

SPEND VISIBILITY

Clear the Chaos and
Unlock Potential



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Executive Summary

More often than not, organizations have a decentralized purchasing structure that doesn't allow for a holistic view of their spend. Without a congruent look on spend that allows for more mature practices, many are stuck in a reactive mode of transactional procurement with little to no strategy, and often only buying when or after they have a need.

Although this may seem adequate when looked at on a case-by-case basis, it fails to support and enable the optimization of the supply chain, leaving both money and risk on the table. By lacking a comprehensive view of spend, organizations fail to take advantage of the various opportunities and intrinsic benefits that come with collective purchasing power, leading to value leakage and allowing risk to perpetuate as purchases continue to go ungoverned.

Instead, by partnering with a purchasing organization that offers a spend visibility solution, you can gain an understanding of your spending habits and then assess where their collective buying power may be able to provide savings and opportunities.

In fact, spend visibility is so integral to procurement that Reginald Holden, chief procurement officer at private equity investment firm Leonard Green & Partners, describes it as foundational. “Spend visibility is step one or, rather, step zero in starting and running a sourcing organization. It’s mandatory because it’s your playbook. Without it, it’s like trying to get somewhere without a roadmap; you’re just lost in the dark.”

Holden explains that by garnering visibility into spend, organizations can begin to reduce costs, mitigate risk and build more resilient networks that foster competitive advantage.

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— Reginald Holden, Leonard Green & Partners





Risk Awareness and Management: Building a More Resilient Supply Chain

Just as you cannot improve what you cannot measure, you can't mitigate what you cannot see.

In order to identify both risk and opportunity, you need the ability to see your spend in a number of ways, said Holden. "You should be able to identify concentration risk, and if you have something mission critical that is single-sourced or if you're buying the same category of goods from multiple suppliers and have an opportunity to pool purchasing volumes for cost savings."

The ongoing global semiconductor shortage stands as a glaring reminder of the risks that lie in the layers of our intricate global supply chains. Pre-pandemic large areas of risk, such as concentration risk (an overreliance on single suppliers or raw materials), were either not seen due to a lack of visibility on spend or overlooked or traded in favor of cost minimization.

However, in volatile markets where capacity constraints and availability of supply radically increase the likelihood of disruption, this is no longer a trade many organizations can afford. Hence, there's now an acute need for greater spend visibility.

Leveraging Visibility to Optimize Your Data

Optimizing your supply chain begins with optimizing your data — regardless of where it resides — and allows you to do more than manage risk and drive out cost.

Today, comprehensive spend visibility is enabling greater business maturity by delivering valuable procurement insights, allowing your organization to improve in all directions. Areas such as contract compliance, category management, and even corporate initiatives such as supplier diversity are seeing an improvement.

The right spend data should empower your team to identify both risk and opportunity, helping you to:

- Identify synergistic and savings opportunities
- Fully leverage favorable contracts
- Improve category management
- Monitor and measure compliance
- Streamline procurement activities
- Support your supplier diversity commitments

With a holistic view on spend, CPOs and CFOs can finally see the entire picture, enabling insight-fueled decision-making that aligns their actions with their overarching company objectives. For instance, you may have more than one department or group utilizing the same vendor and can leverage your collective spend to negotiate better rates. Or you may be surprised to find you're spending more in a certain category than you thought, and it's time to consolidate supplier usage or partner with a purchasing organization for additional savings. Even areas such as quality assurance (QA) can improve once you see you have multiple locations buying the same item and can share relevant experiences and build collective knowledge.

“There's great economic impact in gaining good visibility on spend,” states Holden. “Once you have the visibility, you can gain the economic benefits of bundling categories and going to market with a much larger spend, as well as ensuring you're aligned under your own roof and fully exploiting the best deals.”

By establishing that initial roadmap and gaining visibility on their spend, leaders can better manage resources and focus their time and energy on driving savings, compliance and resilience within their organization.



The Challenges of Good Spend Visibility

At first glance, spend visibility can seem like a simple matter. But non-inventory purchases, dirty data and heterogeneous systems can bring great complexity to the collection of data. Additionally, to bring value, that data must be amalgamated and presented in a way that allows for informed decisions and drives targeted behaviors so leaders can meet the totality of their procurement objectives, including, but not limited to, those ever-imperative cost savings.

Many simply want to know: What are we buying, from whom, and can we do it better?

However, when resources are limited, leaders must remain focused on their core competencies and leverage the right partnerships that enable them to prioritize their actions based on impact.

The 80/20 Pareto principle states that about 80% of consequences come from 20% of causes. With the right spend visibility solution and the right partner, you can get your sights on that critical 20% and create a long-term, well-informed procurement strategy for ongoing improvements.

80/20 Pareto principle

80% of consequences come from 20% of causes



How a Spend Visibility Solution Can Help — Now

The painful realities of dirty data and incongruent or disparate systems have hindered organizations for far too long. As a result, undermanaged spend categories often remain the low-hanging fruit that companies fail to seize. With a shortage of resources and a lack of actionable data, companies are left vulnerable to disruption and large areas of risk as procurement teams fend for themselves, ordering when they must and from whom they can.

OMNIA Partners can help you clear the chaos and quickly garner insight by analyzing your spend cubes, identifying addressable areas and, leveraging group purchasing for optimal savings and better terms and conditions.

Ashley Greuel, senior director, Pricing & Analytics at OMNIA Partners, shares how their spend visibility solution can clean, categorize and analyze your data in approximately two weeks. OMNIA Partners delivers the information you need, so you can concentrate on more strategic spending that leverages collective buying power for the most favorable outcomes.

“What we are doing is taking that messy data and cleansing it,” said Greuel. “We then categorize it and assess that processed data against our own contract portfolio to identify areas that offer a more streamlined solution and drive savings.”

Greuel explains how this solution can shift a company’s perspective to help them create a roadmap of where they should focus their time and energy to drive savings in their organization.

Consolidating information into the right spend cubes and categories is difficult and extremely time-consuming. Yet, without a clear picture of total spend, you’re not just missing out on potential savings, but you’re putting the company at risk and impeding better procurement that delivers competitive advantage.



Step-by-Step Process

1

Member provides 12 months of spend data. Includes AP and P-/Corporate Card data.

2

OMNIA Partners will cleanse and categorize the data.

3

OMNIA Partners will assess the Member's processed data against their contract portfolio to identify all areas where OMNIA Partners can provide a solution and drive savings.

This does not include any supplier-specific assessments or further due diligence. Only looking at areas of spend where OMNIA Partners has a contract solution.

4

OMNIA Partners will present the Opportunity Assessment to the Member to identify and prioritize Contract Opportunities to move forward with.

5

Recurring touchpoint between the Member and OMNIA Partners as they work through the prioritized list of opportunities identified

Assessment team would get involved to assess each category, as applicable.

6

Begin to experience a streamlined purchasing process and savings.

A Sampling of Average Savings Potential By Category



11–39% Human Resources

- Background checks & drug screening
- Workforce mobility management
- Staffing & workforce solutions
- Pharmacy benefits



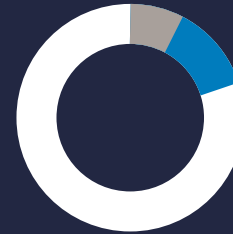
20–37% IT & Telecom

- Conferencing
- IT Hardware Support
- Multifunctional Devices



16% Corporate Services

- Office supplies & solutions



8–20% Travel

- Ground transportation
- Corporate housing
- Jet services
- Car rental
- Meetings & events
- Travel management



15–28% Facilities

- Safety supplies
- Energy management
- Uniforms & facility services
- LTL, truckload & third party logistics
- Industrial supplies & MRO

OMNIA Partners can quickly and easily provide the data you need, how you need it — all without the burden of dealing with that messy data.



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Shaping the future of procurement through power, access, and trust. OMNIA Partners is the largest and most experienced purchasing organization for the public and private sector, as well as the nonprofit, multifamily housing and private equity space. Its immense purchasing power and industry-leading suppliers have produced an extensive portfolio of procurement solutions and partnerships, making OMNIA Partners the most valued and trusted resource for organizations nationwide.

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