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Q&A- Using AI can help global companies address rising input costs: Joel Hyatt, Globality



Digital technology can help global companies ease the burden of higher input costs in the coming months through improved sourcing, **Joel Hyatt, CEO of AI-in-supply chain company Globality** told the Reuters Global Markets Forum on Tuesday, October 19.

Hyatt said that streamlining procurement processes and boosting competition can raise companies' efficiency and savings by about 20%, adding that less than half of the more than \$4 billion spent annually by the average Global 2000 company on services is allocated in a transparent, competitive manner.

Following are edited excerpts from the conversation:

Q: Could you tell us about the concept of “performance spending” and how it ties in with businesses achieving their ESG goals?

A: How a company spends its money can be the biggest asset it has to achieve and advance its environmental, social, and governance (ESG) strategy. Today, sophisticated AI (artificial intelligence) technology and digital solutions enable companies to source and procure services far more efficiently, significantly impacting their profitability and advancing their ESG agenda. At Globality, we call this “performance spending,” which is an intelligent, automated, inclusive, sustainable, and easy-to-use ecosystem for global trade in B2B (business-to-business) services.

I like to refer to this new definition of ESG as “enterprise spending for good.” The ‘E’ refers to not only the company’s own carbon footprint and environmental impact, but also to its entire supply chain -- a complex network that digital technology simplifies and makes visible. The ‘S’ communicates how a company fosters social inclusion and creates more inclusive economies in the 100-plus countries where most global enterprises operate today. And the ‘G’ refers to the transparent, fair and open ecosystem with which a company operates its business globally, which in turn creates more opportunities for smaller and diverse companies that are judged solely on the merits of price, quality, demonstrated performance, and passion.

Q: How can governments use legislation such as the recent G7 agreement to help foster an environment that supports a fairer, more inclusive global economy?

A: New antitrust and taxation reform is long overdue. Thoughtful regulation reflecting the current challenges of monopolistic power and growing economic inequality is critical to achieving a truly sustainable, inclusive global economy. We must ensure competition that levels the playing field and allows companies to win based on the merits of quality, price, and performance. Doing so will create economic growth while contributing to a more sustainable, inclusive global economy. Corporations have a responsibility to foster economic growth and environmental health and create stronger communities especially in locations where they are leading players and beneficiaries. Appropriate legislation and investment are critical for countries and companies to achieve their ESG goals, with consistent standards applied to ensure accountability for performance and results.

Q: How can technology help in creating a more inclusive and sustainable global economy?

A: The average Global 2000 company spends over \$4 billion a year on services, but less than half of that is actually sourced through fair, transparent, and competitive processes. Now, for the first time, sophisticated, AI-powered technology can enable fair, competitive, sustainable self-serve sourcing for every strategic need. Many people view globalisation as something that has helped elites get richer, which is why we’ve seen the negative backlash to it across the world. However, people ignore the reality that globalisation has also brought two billion people in the developing world out of poverty. They also ignore the reality that globalisation has reduced the cost of products and services for everyone. Global companies are poised to make a big difference by creating more inclusive and sustainable economies.

Q: How is Globality using AI to change how companies buy and sell services B2B?

A: We've created a streamlined, modern digital experience that enables global companies to source services at the speed of business. We've automated the painful process every company goes through to find the best fit supplier every time they have a service need. And knowledge can now be captured and shared in real time throughout the far-flung global operations of large companies today. Processes that previously took weeks can now be accomplished in days or even hours. Because of the dramatic transformation of the workforce over the past 18 months, having the ability to source services from any location is key, and our AI-powered platform empowers business users to take advantage of this capability whenever they need it -- at any place or time.

Q: What is the estimated efficiency boost for a customer using Globality's AI platform, and how does this compare to traditional sourcing practices? Also, what specific factors is that boost attributable to?

A: Our customers, like Santander, HSBC and British Telecom, typically achieve cost savings of 20% on each sourcing project. In addition, our customers shorten the amount of time required for sourcing -- from scoping their needs to awarding the work -- by up to 80% in many cases. In addition to these efficiencies, our platform enables businesses to tap into new sources of value and growth such as supplier innovation providing additional opportunities and benefits beyond the traditional efficiency metrics.

Q: Can the significant benefits companies achieve with their services spend be used to offset increasing supply chain costs?

A: Geopolitical risks, supply chain challenges, and the pandemic have made it harder for companies to find high-quality, reliable suppliers at the right cost -- and that is unlikely to change soon, especially for buying goods. However, about 65% of global trade is for B2B services or related areas. Global organisations can seize this opportunity to transform how they source services for consultancy, marketing, technology, human resources, legal, and facilities management where they historically have the largest amount of spend, especially in industries like financial services, healthcare, pharma, technology, aviation, and telecom.

Embracing digital technology to automate outdated analog procurement processes, like the archaic RFP (request for proposal), and increase competition among a wider, more agile supply base can create efficiencies and savings of 20%, which will offset the increased supply chain costs that global companies will face over the coming months and beyond.

Q: You completed your Series E funding earlier this year with Group Bruxelles Lambert and Softbank. How have you been using this capital?

A: We did complete a \$138 million Series E round from Sienna Capital, a wholly owned subsidiary of Groupe Bruxelles Lambert, and Softbank Vision Fund, earlier this year, bringing Globality's total funding to \$310 million since its inception six years ago. This capital is being used to support the company's continued growth, including go-to-market and customer-facing activities as well as product development such as user experience design (UX), industry vertical expansion, and internationalisation.

Q: Could you please share your plans on internationalisation, which you mention?

A: You will see us continue to expand our partnerships with leading global enterprises, as more companies realise the opportunity to achieve their ESG goals, as well as create growth and value, through performance spending by utilising Globality's AI-powered platform and marketplace.

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