

## Dating Apps vs. Marriage: Lessons When Considering Suite and ERP Integration

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### Introduction

Come on. Admit it. You (or a friend) have used a dating application with no intent of finding a lasting relationship from it. In many ways, seeking and getting into such a one-off, short-term relationship is akin to using a standalone procurement module to achieve a means to an end (e.g., identified cost savings through a sourcing event). But long-lasting partnerships and marriage are different. These both require the equivalent of tightly integrating specific needs from each “source system” – and even true “integration” in the form of joint finances, (i.e. “closing the books” together).

Call us callous for linking love and partnership as a metaphor for procurement technology integration, but why not? As with lasting relationships, if there’s not true integration, it’s likely the partnership will end in break-up or at least dysfunction. Of course you don’t need to get into one of these, but most of us do. And the same can be said for how we end up using procurement technology, as well, or at least how we want to use procurement technology.

### E-Procurement and ERP: Fling or Partnership?

E-procurement has been around since the heyday of earlier global ERP systems (think SAP R3) – or at least what we as procurement professionals (at the time) thought was e-procurement.

At the risk of dating ourselves, we remember discussing e-procurement with an old friend at a company in the midst of an early SAP system integration. At the time, this individual wanted a long-term relationship between the two systems, but in reality really, attempted to make a fling into something it wasn’t and couldn’t be.

The sad part today is that a lot of procurement professionals remain stuck in this reality. In practice, e-procurement requires a lot more than just enabling procurement requisitions in an enterprise system (ERP), going through an approvals process and sending information by email to suppliers. It also requires providing a simplified buying system for business users and enabling all types of compliance and collaboration with suppliers (and others) when questions arise, as well as providing a common system of record for all types of category, spend and supplier data.

Today, best-of-breed e-procurement solution capabilities are completely different from what an ERP use to do or what early ERP e-procurement applications were supposed to enable. This counts for integration as well (at least under ideal circumstances).

Procurement and ERP integration was somewhat of a black box in the past with little real value for the business. But today, the best of these solutions have evolved by integrating and transforming the procure-to-pay process into capabilities that go beyond simply making a PO electronic. Rather, working in partnership (i.e., in an integrated manner) they enable true cost optimization, compliance and even the ability to get more from suppliers besides just hitting a target price.

### **Marrying Legacy Systems and Procurement – It Can Work**

Tightly coupled integrations between ERP and new procurement systems can even extend the value of purchasing itself to providing visibility and analytics into total lifecycle costs, invoicing/transactional connectivity, reduced administrative requirements for approvals and payments, improved tactical sourcing and more. This is marriage in the best of sense.

Yet many organizations remain stuck in dysfunctional relationships between a legacy system and even legacy procurement applications (two legacy systems coupled together reminds us of Al Bundy and his wife on a famous sitcom, but we won't go there in this essay).

Still, a lot of organizations can't start from scratch with their ERP and procurement technology infrastructures. They have invested a lot of money in them and they aren't about to get "swiped left" by IT.

So what to do? It is a reality that both ERP and ERP business applications for procurement are typically not enough in the new digital economy to enable emerging buying and supply chain needs. Yet there's "good bones" to ERP in many cases in the form of master data structures and schemas, defined transactional processes and even decent visibility into an overall accounting picture (daily or weekly if not quarterly or monthly, based on how companies close their books).

If you can leverage this foundation through better integration with frontline procurement systems, it's possible to change not just buying processes but the business itself. For example, there are great shopping, catalog management solutions, portals and networks that can facilitate supplier collaboration, onboarding, item-level master data management for frequently purchasing items (in a catalog) and even tail spend management and spot buy solutions that can enable savings and visibility through new channels and consolidation models.

But to get the value from these frontline tools, integration with ERP master data and PO processing capability within ERP is essential – and so too is doing a cost/benefit analysis around integration and enablement. Hard wiring integrations, for example, can prove unnecessarily costly (which makes API-driven approaches and specific ERP integration experience and capability out-of-the box by specialized vendors all the more important).

### **Taking Action: Where Should You Start?**

Marrying systems is not the same as salvaging relationships. It requires that both parties elope in a partnership designed to last a long time. Given this, some initial joint discovery in order. Here are some tips to make this happen:

- Take the time to understand how different types transactional-level integration can create scale and savings benefits

- Think “ease” of transformation – integration time to enable procurement outcomes should be measured in weeks or months, never years
- Don’t pave new concrete on the ground level – go above it to the cloud, where integrations can “float” and adapt to changing environments
- Take stock of what you have and how best to leverage it – engage IT in the process as early as possible
- Learn from peers what is possible (ideally they will have similar environments, at least back-end systems)

As our exploration continues in this series, we will explore secrets to P2P and integration success, looking at specific e-procurement and P2P ERP integration scenarios with SAP and other systems. Finally, we will conclude with examining how P2P and ERP integration can help get front line users to adapt and stay using specific tools as a continuous practice.

To start, the questions procurement groups should ask themselves are:

- Have we segmented stakeholders and tailored our engagement strategies for them?
- Have we captured how our stakeholders define success in the buying process and understand their role in it?
- Do we know how stakeholders approach the buying process (e.g., a supplier management-centric approach versus a sourcing-centric approach)?
- Do we know how stakeholders talk about the buying process (e.g., marketing groups may use the term “investment” rather than “spend”)?
- Do we know what frustrates infrequent system users (e.g., too many usernames and passwords)?
- Have we performed a “voice of the customer” effort to capture their prioritized expectations from suppliers and from us, as well as performance against those expectations?
- Have we included technology systems to collect specific feedback (that IT can use, too)?



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