

2020 CPO SURVEY

Summary Report

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Key Insights of the 2020 CPO Survey



Budget restrictions still represent the strongest roadblock to higher performance of the procurement organization



Procurement organizations lack transparency beyond their first tier-suppliers (sub-supplier and lower)



The Net Promoter Score can be an indicator for the performance of the procurement function



80% of the participants believe 'Digital Transformation' will affect procurement more in 2020 compared to 2019



Most organizations are in the middle of their digitalization journey



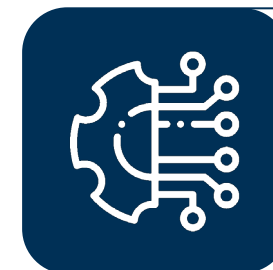
Smaller companies are lagging behind in the digital transformation



Procurement functions using more digital technologies are generally more satisfied with the used technologies



Most (78%) procurement organizations have a specific digitalization strategy, but satisfaction with it is rather low



Higher adoption rate of almost all emerging technologies compared to 2019, biggest jump in Big Data [+46%] and AI [+28%]



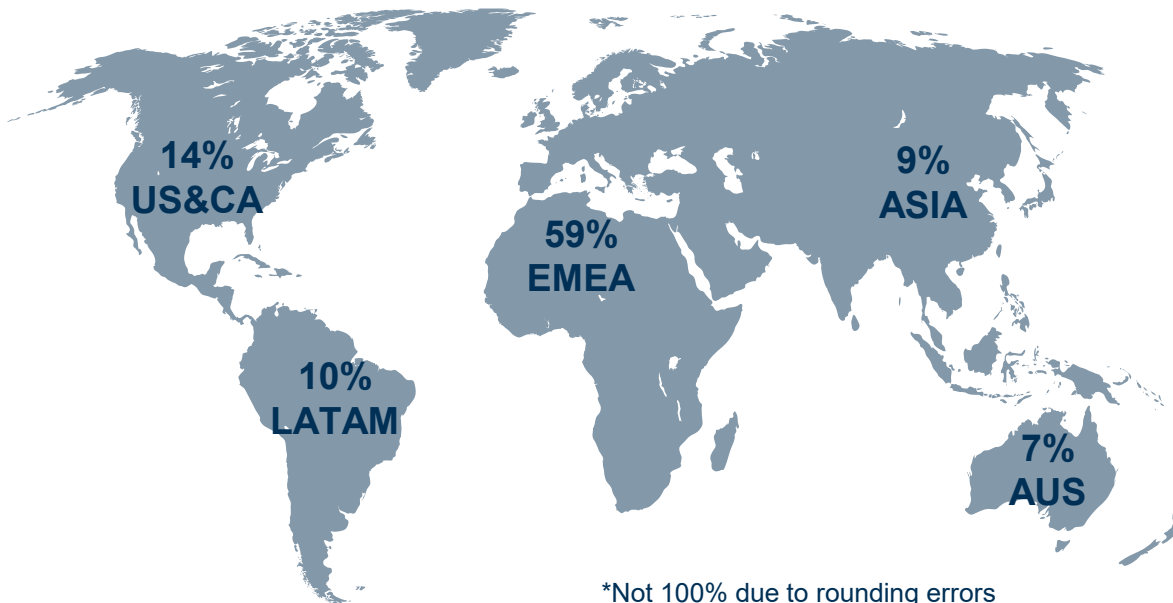
Most procurement organizations have a digitalization strategy and are increasingly investing in digital technologies, but in their digital transformation journey they are merely midway towards the desired target state.

This report reflects the view of 106 executives

- The CPO Survey 2020 provides new insights into trends and challenges that are shaping the future of procurement
- This summary report highlights the key results with regard to
 - challenges that procurement functions are facing in their struggle to becoming more efficient
 - digital technologies and strategies, which are shaping the procurement function of tomorrow
 - the application of emerging technologies in the procurement functions

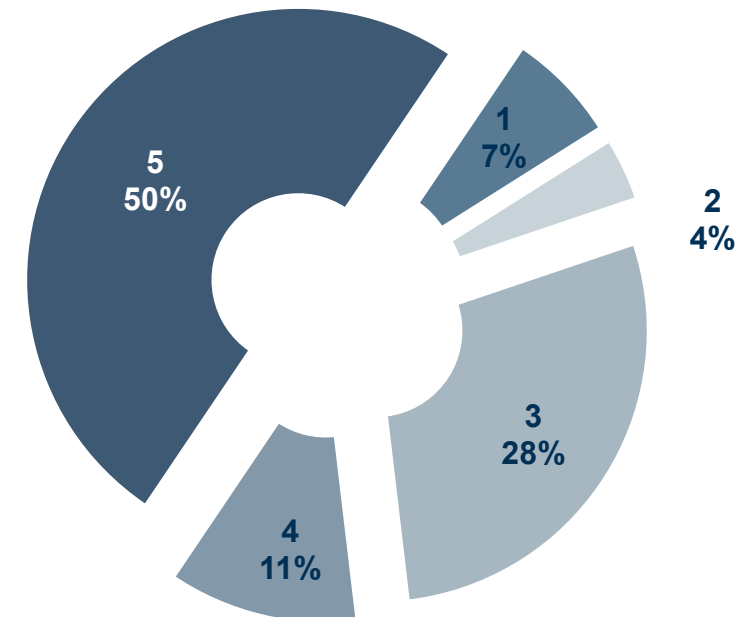
We hope you find this report insightful and would like to thank all the executives who contributed to this study!

GEOGRAPHY*



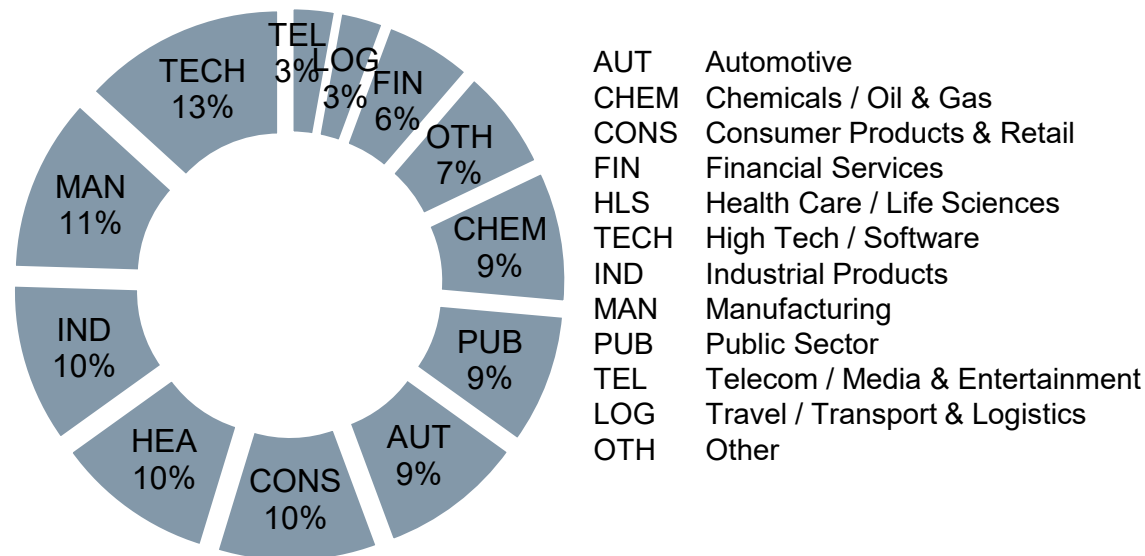
*Not 100% due to rounding errors

SENIORITY

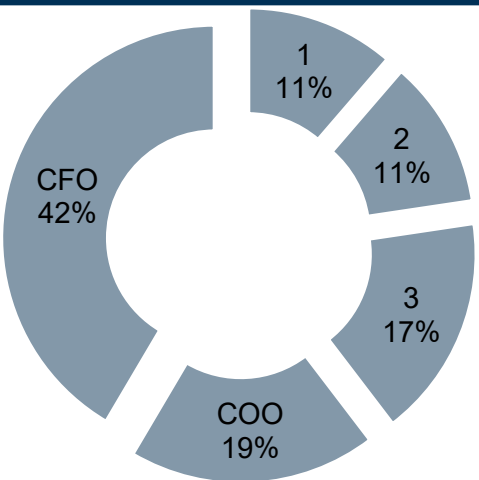


The procurement function mainly reports to the CFO

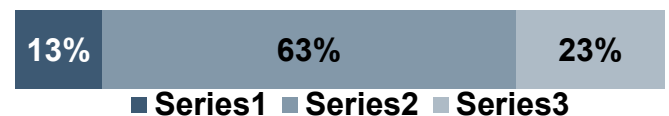
INDUSTRY



REPORTING TO...



PROCURED MATERIALS



ORGANIZATION FORM



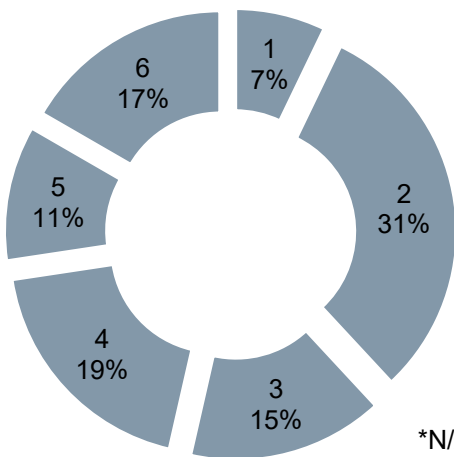
AVG. # OF FIRST TIER SUPPLIERS

3600 (median)

AVG. EMPLOYEE AGE

40 years (median)

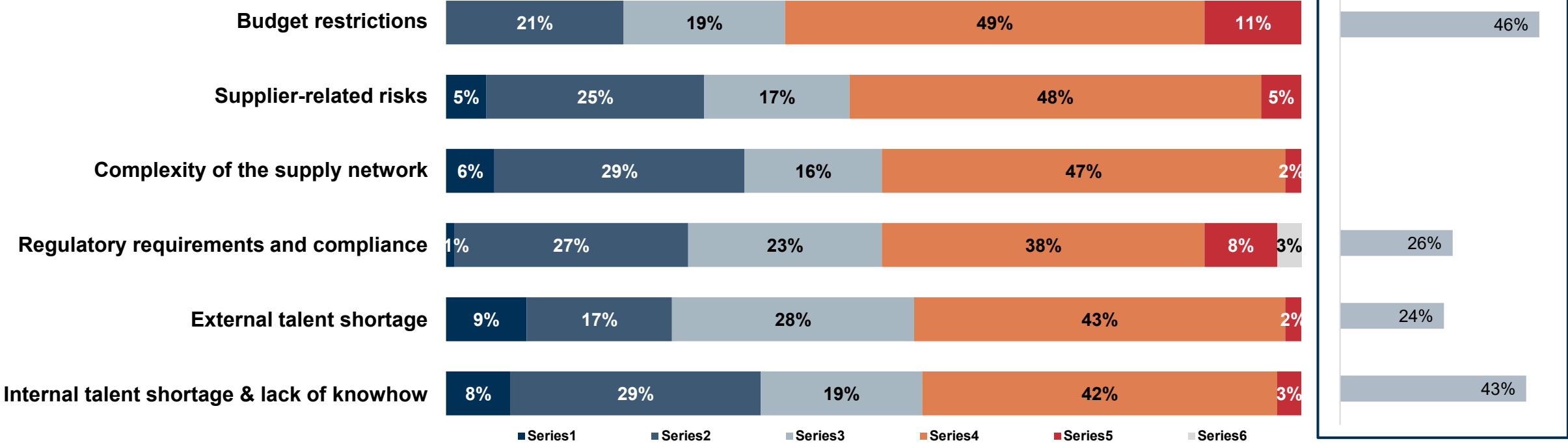
SIZE (# EMPLOYEES)*



*N/A = 22

Budget restrictions are still the biggest roadblock to higher performance

PERFORMANCE ROADBLOCKS



- Other:

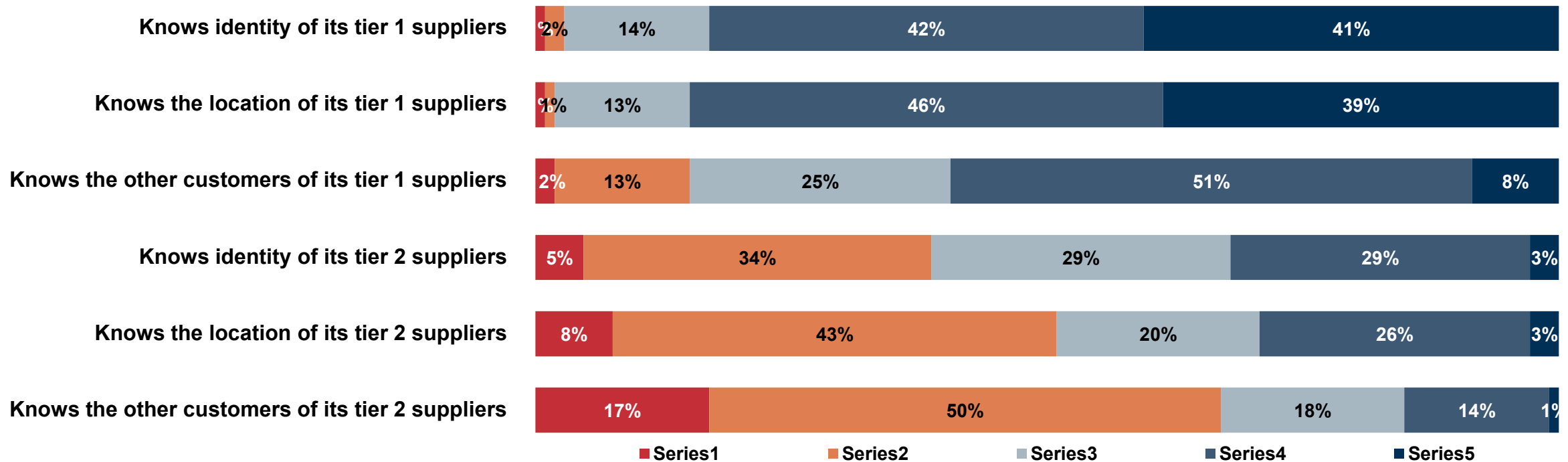
 - Capacity in sister functions like R&D / Q
 - Decentralization trend
 - Headcount constraints

- Lack of internal alignment of procurement
 - Not sufficient system support
 - Overspecification of requirements
 - Performance of available IT solutions

- Process efficiency
 - Recognition of the function
 - Technical constraints limiting supplier selection

Procurement organizations are lacking lower tier (sub-supplier) transparency

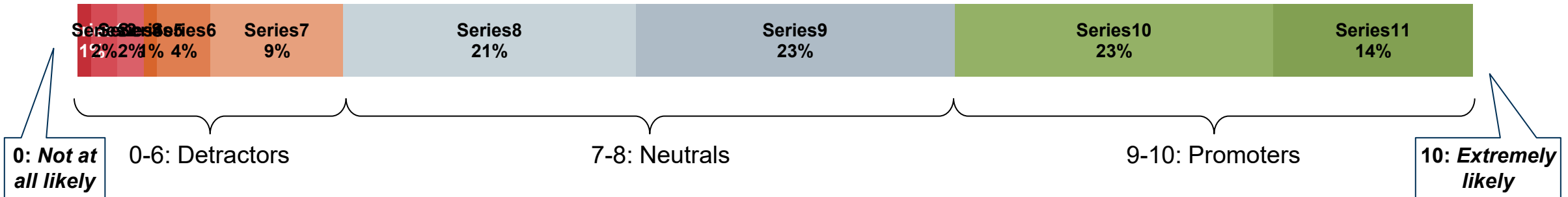
SUPPLY CHAIN TRANSPARENCY INDICATORS



→ Lower tier visibility is i.e. essential for supply risk / disruption management and supply chain sustainability issues

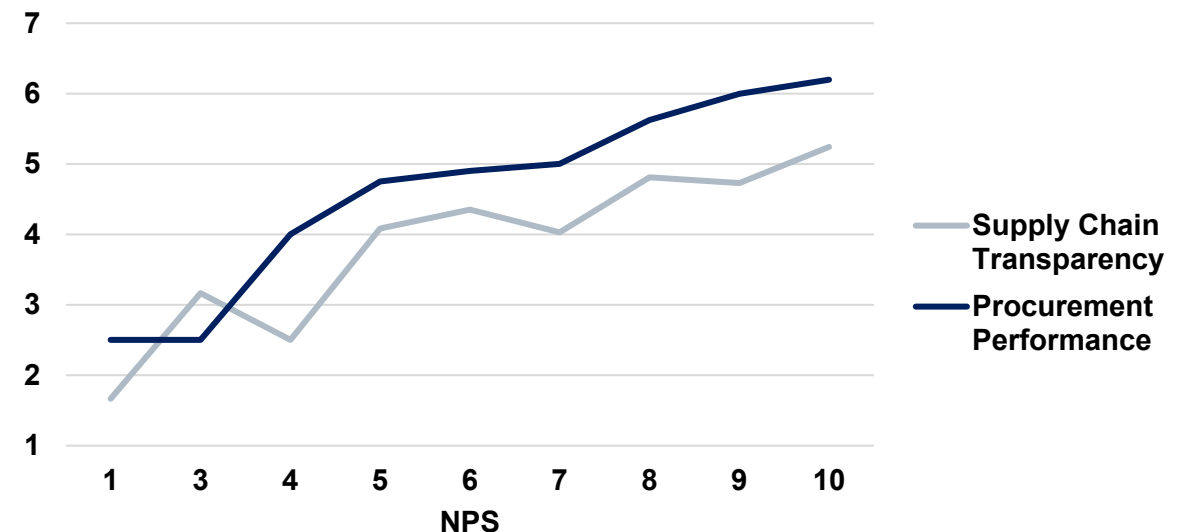
Introducing the idea of the Net Promoter Score to procurement

How likely would you recommend working with your procurement organization to a friend or a colleague?



The NPS can be an indicator for several aspects of the procurement function, e.g.:

- Detractors have a lower level of supply chain transparency
- Promoters achieve a higher performance than detractors



Operative processes will be affected the most by digital technologies

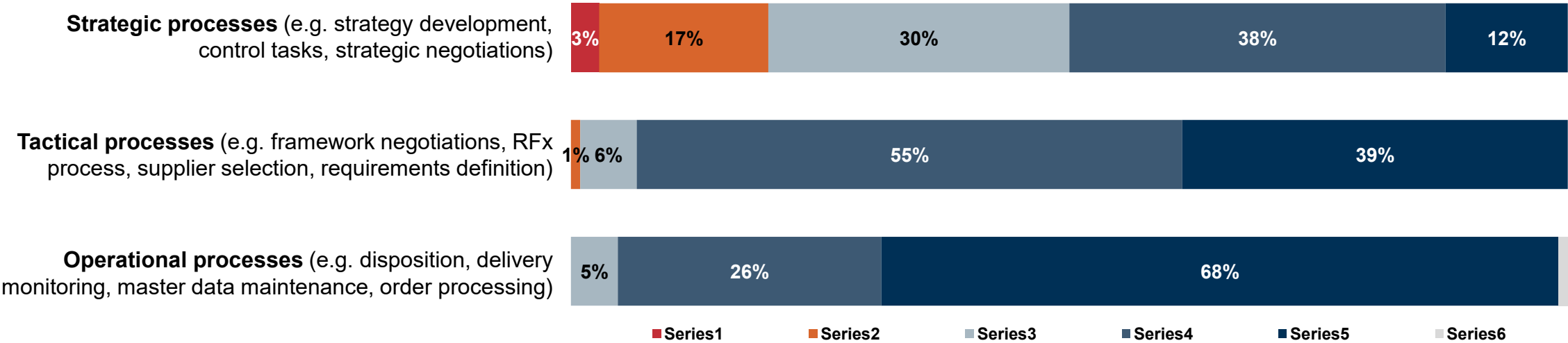
80% of the participants believe that the 'Digital Transformation' will affect procurement more in 2020 than in 2019



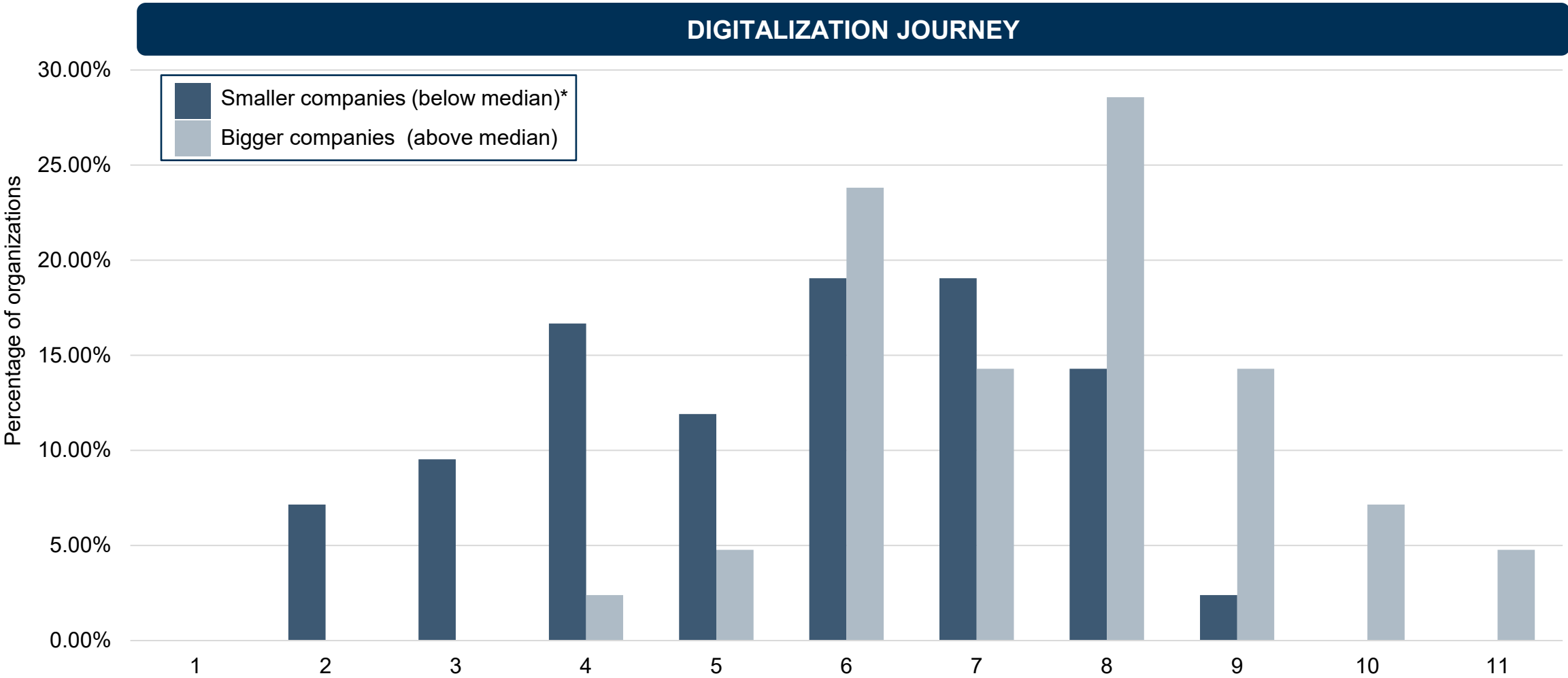
2019 Survey: 82%
2018 Survey: 83%

(percentage of respondents who believed digital transformation will affect procurement more than in previous year)

How do you think the following procurement processes will be affected by digital technologies in the next 5 years?

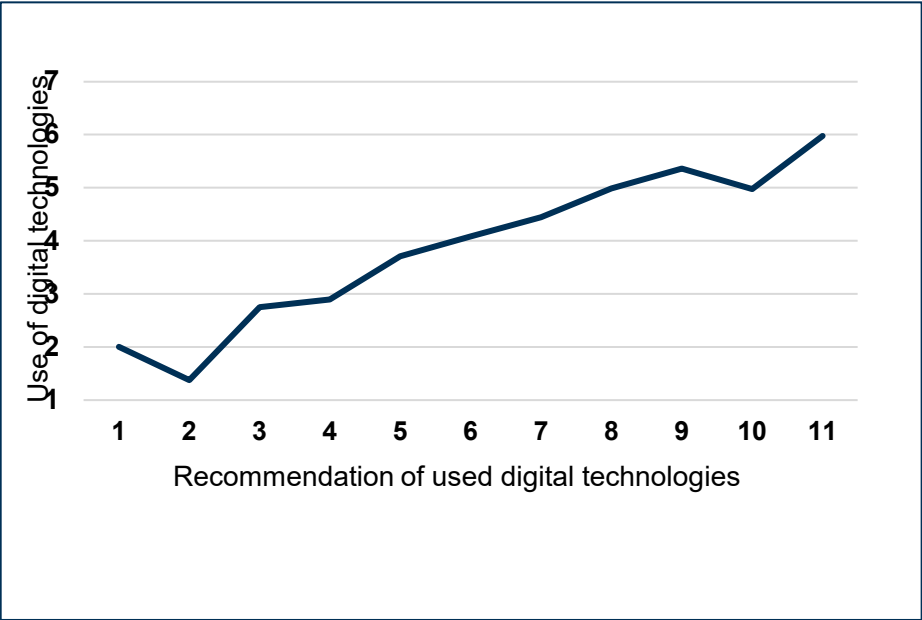
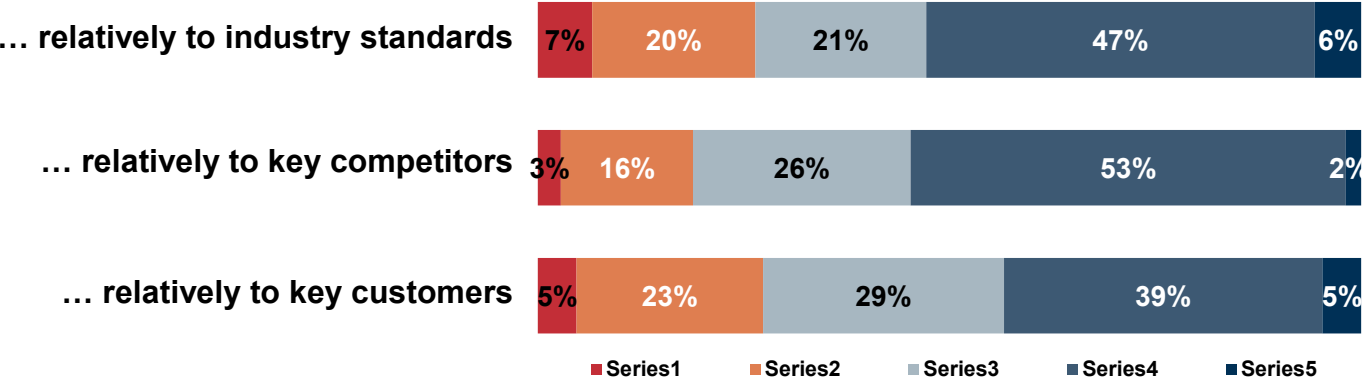


Smaller companies have a longer way to go on their digitalization journey

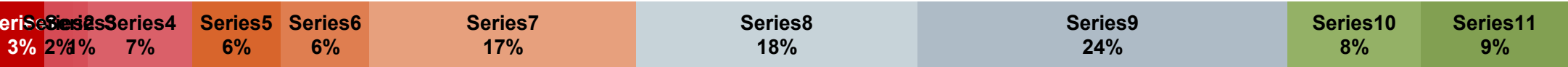


The use of digital technologies in procurement is still average

USE OF DIGITAL TECHNOLOGIES



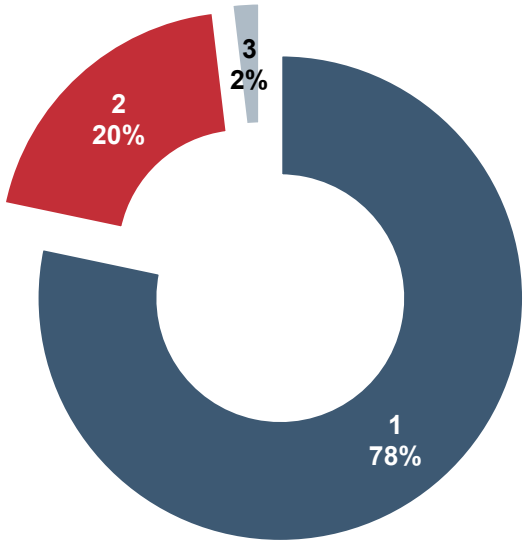
How likely would you recommend the currently used digital technologies in your procurement organization to a friend or a colleague?



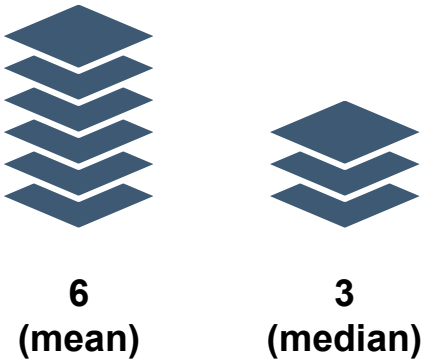
→ Satisfaction with the currently used digital technologies is low, but procurement functions using more digital technologies are more satisfied with the used technologies

Most procurement organizations have a digitalization strategy

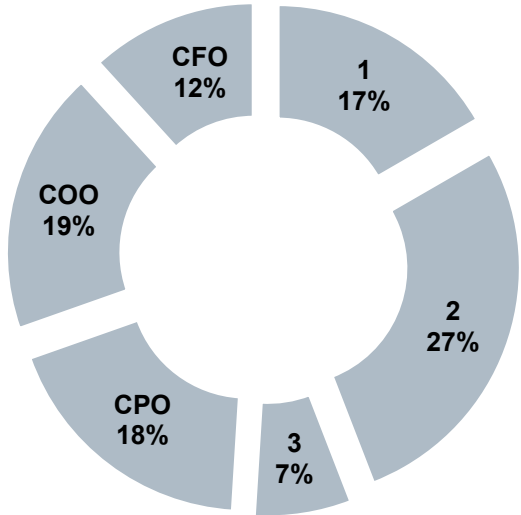
PROCUREMENT DIGITALIZATION STRATEGY



AVG. # OF DIGITALIZATION PROJECTS 2019



DIGITALIZATION PROJECTS INITIATED BY...

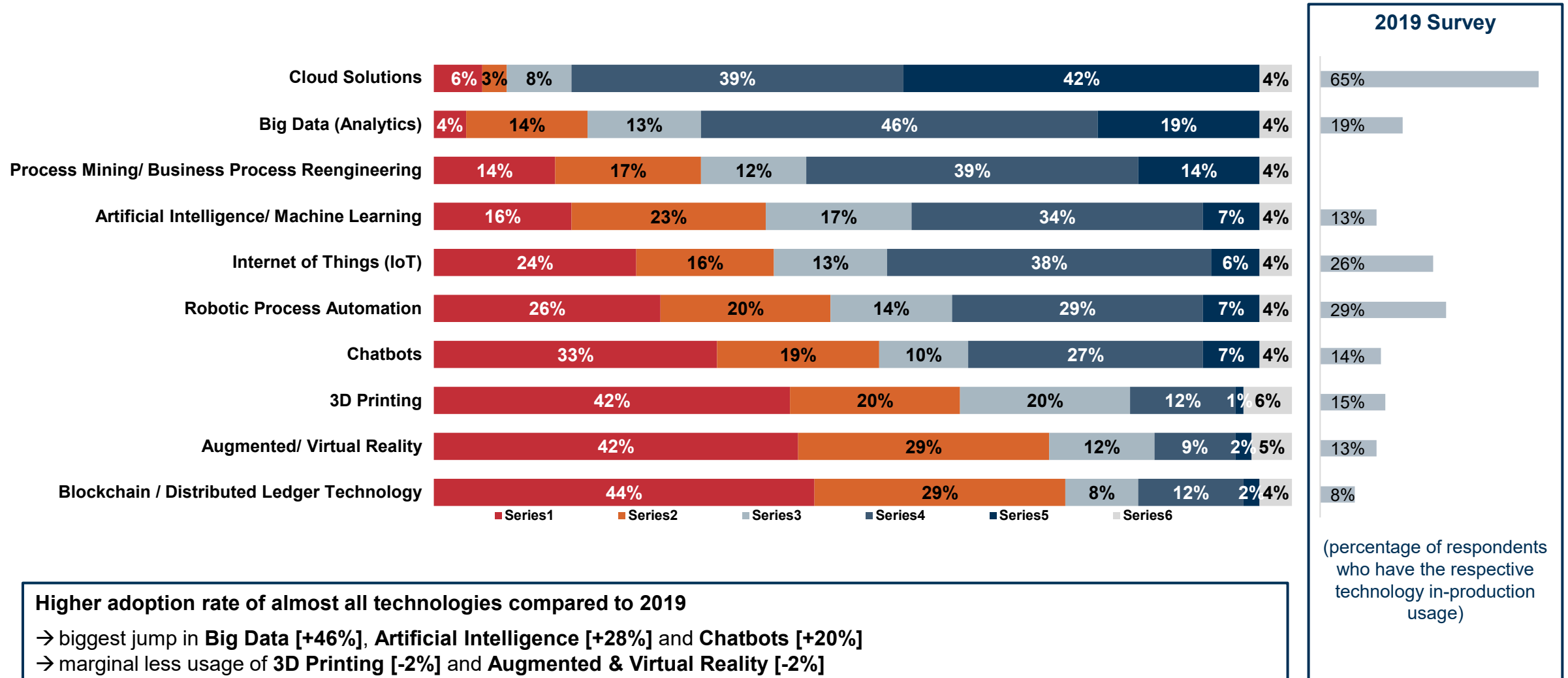


How likely would you recommend your strategic approach for digitalization to a friend or a colleague?



→ Although most organizations have a digitalization strategy, the satisfaction with it is on average low

The adoption rate of emerging technologies is on average still low



We thank all executives for their participation in the CPO Survey 2020

Prof. Dr. Christoph Bode



Christoph is a full professor at the University of Mannheim Business School and holds the Endowed Chair of Procurement. Christoph obtained his PhD from WHU, Germany and his habilitation from ETH Zürich, Switzerland. His research interests lie in operations management, procurement and supply chains. Christoph's articles have been published in leading journals. He is affiliated with ETH Zürich and the University of Tilburg.

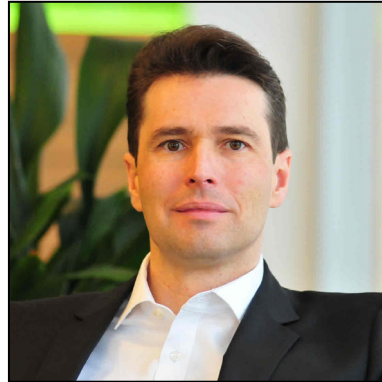


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Dr. Marcell Vollmer



Marcell is Chief Innovation Officer at Celonis and is responsible defining and driving innovations and digital transformation for customers globally. Previously, he was Chief Digital Officer in SAP's Cloud Business Group and COO for SAP Ariba where he successfully developed and led global business development, go to market, sales operations, and enablement. And prior to that Marcell was Chief Procurement Officer of SAP and was responsible for the reorganization and process optimization for an end-to-end source-to-pay organization.



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Davide is a doctoral researcher at University of Mannheim's Business School. His research interests are in procurement, supply chain management and buyer-supplier relationships. Prior to pursuing his PhD, he studied industrial engineering at the Technical University of Darmstadt, the Universidad Católica Argentina (UCA) in Buenos Aires, and the University of St. Gallen.



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Please **also participate in our latest survey** on supply chain resilience... and be the first to get exclusive insights



What?

The main topics of the survey include **supply chain disruptions**, **factors** influencing these disruptions, and **strategies to deal** with them.



Who?

All **professionals** – from recent graduates to CPOs – in **purchasing and supply management**.



Why?

Our goal is to identify **strategies** that enable the **successful management** of supply chain disruptions.

<https://ww2.unipark.de/uc/SC-Resilience/>



Supply-Chain-Resilience-Survey 2020

Welcome to this international survey on supply chain resilience 2020 by the Endowed Chair of Procurement of the University of Mannheim.

The survey analyses supply chain disruptions, factors that influence such disruptions and how to deal with them. The objective is to identify strategies that enable the successful management of supply chain disruptions. With this survey, we seek to gain important theoretical and managerial insights with regard to supply chain disruptions and how to deal with them.

The success of this research project strongly depends on your participation!

- The questions address all professionals in purchasing and supply management – graduates and people beginning their careers, as well as experienced CPOs.
- Your personal data will be used strictly confidential, their evaluation will be fully anonymous and the data will only be accessible to those researchers of the University of Mannheim that work within this project. The type of data storage does not allow drawing conclusions by which you could be identified and results will only be published on an aggregated level. In no event, we will pass your data to any other firm or organization.
- Please complete the questionnaire in its entirety. If you do not know the exact answer to a question, please make a subjective evaluation. Please consider that incomplete questionnaires can lead to considerable problems in data analysis.
- Your participation is voluntarily. If you decide to participate, we will ask you to answer questions about yourself, your employer, your current job position and your personal area of responsibility.

