

2019 CPO SURVEY Results



Procurement, Finance and Supply Chain SURVEY Results 2019



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ABOUT THE RESEARCH

The 2019 CPD Survey provides new insights on trends and challenges that are shaping the future of emerging technologies, as well as opinions/sentiments that are shaping the supply chain, procurement and finance function.

This year, we reached more than 3000 executives in procurement functions and received 466 responses across the globe.

In this report, you will find:

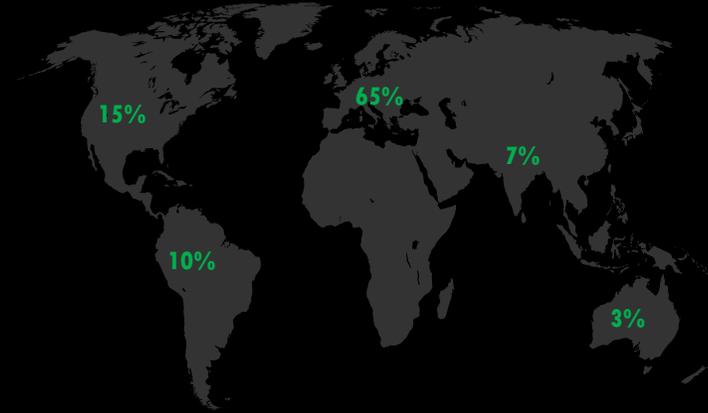
- Insights on digital innovation that is shaping the Procurement function
- Application and adoption of emerging technologies and the road ahead
- Challenges that procurement functions face in creating a more efficient function

We hope you find this report insightful.

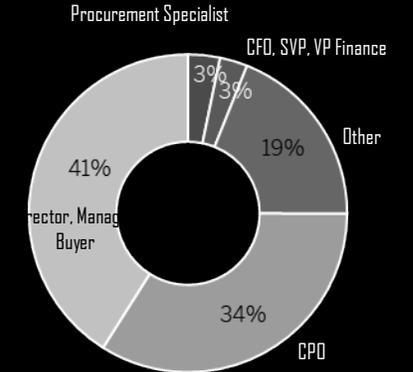
Finally, we'd like to thank the executives who contributed to this study.

DEMOGRAPHICS OF SURVEY

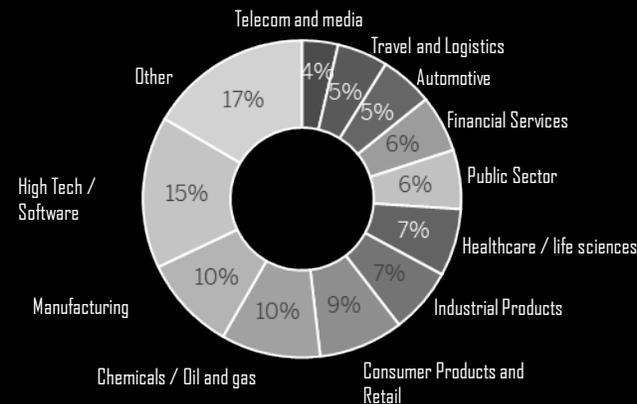
GEOGRAPHY



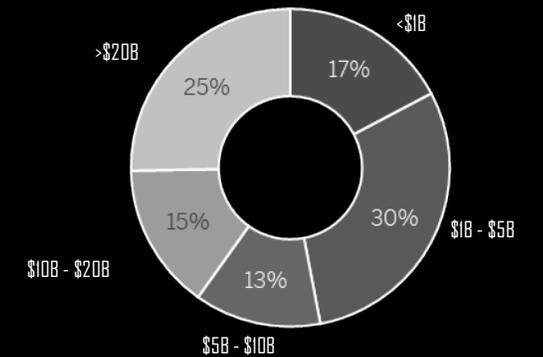
SENIORITY



INDUSTRY



SIZE



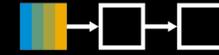
KEY FINDINGS



82% of participants believe Digital Transformation will affect procurement more in 2019 than in 2018



83.9% consider digitalization important to improve procurement performance



Goals for digitalization include **automating processes, improving data quality, achieving cost savings** and **improving compliance**



28% of participants rated their digital maturity as **better or much better than their competitor**



More than 80% of participants are generally not risk averse and **highly entrepreneurial**



The adoption of mature technologies is **moderate**. **Only 65%** of respondents are **leveraging Cloud solutions**



The adoption of emerging technologies is **low**. Less than **15%** of respondents are **leveraging Machine Learning, 3D Printing or Prescriptive Analytic solutions**

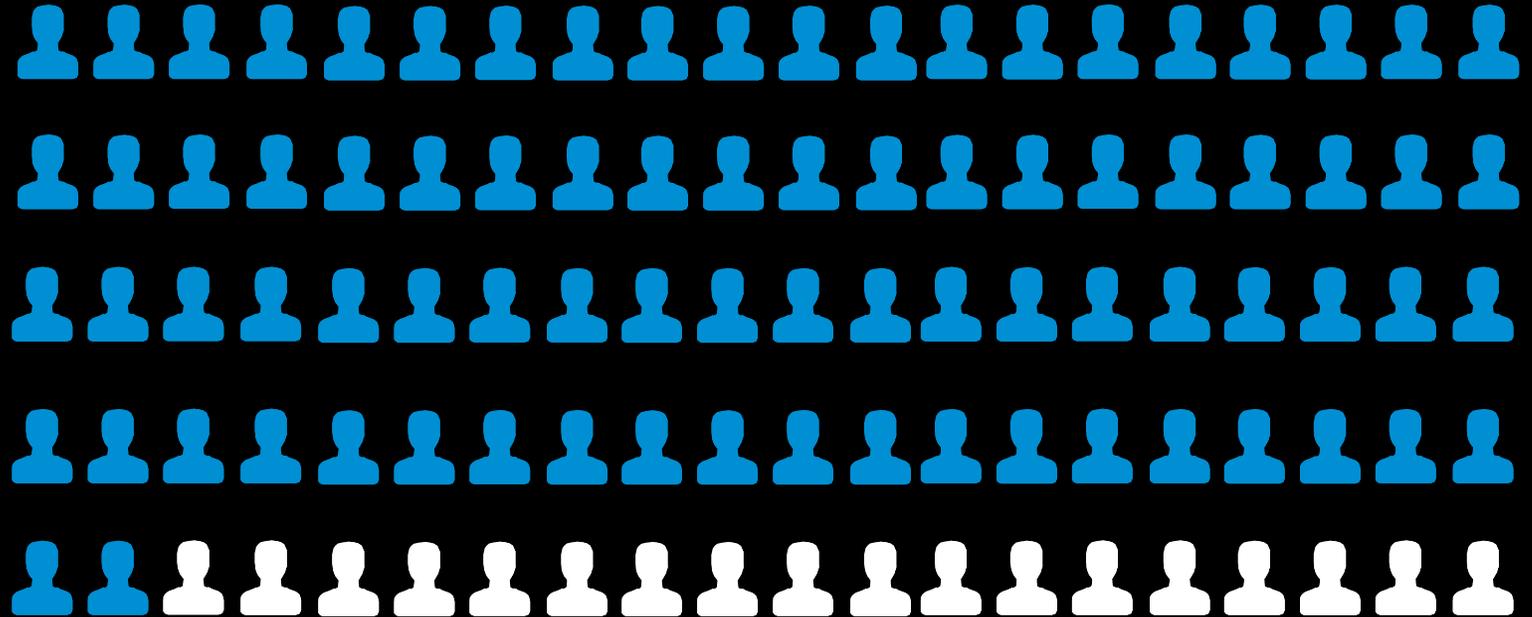


Organizations are taking a **wait and see approach** to adoption emerging technologies



Budget restrictions, analytics/data insights and **talent shortage** are the largest roadblocks for procurement function performance

82%



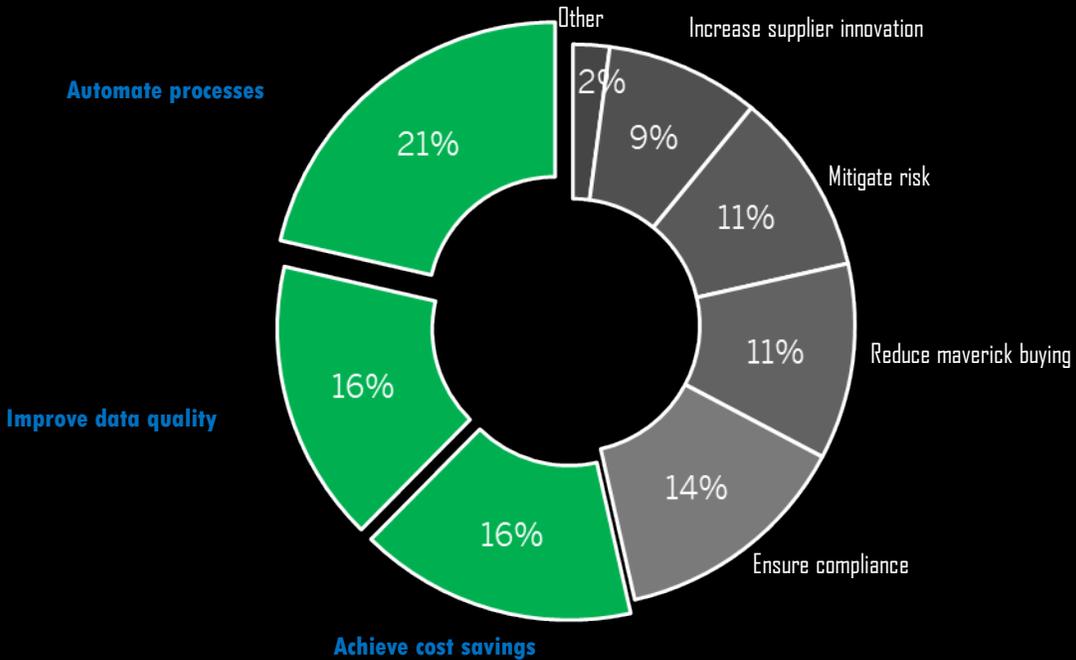
Participants believe 'DIGITAL TRANSFORMATION' will affect procurement more in 2019 compared to 2018

Note:
In the 2018 survey, 83% of participants believed Digital Transformation will impact procurement, supply chain, finance more in 2018, than in 2017

Their goals for digitalization include..

83.9%

of participants consider digitalization **important** to improve procurement performance



Note: In the 2018 survey the main KPIs to measure procurement performance where 1) Hard Savings, 2) Cost Avoidance and 3) ensuring compliance and process automation was considered important.

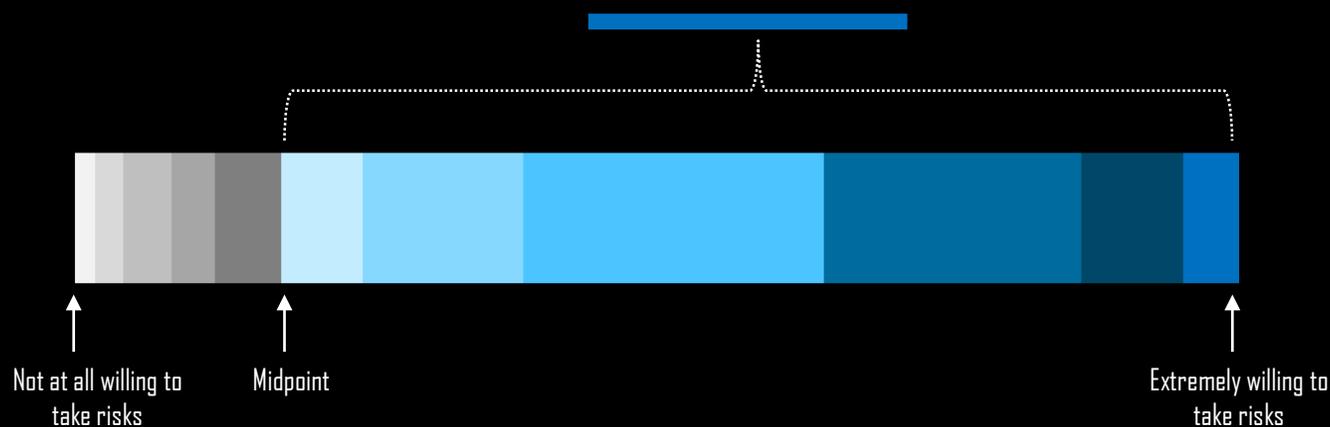
**How would you rate
the **digital maturity** of
your procurement
function in general in
comparison to your
major competitor?**

28%

**Participants rated their **DIGITAL
MATURITY** as better or much better
than their main competitor....**

Are you generally a person who is fully prepared to **take risks** or do you try to avoid taking risks?

>80% of respondents indicated propensity to taking risks



Majority of respondents are highly entrepreneurial

ENTREPRENEURIAL ORIENTATION

In dealing with competitors, our firm is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.



In dealing with competitors, our firm typically initiates actions which competitors respond to.



Our firm's innovative initiatives are hard for competitors to successfully imitate.



Our firm stimulates creativity and experimentation.



Our firm encourages and stimulates technological, product/service-market, and administrative innovation.



In general, the top managers of our firm have a strong tendency to be ahead of others in introducing novel products or ideas.



Our firm gives the freedom for individuals or teams to develop new ideas.

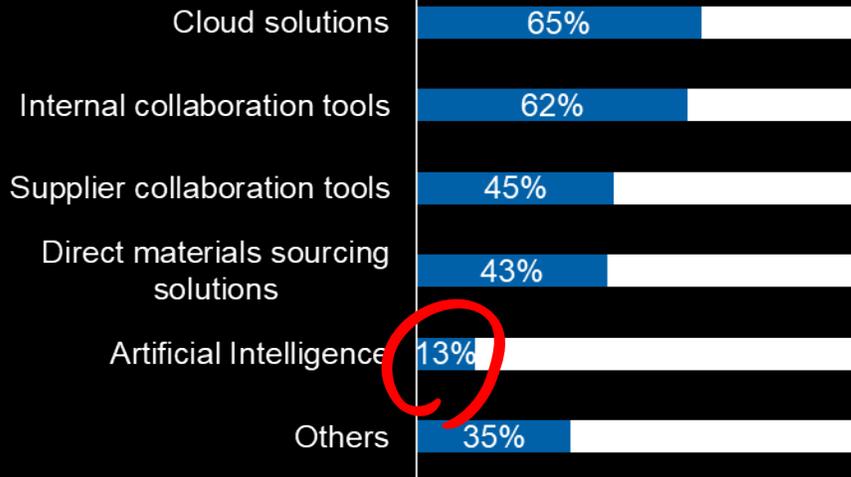


Our firm stresses a fully delegated policy for employees.

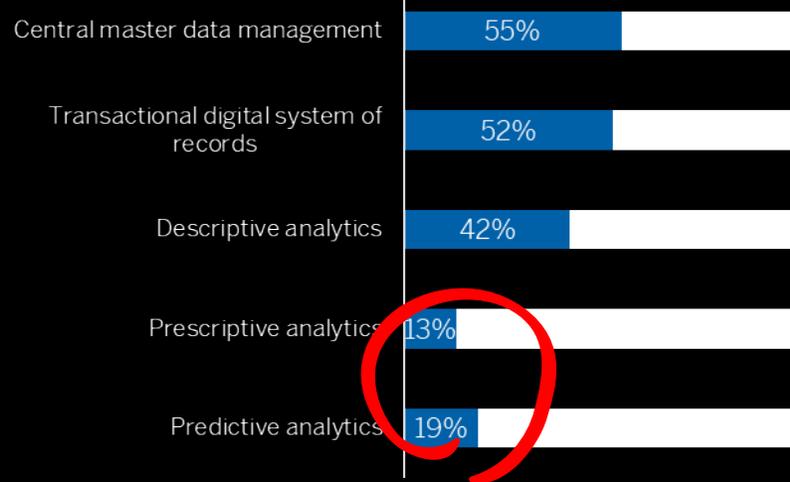


Somewhat agree - Strongly agree Neutral Somewhat disagree - Strongly disagree

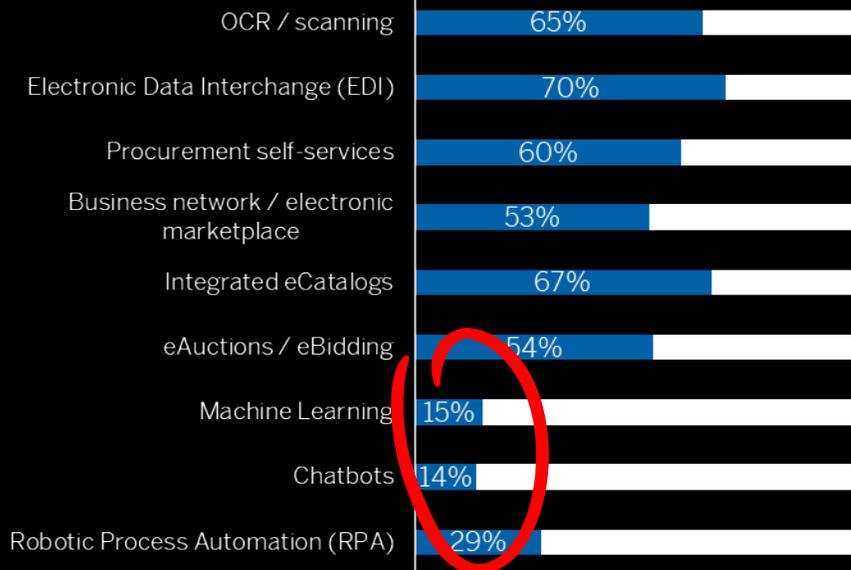
WHAT IN-PRODUCTION DIGITAL INNOVATIONS DO YOU LEVERAGE FOR YOUR PROCUREMENT ORGANIZATION?



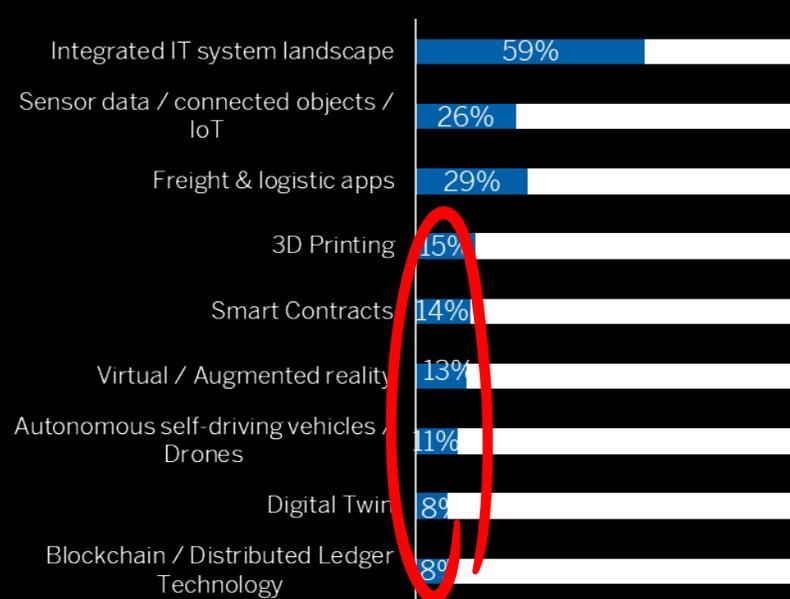
WHAT IN-PRODUCTION DIGITAL INNOVATIONS DO YOU LEVERAGE FOR DATA MANAGEMENT AND ANALYTICS?



WHICH IN-PRODUCTION DIGITAL INNOVATIONS DO YOU LEVERAGE TO FACILITATE OPERATIONAL PROCUREMENT?



WHICH OTHER IN-PRODUCTION PROCUREMENT RELATED DIGITAL INNOVATIONS DOES YOUR COMPANY LEVERAGE??



While the adoption of mature technologies is moderate, the adoption of emerging technologies is dismal...

PERCENT OF RESPONDENTS WHO REPORTED LEVERAGING THE DIGITAL INNOVATION IN PRODUCTION

	Health Care / Life Sciences	High Tech / Software	Industrial Products	Mfg	Public Sector	Telecoms Media & Enter.	Travel, Transport & Logistics	Other	Automotive	Chemicals / O & G	Consumer Products & Retail	Financial Services
Artificial Intelligence	3%	36%	3%	9%	8%	27%	9%	10%	8%	11%	15%	4%
Predictive analytics	6%	40%	13%	7%	0%	29%	26%	21%	17%	11%	19%	24%
Prescriptive analytics	10%	26%	7%	2%	0%	29%	17%	16%	21%	9%	9%	9%
Machine Learning	13%	39%	6%	7%	4%	43%	18%	10%	8%	7%	14%	20%
Chatbots	3%	40%	3%	7%	4%	38%	13%	9%	12%	7%	12%	12%
Robotic Process Automation (RPA)	32%	43%	23%	23%	8%	31%	22%	26%	36%	24%	31%	36%
Digital Twin	0%	10%	6%	7%	0%	14%	9%	4%	21%	14%	12%	4%
Smart Contracts	13%	21%	17%	9%	0%	44%	14%	13%	8%	9%	14%	17%
Blockchain / Distributed Ledger Technology	6%	16%	0%	2%	0%	14%	4%	6%	8%	9%	11%	21%
3D Printing	23%	8%	29%	36%	0%	27%	13%	4%	32%	14%	6%	9%

..However, certain industries have a significantly higher adoption of industry-specific emerging technologies

Note:
Multiple survey respondent answers are possible

Organizations are taking a wait and see approach before they implement new and emerging technologies



DATA MANAGEMENT AND ANALYTICS

NOT CONSIDERED

IN EVALUATION

- Artificial intelligence (36%)
- Predictive analytics (29%)
- Prescriptive analytics (29%)

- Artificial intelligence (41%)
- Predictive analytics (39%)
- Prescriptive analytics (34%)

OPERATIONAL PROCUREMENT

NOT CONSIDERED

IN EVALUATION

- Robotic Process Automation (32%)
- Machine Learning (39%)
- Chatbots (43%)

- Robotic Process Automation (30%)
- Machine Learning (33%)
- Chatbots (30%)

BROADER DIGITAL INNOVATIONS

NOT CONSIDERED

IN EVALUATION

- Sensor data / connected objects / IoT (33%)
- Smart contracts (35%)

- Sensor data / connected objects / IoT (30%)
- Smart contracts (37%)

Budget restrictions, analytics/data insights and talent shortage remain the largest inhibitors for procurement function performance

WHAT ARE THE MAJOR ROADBLOCKS PREVENTING YOUR PROCUREMENT FUNCTION FROM IMPROVING ITS PERFORMANCE?



ADDITIONAL INSIGHTS



With the **majority** procurement professionals reporting into the CFO (37%) CPDs should leverage this access to financial decision makers for funding



Last years 2018 CPD survey unveiled that mayor efficiency obstacles similarly where **Analytics / data insights (>50%)**, **Budget Restrictions (>40%)** and **lack of internal talent (>30%)**, however in different order. In 2017 talent management was considered the number one challenge.

5 Key Elements of Digital Innovation Success

1

Investigate opportunities to embrace the wave of **Digital Innovation and Transformation**

2

Evaluate new and emerging technologies like **Smart Contracts, AI, predictive and prescriptive analytics, machine learning, chatbots** and **Robotic Process Automation** – they are the wave of the future

3

Fund improvement opportunities through **Procurement efficiency and sourcing projects** to overcome budget roadblocks by leveraging relationships and exposure to key financial stakeholders

4

Develop a **talent management strategy** to advance roles, skills and knowledge

5

Consider investments in **analytical tools, data and information** to advance the capabilities and know-how of procurement and sourcing professionals