IN
SIGHTS

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The 5 most important empirical findings on the benefits of digitizing the source-to-pay process

Digitization of the source-to-pay process is an important trend in procurement and supply chain management. Source-to-pay, abbreviated as S2P, encompasses the process from the identification of a suitable supplier or service provider to the final payment for their products or services. It regularly crosses departmental boundaries, involves media disruptions and a large proportion of manual activities - and therefore almost always also offers considerable potential for efficiency gains.

Reducing process costs through targeted digitization in the S2P process

With the help of up-to-date digital support, however, it is possible to automate large parts of the S2P process and thus significantly reduce one's own process costs.

Numerous empirical studies have examined the impact of digitization on the source-to-pay process. Here are some of the most important empirical findings related to the digitization of the source-to-pay process:

1. Increased efficiency:
One of the key benefits of digitization is improved efficiency by reducing manual tasks and automating processes. A study by The Hackett Group (*The Hackett Group "The Digitalization of Procurement," 2020*) on this found that this can increase the efficiency of the procurement process by up to 40%.

2. Improved compliance:
Digitization makes it easier for procurement teams to track and enforce compliance with procurement policies and regulations. Automated workflows and reporting capabilities can ensure that all procurement activities comply with corporate policies and regulatory requirements. A McKinsey study (*McKinsey & Company, "Digitizing the procurement process: the time is now," 2019*) found that companies that digitized their source-to-pay process achieved a 50 percent reduction in compliance violations.

3. Improved cost management:
Digitization can also lead to improved cost management, on the one hand, of course, by providing better insight into spending patterns and enabling more effective negotiations with suppliers. On the other hand, it also enables "hard" process improvements, such as digital connectivity (which reduces media disruption and thus effort), improved procurement management (which reduces maverick buying), and early payment initiatives that lead to equally "hard" price advantages. A McKinsey study (*McKinsey & Company (2016); Digital Procurement: The Benefits Go Far Beyond Efficiency / https://www.mckinsey.com/business-functions/operations/our-insights/digital-procurement-the-benefits-go-far-beyond-efficiency*) found that digitization can lead to cost reductions of up to 25%.

4. improved data management:
Digitization enables procurement teams to collect and analyze large amounts of data more efficiently. The data can be used to identify patterns, track supplier performance and optimize procurement processes. A study by Ardent Partners (*Ardent Partners (2018); The State of ePayables 2018: Convergence. https://www.ardentpartners.com/research-*

publications/the-state-of-epayables-2018-convergence/) found that companies that have fully digitized their source-to-pay process have better data quality and can use proprietary data faster and better for decision making.

5. Increased agility:
Digitization enables procurement teams to respond faster to changes in market conditions and supplier performance. Real-time data and analytics enable procurement teams to identify potential disruptions and take corrective action before they impact the supply chain. A study by Deloitte (*Deloitte, "Digitizing Procurement: Reinventing the Source-to-Pay Process," 2019*) found that digital procurement organizations could reduce supply chain risk by 20%.

According to the study, digitizing the source-to-pay process has been shown to lead to significant improvements in efficiency, compliance, pricing, data management, and collaboration in general.

Adconia provides orientation for the electronic procurement process

In the standardized procedure of our Digital Value Navigator, we evaluate the added value of process digitization for individual companies in a systematic, structured, and monetary manner. Independent of solution providers, the aspects of inventory, optimization approaches and necessary investment decisions are combined. Our customers are thus able to select the appropriate automation technology for their specific use case, to optimize and simplify the processes before automation.

Adconia - Hands-on experience from over 200 projects and more than 20 years

As Adconia GmbH, we advise our customers with the experience from over 200 projects from more than 20 years - in questions around purchasing, supply chain and the digitalization of processes. Our goal is always to increase the profit contribution of purchasing through cost reduction, process automation or the qualification of the purchasing team.

With a correspondingly broad wealth of experience, precise knowledge of everyday purchasing and a high level of professionalism, our consultants carry out training measures at eye level. We do this - depending on the requirements - both as a sparring partner for specialists and managers with many years of experience and as a trainer for seasoned purchasing professionals and young professionals.

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