

# Supplier Information Management

P2P as a SIM solution vs Dedicated SIM  
Analysis



# Contents

Introduction	3
Example 'Digital Transformation in Procurement' timeline	4
Phase 1: High ambitions	5
Phase 2: Unexpected discoveries	8
Phase 3: Risk perception radically alters	11
Phase 4: Learning and reflection	13
Conclusion	15

# Introduction

As part of digital transformation initiatives in Procurement, one of the areas that will be very much in scope is that of Supplier Information Management, or SIM.

Enterprises looking to deploy a SIM solution have a number of options, but all too often choose a route that can lead to up to three years of delay and wasted investment. How does this happen and what could an alternative path look like in comparison?

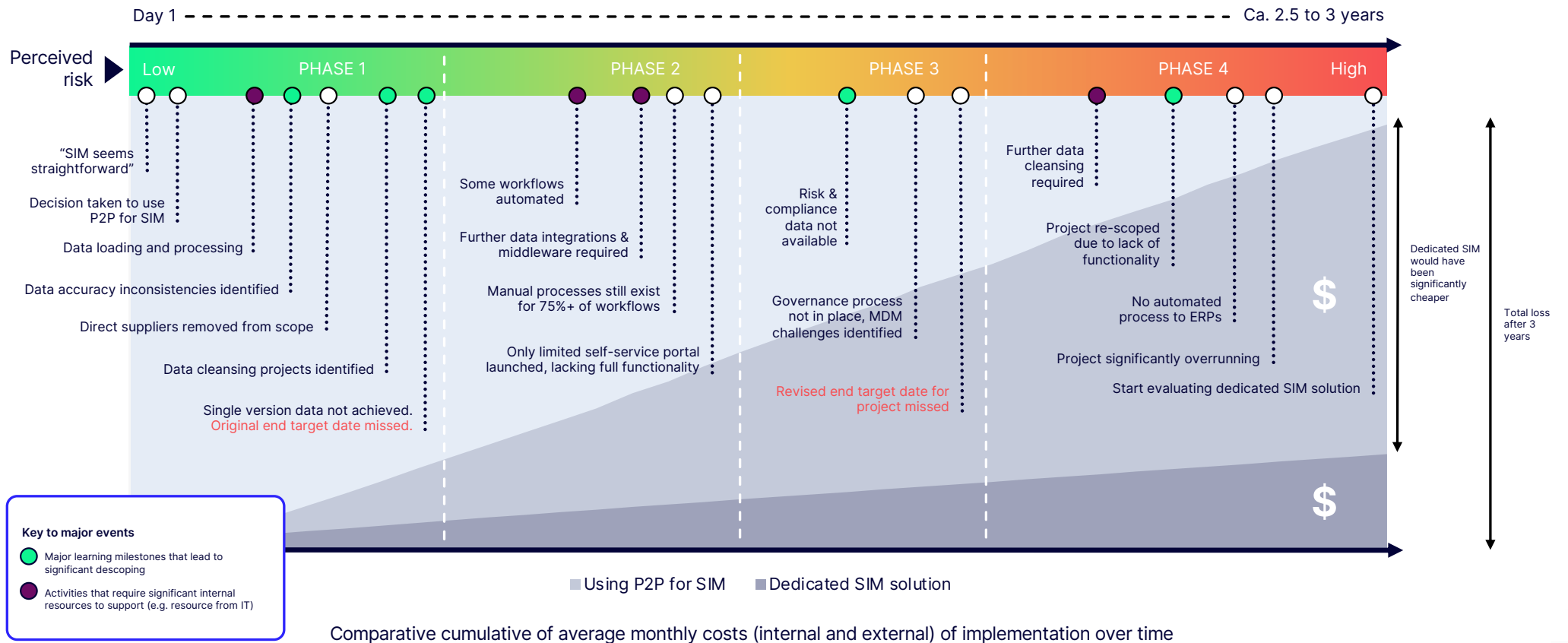
Having interviewed procurement experts across the industry and documented the typical journey that this takes enterprises on, our analysis found that there were striking similarities in how this has been tackled and the pitfalls that have occurred along the way – challenges that could have been avoided if the obstacles had been considered at the start of the project, rather than being uncovered along the way.

We charted the experiences that procurement leaders reported back to us into a typical digital transformation project timeline. We also asked them about risks and costs and specifically how the risk sentiment radically changes as the project progresses – and hidden costs begin to stack up.

Finally, we asked about any key learning milestones that led to specific descoping of the current project and activities that involved significant input from other functions, which made it harder to justify not continuing the project.

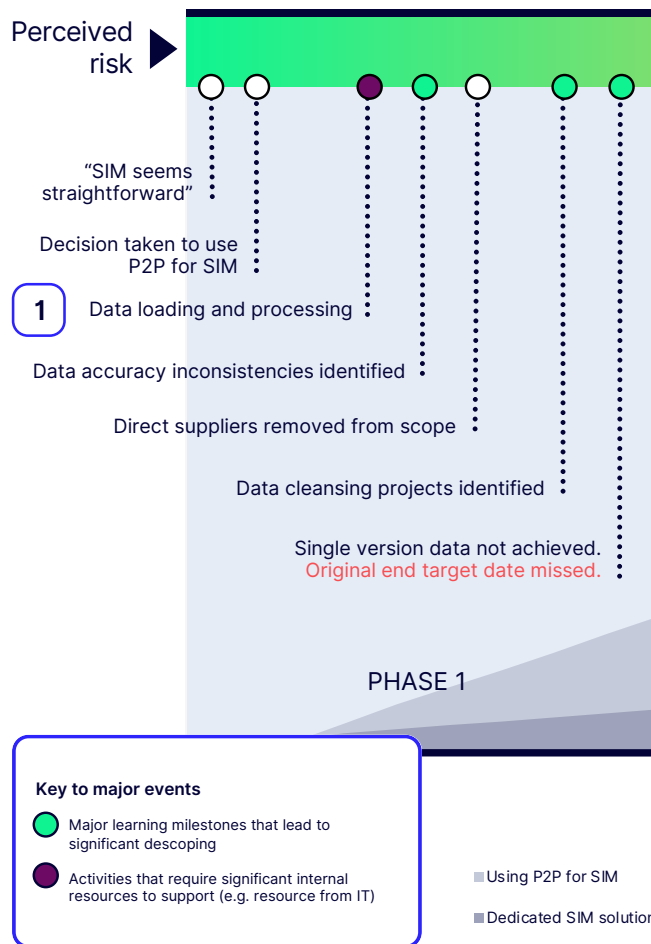
Our interviews led to the following timeline summary, below.

# Digital transformation in Procurement: example project timeline



# Phase 1

## High ambitions



## Initial decisions taken when perceived risk is low

Starting at the left of the diagram, on Day 1, the first assumption often made is that "SIM seems straightforward." Indeed, why should it not be?

Supplier information is available from transactional systems such as the P2Ps, and P2P suite providers offer SIM solutions as part of their package. It is at this point, when the risk sentiment is low, that a confident decision is taken to use the P2P suite for SIM.

Furthermore, at this stage, with the upfront cost of implementing a dedicated SIM coming in at a higher amount, the decision seems logical. However, as the timeline above shows, this choice now involves a series of subsequent investments and commits in terms of time and resource from other functions (shown by the green markers in the timeline), in particular IT.

These activities trigger a sequence of key 'learning milestones,' (shown by the green markers) that begin to undermine the original 'low' risk sentiment, marking a trend that only continues as the journey progresses.

1 "It wasn't clear to us that when they said it works above multiple ERPs that the same supplier is duplicated in the P2P solution, we had to harmonize all our vendor numbers across 19 ERP systems if we wanted to have a unique vendor in the P2P solution."

**- Head of Shared Services, major automotive organization**

## Realities of data integration mean direct suppliers removed from scope

Following data loading and processing – and resultant deficiencies in the data being identified (such as multiple duplications and missing details), organizations find that it would be better at this stage to remove direct suppliers from the scope of the project.

The complex relationships with direct suppliers and the need to tie it to other databases, such as inventory, means that the theory of using P2P for all suppliers does not work in practice. It is a major drawback so early on in a project that was intended to provide 100% insight into all suppliers. To have to remove so much from the scope comes as a huge blow.

Also, the data deficiencies will further uncover a need to initiate some programs of data cleansing in order for the wider project to have any chance of success. While it feels like this is a suitable answer to the issues (combined with the additional chance to fix rogue data), it adds cost and fails to address the issues that have caused bad data to be in circulation – in fact, those issues remain and new bad data will be added on a daily basis.

The sentiment bar at the top of the charts shows that the perception of risk has certainly increased now, although the hope is that, a few data cleansing exercises aside, the overall integrity of the project will remain intact.

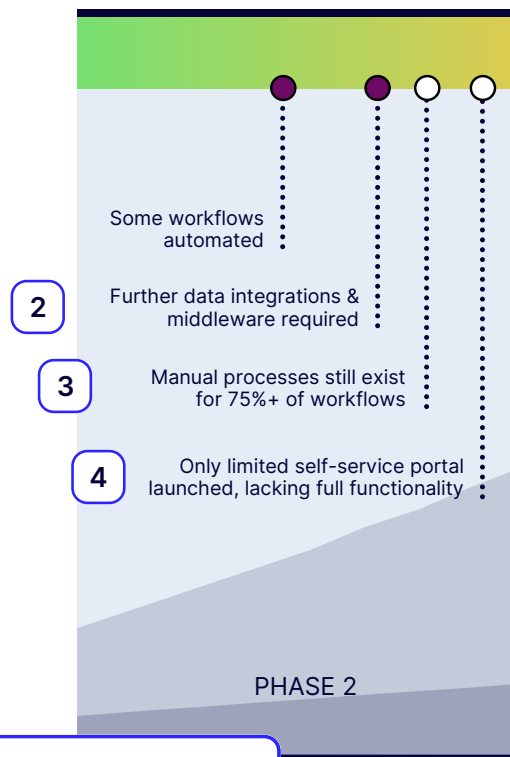
Still, by the end of Phase 1, the general experience is that the deadline for a single version of data to be achieved will have passed with that being unmet – and the original target end date for the project will have to be revised. Now that the extent of the data issues are known, and to set expectations, this will likely be pushed out by around twelve months or so – in order to allow room for any further unexpected ‘discoveries’ along the way.

Unfortunately, there are typically at least three or four more instances of ‘unexpected discoveries,’ as we head into Phase 2.

# Phase 2

## Unexpected discoveries





**Key to major events**

- Major learning milestones that lead to significant descoping
- Activities that require significant internal resources to support (e.g. resource from IT)

- Using P2P for SIM
- Dedicated SIM solution

## Momentum drives project forward regardless of mounting challenges

As Phase 2 unfolds, with investment and resources already spent – and more still having been secured – the momentum of the project takes over and it is difficult to back peddle at this point.

Furthermore, there is a perception still that, although risk has increased, the implementation of automated workflows and the end goal of a self-service supplier portal will help to ease the pain felt in Phase 1.

It is usually during this stage that the reality of establishing automated workflows – how effective they are (or are not) – starts to become apparent. The next ‘unexpected discovery’ is that further data integrations are required to work around some of the complexities of handling supplier data and that middleware is needed for the data integrations to work.

“It was a surprise to us that by integration they meant they output a spreadsheet and then we have to do the rest. For us it meant buying middleware, staffing to configure and maintain the middleware and all the effort of data mapping to make things talk.”

**– Head of Shared Services, major automotive organization**

This can come to many as a surprise, especially if the expectation was that a single vendor environment would mean that this would not be a cost to include. Again, resources from across the enterprise have been used and significant investment already made, such that this new cost has to be absorbed and will hopefully make sense in the longer term.

Still, it is likely that during this phase, many of the manual processes have not been replaced and that only a limited self-service supplier portal may have been launched.

The risk sentiment is heightening to amber – and the chart shows how the cumulative investment in the project has already begun to climb quite steeply at this stage.

“In the end Supplier Onboarding was completely descoped. Our onboarding process is we still create it in the ERP and then we send an email to the P2P provider’s support team, to invite them. Completely manual in the end.”

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– AP Manager, major global airline

“We really struggled to get the suppliers to use the system. They didn’t want to use a network as it had costs for them. Without the suppliers in the system it couldn’t really be a source of truth for us.”

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– Procurement leader, leading CX management organization

# Phase 3

## Risk perception radically alters



**Key to major events**

- Major learning milestones that lead to significant descoping
- Activities that require significant internal resources to support (e.g. resource from IT)

- Using P2P for SIM
- Dedicated SIM solution

## Other milestones missed as data quality continues to thwart progress

Most realize after twelve to fifteen months of this process that promises made in the original business plan for the project are likely to be out of reach.

Having to settle with a less than adequate supplier portal (and now with a messy mix of part-automated, part-manual processes), the quality of the data continues to be an issue.

At this point, expectations may once again be redrawn. Upon realizing that risk and compliance data remain unavailable and with the new (second) target date for completion fast approaching, the viability of extracting this insight is put under review and potentially removed from scope – for now.

The scenario also means that the expected data governance frameworks cannot be put into place as first envisaged and, while the costs continue to rise, the real challenges of using transactional data as part of a Master Data Management (MDM) are becoming readily apparent.

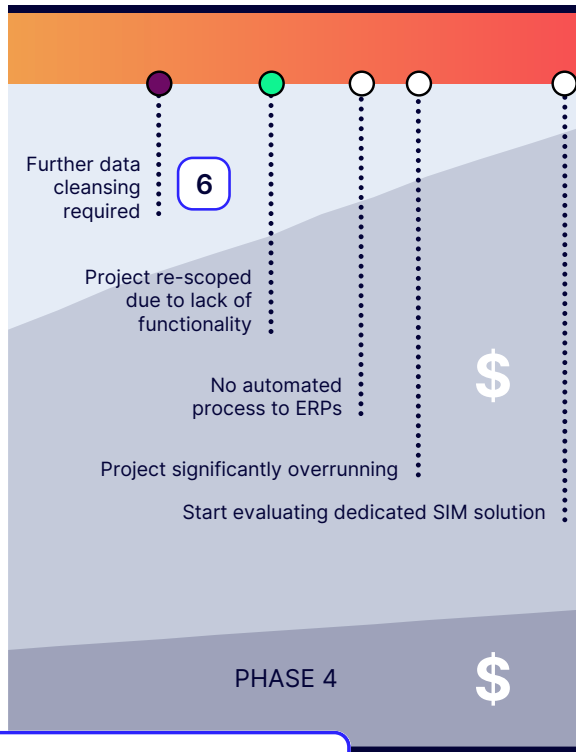
Digital transformation is still a worthy enough end-goal, but the progress is so far from satisfactory that what appeared as a low-risk, easy solution has significant risk attached to it.

“Even though it looked great in the demo the issue was that the data for most suppliers was not available, so what was pitched as automated and ready to go proved completely unusable by us.”

– Procurement leader, top 3 tobacco company

# Phase 4

## Learning and reflection



**Key to major events**

- Major learning milestones that lead to significant descoping
- Activities that require significant internal resources to support (e.g. resource from IT)

- Using P2P for SIM
- Dedicated SIM solution

## Deciding when to call time

At this stage, and with lengthy delays already having been experienced since the previous data cleansing exercise, the data is likely to need further cleansing to help make it fit for purpose.

It is highly likely that our efforts from the previous data cleansing process have been wiped out by the day-to-day need for the enterprise to continue processing data to allow transactions and other functions to continue.

The reality is that the project will be subject to another round of re-scoping (read: de-scoping), while the costs continue to rise. Decisions will have to be taken about whether it is worth continuing further investment in attempting to automate processes to integrate the data into the ERP(s) – and while the fall-out of this takes place, the project can be deemed as ‘significantly overrunning,’ with costs mounting – as the cost comparison analysis between using P2P for SIM versus a dedicated SIM solution on the show charts.

The real decision at this point, is how long to continue this trajectory or when to swap the approach in favor of the dedicated SIM solution. The only saving that can be made at this stage is that from unnecessary delay. It is at this point, with the risk sentiment now firmly in the red, that enterprises are very open to discussing dedicated SIM solutions.

“We were told it was a good idea to do a data cleanse before we load. We spent over a year cleansing, never really got there, and then had no budget to do the rest of the project!”

– Head of Procurement Governance, top 10 pharmaceutical company

# Conclusion

## Attempting supplier information management using a P2P suite results in:

### 1. Significant project delays and descoping

The P2P suite vendors, no different from many enterprise software categories, are quick to promise what's possible, usually in good faith, but are more reluctant to acknowledge when a given use case that they hadn't dealt with before can't be supported. However, if you're trying to include 100% of suppliers – and you have to – then there will always be use cases that the vendor hasn't thought of, which means the system must be designed to extend the data model and workflow to accommodate every possible variation. P2P suites just aren't built for this task.

### 2. Rising costs

With delay comes cost. Rather than cutting losses, customers tend to try and work with the vendor and / or their (expensive) implementation partner to figure out workarounds. This inevitably means the project hours wrack-up, systems due to be replaced must be extended, and anticipated cost savings or other financial benefits get delayed – all of which are captured in our cost analysis on the diagram.

### 3. Barrier to automation

With compromise almost always comes an acceptance that parts of the process will have to continue as manual steps. Validation rules for a subset of suppliers will have to be handled offline, performance management assessment will happen in Excel using an export, which will have to be de-duped first, and so on and so forth.

Alternatively, time, resource and investment can be saved by opting for a dedicated SIM solution.

Walk through HICX with us. Request a personalized session to see what HICX can offer you.

[hicx.com/demo](https://hicx.com/demo)



## **HICX is the Low Code Platform for Supplier Management.**

We enable business to find, maintain, and re-use trusted Supplier Data and Information across their Enterprise, across any spreadsheet, app or system. Our solutions enable your businesses to be more reliable, flexible, and scalable. Building from a rock solid platform of good quality data, we help businesses become digital in supplier management, third party management, compliance and risk, master data and finance management.

