

# Intelligent Spend for the Public Sector

Prioritizing Equality, Efficiency, Effectiveness, and Economy

THE BEST RUN



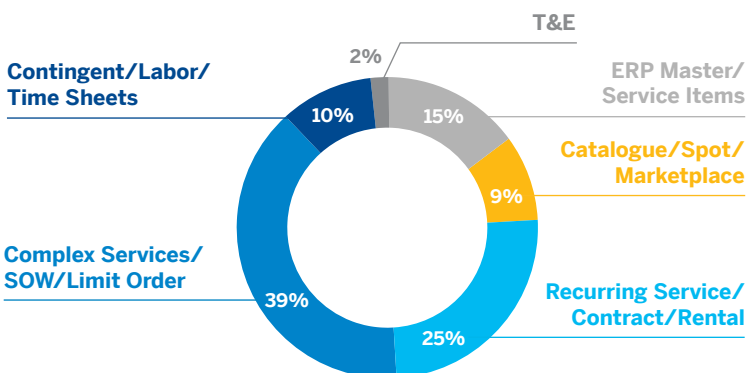
# Driving Accountability Across Procurement and Supply Networks

Public sector leaders and front-line bureaucrats are expected to address a growing list of unprecedented challenges through policy development and regulation, while balancing investment and budget constraints. Constituents expect citizen-centric services and practices that are transparent, fair, efficient, and auditable. Meanwhile, disruptions in supply chains and procurement processes have underscored structural weaknesses and vulnerabilities.

To fill service gaps and enhance outcomes, public sector organizations must find new ways to collaborate. For example, countless moving parts must be considered, such as building and maintaining public places, delivering efficient services, and ensuring citizen and employee safety. A broad array of buying channels, agency silos, and regulations can further complicate spend processes. (See Figure 1.)

From this point of view, we will examine how public organizations can stay one step ahead of their citizens' needs with agile procurement processes that are flexible, transparent, and collaborative. More importantly, you'll know how to safeguard your services while responding to changing citizen expectations and cost containment challenges.

Figure 1: Buying Channels as a Percentage of Transactions<sup>1</sup>



## State of Public Sector Organizations

69% want access to real-time data to improve decision-making for budget allocations<sup>2</sup>

15% can gain a clear view of overall spend automatically, in real time<sup>3</sup>

Only 33% have procurement functions that "frequently or always" use data to inform decision-making<sup>4</sup>

45% view gaining visibility into vendor performance as challenging<sup>5</sup>

12% are sharing their supply chain and logistics data with outside partners<sup>6</sup>

49% say that most or all of their procurement processes are manual<sup>7</sup>

74% consider their social and environmental reputations as an advantage when seeking skilled talent<sup>8</sup>

17% use procurement technology for contingent workforce management<sup>9</sup>

<sup>1</sup> Research insights from Digital Transformation organization at SAP.

<sup>2-4,7,9</sup> Oxford Economics, 2021.

<sup>5-6,8</sup> "The Public Sector Transformation Imperative," Oxford Economics, sponsored by SAP, 2020.

# Strengthening Resiliency with Digital Procurement

A combination of process automation and intelligent spend management brings tremendous power when integrating previously siloed processes and data across the value chain. This synergy enables public sector organizations to adopt four fundamental best practices for consistent delivery of services that fulfill citizens' needs.

## Citizen-Centric Equity and Efficiency

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When interacting with government, stakeholders expect a transparent, uncomplicated experience that addresses their unique needs with personalized, self-managed, secure, and always-available interactions. But more than anything else, they want fair and equal treatment.

Building and maintaining citizens' trust require public sector entities to digitally transform their processes and organizational models. In return, they can share data securely across agencies and with external partners, create a better citizen experience, provide services based on current needs and accurate data, and act responsibly with taxpayer money. Further, they can orchestrate open and transparent procurement activities to maximize cost savings and contract compliance, encourage underrepresented businesses to become suppliers, and mitigate fraud, waste, and abuse across spend-related processes.

## Improved Efficiency with a Reimagined Structure

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Procurement processes are often inefficient due to a wide variety of resource-intensive work activities. They usually consist of lengthy e-mail searches, limited buyer-supplier collaboration, manual processing and analysis of supplier responses, and incomplete reporting from disconnected data sources. Even more frustrating is the issue of mismanaged and misplaced paper-based contracts and time-intensive supplier discovery, qualification, and risk reviews.

By consolidating departmental applications, government organizations can overcome these obstacles to efficient and transparent spending practices. This approach calls for a digital platform that connects internal operations, processes, and data with external partners, suppliers, and assets.

On top of that foundation is a range of integrated, comprehensive solutions that work together to help ensure policy and regulatory compliance, efficient operations, visibility, and lower costs and risks. For example, a contract management solution optimizes supply chain and financial agreements based on pre-agreed terms. A business network allows automated discovery and flexible onboarding of alternative suppliers. Plus, the inclusion of an external workforce application supports on-demand augmentation and management of the traditional workforce.



## Improve the Use of Data as an Asset for Optimized Outcomes

When running on disparate data sources, public sector organizations cannot extract meaningful insights in real time to deliver expected outcomes effectively. Leading agencies, on the other hand, adopt a data-driven and transparent governing culture to support evidence-based policymaking and program operations.

This capability begins with decisions that are informed with a baseline set of facts derived from operational and experience data pulled from internal and external sources. The value of these insights is further optimized when made available to all constituents – building public trust, increasing engagement, and fostering a more fluid exchange and access to data.

Using analytics and planning solutions, organizations can leverage this intelligence to predict how different resource strategies impact budgets and to develop, simulate, and report on critical outcomes and key performance indicators. Predictive analytics, for instance, enable public sector buyers to analyze procurement performance, covering essential factors such as expiration dates, overdue purchase orders, and urgent purchase requisitions. Buyers can better forecast the full consumption of a contract and renegotiate agreements more effectively based on historical data.

### Success Across the Public Sector

**32%** lower procurement costs when supplier competition for commodity spend is fostered to reduce prices and achieve true market value

**9%** higher operating margins when change orders and purchase order acknowledgments are controlled and recommunicated to the supplier electronically

**46%** lower maverick spend when formal processes collect multiple supplier responses for new and renegotiated buying

Source: SAP Performance Benchmarking

## The Modern Workforce

An external workforce comprising government contractors and service organizations is often needed to fill operational and talent gaps. It also helps public sector agencies adhere to legislative and policy changes while equitably and efficiently meeting citizen needs and expectations.

When procuring external workers, agencies must discover, evaluate, select, and award suppliers with the right experience, certifications, and rates. Organizations can develop the scope of the request, open the job requisition request to interested providers (including minority-, women- and veteran-owned businesses), and manage the acceptance and reward process.

Once the provider is chosen, organizations can onboard, equip, and train external workers quickly and efficiently with consistent, compliant, and secure digital processes. The terms of employment can be set up to ensure workers are compensated at the correct rate and automatically offboarded when predefined milestones and deliverables are completed. Furthermore, monitoring and audit checks of supplier performance and quality can be established from the start and throughout the project to help ensure the safety of the workers, as well as all citizens.

Digitalizing the external workforce management process provides the visibility and data insights that stakeholders need to ensure their external workforce is connected, productive, and compliant. By effectively delivering financial, equitable, and sustainable outcomes, public sector organizations will be well-positioned to hire the talent they need and share their learnings with other government entities.



## How SAP Customers Succeed



**Boston University** processes 60,000 outbound purchase orders and 90,000 invoices and supports cash-flow targets for early payment discounts.



**Grainger** is a trusted supplier to public sector agencies, providing catalogs containing 1.6 million stocked products and responding rapidly to customer sourcing requests.



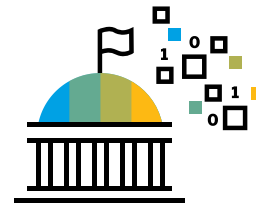
**TAFE NSW** automated their entire source-to-pay process, improving governance and compliance across the purchasing cycle.



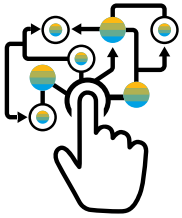
**The City of Edmonton** transformed procurement and contract management to better manage more than CAD\$1 Billion in annual spend.



**The University of Sydney** streamlined over 5,000 purchase orders and secured more than 40% of spend under management.



# Fostering Stability and Control for a Changing Constituency



With procurement solutions from SAP, government organizations can achieve mission outcomes by adopting data-driven scenarios that turn insight into action with accountability, sustainability, and transparency. But more importantly, they must improve their buying process to simplify goods and services delivery for all vendors.

## Streamlined, Sealed-Bidding Processes

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Discover, evaluate, select, and award suppliers with a unified user experience that helps ensure fair and open competition throughout your two-step sealed bidding process.

## Enhanced Business Network of Suppliers and Vendors

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Discover and collaborate with a global community of trading partners through a single directory that helps predict opportunities and disruptions and guide decision-making.

## Digital Supplier Contract Signatures

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Sign supplier contracts and other documents electronically for a faster, simpler, and more agile and secure contracting process, while enhancing the user experience.

## Third-Party Service Provider Management

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Invite the right providers to compete for the right project, manage complex projects, and track project progress based on hourly billing and predefined and managed milestones.

## Procurement of Goods and Services without Bidding

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Improve compliance and transparency of procurement and contract management with standardized tools, modernized processes, enhanced visibility, and organization-wide collaboration.

## Supplier Diversity with Transparency

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Engage a wider array of contractors and suppliers – such as certified small, women-owned, minority-owned, and veteran-owned entities – through a single business network.

## Contingent Workforce Management

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Onboard, equip, and train external workers quickly and efficiently with consistent and automated processes to improve workforce agility with better compliance and less risk.

## Sustainability and Purpose Across Procurement

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Support purpose-led practices to respond to rising demand for ethically sourced goods, eco-friendly and socially responsible operations, data privacy, and auditable governance.

## Engaging and Modern User Experience

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Attract and retain digitally savvy workers with a streamlined and compliant buying process that includes guided buying capabilities that minimize the risk of maverick spend.

# SAP® Solutions Unlock Next-Generation Procurement Practices

Government agencies that think about their citizens' experiences first are the ones optimizing spend with innovative service models and processes. They support a more efficient and agile work experience that quickly pivots when unforeseen disruptions occur, while adapting their operational model proactively. Plus, procurement activities are based on the department's specific responsibilities with data-driven decision-making and auditable accountability.

These outcomes are best accomplished with the modernized and intelligent capabilities of procurement solutions from SAP. The portfolio provides the foundation for integrated and intelligent experiences that streamline sealed-bidding processes, manage third-party service providers and contingent workforces, enhance the supplier network, automate contract tasks, and increase supplier diversity.

With our solutions, you can shift how your organization thinks about every spend category and buying channel. More importantly, you can obtain the goods and services necessary to get the job done, including contingent workforce and services, from diverse, compliant, and secure vendors and suppliers.

## Ready to Get Started?

Discover how procurement technology from SAP, including SAP Ariba® and SAP Fieldglass® solutions, can help your procurement function become a strategic partner in every area of your public sector organization.

[Learn more](#)

### Key Facts

>15,800

public sector institutions in 151 countries innovate with SAP solutions

58%

of United Nations member governments use SAP solutions to help improve citizen services

10

of the 10 most innovative countries in the world run SAP solutions

Source: SAP fast facts



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