

e-Procurement Initiatives for Marketing Services

Marketing Services are often one of the last services to be considered for e-Procurement initiatives due to their complex nature. Procurement Professionals need to sell the benefits to get marketing departments on board.

Purchasing and Supply Management (P&SM) professionals often face conflict with business units when trying to roll out e-purchasing initiatives. Marketing, along with legal, HR and financial services are no exception to this, and probably due to the majority of e-procurement activity being directed towards goods rather than services. Goods are simpler to describe, quantify and are easily catalogued. Not only are services more complex in their make up and life-cycle management but they are typically managed by business units, by managers with little or no formal procurement training. P&SM professionals now have the task in hand to persuade the business of the benefits that e-purchasing solutions can bring to services.

What does e-procurement have to offer services?

Many e-purchasing providers have developed their offerings to become more intuitive and adaptable for procuring services. This drive may have been influenced more by Sarbanes-Oxley regulations rather than customer-driven demands. Not only do e-procurement tools aid administrative compliance, they also drive the organisations sourcing policy. It is often the processes that join the systems in the P2P process that require a deeper understanding; by mapping out detailed processes links can be identified.

Often premium prices are paid for services and full benefits are seldom yielded. Self service through e-sourcing and procurement solutions has allowed business units to retain ownership of spend and supplier relationships, whilst the systems guide compliance and add some rigor to the process. This will allow procurement teams to have more visibility over spend areas that they previously would not have been involved in.

Services that are leading the way

Much headway has been made with regards to buying travel, temporary labour and consultancy services; this has enabled e-procurement to move away from being viewed as a simple front-end requisitioning tool. However, services such as conferences, events management and advertising campaigns are still yet to make a real impact. Pierre Mitchell, head of the e-procurement practice at the Hackett Group says that "Compared to physical goods, services are much more abstract and bring a whole level of complexity that isn't seen in manufactured components and materials," he says. "There's no easy equivalent of an 'item master': the description is the service required, the unit quantity is either one or the dollar amount involved."

The services that have lead the way can be argued as being the 'low hanging fruit', travel and contingent labour can easily be linked to external sites and timesheet recording systems and can be quantified at set prides or rates. Although software providers have increased their offering in terms of automating marketing activities and tracking campaigns, they have concentrated mainly on the 'campaign to cash' cycle rather than 'purchase to pay'. Linking these e-marketing tools into the more sophisticated services procurement and contract management packages is key to engaging P&SM professional skills at a much earlier point of the process.

What can P&SM Professionals do to make a change?

Services are often multi faceted, are when broken down are made up of a combination of goods and services. In order to gain buy-in and confidence from a department such as marketing, their requirements should be broken down and those aspects that can be categorised, such aspects of print, mail shots etc can be sourced via an e-auction and catalogued

onto an e-procurement system. By demonstrating the benefits and potential cost savings in these areas, growing confidence could lead to capturing more complex service aspects.

I-SAVE is a piece of research carried out by Oracle and CIPS in conjunction with The University of West England to show how organisations can achieve significant cost reductions in their procurement to payment processes. The research investigated typical savings that can be achieved throughout the P2P process and along with the top and bottom ranking savings by commodities. Interestingly the top 10 savings were all goods, and training and security services were featured in the bottom 10; this may be due to the nascent relationship with e-procurement and buying services, but it identifies some significant opportunities.

I-SAVE suggests a list of key enablers and inhibitors that will help P&SM professionals to achieve optimum results from their P2P processes. It is worth considering this list when devising a strategy for engaging departments such as marketing.

Key enablers

- Having appropriately trained people
- A developed approach/methodology for supplier sourcing
- Rationalisation of the supply base
- Having clearly defined process ownership
- Strong internal change leadership
- Learning from best practice organisations
- Developing strong supplier relationships
- Using specialist tools and equipment
- Using enabled software
- Having technology enabled suppliers
- Having robust communication infrastructure

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Key inhibitors

- Lack of internal resources (funding, people, infrastructure)
- They only undertake short-term initiatives
- They are very risk adverse/have resistance to change/not a follower or leader of change
- It is not appropriate for their organisation or business unit
- Lack of awareness of what is possible/has negative perception of what others have achieved
- The need to do something is not a priority
- Not having a champion

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