

Optimizing ROI In Procurement



Improving spend cost reduction leads procurement priorities in 2024, while organizations leveraging modern digital platforms deliver **1.9X** more purchased cost savings and **3.1X** higher savings per sourcing FTE.



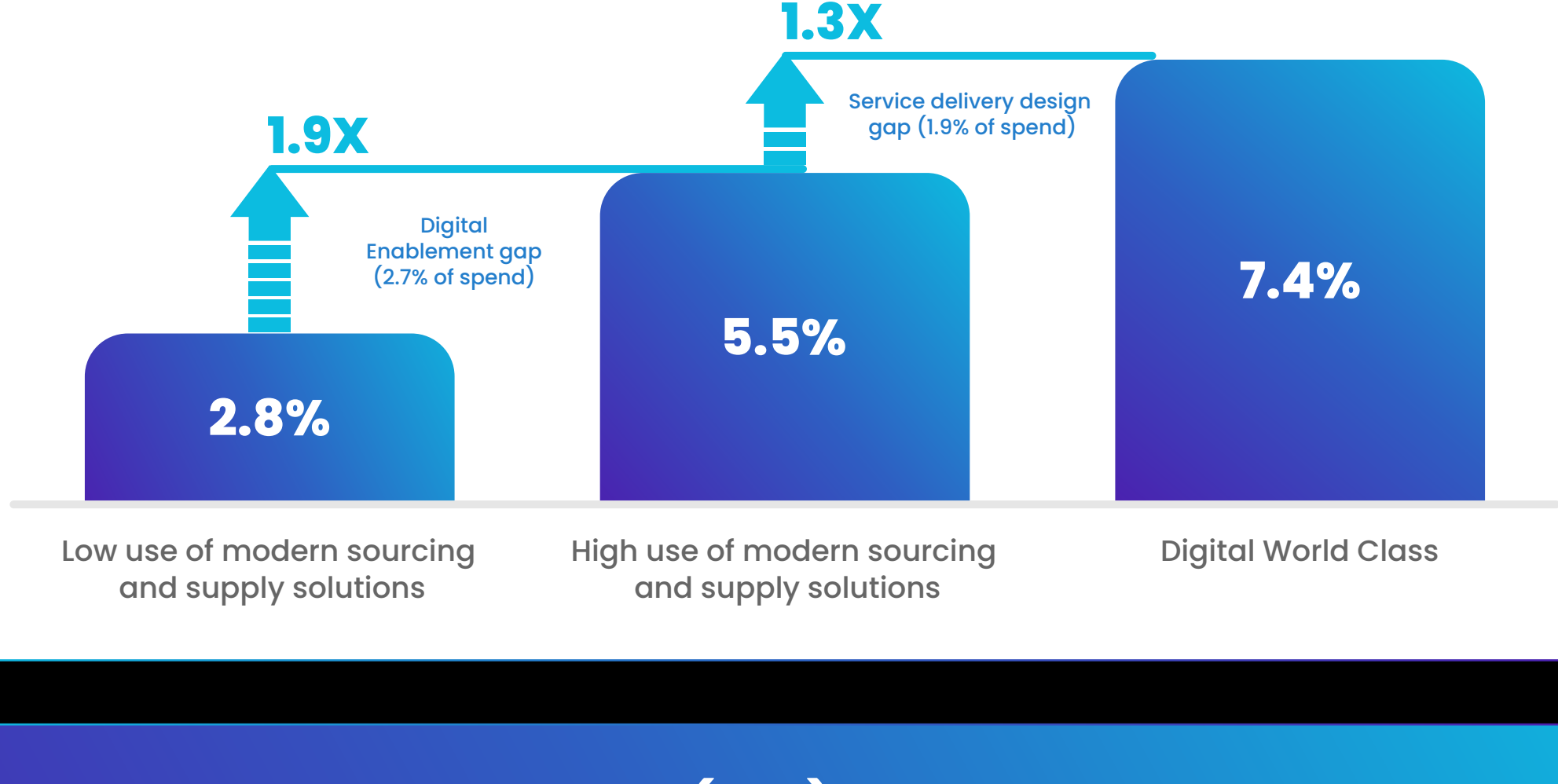
Source: Procurement Key Issues Study, The Hackett Group, 2024. www.thehackettgroup.com



Spend cost reduction, supply continuity and inflationary price concerns feature as top priorities for CPOs in 2024.

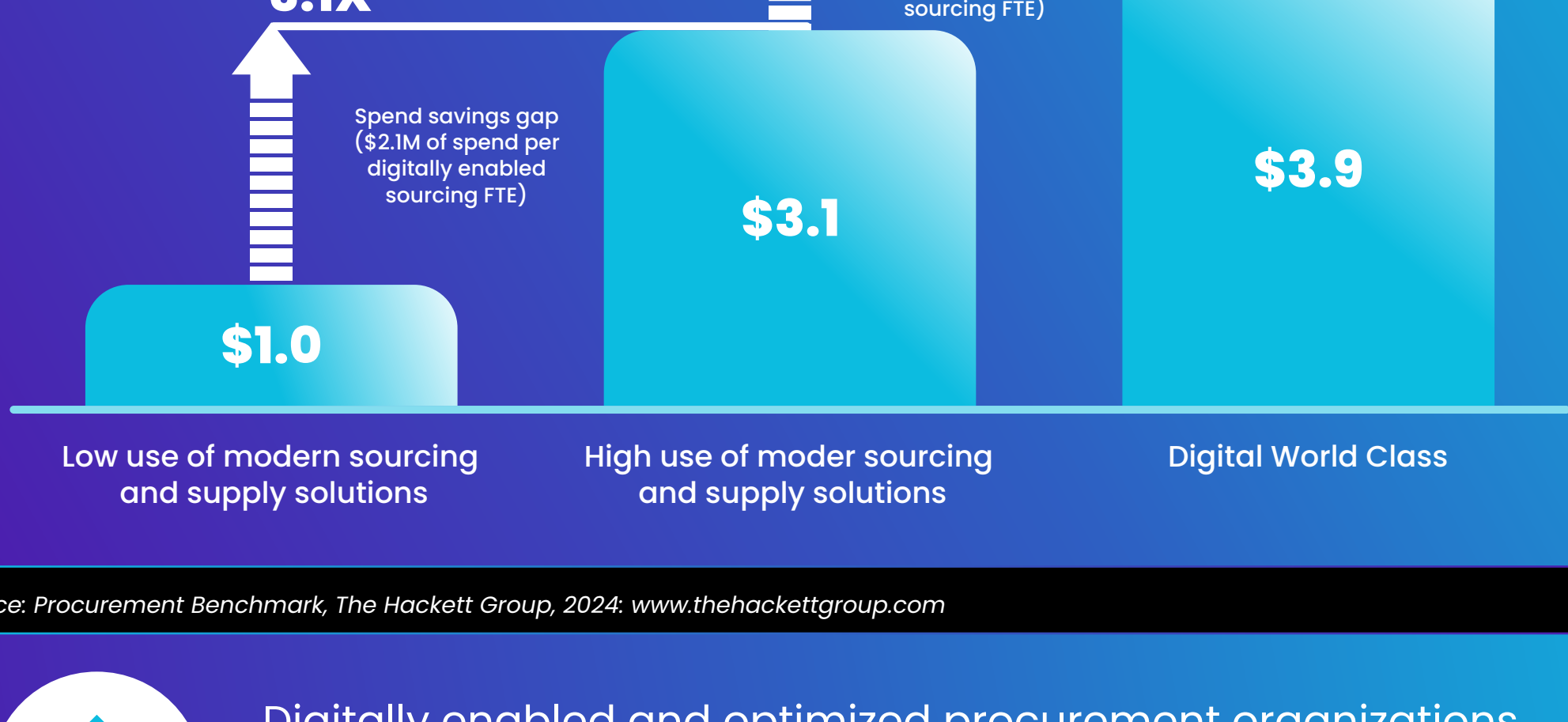
Purchased cost savings as a percentage of spend

annual cost reduction + annual cost avoidance



Spend savings (\$M) per sourcing FTE

Procurement processes



Source: Procurement Benchmark, The Hackett Group, 2024. www.thehackettgroup.com



Digitally enabled and optimized procurement organizations deliver efficiencies and on average \$2.1M to \$2.9M more spend savings per sourcing FTE.

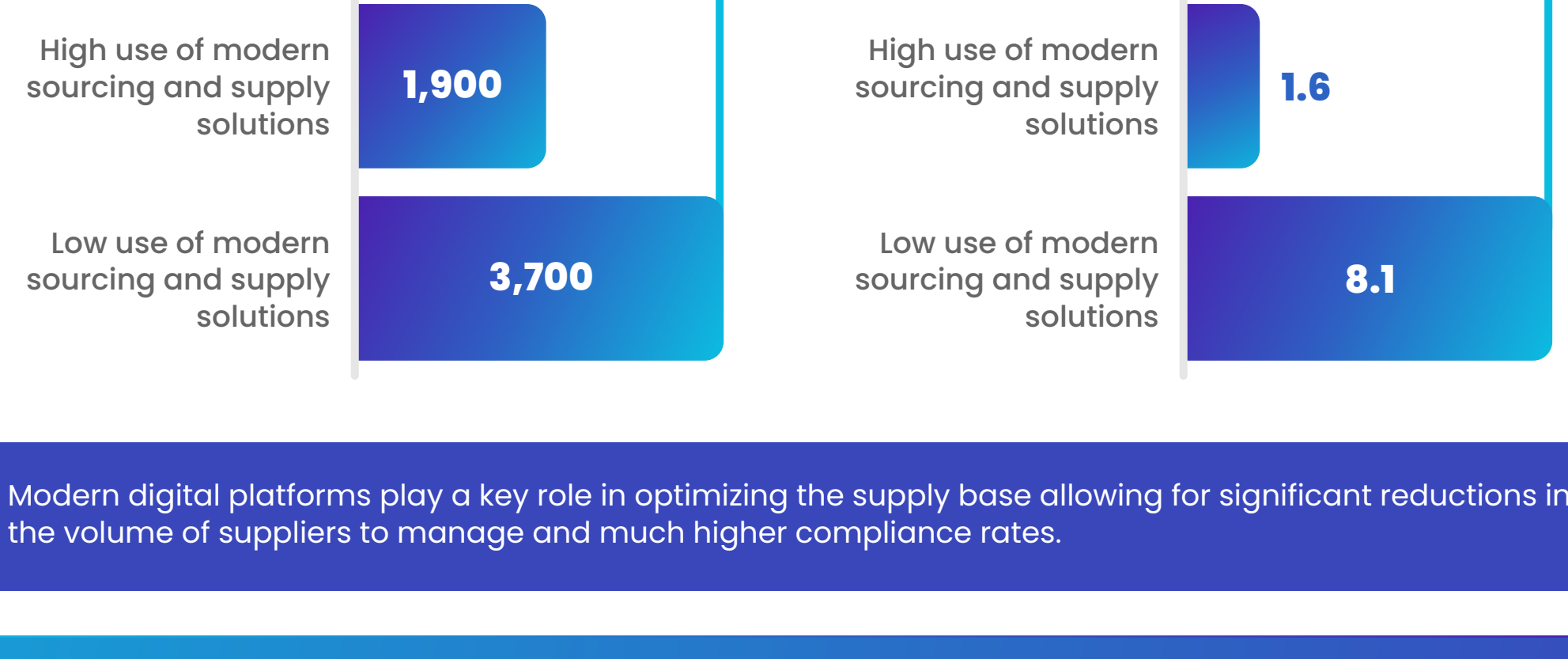
Sourcing and Supply Optimization

Modern supply management platforms reduce costs through sourcing and supply optimization resulting in **62% fewer suppliers**, faster product development and sourcing cycle times, and improved compliance.

Procurement benchmark findings

Active suppliers per \$B of spend

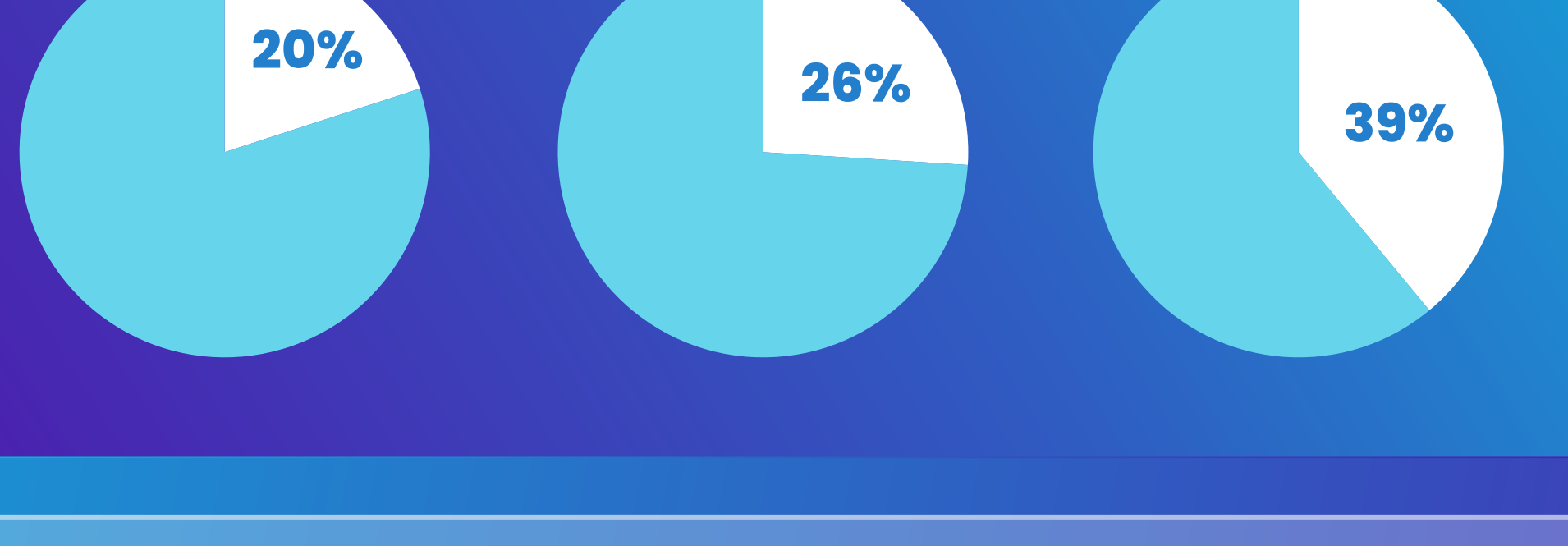
Savings lost due non-compliance



Modern digital platforms play a key role in optimizing the supply base allowing for significant reductions in the volume of suppliers to manage and much higher compliance rates.

Percentage decrease in product and/or service offering development cycle times

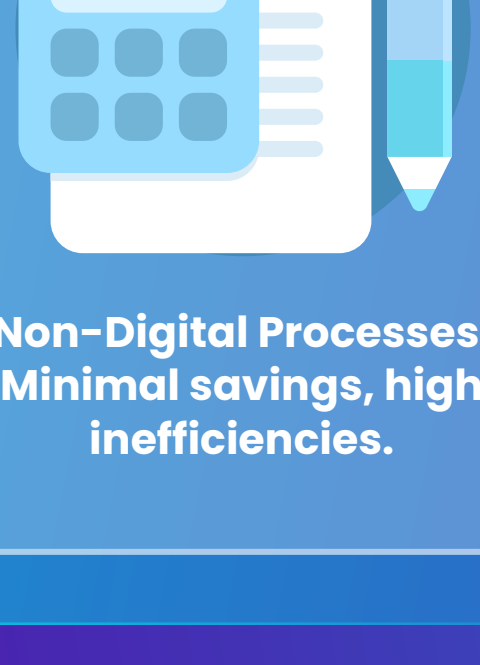
Higher is more favorable



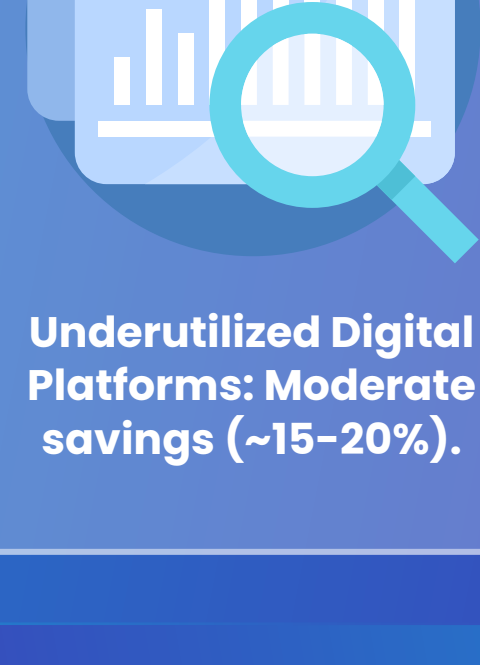
Inventory is the most significant source of waste for manufacturers and the most important buffer for the supply chain.

Best-in-class organizations leveraging modern digital platforms see achieve 30-40% in cost savings through optimized inventory levels, reduced holding costs, and improved demand forecasting.

They also benefit from **enhanced supplier collaboration, real-time visibility, and proactive management** of the supply chain.



Non-Digital Processes: Minimal savings, high inefficiencies.



Underutilized Digital Platforms: Moderate savings (~15-20%).



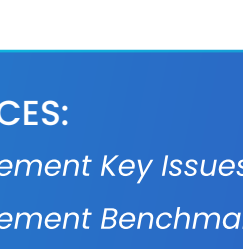
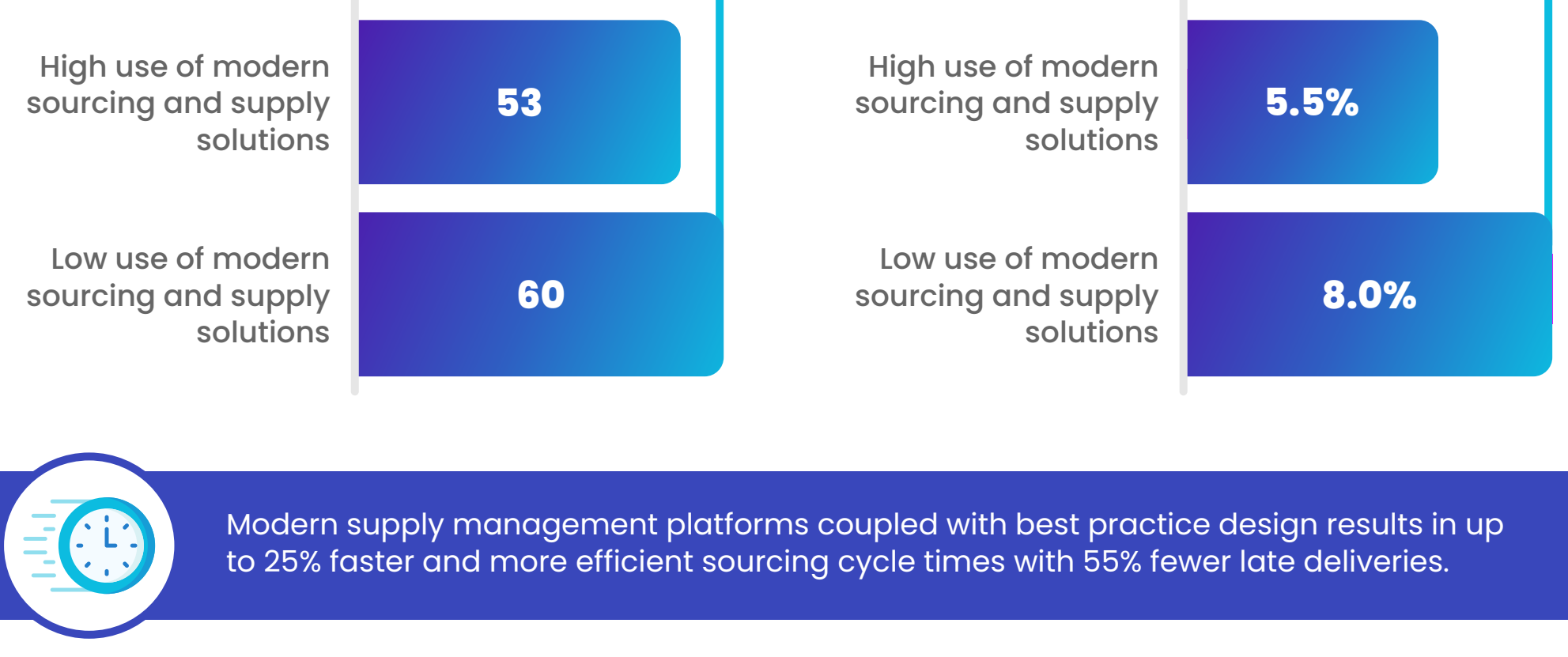
Best-in-Class Digital Platforms: Significant savings (up to 40%).



Although product and service development cycles vary by company, modern platforms free up strategic resources allowing for greater focus on innovation and strategic priorities.

Average sourcing cycle time (in business days)

Percent of deliveries that are late compared to the original promise date



Modern supply management platforms coupled with best practice design results in up to 25% faster and more efficient sourcing cycle times with 55% fewer late deliveries.

SOURCES:

Procurement Key Issues Study, The Hackett Group, 2024. www.thehackettgroup.com
 Procurement Benchmark, The Hackett Group, 2024. www.thehackettgroup.com
<https://www.apty.io/blog/from-procurement-to-profit-digital-adaptions-impact-on-supply-chain-efficiency/>
 Part Analytics Benchmark, Part Analytics: <https://www.partanalytics.com>