

Harness technology

As businesses face tougher times ahead, **Four Business Solutions** demonstrates that there is money to be saved in the use of software tools for procurement.

Controlling costs is a core objective for organisations and while businesses were happy to coast along without controlling costs during the boom times, challenging economies demand more circumspection. One area that holds significant opportunities for gains is the procurement process. In order to reduce overheads and boost performance by more accurate forecasting, the management and evaluation of supplier contracts is a promising option for organisations.

Count the cost

UK listed companies have paid scant attention to maintenance, repair and operations. Most CFOs have expended little or no resource on managing the money spent on products and services consumed through office management. This can include consumables such as office desks or computers, computer peripherals, stationery and so on, and even the processes through which these products and services are acquired.

Translating the cost of these inefficiencies into lost revenue can be quite a shock for finance managers. According to a recent report by technology research company Aberdeen Group, only 23% of companies have aligned spend visibility programmes, and failure to do so is costing them more than £130 billion a year in missed savings opportunities.

This means that there is a need for systems to be able to talk to each other, enabling people working together in a more effective manner. If you think of it this way, it is not hard to make a case for the integration of your procurement and finance systems, thus streamlining your purchasing processes.

Tried and tested

By adopting appropriate spending control systems to streamline processes and concentrating spending with a few suppliers to get better discounts, finance teams can reduce purchasing costs. The automation of requisition generation, authorisation and



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payment reconciliation processes removes the reliance on paper, increases efficiency and minimises errors.

New control systems that are built on the latest Microsoft technologies and standards are now available to facilitate system integration. All of them also integrate with familiar Microsoft Office tools such as Word and Excel. The benefit is that you already own and understand these tools: you've already got the skills in-house, which brings down the cost of implementation and training significantly.

Research carried out by management experts McKinsey found that, for organisations with sound purchasing

principles in place, the heavier their usage of software tools for procurement, the more costs they were able to save.

The right solution

So, what should you look for in a procurement solution? A good purchasing and overhead management solution should provide the following basic features:

- Integration with your financial system. Throughout the life of the transaction, budgets and commitments are checked against your financials at the point of conception to produce an up-to-the-minute report.
- Workflow management of processes such as invoice creation, authorisation and matching functionality, whether dependent upon value, item, supplier, site-specific attributes or available authorisers – to any required level of sophistication.
- Business intelligence capability that facilitates the drilling down into information.
- Ease of use by any employee, in sync with the Microsoft user interface and as widely accessible as possible.
- The capability to integrate easily with other related applications, from finance, document management to business intelligence systems, as well as new product features that may be deployed in the future.

The adoption of appropriate spend control systems can streamline processes and help to concentrate spend on fewer suppliers, thus securing better savings and discounts. In this way, organisations can reduce purchasing costs substantially, as the volume of products and services purchased is streamlined. ■

Further information

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