

STATE OF THE PROCUREMENT PROFESSION SURVEY 2020

Summary Report

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Key Insights of the 2020 CPO Survey



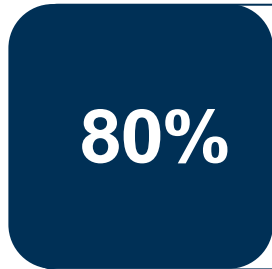
Budget restrictions still represent the strongest roadblock to higher performance of the procurement organization



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



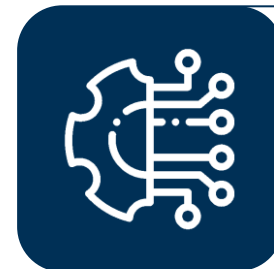
Smaller companies are lagging behind in the digital transformation



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%]



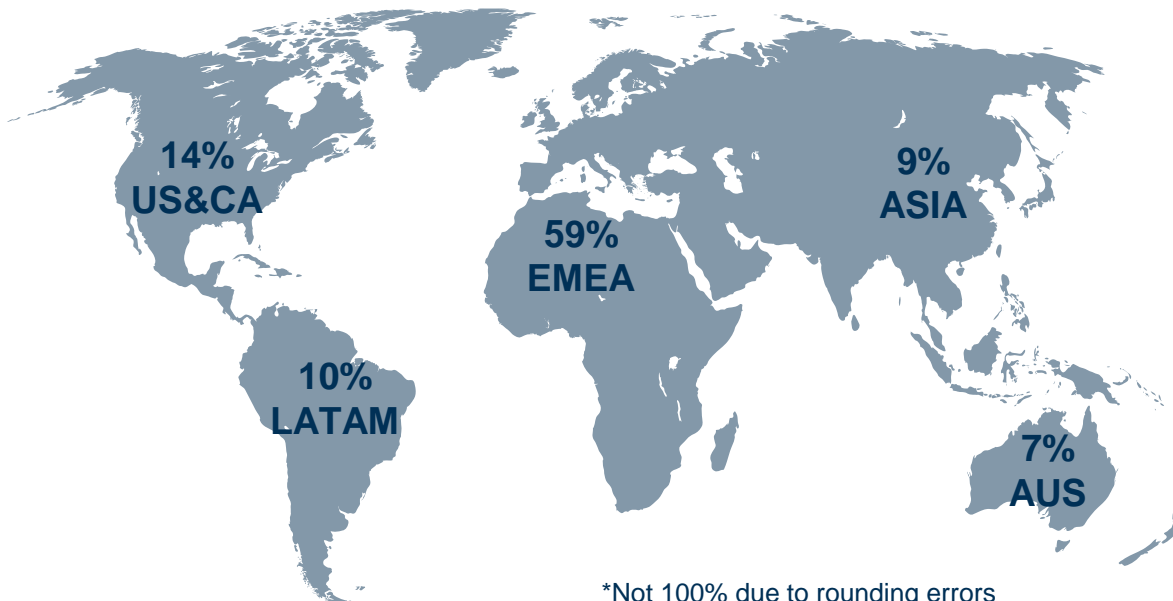
Most procurement organizations have a digitalization strategy and are increasingly investing in digital technologies, but in their digital transformation journey they are merely midway towards the desired target state.

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

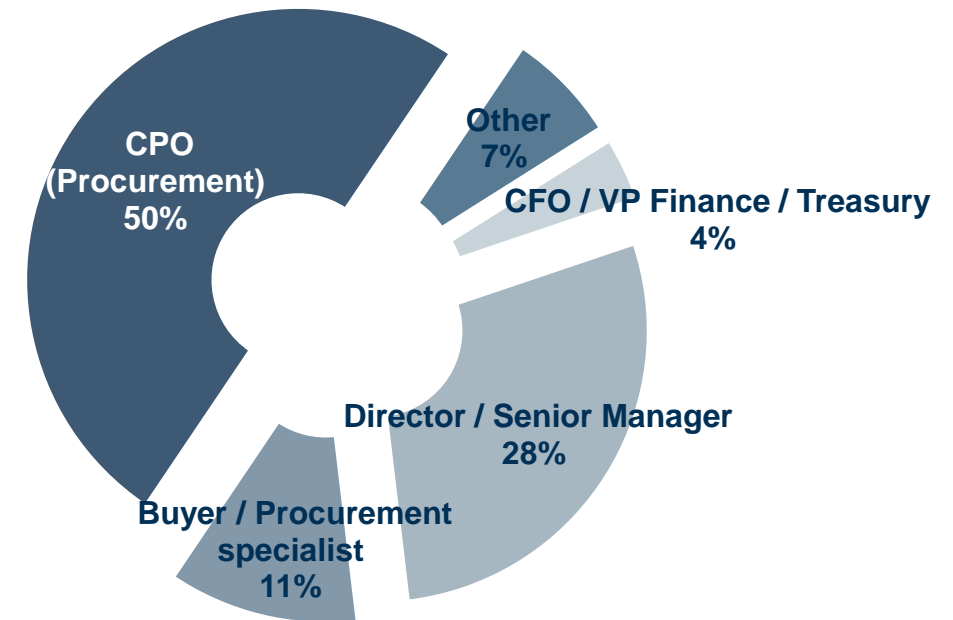
We hope you find this report insightful and would like to thank all the executives who contributed to this study!

GEOGRAPHY*



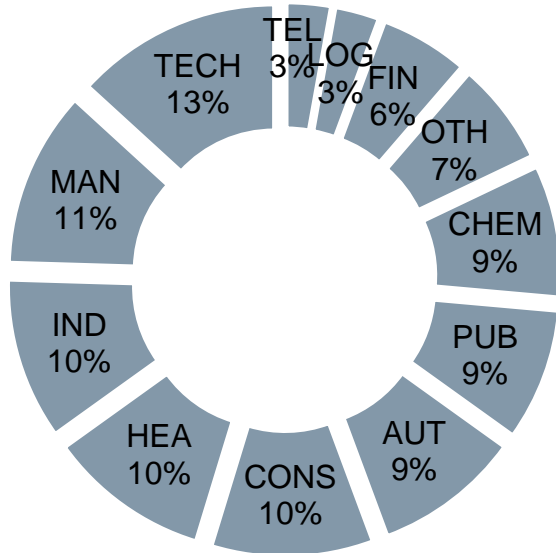
*Not 100% due to rounding errors

SENIORITY



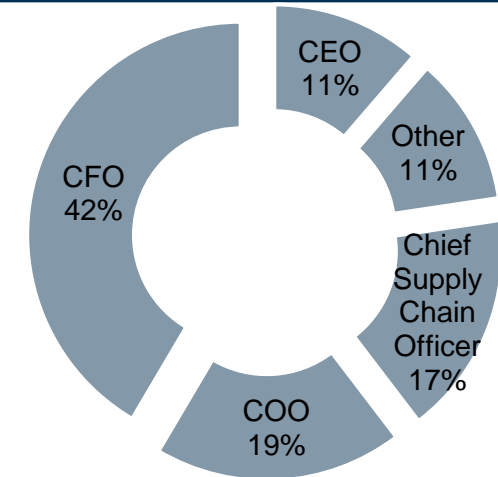
The procurement function mainly reports to the CFO

INDUSTRY

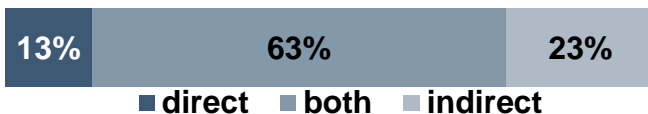


- AUT Automotive
- CHEM Chemicals / Oil & Gas
- CONS Consumer Products & Retail
- FIN Financial Services
- HLS Health Care / Life Sciences
- TECH High Tech / Software
- IND Industrial Products
- MAN Manufacturing
- PUB Public Sector
- TEL Telecom / Media & Entertainment
- LOG Travel / Transport & Logistics
- OTH Other

CPO REPORTING TO...



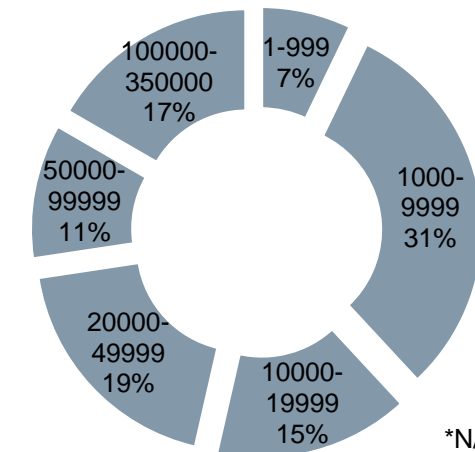
PROCURED MATERIALS



ORGANIZATION FORM



SIZE (# EMPLOYEES)*



*N/A = 22

AVG. # OF FIRST TIER SUPPLIERS

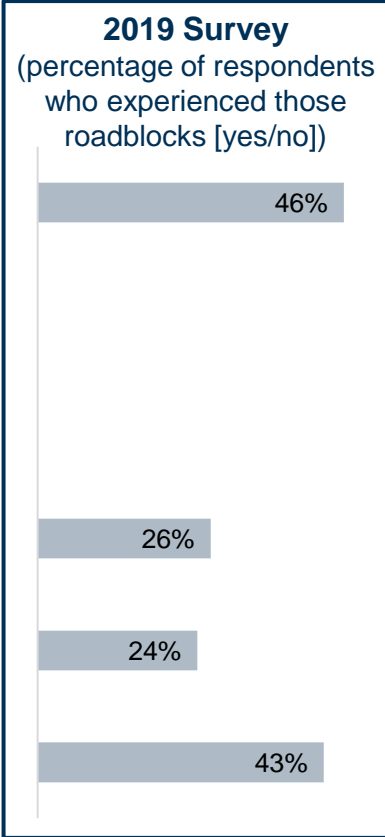
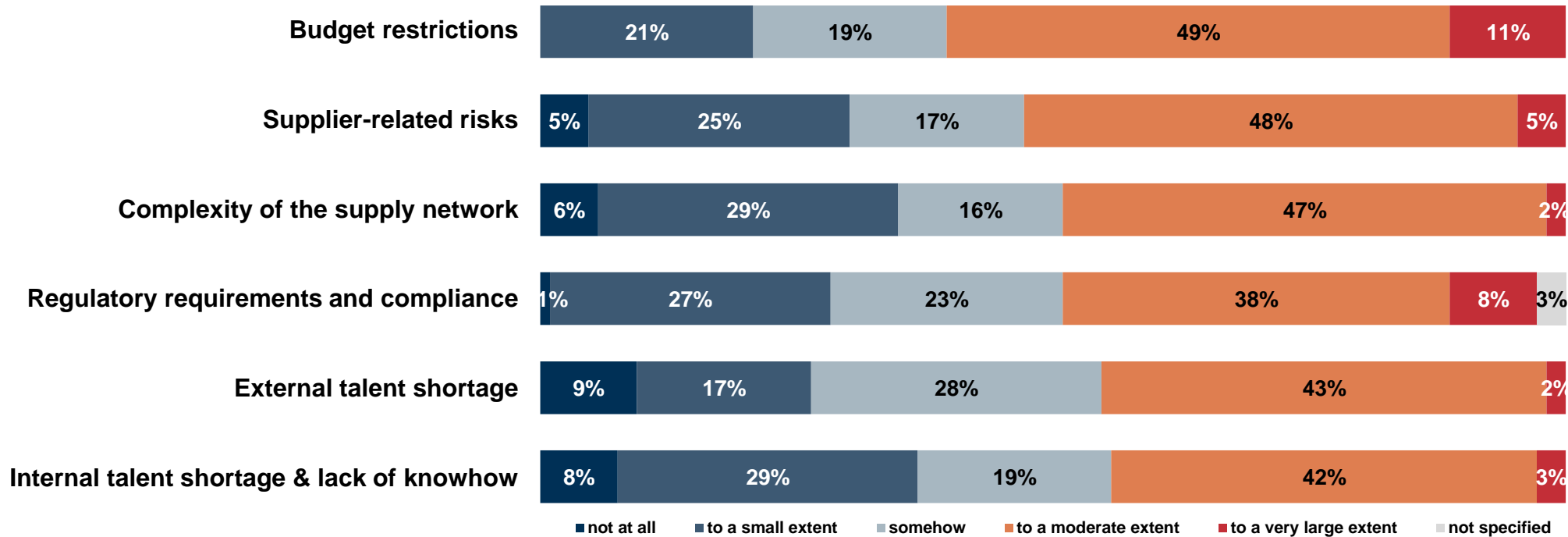
3600 (median)

AVG. EMPLOYEE AGE

40 years (median)

Budget restrictions are still the biggest roadblock to higher performance

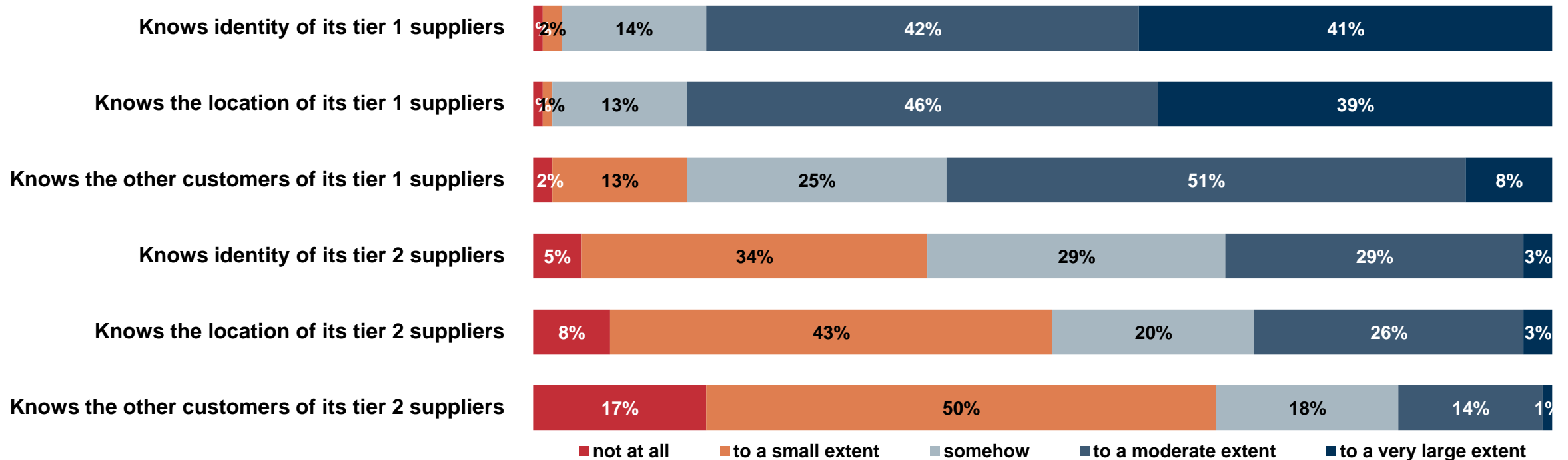
PERFORMANCE ROADBLOCKS



- Other:**
- Capacity in sister functions like R&D / Q
 - Lack of internal alignment of procurement
 - Process efficiency
 - Decentralization trend
 - Not sufficient system support
 - Recognition of the function
 - Headcount constraints
 - Overspecification of requirements
 - Technical constraints limiting supplier selection
 - Performance of available IT solutions

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

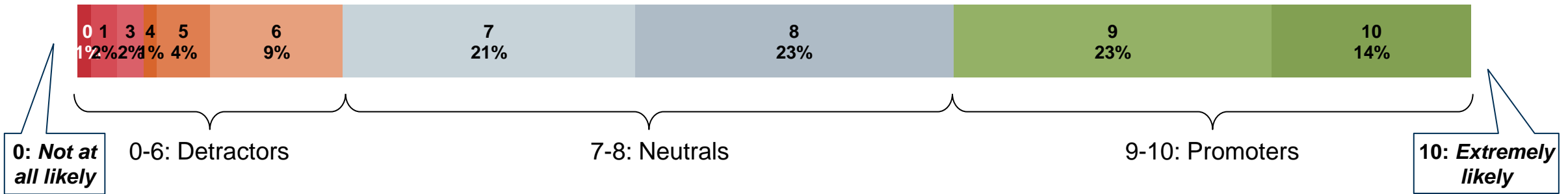
SUPPLY CHAIN TRANSPARENCY INDICATORS



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

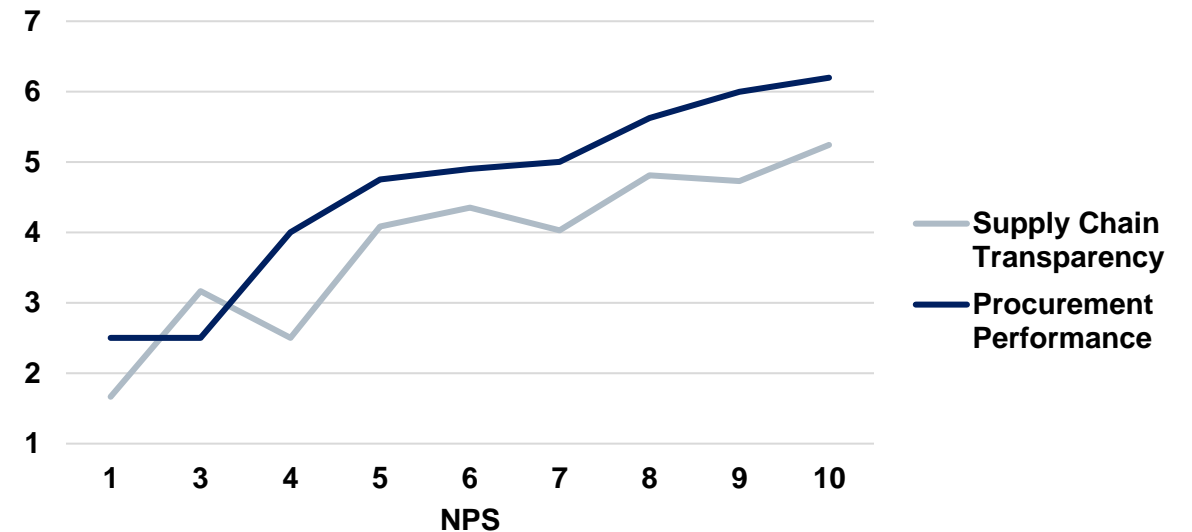
Introducing the idea of the Net Promoter Score to procurement

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

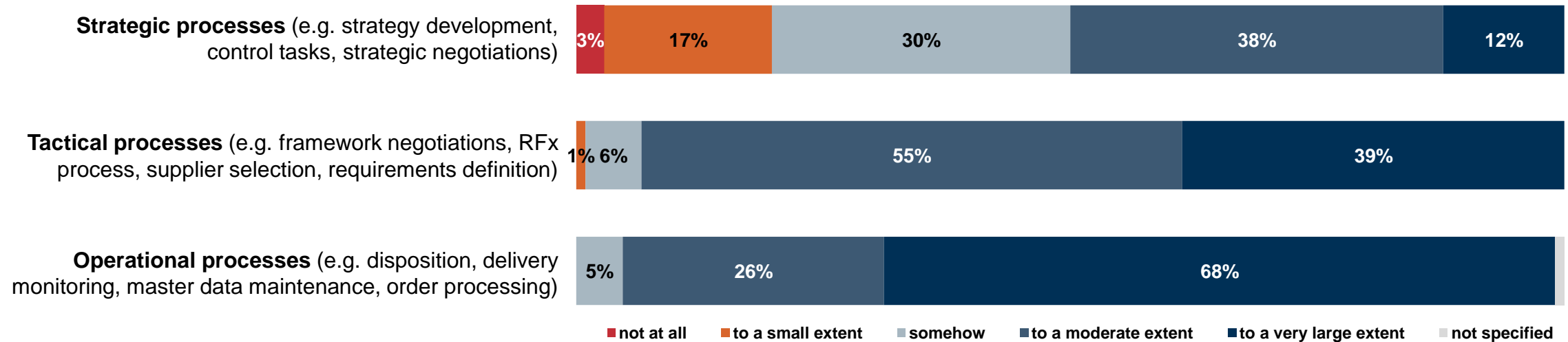
80% of the participants believe that the 'Digital Transformation' will affect procurement more in 2020 than in 2019



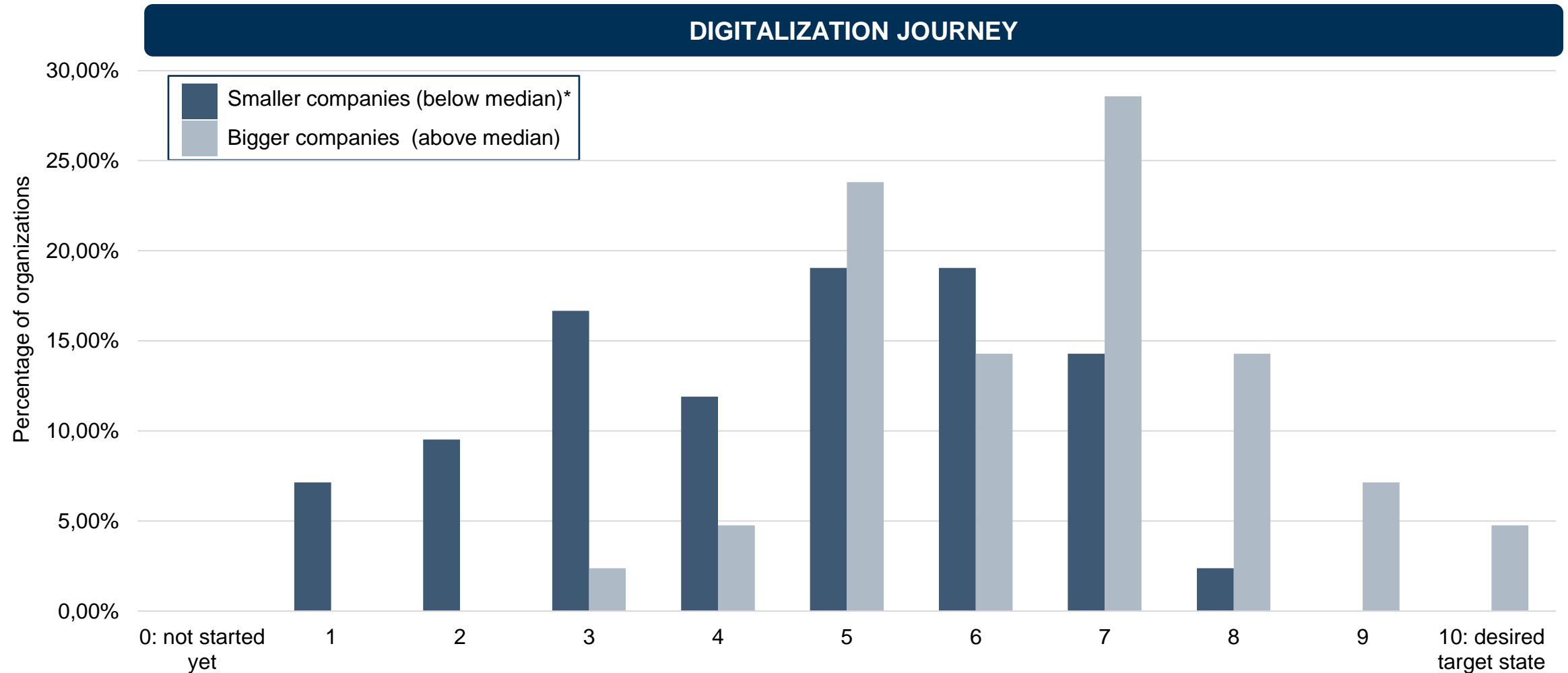
2019 Survey: 82%
2018 Survey: 83%

(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?

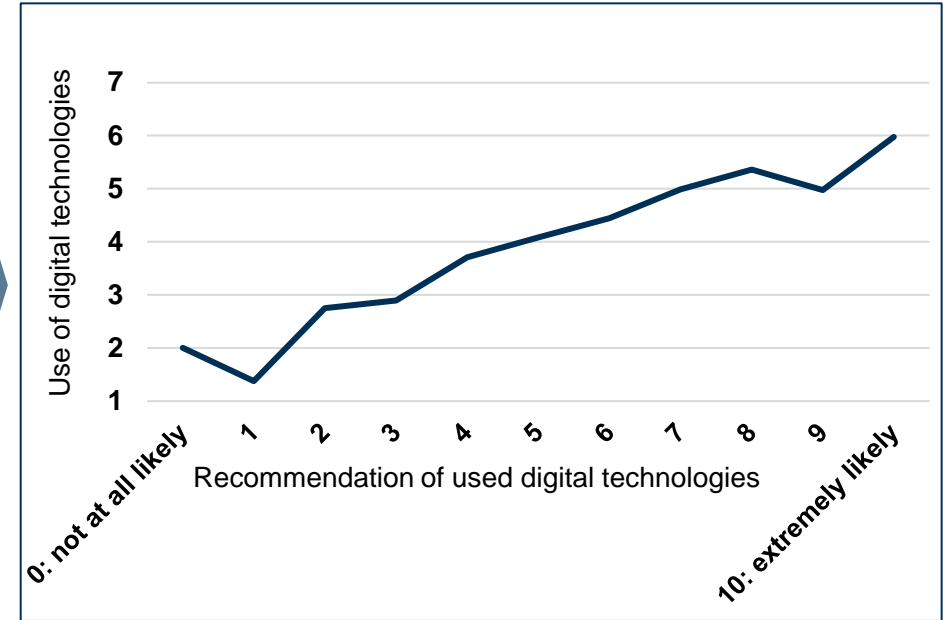
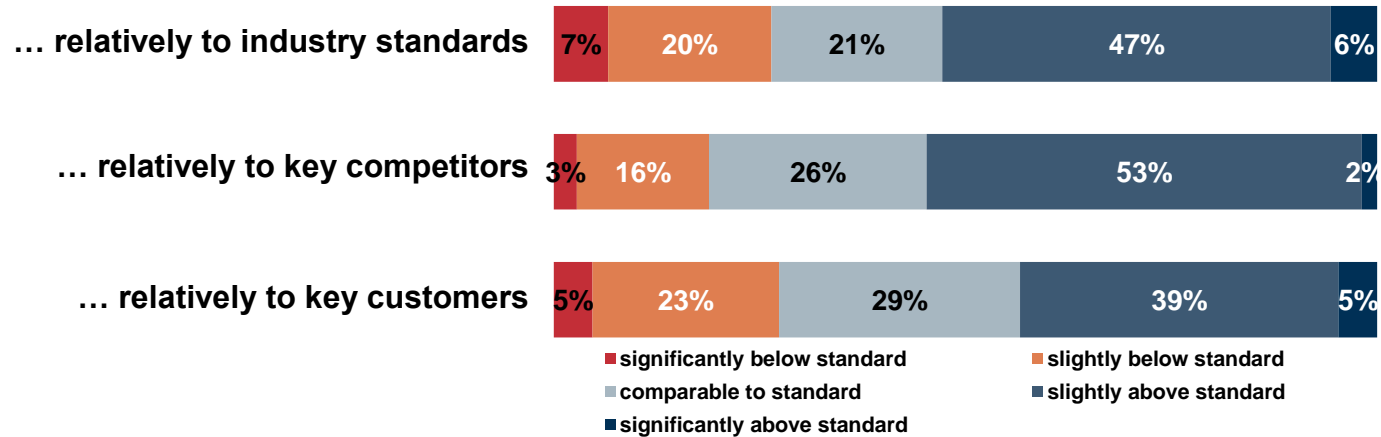


Smaller companies have a longer way to go on their digitalization journey

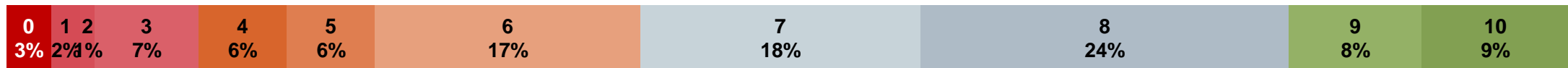


The use of digital technologies in procurement is still average

USE OF DIGITAL TECHNOLOGIES



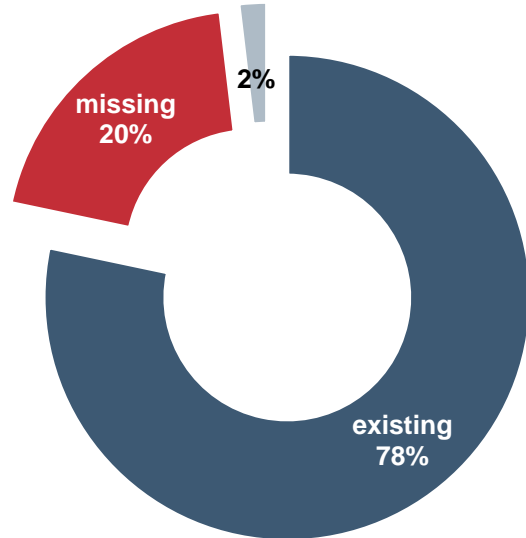
How likely would you recommend the currently used digital technologies in your procurement organization to a friend or a colleague?



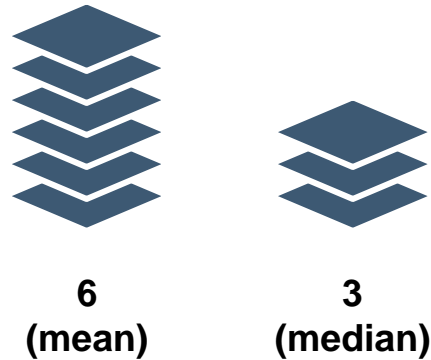
→ Satisfaction with the currently used digital technologies is low, but procurement functions using more digital technologies are more satisfied with the used technologies

Most procurement organizations have a digitalization strategy

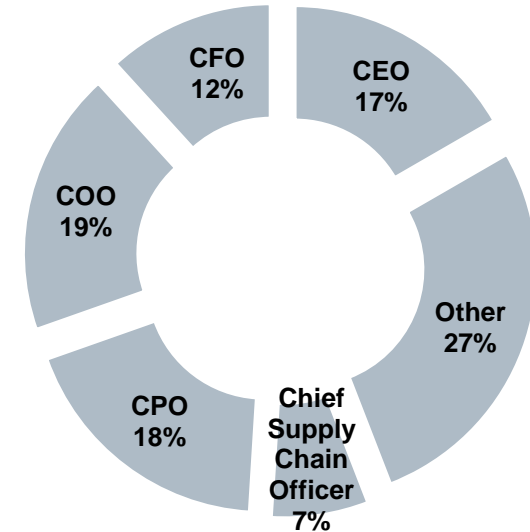
PROCUREMENT DIGITALIZATION STRATEGY



AVG. # OF DIGITALIZATION PROJECTS 2019



DIGITALIZATION PROJECTS INITIATED BY...

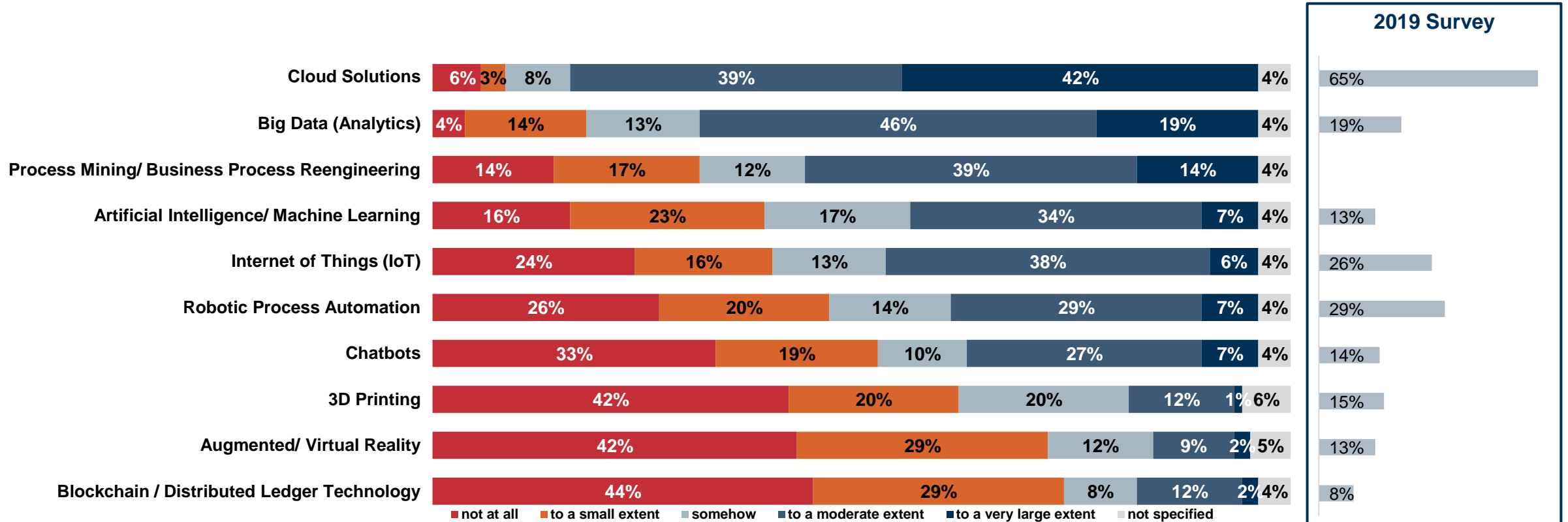


How likely would you recommend your strategic approach for digitalization to a friend or a colleague?



→ 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



Higher adoption rate of almost all technologies compared to 2019

- biggest jump in **Big Data [+46%]**, **Artificial Intelligence [+28%]** and **Chatbots [+20%]**
- marginal less usage of **3D Printing [-2%]** and **Augmented & Virtual Reality [-2%]**

(percentage of respondents who have the respective technology in-production usage)

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

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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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