



From Data to Insight AI's Role in Procurement Intelligence

Leveraging AI for Transformative Procurement Processes

June 12th, 2024



Agenda

1. Introduction
2. The Role of AI in Procurement
3. Success Stories
4. Data to Insight
5. Transformative AI Use Cases
6. Addressing Procurement Pain Points
7. Implementation Strategies and Integration Steps
8. Overcoming Barriers to AI Implementation
9. Leveraging AI for Strategic Advantages
10. Conclusion and Call to Action
11. Q&A Session

Edouard Ratiarson, Co-Founder of R3VE

Engineering Science, Manufacturing Systems Engineering,
University of Toronto. Design Thinking with Stanford
D.School. AI/ML at George Brown College and AI for
Financial Services with Wells Fargo

Over 20 years of digital strategy and design leadership.
Lead transformation projects for major players Founded
agency became Nestle's Global AOR.

Professor of Design Management at the George Brown
School of Design, and AI Strategy for Google and HXOUSE
(founded by The Weeknd).

Running a Primary Research project on AI in Academia, as
well as developing some AI products and services for SMEs
and Creatives.

Co-Founder of R3VE a Product Design and AI Consulting
Firm.





Definition of Artificial Intelligence (AI)

AI is computer program that can learn and think. It can solve problems, make decisions, and even create new things.

You are already using AI today in:

- Virtual assistants
- Social media platforms
- Predictive text
- Self-driving cars

AI is also a powerful tool that can help your business operate more efficiently and effectively.



Benefits of AI in Procurement



Benefits of AI in Procurement

- Increased Efficiency
- Enhanced Decision-Making
- Cost Savings
- Risk Mitigation
- Scalability and Adaptability
- Continuous Improvement



*First let's look at
some Success
Stories*

Walmart

AI-powered chatbots to:

- Negotiate with tail-end suppliers, automating the process and enabling focused discussions with numerous suppliers.

This has led to mutually beneficial agreements, increased savings, and improved supply chain flexibility.

Source: <https://research.aimultiple.com/ai-procurement/>



Pentair

Their existing procurement system was outdated and complex. By implementing an AI-powered solution, they transformed their procurement process, achieving over 90% accuracy in spend classification. This resulted in a \$15 million working capital improvement and facilitated significant improvements in supplier consolidation and payment terms.

Source: <https://research.aimultiple.com/ai-procurement/>





Kärcher



A global leader in cleaning technology, Kärcher implemented an AI-powered platform to automate and streamline its tactical procurement processes. The AI solution automated execution, negotiation, and award processes, leading to substantial discounts, time savings, and freeing up procurement staff to focus on strategic tasks.

Source: <https://research.aimultiple.com/ai-procurement/>





Data to Insight



With AI, Data becomes a Strategic Asset

1. Data is the new oil
2. Raw data alone isn't valuable
3. The insights derived from that data is what drives strategic value



It was Difficult to Derive Insights, but not anymore

Because AI technologies can help, so that organizations to focus on:

- Enhance Supplier Selection
- Streamline Sourcing Processes
- Improve Risk Management
- Optimize Spend Analysis
- Boost Contract Management
- Enhance Decision-Making



Impact on Key Procurement Processes

Supplier Selection:

- Enhanced Evaluation
 - i. Data-Driven Decisions
 - ii. Risk Reduction

Contract Management:

- Automated Compliance
 - i. NLP Monitoring
 - ii. Efficiency

Risk Management:

- Predictive Analytics.
 - i. Risk Assessment
 - ii. Proactive Mitigation





AI Technologies and Procurement



AI Technologies

AI Technologies:

1. Machine Learning (ML)
 - Pattern Detection
 - Demand Forecasting
2. Natural Language Processing (NLP)
 - Contract Analysis
 - Communication Enhancement

These AI technologies:

- Streamline operations
- Provide deeper insights
- Leading to better decision-making





How AI Extracts Actionable Insights

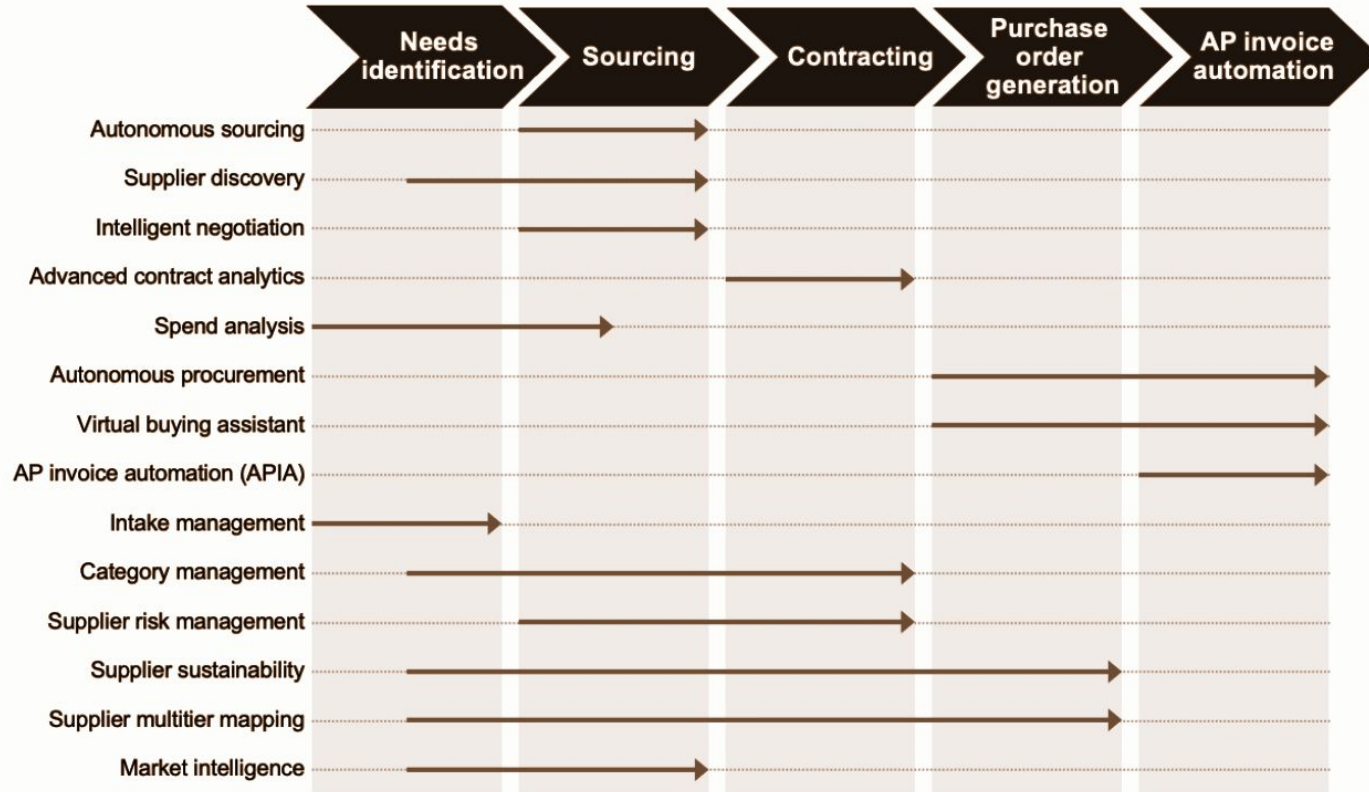
1. Data Collection and Cleaning
 - High-Quality Data
 - Data Integration
2. Pattern Recognition
 - Trend Identification
 - Anomaly Detection
3. Predictive Analytics
 - Forecasting
 - Strategic Planning
4. Real-Time Insights
 - Immediate Information
 - Market Responsiveness





*Transformative
AI Procurement
Use Cases*

AI Use-Case Pipeline for Sourcing and Procurement





Procurement Pain Points

- Inefficiencies in Sourcing Events and Decision Support
- Challenges in Finding Best-Fit Suppliers Quickly
- Issues with Contract Compliance and Risk Management
- Data Silos and the Need for Better Spend Data Management
- Inefficiencies in the Requisitioning Process
- Need for Efficient Invoice Processing
- Need for Better Risk Prediction and Management





*How AI Can
Address These
Challenges*

How Data Can Address These Pain Points

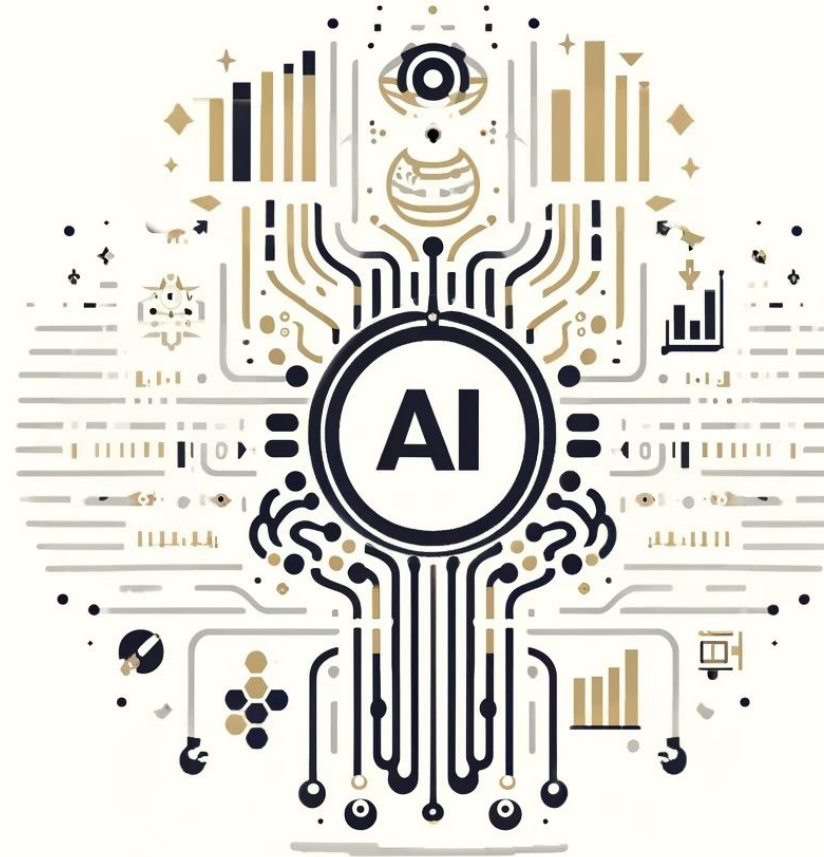
- Streamlines sourcing
- Identifies best-fit suppliers
- Ensures contract compliance
- Breaks down data silos
- Optimizes requisitioning
- Speeds up invoice processing
- Anticipates supplier risks



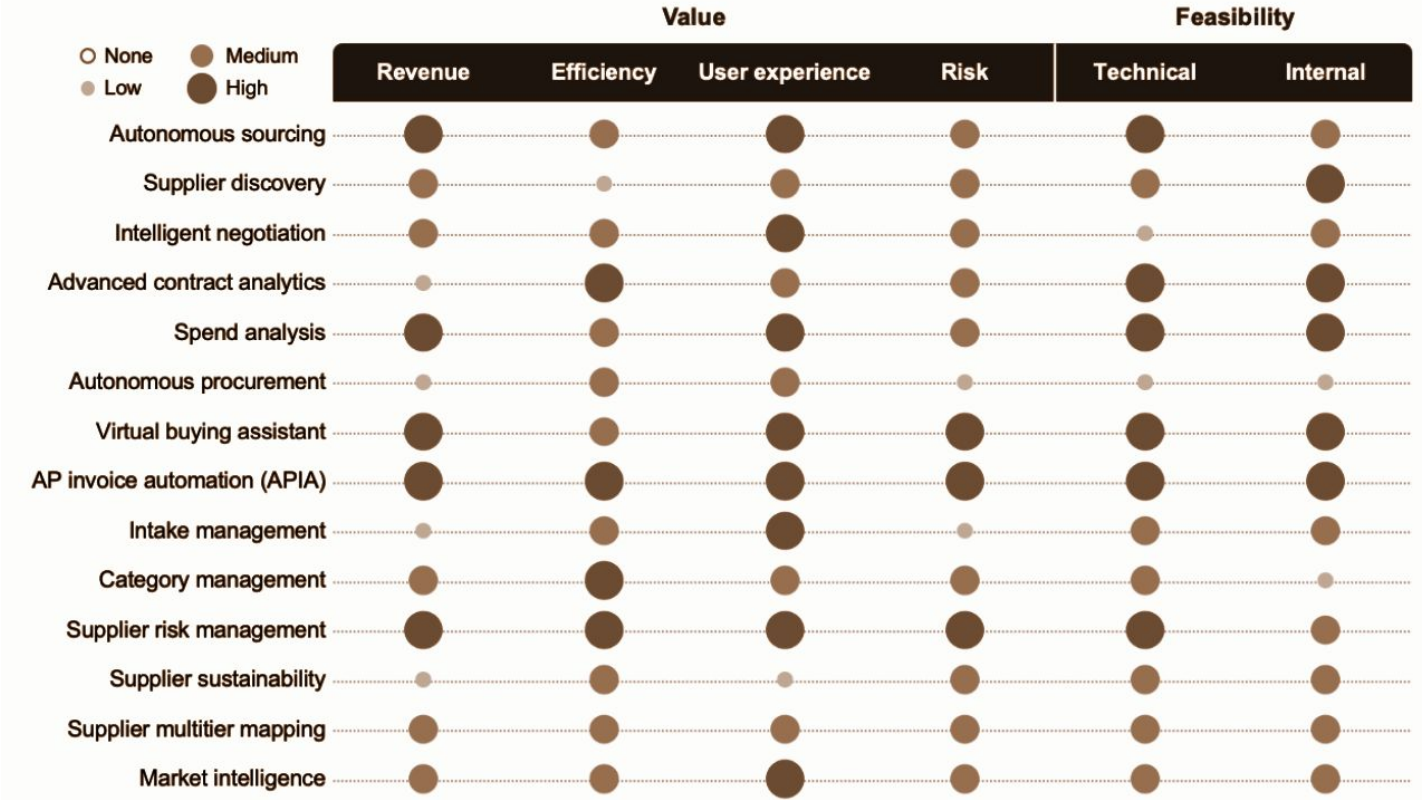
How AI Can Overcome these Procurement Challenges

AI technologies can help overcome procurement challenges by:

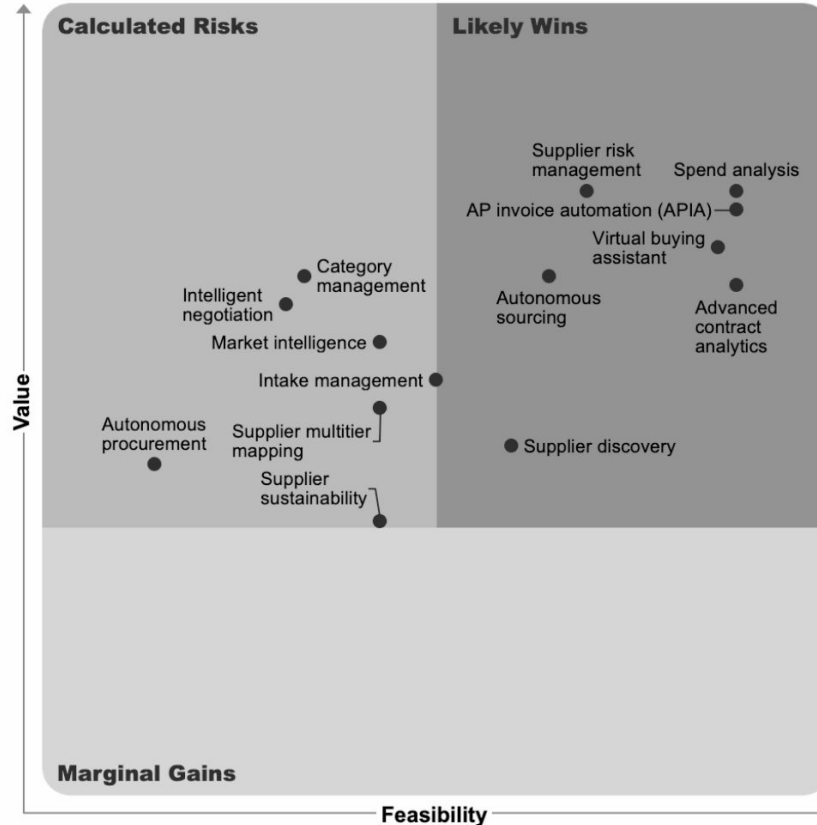
- Breaking down data silos through advanced data analytics.
- Streamlining processes with automation and AI-driven insights.
- Mitigating supplier risks with predictive analytics and risk management tools.
- Key AI technologies include Machine Learning (ML) and Natural Language Processing (NLP).



Artificial Intelligence Use-Case Scorecard for Sourcing and Procurement



Artificial Intelligence Use-Case Comparison for Sourcing and Procurement



Source: Gartner
799882



Likely Wins Use Cases

- Autonomous Sourcing
- Supplier Discovery
- Advanced Contract Analytics
- Spend Analysis
- Virtual Buying Assistant
- AP Invoice Automation
- Supplier Risk Management



*How to Prepare
for AI in
Procurement*



Building Foundational Capabilities

- Secure leadership support and resources
- Align to the organization's AI strategy and roadmap
- Secure a dedicated budget for AI technologies
- Map end-to-end procurement processes
- Establish benchmarks for key performance indicators
- Create a prioritized list of high-potential AI use cases



Prepare the Organization for Adoption

1. Establish governance
2. Pilot and phase deployment
3. Continuously monitor and improve
4. Deploy change management and training



*Implementation
Strategies*



Challenges in AI Integration

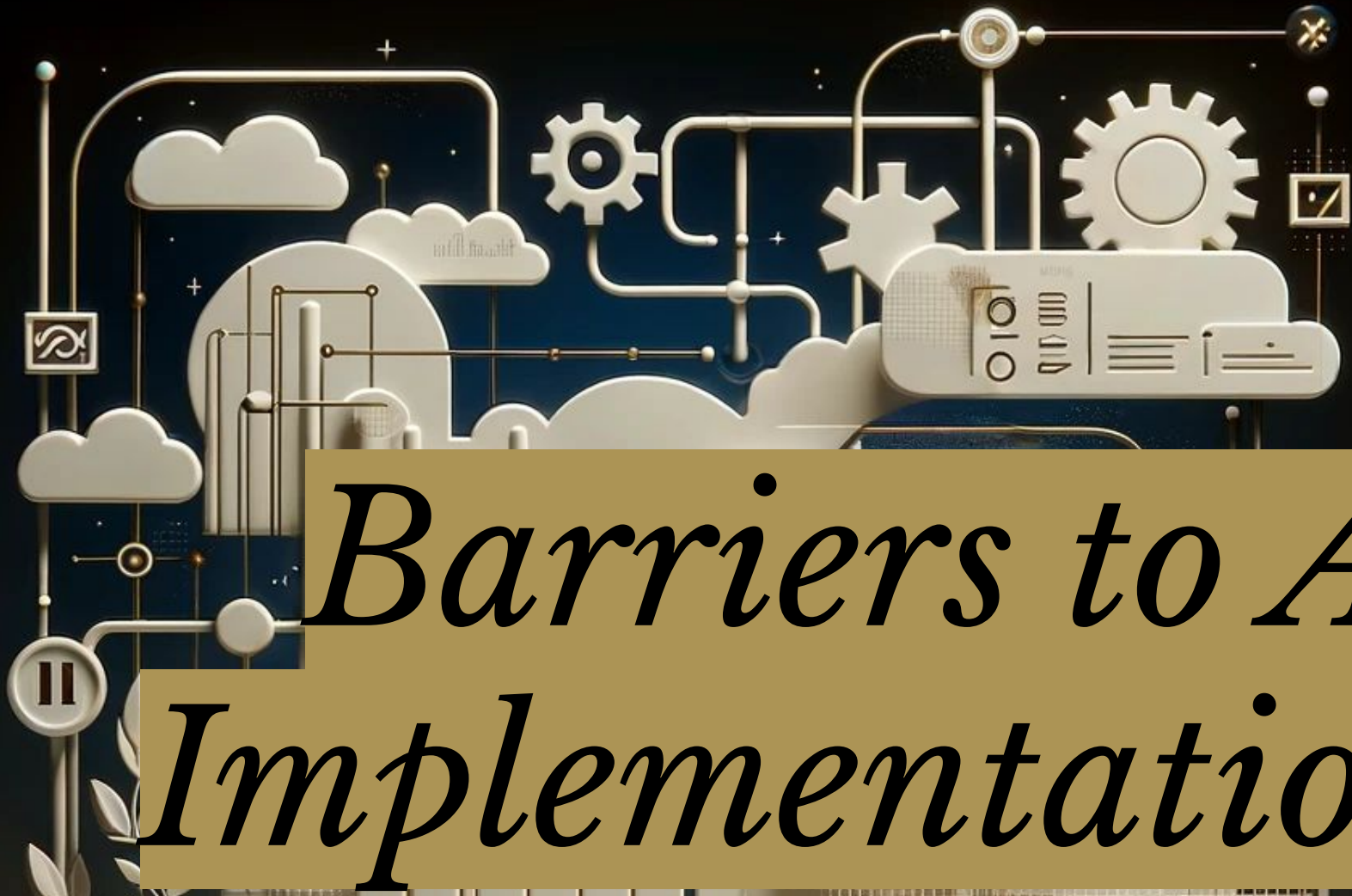
- Data Quality Issues
- Privacy and Compliance Concerns
- Resistance to Change
- Integration with Existing Systems






Implementation Strategies and Integration Steps

- Secure leadership support and resources.
- Map processes and identify opportunities.
- Enhance data infrastructure and quality.
- Select suitable AI technology solutions.
- Establish governance, pilot and phase deployment.
- Continuously monitor and improve.



Barriers to AI Implementation



Broad barriers

- AI value
- business alignment
- data
- talent/skills
- technology
- trust in AI




Key barriers

- Lack of business and executive alignment (18%)
- Lack of quality data (17%)
- Lack of trust in AI systems (28%)



Implementation Strategy Recommendations

- Evaluate current processes and identify areas where AI can add value.
- Start with a pilot project and refine the approach before scaling up.
- Invest in the right technology and build a skilled team.
- Ensure data quality through robust data governance practices.
- Continuously monitor and optimize AI systems for ongoing improvements.

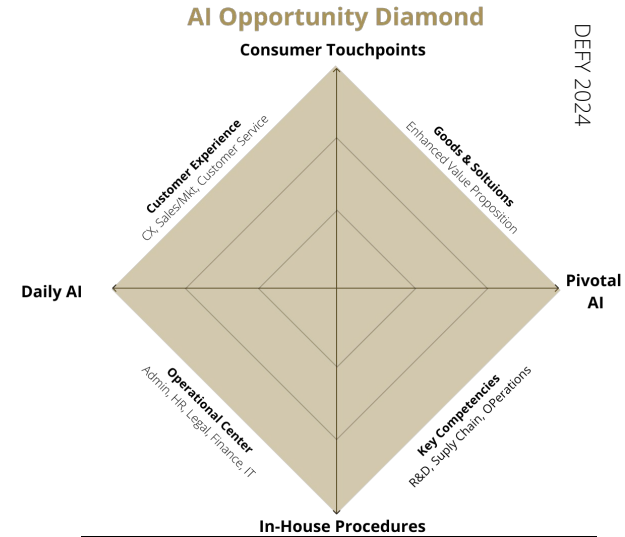
An abstract digital graphic featuring a white background with intricate, layered circuit-like patterns in white and gold. The patterns consist of various lines, loops, and nodes, some resembling a printed circuit board. A prominent feature is a large, semi-circular white shape in the lower center, which appears to be a clock face or a dial, partially obscured by the circuit lines. The overall aesthetic is clean, modern, and technological.

Call-To-Action

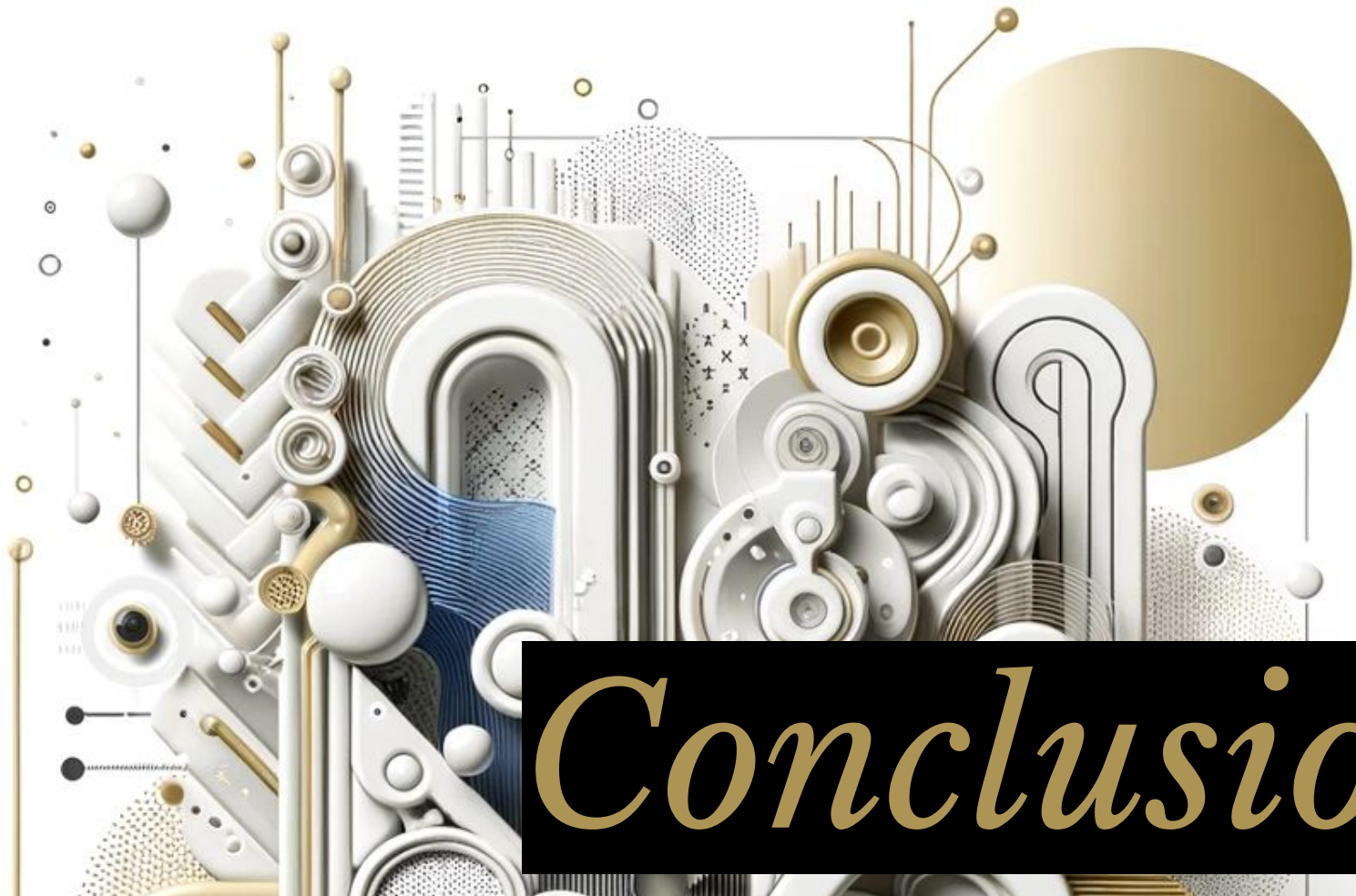


Leveraging AI for Strategic Advantages in Procurement

- Evaluate current processes and start with a pilot project.
- Invest in training and ensure data quality.
- Stay informed about advancements in AI technology.
- Get a partner who can help you with all of the above by emailing me At ed@r3ve.com



AI Strategy Canvas		
Designed For:	Designed By:	Date:
AI Goal Define the AI-driven objective.	AI Value Proposition Highlight AI's unique benefits.	Target Consumers Identify the main audience or user group.
Key Tools & Data Sources Specify primary data inputs for AI.		
Business Impact Describe potential operational changes due to AI.		



Conclusion



Conclusion

- Recap of Key Takeaways:
 - AI technologies can transform procurement processes.
 - Predictive analytics improves demand forecasting and supplier performance prediction.
 - AI-driven evaluations streamline supplier selection, contract management, and risk management.
- Call to Action:
 - Leverage the help of a Strategic partner to help you navigate the Complexity of AI
 - Start with a pilot project
 - Invest in training
 - Ensure data quality
 - Stay informed about advancements

