



# Envision the future of procurement

**Canadian Institute for Procurement and Materials Management  
CIPMM Conference**

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[kpmg.ca](http://kpmg.ca)

# Your facilitators



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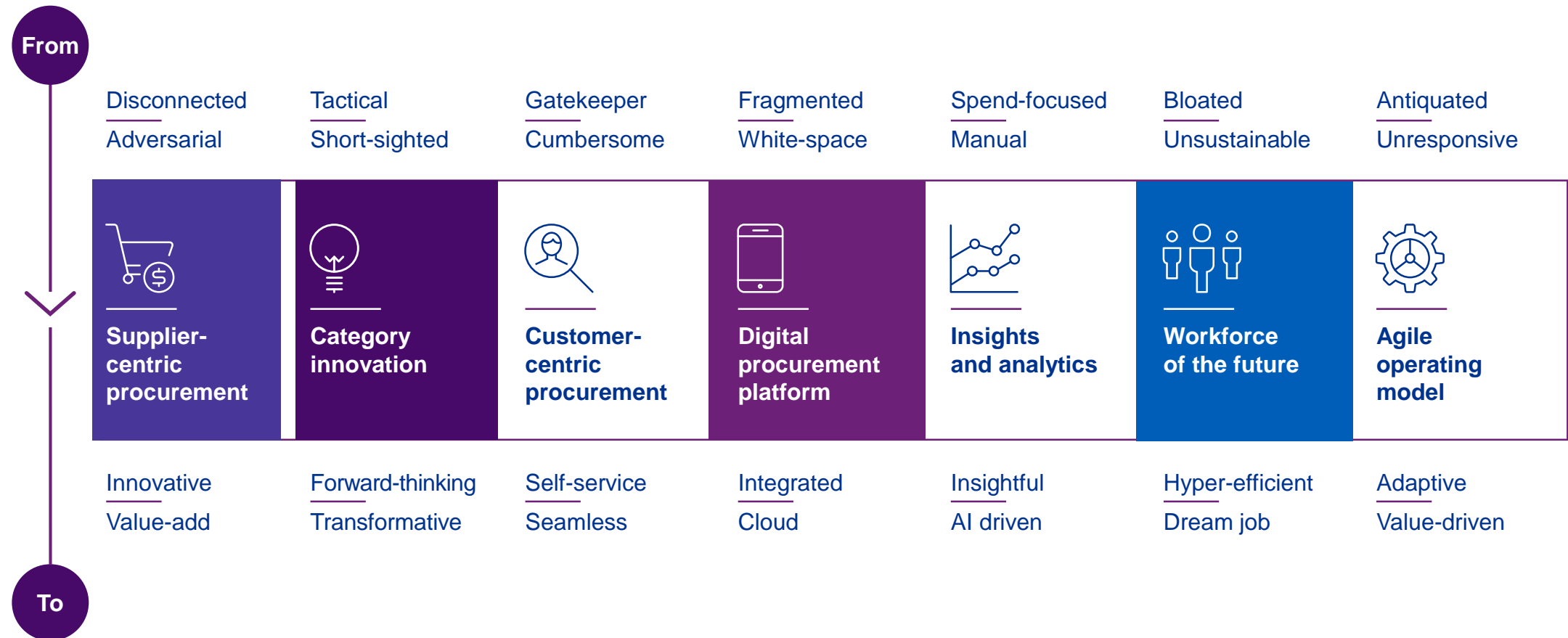
# The Future of Procurement

**Envisioning frictionless purchase and delivery**



# The CPO agenda for the future of procurement

Leading procurement organizations are developing an agenda to deal with disruption



# Polling Question #1

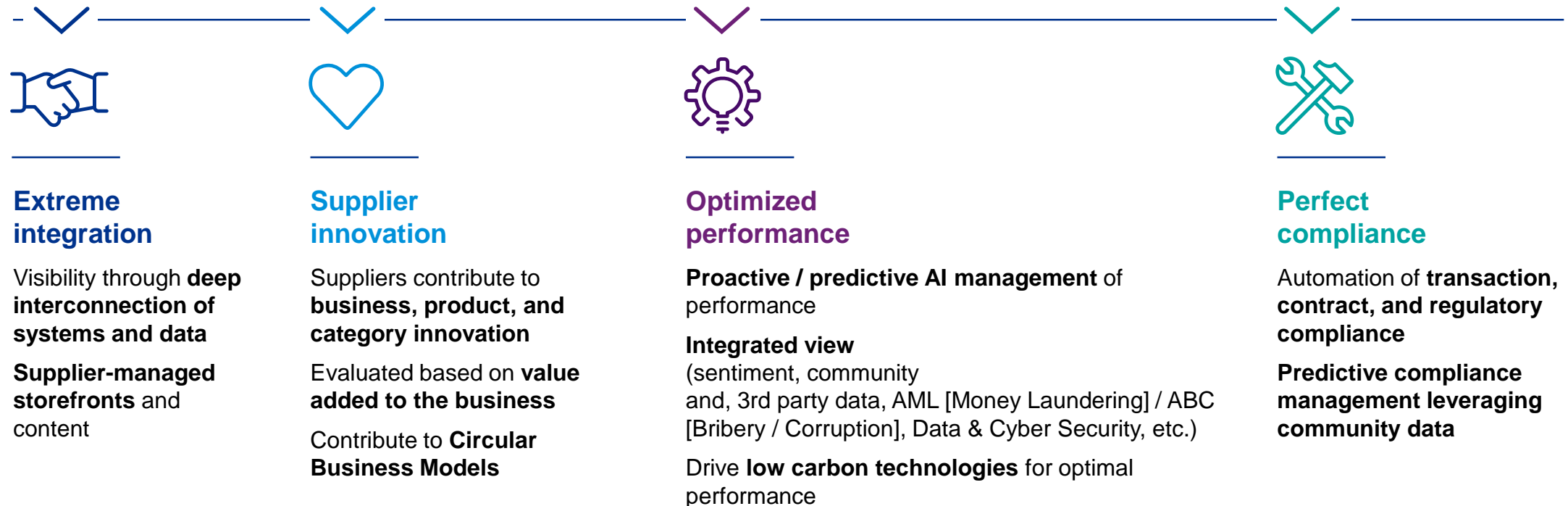
**Question #1: How would you rate the level of maturity of your Procurement function for each of the following dials on a scale of 1 to 5 (1 being the lowest) ?**

- 1) Workforce, training and certifications
- 2) Pre-Sourcing and Procurement planning
- 3) Category-led sourcing
- 4) Contract management

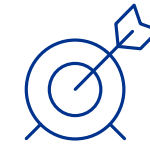
# Supplier centricity focuses on integrated relationships

Driving supplier performance and relationships to a new level while fostering innovation and mitigating risk

## Supplier centric procurement

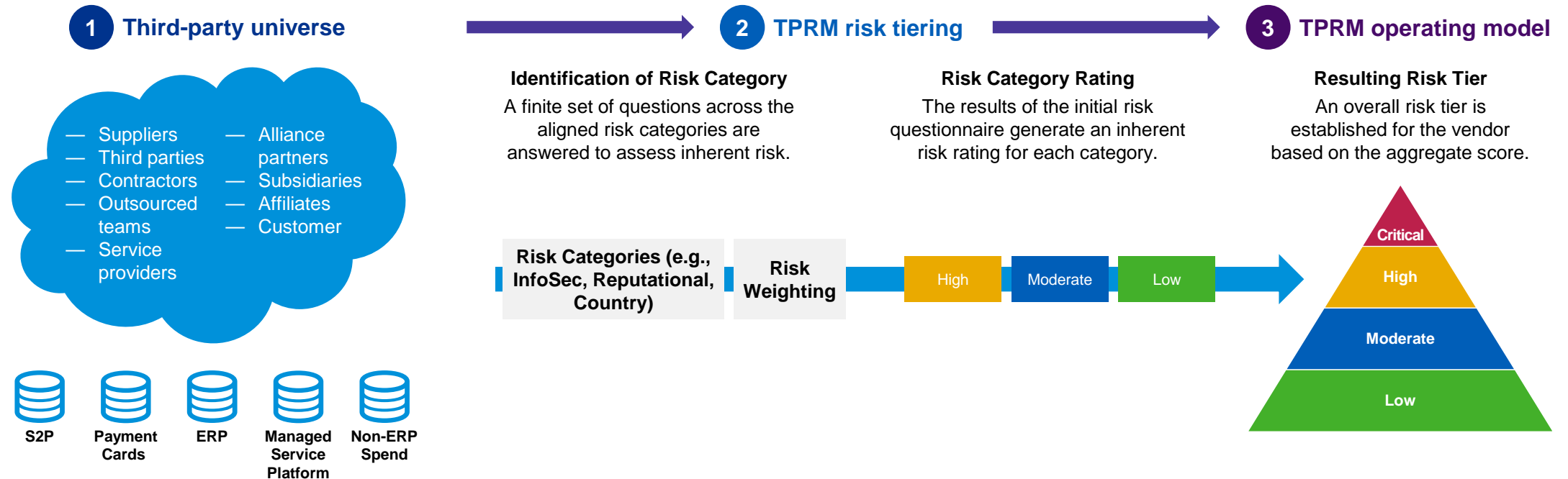


# Third Party Risk Management - TPRM



90% Electronic Assessment

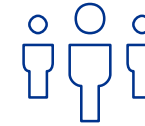
If we think about the initial risk assessment as being the trigger for all the subsequent risk and performance related activities, the ability to automate those steps and the workflow is critical to user experience, transparency, and process efficiency.



# Third Party Risk Management - TPRM



90 hours Action Plan  
Cycle Time



107 Direct 3<sup>rd</sup> Parties  
per Resource



## Requestor

Really just wants the goods and services as quickly as possible to get their project started



## Sourcing

Responsible for quarterbacking the deal and managing commercial value and risk



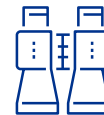
## Risk Domain Experts

Keen to understand the specific and cumulative risks presented through this new vendor or service



## Legal

Responsible for legal, risk, and compliance requirements, wants to understand risk upfront for the contractual provisions



## Supplier Risk Lifecycle

Risk filtering

What risks are we facing?

Due diligence

What controls exist for those risks?

Contracting

What additional controls are required?

Risk monitoring

How are those controls applied and maintained?

Third-party offboarding

How do we eliminate the risks initially accepted?

## Procurement lifecycle

Define requirements/  
specifications

Market place  
scan

Develop  
sourcing  
strategy

Select  
vendors

Negotiate and  
contract

Onboard  
vendor

Manage  
vendor



# Third Party Risk Management - TPRM - AI Automation

## USE CASE 1: Streamlined Supplier Risk Assessment & Monitoring

**Objective:** Automate the Supplier On boarding process through seamless data integration and automated risk evaluation across multiple dimensions and periodical reassess risk as new data is made available.

Ingest Various Risk Assessment Types  
through our wide range of data adaptors



Online Questionnaires



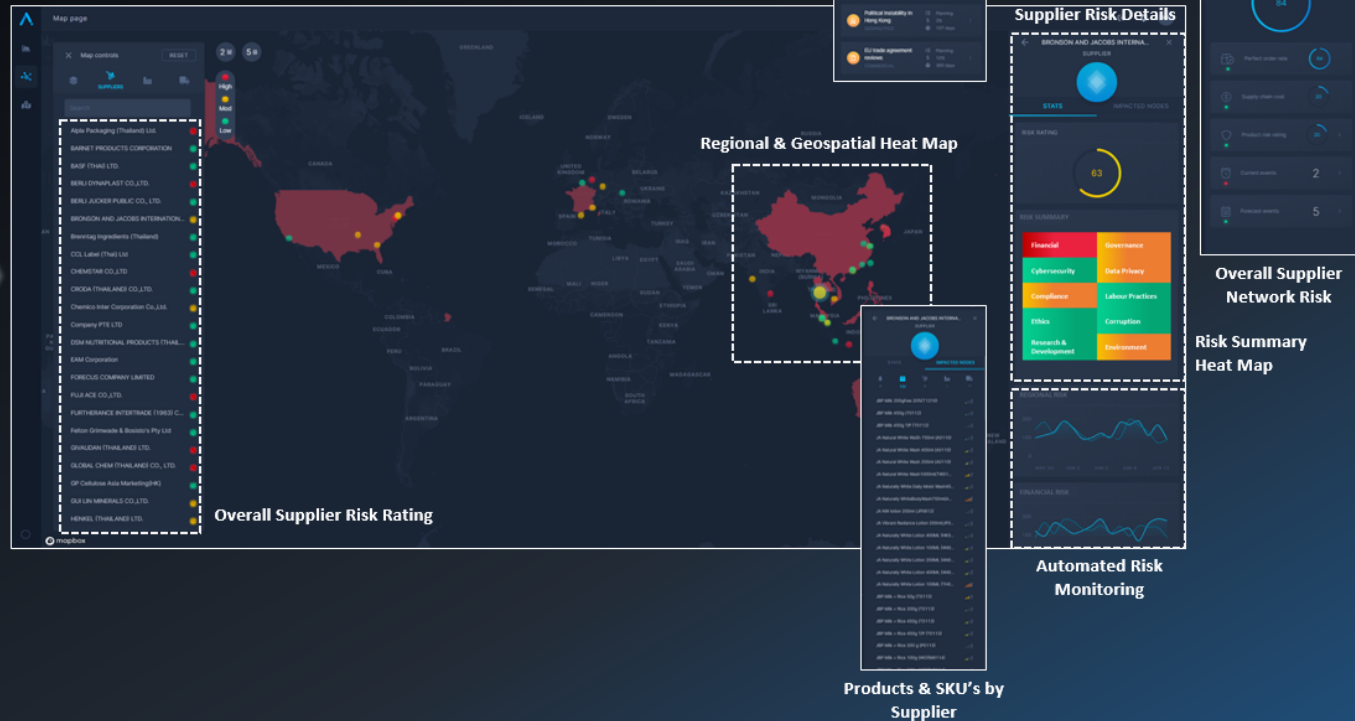
Flat Files



Scanned Documents



Databases

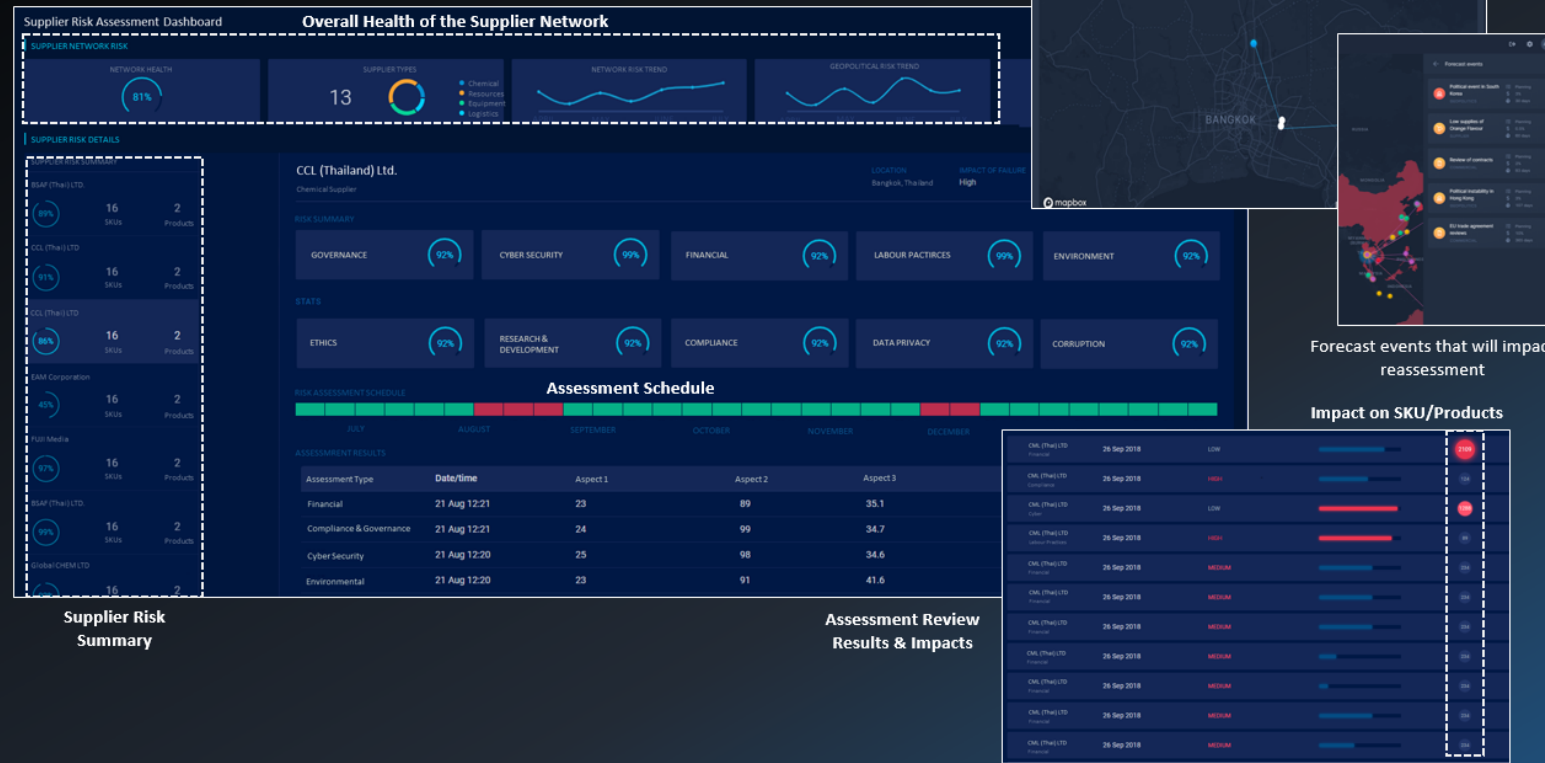


- Automated capture, scanning & analysis of changing market signals
- “Self-learning” (capable of distinguishing between good & bad signals)
- “Always on” (continuous simulations of risk scenarios, 24/7)
- Estimates probability, severity and reach of each risk scenario
- Focused on the regions, sectors & partners that matter to each unique business

# Third Party Risk Management – TPRM – AI Automation

## USE CASE 2: Streamlined Supplier Risk Assessment & Monitoring

**Objective:** A procurement officer is able to review each supplier's risks, their previous review results as well as the overall health of the network.



- Link TPRM updates / supplier ratings
- Procurement/TPRM monitoring and reporting via dashboards
- Highlights predicted TPRM rating changes

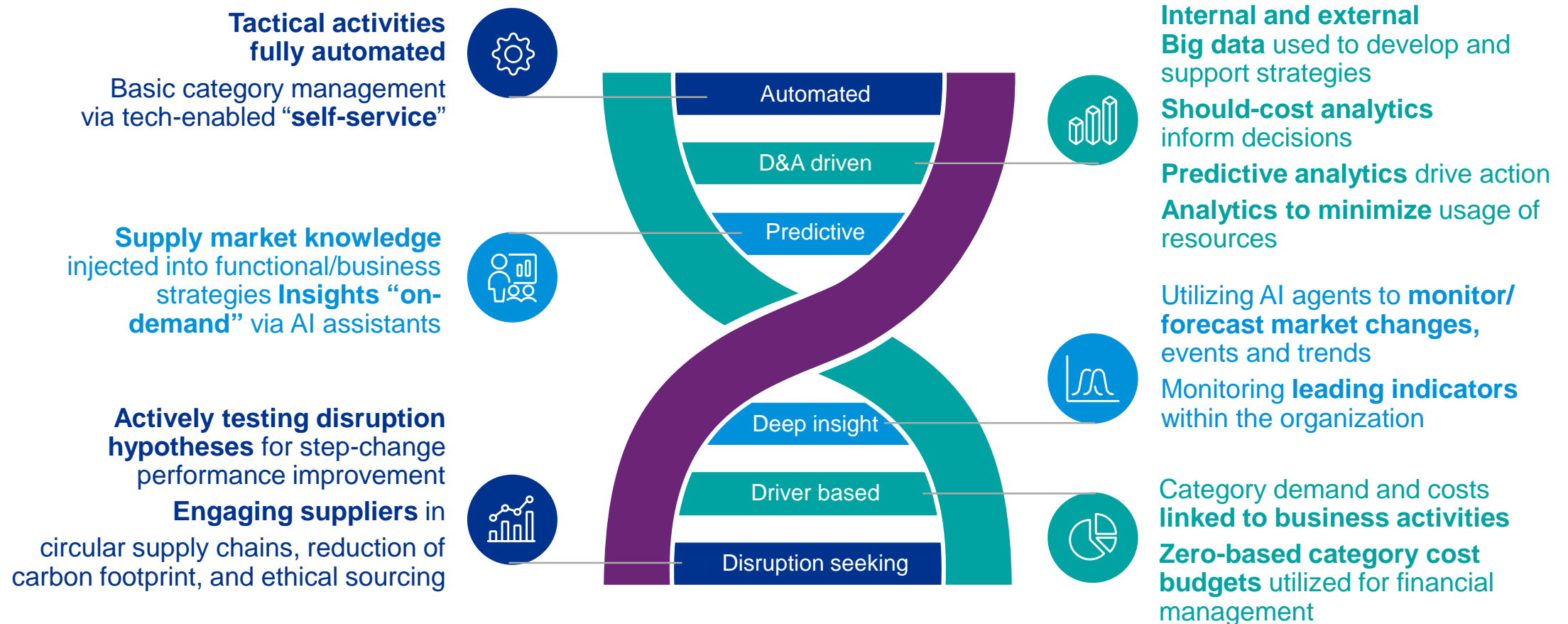
# Polling Question #2

**Question #2: How much visibility of supply risk and supply capacity information do you have? Select the best answer (a, b, c, or d)**

- a) Complete visibility - Tier 1, 2 and beyond
- b) Some visibility – limited Tier 1 supplier visibility but no Tier 2 and beyond
- c) No visibility – little to no Tier 1 supplier visibility
- d) I don't know

# Category innovation is needed to unlock untapped value

## Integrated business planning driven through deep supply market insights and predictive analytics

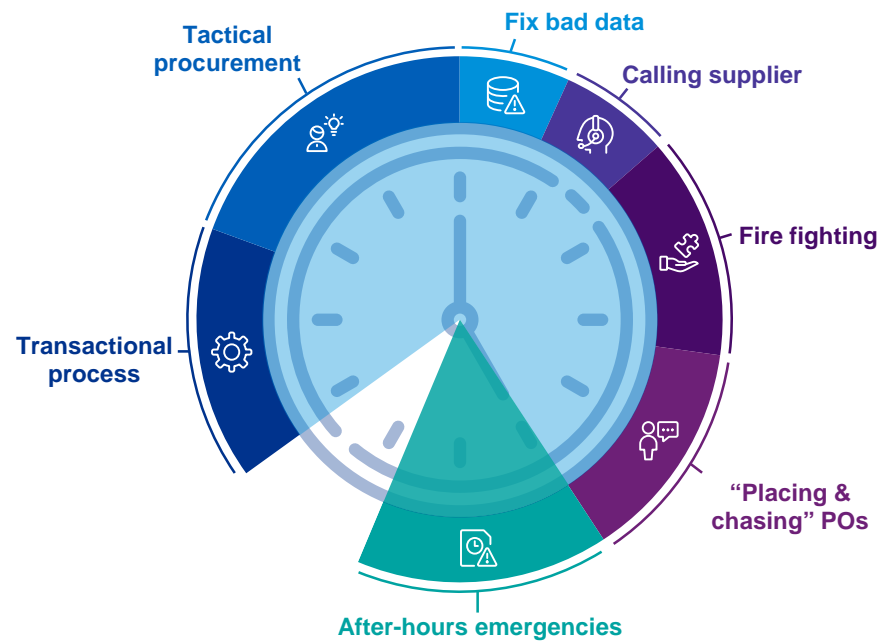


# Making the shift to category Innovation

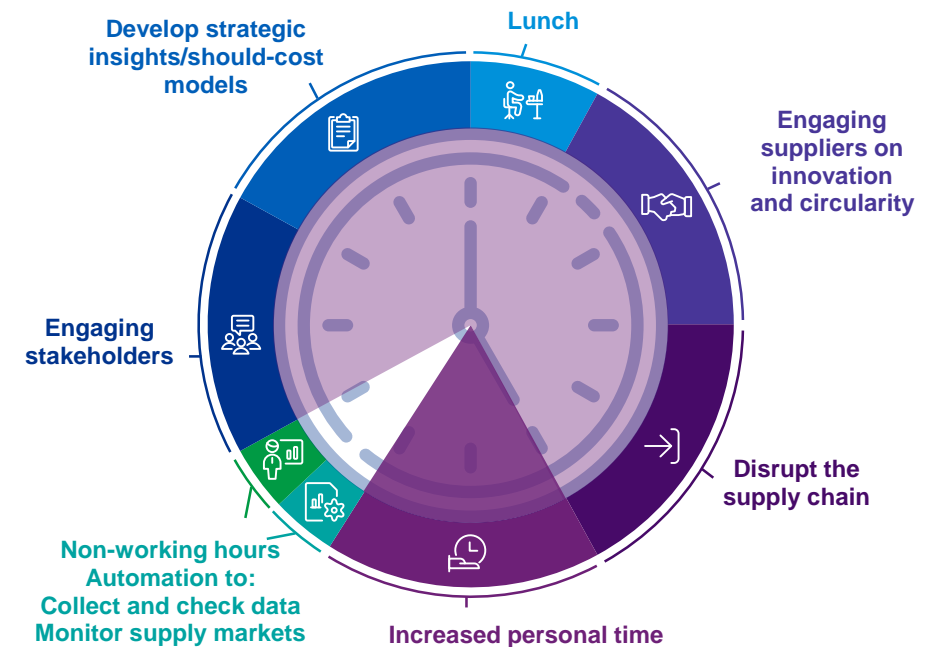
 65% On-contract spend

**Category Management is the strategic approach which organizes procurement resources to focus on specific areas of spend**

## Category manager today



## Category innovator tomorrow



# Changing digital procurement landscape

## From...

High volume of manual transaction processing and analyses  
Maturing mobile landscape with limited integration across applications  
Content enablement limited to a handful of supplier catalogs  
Manual monitoring with cumbersome error detection and remediation

## To...

Automation of repetitive tasks, shifting resources to strategic activities  
Enhanced user experience enabled via unified apps landscape  
Guided buying directed by targeted content across the platform  
Self-monitoring platform that auto-detects and fixes a majority of anomalies

## Future digital procurement platform



Data  
management



Blockchain



Cloud



Robotics



Machine  
learning



Cognitive



Natural  
language  
processing



Mobile



Automated



Appified



Content rich



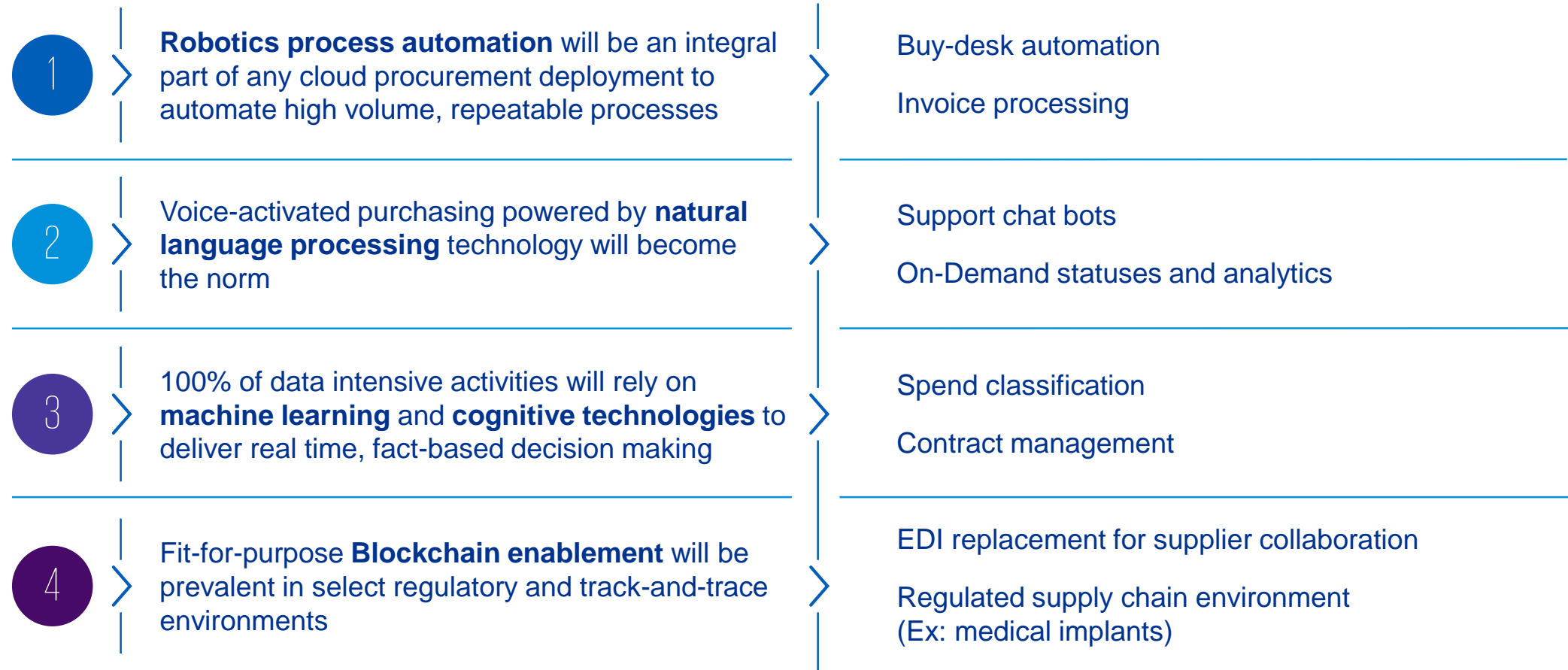
Self-monitoring

# Automated



14 Hours Request-to-Order cycle time

## A continuum of disruptive technologies will likely drive extreme automation across the procurement lifecycle





# Content rich

Targeted content can be delivered across the procurement platform in new and innovative ways to enable a seamless user experience



## Intelligent search results

User attributes, search and buying behavior captured for every transaction to deliver predictive, self-learning search results



## Integrated virtual catalog

Virtual product catalog that pools information across an integrated collection of hosted content, punch-outs, marketplaces and supplier websites to deliver real time results on the user-initiated query

The screenshot displays a procurement platform interface. At the top, there is a search bar with the text 'WIDGET 1' and a user profile icon labeled 'User1'. Below the search bar, the results are organized into three main columns. The left column lists three widget options: 'Widget 1A' by 'Supplier X' for \$500.00 with a 4.8 rating, 'Widget 1B' by 'Supplier Y' for \$425.00 with a 3.7 rating, and 'Widget 1C' by 'Supplier Z' for \$575.00 with a 3.4 rating. 'Widget 1C' is marked as 'Out of Policy'. The middle column provides detailed information for 'Widget 1A', including a description, product specifications (voltage, speed, color, dimensions, weight), and shipping costs. The right column shows 'Supplier X' with a 4.8 rating, risk scores for Financial (8.1), Operational (9.8), and Business Continuity (7.5), customer reviews (4.5 out of 5 stars, 105 reviews), and latest news about the supplier's expansion.

Widget	Supplier	Price	Rating
Widget 1A	Supplier X	\$500.00	4.8
Widget 1B	Supplier Y	\$425.00	3.7
Widget 1C	Supplier Z	\$575.00	3.4

**Widget 1A Details:**

- Description:** This is Widget 1A with red rear cover, which is a Strong Magnetic Widget with high torque and high speed. Can use 3V 4.5V 6V power to drive. High torque Strong magnetic Carbon brush.
- Product Information:**
  - Rated Voltage: 3V-6V DC
  - Rated Speed: 5000-15000 RPM (3V-6V)
  - Color: Red and Black
  - Widget 1A Body Diameter: 37mm
  - Widget 1A Body Length: 35mm
  - Shipping Weight: 10.1 ounces
- Shipping Information:**
  - Standard: Included in Price
  - 2-Day: +\$4.99
  - Overnight: +\$7.99

**Supplier X Details:**

- Risk Scores:** Financial (8.1), Operational (9.8), Business Continuity (7.5)
- Customer Reviews:** 4.5 out of 5 stars, 105 reviews
- Latest News:** Supplier X CEO touts margin expansion and international growth (Source: Yahoo); Supplier X is said to bid for Canada-based ABC (Source: Bloomberg)



## Real time supplier information

Real time data from enterprise risk management applications, benchmark data on ethical performance, performance third party websites and blogs combined with customer reviews to steer end users to make an educated supplier decision



## Embedded compliance

Multi-parameter attributes embedded within the procurement platform to limit search results and/or automate additional diligence for non-compliant purchases



# Polling Question #3

**Question #3: Do you have a Procurement automation project planned in the near future? Select all applicable answers**

- a) Supplier portal
- b) Online bidding (e-auction / RFx )
- c) Contract management
- d) Supplier risk management
- e) Procure-to-pay
- f) No projects planned at the moment

# Delivering the future relies on a workforce of the future

Digital acumen will likely be as important as procurement acumen to grow and serve your organization



## Future challenges and needs....

**Millennial workforce replacing the institutional knowledge** of retirees and desiring a different “employee experience”

Digital transformation **eliminating the work of the transactional & tactical procurement workforce**

**Contingent labor** required to support the highly skilled analytical positions

**Training programs** to accommodate future skills and different learning environments



## Future skills required for procurement...

**Relationship management** both internal and external

Analytical modelling capability and the need for the “**citizen data scientist**”

**Cross functional expertise**, improved business acumen, and negotiation readiness

“**Bot managers**” who manage virtual AI teams

# Skills are the new currency of the future

**Significant gaps exist between traditional procurement skills and the future of procurement skills**

**In this rapidly changing environment, the procurement professional's role and impact will likely become more focused on technology and strategic business skills**

## Traditional roles

**Procurement manager**

**Tactical buyer**

**Report runner**

**Systems user**

**Parts explorer**

## Future roles

**Category innovator**

**Sourcing specialist**

**Data scientist**

**Digital advisor**

**Relationship broker**

## Future skills

Possesses category knowledge and understands how to drive innovation within a category, fosters a strategic supplier network and builds key market relationships to mitigate risk.

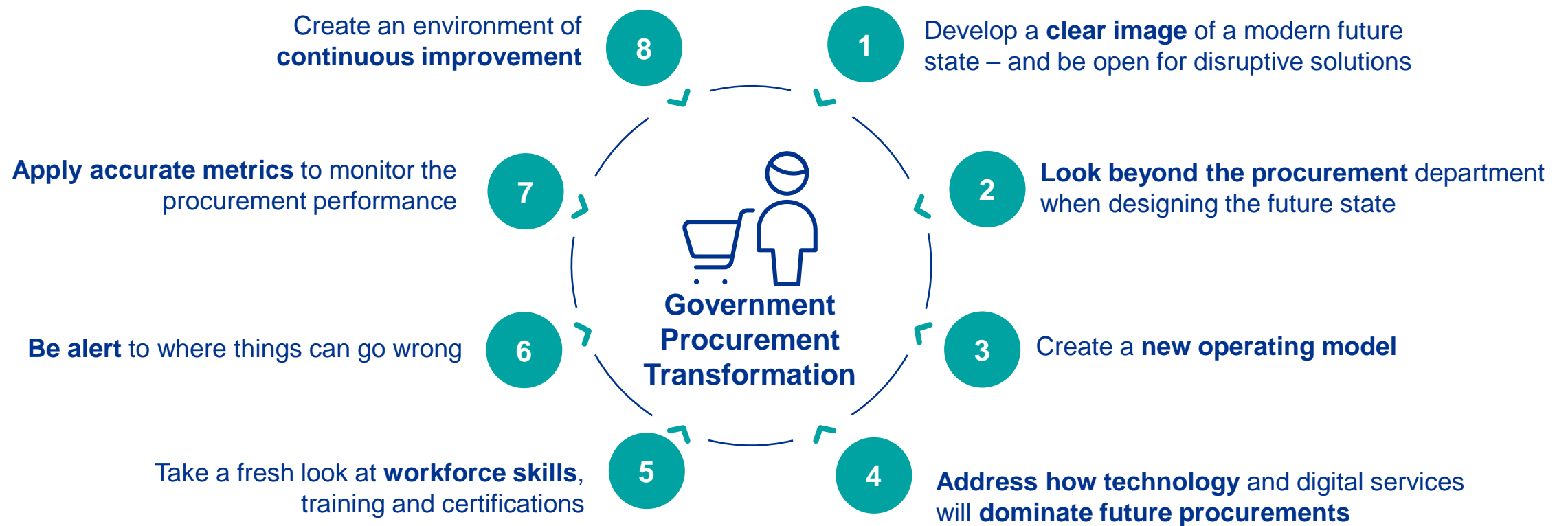
Establishes cross-functional expertise, strong category knowledge, and expert negotiation readiness and ability.

Solves complex problems using scientific methods, processes, algorithms, and systems to extract knowledge and insights from data.

Owns in-depth knowledge of digital tools and systems and how they may be used to support the procurement strategy.

Creates trust by synchronizing the internal stakeholders' demands with the supply market's capabilities.

# Key Steps to Modernization



Source: Government Procurement Transformation – Produced by Governing Institute, in collaboration with KPMG -

# Questions and answers





Thank you



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