



**SOURCE-TO-PAY 2021:  
THE DEFINITIVE  
GUIDE**



**optis**



## **A company's vision and strategy for the future must include digital transformation to mature and stay ahead of the curve.**

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Digital transformation has emerged as an imperative not only to reduce costs and achieve efficiencies but also to build resilience and flexibility to better deal with the unexpected. Organizations that are lagging in adopting new technologies will struggle to remain competitive as market leaders integrate digital technology into all areas, changing how businesses operate and creating value.

As a part of this digital vision, organizations should re-imagine and modernize source-to-pay processes to enable and maintain predictable value. Vision is not the only part of the journey; having the right digital tools and capabilities at your fingertips, crafting and executing a well-thought-out roadmap, and arming the organization to support change are the true preamble to a successful digital transformation.





# 01 **OVERVIEW**

**Source-to-pay is the cornerstone of how a company spends money effectively and, in doing so, generates value, fosters innovation, reduces risk, and creates strategic advantages.**

To better consider the digital evolution of source-to-pay, let us first look at the process in a nutshell. Source-to-pay is an umbrella term coined to describe the interconnected set of procurement, supply chain, finance, IT, and legal activities that companies undertake to identify, source, fulfill and pay for goods and services. All goods and services that companies procure, from raw materials to manufactured products to office supplies, fall under this umbrella term.

The source-to-pay process begins long before the execution of an individual transaction. The process kicks off with upstream source-to-contract activities, including: business needs assessment, industry and supplier analysis, planning and executing sourcing strategies based on the organization's spend profile and supplier base, and contracting with suppliers. Beyond source-to-contract, the downstream procure-to-pay process includes the transactional flow of order management, delivery management, payment authorization, and compliance. End-to-end processes for the entire source-to-pay function include ongoing activities such as risk management, supplier management, and category management.

To maximize impact, enhanced capabilities must be put in place to drive value. Organizations looking to implement a successful and continuously improving source-to-pay program need to look beyond just software and focus on a comprehensive set of "enablers". These enablers should include an "embrace change" mindset and culture, a system of success measurement, a sustained investment in improving digital capabilities, and a desire to adopt leading management practices. Although not directly related to the purchase of goods and services, these enablers drive value by enhancing the ability to efficiently and effectively execute source-to-pay processes. Increasingly, decision makers are leveraging source-to-pay as the catalyst for the meaningful business transformation required to meet the challenges facing modern organizations.

# 02 CHALLENGES FACING MODERN ORGANIZATIONS

More and more, modern procurement functions are at the forefront of helping businesses overcome challenges and meet their needs.

In a world of growing uncertainty, where the pace of change is driving more risk and opportunity than ever before, source-to-pay is playing an essential role in safeguarding business viability. Modern organizations are operating in a landscape of increasingly complex conditions, including:

- ✔ Shareholder, social and regulatory pressures for supply chain transparency
- ✔ Reduced barriers to entry creating more competition across industry verticals
- ✔ Increasing volume and velocity of new goods and services
- ✔ Sustained upward pressure on remaining profitable

This translates into procurement organizations facing operational and tactical pressures. Some of the major challenges include:

## CHALLENGES

### Process Inefficiencies

Existing processes are highly manual and not standardized. The resulting inefficiencies include long source-to-pay lifecycles, human error, lost savings, and risk exposure.

Examples of substandard processes may include:

- ✔ Manual approvals of purchase orders and invoices, usually requiring high involvement from procurement and finance teams;
- ✔ Physical or e-mail receipt of invoices that must be scanned or entered manually into the invoicing system;
- ✔ Numerous invoice exceptions due to the lack of a standard format that require manual processing.

#### Why is it happening?

Processes are not standardized, streamlined or enforced properly, resulting in lengthy non-value-add outdated enabling technologies.

### Limited Visibility

Suffering from limited real-time visibility in source-to-pay processes and supplier activities, organizations have no clear understanding of current performance. Moreover, limited visibility exposes them to potential disruptions and greater internal and external risk. Consequential inefficiencies can include inadequate demand forecasting and fulfillment, lack of spend visibility, and poor understanding of supplier performance and offerings.

Examples of substandard practices may include:

- ✔ Limited visibility beyond first-tier suppliers;
- ✔ Lack of organization-wide performance reporting, resulting in inaccurate benchmarking of key performance indicators (KPIs);
- ✔ Data and processes being poorly communicated and exchanged between teams;
- ✔ Lack of a clear audit trail to help manage risk and mitigate supply chain failures.

#### Why is it happening?

Manual processes do not generate actionable transaction and process data, limiting data-driven improvements.



## Maverick Spend

Purchases made outside of agreed contracts or with unapproved suppliers lead to high levels of value leakage – this could mean paying more than what was agreed upon with an existing supplier or paying a higher price than a pre-negotiated contracted rate with another supplier. This has a direct impact on an organization's bottom line.

Examples of substandard practices may include:

- ❑ Existing contracts are not integrated with transactional processes, making it challenging to purchase against negotiated rates;
- ❑ Unclear spend channels lead to user confusion when it comes to buying a good or service. As a result, requesters may be informally contacting suppliers outside of any system.

### Why is it happening?

Lack of clear and systematically codified processes connecting contracts and buying make it difficult for staff to make the right decisions.

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## Supplier Related Issues

In some organizations, the suppliers' role is still viewed from a transactional perspective rather than as a means of creating shared value. This mindset generally translates into low supplier engagement, collaboration, and visibility paired with a high level of supplier risk. This leaves room for irregularities, poor understanding of supplier capabilities, and an unstable supply of goods and services.

Examples of substandard practices may include:

- ❑ Lack of supplier scorecards or rarely updated supplier scorecards;
- ❑ Little to no collaborative innovation in key products and services;
- ❑ Only a handful of suppliers are managed, impacting the ability to adapt with peaks and valleys in demand.

### Why is it happening?

Procurement teams are focused too heavily on transactional procurement and lack the time to concentrate on value-add strategic activities such as supplier management.

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## Risk Exposure

Risk can arise from various areas. This can include supplier relationships, strategic sourcing and negotiation activities, and transactional and bill payment activities.

Examples of substandard practices may include:

- ❑ Limited and ineffective supplier market analysis;
- ❑ No policies or processes for validating a match between order and invoice before payment;
- ❑ Duplicate payments and overpayment risk due to manual invoice processing;
- ❑ A lack of contractual terms with suppliers.

### Why is it happening?

Risk management is not properly embedded into the source-to-pay stream, from upfront sourcing through to payment.



# DIGITAL LANDSCAPE

## 01 THE DIGITAL IN PROCUREMENT

**Why go digital? Operating digitally has rapidly evolved from a nice-to-have to a must-have.**

Most commonly, procurement organizations look to digitize source-to-pay due to rising competitive pressure, increasingly complex needs of internal stakeholders, and broad corporate mandates for digitization.

Digital transformations enable a shift towards leading-edge capabilities that drive excellence across the source-to-pay value chain while allowing organizations to adapt to new trends and external uncertainties. Digitalization empowers strategic agendas, promotes business continuity, and reduces risk while contributing to perennial objectives such as achieving cost savings, increasing efficiency, and improving working capital. Organizations that are slower to adopt new technologies face an uphill battle to remain competitive, as they are increasingly lagging behind more mature performers. Leaders need to use digital levers to reshape and redirect their efforts towards sustainable value-added activities.

Through digital efforts, organizations can continue to mature through a series of steps, with each step bringing more business value as capabilities are built-in and efficiencies are unleashed, automation and, in the process, creating smarter, predictive processes that allow them to be proactive rather than reactive. Market-leading Software as a Service (SaaS) solutions are at the forefront of streamlining and automating processes, freeing resources from manual and redundant tasks, and enabling finance and procurement teams to grow as strategic partners. Moreover, source-to-pay SaaS solutions capture real-time spend data and deliver powerful insight to the right people at the right time. The generated insights can empower better decision-making, highlight cost-saving opportunities, and promote ongoing risk identification and monitoring.



## 02 DIGITAL CAPABILITIES

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Market-leading source-to-pay Software as a Service (SaaS) solutions combine best practices and cutting-edge functionalities.

Source-to-pay solutions centralize and automate processes covering the entire lifecycle in a single platform, including ongoing activities such as supplier management, risk management, and spend analysis. While laying the groundwork for value chain excellence, SaaS solutions also offer a simple and intuitive buying experience that users will embrace.

The SaaS model has flourished within procurement and finance functions due to its flexibility and scalability. SaaS solutions' modularity enables organizations to shape their application landscape to realize their short-term objectives, as well as to support their medium to long-term objectives. Should an organization need to expand its scope, additional modules can be easily deployed. That said, value will be maximized once the end-to-end source-to-pay process is fully enabled by a single platform.

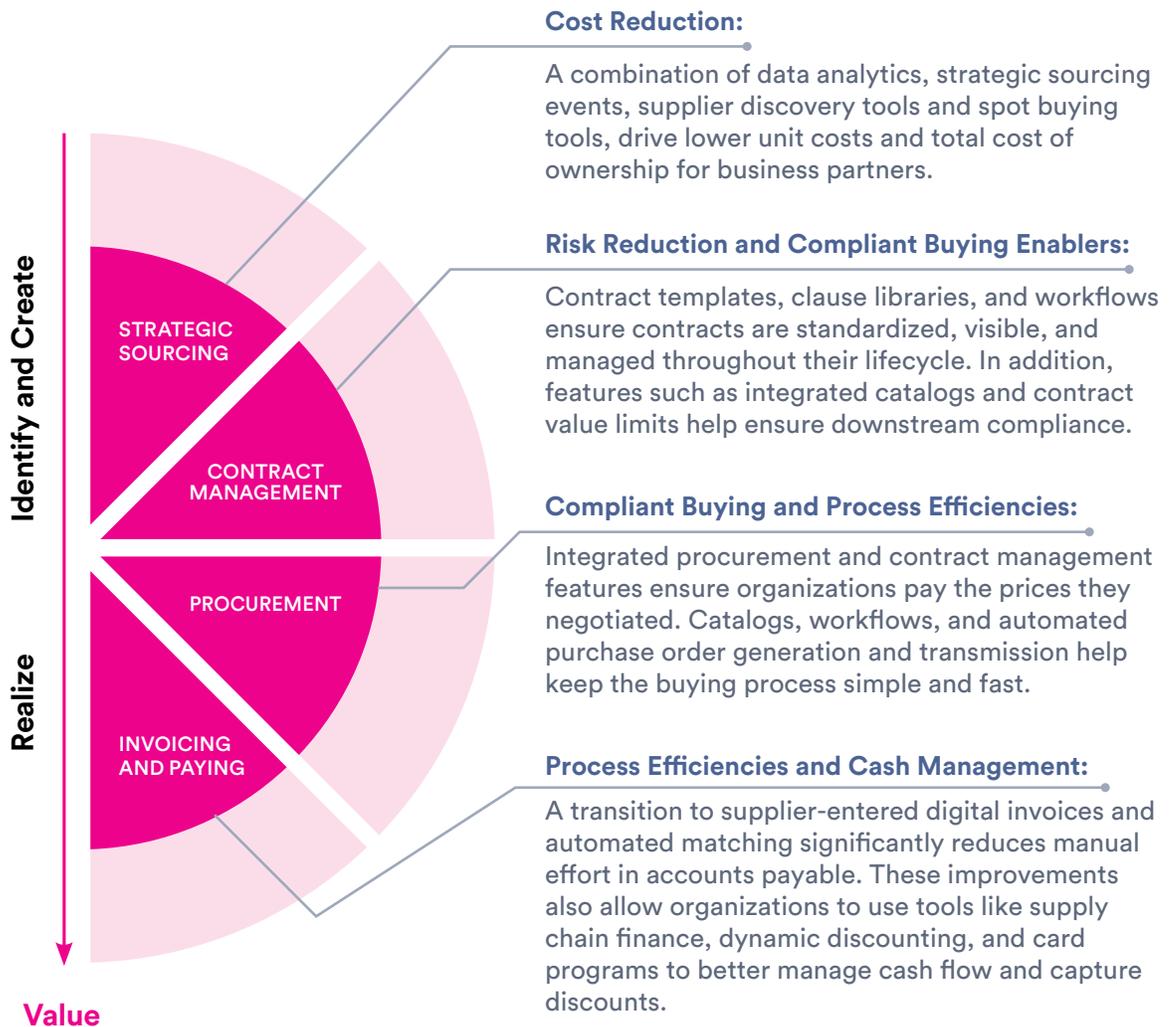
The table below identifies basic and advanced capabilities of market-leading source-to-pay solutions.

Module	Basic Capabilities	Advanced Capabilities
<b>Sourcing</b>	<ul style="list-style-type: none"> <li>• Define Sourcing Strategy</li> <li>• RFx Development and Issuance</li> <li>• Evaluation and Selection</li> <li>• Project Cloning</li> <li>• Templating</li> </ul>	<ul style="list-style-type: none"> <li>• Advanced Bid Scenario Analysis</li> <li>• Grouping Bidding Items</li> <li>• Supplier Discovery</li> <li>• Auctions</li> </ul>
<b>Contract</b>	<ul style="list-style-type: none"> <li>• Central Repository</li> <li>• Contract Negotiation</li> <li>• Contract Digitization</li> <li>• Dynamic Authoring</li> <li>• eSignature Integration</li> </ul>	<ul style="list-style-type: none"> <li>• Obligations Management</li> <li>• Contract Discovery</li> <li>• Contract Auto-Extraction</li> <li>• Advanced Analytics</li> <li>• Advanced Price Controls</li> </ul>
<b>Procure-to-Order</b>	<ul style="list-style-type: none"> <li>• Automated Workflow Generation</li> <li>• Basic Budget Tracking</li> <li>• Catalog and Order Management</li> <li>• Purchase Order Transmission</li> <li>• Credit Card Purchasing</li> <li>• Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Buying Recommendations</li> <li>• Advanced Budget Management Capabilities</li> <li>• Contract Compliance</li> <li>• Service Entry Sheets / Time Sheets</li> <li>• Asset Management and Inventory Control</li> <li>• Vendor Managed Inventory and Consignment</li> <li>• Order Collaboration Capabilities</li> <li>• Project and Job Cost Capabilities</li> </ul>
<b>Invoicing</b>	<ul style="list-style-type: none"> <li>• Automated Invoice-Order Matching</li> <li>• Price Compliance</li> <li>• Exception Handling</li> <li>• Automated Workflow Generation</li> <li>• Early Payments Capture and Validation</li> </ul>	<ul style="list-style-type: none"> <li>• Invoice Queue Management</li> <li>• Tax Validation</li> <li>• OCR Smart Invoice Capture</li> <li>• Dynamic Discounting</li> <li>• Third-Party Financing</li> </ul>
<b>Third-Party Risk Management</b>	<ul style="list-style-type: none"> <li>• Assessment Surveys and Questionnaires Library</li> <li>• Risk Scoring</li> <li>• Risk Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Automated Actions</li> <li>• Integrated Third-Party Risk Data</li> <li>• Ongoing Risk Exposure Monitoring</li> <li>• Issue Management</li> </ul>
<b>Supplier Management</b>	<ul style="list-style-type: none"> <li>• Supplier Onboarding</li> <li>• Self-Service for Suppliers</li> <li>• Supplier Qualification</li> </ul>	<ul style="list-style-type: none"> <li>• Cloud Supplier Master</li> <li>• Supplier Performance Management (scorecards, questionnaires)</li> </ul>
<b>Spend Analysis</b>	<ul style="list-style-type: none"> <li>• Commodity Classification</li> <li>• Supplier Data Enrichment</li> <li>• Budget and Savings Tracking</li> </ul>	<ul style="list-style-type: none"> <li>• AI-Based Classification</li> <li>• Peer Benchmarking</li> <li>• Opportunity Resolution Workflow</li> </ul>

# 03 A VALUE CYCLE POWERED BY TECHNOLOGY

The right digital tools, combined with business buy-in, can help leaders identify, create, and realize value beyond upfront cost reduction.

The digitalization of source-to-pay allows us to revolutionize core competencies and turn them into continuous value creation opportunities. The data collected in previous procurement cycles is re-used to identify, negotiate, enable, and realize savings in the next cycle. This ongoing process, powered by source-to-pay technology, drives constant tangible value across the four primary drivers.





In addition to quantifiable benefits, there are several intangible benefits that are not directly measured against the potential savings or cost reductions that result from digitalization.

 <h3>Transparency</h3> <ul style="list-style-type: none"><li>✓ Increased visibility and digital audit trail across all source-to-pay processes</li><li>✓ Real-time budget and spend visibility enable proactive category, vendor, and budget management</li></ul>	 <h3>Efficiency</h3> <ul style="list-style-type: none"><li>✓ Consolidation of multiple processes into a single integrated platform</li><li>✓ Offers structured and consistent process</li><li>✓ Increased employee time on value-added activities</li></ul>
 <h3>Risk Mitigation</h3> <ul style="list-style-type: none"><li>✓ Automatic invoice approvals or escalations based on configured business rules</li><li>✓ Integrated contract management module resulting in improved tracking, reporting, and compliance</li><li>✓ Monitors potential supplier risks at an early stage through centralized data</li></ul>	 <h3>Collaboration</h3> <ul style="list-style-type: none"><li>✓ Improves internal collaboration by providing a one-stop shop where users can work together easily</li><li>✓ Improves external collaboration and expands opportunities through digital interconnection in the world's largest markets</li><li>✓ Provides organizations and their suppliers with visibility into all shared activities</li></ul>



## 04 MEASUREMENT DRIVES BEHAVIOUR

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When organizations mature alongside new technologies, metrics are needed to actively track performance.

Introducing and monitoring incentives and key performance indicators (KPIs) are vital to the successful management and continuous delivery of benefits realisation.

Key Performance Indicators (KPIs) are a solid starting point for any transformation initiative and help drive performance throughout the journey. The indicators should stem from a company's business objectives and translate to-be states into measurable results. Priorities, activities, and decisions made throughout the transformation will be assessed against these metrics, from the planning phase to sustainment. A transformation initiative will be successful when KPI objectives are met and sustained well after implementing a particular technology.

## Key Performance Indicators

		 AVERAGE	 BEST IN CLASS
<b>Fiscal Control and Compliant Buying</b>	Percentage of Spend Under Management	63.1%	<b>89%</b>
	Average Yearly Savings Identified by Strategic Sourcing	8%	<b>16%</b>
	Average Savings from Contract Compliance (Million per Billion)	\$9.40	<b>\$11.40</b>
<b>Process Efficiency</b>	Source of Contract Cycle Time	60 days	<b>48 days</b>
	Percentage of Purchase Orders Sent Electronically	93%	<b>99%</b>
	Procurement Process Costs as a Percentage of Spend	0.213%	<b>0.126%</b>
	Purchase Order Volume per Procurement Full Time Equivalent	4,200	<b>7,735</b>
	Average Cost of Processing a Purchase Order	\$4.60	<b>\$1-3</b>
	Percentage of Electronic Invoice Processing	85%	<b>100% (Top 10%)</b>
	Accounts Payable Staff Process Costs as a Percentage of Spend	0.073%	<b>0.032%</b>
	Invoice Volume per Accounts Payable Staff Full Time Equivalent	12,000	<b>41,000</b>
	Average cost of Processing and Invoice	\$2.93	<b>\$1-2</b>
<b>Cash Management</b>	Early Payment Discounts as Percentage of Spend	0.06%	<b>0.55%</b>

# 05 FROM DIGITALIZATION TO INNOVATION

Leveraging a SaaS solution can act as the starting point of a digital transformation journey but should not be the endpoint.

Organizations should explore the use of innovative tools to seize new opportunities and to stay ahead of the curve. Deploying a source-to-pay SaaS solution is an ideal launchpad for the introduction and adoption of other advanced technologies. Emerging technologies can leverage the value created by SaaS solutions, such as richer data and automated processes, to identify further opportunities, increase the degree of automation, and empower proactive and intelligent decision making. Technologies relevant to the source-to-pay space that are bound to generate significant interest include:



## Robotic Process Automation

- ✓ Robotic Process Automation (RPA) is designed to automate rule-based manual tasks that are repetitive in nature. The activities it replaces typically clutter back-office processes, such as retrieving data from an e-mail and entering it into a system.
- ✓ RPA applies primarily to transactional activities in the source-to-pay process. High-volume, highly manual activities that are performed in disparate systems and are frequently audited for compliance are the prime candidates for RPA automation.



## Machine Learning

- ✓ Machine learning is designed to predict rules based on pattern recognition. The value proposition of machine learning is twofold: 1) automated self-learning to improve operational efficiency 2) expedient processing of large quantities of data to provide timely insights.
- ✓ Machine learning is most applicable to complex activities that require evaluation and recommendations. For example, machine learning can make the supplier management process more intuitive and help expand existing supplier bases through analysis. In addition, it can help classify spend data and capture new sources of relevant data during the sourcing phase.



## Internet of Things

- ✓ IoT refers to the wireless connectivity of applications and devices, in regards to collecting and sharing data. The data generated is continuously monitored and analyzed to determine sets of behaviors that enable more informed decision-making.
- ✓ IoT applies in areas within the source-to-pay process where visibility and predictability are essential, such as spend analysis and strategic sourcing. For example, IoT can be used to better manage spending through a deeper understanding of what is being used. In turn, it provides the ability to forecast these needs more accurately, which will greatly improve budgeting and negotiation. Another area where IoT can be beneficial is in tracking and monitoring the movement of goods.



## Smart Contracts

- ✓ Smart contracts are defined as pieces of code embedded into a blockchain that leverage conditional statements to automate and secure transactions between parties, eliminating the need for intermediaries to validate and verify conditions. These conditions, when satisfied, trigger specific outcomes, such as automatic payment. The result is a process by which parties can agree on the conditions and have the certainty that they will be executed automatically with a reduced risk of error or manipulation.
- ✓ Smart contracts are applicable where an agreement between two parties exists in which the conditions can be explicitly coded and outcomes are determined based on data. By exploiting blockchain's peer-to-peer trust protocol, smart contracts can improve accuracy, traceability, and speed of transactions across the value chain. For instance, if an invoice has been received and matches the receipt and the order, payment can be triggered automatically. On the other hand, if a condition has not been met, such as a delay in delivery, a penalty can be triggered.





# TURNING VISION INTO REALITY

## 01 PEOPLE-ALIGNED, TECHNOLOGY- ENABLED APPROACH

Digitalization goes far beyond the implementation of a technology.

Organizations need to view digitization as business transformation enabled by technology. Approaching digital procurement transformation through this lens keeps people at the heart.

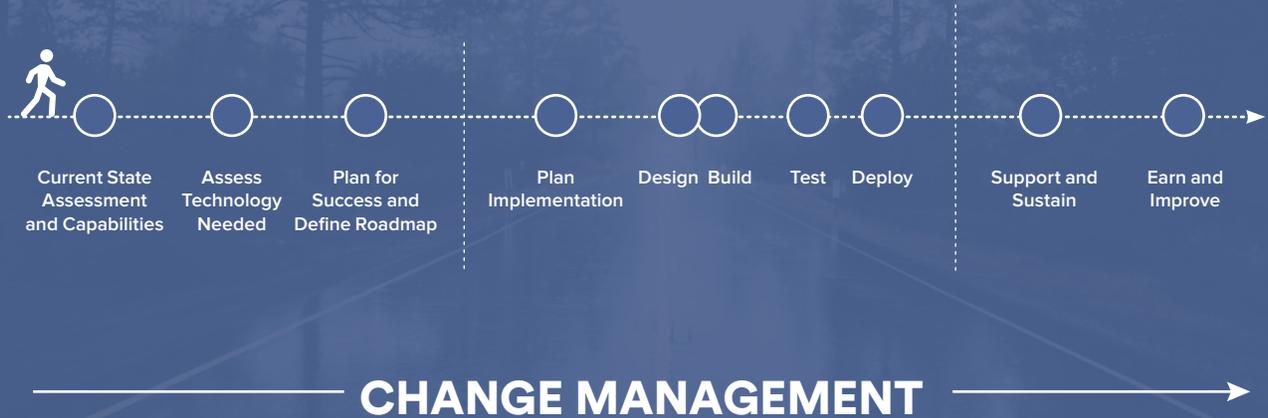
In theory, technology should enable users to perform their job more intelligently, collaboratively, and efficiently; however, the blend of people and technology is never that simple. If users are not adopting the tool, tangible value will never be realized. Organizations must work harder to understand how their users think and behave, ensure that new technologies provide a great experience, and match their needs and the needs of the business at large. Mindset shifts, behavior change, and leadership support are the real determinants of a successful digital workplace.

# ASSESS AND TAILOR

# BUILD THE EXPERIENCE

# SUSTAIN AND IMPROVE

PEOPLE-ALIGNED, TECHNOLOGY-ENABLED



## 02 ASSESS AND TAILOR

### Current State Assessment

Improvement begins with understanding our existing strengths and weaknesses. An analysis of the current state should be carried out in the early stages of any transformation. The diagnosis typically includes a maturity assessment and a review of stakeholder feedback to understand the opportunities that underpin any software investment.

A maturity assessment is performed to provide a baseline of existing competencies. An organization's ability to identify, realize, and sustain value is primarily a function of its procurement function's maturity. As part of this exercise, they compare their capabilities with those of the best performers and leading practices and identify strengths and areas for improvement. The maturity level is an aggregate of several dimensions, most commonly, strategy, capabilities, and enablers.

The case for digitalization will be used to develop areas for improvement and take the strengths for which the organization wants to be known to the next level. The outcome of the assessment will help define the future state operating model and the objectives of the transformation.

## An example of how organizations can assess their maturity:

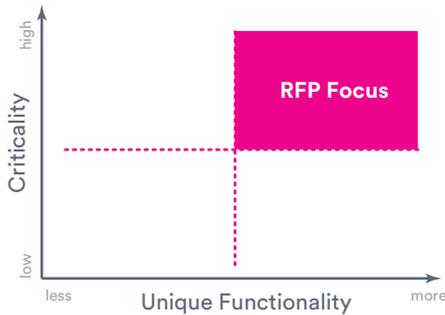


## Future Architecture - Selecting the Right Tool for You

Today, organizations have an ever-expanding ecosystem of technologies at their disposal. While the range of options is great news, it can also be quite daunting. Investing in the right technology can make or break a digital transformation. The software buying process requires prior preparation and consists of several steps; typically, it includes building a business case, compiling requirements, developing and issuing an RFP, evaluating responses, and selecting the winning vendor.



## A few practices can make the process run smoothly:



- ✓ The RFP should highlight both critical and unique requirements to the organization. By doing so, businesses own the narrative they wish to hear versus allowing vendors to narrate their ideal script. Additionally, it narrows the discussion and demonstrations on-topic areas that will significantly impact the company.
- ✓ When evaluating tools, the focus should be on a fit for purpose, a solution that suitably answers functional and technical requirements.
- ✓ Stakeholder engagement and feedback are pivotal from day one. Cross-functional stakeholder engagement is essential in the software selection process to assess the solution's usability and capabilities.
- ✓ Conduct a Proof of Concept (PoC) when possible to prove the potential software's feasibility against representative use cases.
- ✓ Look beyond the solution capabilities and understand the cultural fit. Assess how the provider aligns with your company's culture and industry, its success with previous customers, and its corporate background and strategy.
- ✓ The tool should maximize both short-term and long-term return on investment -- this should be taken into greater account than the up-front price.

## Selection Criteria



### Functional Requirements

- ✓ Core functional requirements across modules in scope (e.g. Sourcing, Contracts, Procure-to-Order, Invoicing, Analytics, Supplier Lifecycle Management, Travel & Expenses)
- ✓ Multi-currency
- ✓ Multi-language



### Technical Requirements

- ✓ Security and compliance
- ✓ Scalability
- ✓ Environment requirements
- ✓ Integration with current IT landscape
- ✓ Release strategy



### Vendor Fit

- ✓ Experience within industry
- ✓ Customer success, including references
- ✓ Product strategy
- ✓ Customer support
- ✓ Project support
- ✓ Corporate background and strategy



### Total Cost of Ownership

- ✓ Subscription costs
- ✓ Maintenance costs
- ✓ Implementation costs

## Planning for Success

Historically, more mature and digitally-inclined procurement teams outperform more novice teams in the range of KPIs they track, the frequency with which they measure success, and expected technology levels. Planning for success is instrumental in ensuring that value is continuously yielded both during and after a technology is deployed. This acts as a recipe for sustainable incentives. A plan develops a shared understanding of success, how to achieve it, and what needs to be measured. It describes the relationship between the transformation vision and the underlying objectives, positioning the technology as a vehicle towards realizable value. It also specifies the right metrics that will contribute to achieving the strategic goals.

The plan should be reviewed regularly and refined as the transformation evolves and the organization itself matures.



### PROGRAM VISION

#### Vision should be fit-for-purpose and aspirational.

Streamline source-to-pay processes to improve efficiency, increase spend visibility, reduce costs, and promote collaboration and value-added engagement.

### OBJECTIVES

Breaking down the vision into controllable outcomes.

#### Experience

Increase user and supplier adoption via an intuitive experience

#### Value

Uncover cost savings opportunities and improve spend under management

#### Efficiency

Simplify, standardize, and automate procurement and invoicing processes

### KEY PERFORMANCE INDICATORS

KPI's to measure success of objectives, prioritized for the next step on the maturity curve.

#### Short-Term

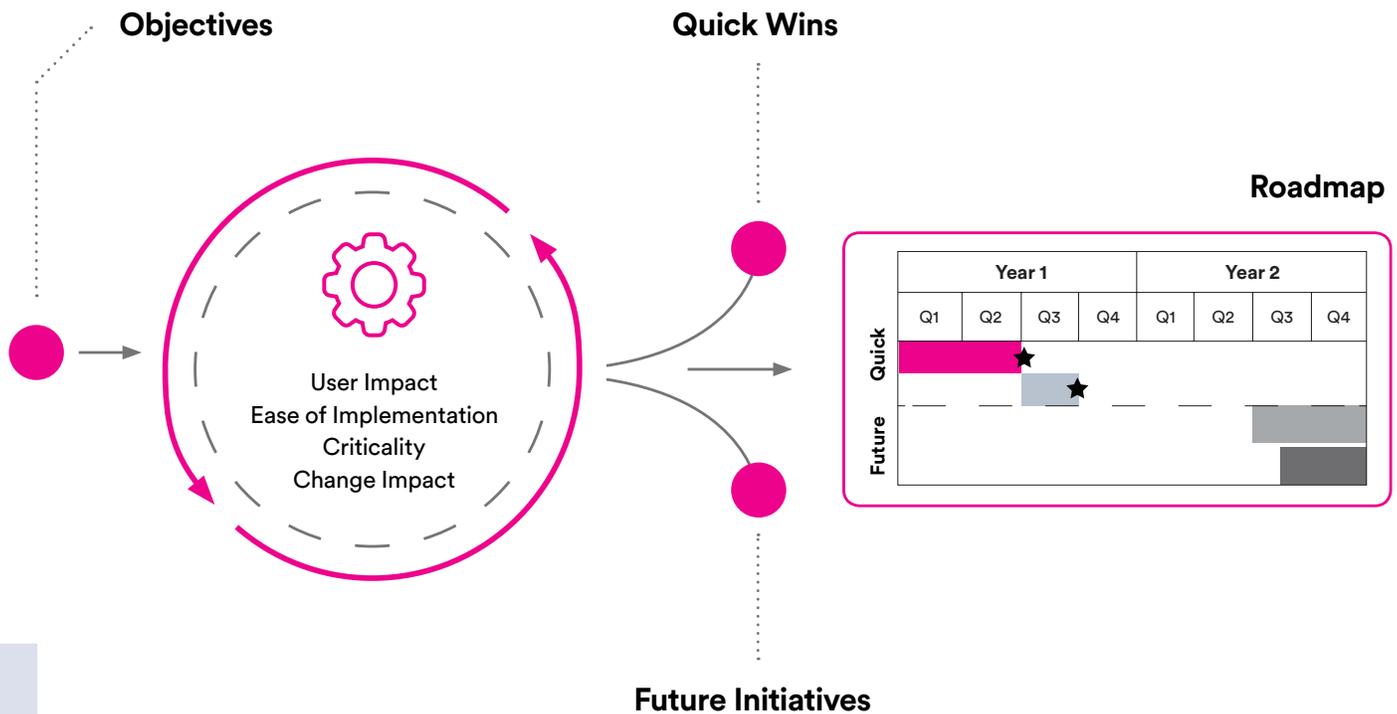
- ✔ Internal User Adoption
- ✔ Supplier Portal Adoption
- ✔ Electronic Invoice %
- ✔ Expense Approval
- ✔ Invoice Approval
- ✔ Requisition Approval

#### Long-Term

- ✔ Realized Cost Savings
- ✔ PO-Backed Invoice Rate by Invoice Count / Amount
- ✔ On-Contract Rate by Order Count / Amount

# Transformation Roadmap

By building a roadmap focused on predictable strategic outcomes, organizations can generate and capture value along their transformation journey. A roadmap is an approach to outlining and managing digital transformation efforts with the future in mind. It provides a structured way to navigate the different initiatives required to achieve objectives by deploying source-to-pay applications. The roadmap prioritizes opportunities and recommends a path based on the appetite for change, ease of implementation, budget, effort, and risk, among other dimensions. It includes phases, dependencies, and resource requirements and breaks down the transformation into manageable activities.



Initiatives that maximize quick value should be tackled first as a means to build smart momentum. It generates buy-in from senior leadership to leverage investments for long-term initiatives and improves user adoption by providing a great first impression.

## Quick Wins

Includes value realization activities that deliver quick and easy benefits and keep adoption moving with users and suppliers.

An example of a quick win can be the deployment of the contract module, as it usually involves fewer users with more homogeneous profiles, which facilitates change management and training and encourages user adoption.



## Future Initiatives

Includes major initiatives to drive future improvements, often consisting of key business process changes in addition to the technology changes.

An example of a future initiative could be the deployment of a risk management solution to address third-party risks and regulatory requirements.

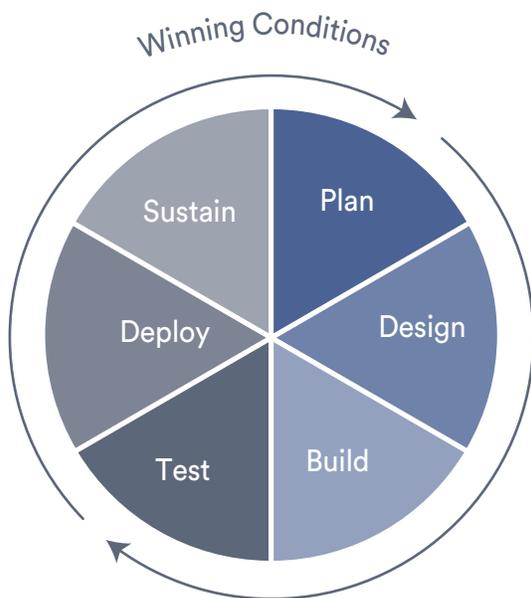
# 03 BUILD THE EXPERIENCE

## Establish Winning Conditions

Digital transformation initiatives have the best chance of success when winning conditions are defined and carefully adhered to. These conditions are tailor-made, considering the objectives, culture, and desired future state of the organization. They help teams adopt behaviors and make decisions more quickly throughout the process. While defined at the outset, winning conditions must be embedded in the transformation team members' daily lives in one way or another.

Examples of winning conditions include:

- ✓ Employ a Collaborative Approach
- ✓ Prioritize User Centricity
- ✓ Embrace the Opportunity for Change
- ✓ Leverage Metrics
- ✓ Keep it Simple





## Plan and Deliver the Implementation

For the implementation of a digital tool to be set up for success, adequate planning and execution of activities are fundamental to staying on time and within budget. The implementation will be considered a success when it meets its objectives and delivers tangible benefits as described in the success plan or business case. Integrating well-tailored methodologies and best practices throughout an implementation can help create value and drive organizational change in a measured and sustainable manner that persists post-technology deployment.

There is no magic formula for guaranteed success; nonetheless, the following practices can help lay the foundation for a successful implementation.



## Plan

**Mobilize the right resources**

Ensure the right set of cross-functional resources (internal and external) are mobilized throughout the project to provide subject matter expertise. The level of involvement required from each resource should be identified and communicated.

**Conduct readiness assessment**

A formalized checkpoint process designed to ensure the organization is ready to accept the new ways of working, new job and role accountabilities, and new system functionality.



## Design

**Keep it simple**

The design should follow industry and cloud implementation best practices. Most solutions work best when they are kept simple rather than overly complicated.

**Spend channel-based design**

Define and design buying channels based on spend categories where possible. It paints a clearer picture of the end-to-end process and steps to be followed under each use case. This practice can also help foster visibility and compliance.

**Value realization-based design**

Design decisions must be linked, evaluated, and measured against the value levers identified in the business case and success plan.

**Engage critical stakeholders through agile-based sprints**

Agile-based design and build sprints provide the opportunity to show-and-tell and solicit feedback more rapidly, which helps maximize engagement and alignment.

**Locking requirements is key**

Confirm requirements by playing them back and set a precise end date for locking requirements. Failing to do so will introduce a dangerous loop in which requirements are continually revisited. A mitigation and escalation process should be developed for late requirements.



## Execute and Test

### Leverage shadowing

Encourage system administrators to shadow configuration activities; this will ease the transition to the new system afterward.

### Transparency in setbacks

Honesty about issues and risks is critical in this phase of a project given its high-effort nature and the impact any setbacks can have on timelines and budget. Prototyping rapidly and encouraging early vocalization of potential issues can help reduce this stress.

### Robust defect management plan

Defect identification and tracking must be well-documented and managed through a plan. The plan should include, at a minimum, defect severity and priority, ownership, resolution, exit criteria at each stage of testing, and a timely escalation process if an issue cannot be resolved.

### Real life scenarios

User acceptance testing should focus on the overall solution required to meet business needs, not on the tool itself. Test scripts should reflect real day-to-day integrated scenarios.



## Deploy

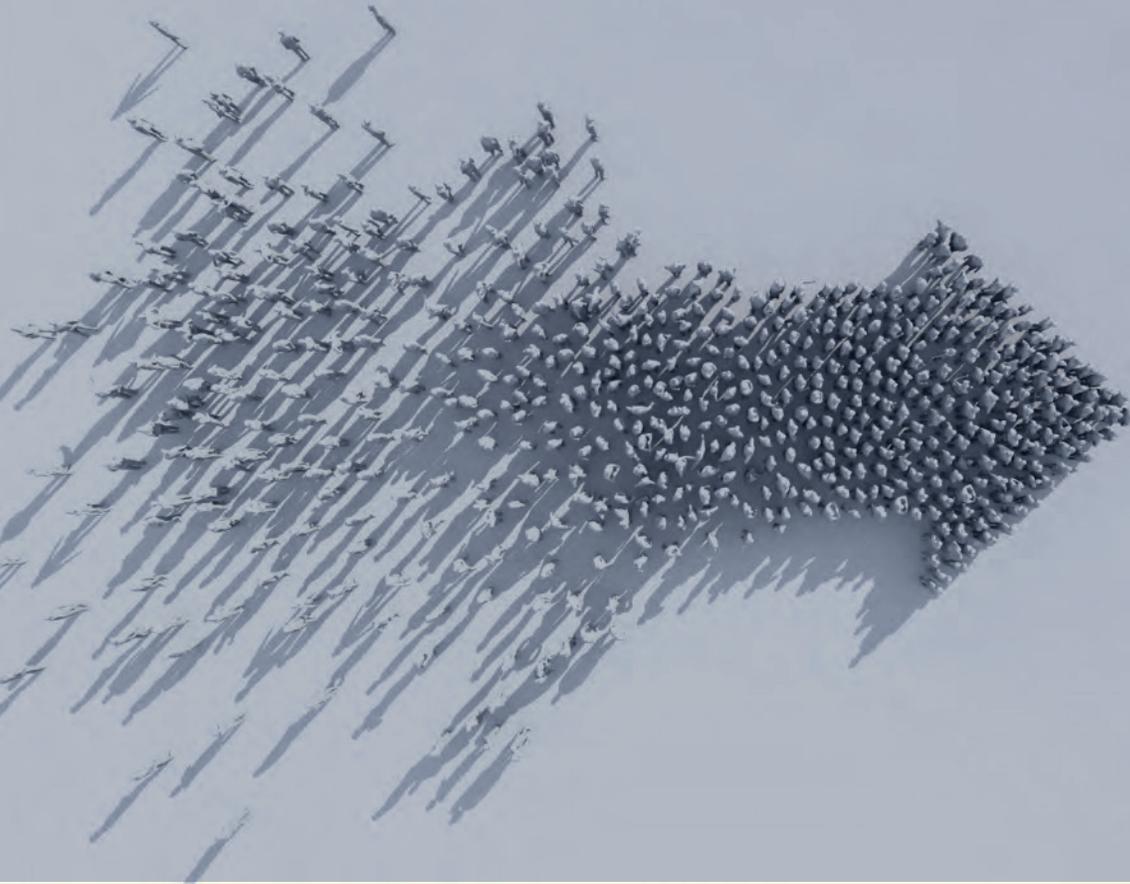
### Select the right deployment approach

Select a deployment approach that enables rapid value realization while considering any organizational constraints (geographical, business readiness). Targeted deployment of highest priority functions can speed up ROI benefits.

### De-risk deployment by separating technical go-live and user rollout

Separating the two go-lives creates a cushion in case the technical go-live does not go as planned. If both were to coincide, any issues would be strongly felt by end-users and significantly impact their day-to-day operations.

## 04 SUSTAIN, REALIZE, AND IMPROVE



**Unlocking the value of digital investments is highly dependent on the technology being adopted by users and continual improvement.**

Transformation efforts must employ an all-encompassing view of digitalization's impact on end-users while validating that the process and tools implemented can be sustained by the organization. Process and governance mechanisms need to be put in place to manage and measure an organization's return on investment, highlighting their progress towards digitalization and the value they derive from it to date.



## Change Management

### Embed Change Throughout

The user change journey must start from day one. Hands-on exposure should be provided throughout the project so that stakeholders can see what their future will look like and get comfortable with sustaining the solution. Also, right behaviors should be reinforced, and necessary future skill sets should be developed to help accept and support the change.

### Build Future Capabilities

Right attitudes should be reinforced, and necessary future skill sets should be developed to shape the workforce of the future, which will help accept and support the change. Roles and responsibilities should be redefined where it makes sense to align with the transformation goals.

### See-Learn-Do Approach

Proven method of allowing employees to first see how something is done, learn it themselves, and then do it themselves throughout a project.

### Leaders Drive Change

Reiterate the top-down communication throughout the process to remind people of the “why.” Ramp up consistent messaging from leadership and positive feedback throughout the organization.



## Sustain and Improve

### Track and Report

Integrate key performance metrics into the process to drive continuous improvement and assess and confirm the value trajectory. Key performance indicators are also used to assess whether all members are playing their part in the overall business transformation and whether they are receiving the appropriate support to do so.

### Crowdsource Ideas

Get into the habit of regularly interacting with internal and external users to identify new opportunities and ideas or pain points. These insights can help grow an organization’s innovation pipeline.



## ABOUT OPTIS

Since 2011, we've made it our mission to set a new standard for how source-to-pay projects are done. With offices across North America, we serve our Fortune-level and high-growth clients in their pursuit of excellence. We help ambitious leaders take source-to-pay projects from inception to accolades using our proprietary Frame process. This strategic framework aligns the highest standard for source-to-pay with your business' purpose and priorities, gaining a competitive advantage for your organization.

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