



The Digital Consumerization of Services Buying:

A Key Opportunity for CPOs and Their Businesses

Procurement is at a fork in the road. One path leads to digital transformation, consumerization, and internal customer satisfaction. The other leads to a continuation of a deteriorating status quo: lack of fit-for-purpose technologies, inadequate visibility and control, fragmented processes, and—last but not least—internal customer dissatisfaction.

Despite the overwhelming expanse of spend management challenges and the increasing constraints and pressures on procurement, there is a path forward: pivoting to areas of the value chain where businesses can gain the most from procurement optimization. This can bring opportunities into focus and provide a way for procurement to demonstrate where the first path can lead.

Today, complex services sourcing is one of, if not the biggest, opportunity from a cost savings standpoint. Furthermore, new technology can provide previously unavailable, digitally-enabled, analytics-based approaches to sourcing complex services. In short, long-standing services procurement problems can be recast as addressable opportunities.

Procurement's 3 Big Problems/Opportunities

Services spend is not well managed

Procurement's management of complex services spend is incomplete at best. Associated problems include poor compliance, lack of visibility, and foregone cost savings. Procurement is hamstrung in some ways when it comes to complex services by a number of factors, including the large number of spend categories, highly distributed responsibilities, insufficient human resources, and absence of fit-for-purpose technology.

Internal customers do not love procurement's way of working

In general, internal customers—those stakeholders and departments with needs—do not see procurement as an enabler but as a middleman that stands between needs and outcomes (with onerous processes and less-than-friendly technology). Status quo procurement models for purchasing complex services have not gone a long way in enabling internal customers to do their jobs more efficiently or with more agility; therefore, these models have not been a big driver of internal customer satisfaction.

For procurement, this constitutes a major challenge—and opportunity—to achieve fundamental procurement objectives (e.g., visibility, supplier compliance, spend management) while enabling and significantly improving internal customers' effectiveness. Accomplishing all this within the resource limitations of procurement requires new digital capabilities.

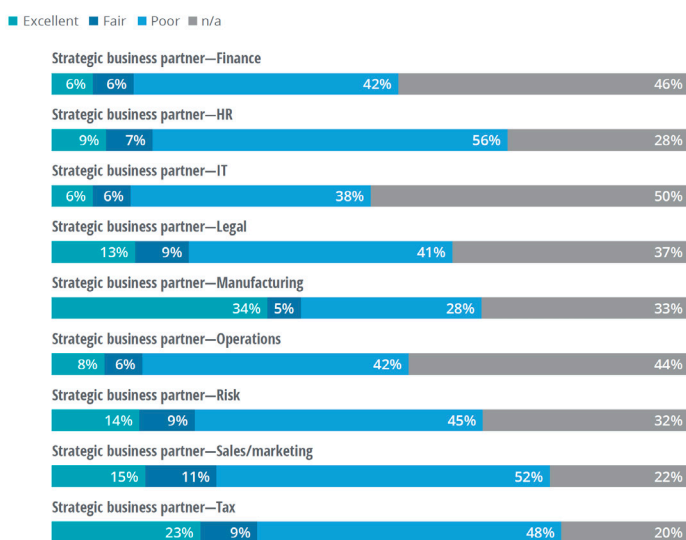
Digital transformation is an immediate imperative

The prospect of the digitalization and consumerization of purchasing services fits into a broader business context, including macro-industry and enterprise digital transformation trends as well as the new constraints imposed by COVID-19.

The requirements for leanness, velocity, and agility that a fast-paced, changing global economy has imposed are not going to subside, and they will probably increase as the current crisis evolves. Pressure will increase on marketing, technology, finance, and human resources functions to make key contributions to maintain the competitive advantage of the enterprise—and doing so with

As strategic business partners, IT, finance, and operations are least likely to rate the procurement effectiveness as excellent

How would leadership of other functions in your organization rate the effectiveness of procurement as a strategic business partner?



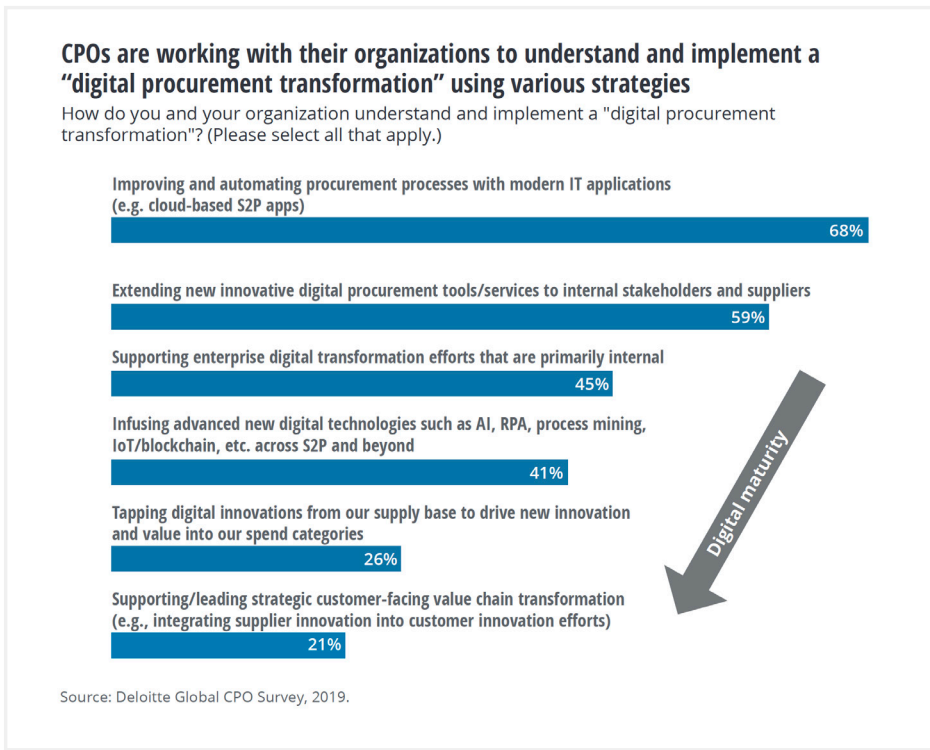
Note: Excellent—procurement is highly regarded internally and seen as a key business partner which contributes significant strategic value. Fair—procurement has mixed influence internally with stronger relationships with some functions than others. Poor—procurement operates in silos from the rest of the business and struggles to collaborate with other functions. Source: Deloitte Global CPO Survey, 2019.

cost-effectiveness and agility.

At the same time, the world is being “digitally reconfigured”—a shift that will likely accelerate and expand because of the COVID-19 pandemic’s effects on life and business. What previously was seen as mainly a generationally driven evolution may now become a jumping of the curve.

Collaboration does not need to happen in meetings, conference rooms, hallways, and coffee stations. Organizations are moving more to virtual meetings and events. What is currently happening in B2B (and what has long been happening in B2C) is showing how much more “ready” people are (and will be) for new digital ways of working and doing business. A new benchmark for competitiveness may be the extent to which organizations can collaborate virtually and asynchronously using digital solutions.

However, the legacy solutions of perhaps most enterprise technology solutions do not support this, particularly in an elegant, consumer-centric way. A good example of this is banks that are having to adapt to fintech innovations and potentially compete with emerging digital-only, mobile-first financial services startups—often referred to as “neobanks” or “challenger banks.” Going forward, regardless of the industry, individual enterprises will probably find themselves in, if not the same boat, then likely a similar one.



Procurement's role in digital transformation

Given its sourcing and spend management role in the enterprise, the digital transformation imperative applies acutely to procurement.

Enterprise stakeholders are or will be looking for new commercial deals, new supplier relationships, and a new scope of activity to go through the sourcing and contracting process in a matter of days or weeks. The old days of sourcing something in two to six months are simply no longer working. For example, current services procurement technology solutions do not adequately support strategic sourcing/contracting—let alone enable requisitioning/purchasing by line managers in a consumerized, intelligently guided manner.

Procurement must pivot to supporting the business's end-to-end value chain needs, including those of internal customers. It must go beyond supply-side management to enabling and channeling demand as well. New technology (AI-guided buying, service supplier network/visibility, spend analytics, etc.) not only satisfies the rigorous procurement requirements but also delivers a customer-centric, consumer-facing, self-service experience.

Digital transformation across enterprises is now imperative for businesses to thrive (if not survive), and this applies to procurement as well as other enterprise departments.

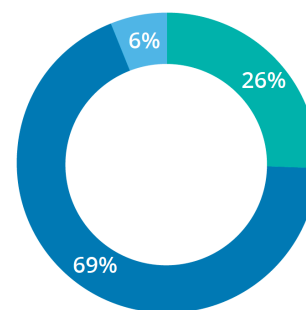
Procurement should include enabling the internal customer and their objectives

Although procurement has always focused on suppliers, compliance, and spend management, engaging and delighting internal customers has not always been a top priority. This is changing because of heightened expectations and the recognition that an unquantified benefit comes with increased internal function work performance. There is also a virtuous circle that delivers hard benefits; improving the business-user experience and enabling internal function to do their work and achieve results mean increasing compliant sourcing and the incremental hard benefits that come with it.

Not many CPOs rated the effectiveness of procurement as a strategic business partner as excellent

How would you rate the effectiveness of your procurement function as a strategic business partner?

■ Excellent ■ Fair ■ Poor



Note: Excellent—procurement is highly regarded internally and seen as a key business partner which contributes significant strategic value. Fair—procurement has mixed influence internally with stronger relationships with some functions than others. Poor—procurement operates in silos from the rest of the business and struggles to collaborate with other functions

Source: Deloitte Global CPO Survey, 2019.

Internal customers have always demanded greater autonomy, self-service, agility, and sheer speed, and most companies have not accounted for this in their strategies, or simply can't execute on this using historically developed methods and technologies. Procurement teams have worked within established models, processes, and technologies and imposed these on internal customers. Organizations have simply put their relatively long, complex processes into systems of record, which has not helped internal customers.

Procurement must internalize and act upon the following areas:

- **Recognize that internal customer expectations have continued to evolve and become more demanding.** Business users expect their work to be enabled so that it is much closer to their private consumer lives. They want things to be self-serve, easy and fast, and to get what they need via intelligent, data-based guidance. Whether the driver is a pandemic, recession, boom—or the emergence of the multi-generational workforce—procurement cannot sit back and watch.
- **Prioritize “consumerization” of the internal customer buying experience and what it entails while achieving better outcomes measured by traditional metrics.** This means not only creating a consumerized user interface but also making it easy for business users to quickly get what they need. In turn, that means moving beyond the limitations of legacy processes and technology.
- **Embrace cognitive platforms (e.g., AI/machine learning) and put them to work.** Augmented intelligence is now a reality. It can not only upgrade business-user experience and guide users to what they need but also increase levels of analysis and reduce procurement workloads (allowing both internal customers and procurement practitioners to get more important work done).
- **Transform procurement talent and organizational models to address current requirements and technological realities.** Procurement will need to expand beyond its traditional talent and organizational model, which is focused mostly on the management of suppliers, transactions, compliance, and cost. This will entail identifying and developing new competencies such as relationship management, consulting, problem-solving, category strategy, and supplier innovation. It also means recognizing that the best-fit talent could come from sales organizations, R&D groups, or even strategy teams versus the typical functional bench.
- **Demonstrate the willingness and ability to drive and enact change.** Procurement has long been in a procedural role with a narrowly focused, tactical set of responsibilities. Typically, it has not taken a lead in optimizing business processes for current and future conditions, satisfying the needs of internal customers and innovating by leveraging technology. More than ever, procurement must embrace different tactics:
 - Accept a design-thinking mind-set that comes at digitally solving business problems from the business stakeholders' perspective (both internal and external), backward into procurement

- Become entrepreneurial, exhibiting a willingness to explore truly cutting-edge technologies that disrupt the way things are done by leveraging startups or even incubators

Whatever advances procurement can—or must—lead and achieve, new digital solutions and internal customer needs will necessarily be central to it. Procurement leadership must take steps beyond the fork in the road.

Next step: A consumerized, AI-driven buying solution for complex services

As noted earlier, procurement is at a fork in the road. The path to be chosen is embracing digital transformation, consumerization, and internal customer enablement. Complex services represent a significant opportunity which can now be addressed with new technology solutions that drive cost control and compliance and provide a consumerized buying experience that delights and empowers internal customers.

A state-of-the-art services sourcing solution of this type would provide capabilities to:

- Segment services that can be “self-service sourced” with a digital/AI-based “Smart Sourcing” process
- Deliver a consumerized buying experience (upstream) for certain kinds of services while simultaneously increasing buying process compliance (downstream)
- Ensure a higher proportion of point-of-purchase events are channeled into a full-life cycle digital source-to-pay process
- Offer significantly increased—or previously unavailable—buyer behavior and spend analytics
- Integrate with and complement existing technologies and systems and drive digital transformation ROI
- Achieve a digital transformation win for procurement and internal customers as well as for a broader range of key stakeholders in and outside the organization

In the end, procurement has a realistic path to take beyond the status quo. Breaking down the problem can bring achievable opportunities to focus and demonstrate what procurement really has to offer. Services buying is a good place to start.

Why Globality

Globality offers an innovative AI technology, a data analytics-based “Smart Sourcing” solution, and a supplier network of vetted service providers from around the world. The Platform enables business users to obtain the services they need easily and quickly and allows organizations to capture significant savings. Dozens of Fortune 500 companies are already leveraging the Platform’s AI-driven strategic sourcing capabilities (Glo) to improve the quality and decrease the cost of services. Globality’s solution ensures a level playing field for service providers and drives greater transparency and accountability.

[Q&A: Keith Hausmann on Joining Globality: “This Is What I’d Been Looking For”](#)

[Globality Uses AI to Transform Complex Services Sourcing](#)

[Globality Gets into Gear—A Serious Attempt to Disrupt Global Services Buying?](#)

[AI-Powered Solutions Turn Procurement into a Catalyst for Company Value](#)