iCPX

Intellect Corporate Procurement eXchange

Reimagining Procurement

OPTIMISING DIRECT MATERIAL SOURCING WITH A UNIFIED, EXTENSIBLE SOURCE-TO-PAY (S2P) PLATFORM

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Profile

Kenneth Alphonso,

Consultant - iDTC,
Intellect Design Arena

Kenneth Alphonso is a consultant with extensive expertise in project management, business analysis, and strategy. He completed his Post Graduation in Marketing Management from Great Lakes Chennai. With over 10 years of work experience, Kenneth possesses a diverse skill set and is certified in Project Management, Certified Scrum Master (CSM), and VUCA Leadership.'

Kenneth has significant experience in the procurement sector, having previously worked with the Government E-Marketplace and various other e-commerce companies.

Introduction

A source-to-pay platform streamlines procurement, enhances supplier collaboration, and ensures compliance by centralising data. This centralisation provides real-time insights, cost control, and fosters transparency and efficiency across the supply chain. By simplifying workflows, reducing manual errors, and supporting scalability, an integrated platform drives strategic sourcing decisions and competitive advantage.

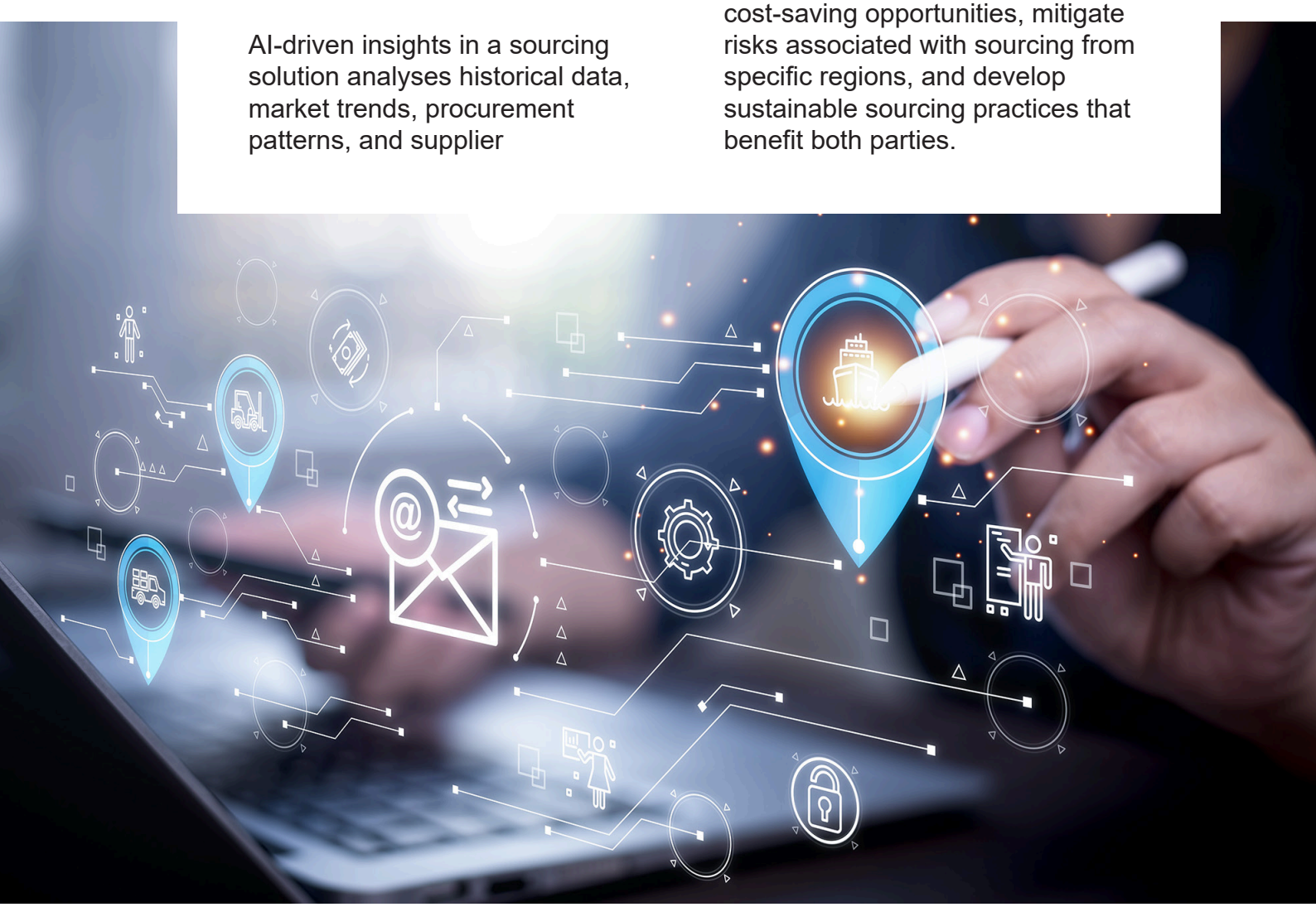
In an era of rapid globalisation and digital transformation, effective direct material sourcing has become essential for organisational success across industries. This involves acquiring raw materials, components, and finished products from suppliers worldwide. Strategic sourcing in direct procurement ensures a smooth supply chain, enhances competitiveness, and boosts profitability.

Decoding Direct Material Sourcing

A well-designed direct sourcing solution enables the management of all sourcing events by incorporating bill of materials (BOM) and cost drivers into a single platform that provides access to the latest specifications, contracts, and supplier information. Advanced AI, analytics, and pre-built templates ensure effective cross-functional information sharing and seamless collaboration across the organisation, from sourcing to engineering, manufacturing, and supply chain.

AI-driven insights in a sourcing solution analyses historical data, market trends, procurement patterns, and supplier performance, providing recommendations that optimise sourcing strategies and drive continuous improvement.

Direct material sourcing is crucial for supply chains, serving as the starting point for the entire process. Effective management requires enterprises to collaborate with suppliers to control costs, mitigate risks, address sustainability requirements, and drive innovation. By working together, suppliers and manufacturers can identify cost-saving opportunities, mitigate risks associated with sourcing from specific regions, and develop sustainable sourcing practices that benefit both parties.



Benefits of setting up a source to pay solution

We looked at several large organisations that have implemented Source-to-Pay (S2P) solutions and have reported significant measurable benefits. These benefits are not only in areas of cost savings, but also in areas of compliance, procurement efficiency, collaboration and sustainable procurement planning to name a few. There are real case studies where having such software has helped reap benefits or lack of such systems has caused laborious toils of hunting from multiple data sources

Benefit	Description	Example
Cost Saving	**Reduces procurement costs** through better supplier negotiation and bulk buying	An American multinational technology company achieved **$2.3 billion in cost savings over a period of 5 years**
Improved Efficiency	**Streamlines procurement processes,** reducing time and manual efforts.	A multinational organisation specialising technology services **reduced the procurement cycle times by 35%**
Supplier Collaboration	**Improves supplier relationships** through better communication and collaboration	A leading American beverage company increased supplier collaboration and **reduced supply chain risks by 20%**
Automation	**Automates routine tasks** like processing invoices and managing orders	One of the largest operating system and cloud services providers **reduced manual invoice processing by 80%**
Compliance	**Establishes compliance** with procurement policies and regulatory standards	An American multinational technology company **improved compliance rates to over 90%**
Sustainable & Circular Procurement	**Defines plans and monitoring** against those	To perform sustainable supply chain analysis for typical municipal corporations, typically requires analysing around 100K spendlines, around 5-10K suppliers. **These can be done in a centralised way for procurement software.**

Companies have experienced increased process efficiencies, cost savings, improved compliance, **and better supplier relationships by leveraging source-to-pay technologies in their procurement operations.**

Challenges of setting up a source to pay solution

Supplier Onboarding

Bringing suppliers onboard onto the platform and ensuring their compliance can be a lengthy process. Let's say, if a company expands internationally, dealing with suppliers across different regions with varying regulatory requirements adds complexity. Operational overheads make vendor empanelment time consuming. For one of the large government procurement systems in India, it took more than two years to onboard the right number of suppliers so that buyers can start getting the right price for their requirements.

User Adoption

Getting employees to adapt to new systems and processes can be a challenge, especially if they are used to traditional methods. Another issue is without a right set of suppliers, the platform is not worthwhile for buyers as desired requirements or right priced items aren't available.

Organisation Specific Rule Configuration

Each organisation has their own procurement policies and approval workflows. To implement any modifications, no matter how small, organisations must contact the solution provider, who will then make the necessary changes in the systems. This process can be time-consuming and might involve downtime, potentially disrupting normal business operations. For example, if an organisation wants to alter the rules governing their purchases, the solution provider must first comprehend the desired changes before updating the system accordingly - most of the time such work requires developer interventions which in turn impacts time to market.

Template Driven Bids

Every organisation has specific terms and conditions for purchasing goods and services. Typically, these terms and conditions are specific to organisations and are carefully vetted by respective legal teams. Additionally, for specific types of procurement, organisations have prepared tender templates after engaging with procurement consultants. Managing and governing these templates is typically outside the system and can lead to a lot of inefficiencies.

Multi-Linguality

Procurement staff typically deal with local suppliers and distributors are comfortable in local languages. This is especially true for the supplier base that might not be conversant with English. Alternatively, a cost effective supplier base for linguistic reasons can be lost by corporations if they keep systems that are not multilingual.

iCPX as the Solution

iCPX, a source-to-pay solution developed by Intellect Design Arena addresses the challenges mentioned above. It is highly customisable to meet the organisation's requirements. The company is at the forefront of innovation in e-procurement solutions and its proprietary EPIC Model - Efficient, Purposeful, Intelligent and Compliant - is based on the deep domain expertise Intellect Design Arena has in the procurement space.

Efficient

- Complete visibility of spends, increasing productivity and optimizing cost
- Best Price Discovery
- Reduction in the Procurement Lead Time by Streamlining Processes

Purposeful

- What you need is what you buy
- Right Product, Right Vendor, Right Time
- Situational Procurement Modes- A choice for any procurement type

Intelligent

- Smart procurement through Coversational and Generative AI
- Intutive benchmarking of procurement metrics by AI

Compliant

- Plug Maverick Spending
- Impact towards your ESG goals
- KYC Automation
- Organisation specific rules

User-centric design is a cornerstone of iCPX, ensuring the platform is intuitive and aligns with user workflows, boosting adoption. Training, demo videos, and support from subject matter and solution experts enhance an organisation's ability to implement new systems, increasing user adoption and reducing resistance to change.

The iCPX suite includes a user onboarding process that simplifies supplier onboarding through AI/ML Driven user verification accompanied by integrations with taxation systems. This enables a faster, more efficient, and transparent onboarding process for both suppliers and the organisation. With capabilities to integrate with other Intellect products like iAPX allows for additional visibility in regards to invoice processing status reducing load on buyer procurement staff for vendor queries.

The platform empowers configurations and rules through a central administration e.g. purchase limits can be set as per user roles or limits can be set on when bid needs to be reviewed based on estimated bid value. Such autonomy eliminates backend developer dependencies typically associated with system modifications allowing for a more agile and responsive procurement process. iCPX also enables organisations to create customised bid templates to encourage reuse of organisations best procurement practices.

iCPX supports multiple languages, significantly enhancing usability across diverse linguistic regions. By accommodating various languages, iCPX facilitates seamless collaboration, improved competitive supplier base and encourages inclusivity.

Developed using eMACH.ai principles—Events, Microservices, API, Cloud, and Headless—iCPX enables businesses to achieve unmatched productivity, cost-effectiveness, strategic agility, and flexibility. It seamlessly integrates with any ERP or other technology ecosystem, ensuring accurate and reliable information transfer across multiple platforms while maintaining complete transparency. eMACH.ai is recognised as the world's most comprehensive solution powered by First Principles technology.

Conclusion

Direct material sourcing plays a pivotal role in supply chains, serving as the foundation for the entire process. To manage this effectively, enterprises must collaborate closely with suppliers to control costs, mitigate risks, meet sustainability requirements, and drive innovation. By embracing integration and leveraging advanced technologies, organisations can overcome challenges, enhance operational efficiency, and unlock strategic value across the supply chain.

iCPX stands out as a comprehensive solution designed to meet these needs. It offers unparalleled customisation to align with organisational requirements By leveraging the advanced capabilities of iCPX, organisations can streamline their procurement processes, foster better supplier collaboration, and achieve strategic sourcing decisions that offer a competitive advantage in the global market.

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Contact us: icpx@intellectdesign.com

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