



Cloud B2B Solutions

Low cost, customised, UK cloud based
business software solutions

White Paper – controlling the
procurement process

The Issues

Whilst today's more uncertain business environment has affected us all, the objective for every business and organisation will be to move forward. This will mean not only the need to explore all potential sales and marketing avenues, to grow or replace lost business, but to do so in a controlled fashion.

So at the same time as looking for developing a business, it has never been more important to control expenditure.

In some organisations, such as manufacturing, up to 70% of a company's turnover is spent on purchases.

That is a significant figure. So, ask yourself - how much do we spend, on what? Is it less or more?

And can you 'hand on heart' say that the purchasing process in your organisation has full visibility and accountability of this figure?

With every organisation looking to permanently change the way staff work, many of whom will be home office or 'remote' workers, current procurement processes which rely on closer working conditions in an office, will not be viable.

And when the need is to push the business forward, purchasing can be 'reactive' and may step outside of controls 'because we've got to have it now!'

Some companies use spreadsheets to control purchasing but who's responsible for keeping them up to date and reminding people to do it?

Others still work on a paper based system for raising purchase orders, which is open to delay in getting approvals internally, and misinterpretation for suppliers. In a survey one of the biggest reasons for deliveries being rejected or wrong goods delivered was errors on the purchasing paperwork supplied. In a 'just in time' environment that many manufacturing companies use, such errors can be both costly and introduce critical time delays.

There is also the issue of allocating purchases to the right departments, nominal codes and cost centres, and of course the often sticky problem of reconciling supplier invoices with deliveries!

In September 2020 a speaker at Procurex National (CEO at CIPS- M.Harrison) noted Vodafone's reference stating that in terms of procurement as a function "*real-time data can help inform business critical decisions and improve the function's effectiveness and efficiency*"

A KMPG study on the effects of the coronavirus pandemic on procurement stated "*In line with the technology enabled business climate we currently operate in, organisations should rethink the way their employees collaborate with each other and customers- within the office, regionally and globally. By investing in internal technology, organisations can teach employees how to effectively leverage powered execution tools such as cloud-office technology and zero-touch models. This will help ensure that not only in challenging times are teams better equipped to work remotely, but as the business environment continues to shift, employees are able to adapt alongside it and continue servicing customers*"

What up to date transactional purchasing software technology will provide, is better visibility into the whole procurement process, more control and accuracy, provide the ability to work remotely, thereby better enabling companies to plan strategically, and potentially save money.

Generic functionality to look for in a Purchase Order system

In these times of different working scenarios such as home or hot desk at a remote location, or working 'on site', a cloud based solution will be key. Using secure, but standard internet connectivity for access, a cloud solution will give maximum flexibility to any organisation. Whether companies go simply for a [Purchase Order system](#), or look to have more integration with the supply chain by selecting a Purchase To Pay solution, is up to individual organisations, But integrating supplier invoices with issued purchase orders and goods receipting has many benefits and keeps the procurement process in one place.

And a purchase order software solution should be useable on smart phones to suit the more mobile way most of us have to now operate.

So what should you look for in terms of functionality. Below is not an exhaustive list, but here are some of the key areas for consideration.

1. Transactional Data base system:

Especially relevant when there are multiple teams / locations involved in raising PO's to ensure system data is instantly updated, especially in relation to accurately reflecting available budgets.

2. Cloud systems:

With concerns about hacking of open cloud systems, a private UK Cloud system with data hosted in a UK data centre would be a safer bet on security. You could of course choose to host a system yourself in your own DMZ, but expect to pay higher support and installation costs, and you will need to get your internal IT to provide server storage, operating systems, security and support.

3. Approval workflow for Purchase Orders:

All purchases- certainly over a pre-set level- should be open to scrutiny internally before they are sent to suppliers. Workflows should be custom designed to suit each company's business processes, by department, management structure and / or value.

PO creators should also be able to add supporting documents to orders, such as quotations or other supporting material, to make the approval process robust.

Approvers should also have the availability of returning PO's to the order raiser with comments to ask for further clarification or changes, ensuring all check procedures are met, or cancelling PO's to control any potential fraud.

4. Budget Control

Now a key element in controlling expenditure, the ability to set budgets- usually the remit of Finance- by company, department, or even project, will ensure PO creators only get access to those budgets they need access to, and they cannot overspend. Budgets should also ideally facilitate the allocation of nominal codes and cost centres to ensure accuracy on creation – PO creators traditionally find this a 'bridge too far' in terms of getting it right! Also budgets should be able to be selected on a PO line level where purchases cross different codes.

5. Supplier Pricing Import

A number of companies agree product prices with suppliers in advance, so the PO system should have the ability to import these product / price lists so PO creators work off the same standard, ensuring commonality.

6. Customisation

This is key. There are a lot of 'package' systems that may on the face of it offer lots of what you need. However, the purchasing process is particular to every business, and you should look to the vendor to be able to offer customisation now, and in the future, as business evolves and changes. You shouldn't have to compromise your process because of a 'one size fits all' approach.

7. User Licencing

Most systems out there will licence their system use on a per seat basis i.e. every user of the system must have an individual licence to use the system, whether they are frequent or infrequent users.

This on a per seat basis may seem a small cost per individual at first glance, but depending on who and how many users you have – that is anyone raising a PO, approving a PO, importing supporting information – in other words any activity on the system data base, then a concurrency licence will, certainly in the long run, suit most organisations better. And will work out cheaper.

Concurrency means you can have as many people registered to use a system as you like and access is only limited by the number of licences accessing the data base at *any one instant*. For example you may have 30 people who could use the system, but only have 10 concurrent users licensed and purchased.

Cloud B2B solutions offer a range of custom fit business software to all sizes of organisations, including Purchase Order and Purchase to Pay solutions.
For more information go to <https://cloudb2b.co.uk/> or <https://cloudb2b.co.uk/digital-purchase-order-system>

Alternatively call us free on **0800 840 3336** to discuss your requirements with a system specialist

CloudB2B is a brand of Documents Online Ltd
7, Venture Court, St.Ives, Cambs. PE27 3JX