

Keelvar > 5 reasons sourcing optimization is a competitive differentiator

For some, it's unfathomable that many Fortune 500 companies, who source billions through their supply chains, still use spreadsheets and manual data analysis for their complex, strategic tenders. However for many organizations, this is still the norm.

What is still holding these companies back from embracing sourcing optimization? After all, upon adopting sourcing optimization, most companies report new savings after their first bidding event, improvements to their process and best practices, and even enhanced supplier relationships.

Some sourcing professionals still believe sourcing optimization is either too complicated or unnecessary for their requirements, often preferring to stick to basic e-sourcing software or desktop tools for their negotiations. For others, sourcing optimization is still viewed as a solution that is only really suitable for specific categories, such as transportation. As a result, teams are feeling stuck; they're using the same tools to confront new constraints and difficult challenges, and they're not getting optimal results.



Here we'll take a deeper look at the five reasons why sourcing optimization is a competitive differentiator.

1. Sourcing optimization has the biggest ROI of any technology

With cost-saving measures high on the agenda and an abundance of new technologies on the market aimed at streamlining sourcing practices, the return on investment of a solution is a vital metric for any organization weighing up the benefits of introducing an update to their sourcing tool.

Not only does sourcing optimization afford benefits that are simply not possible using legacy systems, but it also has possibly the highest ROI of any SaaS solution that an organization can purchase, not just within procurement. In almost every case, the first sourcing event that you conduct utilizing sourcing optimization technology, will more than pay for the entire subscription of the tool. Typically we see companies saving an additional 5-10% on their strategic sourcing events when utilizing sourcing optimization. Consider one of your large strategic annual tenders and even taking a conservative 2-3% savings, you would achieve 100% ROI post event. Modern sourcing optimization technology is much easier and faster to deploy meaning most customers are up and running their first event in a mere 3-4 weeks.

5-10%

additional savings when
utilizing sourcing optimization

3-4 weeks

to achieve 100% ROI



2. Sourcing optimization's efficiency far surpasses spreadsheet comfort

With their ease of use and versatility, spreadsheets will always have a role in the procurement workplace. But even for expert Excel users, there is time-savings potential within sourcing optimization technology that is just not achievable when relying primarily on desktop tools.

By turning to spreadsheets to manage events, in many cases, you're effectively limiting the number of suppliers that you can invite due to the vast quantities of data to be managed. By comparison, when using sourcing optimization and its ability to automate that work, there's no extra effort involved whether 50 or 250 or 2,000 suppliers are invited to take part, as well as having the added benefit of 100% of the data centralized and traceable across bidding activities.

Along with the option of flexible bidding – a key component of any sourcing optimization tool worth its salt – optimization gives suppliers the ability to reveal innovation as well as savings opportunities that may otherwise be missed. It allows bidders to be expressive and offer conditional bids or alternatives. Coupled with real-time bidder feedback it also drives price compression all of which is impossible in static spreadsheets.

For large enterprises running massive sourcing events across multiple spend categories, that's where sourcing optimization really excels. It handles complex negotiations with flexibility in feedback rules, scenario analysis, and multi-stage bidding. This generates significant cost savings by exploring expressive award alternatives and supplier packaging options that improve utilization—something traditional tools cannot match.

85%
time savings

\$5M
cost savings

SAMSUNG Switched from Excel to sourcing optimization in logistics



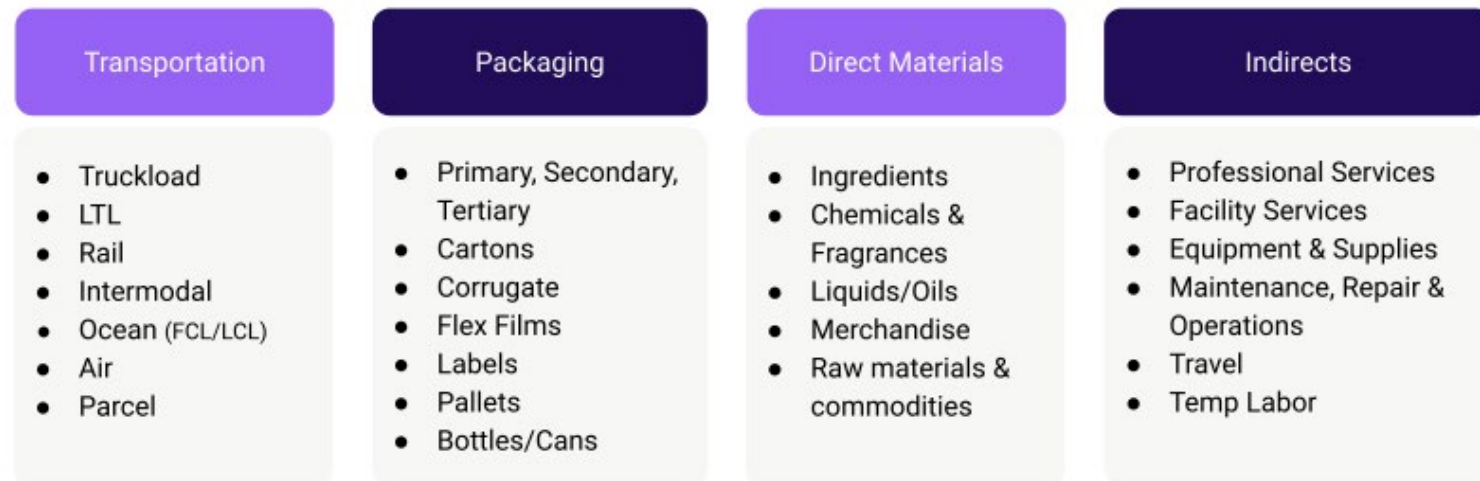


3. Go broad & handle all spend categories & events sizes

The scalability of a solution is a key consideration for procurement teams with spend categories featuring large events. But sometimes even smaller events can warrant sourcing optimization due to the number of locations involved, capacity, minimum order quantity or cost breakouts. Big or small, simple or complex, sourcing optimization has the versatility to handle all-sized events -- and it's not just limited to certain categories, either.

Additional challenges that add another layer of complexity for sourcing teams to manage can include new stakeholders with additional needs to be addressed, rules around CSR goals, or sustainability constraints that have to be taken into account. By having the right tools to hand, sourcing teams are empowered to react to such challenges much more effectively. Sourcing optimization allows organizations to easily embrace complexity, not shy away from it and thus meaning companies thrive within it.

Optimize across spend categories



4. More easily factor in sustainability to award decisions

With the right enabling solutions in place, procurement can play a leadership role in driving change to more sustainable business practices and enable sourcing teams to account for sustainability goals and supplier-related Scope 3 emissions. This is achievable as optimization enables expressiveness from suppliers and also enables nuanced trade-off analysis in scenarios where multiple objectives need to be considered.

For example, sourcing optimization is frequently used in transportation events because time and cost trade-offs are an essential aspect of making award decisions. Adding a third dimension of sustainability allows you to evaluate the cost and service changes associated with a lower carbon strategy.

Sourcing optimization also provides a means of gathering the data required to calculate emissions from suppliers during the bidding stage. In the same way that suppliers are asked to submit standard data, such as the origin, destination, chargeable weight, and type of service, in a transport event, bid sheet columns can be created that enable suppliers to enter information about the vehicles that will be used to transport the goods or what % of recycled materials they use.





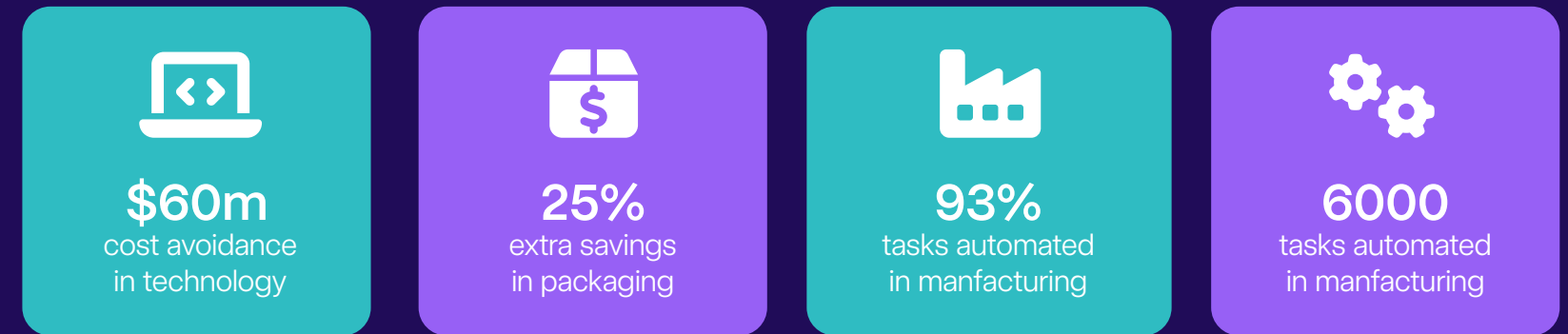
5. Getting your business tech-ready to attract fresh talent

As digital natives, the next generation of talent is far more likely to be attracted to roles that afford them an opportunity to showcase their prowess with digital tools and apps. They may also be less willing to use complex or archaic IT systems and software when they know there are modern, user-friendly and efficient ways of getting their work done utilizing a modern tech stack.

Developing an active hiring and retention program will be key to keeping the candidate pipeline full as new positions within your business emerge. Having a sourcing platform that marries optimization power with the usability that this next generation of workers look for in a technology solution will go a long way towards convincing tech-savvy young professionals that your company is the right fit for them. And with the addition of a intelligent sourcing automation to your toolkit, you will be helping to enable the success of a younger team member who might not have the decades of experience of their predecessor to fill those shoes much more effectively.

Sourcing optimization: In practice

If, like us, you have to see it before you can believe it, head here to learn how Mars, Carlsberg, Samsung, and many more, achieved seemingly impossible results with Keelvar's Sourcing Optimizer.



From uncovering new financial savings (because let's face it – costs are still king) to a reduction in time-to-award rate and boosting team productivity and operational efficiency – sourcing optimization has many distinct advantages over other e-sourcing solutions on the market. Perhaps another reason to embrace sourcing optimization is that it doesn't need to sound a death knell for those general e-sourcing tools your organization has invested significant time and money in either.

Keelvar seamlessly integrates with all your procurement stack ensuring that customers can modernize their tech stack without moving

mountains and adding value to existing processes rather than disruption. Keelvar's optimization capabilities (particularly when paired with automation) allow organizations to drive more sourcing volume with fewer trained personnel, scaling efforts rapidly.

With Procurement so often being asked to deliver more with less resources, Sourcing Optimization is the perfect answer to giving Procurement that much valued strategic seat at the C-Suite table.

See sourcing optimization live in action www.keelvar.com/demo