

# THE ENTERPRISE PROCUREMENT PLAYBOOK

An Executive's Guide to Purchasing in 2021

 **amazon business**





It's no surprise that buying for business looks different in 2021 than it has in years past. The strategic plan enterprise leaders may have dusted off each year and simply refreshed is insufficient. Organizations now face balancing the ongoing short-term response to pandemic changes with long-term strategic objectives. The strategic impact of the procurement function is felt not exclusively by the CPO or head of procurement, but across the enterprise, whether you're a CIO sourcing new technology, or a CFO optimizing cash flow.

*How can purchasing teams meet today's sourcing demands to keep organizations moving forward?*

*What lasting implications of the pandemic will further shape the role of procurement?*

**This year,  
let's refine the  
procurement  
playbook.**





Despite lingering questions across enterprises and constraints on the procurement function, both from heightened cost savings goals and a continued sense of general business uncertainty, we can expect a few key opportunities for enterprise procurement leaders in 2021.



Business may not be as usual, but sourcing for everything that keeps a business moving forward must continue. Add to this the complexity of maintaining supply of now essential items like personal protective equipment (PPE), janitorial, and sanitation products that keep employees and customers safe and healthy; procurement effectively enables an organization to continue its operations in a more meaningful way. The importance of strategic sourcing to an organization cannot be underestimated.

**First, supply continuity positions procurement as an influential business driver.**

64%

of CPOs have shifted from defense to offense, focusing on adapting their supply chains to thrive in the “next normal”

Source: Deloitte's 2020 Chief Procurement Officer Flash Survey

**Second, cost optimization will be paramount.**

As the C-suite considers cost cutting measures, procurement faces increased scrutiny. Buyers may be hesitant to spend when organizations are reducing expenditures. From shortages of essential supplies to unpredictable fulfillment and delivery, the strain on the just-in-time supply-chain model makes procurement a more vulnerable part of business operations. Demonstrating ROI and realizing cost savings presents opportunity for procurement to drive true strategic value.

**60%**

**of procurement leaders report greater cost savings goals expected this year compared to 2020**

*Source: 2020 Gartner Peer Insights on Cost Optimization*





**And third, the need for sourcing speed accelerates the enterprise's focus on procurement.**

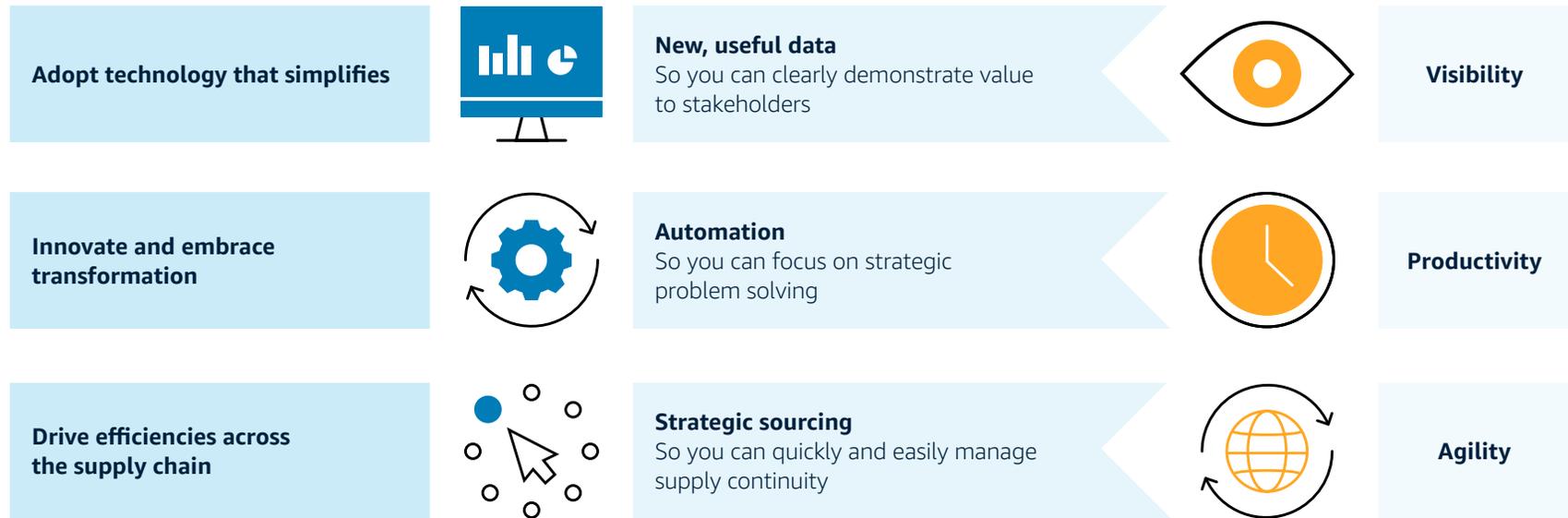
It's not enough to maintain business continuity through strategic sourcing. Procurement must drive operational efficiencies while meeting increased demand. CPOs prioritizing only cost reduction and risk management may create tension with business partners' desire for speed of supply. If faced with harsh realities of smaller teams or budgets, purchasing resources will need to be deployed more strategically. Buyers can't afford to get lost in the minutia of sourcing low value items, especially when time is in high demand, identifying alternate sources for essential or high value products. Purchasing managers in 2021 will have less time for complicated contracts and negotiations with new suppliers.

**73%**

**of procurement leaders say the importance of sourcing speed has increased**

*Source: ProcureCon and WBR Insights' CPO Study 2021*

## 2021 GOALS TO RESHAPE BUYING



*The strongest, most agile procurement teams are reshaping how they buy.*

Get the visibility you need to make better buying decisions, adapt to new work environments that drive productivity, and simplify purchasing for greater agility.

1

### Lower the total cost of purchasing

Sixty percent of the C-suite is tracking return on investment on functional cost versus profit and loss savings compared to just thirty-nine percent last year<sup>1</sup>. Cost cutting may be a business reality in uncertain times, but proactive cost optimization may prevent more draconian measures. Procurement can demonstrate to the enterprise where they're saving time and reducing costs through supplier optimization and consolidation.

<sup>1</sup> CPO Study 2021, ProcureCon and WBR Insights



“**ExxonMobil**

At our scale, every percentage point counts. When you save thousands of dollars on each transaction, considering the sheer size of our procurement organization and our purchasing activities, it adds up fast.

— Nassim Kefi, Procurement Advisor,

**ExxonMobil**”

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# 2

## Enable new work environments

Work in 2021 will continue to look different. Enterprises are adapting to a new, decentralized work environment where many employees may be working from home. That means different technology sourcing and shipping considerations to equip your employees. And, organizations across industries will continue to require sourcing PPE through the end of 2021. You will need to rethink not only what, but how, your team purchases this year.



As you are aware, supplies of PPE are in short supply and having a partner like Amazon Business helps meet the PPE needs of our frontline operators and will enhance our operational effectiveness as we respond to this crisis.

— Robert P. Taylor, Assistant Director, Financial Management,  
**US Department of Homeland Security**



# 3

## Simplify strategic sourcing

Operational disruptions and shortages have organizational buyers looking for new suppliers. At a time of uncertainty, time is even more precious. Further, with remote work, we may see fewer chances to attend events or network with new supply partners. When meeting critical business demand, there may not be time available for new contract negotiations. Instead of discovering new suppliers through traditional means, one can more easily access millions of sellers through a single source using B2B e-commerce tools.



For a lot of the materials we buy, the most important factors are getting them quickly, and for the best price. We don't want to handle thousands of suppliers and go through a bid process with each one, negotiating prices— that's not a commercially viable approach. We've moved purchases to Amazon Business to consolidate spending in a dynamic store environment, where everyone can find what they need, and still take advantage of large-scale ordering and bulk buying.

— Ellen Nielsen, General Manager of Category Management,

Chevron

# 4

## Reduce procurement risk

Procurement is positioned to monitor and mitigate risks from the supply base. This drives effective supplier risk management. As enterprises navigate through periods of business uncertainty, procurement takes the lead in supply chain risk management. To reduce complexity, many organizations look to consolidate or reduce the number of suppliers, resulting in fewer to manage and presenting lower risk. Purchasing from a single source that offers multiple suppliers may minimize the risk inherent from multiple agreements.



Think about the big-picture costs that go into sending an employee to the store to do a job they weren't hired for—and one that puts them at risk of an accident for which the state could be held liable. Or, consider the fact that they may use the time to run personal errands—or worse, use state funds to buy personal items. The savings on Amazon Business aren't always in the form of dollar amounts, but also by way of employees doing the work that they were hired to do, more effectively and more efficiently.

— Chris Hughes, Director,  
*State of Utah Division of Purchasing & General Services*

## RETHINK WHAT'S POSSIBLE FOR PROCUREMENT

Consider how much of your strategic plan includes the following tactics to meet your goals of visibility, productivity, and agility. Adapting to our changed reality in 2021 presents new ways to effectively meet the moment—and position procurement to accelerate enterprise growth.



## THE PROCUREMENT PLAYBOOK

- ✓ *1. Be proactive in the shift to digital*
- ✓ *2. Use AI and ML to increase sourcing speed*
- ✓ *3. Drive efficiencies through data*
- ✓ *4. Demonstrate ROI and responsible purchasing*
- ✓ *5. Empower your organization*

# 1 Be proactive in the shift to digital

Responsive, not reactive, strategies set up your organization for long-term continuity of plans. To achieve this forward-focused vision, teams can't wait to digitize. Deploying new technologies should remain a priority to enable the transformational change required with a new, post-pandemic way of buying. Technology can make an organization more resilient and prepared for future challenges.

“**ExxonMobil**

One thing that's been made clear during this time is how prepared we are to navigate through unforeseen circumstances, and how the processes we've established in advance help or hinder us during difficult times. As procurement trends over the past few years have leaned towards advancement of digital transformation and automation, many procurement organizations—including our teams at ExxonMobil—have been working to establish modern solutions that help us operate more effectively regardless of the environment we're working in.

— Mariano Matzkin, Global MRO Procurement Manager,  
**ExxonMobil**

## 2 Use AI and ML to increase sourcing speed

Across business operations, the use of technology allows for automation and streamlining of processes. New technology and tools like artificial intelligence (AI) and machine learning (ML) can help to increase efficiency and reduce costs. Routine and repetitive processes are now turned over to AI and ML to optimize spending.

For strategically sourced items, organizations employ AI to automate competitive bidding, which helps to increase sourcing speed and secure better pricing<sup>2</sup>. For commonly purchased, non-strategic or non-contract spend supplies, ML can automatically identify preferred or similar products, helping purchasing managers find cost-effective alternatives. As AI and ML reduce the time required to identify, purchase, and reorder supplies, procurement professionals can spend more time on other high-value activities.

Use of AI and ML in procurement has already had transformative effects. To evaluate procurement data, companies previously had to invest in experts such as business intelligence engineers, data scientists, and IT professionals to create complex analytic models. Today, ML technologies can analyze large amounts of data quickly and provide insights that management can use to make faster strategic decisions.

2. "Cognitive Procurement and the Implementation of AI and ML." WBR Insights. 2020.

### 3 Drive efficiencies with data

2020 has highlighted our need to address unforeseen challenges, further limited based on how much “noise” is in the system. Make smarter buying decisions with sourcing insights through detailed data and analytics, across categories and a broad network of suppliers. B2B eCommerce minimizes inefficiencies. Workflows reduce transactional responsibilities, enabling a focus on the overall business - not manual processes. And moving non-contract spend to a single, online store allows you to see the complete picture for supplier analysis, cost analysis, and product selection.

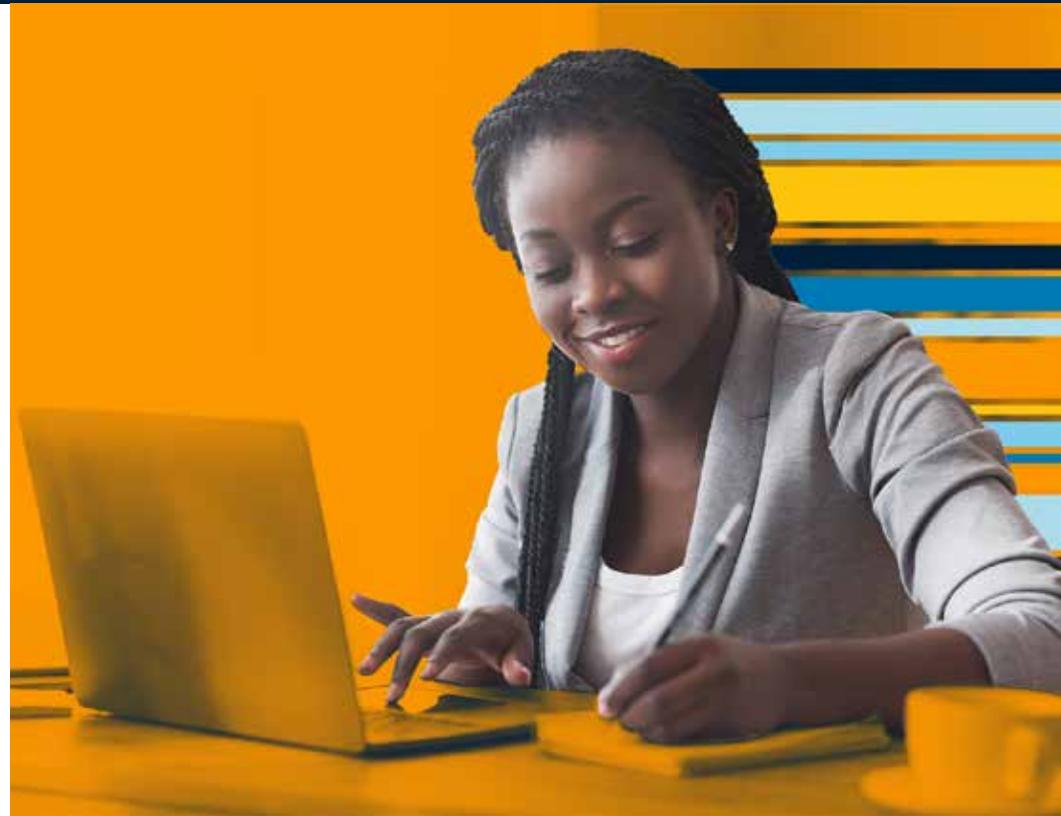
Organizations without insight into their spending can't recognize opportunities to reduce costs. Better understand your employees' buying behavior using advanced analytics and dashboards. You can see who's buying what and for how much. Monitoring buying behavior and discovering patterns can help you make better decisions and establish policies to guide employee spending. With real-time data, leaders can make smarter budgeting and purchasing decisions with tools and custom reports to analyze spend data.

“Uber

With Amazon Business, we can focus on what the data means rather than on whether it is accurate. We used to review purchasing data every two or three months. Now we can look at it in real time, which makes us much more agile in our decision making.

— Mark Arrigotti, Head of Global Procure2Pay,

Uber”



# 4

## **Demonstrate ROI and Responsible Purchasing**

With increased cost cutting scrutiny from the C-suite comes opportunity to demonstrate where procurement drives efficiencies and cost savings. Armed with data and visibility into spend, leaders can identify areas for optimization and showcase savings. For example, spend control is improved through optimization of non-contract spend, which can result in savings.

Consider also demonstrating buyer efficiency gains and time savings from digital tools or automated processes to further dispel the narrative that procurement slows down operations. Organizations can get strategic with supplier optimization and reduce costs by easily navigating hundreds of thousands of sellers in one store.

Further, demonstrate the value procurement brings in meeting socially responsible organizational objectives such as diversity spend or sustainable product selection. Define specific requirements for strategic sourcing – potentially inclusive of diversity, corporate social responsibility, or sustainability goals – and make it easy for buyers to find qualified suppliers. Identify and select those that meet supply chain standards, comply with applicable environmental laws, or that meet your diversity goals. By allocating spend to these suppliers, your return on investment is recognized beyond dollars.

“ By intentionally purchasing locally on Amazon Business, Johns Hopkins has created significant opportunities for small and local businesses here in the city.

— *Crystal Burns, Small Business and Supplier Diversity Lead,*  
**Johns Hopkins University** ”

“ Amazon Business provides a single-source channel so these large companies and government agencies can not only consolidate spend, but also meet diversity requirements that they may want to achieve with that spend.

— *Kelly Cudworth, President,*  
**Pacific Northwest Business Office Products (PNWB)** ”

“ Diversity Certifications in the store allow us to identify as a Veteran and Minority-Owned Business, enabling us to find new B2B customers.

— *Roy White, Owner,*  
**USA Trading Depot, LLC** ”



# 5

## Empower your organization

Purchasing and finance departments typically prioritize savings and policy compliance—cost considerations—over convenience or ease of ordering and delivery, or value considerations. Yet we know that the best organizations are customer obsessed. By empowering employees to buy as quickly and easily as possible, they can get back to serving their customers. Empowered, enabled employees are more productive and deliver better customer experiences for the organization.

Consider how your teams were purchasing in 2020. Are they enabled with the convenience they now expect, particularly in changing work environments? Are they empowered to purchase what they need? Internal stakeholders demand a purchasing environment like what they have with Amazon at home, but built for work. Employee expectations for simplification and speed don't have to mean a tradeoff for the visibility and control procurement leaders need to meet the financial demands and expectations of their organization.



## MOVE YOUR ORGANIZATION FORWARD WITH AMAZON BUSINESS

With this playbook of future-looking practices in mind, you, and your organization, can be prepared for the year ahead. Procurement played a key role in reducing costs and navigating new supply chain realities of the last year. Now, it can lead the organization in accelerating growth and meeting new strategic challenges.

Procurement leaders are digitally transforming and need new ways to create value in the form of cost savings through the modernization of legacy processes. We're ready to help you drive real results with innovative solutions.

Millions of business customers from industries around the world purchase on Amazon Business.

*55 of the top Fortune 100 companies*

*More than half of the 100 largest U.S. hospital systems*

*Over 40 percent of the 100 most populous local governments in the U.S.*



# SOLUTIONS THAT FIT YOUR ORGANIZATION

With purchasing features and tools from Amazon Business, you're equipped to do more.

## Simplify buying

With Amazon Business, you get the familiar purchasing experience of Amazon, with features that make it easy to buy for work, so you have more time to focus on what matters most.

## Reduce costs

Get more for your money with Amazon Business. Whether you're a growing startup or established, we'll help you improve your bottom line.

### Convenient delivery options

Choose how you want orders delivered. Create efficiencies with convenient shipping options.

### Flexible account settings

Out-of-the-box features adapt to your needs so you can spend less time managing purchasing.

### Savings & discounts

Compare multiple offers from competing sellers, unlock business-only prices, and get volume discounts on eligible orders.

### Payment options

Manage cash flow in ways that flex with your needs with tools like shared payment methods or Pay by Invoice upon approval.

### Wide selection

Access hundreds of millions of products across business-relevant categories from sellers worldwide.

### Multi-user accounts

Get visibility by connecting your team on one account and set up purchasing groups for workflow approvals.

### Free shipping

Eligible items qualify for FREE Shipping with Business Prime.

### Tax exemptions

Apply tax exemption status to eligible purchases with the Amazon Tax-Exemption Program.

# SOLUTIONS THAT FIT YOUR ORGANIZATION

With purchasing features and tools from Amazon Business, you're equipped to do more.

## Manage purchasing

Flexible controls let you manage purchasing in ways that are unique to your organization, letting you deliver more value than ever before.

## Streamline procurement processes

Rethink the purchasing processes that hold your organization back. Amazon Business can help you drive procurement at the pace of progress.

### Account management

Add multiple users, manage permissions, and create buying groups for added efficiency.

### Amazon Business Analytics

Track and report individual, group, and company spend with Amazon Business Analytics.

### Payment efficiencies

Payment efficiencies consolidate purchasing to one invoice with p-cards on Amazon Business for real-time visibility of line item spend.

### Compliance guiderails

Business Prime members can seamlessly steer employees to the right products or suppliers with Guided Buying.

### Integrated workflows

Maintain compliance with organizational policies by setting guidelines, spending limits, and approvals.

### Single sign-on (SSO)

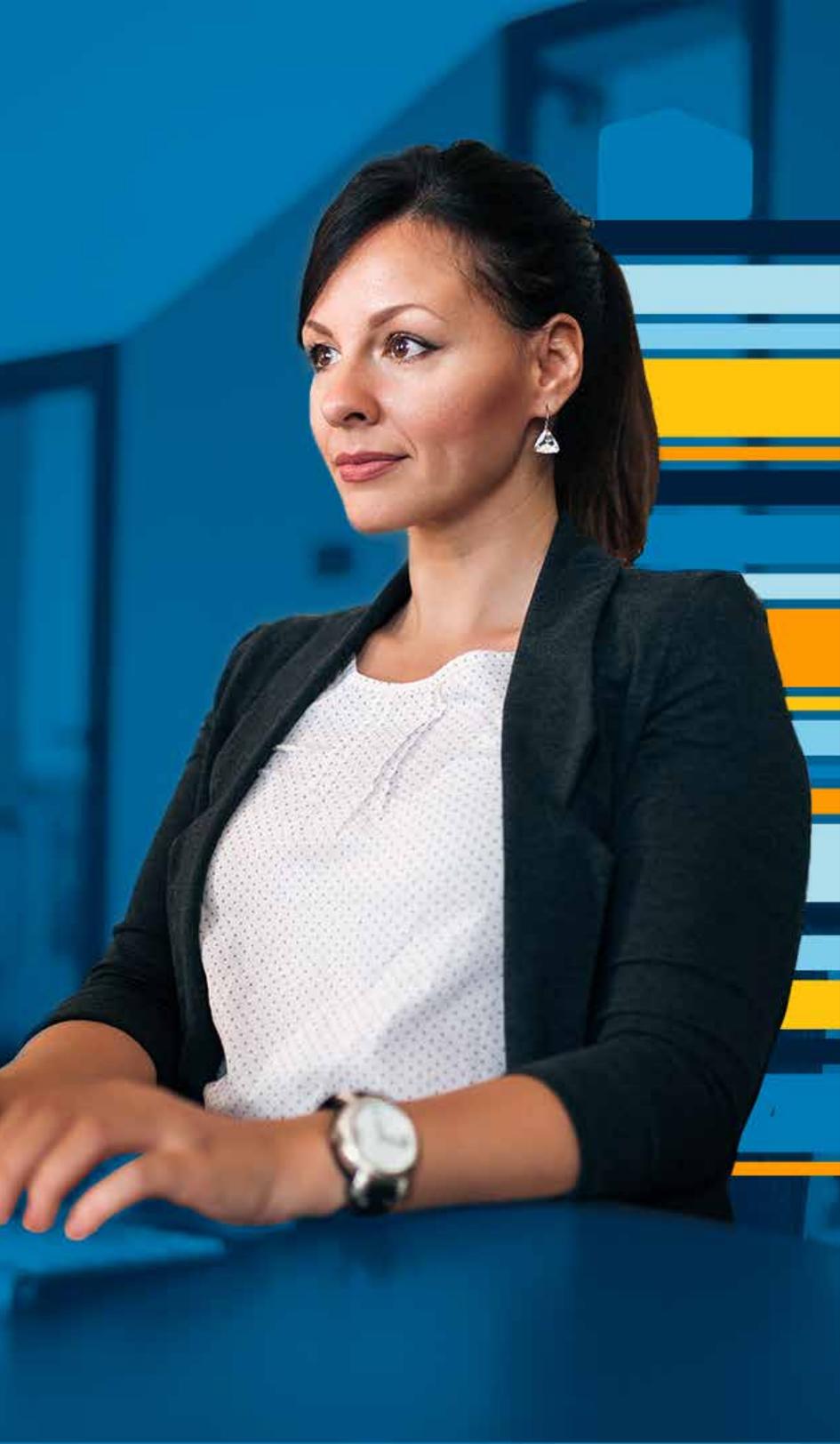
Configure SSO for secure, centralized, one-click access to Amazon Business.

### Systems integration

Set up Amazon Business as a punchout option with over 100 leading purchasing systems.

### Advanced spend analytics

Business Prime members get intel to make better decisions with Spend Visibility.



## GET STARTED TODAY WITH A SUPPLIER ANALYSIS

Three steps to discover where to cut costs and increase efficiency:

Step

**1**

Reveal patterns in your company spending

Step

**2**

Identify opportunities to improve efficiency, transparency, and reduce costs

Step

**3**

Build a roadmap for more powerful purchasing

**amazon business**  
Reshape buying

Visit [business.amazon.com/enterprise](https://business.amazon.com/enterprise)

