2019 CPO Survey Results
Procurement, Finance and Supply Chain
SURVEY Results 2019

2019 CPO SURVEY
Results

Survey results published with permission from University of Mannheim, April 2019
ABOUT THE RESEARCH

The 2019 CPO Survey provides new insights on trends and challenges that are shaping the future of emerging technologies, as well as opinions/sentiments that are shaping the supply chain, procurement and finance function.

This year, we reached more than 3000 executives in procurement functions and received 466 responses across the globe.

In this report, you will find:

- Insights on digital innovation that is shaping the Procurement function
- Application and adoption of emerging technologies and the road ahead
- Challenges that procurement functions face in creating a more efficient function

We hope you find this report insightful.

Finally, we’d like to thank the executives who contributed to this study.
82% of participants believe Digital Transformation will affect procurement more in 2019 than in 2018.

28% of participants rated their digital maturity as better or much better than their competitor.

The adoption of emerging technologies is low. Less than 15% of respondents are leveraging Machine Learning, 3D Printing or Prescriptive Analytic solutions.

83.9% consider digitalization important to improve procurement performance.

More than 80% of participants are generally not risk averse and highly entrepreneurial.

Goals for digitalization include automating processes, improving data quality, achieving cost savings and improving compliance.

The adoption of mature technologies is moderate. Only 65% of respondents are leveraging Cloud solutions.

Organizations are taking a wait and see approach to adoption emerging technologies.

Budget restrictions, analytics/data insights and talent shortage are the largest roadblocks for procurement function performance.

Survey results published with permission from University of Mannheim, April 2019.
Participants believe ‘DIGITAL TRANSFORMATION’ will affect procurement more in 2019 compared to 2018

Note:
In the 2018 survey, 83% of participants believed Digital Transformation will impact procurement, supply chain, finance more in 2018, than in 2017

Survey results published with permission from University of Mannheim, April 2019
83.9% of participants consider digitalization important to improve procurement performance.

Their goals for digitalization include:

- 21% Automate processes
- 16% Improve data quality
- 16% Achieve cost savings
- 14% Ensure compliance
- 11% Mitigate risk
- 11% Reduce maverick buying
- 9% Increase supplier innovation
- Other 2%

Note:
In the 2018 survey the main KPIs to measure procurement performance were 1) Hard Savings, 2) Cost Avoidance and 3) ensuring compliance and process automation was considered important.

Survey results published with permission from University of Mannheim, April 2019.
How would you rate the digital maturity of your procurement function in general in comparison to your major competitor?

28%

Participants rated their DIGITAL MATURITY as better or much better than their main competitor.

Note: In the 2017 survey, less than 20% of procurement organizations felt very prepared for the digital transformation.
Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks?

80% of respondents indicated propensity to taking risks.
Majority of respondents are highly entrepreneurial

In dealing with competitors, our firm is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc. 59% agree, 19% agree somewhat, 22% disagree somewhat.

In dealing with competitors, our firm typically initiates actions which competitors respond to. 55% agree, 27% agree somewhat, 18% disagree somewhat.

Our firm’s innovative initiatives are hard for competitors to successfully imitate. 56% agree, 22% agree somewhat, 23% disagree somewhat.

Our firm stimulates creativity and experimentation. 71% agree, 15% agree somewhat, 14% disagree somewhat.

Our firm encourages and stimulates technological, product/service market, and administrative innovation. 72% agree, 14% agree somewhat, 14% disagree somewhat.

In general, the top managers of our firm have a strong tendency to be ahead of others in introducing novel products or ideas. 65% agree, 15% agree somewhat, 19% disagree somewhat.

Our firm gives the freedom for individuals or teams to develop new ideas. 80% agree, 9% agree somewhat, 10% disagree somewhat.

Our firm stresses a fully delegated policy for employees. 61% agree, 22% agree somewhat, 17% disagree somewhat.

Survey results published with permission from University of Mannheim, April 2019
What in-production digital innovations do you leverage for your procurement organization?

<table>
<thead>
<tr>
<th>Technology</th>
<th>In Production Usage</th>
<th>Not In Production Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud solutions</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Internal collaboration tools</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Supplier collaboration tools</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Direct materials sourcing solutions</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Artificial Intelligence</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>

What in-production digital innovations do you leverage for data management and analytics?

<table>
<thead>
<tr>
<th>Technology</th>
<th>In Production Usage</th>
<th>Not In Production Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central master data management</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>Transactional digital system of records</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Descriptive analytics</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Prescriptive analytics</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Predictive analytics</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

Which other in-production procurement related digital innovations does your company leverage?

<table>
<thead>
<tr>
<th>Technology</th>
<th>In Production Usage</th>
<th>Not In Production Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated IT system landscape</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>Sensor data / connected objects / IoT</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Freight &amp; logistic apps</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>3D Printing</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Smart Contracts</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Virtual / Augmented reality</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Autonomous self-driving vehicles / Drones</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Digital Twin</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Blockchain / Distributed Ledger Technology</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

While the adoption of mature technologies is moderate, the adoption of emerging technologies is dismal...
### PERCENT OF RESPONDENTS WHO REPORTED LEVERAGING THE DIGITAL INNOVATION IN PRODUCTION

<table>
<thead>
<tr>
<th></th>
<th>Health Care / Life Sciences</th>
<th>High Tech / Software</th>
<th>Industrial Products</th>
<th>Mfg</th>
<th>Public Sector</th>
<th>Telecoms Media &amp; Enter.</th>
<th>Travel, Transport &amp; Logistics</th>
<th>Other</th>
<th>Automotive</th>
<th>Chemicals / O &amp;G</th>
<th>Consumer Products &amp; Retail</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artificial Intelligence</td>
<td>3%</td>
<td>36%</td>
<td>3%</td>
<td>9%</td>
<td>8%</td>
<td>27%</td>
<td>9%</td>
<td>10%</td>
<td>8%</td>
<td>11%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Predictive analytics</td>
<td>6%</td>
<td>40%</td>
<td>13%</td>
<td>7%</td>
<td>0%</td>
<td>29%</td>
<td>26%</td>
<td>21%</td>
<td>17%</td>
<td>11%</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>Prescriptive analytics</td>
<td>10%</td>
<td>26%</td>
<td>7%</td>
<td>2%</td>
<td>0%</td>
<td>29%</td>
<td>17%</td>
<td>16%</td>
<td>21%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Machine Learning</td>
<td>13%</td>
<td>39%</td>
<td>6%</td>
<td>7%</td>
<td>4%</td>
<td>43%</td>
<td>18%</td>
<td>10%</td>
<td>8%</td>
<td>7%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Chatbots</td>
<td>3%</td>
<td>40%</td>
<td>3%</td>
<td>7%</td>
<td>4%</td>
<td>38%</td>
<td>13%</td>
<td>9%</td>
<td>12%</td>
<td>7%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Robotic Process Automation (RPA)</td>
<td>32%</td>
<td>43%</td>
<td>23%</td>
<td>23%</td>
<td>8%</td>
<td>31%</td>
<td>22%</td>
<td>26%</td>
<td>36%</td>
<td>24%</td>
<td>31%</td>
<td>36%</td>
</tr>
<tr>
<td>Digital Twin</td>
<td>0%</td>
<td>10%</td>
<td>6%</td>
<td>7%</td>
<td>0%</td>
<td>14%</td>
<td>9%</td>
<td>4%</td>
<td>21%</td>
<td>14%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Smart Contracts</td>
<td>13%</td>
<td>21%</td>
<td>17%</td>
<td>9%</td>
<td>0%</td>
<td>44%</td>
<td>14%</td>
<td>13%</td>
<td>8%</td>
<td>9%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Blockchain / Distributed Ledger Technology</td>
<td>6%</td>
<td>16%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
<td>14%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>9%</td>
<td>11%</td>
<td>21%</td>
</tr>
<tr>
<td>3D Printing</td>
<td>23%</td>
<td>8%</td>
<td>29%</td>
<td>36%</td>
<td>0%</td>
<td>27%</td>
<td>13%</td>
<td>4%</td>
<td>32%</td>
<td>14%</td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>

..However, certain industries have a significantly higher adoption of industry-specific emerging technologies

Note: Multiple survey respondent answers are possible. Survey results published with permission from University of Mannheim, April 2019.
Organizations are taking a wait and see approach before they implement new and emerging technologies.

**DATA MANAGEMENT AND ANALYTICS**
- **NOT CONSIDERED**
  - Artificial intelligence (36%)
  - Predictive analytics (29%)
  - Prescriptive analytics (29%)
- **IN EVALUATION**
  - Artificial intelligence (41%)
  - Predictive analytics (39%)
  - Prescriptive analytics (34%)

**OPERATIONAL PROCUREMENT**
- **NOT CONSIDERED**
  - Robotic Process Automation (32%)
  - Machine Learning (39%)
  - Chatbots (43%)
- **IN EVALUATION**
  - Robotic Process Automation (30%)
  - Machine Learning (33%)
  - Chatbots (30%)

**BROADER DIGITAL INNOVATIONS**
- **NOT CONSIDERED**
  - Sensor data / connected objects / IoT (33%)
  - Smart contracts (35%)
- **IN EVALUATION**
  - Sensor data / connected objects / IoT (30%)
  - Smart contracts (37%)

Survey results published with permission from University of Mannheim, April 2019.
Budget restrictions, analytics/data insights and talent shortage remain the largest inhibitors for procurement function performance.

**WHAT ARE THE MAJOR ROADBLOCKS PREVENTING YOUR PROCUREMENT FUNCTION FROM IMPROVING ITS PERFORMANCE?**

- Budget restrictions: 46%
- Analytics / data insights: 43%
- Internal talent shortage / lack of know how: 43%
- Master data management: 40%
- Policies, procedures or management practices: 34%
- Speed of technological change: 28%
- Regulatory requirements and compliance: 26%
- External talent shortage: 24%
- Other: 9%

**ADDITIONAL INSIGHTS**

With the majority procurement professionals reporting into the CFO (37%), CPOs should leverage this access to financial decision makers for funding.

Last year's 2018 CPO survey unveiled that major efficiency obstacles similarly where Analytics / data insights (>50%), Budget Restrictions (>40%) and lack of internal talent (>30%) - however in different order. In 2017 talent management was considered the number one challenge.
Key Elements of Digital Innovation Success

1. Investigate opportunities to embrace the wave of Digital Innovation and Transformation

2. Evaluate new and emerging technologies like Smart Contracts, AI, predictive and prescriptive analytics, machine learning, chatbots and Robotic Process Automation – they are the wave of the future

3. Fund improvement opportunities through Procurement efficiency and sourcing projects to overcome budget roadblocks by leveraging relationships and exposure to key financial stakeholders

4. Develop a talent management strategy to advance roles, skills and knowledge

5. Consider investments in analytical tools, data and information to advance the capabilities and know-how of procurement and sourcing professionals

Survey results published with permission from University of Mannheim, April 2019