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CPO Rising

Convergence

Underwritten, in part, by



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REPORT OVERVIEW

This independent research report seeks to present a comprehensive, industry-wide view into what is happening in the world of procurement today by drawing on the experience, performance, and perspective of 273 Chief Procurement Officers and other procurement executives. The report is organized into the following four chapters:

2

Chapter One – The State of the CPO: This chapter looks at the role of the Chief Procurement Officer and the level of engagement and alignment this leader has within the enterprise today as well as the key drivers and challenges that have shaped and will shape CPOs' priorities and plans in 2014 and beyond.

Chapter Two – The State of Procurement: This chapter presents a detailed view and analysis of the typical procurement operation today by analyzing procurement's current capabilities in the areas of people, process, and technology. The chapter also looks at the key activities and responsibilities that are converging under procurement's leadership.

Chapter Three – Procurement Performance: This chapter provides procurement performance and operational statistics for readers to use as benchmarks for their own organizations. This chapter also defines Best-in-Class procurement performance and highlights the strategies, processes, and technologies that enable Best-in-Class performers to maintain their competitive advantage.

Chapter Four – Strategies for Success: This chapter presents a series of recommended strategies and approaches for CPOs and procurement departments that are seeking to improve their operations and results.

TABLE OF CONTENTS



CHAPTER ONE – THE STATE OF THE CPO4

 The CPO's Credo: "Agility and Utility"4

 The CPO's Agenda for 2014.....6

CHAPTER TWO: THE STATE OF PROCUREMENT 10

 Procurement's Urge to Converge 10

 Procurement Capabilities 12

 Procurement's Challenges..... 13

CHAPTER THREE: PROCUREMENT PERFORMANCE 15

 The Measuring Stick..... 15

 Best-in-Class Performance 19

CHAPTER FOUR: STRATEGIES FOR SUCCESS25

 General Recommendations..... 25

 Conclusion..... 27

APPENDIX.....28

 ABOUT ARDENT PARTNERS 28

 ABOUT THE AUTHOR 28

 RESEARCH METHODOLOGY 29

 REPORT DEMOGRAPHICS..... 29

This decade, business has been gripped by a convergence fever, combining more business units, organizations, and products in response to increasing competition and the market demand for new, more differentiated, and innovative products and services. Within the enterprise, business processes and functions are converging around value and shared interests just as some business partners are along supply chain lines. One example of this corporate convergence is the Chief Procurement Officer (CPO), a role that many executives now view as they may a smart phone or Swiss army knife: a multi-functional device (or leader) that can adeptly support many key activities. Business leader, sourcing expert, trusted advisor, relationship manager, supply manager, cash manager, risk manager, and many other roles are converging under the leadership of the CPO.

This report presents a comprehensive, industry-wide view into what is happening in the world of procurement and captures the experience, performance, perspective, and intentions of 273 Chief Procurement Officers and other procurement executives. The report also includes benchmarks, analysis, and recommendations that procurement leaders can use to better understand the "state of procurement" today, gain insight into best practices, benchmark their performance against the Best-in-Class, and ultimately improve their operations and performance.

CHAPTER ONE – THE STATE OF THE CPO

*"Within our organization, we are confronted by unlimited opportunities. At times, they appear insurmountable."
– Steve Murphy, Supply Chain Director (CPO), Enable Midstream Partners*

The CPO's Credo: "Agility and Utility"

In 2014, Chief Procurement Officers (CPOs) will seek to extract and deliver more value from their departments than ever before as they attempt to stretch the limits of their organizations while also maximizing the relationships they have developed with suppliers and internal stakeholders. Procurement's ability to impact business processes, relationships, and results will surely continue in 2014, but the depth and breadth of that impact will depend on each organization's ability to master its processes and technologies and upon the ability of its leader, the CPO, to maintain the department's focus and ensure fast, but assured, decision-making and crisp and agile execution in what is certain to be a more challenging year [See Ardent Partners' 2014 Procurement Predictions at the end of this chapter].



The speed and complexity of business continues to accelerate forcing procurement professionals to adapt to new market conditions and react to new opportunities while maintaining discipline and efficiency. Agile organizations will win the day as enterprises become more reliant upon the relationships and events that exist beyond their walls. And, as agility and innovation start to define market leaders over the next decade, it will be the CPO's versatility and general capacity to support non-traditional roles and responsibilities that will play an increasingly important role in

"In 2014, Chief Procurement Officers (CPOs) will seek to extract and deliver more value from their departments than ever before as they attempt to stretch the limits of their organizations while also maximizing the relationships they have developed with suppliers and internal stakeholders."

how well they succeed and advance. Ardent Partners believes that the current convergence of business processes and functions occurring beneath the CPO will continue in the years ahead. **Says the CPO of a multi-billion dollar CPG company,** "In the past three years, procurement has taken on a more formal role supporting M&A activities as well as FCPA [Foreign Corrupt Practices Act] compliance. Procurement has taken a stronger leadership

position in contingent workforce management and meetings management in close partnership with other parts of the business. We have taken full ownership of supply risk management, social and environmental responsibility, as well as travel and expense management. No roles have been taken away. The need for closer control over policies as well as for cost management drove most of these changes." Ardent also believes that, in the years ahead, how well each procurement department responds to this convergence of responsibility will serve to more clearly distinguish leading CPOs and departments from the rest of the market. 2014 is the time for CPOs to move beyond managing only the basic duties of their function.

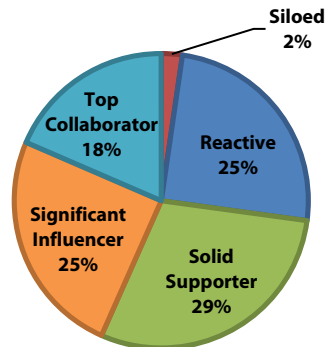
Spheres of Influence

As the Chief Procurement Officer role continues to mature, greater expectations are born. And, as a procurement organization matures, its focus and scope typically expand, as does its ability to impact decisions and operations. For example, by gaining better visibility into enterprise spend and developing a clear understanding of enterprise objectives, procurement is better able to influence stakeholders' sourcing/buying decisions. And by gaining visibility into supplier performance and establishing trust and clear lines of communication, procurement is better able to influence strategic suppliers. But, beyond their influence on spend and suppliers, successful CPOs are expanding their influence into less traditional areas [see Chapter 2] driven in part, by recognition of their superior performance and in part by the need to fill the void left by other, less successful groups.

Of course, as shown in Figure 1 below, not all CPOs are in a position to wield significant influence this year. In fact, while 43% are well-positioned as either a "top collaborator" (18%) or "significant influencer" (25%), one in four CPOs are "reactive" to the needs of the enterprise while almost one in three are viewed simply as competent, a "solid supporter" (29%), far from spectacular.

For some CPOs, the convergence (or expansion) of power and influence has been a reward that was earned. "Our CEO saw value in expanding procurement's role," said the **Senior Director of Sourcing** at one of world's largest distributors. "We've also been given more responsibility and target accountability for contributions to improve EBITDA." For other CPOs, the convergence has been driven by a simple need to reduce costs and staff or a lack of resources and expertise in other departments.

Figure 1: The CPO's Level of Engagement with the Enterprise



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6

The CPO's Agenda for 2014

In many regards, the procurement function is universal. Most Chief Procurement Officers around the globe manage similar processes, share similar goals and challenges, and leverage similar tools and strategies to drive value. And, with globalization linking more companies and economies together, CPOs in different industries are increasingly operating in similar business cycles. For example, five years ago, most CPOs were operating under extreme duress as their "agendas" looked very different in early 2009 than they do today. Then, procurement executives were under extraordinary pressure to deliver savings and to develop and execute smart strategies as they navigated those very tough times. Procurement-focused research at the time showed an intensity of pressure on CPOs that had never been seen before - with 9 out of 10 CPOs pressured to deliver savings in the immediate-term. As **Christina DeLuca, Chief Procurement Officer, Refining and Marketing, BP plc** said then, "There has been a change in context, speed, and risk. It's time for procurement to be the hero."

If CPOs were executive "Supermen" and "Superwomen" in 2009, then today they are much more likely to be disguised as executive "Clark Kents," blending in well with other enterprise executives. For most CPOs, the past two years have been nice, steady, and largely uneventful with many reaping the rewards and responsibilities that were earned by delivering in the aforementioned tough times. When CPOs were asked to identify the top two business pressures facing their organizations today as part of this research study (see Figure 2), delivering savings is still the top pressure, however, the level of pressure or response (56%) is at decade-level low point. Beyond savings and in general, CPOs feel less pressure as they begin to execute their plans for 2014. But, while a general lack of pressure can create a more pleasant work environment, it can also create a false sense of security. Perhaps sensing that risk, **Chris Shanahan, Chief Procurement Officer at Becton Dickinson**, warns that, "The minute you get complacent, people will begin to offer other opinions. You must stay sharp." At the time of this writing, some regional markets are becoming more unsettled but, all in all, stability remains the trend in most regions and markets. Time will tell if CPOs should be more worried than they are. It is unlikely, however, that 2014 will play out as

poorly as 2009; that said, it is equally unlikely that it will play out as well as 2013. [See Ardent Partners' Procurement Predictions for 2014 at the end of Chapter 1]

Figure 2: The Top Two CPO Pressures in 2014

7



"Do Better With Same"

For years, procurement, like most other business functions, has been forced to "do more with less," establishing a "new normal" for business operations worldwide. It is the rare industry or enterprise that has an abundance of staff and is not pressed to meet its goals. Outside of a few fast-growth, well-funded companies, job requisitions are hard to come by. This is particularly true for procurement departments around the globe as one **Canadian-based VP of Purchasing** noted while highlighting the challenge, "We can report and demonstrate fairly significant savings and yet in the budget, the headcount growth in our budget was limited. The appetite is not there to bring in more purchasing guys." And so, what was once viewed as "less" has become the new standard for procurement operations, a steady-state constant. What is also constant is the need to improve operations and performance or "do better." Accordingly, a new CPO strategy has begun to emerge: "Do Better With Same."

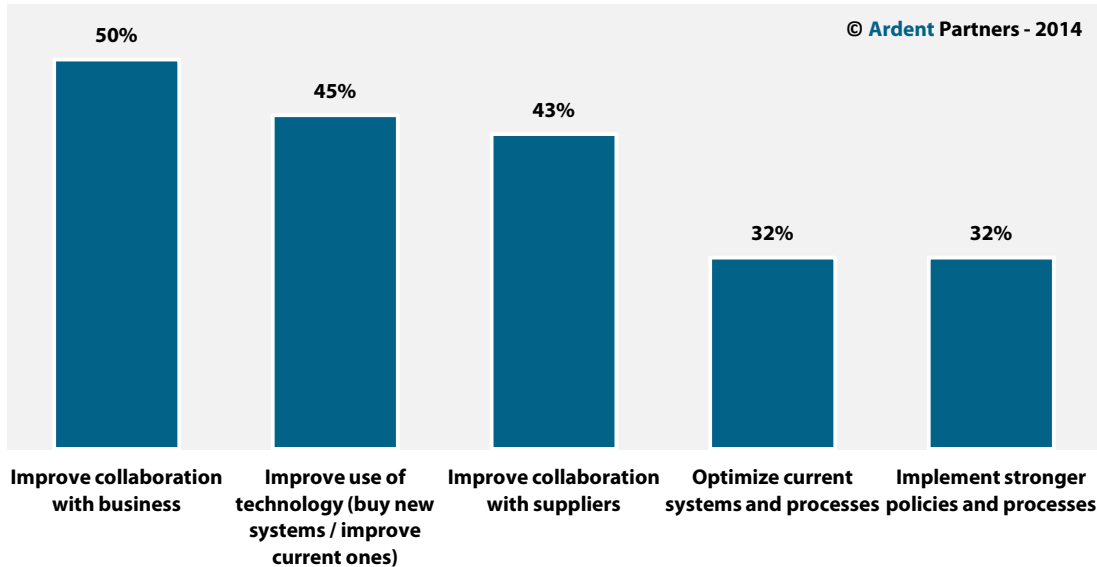
As seen in Figure 3 below, CPOs who, by and large, are stuck with a flat headcount are focusing on strategies that will help them do better work by improving what they have already established. Improve existing relationships with business stakeholders (50%) and suppliers (43%) with better collaboration, improve upon the systems and processes (32%) already in place. Getting more out of technology (45%), long a challenge for procurement organizations is a fast-rising CPO strategy, almost tripling in one year's time.

Many CPOs share the view of the **Vice President, Global Purchasing (CPO) for a multi-billion dollar manufacturer**, who said, "One top priority for us this year is to get better utilization of our technology. There's a lot of execution expertise and productivity that we can pull out of what we have today." Interestingly, the strategy to "source more" has not faded significantly but is no longer a "top three" or even "top six" CPO strategy which may indicate that procurement's evolution has begun a new phase or that an end of a business cycle approaches.

"Our top priorities are the priorities of our executives and distributed cash flow is king. Everything we do should focus on the ability of the organization to deliver cash." - **CPO, Privately-held Company with a planned 2014 initial public offering (IPO)**

Figure 3: Top Three CPO Strategies in 2014

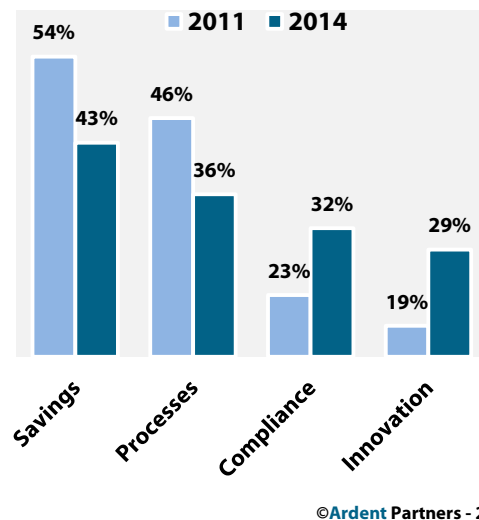
8



CPO Priorities 2014 – 2017

As the pressure on CPOs to deliver savings eases, it is not surprising to find that longer-term priorities (defined in this study as the next three years) for the CPOs' who participated in this year's research effort have broadened and also shifted away from savings compared to the participants in our 2011 study (see Figure 4). When looking ahead to 2017, savings remains the top priority for 43% of CPOs, but is no longer a focus of a majority of CPOs as it was in 2011. A similar decline is also seen in the percentage of CPOs who are currently focused on improving their processes over the next few years. As CPO priorities shift, innovation and compliance have emerged as the two fastest rising areas of focus for CPOs around the world. [Note that the CPOs' other top priorities in this year's study, *people* (35%) and *suppliers* (30%) – both not shown in Figure 4 - have been largely unchanged since 2011.] "Our plan for 2014 is to forestall price increases in this calendar year. We are starting to pay the price for the very friendly economic environment that has benefited the buy-side for the past three years." **said the CPO and EVP, Supply Chain of a Fortune 500 Company.**

Figure 4: Top CPO Priorities (Next 3 Yrs.)



More 2014 Priorities:

In 2014, we have five target areas: (1) **Compliance** including spend under management, FCPA, and P-card (2) **People** - assessing the org. structure, workload, staffing, and capabilities (3) **Quality and Service** which is basic blocking and tackling in support of the business (4) **Financial Performance** including hard cost savings, incremental sourcing value and payment terms (5) **Strategy and Projects** including a big source-to-settle project and gaining strategic alignment with the business."

Linda Theisen, Vice President Global Procurement, Global Procurement, Mattel, Inc.

"We are focused this year on finding common commodities that our different sites can source together, build out our infrastructure so we can have robust systems and processes, and develop our talent so we can run our supply chain sustainably." **Nicholas Seiersen, Corporate Supply Chain Executive, KGHM International**

Ardent Partners' Procurement Predictions for 2014

For procurement leaders, 2013 was a remarkably stable year. For investors, it was a great one. Ardent Partners does NOT expect more of the same in 2014. Instead, Ardent expects that markets in 2014 will no longer move consistently and steadily "up and to the right," but instead, expects market movements will be choppy and unpredictable. And, unlike 2013, Ardent predicts that in 2014, there will be losers and losing companies and, there will be some procurement teams who struggle more significantly than they have in recent years.

At the beginning of this year, there was a disconnect between market expectations and market performance and Ardent expects that disconnect to play out the entire year. Additionally, Ardent anticipates that the announced plans of American and European central bankers to ramp down their aggressive policies will have a negative market impact, causing inflation and uncertainty which in turn will create much greater volatility in commodity pricing. Commodity pricing will be much less predictable in 2014 than it was in 2013 and 2012, with some prices moving up or down unexpectedly. Pricing in some supply markets will increase significantly as demand outstrips supply and suppliers refuse to invest in new capacity. As this chain continues, we will see higher interest rates (real and nominal) which will, in turn, create demand or rather, opportunities for more buyers to pay early and receive discounts. A few of Ardent Partners' other 2014 Procurement Predictions include:

1. **Procurement's Big Data Gets Better** as CPOs focus more intently on a shorter list of data and metrics; they will also begin to create a role focused specifically on managing supply management data.
2. **Contingent Workforce Grows Fast** - Ardent predicts that this market will grow by 30% over the next three years.
3. **Into Africa (Investment Opportunity)** - Companies that invest in Africa in 2014 and over the next five years will be very glad they did. From a sourcing and supplier investment standpoint, "Africa in 2014" resembles "China circa 1990."
4. **Procurement Outsourcing's Momentum Continues** - CPOs must be ready.

Fasten your seatbelts, 2014 will be a bumpy ride.

CHAPTER TWO: THE STATE OF PROCUREMENT

"In 2014, the old school idea that 'this is the way we have always done things' won't work anymore. The CPO cannot be afraid to change." - Chief Procurement Officer (CPO) of a U.S. State Government

10

For the 20th Century procurement organization, efficiency, visibility, and basic execution were paramount. But, the world has changed. Procurement departments that are built solely upon efficiency and visibility (around and into spend and processes) will begin to have trouble distinguishing themselves in the near-term and may even struggle over the long-term. In terms of importance for procurement, the ability to perform the basic "blocking and tackling" duties across the source-to-settle process has begun to give way to the ability to sense and adapt to the dynamic changes and growing complexity within their departments, enterprises, and trading partner ecosystems. The need for innovation now extends beyond mere products to business models and functions. The values that are becoming much more essential to procurement's success in 2014 are collaboration, innovation, and agility.

Procurement's Urge to Converge

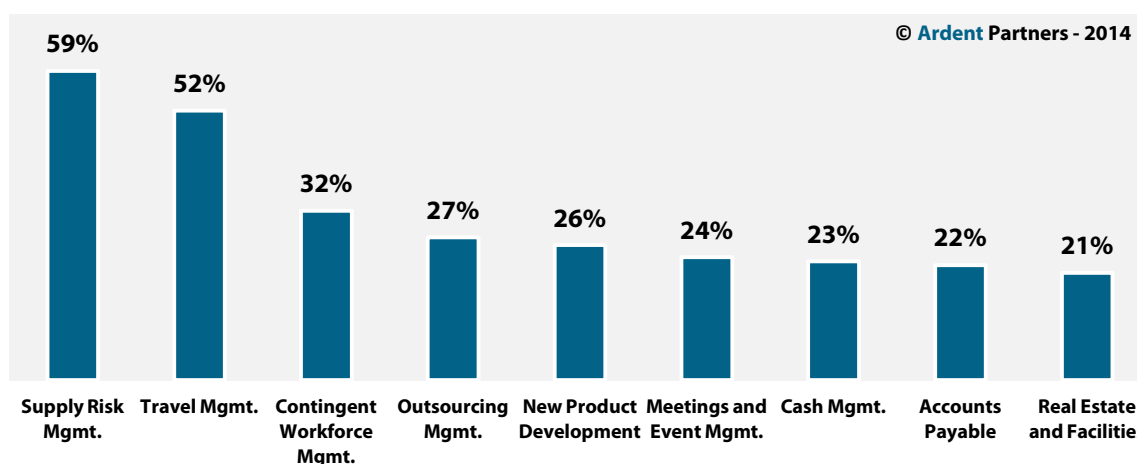
This decade, business has been gripped by a convergence fever, combining more business units, organizations, and products in response to increasing competition and the market demand for new, more differentiated, and innovative products and services. Within the enterprise, business processes and functions are converging around value and shared interests just as some business partners are along supply chain lines. One example of this corporate convergence is the CPO, a role that many executives now view as they may a smart phone or Swiss army knife: a multi-functional device (or leader) that can adeptly support many key activities. Business leader, sourcing expert, trusted advisor, relationship manager, supply manager, cash manager, risk manager, and many other roles are converging under the leadership of the CPO. Among procurement leaders, there is no fear of convergence. Some are born with a natural urge to converge, some are rewarded with convergence, and some have convergence thrust upon them; what they each do with it will define their place as a market leader or laggard in the years ahead.

Figure 5 below shows what disciplines have converged under the CPO in the past five years. It should come as no surprise that supplier and spend areas rank highest on the list. Supply risk, after all, is frequently, if not generally, viewed as a traditional 'procurement process;' nonetheless, it is a newer responsibility for a majority (59%) of procurement teams. This is evidenced by the relative lack of sophistication in assessing and managing supply risk within the typical procurement department. The process remains fairly rudimentary with most groups still focused on defining basic risk metrics and parameters and centralizing their information. In the case of both travel management (52%) and contingent workforce management (32%) (see Figure

"Across all regions, my delivery team is driving many non-traditional operations like employee services and BPO management. We're now very involved in 360° relationship management."
**- VP, Procurement, Americas
Global Hi-Tech Company**

5), these categories of spend are being actively managed by procurement, which is not only performing the sourcing work and managing the categories, but also setting policies and administering the overall programs. The growing use of business process outsourcing by enterprises is mirrored by procurement's growing involvement with outsourcing (27%); establishing and managing outsourcing governance programs, establishing SLAs, and selecting and managing providers will continue to be a huge opportunity for procurement to centralize the management of this complex business area.

Figure 5: Convergence – New Responsibilities Acquired by Procurement in Last 5 Years



For some procurement groups, convergence has come in the form of new, complex categories to manage like travel, contingent workforce, BPO, and meetings while others have taken over wholesale business functions such as accounts payable and facilities management. Others see convergence in those areas often closely associated with sourcing and suppliers – supply risk, new product development, and cash management. Anecdotally, more procurement departments are also getting involved with the 'front-end' of the house, specifically sales and customer relationships as several survey respondents shared: "closer alignment with Sales on some products and services," or "more involvement in supporting the sales process including trying to get large suppliers to also buy from us and providing training to sales teams in how to deal with procurement," and becoming "a core factor to a lot of business processes such as committing to a big contract/sales order, lead-time improvement per customer request, and inventory reduction programs with key customers." Whether by design or necessity, the responsibilities of the procurement department in 2014 continue to grow and sometimes shift, with it comes the opportunity to make a larger impact.

Procurement Capabilities

12

The proper blend of talented people, efficient processes, and enabling technology is needed for procurement to deliver full enterprise value. Achieving the desired mix can be an iterative process and is, most often, an incremental one. Finding and retaining the right talent will remain a top challenge for CPOs throughout 2014. But, a procurement department's talent needs evolve as the operation matures and expands. Technology needs also change as do the underlying capabilities available in the

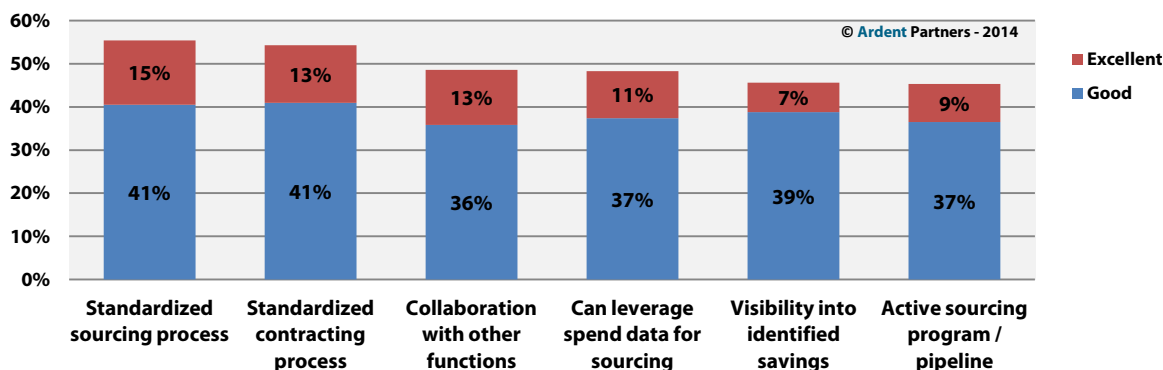
supply management solutions market. This means that CPOs must regularly evaluate on-hand resources to determine (1) if they are equipped to support their annual and multi-year strategic plans and (2) if they are the best the group can afford today. Additionally, the heightened volatility from a business world that is increasingly interconnected combined with a drive for innovation that has collapsed most product lifecycles means that the sourcing needs of a company are more apt to shift dramatically *within* a business cycle than in any previous time. Finding savings remains the top pressure for the Chief Procurement Officer, but missing a sales window because of short or poor supply can shake an enterprise from the top down to its core. And, in a business world that is increasingly focused on the short-term, sourcing results are under much greater scrutiny by executives, and in some cases, external analysts, media, and investors. An enterprise's procurement "agility" can now be directly linked to a company's brand and overall value.

"This year's focus is on technology, category management, and secondary sourcing for raw materials."

- Deborah Tegan, Executive Director, Procurement, Regeneron

It has become a regular exercise in Ardent's annual *CPO Rising* report to highlight the long list of seemingly standard capabilities that many, and in some cases, most procurement departments, fail to possess. But rather than decry the glass half-empty again, this year's report offers a twist – a list of key capabilities that not only exist, but are performed very well. Figure 6 below presents a list of the highest self-rated capabilities (rating choices: were Excellent, Good, Satisfactory, Poor, None / Does Not Exist) as determined by this study's participants. Across a long list of capabilities, the capabilities in the sourcing and contracting area were the most common and highest-rated. A more detailed discussion of procurement capabilities will follow in Chapter 3. With sourcing decreasing in relative importance in 2014 as compared to earlier years, this chart serves as another reminder for procurement executives to align capabilities with strategy, following the example of **Chris Shanahan, CPO Becton, Dickinson, and Company**, who said "We have done some forward-looking capability planning to look at where the company is going and what the needs are from the company's perspective and how well we are positioned to support that."

Figure 6: Procurement Capabilities (self-rated by respondents)



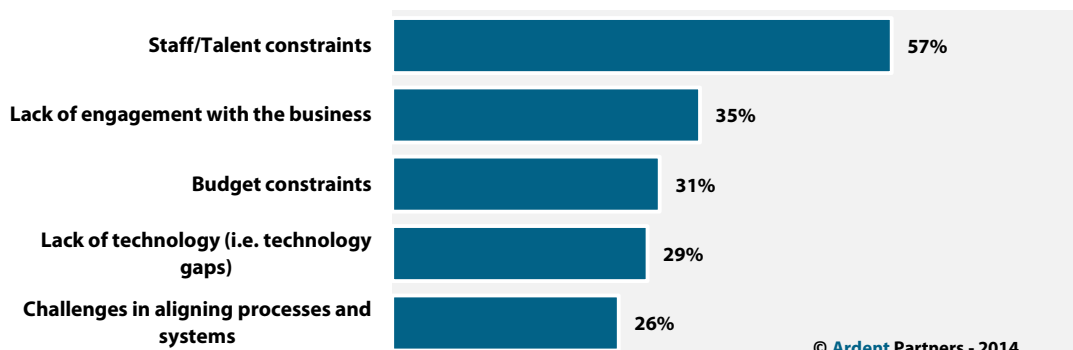
Technology Trends in 2014

The recent procurement or supply management technology market has been strong with an expectation that it continues in 2014. While large publicly-held companies are foregoing capital and long-term investments in order to return more cash to investors (in the form of dividends and share buybacks), the emergence of SaaS-based (Software as a Service) solutions has enabled technology investments to move from the capital expense line to an operating expense line. Forty percent of all enterprises now have SaaS solutions in place to support the procurement department. Another trend that has served to drive investment in technology and help expand procurement's role has been the strategy to deploy a single suite of solutions instead of a series of disparate applications. This is particularly true for procure-to-pay solution suites, which directly link procurement activity with that of accounts payable. "Our role has expanded due to P2P technology where it makes sense for A/P to report to procurement," said **Sandy Hicks, Assistant Vice President and Chief Procurement Officer at the University of Colorado**. At the solution level, Business Networks and Electronic Payments show the largest adoption percentage growth since our last *CPO Rising* report as more procurement departments seek true end-to-end solutions that connect trading partners.

Procurement's Challenges

CPOs participating in this study have shown a strong interest in adopting more process automation tools in 2014 to close existing gaps, improve operations and address the problems created by a lack of technology, which is a serious challenge for 29% of the market (see Figure 7). But procurement's challenges of the first order are all about people – getting the right mix of people into procurement (57%) and getting the right mix of people engaged with procurement (53%). Budget constraints (31%) are less pressing than they were a few years ago, but still among the department's top challenges as is aligning processes to the systems (26%) that they do have. Despite these challenges, Ardent Partners is pleased, once again, to proclaim that the state of procurement in 2014 is strong.

Figure 7: Procurement's Top Challenges in 2014



14

Procurement's Convergence with Business Travel

Ardent Partners Research pegs the business travel category as one of the top five indirect spend categories within the average enterprise. And, since business travel is generally considered part of the "cost of doing business," it remains a high spend category in both good times and bad. Advances in telecommunications may have eased some travel requirements, but nothing beats quality face-to-face time to drive business and foster meaningful relationships. Over the past five years, a slight majority of procurement departments (52%) have taken over the management of business travel. Ardent expects this number to continue to grow. Below are a few recommendations for procurement to improve its management of travel programs:

Leverage spend analysis to understand travel spend and behaviors. Travel spend for most enterprises is significant, but it is controllable to a certain extent. By gaining visibility into the travel process and travel spend, procurement can better understand enterprise travel needs and behaviors and identify and contract with preferred suppliers to gain the best value for money.

Develop a clear and comprehensive travel policy; regularly communicate it and regularly update it. Whatever travel policy is established, measuring and monitoring policy effectiveness is crucial for maintaining compliance and cost reductions. Setting and clearly communicating spending guidelines, along with enforcing rules and disciplining non-compliant behavior, plays a key role in achieving comprehensive control.

Collaborate with finance to better link business travel with business results. A few years ago, there was a trend to focus on the ROI of an individual business trip. That movement fortunately lost momentum, but the need to drive business results from business travel has remained a staple of Best-in-Class programs.

Consider the traveler. Incorporate the opinions of the top 'road warriors' in the development and management of the travel policy. Travel inconvenience can have a real cost.

CHAPTER THREE: PROCUREMENT PERFORMANCE

This chapter is designed to enable the reader to do the following:

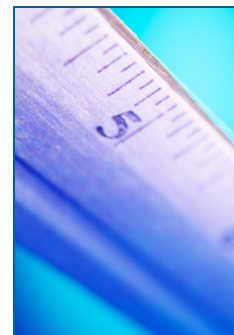
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1. Benchmark their performance against industry averages and understand how they are performing relative to the average procurement department in the marketplace.
2. Understand the operational and performance metrics that define Best-in-Class performance levels for procurement departments in 2014.
3. Understand the people, process, and technology levers that Best-in-Class procurement departments use to outperform the market.

The Measuring Stick

"To be a successful CPO in 2014, you must be able to extract value from the discipline far beyond a simple savings number by working with internal stakeholders to be more agile, reduce risk, enhance supplier performance and increase revenue." - Anders Lillevik, CPO

As noted in prior installments of this annual *CPO Rising* series, scoring procurement performance is not straightforward. For most CPOs it is as complex and nuanced as the value that their departments typically deliver. And, convergence of new disciplines and activities under the procurement banner means that measuring and communicating delivered value will become even more challenging. But, procurement professionals face difficult challenges daily, so CPOs must undauntedly keep score of their team's performance, and when doing so, take the opportunity to develop a set of metrics that can help the procurement team prioritize and focus its resources, track and improve its performance, and help communicate the value that it delivers in support of enterprise objectives as well as what it plans to achieve in the future.



The idea that procurement can deliver more than savings has become somewhat of a cliché, but that makes it no less true. For the last decade, analysts at Ardent Partners have questioned the use of savings as the sole or primary measure of a procurement department's (or CPO's) performance because doing so can diminish or constrain the total value of what procurement does for an enterprise. There is also significant risk in hitching the procurement team's wagon to the savings "star" because there are simply too many factors beyond the control of a procurement team that ultimately determine final savings numbers. This is particularly true in years with more volatile or uncertain pricing as Ardent expects 2014 to be [see *Ardent Partners' 2014 Procurement Predictions at end of Chapter 1*]. Success in pure procurement terms, cannot and should not be defined by simply

"We have been relatively efficient and look good in many of the key metrics. Now, we have to improve effectiveness and develop metrics that properly measure those improvements."
– **Steve Murphy Supply Chain Director (CPO), Enable Midstream Partners**

hitting a savings target. Procurement, after all, can do much, much more. While seasoned and even novice procurement professionals understand this point, most outside of the department have to be convinced, usually through both words and actions, that procurement can use many different levers to drive performance and positively impact the business as a whole.

"As a profession and industry, procurement has taken several big steps forward since 2000; but, in the decade ahead, procurement teams must pick up their pace if they are to maintain their relevance."

The 2014 Procurement Benchmarks

The 2014 Procurement Benchmarks in Table 1 represent the performance and operational results of the average procurement department in the market today. The percentage of spend under management of the average procurement department continues to inch higher each year. Soon, the average procurement team will manage two-thirds of total spend; remarkable growth for an industry that has literally gone from 0 to 60 (percent) in a decade's time. Average savings results (7.8% in 2013) tend to be correlated to the economic cycle and the underlying trends in commodity pricing while the slight reduction in this year's "target" (7.7% in 2014) versus the 2013 "actual" confirms that enterprises are less pressed to find savings than in prior years. After a big rise during the recession years (2008 – 2009), the percentage of addressable spend that is sourced has stayed consistently above 50% and shows no signs of returning to pre-recession levels.

Spend Under Management:

The measure that captures the percentage of total enterprise spend that a procurement organization manages or influences. Ardent Partners' research has found that for every new dollar that is placed under management of the procurement department, the average enterprise realizes a benefit of between 6% and 12% during the first contract cycle.

Average compliance rates ticked higher this year and appear more in-line with the average percentage of spend under management than in previous *CPO Rising* studies where compliance rates lagged spend under management. A procurement organization cannot rightly claim that it is actually managing (or influencing) spend if it is only focused on sourcing; contract compliance is where the "rubber hits the road" for sourcing work; thus, strong follow-through on the sourcing process should include contracting and compliance monitoring.

The average percentage of enabled suppliers continues to move higher, albeit slowly. Eliminating the tactical and mundane aspects of a supplier relationship is what will drive greater strategic convergence among trading partners. Within the enterprise, it largely falls to the procurement and AP groups to ensure that there is a high level of connectivity, visibility and collaboration across the supplier base (or at least with strategic suppliers initially). The rise in enabled suppliers following the technology trend of investment in P2P suites (versus applications) and the growth of business

network usage. Both of these technology strategies or approaches can help enterprises to enable more of their suppliers faster, particularly business networks that offer a high "match rate" between a business' current suppliers and those already registered on their network.

Table 1: The 2014 Procurement Benchmarks

Metrics	Market Average
Spend under management	63.6%
Savings 2013 (Actual)	7.8%
Savings 2014 (Target)	7.7%
Addressable spend that is sourced	55.8%
Spend that is contract compliant	60.7%
Transactions that are contract compliant	70.6%
Contracts stored in a central, searchable repository	64.4%
Enabled suppliers	28.1%

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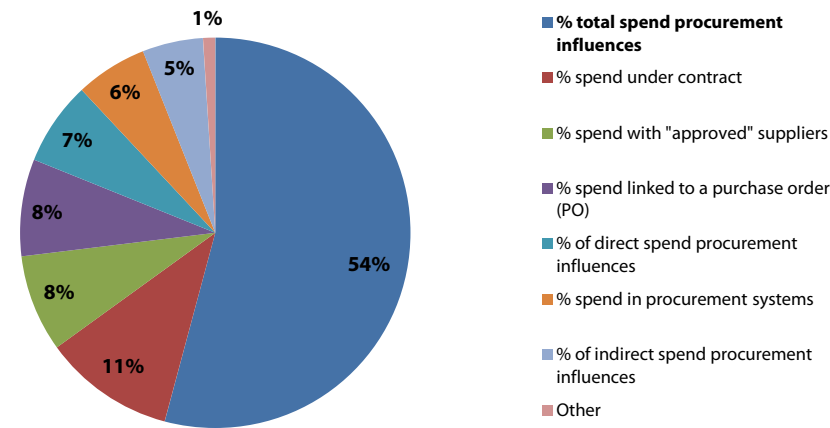
Spend Under Management and Savings

It is at this point in this annual *CPO Rising* report where Ardent Partners typically stresses the importance of driving more spend under management as well as the many flaws and risks in using savings as the primary metric to grade procurement performance. Readers interested in that discussion may refer to earlier versions of this annual report and to [CPO Rising](#), Ardent's website that publishes daily articles on this and other topics found in this report.

To provide greater context to the 2014 Procurement Benchmarks in Table 1, this year's research effort captured the definitions used for both *spend under management* (see *Figure 8*) and *savings* (see *Figure 9*) by CPOs and procurement organizations around the world. While a variety of definitions for 'spend under management' are used, the most common one focuses on procurement's "influence" (54%) and the role the department plays in guiding or driving decisions. While this definition is potentially ambiguous, the market favors this definition, most likely because it is the most broadly applicable definition on the list since it does not require any procurement systems to be in place. While several of the other definitions are more easily quantified, they are significantly less popular among procurement executives today. As a profession, it is time for procurement to develop an industry-standard definition for its core measure¹.

¹ Ardent Partners will begin working on this project over the next twelve months. Contact the report author if you have a view on a definition or would like to participate in the effort more broadly.

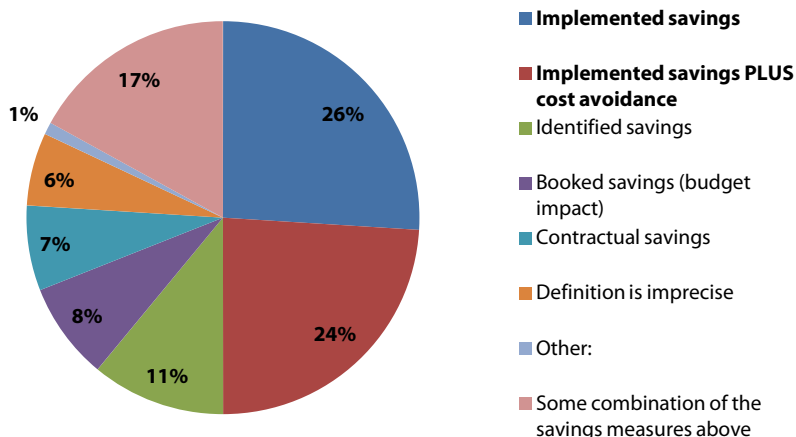
Figure 8: How Procurement Departments Define Spend Under Management



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Not surprisingly, "savings," an inherently more complex metric than "spend under management," has greater disparity among the definitions used by procurement teams today (see Figure 9). Ardent Partners has long argued that "implemented savings" should be the preferred savings definition because it captures the benefits that accrue to the enterprise and is not reliant upon third-parties to negotiate its acceptance in a budget. Exactly half of all CPOs favor a definition based upon implemented savings, although that group is split on whether cost avoidance should be included: with 26% of respondents not counting cost avoidance and 24% incorporating it into their definition. As if to bolster the argument against using savings as a metric to evaluate procurement's performance, nearly one-in-four procurement teams lack a clear definition of savings working either with an imprecise definition (6%) or a combination of measures (17%).

Figure 9: How Procurement Departments Define Savings



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Best-in-Class Performance

Ardent’s analysis in this report determined Best-in-Class performance by identifying the top 20% of performers in the “spend under management” metric. These leaders have all placed more than 85% of spend under the management of the procurement organization. Ardent uses spend under management as a starting point in the development of its Best-in-Class Framework and to drive additional discussion and deeper analysis of strategies, capabilities, and results.

The Best-in-Class Advantage

Managing more than 85% of spend is an impressive accomplishment and historically, the groups that manage more spend also report higher savings totals and targets, superior compliance rates, and better engagement with business stakeholders and executives. Ardent's 2014 Best-in-Class Framework for Procurement (see Table 2) is a case of history repeating itself. The savings rate advantage for the Best-in-Class in 2013 compared to All Others was slight and it is expected to be even tighter in 2014, even though the Best-in-Class are sourcing a significantly higher percentage of their addressable spend than their peers. This demonstrates the point that savings frequently does not capture the value of procurement activity. For example, in an inflationary category market, savings may not be possible, but a lack of savings surely does not mean a sourcing team did nothing of value on a project. Likewise, there are many sourcing projects run where savings is not a primary criterion for contract award.

When it comes to compliance, this year's results are improved for both the Best-in-Class and All Others. Of note, the Best-in-Class advantage in compliance for spend and transactions over the rest of the market remains quite significant, driven in part by the better linkage of sourcing and contracting processes, a higher level of spend visibility, and greater use of eProcurement systems to guide buyers to the right suppliers and contracts. The Best-in-Class advantage for two metrics, percentage of stored contracts (67.6% vs. 64.7%) and enabled suppliers percentage (30.6% vs. 27.0%) is much smaller than in recent years. In the case of enabled suppliers, a tightening margin between the two groups could indicate that the industry's increasing emphasis on trading partner relationships has a broad base of support.

Table 2: Ardent Partners' 2014 Best-in-Class Framework for Procurement

Metrics	Best-in-Class	All Others
Spend under management	>85%	53.1%
Savings 2013 (Actual)	8.0%	7.7%
Savings 2014 (Target)	7.8%	7.7%
Addressable spend that is sourced	69.7%	50.1%
Spend that is contract compliant	74.4%	54.3%
Transactions that are contract compliant	79.7%	66.3%
Contracts stored in a central, searchable repository	67.6%	64.7%
Enabled suppliers	30.6%	27.0%

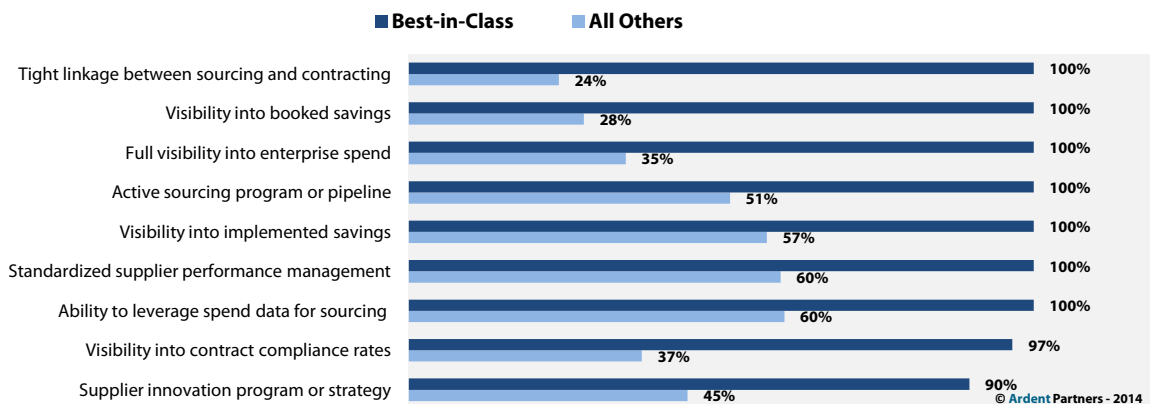
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Best-in-Class Levers for Success

Best-in-Class enterprises have shown that investments in improving internal systems and processes and enhancing external relationships with key partners are proven paths to better performance. The Best-in-Class have differentiated themselves with superior performance across the primary procurement performance metrics above (see Table 2) and have utilized the specific levers for success noted below to a greater degree and impact to gain their advantage in the marketplace.

Best-in-Class Capabilities – In this year's research study, Ardent added a self-rating component to its standard procurement capabilities question. This addition allowed Ardent to identify not only those strategies that Best-in-Class were more likely to perform than their peers, but also those capabilities that they performed more *effectively* than their peers too. But first, Figure 10 shows the capabilities that the Best-in-Class have to a greater degree than others. From a possession standpoint, strategic sourcing capabilities and visibility into spend and metrics are the primary areas that set the two groups apart. Visibility into contract compliance (97%) and supplier innovation (90%) were the only two core procurement capabilities (out of nineteen) that the entire Best-in-Class group did not possess. The lack of standardization and/or gaps across key processes and an ability to make informed decisions based upon visibility into spend are two key reasons why the Best-in-Class outperform 80% of the market. Said differently, procurement departments that are able to execute consistently across their processes should, by and large, be well on their way towards Best-in-Class performance levels. This sounds like a low hurdle and, in fact, is a low hurdle to achieve relative levels of success in procurement. Leaders and laggards alike must strive higher.

Figure 10: Procurement Capabilities - Best-in-Class vs. All Others



The Best-in-Class, on average perform many things more frequently than All Others; they also perform many things more effectively than their peers, as seen in Table 3 below. This table highlights the capabilities with the largest gaps in effectiveness ratings. Of the nineteen capabilities tracked in this study, the Best-in-Class had an effectiveness rating above satisfactory or

higher for sixteen. Their peers ("All Others") did not have a single capability that was rated as satisfactory. This stark fact presents a startling and unsettling view that 80% of the procurement departments around the world (as shown below as "All Others") have very significant work ahead of it, just to attain a satisfactory-level of operation. Of course, for the industry leaders, an average rating that is above 'satisfactory,' but lower than 'good' and far from 'excellent' leaves significant room for improvement too. As a profession and industry, procurement has taken several big steps forward over the last decade; but, in the decade ahead, procurement teams must pick up their pace if they are to maintain their relevance.

Table 3: Procurement Effectiveness (self-rated scores 1-4) - Best-in-Class vs. All Others²

Capability	Best-in-Class	All Others
Active sourcing program and/or pipeline	2.68	1.07
Standardized sourcing process	2.71	1.14
Standardized spend analysis process	2.31	1.10
Collaboration with the line-of-business budget holders	2.62	1.26
Collaboration with other functions	2.93	1.43
Ability to leverage spend data for sourcing	2.65	1.30
Standard governance, risk, and compliance processes	2.46	1.21
Full visibility into enterprise spend	2.61	1.31
Standardized contracting process	2.55	1.29
Visibility into identified or negotiated savings	2.43	1.25
Tight linkage between sourcing and contracting processes	2.50	1.33

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Best-in-Class Technology Usage - Adoption of technology is another area where the Best-in-Class clearly differentiate themselves from the rest of the market (see Figure 11). Supply management solutions provide visibility into process and key data that support planning, sourcing, and compliance efforts. Many procurement teams struggle to derive value out of their technology investments, but when the right approach in launching and managing technology applications is taken, the tools can be very powerful, particularly when used in combination. To be clear, instinct, logic, and experience in a manual procurement environment can drive great value, particularly in the early years of a transformation effort, but the lack of automation across the source-to-settle process constrains procurement's ability to maintain credibility and optimize operations and performance over the long-term. CPOs who eschew technology while seeking to "do better with same" face an uphill challenge. Best-in-Class CPOs, who are between 1.3 and 2.1 times as likely to adopt the core supply management solutions (see Figure 11), use their technology investments to build departmental capabilities which in turn impact results.

² The rating scale used in Table 3 is as follows: Very Strong / Excellent = 4, Good = 3, Satisfactory = 2, Poor = 1; Note that the scores of respondents who answered "None / Does Not Exist" were not included in this table.

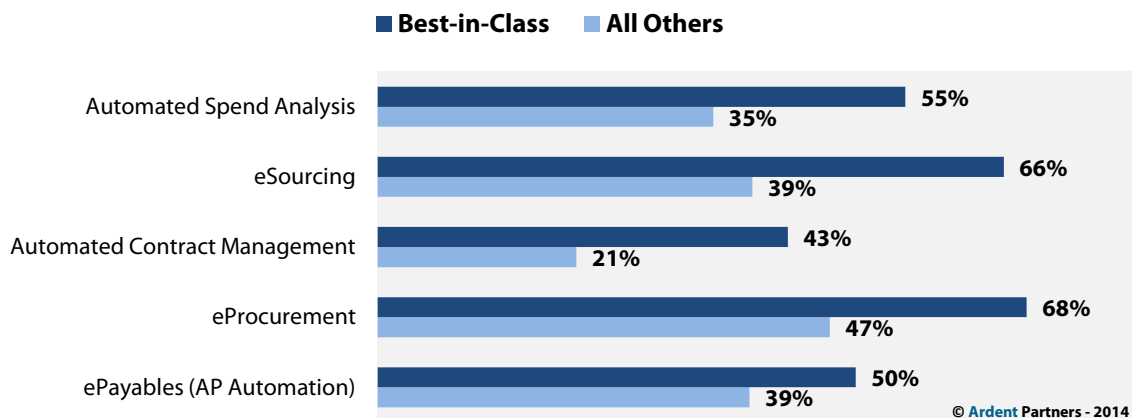
It is Ardent's view that it is impossible for a procurement department that lacks enterprise-level spend visibility to make the argument that it is a truly strategic function operating at an optimal level. 100% of Best-in-Class enterprises report full visibility into spend (see Figure 10) and a majority (55%) of them utilize automated spend analysis solutions to achieve it. Spend knowledge is power - the power to source better and the power to better engage stakeholders and suppliers.

The speed of business translates directly to need for more sourcing and both the Best-in-Class and All Other groups have responded with increasing sourcing volumes over the last few years. As the **VP, Purchasing (CPO) for a European-based Financial Institution said**, "If you buy from the same people forever, the only thing that is going to change is that your price is going to go up." If you fail to regularly test the market, there is also a large risk of missing out on innovation. Best-in-Class organizations are 1.7 times more likely to adopt an eSourcing tool than their competitors, enabling them with standardized and better linked sourcing processes (see Table 3) as well as superior stakeholder collaboration (see Table 3) and better savings results (see Table 2)

eProcurement and Contract Management solutions can support many things including the promotion of higher rates of contract compliance. To the uninitiated, non-compliant spend may be a low priority; but, in discussions with several dozen procurement department leaders in 2011, Ardent Partners determined that every dollar of non-compliant spend can have an additional cost of between 5 and 20 percent. The figures were based on the companies' internal audits or spend analysis.

ePayables solutions can drive efficiencies and enable the develop of better cash management strategies, something that 37% of Best-in-Class procurement departments are managing in 2014 (see Figure 12).

Figure 11: Technology Adoption - Best-in-Class vs. All Others



Best-in-Class Convergence – In no small part due to their superior performance and level of engagement with the larger enterprise, Best-in-Class procurement departments have seen an expansion in responsibilities that far outstretches that seen by their peers (see Figure 11). "Our involvement in the new product development group began when we moved to China. We needed to add controls to the sourcing process," reported one **CPO of a Global CPG Company**. "And with a seat at the table, the end result has been a more streamlined product launch cycle, better cost management, and the ability to meet all key milestones." While a majority of CPOs are still surveying the grounds and building within their departments, it is promising to see some CPOs bravely blazing trails in new and uncharted territories³.

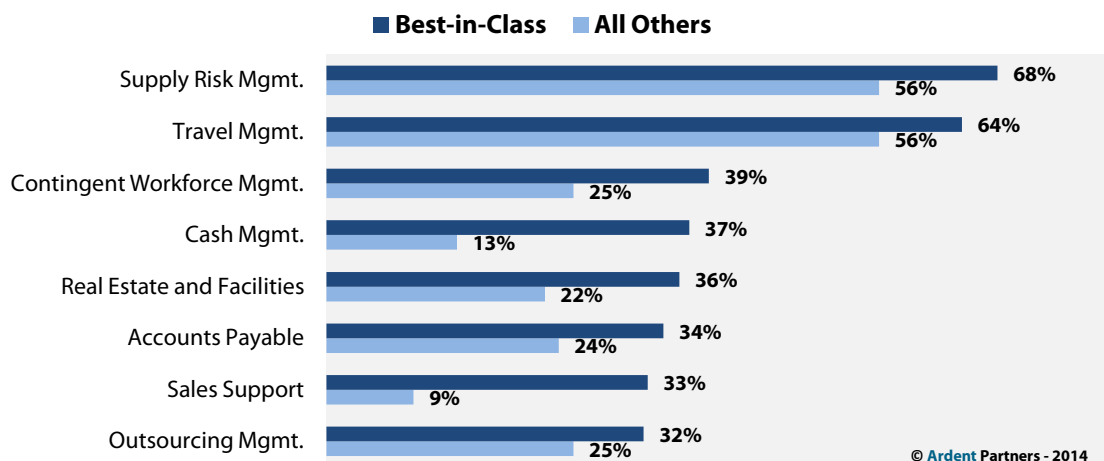
Supply risk is a moving target that accelerates as a supply chain expands and evolves and the ability to properly identify and prioritize all potential supply risks without the use of tools, external services, and internal expertise is all but impossible. It is a topic of concern for many sourcing and procurement leaders across a wide range of industries. Not surprisingly, when a supply risk program takes root, it is typically led by procurement.

In the present business environment, an increasing number of enterprises are looking to implement working capital optimization strategies in order to improve balance sheets as well as fund investments and fuel growth. More than a third of Best-in-Class procurement departments are helping impact the bottom line by leading cash management strategies.

"We have great connections with HR, IT, and Finance. Those groups don't make a move without us. We're currently working with HR on an outsourcing project and with IT on our corporate mobility strategy."

- Mark Bliese, Director of Supplier Development and Procurement, Rollins

Figure 12: Procurement's Convergence - Best-in-Class vs. All Others



³ See the end of Chapters 2, 3, & 4, respectively, for a discussion of Procurement's convergence with Travel, Contingent Workforce and Accounts Payable.

Procurement's Convergence with Contingent Workforce Management (CWM)

by Christopher J. Dwyer, Research Director – Services Procurement, Ardent Partners

Ardent Partners research predicts that the utilization of contingent labor will increase by 30% over the next three years, further cementing the need for more robust capabilities within this arena. Ardent also expects procurement's influence and expertise to expand rapidly across the entire contingent workforce spectrum, since the successful management of this category is based upon classic procurement principles like strategic sourcing and supplier management.

In its State of Contingent Workforce 2014: A Framework for Success report, Ardent Partners introduced a new model ("Ardent Partners CWM Framework") designed to help enterprises evaluate the current state of their contingent workforce operations and develop a series of processes and capabilities to effectively manage the three major categories of modern contingent workforce management which Ardent defines as:

1. Traditional temporary labor is the "classic" view of contingent labor and involves an enterprise sourcing a variety of short-term roles with candidates from staffing suppliers, agencies and vendors.

2. Complex contingent labor includes statement-of-work-based (SOW) labor, professional services and non-professional services, and is perhaps the most "evolutionary" aspect of modern contract talent. These aspects are "complex" due to the fact that they touch various divisions within the typical enterprise and need to be managed from a variety of "angles," including procurement, HR and finance.

3. Independent contractors are comprised of freelancers, consultants and contractors. They are sourced directly by the enterprise. Independent contractors (colloquially known as ICs) carry a variety of risks (namely federal audits and co-employment) if misclassified, but often represent a superior level of talent.

By developing a clear view into the scope of activities within each category in Ardent's CWM Framework and understanding what resources and systems are utilized and what processes are followed, procurement professionals tasked with managing contract talent will be enabled to implement standardized and centralized competencies enterprise-wide.

The CWM Framework can also help groups identify any gaps in their current CWM programs, pinpoint the obstacles to improving performance, and support the development of a proper business case for investing in the solutions and services currently available in the market – all of which can help procurement leaders effectively balance the delicate stability of cost efficiency, talent quality and enterprise performance and find a clear path to Best-in-Class performance in this complex and rapidly-evolving category.

CHAPTER FOUR: STRATEGIES FOR SUCCESS

"I ultimately want our organization to become a true business partner for innovation and bring ideas into the organization on the sourcing and supply side. For technology, we need to look at where it is going and what we can be doing in the mobile space."

- Chris Shanahan, CPO Becton, Dickinson, and Company

25

General Recommendations

Best-in-Class procurement departments, on average manage almost 90% of enterprise spend and they do it more efficiently and more effectively than their competitors. The Best-in-Class have also begun to expand the role of procurement into both traditional and also newer and exciting areas like risk, travel, and contingent workforce management. Beyond utilizing the Best-in-Class' "Levers for Success" (see Chapter 3), Ardent recommends the following strategies and approaches for CPOs and procurement departments seeking to improve their performance:

- **Use 2014 as the year to begin rethinking and redefining the purpose of the procurement operation** - Efficiency and effectiveness as performance differentiators for business functions are beginning to give way to agility, innovation, and collaboration. If a CPO can begin to reformulate the goals and mission of the procurement department in 2014 with a focus and prioritization on its ability to (1) adapt and respond to market conditions (2) partner inside and outside the enterprise to find and harvest innovation and (3) develop the talent and capabilities that the business will need in five years, there is no telling how high and how far the procurement organization can go. A side benefit from this recommendation is that organizations that can develop and communicate a clear and compelling vision attract talent.
- **Develop a spend under management "pipeline"** - Ardent Partners believes that procurement organizations, at any maturity level, should focus on this metric and have a strategic plan to increase it each year. CPOs that have the visibility and control over a significant majority of enterprise spend have an extraordinary opportunity to drive value, be it in savings, quality, innovation, supply assurance, and/or any of the tens of other metrics that procurement can impact, across the larger enterprise. Of course, having visibility into enterprise spend, while critical, is the starting point to procurement success, the team must be able to take action on it.
- **Introduce a CPO Scorecard™** as a way to evaluate and present procurement's performance to the larger enterprise. If procurement's transformation is to continue, a more balanced approach to measuring its performance is needed. Ardent Partners believes that a CPO Scorecard™ should incorporate (1) hard financial metrics including savings and cash flow impact, (2) stakeholder metrics including internal customer feedback and supplier performance and risk, (3) process and technology metrics including

procurement efficiency and activity measures, and (4) people and knowledge metrics including staff competencies, training, and retention.

- **Plan and execute a CPO "Road Show"** - Operational excellence in procurement cannot be achieved in a vacuum. There are change issues that are much larger than any team or single department, making a receptive and fertile enterprise an organizational necessity for a Best-in-Class procurement department. Most enterprises must be convinced of the idea that procurement can do more than manage the order and delivery of certain goods and services. Use a CPO "road show" to sell the reality that procurement can deliver strategic value to its internal customers and to the enterprise at large and that it is an ideal hub for the convergence of new responsibility and innovative ideas. Where possible, invite stakeholders and internal 'customers' who can vouch for the department.
- **Expand usage of eSourcing immediately (remember that offline sourcing cannot be viewed as "strategic" sourcing)** - Sourcing teams that are not using eSourcing technology are not performing a strategic process. Their results will be inferior and the process, less efficient. Enterprise processes that intentionally avoid tools that improve process efficiency, process compliance, knowledge retention, and stakeholder collaboration and communication are quickly targeted for reengineering, if not elimination. Procurement and sourcing teams that lack an eSourcing tool need to find and deploy one this year; teams that underutilize existing tools need to revamp their programs. Failure to fully leverage an eSourcing tool in 2014 is unacceptable.
- **Turn supplier relationship management into an opportunity to create incremental value and develop innovation** – No company or procurement department has cornered the market on intelligence and good ideas. As the **CPO in the Energy Industry** interviewed early last year said: "I work hard to stop my team from believing that they know better than the suppliers. We ask our suppliers if they think we are smart and what we can do better. One supplier's answer to those simple questions gave us information which our engineering team used to improve a key process at a new plant."
- **Do not overreach in 2014** – Expansion of responsibilities and impact for procurement can only occur if there is a strong foundation. CPOs need to ensure that their core processes are working well. So, procurement leaders should champion the standardization of source-to-settle processes across the enterprise. Develop a "SWAT" team of process experts to define, refine, and deploy efficient, centrally managed processes for all aspects of procurement. Look for opportunities to map these processes to current technology solution sets and seek to expand automation solutions to enable enterprise-wide policies and procedures.

Conclusion

Whether by design or necessity, the responsibilities of the typical CPO in 2014 continue to expand and evolve mirroring the broader convergence of business processes and functions occurring in business today. As more responsibility converges under the CPO, procurement gains the opportunity to broaden its influence and make a larger impact. But, these opportunities and those that lie ahead cannot come at the expense of today. CPOs of all stripes (and maturities) have immediate opportunities to improve operations within their own departments. As such, they must balance the business' need for agility, collaboration, and innovation with the discipline and focus required to extract more value from the function by stretching the limits of their organizations and "doing better with same."

27

Procurement's Convergence with Accounts Payable

The level and quality of the procurement and AP convergence varies dramatically among enterprises in the marketplace today which means that more agile organizations are effectively using their P2P operations as a competitive weapon to gain advantage over their rivals. Organizations that lack a seamless procure-to-pay (P2P) process typically see an erosion of value as they move across the entire process. Those that are more successful combining processes, systems and organizations report a series of benefits including:

- An ability to optimize working capital across the P2P process by developing proactive payment strategies and pursuing dynamic discounting opportunities.***
- Improved supplier relationships aided by an ability to pay suppliers on time (or early) and accurately as well as better data to support improved inquiry response times.***
- Better identification of sourcing opportunities through more accurate spend data via invoices and payments.***
- Improved contract compliance and reduce maverick spend by linking invoices and payments to contracts.***
- Better success with supplier enablement by leveraging a 'one-time' on-boarding process for procurement and AP requirements.***

The potential P2P performance gap that can exist between competitors warrants the attention of the CFO and the CPO as well as other procurement and AP leaders. For the average P2P organization, the immediate opportunities are to drive efficiencies quickly, to become more operationally effective, to expand the scope of those operations for the greatest possible impact, and to ultimately become more strategically aligned with the business.

APPENDIX

ABOUT ARDENT PARTNERS

28

Ardent Partners is a Boston-based research and advisory firm focused on defining and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent also publishes the [CPO Rising](#) and [Payables Place](#) websites. Register for exclusive access (and discounts) to Ardent Partners research at ardentpartners.com/newsletter-registration/.

ABOUT THE AUTHOR

Andrew Bartolini, Chief Research Officer, Ardent Partners



Andrew Bartolini is a globally-recognized expert in sourcing, procurement, accounts payable, and supply management. Andrew focuses his research and efforts on helping enterprises develop and execute strategies to achieve operational excellence within their procurement and finance departments. Andrew is also the publisher of [CPO Rising](#), the first independent media site written for and about Chief Procurement Officers and other supply management executives (www.cporising.com).

Advisor to CPOs and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 150 times in seven different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing, procurement, accounts payable, and supply management operations and his research is currently part of the Supply Chain/Management curriculum at several US universities. He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable and has been published or quoted in leading business publications including [The Wall Street Journal](#), [Business Week](#), [Investor's Business Daily](#), [Forbes](#), and [Fortune](#), as well as the major trade publications focused on supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for Ariba and Commerce One. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a 'real-world' context for his research and writing.

Andrew has been named a "Pro to Know" by Supply and Demand Chain Executive three times and holds a B.A. in Economics from The College of the Holy Cross and an M.B.A in Finance from Indiana University. He welcomes your comments at abartolini@ardentpartners.com or 617.752.1620.

RESEARCH METHODOLOGY

Ardent Partners follows a rigorous research process developed over years spent researching the supply management market. The research in this report represents the web-based survey responses of 273 CPOs and other procurement and business leaders captured in January, 2014 as well as direct interviews with 24 CPOs and procurement leaders (20 of whom took the survey). These 273 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class procurement performance and understand what levers the leading groups pull to obtain their advantage. Roughly two-thirds of the total participants shared some personal insight and commentary to help provide greater context to the results. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included below.

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REPORT DEMOGRAPHICS

The research in this report is drawn from respondents representing the following demographics:

- **Job Function:** 87% procurement; 5% finance; 4% supply chain; 4% other
- **Job Role:** 42% VP-level or higher; 30% director-level; 23% manager-level; 5% staff-level
- **Company Revenue:** 64% Large (revenue > \$1 billion); 17% Mid-market (revenue between \$250 million and \$1 billion); 19% Small (revenue < \$250 million)
- **Region:** 69% North America; 21% EMEA; 10% Asia-Pacific
- **Industry:** More than 25 distinct industries are represented. Public Sector, Health Care, Financial Services, High-tech, and Manufacturing are the largest industries in the survey pool; no industry represents more than 12% of the overall survey respondents.

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