intelligence (HI), or AI-augmented HI, the power of this intelligence at our fingertips is a real tipping point in human development. For businesses, savvy leaders and users will deploy this to create strategic advantages and to address the problems and opportunities regarding suppliers. In fact, this may not even be optional - it may simply become a daily imperative. This means that businesses will need to invest significantly more into intelligence-creating initiatives while, at the same time, individual employees will need to

lean in and upskill themselves in ways that we haven't seen since the beginning of the Internet Age. This will quickly separate those that talk and those that do - there won't be much middle ground.

What makes procurement great as a function is that we have great data sources, whether it is risk/ESG questionnaires, category/commodity indices and benchmarks, RFP responses, and so forth. So, the opportunity is there for us to harness that data and turn it into an advantage, for both the business and us as practitioners. And if we don't, well, then someone else (human or machine) will come along and do it for us.

“
**We are entering
the Intelligence Era**

- Elouise Epstein,
Partner, Kearney

Leading procurement teams

1
100%

said that data-driven decision intelligence has positively impacted their ability to **react to rapid market changes**

2
100%

say that data intelligence is important to **third-party risk management**

3
100%

said decision intelligence has allowed procurement leaders to have **greater credibility** with business stakeholders

4
89%

said data-driven decision intelligence has enabled **reduced value leakage and compliance**

5
89%

class defining **data quality and availability** measures as a 'very important' data management adoption challenge, which needs to be addressed

6
71%

of high performers are conducting all of the **supplier collaboration** initiatives that we researched at scale



Profiling the high performing decision intelligence leaders



How much added value has data-driven decision intelligence contributed to their overall performance?

this investment has achieved a 'significant' positive impact.

These high performers strongly agree that, through better data-driven decision intelligence, the performance and value of procurement have improved:

- 100% say that data-driven decision intelligence has seen improved user experience increase levels of adoption and results
- 100% say that pertinent reporting, marketplace expertise through digital adoption and/or better prioritisation have allowed procurement leaders to have greater credibility with business stakeholders
- 89% state that improved data-

driven decision intelligence has had a 'high' or 'very high' impact on increasing ROI in digital

- 89% state that data has brought a 'high' or 'very high' level of added value in procurement positively influencing business budget cycles
- 89% said data has brought a 'high' or 'very high' level of value in terms of reducing value leakage and compliance

We have identified the respondents with the highest level of data intelligence adoption and success rate.

These high performers allow us to see precisely what added value is being unlocked by the companies that are implementing the most advanced data intelligence approaches.

89% of the high performers that we identified come from companies with over 5,000 employees, and represent the procurement practices of some of the world's biggest brands.

These individuals and their procurement departments are:

At the most advanced stages of decision intelligence capabilities

- 100% are currently at a data visualisation adoption level of 61% or above, and 78% are at 81% adoption or higher.

- For data intelligence, 100% of data leaders are at an adoption level of 61% or above, and 44% at 81% or above.

Investing in the most decision intelligence capabilities

- 100% are either conducting or piloting decision intelligence in both their RFX approach and format optimisation, and their payment term optimisation
- 89% are either conducting or piloting decision intelligence in:
 - Integrated market intelligence data
 - Dynamic category strategy creation and execution
 - Automated sourcing and bid evaluation
 - Should-cost modelling
 - Demand planning
 - Early payment discount
 - Supply chain optimisation
 - Supplier collaboration and opportunity identification

Rapidly developing their talent and wider organisational approach

- 100% are either piloting or conducting the following, to maximise data capabilities and harness talent:
 - Improving the skills of procurement professionals
 - Building out internal data infrastructure capabilities
 - Acquiring data capability from external sources
 - Working more closely with corporate digital and data teams
 - Embedding data management across all digital procurement solutions

100% of data leaders say that data-driven decision intelligence has positively impacted their organisation's ability to react to the rapid changes in the market. In fact, 56% say that



Decision intelligence manifesto

Decision intelligence can be deployed across procurement, in an integrated and progressive way. Although this represents a significant initial effort, it is unsurprising that a comprehensive approach is the most effective way to use this capability, and maximise the return on your investment.

With data offering real-time insights into all avenues of your processes, you can instantly identify areas for improvement, and precisely assess the influence that different elements have on the system as a whole. From approaching B2B marketplaces to developing the relationship with your main strategic suppliers, data

intelligence gives teams the power to consistently improve their cost savings, mitigate risk, and ensure supply chain resiliency.

As you enhance your decision intelligence capabilities, six of the most effective ways to deploy data-driven decision intelligence across procurement are as follows:

1

Gathering, processing and managing third party data

74% of respondents state that they are dependent on third-party data to enable their decision intelligence capabilities. As such, implementing a sophisticated, well-organised and comprehensive way of managing this data set is a critical step.

2

Integrating data from multiple sources

93% of respondents name the integration of data from multiple sources as an important challenge, which needs to be addressed before data management best practice can be accelerated. In order to achieve their full potential, data intelligence capabilities require comprehensive internal and external dynamic data sets, which are well-managed and seamlessly integrated, regardless of their source.

3

Proactively collaborating with your suppliers

Decision intelligence enables procurement departments to assess all aspects of their supplier relationships. This data gives far greater insights into supplier costs, and facilitates proactive supplier management in a way that creates greater value, especially with strategic suppliers.

4

Identifying savings opportunities and simplifying the delivery process

With a clearer understanding of all procurement intelligence, beyond just spend and supplier pricing, you can consistently identify the most effective areas to deliver value. Alongside this, the insights of decision intelligence and market intelligence can be used to set informed targets for what they want suppliers and the business to achieve.

5

Partner with data and digital teams

Cross-team collaboration, between IT, digital, data and procurement, is fundamental. This approach should align across your senior leadership team and your key partners, while supporting the high performance of your team, through internal training that fosters the required shift in mindset, people, capabilities and workflows.

6

Intelligent automation and action

One of the biggest mistakes that a company can make is neglecting to consider teams' digital literacy. So, in order to retain the support and high performance of your team, executive sponsorship needs to be established and dependable data leadership implemented, across both your senior leadership team and your key partners.

