

# Procurement Shared Service Transformation

## IBM's Journey

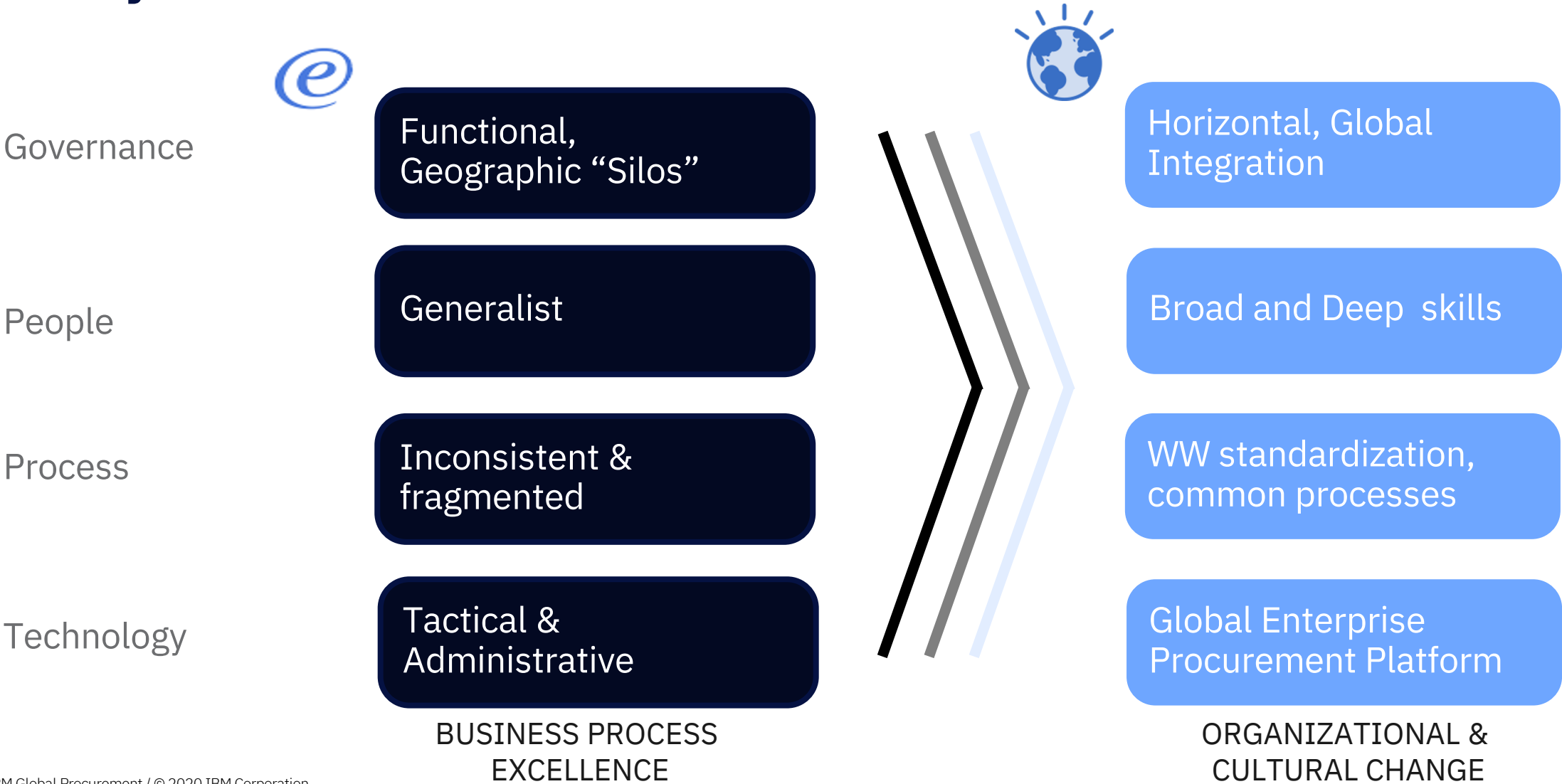
**Dan Carrell**

VP Global Procurement Strategic Sourcing  
IBM Global Procurement

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# Procurement evolves and acts as a catalyst for transformation



# Decisions impacting IBM Procurement transformation

*Delivering value  
to the  
enterprise*

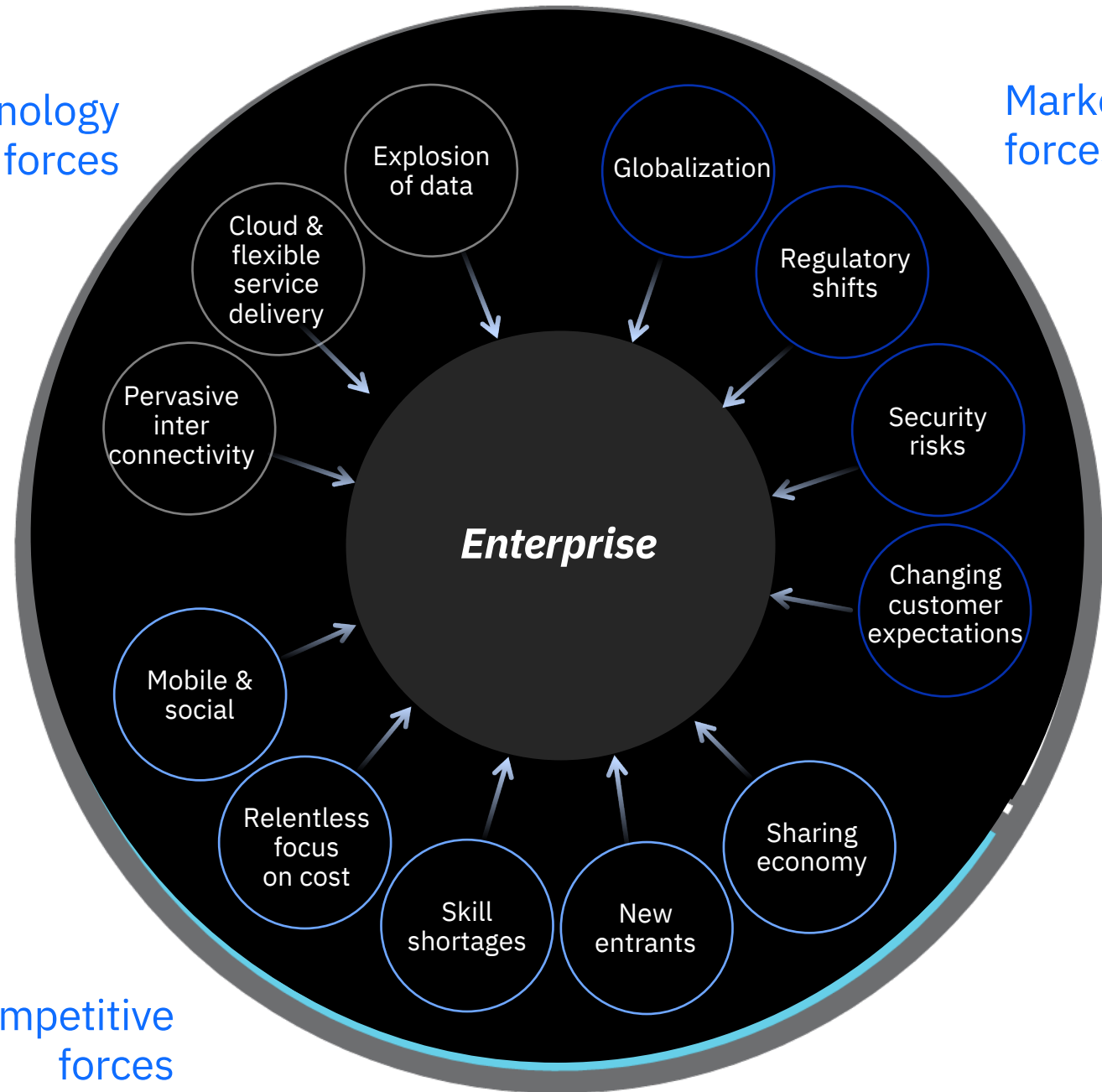


A combination  
of external and  
internal market  
forces  
are behind this  
unprecedented  
disruption

Technology  
forces

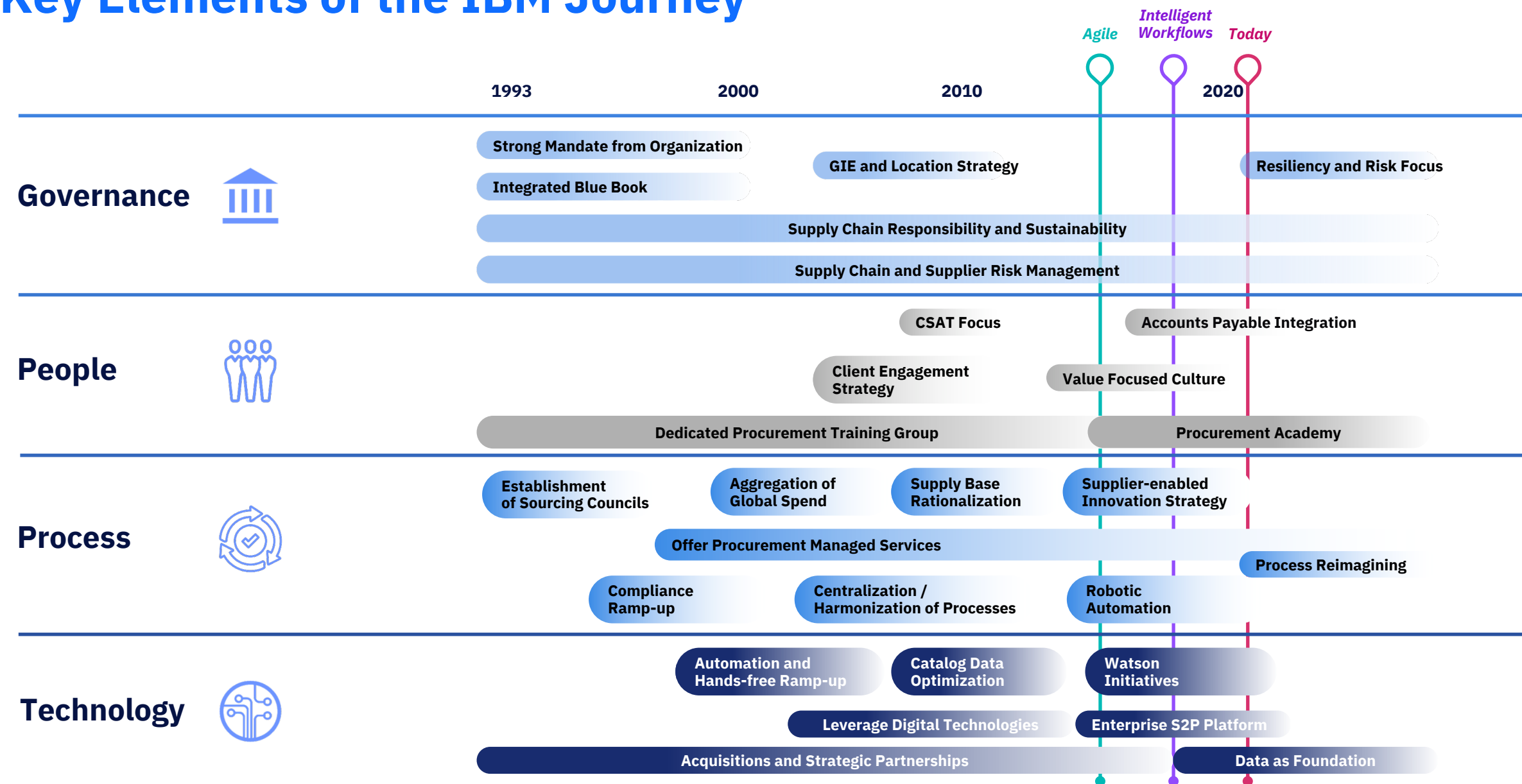
Market  
forces

Competitive  
forces





# Key Elements of the IBM Journey



# IBM Global Procurement Strategy

## To be the Premier Cognitive Procurement Enterprise

### **People** leading the way

*resilient, adaptable, with growth mindset*

### **Processes** reimagined

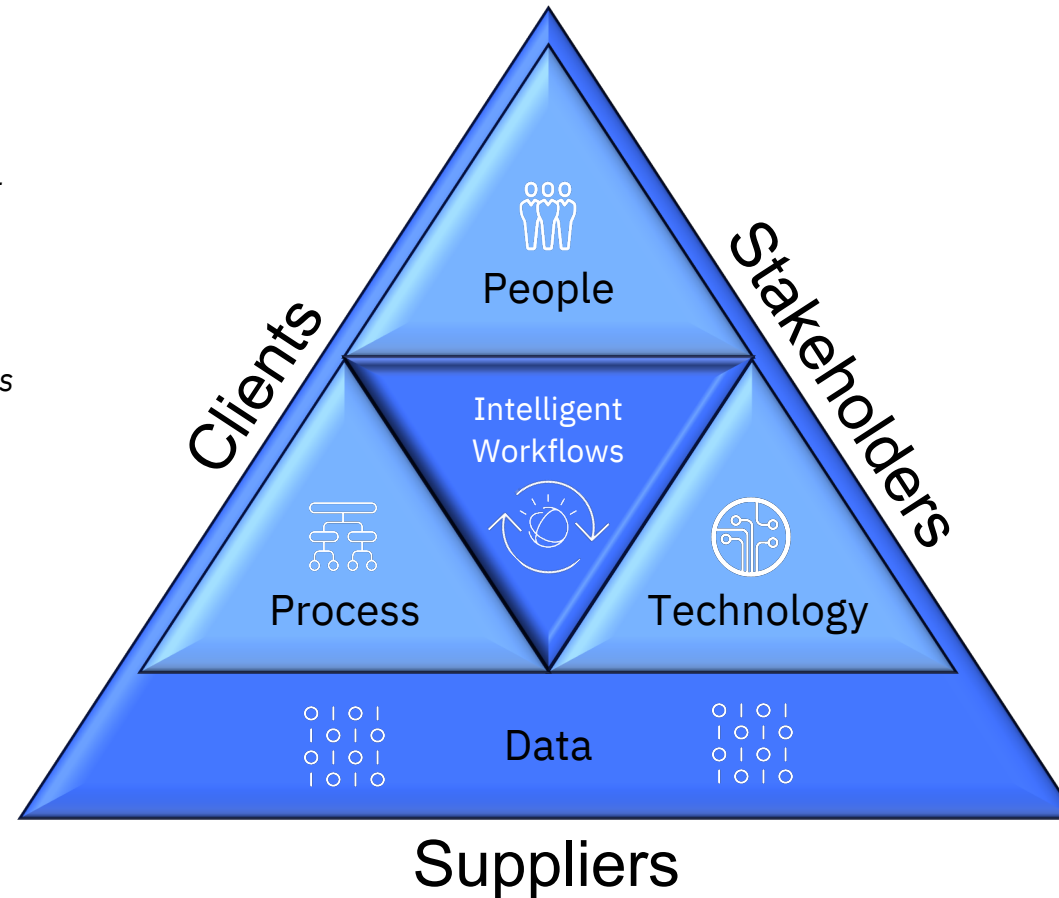
*smart, simplified, connected, best in class*

### **Technology** enabling

*embedded, delivering exponential value*

### **Data** foundation

*trusted, real-time, strategic resource*



### **Outcomes:**

Margin/revenue growth

Increased **speed** over elegance

Leaders in innovation

Skilled & **engaged employees**

Exemplary user experience

**Delighted** stakeholders & **clients**

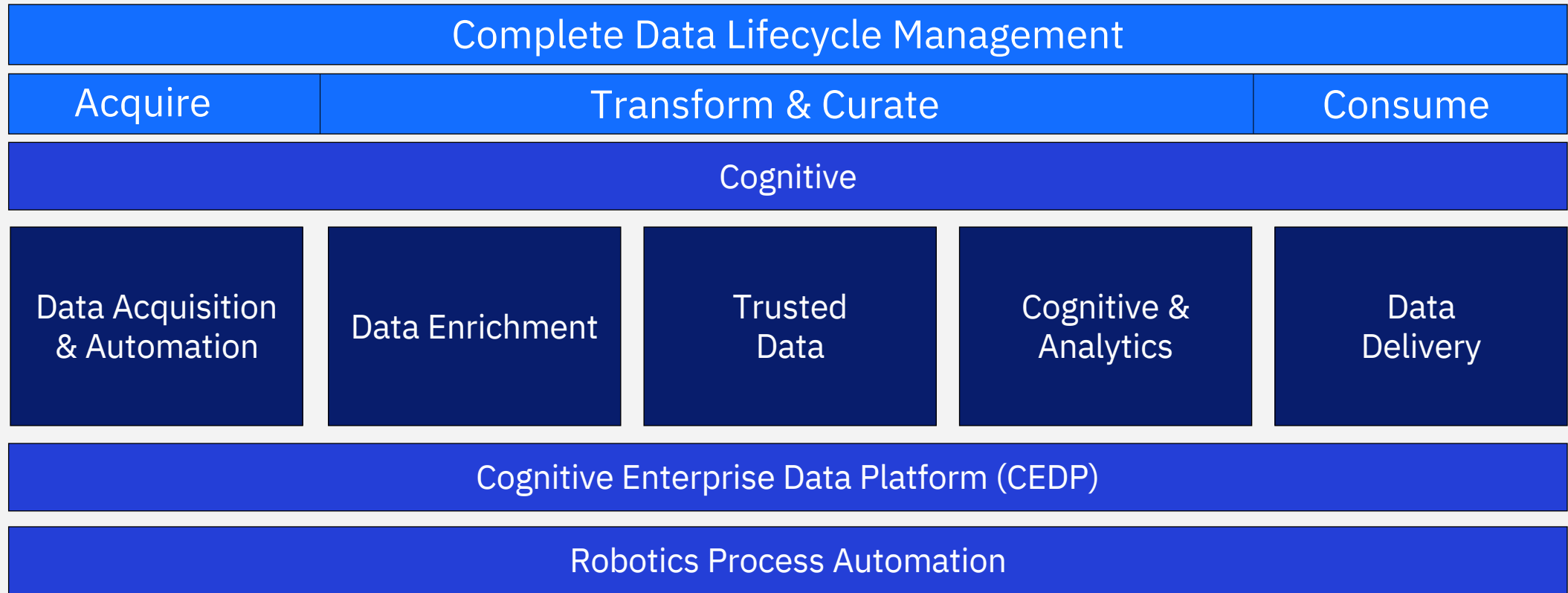
IBM brand protected

Renowned **external eminence**

**Enabled by our talent & technology, we deliver outcomes with speed & value**

# Procurement Data Strategy

Enterprise aligned and fully integrated



**Governance**

# Digital Transformation

## Lessons Learned



### *Data challenges*

#### **Centralized Data Lake and standards**

- Create and maintain unified data taxonomy and strategy
- Cloud Enterprise Data Platform acts as central data lake for all mission-critical AI assets



### *Lack of visibility across the enterprise*

#### **Build across enterprise community**

- Ideally create a single Cognitive Enterprise community across the enterprise business units
- Compelling narratives frequently shared across enterprise



### *Lack of expertise to deliver at scale*

#### **Focus on Intelligent Workflows**

- Dedicated data science and engineering teams embedded in enterprise workflows
- Build automation and data science skills among agile teams within workflow to deliver new solutions



### *Default to old ways of working*

#### **Outcome driven innovation**

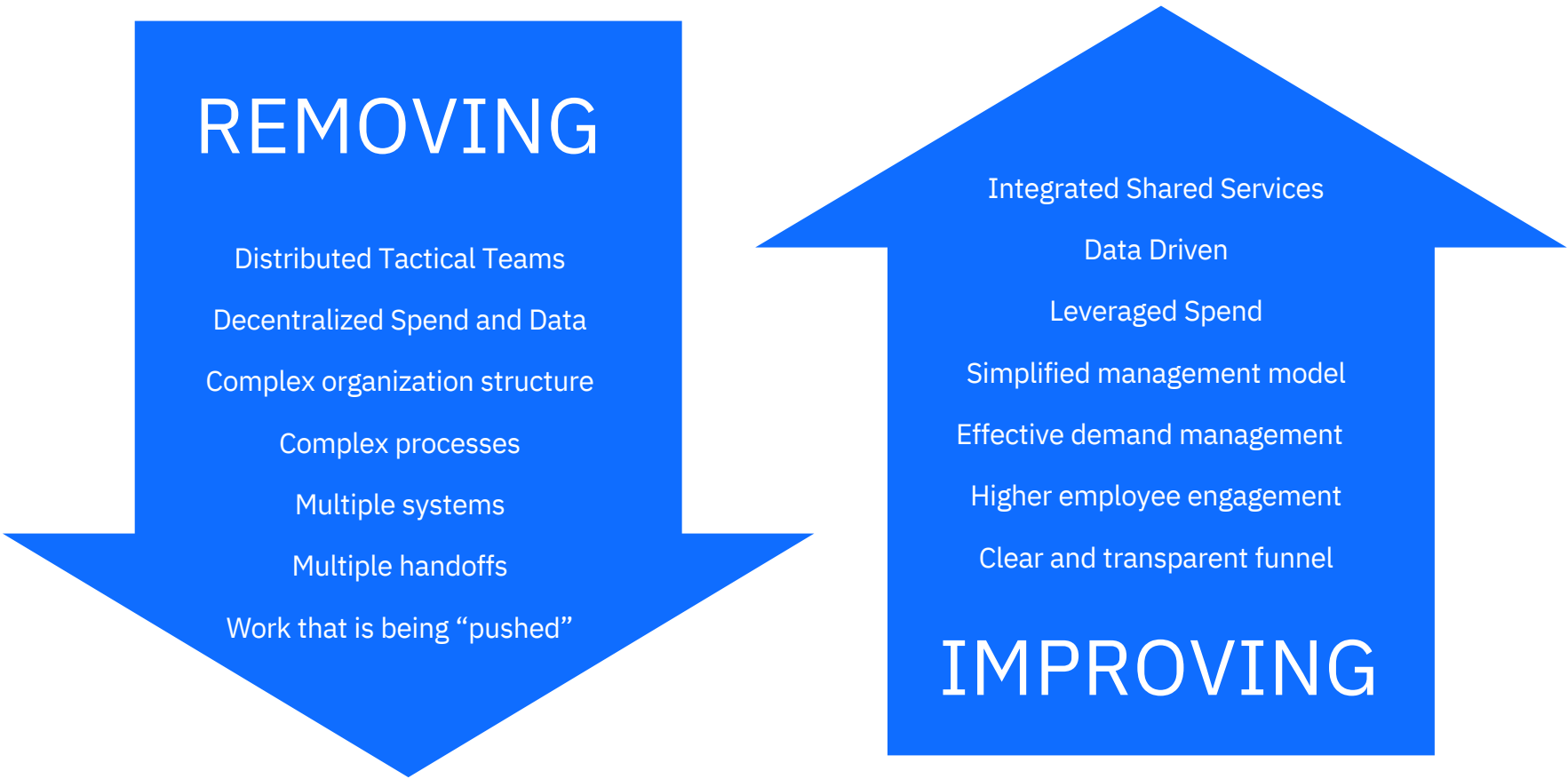
- Enterprise commitment to Design Thinking and Agile
- Change Management integrated into design
- Well-defined and agreed upon benefit targets

# Service Delivery: Agile Accelerate Model

## Accelerate, so agile design principles can flourish

IBM Procurement follows the "Accelerate" model. With Accelerate, we form agile teams, distribute work, and measure what matters.

This agile model **increases speed** and **decreases costs** for our Clients by:



### DESIGN PRINCIPLES



Client  
focus



Supplier  
management



Funnel  
management

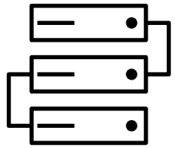


End-to-end  
accountability



HR, expense,  
metrics & controls  
alignment

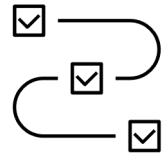
# Reinventing and building a **Cognitive Procurement Enterprise** requires a systemic approach across four dimensions



## Trusted Data

*Leverage the incumbent advantage in data*

*Earn trust with security*



## Intelligent Workflows

*Redesign workflows*

*Create platforms for differentiated advantage*



## Exponential Technologies

*Architect your business for change with:*

*AI, blockchain, automation, 5G, internet of things, edge*

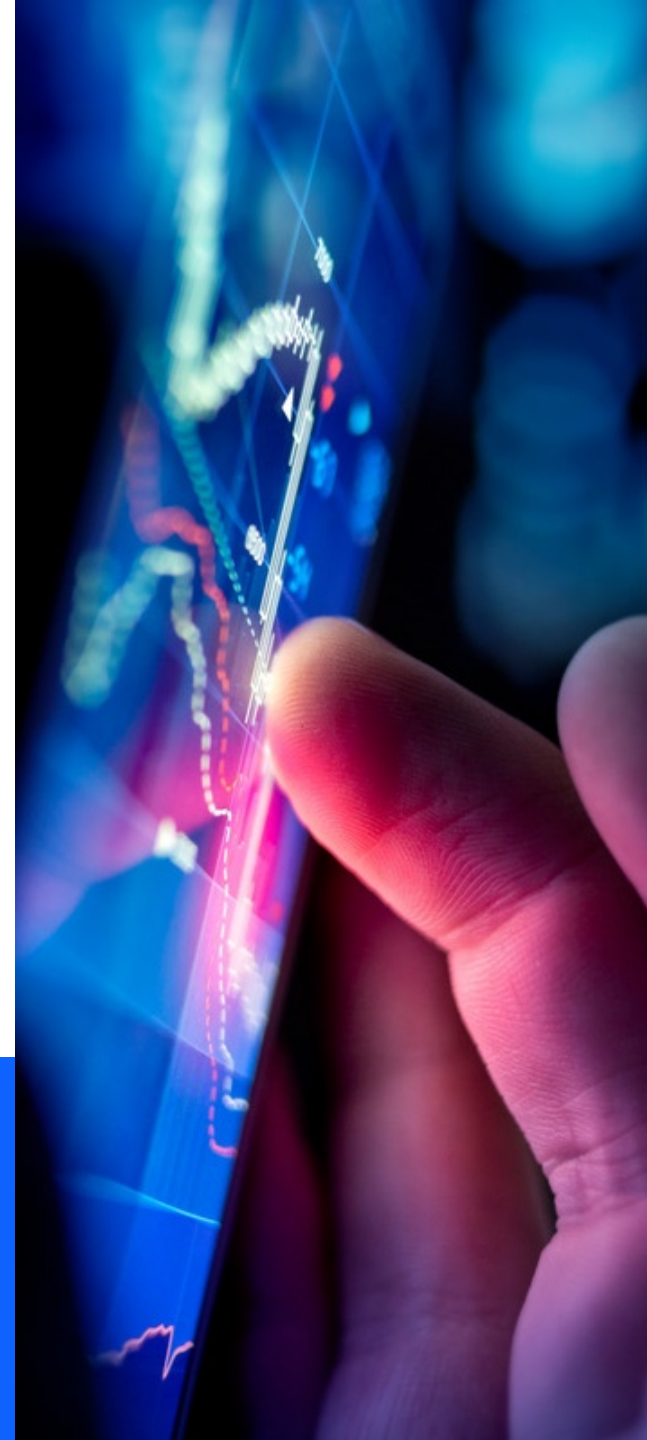
*... running on Hybrid Cloud*



*Continuous skills reinvention*

## Experience

*Culture of agile innovation*







# Source to Pay Procurement

Buying and paying made easier, faster and frictionless with cognitive

We implemented ...

**advanced contract analytics** to manage contract authoring and risk, **cognitive pricing** to negotiate better rates using market insights of inflight deals, **blockchain** to seamlessly onboard new suppliers and eliminate disputes, and **prescriptive analytics** to enable self-service for buyers.

Which led to a better human experience ...

**2 days → 10 mins**

time to complete pricing analysis

**90%**

reduction in time spent on batch analysis of multiple contracts through AI-supported search

And better business outcomes ...

**\$180M**

in total cost savings through supplier negotiations enabled by data insights

**10x faster**

in new supplier onboarding time

Next, we will ...

Implement a **best-in-class Accounts Payable intelligent workflow** through invoice analysis and dynamic risk modeling to automate payments and reduce errors and fraud.

Build an **AI-infused virtual assistant** to streamline the requester and buyer experience and reduce manual efforts, digitally reinvent the middle office for efficient requisition handling.

# People

## Skilled professionals with a passion for growth

### Our Priorities:

- ✓ Ensure safety & well-being of our employees and their families
- ✓ Embrace our culture of diversity & inclusion
- ✓ Facilitate employee engagement
- ✓ Foster entrepreneurial & growth mindset
- ✓ Encourage rotations
- ✓ Establish empowered, diverse teams
- ✓ Promote skills and career growth



### Emb(race)

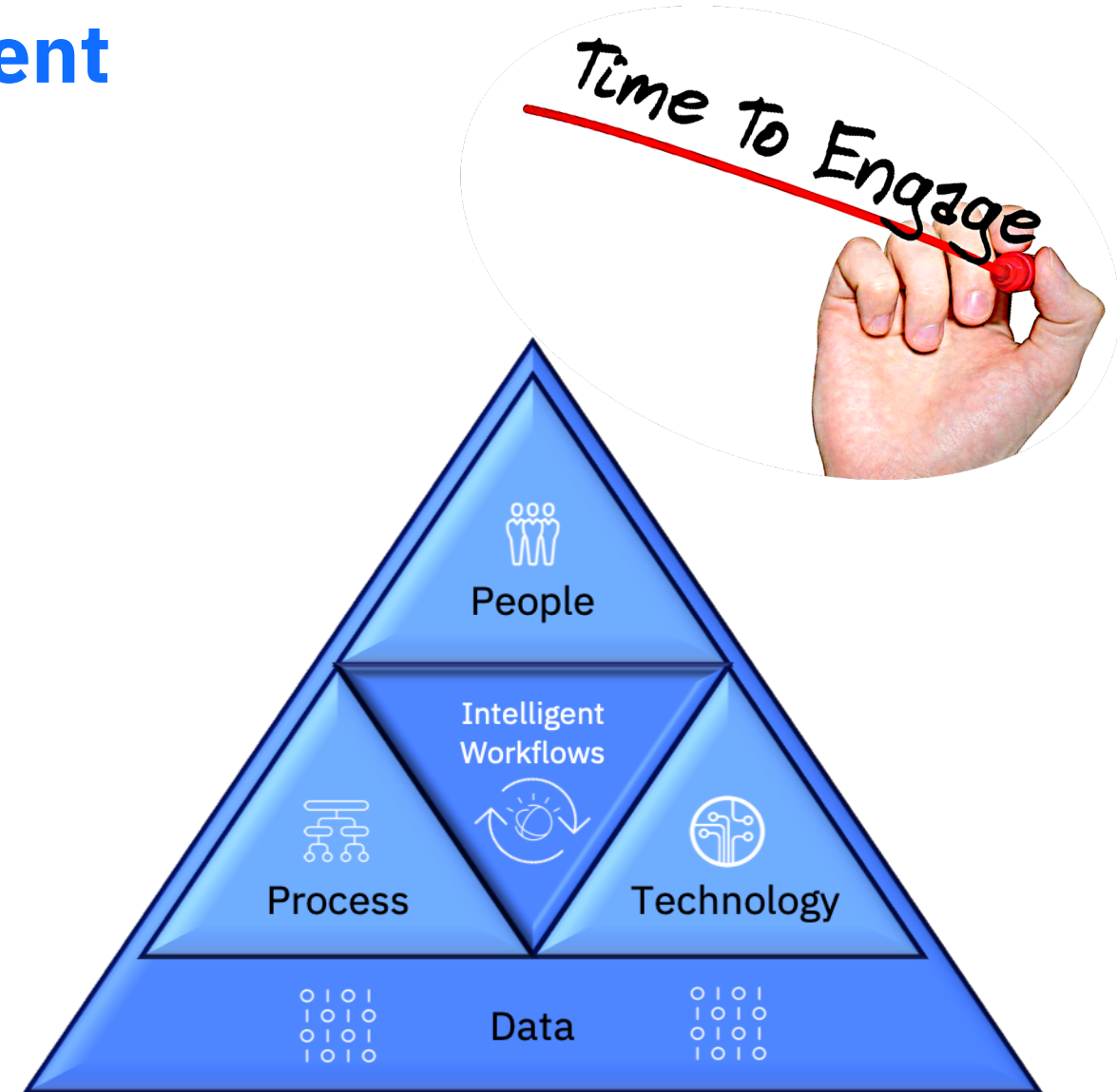
I pledge not to remain silent.  
I pledge to better understand the Black experience.  
I pledge to fully embrace race and ethnicity with empathy.  
I pledge to demonstrate equality through action.  
I pledge to create safe spaces to speak out.  
I pledge to be an upstander in every environment.  
I pledge to be an Ally.



# Encourage employee engagement

## Employees should...

- ✓ **Prioritize themselves** and their families first
- ✓ Stay curious and passionately **grow** personal and professional **skills**
- ✓ Aim for **speed** over perfection
- ✓ **Engage** with others within Procurement, IBM and externally
- ✓ Promote IBM **external eminence**
- ✓ Continuously **innovate** and **adopt** new technology
- ✓ Listen first, understand **stakeholder** & **client** needs, then **delight** them



**Disruption is pervasive;  
reshaping industries  
and domains**

**out**

**Data and Analytics are  
foundational to success  
and enable new insights**

**New forms of engagement will  
streamline operations, increase  
speed and reduce risk**



**Cognitive capabilities bring a new  
Era to our profession – an  
opportunity to take outcomes to  
new levels of excellence**

**think**

**Smarter tools, processes and  
insights elevate the role of supply  
chain and the procurement  
professional and ultimately enable  
competitive advantage**

