

How to Unify Procurement Data in Days, Not Months — Without Coding or IT Support

An actionable whitepaper on spend visibility and using data to make procurement a meritocratic process.

Introduction	3
Achieving spend visibility: benefits and barriers	4
• Why companies lack visibility	5
Modern data platform enabled big-picture spend visibility overview	7
• What are the major components of Ignite big-picture spend visibility	7
• How does the data consolidation process with Ignite look like?	8
Ignite Data Platform solution overview	10
• Holistic data management	10
• Master data management platform	11
- Build your supplier master	
- Build and expand your spend cube	
• Structured but manual data management full of errors: How Ignite can help	12
- Validate your supplier master	
- Expand your spend cube	
• Repetitive data management and continuous improvement	13
Conclusion	14

What?

How to Unify Procurement Data in Days, Not Months—Without Coding or IT Support: An actionable whitepaper on spend visibility and using data to make procurement a meritocratic process.

Why?

Leveraging Ignite Modern Data Platform to enable better decisions by giving procurement teams a single source of truth that reduces friction across the enterprise. Also, to make it easier for procurement teams to handle data and reduce the amount of time they spend on it.

How?

Required solution(s): Ignite Procurement Analytics and Data Management solution

For whom?

Procurement professionals and others engaged in procurement planning, who need to identify savings opportunities, risks and ways to improve efficiency of their procurement teams. Examples include the Chief Procurement Officer (CPO), Head of Procurement, Category Manager, or Procurement Analyst, who is looking to work strategically with procurement in his/her area of responsibility.

Introduction

Data is a powerful tool for procurement. But it is also a source of frustration for many organizations. If your team is struggling to harness the power of your data, you are not alone.

Procurement professionals express frustration over their inability to integrate data from multiple sources. They also point to issues such as the need for a single source of truth, the inability to harness the data advantage, and debates over how best to approach data quality.

Routinely, procurement teams waste a lot of time overcoming these challenges when they can actually be doing strategic tasks. Often, in addition to wasting time, the approach of blindly focusing on a small percentage of data leads organizations to make inaccurate decisions and mistrust each other.

To overcome these barriers, enterprises need a data platform that helps procurement teams achieve these goals by unifying all the disparate tools that are currently being used to manage the various aspects of their organizational data.

This whitepaper discusses how a modern and scalable data platform like Ignite helps procurement teams set up a pipeline with steps where they can easily consolidate, clean, normalize, and enrich their data and build spend profiles to empower meritocratic and better decision-making.

We have heard it time and time again: companies need correct and holistic data to identify the best opportunities for savings. Not just that, the right kind of visibility is essential to achieve cost savings and drive value across your organization.

This whitepaper answers all that and shows how using a data platform—that supports the latest technologies and best practices—procurement leaders can gain visibility into all of their spend across business units, geographies, and channels so they can make better decisions about where to focus their efforts.

Achieving spend visibility: benefits and barriers

Good business leaders have always known that the best way to make good decisions is by having accurate and complete information at their disposal.

Similarly, when businesses have good visibility into their spend, they can better identify opportunities for savings, mitigate risks, and reduce time chasing numbers and reporting.

The visibility we are talking about here is not just confined to having a current snapshot of your spending; knowing exactly how and where that money is being spent and projecting a future trend can have an even bigger impact on decision-making.

But achieving that kind of visibility is often a challenge.

Spend data is dispersed across multiple, incompatible systems, and it can be difficult to get the information needed to drive procurement decisions. That is where the Ignite solution comes in: it takes a holistic approach to aggregate the data into a single view, categorize data accurately and granularly by employing multiple enrichment techniques, and present findings in a useful way to drive decision-making while following a repeatable process.

BENEFITS



- Identify saving opportunities
- Understand and mitigate risks
- Enhance efficiency
- Enable and accelerate savings realization

BARRIERS



- Dispersed data
- Dirty/low-quality data
- Multiple ERPs
- Duplicate/incomplete data
- Lacking data/information
- Limited capacity
- Inaccessible information + Manual or time-taking tasks in legacy/complex systems

SOLUTION



- Consolidate data across sources
- Automatically clean, translate and harmonize formats
- Add custom classifications and relevant third-party enrichments
- Deploy best-practice, dynamic insights on your industry and categories and make them available to your team
- Provide an automatic and repeatable process

Why companies lack visibility

The first barrier is that spend data is dispersed. It is scattered across multiple, disconnected systems such as Accounts Payable (AP), corporate purchasing cards, Enterprise Resource Planning (ERP), eProcurement systems, etc. Not just that, the data exists in variety of formats, from spreadsheets, PDFs, HTML, Word documents, and text files to databases. As a result, most of the times, procurement organizations just look at one source, like an ERP system or eProcurement system, making it hard to get a complete picture of their spending.

What you see today

SPEND BY SYSTEM

System	Number of transactions	Spend in \$
ERP	249,802	309,987,233
P card	1490	40,840,967

What you should see

AGGREGATED SPEND

Number of transactions	Spend in \$	Spend in NOK
251,292	350,828,200	3,466,952,490

However, even after aggregating the data, the second barrier to effective knowledge management is that the data often must be cleaned and structured. There are multiple factors that contribute to this problem:

- Data entry errors can result in a large amount of unclassified spending being recorded inconsistently with misspellings, duplicates, and other errors.
- The names of suppliers are often spelled differently, making it difficult to get a complete picture of spending with any one vendor. Even within a single purchasing system, individual suppliers may have more than one unique code assigned to them, making it hard to compile total spending by supplier.
- Different organizations and groups responsible for the data have different ways of naming, classifying, and identifying things, making it hard to achieve a consistent view.

Many companies get excited about the promise of data. Believing they will get all the information at their fingertips, and a treasure trove of insights waiting to be discovered. But then they start digging in, and the excitement quickly turns into disappointment as they realize there is not enough detail in the data to provide meaningful business insight or drive informed decision-making.

The problem? Data doesn't come with much structure—it's just a bunch of numbers. And if you want to get anything out of it, you need to know how the data should be structured and mapped against a more granular commodity structure.

What you see today

SPEND BY SUPPLIER NAME

Supplier	Spend in \$
XYZ pvt ltd	79,605,931
XYZ company	348,891
XYZ ltd	23,458,394
XYZ USA	789,276

What you should see

SPEND BY PARENT SUPPLIER

Number of transactions	Spend in \$
XYZ	104,202,492

What you see today

SPEND AS STORED BY ACCOUNTING DEPARTMENT

Supplier	Cost center	Item code	GL
XYZ services ltd	IT	Service	Consulting
XYZ shop	HR	Desktop	Office equipment
XYZ	Data center	Service	Maintenance

What you should see

SPEND ORGANIZED BY CATEGORY

Category	Total in \$
Software maintenance	4,586,494

Even after achieving this visibility, the data many times lack granularity needed to provide business insight and drive informed decision-making.

The level of granularity required typically varies with the type of spend. For example, indirect spend data is usually the lowest data quality in the organization and typically offers the largest relative savings potential; for example, by aggregating demand and consolidating the supplier base through sourcing events. Direct, on the other hand, being a highly prioritized area, typically holds a lower relative savings potential with data granularity. However, being the highest on spend, the absolute savings potential is fairly high for direct. To identify and harness this potential, procurement teams have to overcome the barrier of large data volumes that are difficult to extract insights from. Because the information is typically buried within vague line-item descriptions and obscure product codes.

For example, let us say you are working on price optimization strategies for a particular product. You find out that your supplier is charging too much for it—but thanks to lack of cross-company visibility into your indirect spend, you do not know how much that same supplier is charging all the different business units. So, without global spend visibility, it is at worst impossible and at best demanding, to really know who is overcharging and where you have your best opportunities.

What you see today

VAGUE LINE-ITEM DESCRIPTION

Line item description
L1019393 office stationery white 45x38 inches Canon XYZ Shop

What you should see

LINE-ITEM LEVEL DETAILS

Item	Supplier	Type	Model
Printer	XYZ	XYZ	Canon 170d

**Granularity**

XYZ PRINTER SPEND IN \$

Item	Total in \$
Printer	498,273

Modern data platform enabled big-picture spend visibility overview

If you are like most procurement organizations, you probably have a lot of spreadsheets and other data systems that are in need of an upgrade. But what if your company does not have access to the right tools to make use of this data? Or what if the ones you do have are too expensive or time-consuming? Or what if they are not easy to use or difficult to roll-out in the organization? These are all common problems procurement organizations face across industries these days.

A modern procurement organization needs a modern data platform to get the big-picture visibility and make informed decisions. This data platform should help them see all procurement data in one place, so that there is no more poring over spreadsheets or spending hours searching for information that is hard to find. It should also let them make changes to their data in real time, transform and enrich it, so that every decision is based on up-to-date and accurate information.

But what exactly does “modern” mean?

It means different things depending on your company’s needs and priorities—and those can change over time as well. One thing that does not change much is the need for flexibility: You will want your solution to adapt as your business grows or shrinks, or as your needs change over time. Other—no less important—aspects include a bespoke solution that is quick to deploy, easy to use, and can be tailored to fit the user needs.



What are the major components of Ignite Big-Picture Spend Visibility

Data collection and validation - At Ignite, we believe that the best way to optimize your spend is to bring visibility to every transaction. That means we have to be able to collect and validate data from multiple sources, including legacy systems, cloud services, and more and consolidating it into a single source for validation.

You can think of this process as a funnel: at the top is your source systems, and at the bottom is your spend plan. Everything in between is where we do the hard work of bringing everything together so you can see it all at once.

Many companies just focus on aggregating their data from different sources, but they do not go far enough—they fail to validate that data before they use it in reports or analytics tools. This leads to inaccurate reporting and ultimately makes it harder for you to make good decisions about where your money should go.

Enrichment - To truly understand your spend and suppliers, you need to be able to see the complete picture. Ignite Spend Visibility platform helps you do that, with a powerful combination of enrichment and classification.

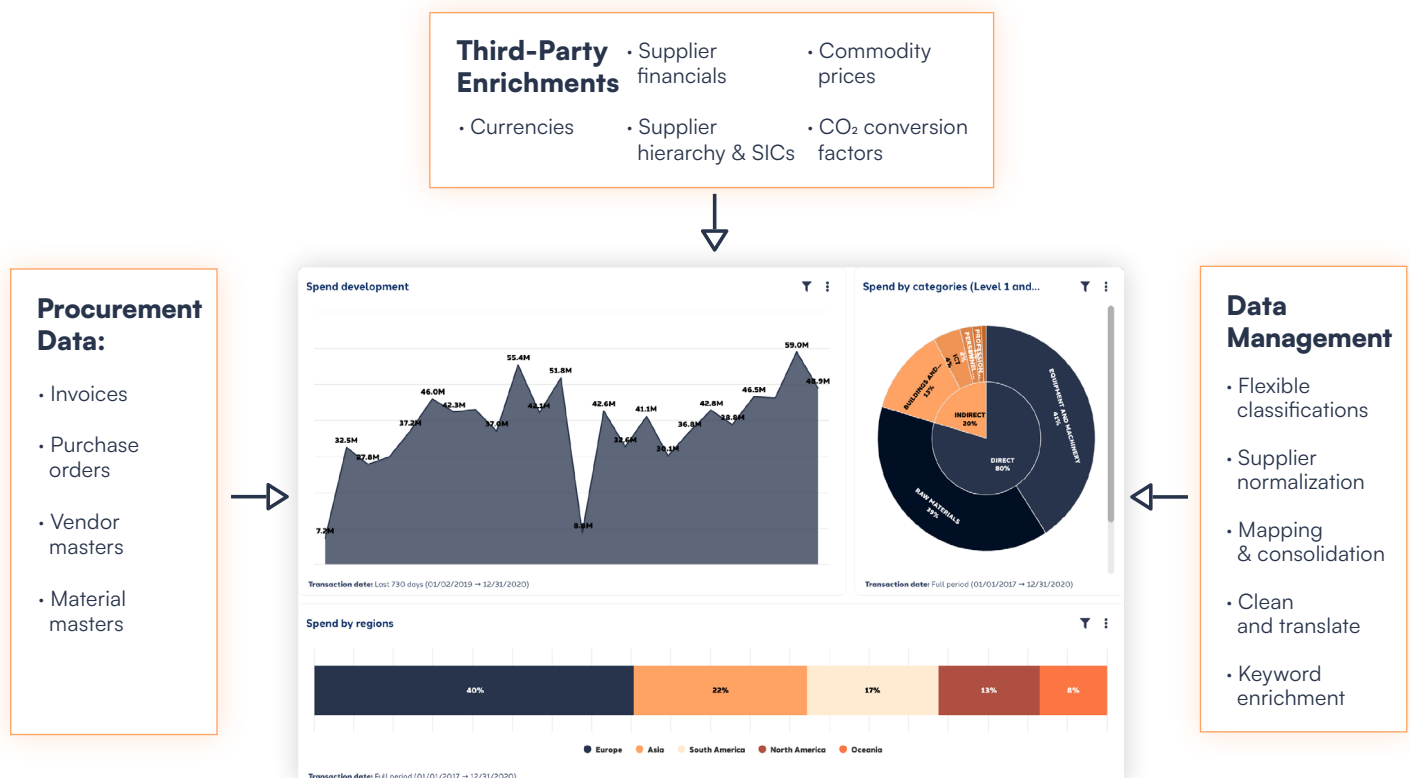
Your spend data is more than just some numbers on the spreadsheets. It is a series of choices—decisions about how to use your resources and how best to invest in the future. And those decisions are only as good as the information you have about them. Enrichments add meaningful information to your spend and supplier data such as supplier industry codes, addressable spend, categorization, etc., thus, improving leverage and decision-making. This lets you be more competitive in the marketplace and get your suppliers to deliver better service at a lower cost.

How?

The more you know about your suppliers, the better equipped you are to make the right decisions about their services and products. The more accurate and complete your spending data, the easier it is to spot trends and identify waste. And the more insight you have into your supplier's industry, the more informed your negotiations will be—which means better pricing for everyone involved.

Supplier normalization - Ignite helps you clean up your supplier master and create a single source of truth for all of your suppliers. With normalization, you make sure that the data you have on each supplier is complete, accurate and standardized.

This is especially important if you are trying to manage spend across multiple locations or regions, as well as departments. By bringing all your normalized suppliers together into one system, you can ensure that there is no duplication or inconsistencies in what information is recorded about each supplier.



How does the data consolidation process with Ignite look like?

The data consolidation process is a multi-step process that we are excited to help you with. We know it can seem overwhelming, so we have broken it down in five steps here so you can understand what to expect.



1. Collect all relevant data across sources - This may include everything from spreadsheets to ERP systems and more.



2. Map, consolidate, and harmonize data and add relevant enrichments - The result is a clean dataset that is ready for analysis.



3. Define and build relevant cubes, e.g., spend cube, global supplier - This will let you see how your company is spending.



4. Deploy best practice analytics and roll them out in your organization - so everyone on your team can see what is going on with their data at any time of day or night—and make changes as needed.



5. Finally, establishing a repeatable, continuous process - to optimize and automate data flow and make sure your team has everything they need to keep this going.

Ignite Data Platform solution overview

THE BIG TAKE: Ignite Data Platform is a powerful solution for developing a “single source of truth” on spend. It allows you to gather and analyze data from all parts of your organization—and it is easier than you think.

Spend visibility is the linchpin of spend management, and a holistic procurement data platform is the key enabler of this visibility. Ignite's procurement data platform supports organizations across all stages of their data maturity. Based on your current situation, we recommend that you begin planning in the following major steps:

Holistic data management

When looking for a solution to manage your company's spend, you should look for one that is holistic. This approach will address all types of spend—indirect, MRO, and direct—integrate data from all internal systems, and also tap into external data sources as needed. Ignite helps you do all that. It lets you pull together data from all your internal systems and also tap into external data sources as needed.

Ignite's cloud-based platform is designed to be easily integrated with existing ERP and other business systems, so you can begin managing your spend immediately without having to wait for customizations or programming changes.

Ignite supports direct upload through REST-API, and can take JSON, csv, and even excel-files. We also facilitate data transfer from older systems via SFTP. We store data on a customer-dedicated area which again is directly connected to the web-application. We also offer custom services to connect with any system that is required.

Master data management platform

If you do not have a data warehouse or looking to get started with it, Ignite can help you: build a supplier master and create a spend cube.

You can take the following steps:

1. Build your supplier master

A successful supplier master is based on a solid foundation of supplier data.

To help you build the best foundation, Ignite empowers you with a tool that generates a unique set of suppliers based on your requirements (e.g. name and country).

Ignite also lets you enrich this information with third-party supplier metadata and financials to improve its quality. For instance, Ignite automatically enriches suppliers with metadata from third-party providers, for example, Enin.

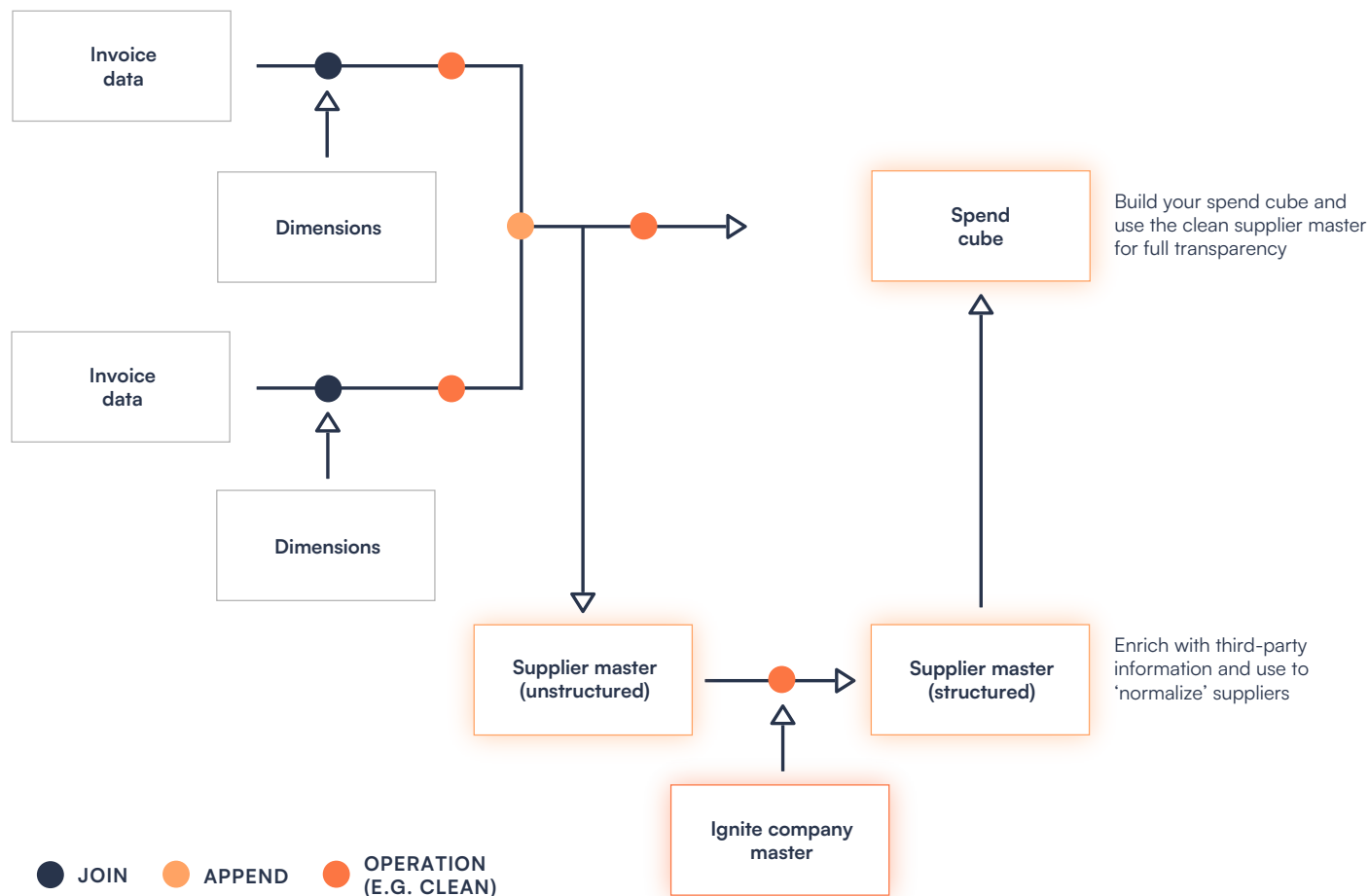
Lastly, with Ignite Supplier ID normalization, you can make sure that all your suppliers are consistently identified. You can do so by setting up “smart rules” or “manually” merging suppliers to ensure a holistic supplier master.

2. Build and expand your spend cube

Ignite helps you unify all data about your suppliers in one place. This helps you see where and how much money is being spent on each supplier.

The best way to do this is by building a spend cube—a multidimensional database that includes details about projects or organization, as well as who is using the product or service, how much they are using it and when they are using it.

With Ignite, you can build and expand your spend cube over time as more purchase orders, contracts and invoices come in. In short, Ignite makes it possible to continuously update your data warehouse as new information becomes available.



Structured but manual data management full of errors: how Ignite can help

Many companies do have a data warehouse, but they face numerous challenges. Often, the supplier master is maintained manually, or there is no third-party information check. Sometimes departments, business units, or regions adopt different practices to fill the information or use different systems. This results in lack of consistency in data and makes it difficult to share or use this information for comprehensive business insights.

Ignite offers a solution where you can expand the data framework you currently have. Below are the steps you can take to make this happen:

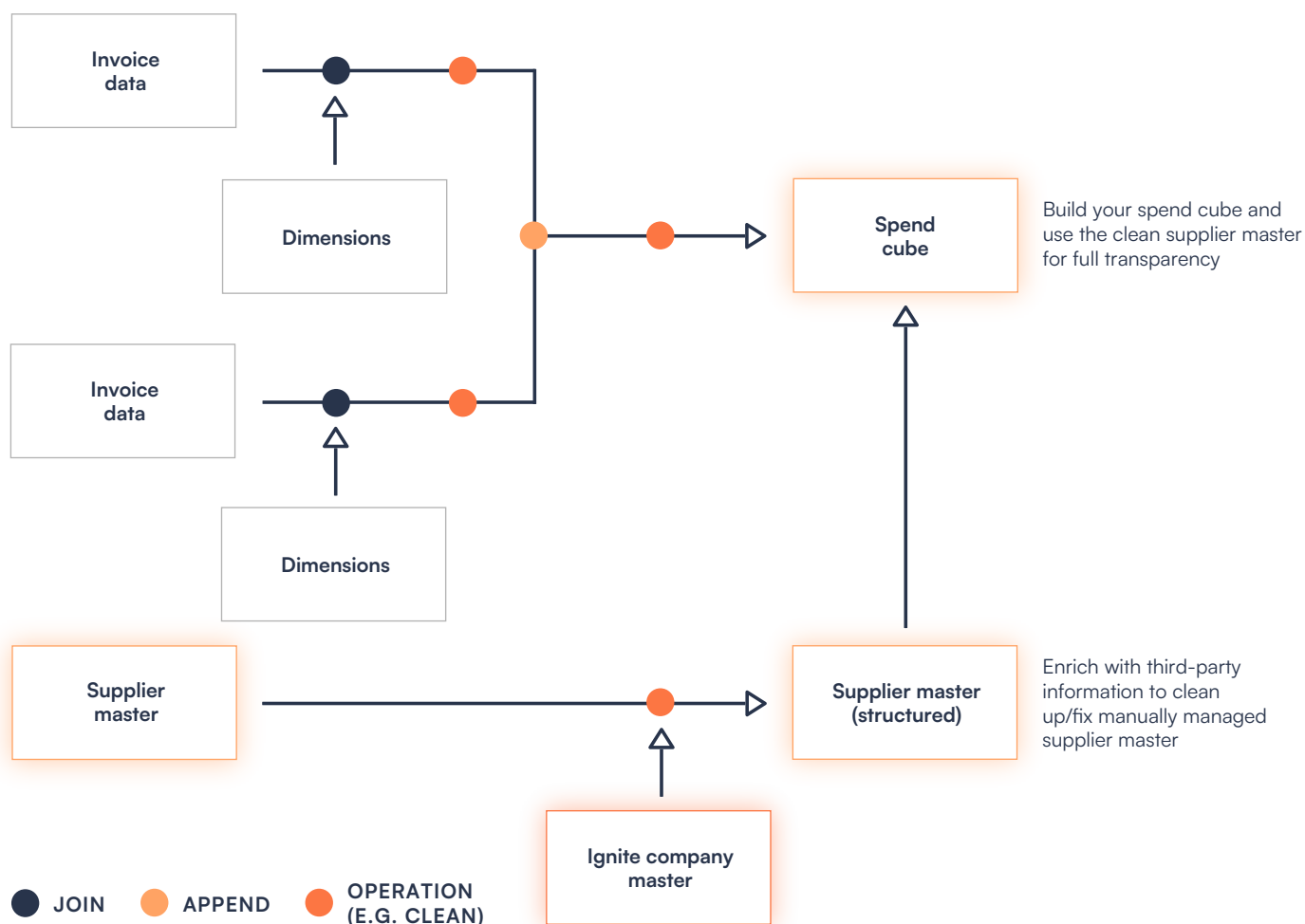
1. Validate your supplier master

If you have a data warehouse, but it is not perfect, you can use Ignite to make sure it is up to date. For this, you need third-party information to ensure your supplier master is accurate.

Many times, either the information provided by suppliers changes, or someone in your organization enters the wrong information. By looking up against third-party sources, Ignite can help you identify suppliers that are the same. Which is critical to manage risk and understand your negotiation powers.

2. Expand your spend cube

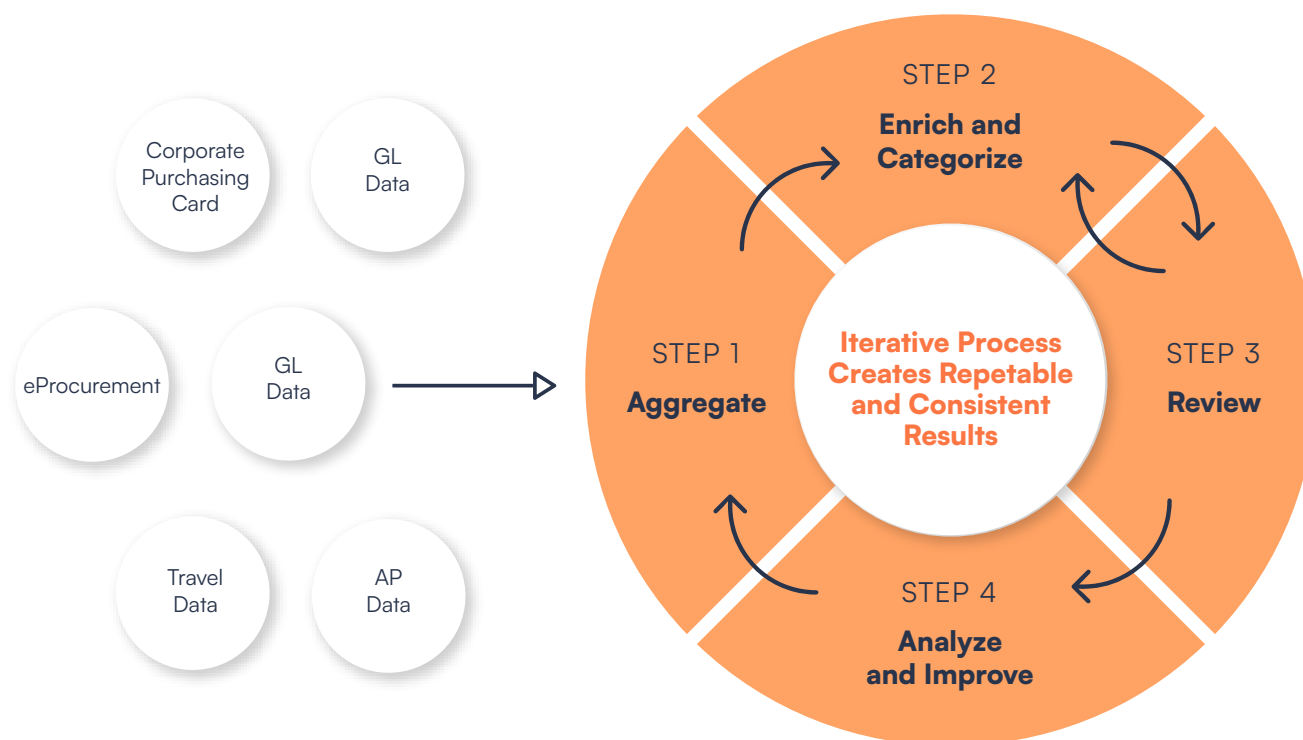
It is a lot easier to add new sources to Ignite than it is to a data warehouse. In a data warehouse, you are limited to the data that your IT or Analytics department decided was critical when they built it. But when you are using an embedded analytics platform like Ignite, you can add new sources of data to your system without any trouble at all. Your Customer Success Manager will provide documentation and support to help you through the process, so you can get insights from a whole new set of sources in no time at all.



Repetitive data management and continuous improvement

Keeping track of your spend data is a never-ending task. Ignite data platform makes sure that you are always getting the best possible information about your spend and suppliers. To do that, it is important to connect our platform with your raw data sources. You can use your current ERP system or accounting system, or a service that lets us pull raw data into our system. Once you have configured a data flow in Ignite, it will automatically be triggered once new data are channeled into the system. As new information comes in, we will create new transaction lines and update your suppliers. We will also show you all the most recent information in our analysis and setup areas and classify data according to the rules you have created.

Also, if you need help setting up the connection, we can assist you in making sure everything is set up correctly.



Conclusion

Using Ignite's technology, deep procurement experience and customer support, organizations can make sense of their spend data and spot trends that could enable them to transform insights into actions.

Ignite's methodology for deploying spend visibility involves consolidating spend-related data within an organization, cleansing and enriching that data to make it more meaningful, and presenting the enriched data alongside data visualization tools in a simple yet powerful dashboard format.

The transition to Ignite spend visibility can seem difficult, but there are simple steps procurement leaders can take to improve spend data-related activities within their organization. This coupled with the customer success support and training provided by Ignite make the transition easier, ensuring it is used wisely once deployed.

For more information on how Ignite can help your organization gain spend visibility, please contact:

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