

ISM-NY ANNUAL CONFERENCE

ISM 2019 PROCUREMENT TRENDS

A primer to the 2019 ISM NY Annual Procurement Trends and Innovation Conference in April 2019

Innovation is the act or process of introducing new ideas, devices or methods. For example, the first telephone was an invention, but the Smart Phone was an innovation. When innovation is adopted by 20-30% of enterprise organizations, this is considered a 'trend'. When the adoption is closer to ~80%, this is now labelled a 'leading practice'.

The Procurement and Supply Chain industry continues to shift its paradigm to meet global demand and improve competitive advantages. Among the top trends identified for 2019 are:

1. IMPROVED STRATEGIC PARTNERSHIP WITH SUPPLIERS

The PWC, Vision 2020¹⁰ publication, states the top 25% of the procurement function will need to advance beyond incremental improvements and implement foundational changes to processes and policies. Suppliers continue to remain central to innovate quickly. Real collaboration and strategic partnerships will be required by organizations to transition from cost / value to Return on Investment (ROI).

2. DIGITAL TECHNOLOGIES

Digital technologies including cryptocurrency, blockchain, cloud, internet of things (IoT), artificial intelligence (AI), and robotic process automation (RPA) will continue to gain momentum and become a more visible presence in the procurement department. A March 2018 survey conducted by Forrester Research highlighted 60% of enterprise organizations and 54% of midmarket organizations have identified accelerating their digital business as a top priority. Additionally, McKinstry & Company found ~ 60%⁵ of the hundreds of individual tasks involved in the source-to-pay process have the potential to be fully or largely automated using current available technologies. McKinstry's study also found significant automation potential not only in transactional activities, such as order and invoice processing, but also in much more strategic tasks, such as vendor selection and management.

3. CYBER SECURITY

Cyberattacks are the fastest growing crime⁷ in the U.S., and they are increasing in size, sophistication, and cost.

- The total cost of a successful cyber-attack is over \$5 million, or \$301 per employee¹
- The most expensive component of a cyber-attack is information loss, which represents 43 percent of costs²
- Damage related to cybercrime is projected to hit \$6 trillion annually by 2021³
- Malware and web-based attacks are the two most costly attack types — companies spent an average of US \$2.4 million in defense⁴

In response to the threat, procurement teams must aggressively protect the sensitive personal and financial information belonging both to their own organizations and to their suppliers.

4. FACT-BASED PROCUREMENT DECISIONS

Focusing on cost savings may be impactful in the near term, but it doesn't provide the long-term value needed to remain competitive. With big data, the use of 'Data Lakes', and leveraging cloud-based technology, it is possible and practical to incorporate strategic considerations for supplier performance, risk analysis, and sustainable practices within a majority of procurement decisions. More than half of all midmarket and enterprise organizations surveyed in the Forrester study⁸ cited the ability to better leverage big data and analytics as a priority.

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5. RISK

2018 surfaced Brexit, global trade wars, government shut downs, labor shortages, and climate impact. Organizations who understand how to prepare and adapt with the unexpected will be best positioned to 'make-it-to-the-other-side'. Deloitte11 believes procurement will become the forecasters of organization risk, raising the profile of the procurement organization as it evaluates total cost of risk and risk mitigation within the supply chain.

6. TALENT SHORTAGES / EVOLVING SKILL SETS

A shortage of qualified talent will continue to be an obstacle for procurement organizations in 2019. For example, the U.S. Bureau of Labor Statistics reports jobs in logistics are estimated to grow by 26% through 2020. A survey by DHL6 revealed the top factors driving the talent shortage:

- Changing skill requirements
- Aging workforce
- Lack of development
- Perception that supply chain jobs lack excitement

Soft skills like leadership, strategic and critical thinking, creativity, and imagination are now just as vital as the hard skills more typically required in procurement professionals.

On April 2, 2019, ISM-NY will continue to bring forward speakers to articulate procurement trends and innovations to its members across NY, CT, and NJ. Amazon Business has graciously offered to host us again in 2019 at their new facilities in Hudson Yards. This year, our speakers will discuss a variety of topics such as Mindfulness & other work-life balance corporate perks, global risk management, predictive analytics, procurement center of excellence, plus a continuation of topics from 2018 including how Procurement organizations are embracing Blockchain and savings trends in Tax. Additionally, separate breakout sessions will enable key conference sponsors to educate, from their perspective, the demands from their customers that may become future trends and innovations.

Registration is now open! With seating limited to 150 participants, we encourage you to register now and save yourself a seat. Click here to view registration details.

- Looking forward to another exciting year in Procurement -

SOURCES:

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