

Innovation / ,ɪnə'veɪʃən/

- *Something new, and contrary to established customs, manners, or rites.* -

Your speakers today



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Agenda



**Procurement
organizations of
tomorrow**



**Supplier
enablement**



**Insights and
data driven
procurement
organizations**



**How to incubate
procurement
innovations**



**Success factors
of sourcing
innovation**

How does
innovation
influence our
organization?

How can we
attract our
suppliers to
foster
innovation?

How innovative
can our S2P
process
become?

How do we get
started?

How can we
ensure to invest
in the most
promising
innovations?

Procurement organization of tomorrow

We see a shift of procurement organizations towards hybrid technology driven service centres

No-Ops Procurement

Procurement itself will become service center for strategic sourcing and procurement.



Plug & Play Services

Set-up of on-demand special procurement project execution teams, that are equipped with tools and resources for handling high-risk or high-value projects



Procurement organization of tomorrow



Change Management 2.0

Technology driven change management

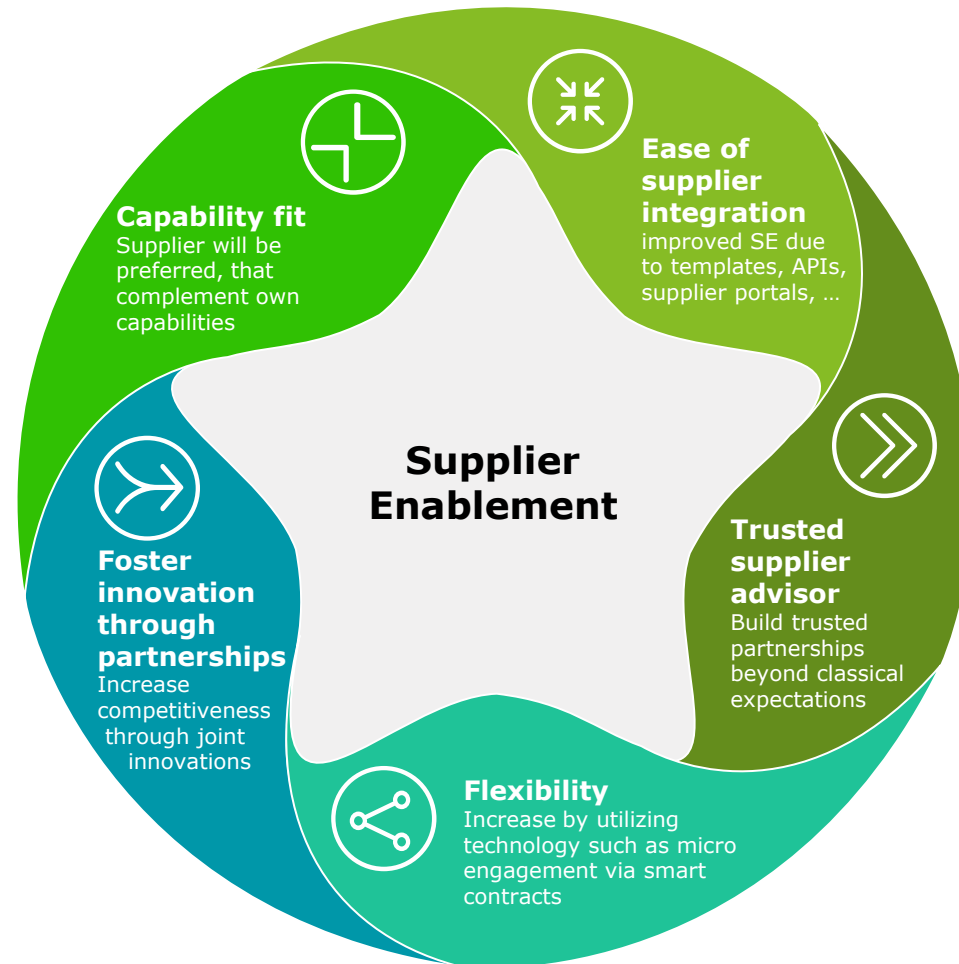
Unleashed Capabilities

Internal and external brokerage of capabilities and skills mainly with technological background



Supplier Enablement

New technologies and capability mind-set will strengthen relationships from the very first step



Insights and data driven procurement organization

Through exponential technologies the sourcing process can become more predictive, fact-based, innovative and trustworthy

S2C becomes PREDICTIVE
 Supply base, prices & costs are predicted allowing clear agreements

P2P becomes AUTOMATED
 Transactions are automated, requiring minimal intervention

SM becomes PROACTIVE
 Risk mitigation strategies are proactive, allowing continuous optimization of operations

Predictive Sourcing



Forecast spend, demand, and time your sourcing activity accurately using technologies as AI and natural language processing:

- Market and/or Category analytics as a service
- Demand reduction using cognitive computing and advanced analytics
- Compliance analytics
- Predictive spend analytics

Real-time, agile decision making using insights generated from IoT:

- Supply chain control tower



Predict supply base, innovation, and supplier behaviour using predictive analytics with big data:

- Should-cost modelling
- Understanding viability and risk of the supplier base
- Using global trends as asset sharing as input to your sourcing strategy
- Value engineering/de-complexing

Predict outcome of supplier negotiations by leveraging optimization suites and tools:

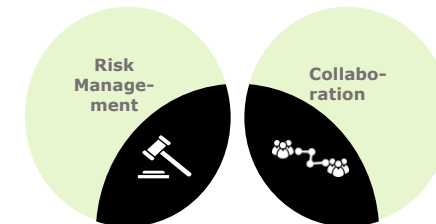
- Advanced sourcing and sourcing hubs
- E-sourcing platforms and automated sourcing events
- Leveraging spot buy markets (e.g. spot buy center)

Sourcing enablers



Deploy automated risk sensing to proactively mitigate supplier risk:

- Blockchain
- Supplier 360 analytics
- Tier 3-4 supplier risk management
- Enrich third-party data with predictive analytics



Integrate supply chains incorporating suppliers, partners, and customers:

- Value hackathon
- Collaborative sourcing with suppliers, including start-ups that disrupt the marketplace
- Consortium buying
- Crowd sourcing
- Indirect outsourcing/outtasking

How to incubate procurement innovation

Organisations are all asking the same question: how do we get started?

THINK BIG



Immerse Yourself in Innovation

Join an immersive experience (e.g., Sourcing Innovation workshop) to explore the “art of the possible”, incite ideas, and cultivate a culture of innovation



Build Your Ecosystem

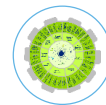
Evolve your procurement expertise into “value webs” by collaborating with outstanding companies, engaging with niche players, and sharing knowledge and best practices

START SMALL



Scaling the Edges

Disconnect from the core business and set up a “black ops” team to enable disruption within an established organization



Pick One or Two Plays

Prioritize your desired tactics and pick just one or two to get started in order to establish proof of concept

ACT FAST



Prove it Works (Quickly)

Use an agile, iterative approach to move from strategy to prototyping as quickly as possible – “fail fast” and achieve rapid results



Market Your Own Success

Champion your successes to gain traction and achieve enterprise-wide adoption

Next steps - Success factors

What sourcing innovation strategies should be deployed and how do these affect an implementation?

Strategic deployment of sourcing innovations

- 1 UNDERSTAND YOUR ADVANTAGE IN THE ECOSYSTEM**
Each business function within the ecosystem is coming from a different “angle of approach” to leverage their “advantage”
- 2 BE CAUTIOUS OF ASSET-CENTRIC THINKING**
New technologies bring “asset-light” strategies, while manufacturers often focus on adding new tech to existing products
- 3 IDENTIFY THE KEY DATA ELEMENTS**
Owning and managing the data is a proven criticality in establishing early benefits of newly implemented technologies
- 4 CONSIDER OPTION VALUE & ABILITY TO SCALE**
Prioritize use cases that have the potential to unlock several waves of potential value
- 5 THE MAKE VERSUS BUY DECISION STILL APPLIES**
Not necessary to start from scratch for technical architecture – commercially available tools and partnerships can help

Implementation of sourcing innovations

- 6 THINK AHEAD IN PILOT SELECTION & DEVELOPMENT**
Choose the best opportunity close at hand, thinking about the solution, a scaling platform, and ability to leverage momentum
- 7 DEVELOP A CLEAR STRATEGY & ROADMAP**
Consider internal ideas and industry examples to build a realistic roadmap with clear choices and a sequence for quick wins
- 8 ELIMINATE NOTIONS OF TECH & INFRASTRUCTURE**
Break constraint of your current tech environment; partners can help differentiate what is real and what is hype
- 9 BE AGILE, SPEED MATTERS**
Exponential growth techniques are rapidly evolving, requiring constant iterations; do not wait for “perfect”
- 10 LEAD FROM THE TOP**
Top leadership is often required to own the strategy, hold people accountable, and crucially, allow for pilots to fail and move on

Discussion...

Thank you for your attention



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