



## WHITEPAPER | SOLVING SERVICES FOR TODAY'S PROCUREMENT PROFESSIONALS

The modern enterprise has evolved dramatically over time. In the early days of manufacturing, organizations performed all work required to achieve the company's goals. The Ford Rouge manufacturing plant in Detroit took raw material in one end of the plant and rolled out completed Model T's at the other end. Contrast this to Apple where the organization is a brand and design company. The manufacturing of components and assembly of all their products is performed by partner companies within a complex supply chain. The trend where modern organizations focus on their core capabilities and leverage suppliers with specific capabilities to execute their vision has extended from manufacturing into all sectors of industry. Companies do not own the buildings they utilize, technology is being outsourced to the cloud, assets are being maintained by the original equipment manufacturers.

In our customer base this trend becomes apparent in the increasing level of indirect and operational services spend. P2P solutions initially focused on materials and goods, however, as the Procurement function works to refine their focus on services spend our products have evolved to address the need to better manage services spend.

### EXECUTIVE SUMMARY

In our world we do not address corporate spend in the areas such as manufacturing, capital projects, and business process outsourcing. We focus on indirect and operational spend where goods and services are requisitioned, work is executed, and suppliers are paid.

What distinguishes materials vs services procurement is that materials purchasing addresses the procurement of tangible goods, whereas services procurement addresses the purchase of an outcome. Material

items are ordered, delivered, received, invoiced, matched and paid. Service items are scoped, ordered, the service is performed, the performance of the service is recorded, the service is invoiced, the service invoice reconciled and approved, and the supplier paid.

This paper (and subsequent chapters) describes the journey we have made with our customers to address their needs to manage services. Services is the elephant in the room; its importance depends on your perspective, the industry, the nature of the service and the culture of the company. There is no single Services Management

application. Each service category solution is a combination of Process and Tools.

We will also describe customer examples of how we have crafted services procurement solutions for:

- Forms Based Orders
- Contingent Labour
- Maintenance Services
- Oil Field Services
- Complex services
- Product & Services Bundles

## PART 1: WHAT IS SERVICES PROCUREMENT?

### DAY TO DAY REQUISITIONING OF SERVICES IS DONE BY THE COMPANY REPRESENTATIVE

This can be a Project Manager managing a project, an engineer building an asset, maintenance person maintaining an asset, a marketing person organizing an advertising campaign, an IT person building implementing an IT system, a legal counsel managing a legal case etc. It is the Company Representative that scopes, manages and approves the payment of a services engagement. It is the role of procurement and the procurement system to support this process.

#### Major components of Services Management process design include:

- Scoping and Ordering of Services
- Documentation of Service Delivery
- Invoicing, Reconciliation and Payment of Services

### SCOPING AND ORDERING OF SERVICES

Procurement best practices ensure organizations work with contracted suppliers where Procurement has established the legal and commercial framework of the supplier/customer relationship. A fundamental part of the

supplier agreement is the Rate Sheet. It can be as simple as Rates for Labour Classifications, or as complex as the definition of a service whose price varies based on the location and conditions of the service delivery. The Rate Sheet provides an agreed basis for scoping work, managing change, and invoicing.

Scoping of Services engagement depends on the nature of the service. However, there is always communication between the customer and supplier regarding agreement on scope and commercial terms. This can take the form of informal conversations, formal quotes and through to a competitive quoting process. The following are some examples of how this process works:

**Simple Services:** With Simple services the scope of work can be communicated by completing a simple form by the requisitioner and communicating the scope to the supplier by incorporating the details in the purchase order. Often with simple services we allow the requisitioner to update the pricing in the order based on discussions with the supplier. A simple service item is typically based on amount, not quantity.

**Supplier Provided Quote:** Suppliers are very engaged with the scoping of

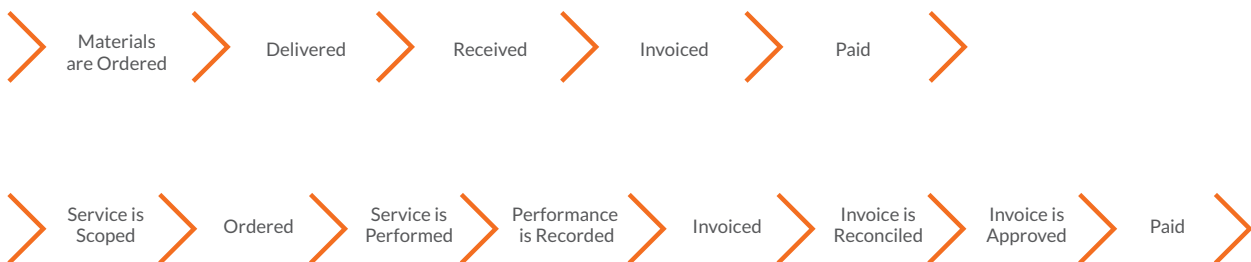
services. A practise we typically see is the supplier provided quote where the supplier has access to the procurement system to create a quote which then can be processed through the regular requisition approval workflow.

**Level of Effort Purchase Orders:** Agreements can be established with suppliers which cover a specific scope of work. This is seen on project-based work. The ordering process then involves releasing portions of the scope of work for the supplier to execute.

**Request for Price and Availability:** Often organizations have multiple suppliers who can provide the same service. An example is a local council that has multiple suppliers who provide road maintenance services. Here the ordering process involves communicating the scope of work to those suppliers and allowing them to respond with a quote based on the availability of the supplier resources.

**Structured Services:** When you have services where the nature of the service is complex, but the process is repeatable, then a structured quoting process is utilized. An example of this is Print publishing. Here the quote template is agreed between the customer and this template is utilized on the quoting, ordering and invoice process.

## PICTURE 1. DIFFERENCES BETWEEN MATERIALS PROCUREMENT AND SERVICES PROCUREMENT



## THE TYPE OF ORDER RELEASED TO THE SUPPLIER CAN TAKE SEVERAL FORMS

**Fixed Price:** Where the scope of work is well understood and the possibility of scope change is low, services are released as fixed price orders. Here the customer is buying an outcome and within the order progress payments are made based on milestones established in the order.

**Time and Material:** Engagements where the scope is expected to evolve, and the customer is heavily involved in directing the execution of the work, time and material engagements are used. Work is performed based on the rate sheets included in the purchase order. Examples here might be where the company is engaging a supplier to provide additional resources for a project.

**Level of Effort:** In the case where the ultimate cost of an engagement is unknown for reasons outside the control of the customer and supplier, a level of effort agreement is used. Based on the experience of the supplier and customer a purchase order is released to cover the expected cost. This type of agreement is often used in Oil Field Services where there are many unknowns associated with each engagement. It is not possible to define the exact services within the agreement that will be utilized to execute the work.

## DOCUMENTATION OF SERVICE DELIVERY

Documentation of Service Delivery is the equivalent of the goods receipt process.

**Simple Services/Milestone based Engagements:** For simple services the goods and Services receipt process is adequate for the purpose and is often sufficient to acknowledge the completion and acceptance of the service. While goods are receipted based on quantity, simple services are receipted based on amount.

**Consulting/Legal/Contingent labour services:** In these Categories the recording of activity is managed within the supplier's time reporting systems and other engagement processes such as weekly activity reporting. Formal acceptance of the work typically happens at the invoice stage.

**Structured services:** In these Categories the recording of activity is managed within the supplier's time reporting systems and other engagement processes such as weekly activity reporting. Formal acceptance of the work typically happens at the invoice stage.

**Level of effort engagements:** Documentation of service delivery on level of effort engagements requires the detailed documentation of all work performed on a daily/weekly basis as the work is performed. The goal of this process is that the incremental performance of the work is documented and accepted by the company representative. The tool used to document this work is the service entry sheet, or the field ticket.

An example of this activity is the field ticket process used by the oil field services industry. The field engineer engages with an oil field services operator to frack a well. This is the process of injecting liquid at high pressure into subterranean rocks, boreholes, etc. so as to force open existing fissures and extract oil or gas. The supplier and the customer have an agreed rate schedule for the services to be provided under this engagement as part of a long-term agreement. The supplier assembles the necessary resources to perform the work and commences work. At the end of each day the supplier documents the resources utilized during the day in accordance with the agreed rate schedule and this is reviewed and accepted by the field engineer indicating the acceptance of the work and resources utilized. This documentation becomes the basis on the invoice.

## INVOICING, RECONCILIATION AND PAYMENT OF SERVICES

For Services, Invoice processing automation can be challenging.

Where possible standard purchase order, receipt and invoice 3 way matching process should be utilized. This is very effective with simple services. Unlike materials where there is a quantity and UOM on the purchase order, Service line items in a purchase order can be represented as a lump sum amount and can be receipted as a percentage of % the lump sum amount.

With more complex services the invoice matching and approval processes can be more challenging. The key processes in invoicing of Services include:

- Are the services being invoiced at the contracted rates?
- Are invoiced amounts in agreement with the services acknowledgement documentation?
- Who is responsible for approving invoices where there is no services acknowledgement?

Where possible the Invoice Automation Application is configured to maximize the level of automation in the invoice process. For example, it is possible to verify that supplier invoices use the rates agreed in the supplier contract. Where there is no services acknowledgement within delivery of the service, the invoice for that service can be routed to the correct company representative for approval.

## PART 2: WHY IS SERVICES PROCUREMENT SUCH AN ISSUE?

Perhaps it is within the complexity of the definition that we begin to understand just a fraction of why services procurement is such a challenge for so many organizations today.

During the last decade, the field of procurement has developed and evolved a lot with new technology. But the challenges associated with **procurement of services** – a complex and continuously growing spend category for organizations – seems to be unavoidable.

Has procurement of services evolved meaningfully to overcome these perennial challenges? Are we moving in the right direction?

### HIGHLIGHTS: SERVICES PROCUREMENT CHALLENGES



In services procurement, there are almost always contracted prices for hours/days - but, when making a requisition, you do not always know how many hours/days you need the service for.



In maintenance, the above may not be true - MRO processes may have fixed hourly pricing for some work but there will be many fixed hourly rates without total hours known ahead of time.



As the order amount is often not known, the invoice rarely matches (more work for your Accounts Payable department).



Scope definition - the buyer doesn't know what they need, and the supplier is required to often build up the scope. The order is imprecise and won't match the invoice.



Long-term contingent services delivery typically requires reporting to support invoice payments but recording delivery of services is often neglected.



Often, services can be one-off purchases and little or no effort is put into supplier onboarding.

## PART 3: ZEROING IN ON THE TWO BIGGEST PAIN POINTS IN YOUR PROCESS

It is the fundamental nature of services that makes it difficult for procurement professionals to manage the category with similar discipline as they handle the purchasing of standardized goods. But is the procurement of services evolving meaningfully to overcome these challenges? Let's focus on the basics: ordering and receiving.

Ordering services is not very straightforward because, at the time of requisition or ordering, the exact deliverable might simply be unknown. A simple example is to imagine an event where there's an open bar. The bartender that is hired for the event will keep track of everything, but you won't know the total cost of the beverages until the event is over. How do you make that requisition in a structured way?

You'll probably create a free text order with a general description of the beverages allowed and perhaps the









expected number of people at the event. It gives your buyer the minimum of information to give in turn to the supplier. The result of such a process typically is that you want something, and you get something, but they might not be the exact same thing and not at least at a pre-agreed cost. **The process to order** the service isn't quite as controlled, predictable and cost-effective as desired, but you'll do the best you can and make allowances.

The second issue arises when receiving the services. In the example above it's pretty straightforward to track that your order has been fulfilled. But what about technical services, for instance website support, provided by an external provider? Sure, the service provider is under contract with pre-negotiated prices and terms, but obviously, you only want to pay for work that's been done. How does an automated procurement process handle a few hours of work here and a few there, when on

top of that, the work can also be ad-hoc and unplanned?

In many cases, the systems won't support different Units of Measure (UOM) against which you could accurately receive a service that is typically a non-catalog item and measured in hours spent instead of units, for instance. And if ordering the service accurately is cumbersome, tracking service fulfillment is even more so, due to imprecise specifications and the fact that the service might entail both fixed costs, such as an hourly rate, and variable expenses. The receiving part is important because it allows the supplier invoices to be matched and paid against the services received, making it easy to determine whether the cost on the invoice is correct. In addition, it also enables transparent **spend analysis** and cost tracking, and if there's enough information available, **supplier performance management**.

## HIGHLIGHTS: THE COSTS OF POOR (SERVICES) PROCUREMENT PROCESSES

-  Lack of invoice automation due to non-matching invoices
-  Services suppliers delivering uncertified work due to lack of oversight
-  Cost overruns due to off-contract procurement
-  Delays to projects due to lack of specificity during ordering
-  Less control overall - no clearly defined order/SOW - no control
-  Inability to effectively report - how will you get any KPIs from a services delivery where there's no information (no actual delivery tracking, items)  
- Goal is to have a better idea what services we are actually buying so that we can better manage the categories within services - better negotiation, supplier selection/de-selection, etc.
-  Lack of transparency - often just one item on the invoice
-  No pricing attached to items/hours/days

## PART 4: SYSTEM-SUPPORTED PROCUREMENT OF SERVICES

The sources for challenges in procurement of services have stayed the same. What has increased dramatically is the need for procurement departments to raise their game. In practice, adding to the complexity described above are the increasing product and service bundles, clever contracts that have both fixed and variable costs to consider, and scaled pricing.










A modern procurement solution (at least ours) can handle most service-related procurement issues with smart forms, comprehensive contract man-

agement integration, and robust supplier information management. Let's first focus on the smart forms. Think of it as a much more useful version of the classic 'free text' method of requisitioning. The smart form is pretty similar to what you've experienced online if you've gone through a process of ordering something that requires configuration. **The smart form guides the ordering process** with a series of drop-down option lists, which makes the eventual requisition quite specific and greatly improves the buyer's ability to place the order – and increases

the chances of the supplier invoice matching the order when it comes in.

A similar key element in modern solutions for the procurement of services is the service entry sheet. It gives the supplier of the service the ability to sign into the customer's portal and report directly the amount of work done and potential additional expenses. The service entry sheet generates a workflow in the customer's system, and when it is approved, the supplier invoice can then again be matched against it.

## HIGHLIGHTS: BENEFITS OF A SERVICES PROCUREMENT WHEN DONE WELL

-  Improved/accurate reporting
-  Stronger negotiation position based on better information
-  Better cost controls
-  Lower prices overall
-  More spend on-contract, more spend under management
-  Visibility in services tracking (centralized tracking), reports are visible centrally, at any time
-  With service entry sheets, you only pay for what you receive (better control)
-  As the services are contracted, and smart forms are used, the orders are more accurate, and the invoices are more likely to be matched/automated
-  Services are tracked, controlled, audited (all in one system) which leads to services being delivered on time, on budget, etc.

## PART 5: THE VALUE OF BUYER-SUPPLIER COLLABORATION

It may feel like an obvious point to make these days (ie: collaboration is good, not bad, etc) but the reality is, software tools and buyer-supplier platforms/ecosystems are making it easier. A recent Hackett Group Report\* showed that customer centricity was relatively low on the priorities for CPOs to focus on as they digitally transform their functions - but, interestingly, of critical importance. This discrepancy is an example of the generally poor alignment between the transformation agenda and the critical development priorities.

It's possible the CPO mindset is slightly ERP centric and hasn't yet caught on to the flexible and collaborative nature of today's cloud-based e-procurement solutions. But even forgiving the C-level their potential ignorance of the 'critically important' issue, you must wonder why? There is a cultural

shift towards viewing key suppliers as strategic partners and this is borne out in when organizations begin the process of defining their sourcing strategies.

Organizations may define their sourcing strategies differently but the process of arriving at and defining their strategy will be similar. By focusing on the issues surrounding spend analysis, supplier and category segmentation and performance, organizations can discover, explicitly, who their partners are in their value chain. This work absolutely holds true when discussing services procurement. Buyer-Supplier collaboration is a key component in all aspects of services procurement including the scoping measurement and payment of services.

In many cases, the service provided can be customer facing in which case,

as outsourced labour, the service provider is the face of the buyer and vitally important to end-customer satisfaction. This is just one use case we've seen with a global manufacturer of elevators and escalators. Another use case involves the feedback your vendors can give you on the product/service they deliver. This feedback could come in the form of suggestions for a more appropriate service or lower cost alternatives.

In practice, modern e-procurement platforms offer many places where collaboration can take place. Network portals are a typical place where dialogue around orders takes place. Also, reverse-ordering, filling in service entry sheets and the full RFx process. More and more, organizations are working with their strategic partners to ensure quality and continuity of service.

Sixty-five percent of procurement practitioners say procurement at their company is becoming more collaborative with suppliers, according to *The Future of Procurement, Making Collaboration Pay Off*, by Oxford Economics.

\* Source: 2019 CPO Agenda: Building Next- Generation Capabilities

## PART 6: OPUSCAPITA SOLUTIONS BUILT FOR BEST PRACTICES

The **OpusCapita eProcurement Solution** represents a broad feature set, built in collaboration with industry leading organizations, to represent a distillation of best practices. Most organizations have a starting point when modernizing their procurement processes, but that starting point is not always the same. This is why the OpusCapita solution is built in modules which focus on specific elements within the larger, complete procurement process.

It is important to understand the role of procurement in the Services Procurement process. A simple, linear example of the process we support could look like this:

- > Supplier Onboarding
- > Forms and Rate Sheet Management
- > Services Requisitioning
- > Supplier Quotes, Request for Quote
- > Services Acknowledgement
- > Invoice Automation

Supplier onboarding is the foundation of all procure to pay processes with the supplier. The Supplier Portal is the workbench for the supplier to interact with their customers. It provides access to register, maintain supplier master data, load catalogs and rate sheets, provide quotes and respond to request for quotes, manage orders, create and submit invoices and monitor the status of payments.

Within the **Supplier Portal the OpusCapita Supplier Information Manager (SIM)** allows suppliers to self register and maintain the required master data such as location, capabilities, certification, insurance, banking and other supplier data to support procurement processes. SIM helps your organization avoid purchasing from non-compliant or non-certified vendors, reducing all kinds of procurement related risks.

Once registered the supplier uses the **OpusCapita Catalog Manager (SSM)** to upload their product catalogs and services rate sheets. Services rate sheets can be quite large so often the rate sheet data is enriched using customer or supplier data to assist the searchability of the rate sheets by the services requisitioner.

Service forms are a key capability of our solution; the **OpusCapita Smart Forms Manager** allows the building of service forms templates that can be associated with one or more products. Smart Forms are designed by Category Managers or Buyers to reduce the amount of free text ordering. Common services (and product & service bundles) are often well known to the Procurement Department and with smart forms, the Buyer can create an easy to follow form which guides the requisitioner with questions and multiple-choice responses which result in a structured requisition easily converted to an order. The forms templates can vary from basic forms to service configurator forms with conditional business rules to collect scope data.

Associating service forms with Service items allows the requisitioner to define the scope of the service to the vendor. In many ways the need for collaboration with the supplier can be minimized by structuring forms to capture all the information required by the supplier to perform the work at the point of requisitioner.

All services requisitions activities start with the **OpusCapita Online Product Catalog (OPC)**. OPC is a shopping experience akin to Amazon - it's easy to search, find, and compare similar products or services. You can see who is offering what, read reviews, and the category managers can control what is available and to whom - this is one element of guided buying. Service Items can be found by keyword search, cat-

alog browsing and filtering. Service items are added to the cart and the scope the service is further described by completing the appropriate form.

Services requisitioning often starts with searching for suppliers and agreements that support the required service. This involves filtering by supplier capabilities, locations and qualifications. The requisitioner can then select the correct agreement and build the services requisition by adding service items to the shopping cart.

Services ordering may also be structured using Kits. The master item describes the scope of work and the sub-items are the items in the services rate schedule that are required to execute the service.

For more complex projects the customer can ask the supplier to build the service order. In this case the supplier can build the service order and load the list of service items into OpusCapita where it is ready for further review and approval.

With **OpusCapita RfQ**, expert requisitioners and professional buyers can quickly and easily create requests for pricing and availability from contracted suppliers leveraging existing supplier data (from SIM), automatically filtering eligible suppliers. Using category specific RFQ templates, the event manager can issue a highly structured request for a service from a group of suppliers that are qualified to provide the service that a specific location. For services procurement specifically, there is often a need for a high level of collaboration between the buyer and supplier as the scope of the service becomes better defined. That's where RfQ comes in - Buyers are able to collaborate with selected suppliers, ultimately awarding the contract and supporting future, informed, services procurement.



Upon the completion, the shopping cart requisition approval workflow occurs in **OpusCapita Procurement Manager (PM)**. Upon requisition approval service orders are created and delivered to the suppliers.

Basic service receipting also occurs within the Procurement Management application. Service items can be receipted either by quantity or amount. Multiple partial receipts are supported and the receipting information is sent to the **OpusCapita Invoice Process Automation (IPA)** application to be used as a matching tool.

More complex services engagements utilize the **OpusCapita Service Entry** application. Here the supplier initiates the Service Delivery Documentation.

With Service Entry Sheets, a supplier can log into the customer's portal, fill out a sheet which corresponds to the original contracted Statement of Work (SOW) with how many hours, the location, etc. This entry can be approved by the Company Representative (or challenged) and the downstream process of invoice handling can be automated by matching the invoice to the approved Service Entry Sheet. In some customer cases this approved service sheet is acceptable as an alternative to a service invoice and payment initiated upon approval of the service entry sheet.

Often service delivery is confirmed at invoice time. Here the **OpusCapita Invoice Process Automation (IPA)** application is utilized. In this case the

service invoice is forwarded to the Company Representative for review and approval. This is very common in the area of consulting and legal services. Recording of service delivery occurs in the supplier's systems and the summary of the delivered services and resource expenditure is billed on a periodic basis. The Company Representative is typically working with the service provider on a daily basis and is very aware of the delivered services and is the best position to approve the service invoices.

## PART 7: SERVICES PROCUREMENT IN ACTION

Let's put Services Procurement into a real-world context. The following are practical examples of OpusCapita customers using best practices to solve common challenges as they purchase services.

### ROSSMANN

#### Customer Case Rossmann:

Dirk Rossmann GmbH is Germany's second-largest drug store chain, with over 3,790 stores in Europe. Rossmann was founded in 1972 by Dirk Rossmann. The Rossmann family owns 60%, and the Hong Kong-based A.S. Watson Group 40% of the company. The company headquarters are in the German town of Burgwedel near Hanover.

Source: Wikipedia

#### WHAT SOLUTION DID WE OFFER THEM?

In order to solve the key issues of Rossmann, we offered OpusCapita eProcurement, specifically delivering Buyer tools and an online product catalog. We co-developed supplier information management and inventory management modules and integrated with their logistics solutions in order to create a connection when they deliver non-retail goods with their own trucks while retail goods are transported as well.

#### WHAT HAS ROSSMANN ACHIEVED?

Rossmann has exceeded even their own expectations. At a very basic level, the OpusCapita solutions have provided automation, contract compliance and spend visibility. Transparency to their own inventory and their suppliers has helped them better utilize their existing contracts while simultaneously allowing them to consolidate their suppliers (ie: fewer suppliers overall).

The process has been so successful in streamlining procurement and supplier engagement processes, Rossmann looks forward to leveraging OpusCapita solutions to support their expansion (solution usage) into foreign subsidiaries where they have a couple hundred more stores.

#### Results from their journey

Between August 2017 and March 2019 Rossmann...

- Ordered directly from their Warehouse/Inventory: 526.483 inventory call-offs
- Placed 47,385 Purchase Orders from Suppliers
- Was able to make 110.472 items available through their online product catalog
- Additionally, 48,989 material master items - 98,5% of which had images
- Last but not least, in less than 2 years, Rossmann had 742 suppliers on-boarded

## X

### Customer case Customer X:

A Large Manufacturer who prefers to remain anonymous:

This organization (Company X) has been in business for almost 150 years and is a leading global provider of elevators, escalators and supporting services. With over 60,000 employees and customers in 140 countries, Company X moves over 1 billion people every day.

### Key Challenges

- With the servicing of elevators (globally) outsourced, the whole process was a challenge
- Buying the services were difficult
- Spend controls were ineffective
- Communication was difficult
- Pricing was hard to forecast
- Delivery lacked transparency
- Reporting and compliance were hard to maintain

### WHAT SOLUTION DID WE OFFER THEM?

In order to solve our customer's key challenge relating to ensuring high levels of customer service by creating an effective and efficient services procurement process, OpusCapita provided a seamless and integrated eP2P process.

One simple use case describes the complexity of the challenges faced by Company X's employees and service contractors. Imagine Company X has a maintenance contract with a hotel chain. Company X will provide scheduled maintenance for the elevator within the hotel and non-scheduled as required. When maintenance is required, a technical buyer at Company X (who has a customer (the hotel) with a service plan) must requisition the service. The service technician, goes to the hotel, finds the elevator model, finds the issue and then has to make requisition via a service configurator (a smart form used to create a highly specific order). The service configurator filters as the technician creates the order, finding the closest supplier with the product in stock. Before executing the order for the part(s), the supplier is asked to confirm product availability and delivery. The work order is confirmed to the customer (the hotel) and the maintenance provider will confirm delivery with Company X Buyer via a service entry sheet online. This entire process happens within the OpusCapita solution.

### WHAT HAS COMPANY X ACHIEVED?

Company X's overall strategy for digitalization in procurement includes a global roll-out to 65 legal entities in 42 countries affecting 64,000 employees and 53,000 suppliers. Already today, Company X's employees and suppliers will benefit from the following:

- One Stop Shop - the User has a single platform for accessing the different purchasing channels
- Aligned process - for easy searching and finding, shopping cart handling, purchase order creation, supplier communication
- Allow bundling of commissioned deliveries and directly booking on "commission" number in the same system
- Reduction of Process Time - purchase order will be enriched automatically with master data (GL account, CO) to reduce manual administration steps
- Transparency / Compliance - all steps of the ordering / delivery is recorded and can be reviewed later
- Supplier Communication - digitizing of the communication from / to supplier; quicker, easier and complained, no more paperwork

### Results from their journey

- At the end of their journey, Company X will send and receive approximately 3 Mio. Transactions per year (1,5 Million Invoices, 1,5 Million Purchase Orders & Purchase Order Confirmations) via the OpusCapita eProcurement solution.

## PART 8: WHAT'S IN STORE FOR THE FUTURE?

Looking into the **future of procurement of services**, most industry pundits would point to a fully integrated supply chain, which uses a combination of collaboration, analytics and artificial intelligence to anticipate demand and take actions accordingly. We are excited, for instance, about 3-D printing and what it could mean for remote locations and the need for spare parts. You might think that purchasing spare parts is not a service, but what if the printing was enabled by a smart contract (using blockchain technology), which would have IPR-licensed options for 3-D printers with video support for installation. That's an evolved service a space station or a research station in Antarctica would benefit from.

Being outcome focused, services procurement involves high levels of

collaboration and trust between the buyer and seller throughout the life cycle of the service engagement. In the immediate future we see increasing levels of collaboration between buyers and suppliers. Ideally each business partner can utilize their own collaboration tool like Slack, Microsoft Teams and others while maintaining the necessary security and documentation required for commercial collaboration. Increasing collaboration with strategic services suppliers will further blurring of the borders of the enterprise.

We also see technology can be applied to the Trust element of services. Blockchain technologies are already being applied to aspects of service delivery. An example is the overhaul cycle of an aircraft component. As important as the overhauled part is the associated documentation of the life and over-

haul(s) of that part. If the overhaul documentation can be embedded into a blockchain ledger that accompanies the part throughout its lifecycle, then there can be Trust that the component can be safely reinstalled in another aircraft.

We can say that the process of services procurement has evolved over the years, but more for some than others. We continue to see organizations where the basic challenges of materials requisitioning and receiving are yet to be overcome. And there are others who have moved further along the maturity wheel and hence, are able to focus more holistically on their value chain, ensuring better buyer-supplier collaboration and clear alignment between sourcing/procurement strategies and customer satisfaction.

## AUTHORS



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Rowan has more than 10 years of experience in the purchase-to-pay arena. During this time, he has managed the go-to-market for a diverse set of portfolios including Accounts Payable Automation, B2B Networks, Financing Services, eProcurement and Product Information Management.



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Learn more about OpusCapita Solving Services for Today's Procurement Professionals

<https://www.opuscapita.com/solutions/source-to-pay>

OpusCapita enables organizations to sell, buy and pay quickly and securely, with a real-time view of their business. Over 3000 customers in over 100 countries use our source-to-pay, cash management and product information management solutions to connect, transact and grow. OpusCapita processes over 220 million electronic transactions annually on its Business Network, which includes almost 1 million organizations and over 11,000 financial institutions worldwide. OpusCapita is headquartered in Helsinki, Finland. Visit us at [www.opuscapita.com](http://www.opuscapita.com)