Welcome to the **Internet of Things**!
It’s time to rethink The Purchasing Business Model
About EIPM
EIPM is at the intersection of the business and academic worlds, with an approach to education (grounded) established in the reality of business. Currently, with branches in Geneva and Shanghai and partnerships in Brazil, Mexico, USA, Canada, the United Arab Emirates and India, the Institute has developed a complete range of solutions to meet the training needs of its large base of international clients in all sectors of industry and service.

About Old St Labs
We build software that enables Enterprises to forge deeper and more valuable relationships with their Buyers and Suppliers. Our products and platforms increase innovation, collaboration, alignment and agility. Decrease risks, costs, duplication and time to action. And they improve processes, productivity, accountability and connections.

We call it ‘Enterprise Level Innovation.

The Value Creation Observatory
EIPM has embarked on a major Research project to measure the progress of the Purchasing profession towards Value Creation. The ongoing research project consists of a series of surveys, workshops, case studies and publications.

We thank all the interviewees who took part in the 2015 effort to define the Future Purchasing Business Model.

Copyright © 2016 – EIPM
EIPM
Bâtiment Mont-Blanc 2
Rue Antoine Redier
74160 Archamps
France
Tel: +33 (0)4 50 31 56 86
Fax: +33 (0)4 50 31 56 80
www.eipm.org
Time to re-think the purchasing business model

With the advent of the internet of things, a number of mega-trends have started to collide. How companies strategise, innovate, operate and engage with external players will become utterly important. Purchasing teams have an opportunity to rethink their Business Models and to be amongst the pioneers who will lead this transformation.
Hervé Legenvre, PhD, MBA Director at EIPM

Hervé started his career as a consultant for Renault Consulting. He worked with a diversity of clients from the industrial sector such as Renault, Valéo or Allied Signal on projects related to lean production systems, new product development and strategy implementation. He then joined EFQM as Director. Hervé has overseen the development of the most recent version of the EFQM Model, a framework used by more than 30000 organisations to assess their performance and develop their strategy. He has facilitated benchmarking projects and conducted numerous assessments. As a Director, he supervised two business units in charge of recognition activities (including the EFQM Excellence Award) and training programmes. Hervé has superintended and contributed to projects with companies such as EDF, Grundfos, Robert Bosch, or Unilever and organisations such as the United Nations, The European Investment Bank or the European Defence Agency. Hervé also contributed to the development of the EFQM-EIPM framework for External Resource Management. He acted as an assessor for the 2010 EIPM award. (Since) In November 2010 he joined EIPM to set up the EIPM Club, a group of companies working together on benchmarking and research projects. He is the EIPM Executive MBA Director since September 2011.

Maximiliane Glas, MBA, VP Customer Success, Old St Labs

Maximiliane Glas, MBA, Maxi is a bi-lingual international change leader, a champion of sustainability who has successfully delivered business transformation and benefit through strategy development, process transformation, and change management. She has worked for top FTSE 50 companies in Telecommunications, Banking and the Pharmaceutical sector. Maxi is responsible for Customer Success at Old St Labs and focuses on the delivery of effective and efficient supplier management solutions. Moving to the UK at a young age to learn English she gained an MBA in Business Administration and an advanced postgraduate diploma in Management Consultancy. Now with 20 years experience, she has worked in multiple international locations including the Far East and China. Prior to working in Procurement and Supply Chain, she held different roles in Finance responsible for Business change, Planning, and Process definition. Maxi is always looking for better solutions; passionate about making a difference to the world she operates in and strongly believes in business creating a shared value. Driving and delivering change to make business functions more effective and efficient.
CONTENT

1. Executive Summary .......................... page 6 - 8

2. The Impact of the Internet of Things (IoT) on industries ........................................ page 9 - 14
   From the Industrial Revolution to the Internet of Things ........................................ page 11 - 12
   The IoT and Other Reinforcing Trends ................................................................. page 13 - 14

3. The Impact of the Internet of Things on The Purchasing Business Model ..................... page 15 - 20
   Six Areas of Impact ......................................................................................... page 16 - 20

4. The Human Dimension of the Transformation ......................................................... page 21 - 24
   Operating in a New Ecosystem ........................................................................ page 22 - 23
   Crossing the Chasm ......................................................................................... page 24

5. The New Business Landscape ............................................................................. page 25 – 38

6. Conclusion ......................................................................................................... page 29 - 31
With the rise of the Internet of Things (IoT), significant industrial disruptions, societal benefits and productivity gains are announced. It will take a few years to understand the speed and full impact of this transformation. Nevertheless, it is not one but four colliding and coalescing trends that are changing Business to Business relationships. Open innovation, Sustainability, the Blurring of industry boundaries & the Internet of Things are combining forces and strengthening each other to drive changes within business ecosystems. Implications for Purchasing Teams are outlined in the following table:
The six disciples

Buying solutions: Smart homes require builders, energy providers, data providers all need to work together as the houses of the near future are seamlessly connected and buyers don’t want to manage the individual suppliers. New technologies such as energy preserving tarmac on our streets being a vital component to energy preservation and production.

Thinking in Data Ecosystem: Big Data needs to be turned into information. Big data also provides a great opportunity for predictive analytics. IBM’s Watson is currently discussed in many publications. Watson was created as a way to assist humans while improving decision-making capabilities. If we look at the medical profession, for example, Watson can examine millions of medical scans and look at millions of medical journals enabling medical staff to be more effective.

Thinking in Options: As we offer options to customers, we also need to think in options in purchasing. Instead of having a 9-month plan as a category strategy we can go to the business with a set of options and they can choose amongst them... applying what makes sense where it makes sense.

Supply Chain Transparency: This is not just about obtaining better forecasts. It also includes transparency related to sustainability, the Internet of Things will allow us access to greater information about what takes place at our suppliers. Confidentiality and security will be a major factor for consideration.

More Automation: Activities within organisations will continue to be automated, we have seen this in warehousing already. Delivery through drones, automated demand planning triggered by customer and consumer consumption are just two examples. We need to consider the social impact on the workforce.

Cost Revenue and Price Modelling: Today we work on cost models... Tomorrow we will use data to create cost simulations, revenue simulation, emission simulation and then we could extract feedback from the real world and see if our assumptions hold or if we should revisit our hypothesis....
METHODOLOGY

An exploratory research project

In order to realise the present findings, the authors decided to adopt an exploratory research approach. They initially logged and reviewed and discussed their assumptions. This helped them to come up with a set of key questions and topics to be investigated.

As a first step, the authors interviewed 15 CPOs across diverse sectors: FMCG, Chemicals, Telecommunications, Public Sector, Energy and Financial Services. They engaged respondents through semi-structured interviews based on a list of pre-established questions and topics communicated to them prior to the interview. A semi-structured interview guide provided a clear set of instructions for interviewers in order to develop reliable, comparable qualitative data. The authors also included open-ended questions which provided the opportunity for identifying new ways of seeing and understanding the topic at hand. Findings were recorded independently by both interviewers and discussed afterwards.

From this series of interviews, a first analysis was performed and some early findings were identified. A presentation of these findings was prepared for the EIPM annual conference.

Focus Groups

Focus groups were conducted as part of the EIPM’s annual conference in 2015. Data was collected through facilitated group interviews. One hundred and Twenty people were involved in these focus groups. They were moderated by EIPMs Executive MBA students and members of EIPM faculty. Questions investigated were as follows:

• What will the IoT do to our Industries?
• What will be the impact of the Internet of Things on our Purchasing Business Model?
• What will be the Human Dimension of the Transformation?
• What are our key learning’s?

From this, the present findings were finalised. They will serve as a basis to further investigate this topic in the future.
1. **The Impact of the Internet of Things on Industries**

The Internet of Things will connect trillions of smart objects together. It will merge the physical and online worlds. However, it is not one but four colliding and coalescing trends that are rocking Business to Business relationships. Open innovation, Sustainability, the Blurring of Industry Boundaries are joining forces with The Internet of Things to drive changes across all industries.
THE INTERNET OF THINGS

Once Arthur C Clarke, the famous science fiction writer, wrote that advanced technology is indistinguishable from magic. Far from being an anecdotal comment, he claimed that this was a law. If this thought bruises any rigorous scientific mind, you just need to watch the recent keynotes from leading high-tech firms to understand the relevance of his observations. Gartner, the market intelligence company has taken this seriously and issues every year a series of hype curves that illustrate if new technologies are going through a peak of inflated expectations or if they are heading toward disillusionment. With the rise of the Internet of Things (IoT), large scale disruptions, outstanding societal benefits, fear of job losses and massive productivity gains are announced. It will take a few years to understand the real speed and impacts of the transformation starting now. However, it is not one but four colliding and coalescing trends that are rocking Business to Business relationships. Open innovation, Sustainability, the Blurring of industry boundaries & the Internet of things are combining forces and strengthening each other to drive changes within business ecosystems.

Connecting trillions of smart things ranging from implants to industrial equipment, the Internet of Things merges the physical and online worlds. Companies, governments, and consumers are now faced with endless new opportunities and challenges. Machines will increasingly be connected together. In 2015, we only used 1% of all data generated. And more data will be generated in the future...

We are in the middle of a revolution. The IoT will change how we do things as a consumer and this will drive changes through the Business to Business activities. The impact on B2C and even more in the B2B & M2M* is enormous. Companies not jumping on the IoT bandwagon will be left behind. Others might suffer from acting as pioneers.

This will significantly impact resources usage but it will also offer opportunities to rethink business models. The Supply Chain will become more and more automated, but this is only one element. Focusing on automation is missing the wood for the trees. There is more to come.

With new opportunities come new risks. Mission critical activities will depend on the IoT and expectation for reliable, precise and seamless support will be essential. Data security and confidentiality will also gain attention.

*Machine to Machine
What were the change characteristics of the industrial revolution in comparison to what is happening now? In a nutshell, the industrial revolution caused people to organise themselves in a new way.

The Industrial Revolution changed the players in the ecosystem and the way people behaved. Amongst many changes, the way time was perceived had a major impact. Alun Davies explained the magnitude of the changes using time as an example. Typically time was measured with a stick in the ground casting shadows whose lengths varied as the day progressed. Sundials were a more sophisticated version, unfortunately not of much use when it was cloudy. Candles helped to measure time inside, with marks linked to usage providing an approximate measurement of time. A major advance was the creation of giant hourglasses. Time zones didn’t exist and time was bound to the location. Long-case clocks with one dial were the next iteration in the evolution, however, they were rare and not available for common use. The best accuracy level of time in those days was approximately 20 minutes. With the emergence of factories more sophisticated measures of time were required. New roles evolved such as people who needed to make sure factory workers woke up in time so they could start on time. Big clocks in and outside factories informed management and workers when they were due to start and end work. Timely delivery of raw material into the factory enabling the prompt delivery of finished goods to customers. Logistics became important, shipment on canals needed to be co-ordinated. An increasing number of factories and industrial production required industrial clock and watch production. Captain Cook used a chronometer on his voyages, which enabled him to measure in Greenwich time. As such he was able to determine longitude with high levels of accuracy. His maps were only outperformed in terms of exactitude when satellites were introduced.
The Internet of things brings connected objects and advanced use of data to deliver productivity gains and reshape industries.

Over the past few years, we have increasingly heard about driverless cars, smart metering, contactless payments and smart cities. Examples are piling up and take us well beyond the outmoded vision of a fully automated warehouse. Across different industries, new perspectives are being debated and experimentations are taking place. John Deere, the agriculture equipment manufacturer is collecting and processing massive amounts of data hoping to revolutionise agriculture. Automotive players are rethinking their strategies as Tesla, Google and Apple are entering their space. The 2016 Consumer Electronic Show was full of connected devices such as smart craft-beer brewer developed by former Microsoft computer scientists. Amazon is piloting drones that would deliver products by landing on the customer’s front lawn. President Obama announced recently the Precision Medicine Initiative to take into account individual differences in people’s genes, environments, and lifestyles. ABB rereleases robots capable of collaborating with humans. Banks are creating start-up accelerators to speed up Digitalisation. Predictive maintenance is making its way across assets: from oil rigs to hospitals. It builds on clouds, drones and additive manufacturing technologies and offers new business models.

We are in the middle of a massive change. We are in the process of behaving and organising ourselves in new ways. This will impact us in the way we live, in the way we work and in the way we do business.
AND OTHER REINFORCING TRENDS

Open Innovation
Open innovation is used to come up with new solutions. On one hand, it allows us to establish and develop relationships with disruptive or highly innovative players. On the other hand, it helps to initiate collaboration across industries. A lot still needs to be done in order to adequately identify potential sources of innovation.

Blurred Industry Boundaries
Some industries have gone through some significant transformations. Many companies have suppliers that are also competitors and clients. Many businesses will attempt to build new connections all along their value chain. The Internet of Things will reinforce this.

Sustainability
One of the key promises of the Internet of Things is a better use of resources and, therefore, a contribution to the sustainability agenda. At the same time, the strategic concerns related to environmental and social issues will foster interest for innovative solutions.

HOW THE 4 TRENDS COLLIDE AND COALESCE

The case of the Unilever Ice cream cabinet

Internet of things
The cabinets of the future are expected to be more interactive and engaging to stimulate ice cream consumption. They will also provide a wealth of useful data back to the food company.

Open Innovation
Using its open innovation platform, Unilever has posted an internet of things brief to engage with start-ups on this matter.

Blurred Industry Boundaries
This will allow Unilever to build stronger bonds with the consumers while the retail chain used to be in between the two.

Sustainability
Unilever already offers solar-powered ice cream freezer for outdoor sale and super energy-efficient cabinets for indoor retail spaces. The Internet of Things might help to further fine tune energy consumption.
3. The Impact of the internet of things on The Purchasing Business Model

The four trends will impact Purchasing teams. They will increasingly look for innovative solutions that could combine the strengths of more than one player. It will impact their approach to markets. They will need to look beyond the obvious and to map their ecosystems and the role of data across markets. The Purchasing Business Models will evolve and offer new ways to positively impacting cost and revenues.
THE SIX DISCIPLINES

The four trends presented above will encourage Purchasing Teams to rethink different facets of their activities:

• What they buy
• How they analyse their supply market
• How they work within and across companies
• How they impact on cost and revenues

Through our research, we have summarised these implications in Six new Disciplines that will need to be incorporated by Purchasing Teams.
Buying Solutions

Today Purchasing activities are still segmented around the nature of what people buy. Teams are often structured using the traditional direct materials versus Indirect materials logic. They might use a slightly more sophisticated approach that differentiates, for instance, services, parts, technology and investment projects. In the future, purchasing teams will increasingly look for solutions that integrate offerings and capabilities across multiple markets but within a particular ecosystem where opportunities and challenges have emerged. If we think of maintenance services, a company might want to move ahead of its competitors and bring together: cloud based solutions, analytics services, 3D printing solutions, logistics services and varied sources of expertise. Alternatively, they might decide to monitor development over time and buy an established integrated commercial solution when it is available. Also, as we are moving from supply chain to supply cycle, solutions will need to include options to re-use, recycle and reduce resources consumed.

A solution differs from a product or service bundle. It is an integrated answer to a specific problem. This could include the ability to benefit from capacity as it is needed, pay for performance schemes, licenses instead of packages, immediate turn on turn off options, Intellectual Property packages, risk sharing agreements, “... as a service” or continuous innovation services.

To do this, Innovative commercial models are needed. And in some instances, we are moving toward integrated contracts involving all relevant parties.

Thinking in Data Ecosystems

The four trends lead Purchasing Teams to think beyond silos, usual suspect and classic market offerings – they need to look at all the actors within the value chain of their company and in some instances at established or emerging solutions that are not yet integrated into their existing network.

From Markets to Ecosystems

Depending on the industry dynamics, the IoT will make some markets more open and fluid and others more closed and controlled. With the IoT, one company will not always be able to come up with a full solutions result delivered by one supplier.
You will need an Ecosystem of Partners to obtain what is needed to deliver the expected performance. At the same time, more people will create start-ups and offer innovative solutions. We will work more in ecosystems. At best, roles across the industry will experience turbulence and then stabilize.

**Big Data needs to be turned into information**

Big data also provides a great opportunity for predictive analytics. IBM’s Watson was created as a way to assist humans and improve decision-making capabilities. For the medical profession, Watson can examine millions of medical scans and look at millions of medical journals enabling medical staff to operate in better ways. IBM has started to leverage its own tool within its procurement activities. It allows to navigate and maintain knowledge, to enhance performance and to help take key decisions based on a deep market analysis.

**Competition and Collaboration on Data**

Key issues will be data ubiquity. To whom is the data available? Who owns and controls the data? To what extent can a player appropriate the data and build a business model around such data? There will be a full spectrum of situations from open-source to proprietary solutions. Companies that will master data and will be good at mining them will gain competitive advantages.

In an industry where data is openly available entry barriers will lower. This means that expertise and technology will be more widely available. Some small players will play a more active role and challenge the traditional players. Solution designers need to look in conjunction with procurement to create Plug and Play solutions. They will need to leverage current and future capabilities in the ecosystem.

In close markets where data is owned and controlled by a few players new entry barriers and dependencies amongst industry players will emerge. Some will gain, others will lose. The role of government will also be key due to both their buying power and the regulations they establish. Regulators won’t accept speed and innovation as an ‘excuse’ for non-compliance. Vice versa Regulators need to adapt to deal with the accelerated pace of change.

**Thinking in Options**

We are moving from Category Strategies to Integrated Business Strategies based on options.
Customers are looking at more complex services with options. This logic of offering options will be cascaded along the chain. Purchasing teams will, therefore, need to think in options and to develop scenarios that can be proposed, implemented and revised dynamically with business partners. Instead of having a 9 months’ plan as a category strategy we can go to the business with a set of options and they can choose amongst them... applying what makes sense where it makes sense. This highlights the importance of agility: managing multiple strategies at the same time depending on location, business lines or business dynamics. As illustrated beyond Scenarios can be created along one main customer trend and one main supply trend.

More Automation

Tactical work will be completely automated. In many business areas, the trend is to move toward self-service and automated solutions. We will see more stock management autonomously performed by vending machines that will trigger orders when a minimum stock level is reached. Robots are invading factory floors and expanding into other areas. They are now able to collaborate and share space with humans. 3D printing is still a technology in its infancy stage and will offer higher performing lower cost solutions to redesign supply chain in the future. Smart temperature management will ensure maximum environmental efficiency within buildings and transport solutions. Customer interaction will also be increasingly enabled by machines. The impact on the workforce is not yet known and we will need to consider the social impact on employees. The only certainty is that most jobs will have to be redesigned to a certain extent.
Supply Chain Transparency

Supply chain transparency is not just about gaining better sales forecasts, reducing risks and achieving more effective delivery performance. Of course, warehouses are becoming more automated, effective and adaptable. But transparency brings other benefits. This includes the ability to better segment customers and to better serve them according to their needs. The example of the success of product recommendations on Amazon illustrates this point perfectly. But examples on the B2B side also exist Dow corning has re-invented its silicon business by de-bundling its offerings and creating radical visibility for its cost-conscious clients. Transparency also relates to developing a sustainable value chain. Health and Safety, environmental performance can be monitored remotely now. However with Transparency, confidentiality and security matters will also become more critical.

Cost, Revenue and Price Modelling

If we look at a car insurance: it is not difficult to imagine a pricing scheme where the driving style impacts what is paid to the insurance company thanks to the data transmitted by connected devices. Such solutions are likely to appear in specific market segments first and then to migrate to other segments. Also, if we think of the life cycle cost of industrial equipment, we will be able to validate, refine and improve the cost models throughout time. Solutions that already exist for jet engines will become more and more available.

In the future data will be available all along the life cycle of assets. People will easily validate the quality of their prediction. This will provide opportunities to build financial models that will help to assess the impact of specific parameter changes on cost or on revenue. Today we work on cost models... Tomorrow we will use data to create cost or revenue simulations. Feedback from the real world will be re-injected in the models to see if our assumptions hold or if we should revisit them....
4. The Human Dimension of the Transformation
The magnitude of the change is enormous and we will need to embrace the unknown. People are changing the way they organise themselves and how they behave. Early adoption will be critical to be able to adapt to the ever-changing ecosystem.
THE BRAIN OF THE BUYER

Operating in this changing world will require new skills. On one hand it will be about managing anticipating needs and constraints. On the other hand, it will require more analytical skills.

**Anticipating the Needs**
- Managing internal and external communities
- Engaging with new players and start-ups
- Creating an open innovation culture
- Leading teams across companies
- Easing the change

**Architecting Solutions**
- Holistic thinking
  - Business
  - Environment
  - Society
- Ecosystem mapping
- Sees data as a strategic asset
- Pattern recognition
- Analyst
Anticipating the Needs

• **Managing internal and external communities**: traditional communities for purchasing were the internal stakeholders and suppliers. This is changing, the communities are evolving. Suppliers may be customers, partners and in some cases competitors.

• **Engaging with new players and start-ups**: Purchasing is becoming pivotal in dealing with new players, smaller players who operate with agility and are not constrained by established processes.

• **Creating an open innovation culture**: Innovation will be delivered through many players, co-creation, co-working and collaboration

• **Leading teams across companies**: influencing, managing relationships and delivering through all relevant players, companies are becoming boundary-less.

• **Easing the change**: human beings like to operate in their comfort zones and we need to work on making the change into the unknown frontiers as easy as possible.

Architecting Solutions

• **Holistic solutions**: Buyers will need to think more holistically about the needs and constraints they have to take into account. They will need to navigate through a multitude of players to understand where problems exist and where solutions can be found. This will include neighbouring functions, industry bodies, regulators, customers, suppliers, partners and disruptive players.

• **Ecosystem mapping**: They will have to map their ecosystems beyond their current suppliers. Purchasing is moving will have to drive collaboration across functions and companies to help see where opportunities exist.

• **Pattern recognition**: Data will have to be addressed as a strategic asset and as a key contractual aspect. We need to manage multiple touch-points and understand the importance of them. Problems and solutions will have to be anticipated.

• **Analyst and Relationship Manager**: In a fast moving ecosystem, data needs to be translated into valuable information. Buyers need to distinguish between what is important and what is noise. The core skill set of the buyer will move traditional purchasing skills to analytics and relationship management.
CROSSING THE CHASM

The internet of Things is about bringing new ideas to life, and success will be driven by quick adoption of promising solutions. Slow adoption could result in diminished performance. People fall into two categories: Visionaries who are ready to try new things and take risks. They will have opportunities to be ahead of the curve. Pragmatists who are cautious, reasonable, and pay attention to costs. They like slow steady progress and avoid some of the major risks.

<table>
<thead>
<tr>
<th>Visionaries*</th>
<th>Pragmatists*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daring</td>
<td>Cautious</td>
</tr>
<tr>
<td>Ambitious</td>
<td>Risk adverse</td>
</tr>
<tr>
<td>Want to be first in implementing new ideas in their industries</td>
<td>Stay within budget</td>
</tr>
<tr>
<td>They are annoyed by Pragmatists</td>
<td>Support slow, steady improvements</td>
</tr>
<tr>
<td>They fear Visionaries</td>
<td></td>
</tr>
</tbody>
</table>

Where does the Purchasing function sit in all this?
What is your company’s risk appetite?
What is the right mix you need to be successful?

* Adapting from Moore – Crossing the chasm (1991)
5. The New Business Landscape
The traditional buyer and seller relationships are changing fast. New emerging companies, changing industries, new ways of working, cross-industry collaborations are changing the Business Landscape.
A business model is a simple way to describe what value you offer? to whom? With Whom? And with what impact on cost and revenue?

It is a great way to discuss what you can holistically improve or innovate.... We took inspiration from the business model canvas (Barquet, Ana Paula B., et al., 2011, Osterwalder 2008) and simplified it for the purpose of this research.
What are the trends that will impact your Purchasing Business Model?

Suppliers & Ecosystem Players
- Incumbents
- Rising stars
- Disruptive players

Value Proposition
- New solutions
- Enabling Performance and Value
- Enabling Cost Optimisation

Business Partners & Customer
- End users
- Extended team for decision making
- New channels and Relationships

Processes and systems
- Automation
- Analytics
- Innovation
- Management

Cost

Revenue
- Emerging Revenue Streams
- Obsolete Revenue Streams

Life Cycle Cost
Commercial Models
Conclusion from Workshops

What are the trends that will impact your Purchasing Business Model?

Suppliers & Ecosystem Players
Who are the existing ones? The new ones? How are they segmented? How are the relationships managed?

Value Proposition
How can it be enhanced? Simplified?

Business Partners & Customer
Who are they? How are the relationships managed with them?

Processes and systems
Which one can help deliver value? How? What can be enhanced in the future?

What is the impact on costs driven by the changes?

Cost

Revenue

What is the impact on revenue driven by the changes?
6. Conclusion
We are moving from Today’s World into Tomorrow’s World. Our once clear cut Ecosystem is changing fast with many new players appearing. A new Purchasing generation is emerging amidst the change.
MOVING FROM TODAY’S WORLD INTO TOMORROW’S

Today we are

- Still organised around what we buy ... some of us buy parts other services and some Investment projects
- Working extensively as part of cross functional teams
- Still in very much going to our internal business partners and asking them for their needs and specification
- Tend to buy and tend to let the business partner deal with what they think they need
- Sustainability is mainly labour risk management, code of conducts and audit but it is changing
- Process focussed, gaining knowledge of the supply market

Tomorrow we will

- Provide solutions combining the offering of all players in a particular ecosystem e.g. smart housing
- Work in cross-company teams: employees need to collaborate with all players of the ecosystem, they need to influence and shape the ecosystem. Working with competitors, small disruptive players, customers and incumbents
- Anticipate the needs rather than collecting requirements
- Accompany the change, cradle to cradle requires Purchasing to be part of the journey from beginning to end. Purchasing is well connected throughout an organisation and the ecosystem
- Create shared value, philanthropy as a single way to impact the world is a thing of the past. Improving the world we operate in will be linked to generating social, economic and environmental value e.g. mHealth, micro payments, mLearning etc.
- Focus on analytics and relationships, the skills of the Purchasing functions are changing, big data is driving the need for strong analytical skills and the complexity of the ecosystem requires relationship management skills
The new business landscape!

Previously our ecosystem was quite clear cut. It consisted of systems processes and people. Now many more components with changing degrees of urgency and importance are part of our ecosystem. The challenge will be to stay on top of all the components and we need to adapt. Chains are turning into cycles, outcomes rather than input, collaboration, data mining, automation, new players and disruptive players will drive the emergence of a new procurement generation. There will be a lot of change, challenge, and excitement.

As Purchasing Managers, Executives, CPOs we need to ensure we connect all components and that we enable our people to deliver in this environment. It is within our ability to shape and drive this.