



Does procurement risk keep you up at night?

A manual approach to organisational procurement is a risky business with financial, safety, and reputational implications. But technology solutions offer effective ways to mitigate these risks.

The opportunity

Decentralised buying and high spend, which comes with the potential for major losses, make procurement a critical if vulnerable function, both in the public and private sectors.

Organisational procurement takes place across multiple departments and teams, and a diverse assortment of products and services is obtained at wide-ranging price points. Consequently, the associated risks are many and varied, exacerbated by procurement teams with limited resources operating under a decentralised model. This approach enables any buyer within the organisation to go to market for goods and services under a certain threshold, but often using manual, clunky processes.

While these individual purchases could be considered comparatively small, they are high in volume and often amount to the majority of an organisation's spend. Factor in the issue of non-compliance with procurement procedures and the entire process is fraught with risk.

Adopting a digital solution to integrate sourcing, finance, compliance, and other tools can significantly reduce risk in procurement by:

- Eliminating errors and vulnerabilities in the transfer of sourcing information between systems
- Displaying third-party supplier intelligence data to buyers at the point of discovery, removing the need to manually cross-reference for compliance or accreditation status
- Maintaining a single, robust audit trail that does not end at the system-edge.

The challenges

Procurement fraud is widespread across the globe. One-third of Australian companies report having experienced procurement fraud in the past two years. Meanwhile, a report by analytics firm SAS found that the UK was more reliant on ineffective manual procurement than any other nation in the study.

Top three insights for digital transformation:

1. Understand how digitisation can reduce risk and buyer non-compliance via the selection of a tool that simplifies the buying process.
2. Choose a solution that enables all procurement events to be managed in one place, providing transparency across the organisation's entire spend.
3. Integrate your sourcing, finance, compliance, and other tools to create an ecosystem that is tailored to the way your organisation operates.



The research, which explored fraud in the private sector, found that 24% of UK businesses have been victims of collusion between suppliers, 31% have been subjected to contract bid-rigging, and 43% to duplicate invoices.

Reasons for such high instances of fraud include lack of (or incomplete) documentation to validate the purchase of goods, misalignment between policy and process, poor contract monitoring, and the absence of evaluation panels.

The challenges

An integrated technology solution can protect an organisation and its employees, as well as enabling procurement to shift its approach from a reactive to a proactive one.

Protecting the organisation

Not only are manual processes highly inefficient, but they also obscure the visibility of procurement activity. A digital solution will facilitate more effective management of preferred and pre-qualified supplier arrangements, drive staff compliance, and improve transparency across all organisational spend.

Protecting the workforce

Most buyers aren't procurement experts. While most employees mean well, they are likely to focus on achieving outcomes as quickly as possible, and not on respecting procurement processes. A digital solution can make everyone happy, providing procurement with the confidence that key processes and policies will be adhered to and simplifying the buying process for the rest of the workforce.

Shifting from reactive to proactive

Manual processes make it difficult to determine exactly how much is lost each year to fraud, negligence, and inefficiency. But digitising procurement processes is becoming ever more affordable and solutions are quick and easy to implement, providing immediate protection to staff against procurement loss.

In addition, digitisation brings efficiency gains, cost savings, and supplier diversity benefits that create further value. This further supports procurement's goal to move from acting as a cost centre to a business enabler.

The integrated VendorPanel platform allows all procurement events to be managed in one place, from low value spend to strategic sourcing and tenders. It gives buyers access to all available sourcing options: preferred suppliers lists, collaborative arrangements, local suppliers, and social and indigenous businesses. Contact us to learn more about how we can help you reduce procurement risk.

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