Building a business case to upgrade your procurement toolset

As organisations look to deliver more than just cost savings, the case for going digital becomes hard to ignore. But how should the function go about building a business case and getting it over the line?

The opportunity

It's no secret that the automation of low-value tasks will enable procurement teams to move away from time-consuming and repetitive manual processes to focus on strategic, value-adding activities.

Building the business case for investment in procurement technology is a logical process but, as with any business transformation, it's important to build a case that speaks to all stakeholder groups.

The challenge

Your CFO or COO is going to be most concerned with the cost, resources required

for implementation and the projected ROI. Your CTO will have security concerns that need to be met, and your CEO will want to understand the benefits to the broader business.

All three stakeholders will expect the risks associated with process change and technology adoption to be comprehensively outlined and mitigated.

The process

The process of developing a solid business case for your key stakeholders can be broken down into five simple steps.

1. Clearly define the problem - and the opportunity

No one will support investment in new technology just for the sake of it, so start with the business problem you are trying to solve. If there is more than one, think about which is the priority.

Don't assume your stakeholders are familiar with the everyday challenges procurement teams face. Instead, gather and present key information in a way that clearly demonstrates the issues at play.

Top three insights for building your business case:

1. Present your business case to key stakeholders clearly and concisely, drawing on relevant data to reinforce your points.

2. Make sure you're completely up to speed on data security.

3. Always turn to your solution provider for support in developing your case.

2. Develop a compelling solution

Now you have a well-defined set of problems, you can marry potential digital solutions to them. How does each solution address each challenge? What improvement or gains can be expected?

For impact, present the current process alongside the proposed solution(s) and the benefits you expect to see. Articulate each point concisely, with qualitative or quantitative evidence.

3. Communicate expected ROI

Providers of digital solutions should be able to provide clear ROI metrics such as average cost savings or administrative time saved.

Working with your preferred vendor to calculate the figures in your own situation should allow you to say: "We expect to recoup the cost of the new platform within X months".

4. Be prepared to address security questions

Security covers a broad range of factors including data management, network architecture, physical infrastructure, access control, and system and data redundancy. It's important that you understand your preferred solution's security processes and protocols and can confidently run your CTO through each.

Your vendor should be able to provide documentation to address the most common data security questions. A vendor willing to help you build your business case is one that is likely to be serious about the project's long-term success.

5. Factor in an approach to change management

Close your presentation with an outline of your implementation plan, including how you will use change management best practices to drive successful adoption and lasting impact.

Awareness of the challenges you will face and a plan to mitigate these will help you gain executive confidence.

VendorPanel has experience working with hundreds of organisations to make the case for investment in transforming procurement. Get in touch to learn more about how we can help.