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5 Time–Saving Tips to Simplify the Procurement Process

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August 2024

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With tight budgets and limited resources, finance and procurement teams must operate more efficiently. Given how these teams are understaffed and under-resourced, it's important for them to find ways to reduce distracted time spent on manual, administrative tasks so they can spend more focused time on strategic priorities.

Maintaining both profitability and strong financial performance is incredibly important in a market that focuses on efficient growth. These factors dramatically impact a company's ability to raise money, extend runway, or perform well in public markets.

Given these conditions, finance and procurement teams must simplify spend management and streamline time-consuming procurement tasks to enable greater focus and effort toward more strategic initiatives for the business.

In this eBook, learn **five ways** to reduce your time spent on the procurement process so you can get back to focusing on your bottom line.

1. Use Vendor Price Benchmarks and Supplier Utilization Data to Identify Which Suppliers Need Your Attention

It's common for finance and procurement leaders to focus on their top spend. They leverage the pareto principle, which is the idea that businesses can achieve the most immediate impact by focusing on the top 20 percent of spend or the top 20 percent of suppliers.

While it's sound logic to manage relationships with your most expensive vendors, many organizations are seeking to reduce total spend across their entire tech stack in a stricter market. **The largest savings opportunities are not always tied to the largest suppliers.** Some of your top suppliers may also be more mature companies with rigid pricing structures, making it difficult to realize meaningful savings.

Because of that, it's important that you understand where to focus your attention. For example:
- **Saving 2% on a $1M spend can require lots of effort and lead to minimal results.**
- **Saving 40% on a $100K deal might be an easier lift and yield higher results.**

The pareto principle still applies here.

> But instead of focusing on the largest spend items, focus on the largest opportunity items.

It's also common for teams to generate financial impact through negotiation. The best finance and procurement leaders find opportunities to rationalize and reduce utilization because they know where to look using strong data. In many cases, this can be done with minimal impact to the organization.

> **Tip:** When evaluating third-party pricing data & supplier recommendations from a buying partner, scrutinize the integrity of their benchmarks by asking them if they accept commissions from suppliers (many buying partners operate as resellers who generate revenue from these vendors).

Here are some examples of how you can use price benchmarks, spend and utilization data, and supplier insights to help you identify your largest opportunity items:

- **Identify the pricing gap:** Use price benchmarks to understand what you're being quoted or charged (versus other companies like you).
- **Identify alternative vendors:** Use price benchmarks to see which suppliers are trending and what competitive solutions other companies are using.
- **Determine license count:** Use utilization data to determine how licenses are being used on an individual level. Then determine an acceptable ROI (per license) to determine who should (and should not) get a license.
- **Understand negotiation levers:** Use supplier insights to conduct efficient negotiations and apply effective negotiation tactics for a specific vendor (what works for one supplier might not work for another).
- **Deploy data models:** Use price benchmarks along with spend and utilization data to understand pricing and utilization trends. Then compare that against your budget (costs can get out of control when left unchecked and unmonitored).

Example Use Case

Your company is dealing with a renewal where utilization doubled despite headcount remaining relatively flat. Rather than just trying to negotiate a lower price with the supplier or cut license count based on little data and collaboration, here's a better approach:

1. **Partner with internal stakeholders:** Collect utilization data, analyzing how often the team has used this tool.
2. **Define an acceptable ROI of usage:** Determine what counts as a license being properly used. Think of it like this - simply logging into the tool and creating one deliverable per month is insufficient (wastes money), especially because free licenses may be available for lower usage.
3. **Separate users into two groups:** Divide those who achieved your acceptable ROI and those who did not.
4. **Send emails to these two groups:** Communicate to those who can keep their license and those who cannot based on your ROI criteria. For those whose licenses will be removed, mention that they have the opportunity to appeal by providing additional context.

As the renewal approaches, you'll be able to reduce the number of licenses rather than expand by 2X. You could then combine price benchmarking and supplier insights to negotiate the best price for what you need to buy.

2. Establish an Intake Process that Gives You Time to Prepare Adequately and Source Strategically

You must distinguish between what is urgent and what is important. Some urgent tasks are not important. And worse, some urgent tasks seem to take priority over important projects.

This is usually the case when a last-minute supplier request or a surprise renewal pops up. **Adequate preparation before a purchase is your key to control and reduce spend.** But all too often, these requests and renewals don't get the focus they deserve because they are not urgent at that moment in time. By the time they do become urgent, it's often too late to generate meaningful savings.

> The most important thing you can do to mitigate that scenario is to establish a simple intake process/timeline and engage stakeholders early.

For intake, balance collecting sufficient information and asking as few questions as possible. Understand that:

- **If you ask too many questions, stakeholders will find your intake process cumbersome.**
- **Instead of using long fill-in-the-blank questionnaires that waste your end-users' time and result in poor data input, allow stakeholders to select multiple-choice options and check boxes.**

> 📋 **Tip:** Track the following request metric to ensure purchases have enough runway for preparation: How many purchase requests were created at least 120 days before the purchase need date?

While the number of requests will vary for each company, a good rule of thumb is to aim for a target goal where **85 percent** of requests are created at least 120 days before your purchase need date.

That baseline metric helps ensure you have time as your advantage (for sourcing, negotiation, etc.) across your pipeline. Time allows you to be proactive rather than reactive, helping you deliver more value to your stakeholders. The earlier finance and procurement can get involved, the more companies can realize greater outcomes for their new purchases and renewals.

For example, Tropic has found that **average cost savings doubled for SaaS purchases when purchase requests were created 120 days out**, compared to requests that were created less than 30 days out. In addition, **organizations that kick off the process at least six months before the renewal date realize a 39% savings improvement** on average. The savings gradually diminish the closer you get to the renewal date, averaging 22% at 60 days and 14% at 30 days.

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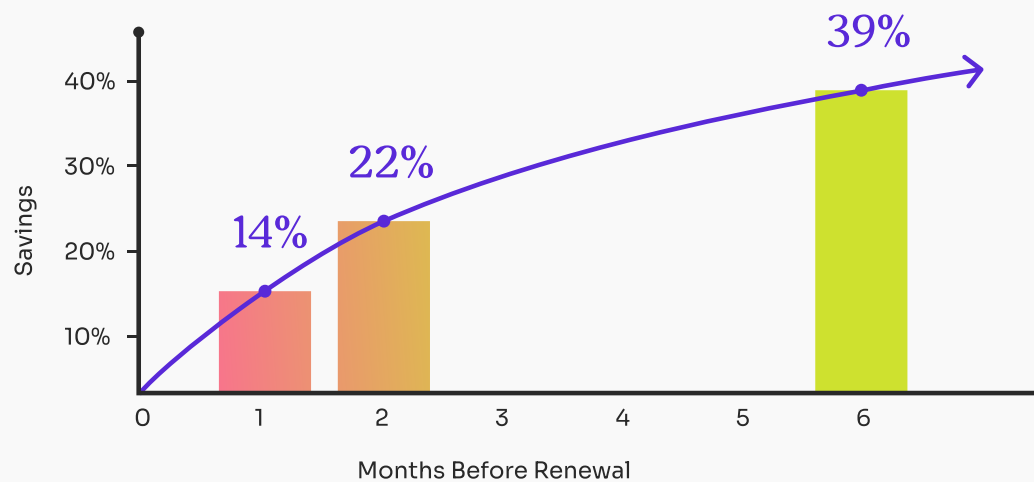
Once you have developed an intake process that ensures you are receiving purchase requests earlier and engaging stakeholders ahead of time (at least 120 days), you want to start your preparation by collecting competitive data. This will help you negotiate from a position of leverage, ideally with options.

One of the most underrated ways to drive tremendous value to the business before any purchase is strategic sourcing.

With strategic sourcing, finance and procurement teams can get a head start on available options, understanding dominant and trending suppliers and who might be a good fit at a better price.

Tip: When sourcing, make sure to align with stakeholders on what an ideal outcome would be. This helps you define your must-haves, avoid costly add-ons that are not needed, and arrive at result that matters to the business.

Aligning with your stakeholders on decision criteria upfront helps you stick to your must-haves and determine which suppliers truly meet your needs. By defining your shopping list, you won't get distracted by additional bells and whistles that might not be necessary for the business. Simply put, **seek to understand the objectives that stakeholders want to achieve by bringing on a supplier that maximizes value and output**. Ask yourself, "What matters to them?"

Doing this homework not only helps you build alignment and trust with your stakeholders, but it arms your team with insight to negotiate more effectively and efficiently with suppliers.

Best Practice

Even if you've been negotiating with SaaS providers for nearly a decade, the landscape (i.e. products, pricing, etc.) always changes. New players emerge while existing suppliers constantly evolve. It's also worth noting that many finance and procurement leaders are generalists rather than supplier-specific specialists.

Instead of jumping on a call with certain suppliers to learn more about them (most teams do this), **schedule a quick chat with a specialist/internal stakeholder who works with the supplier regularly.**

They will help you understand the supplier's pricing model and competitive landscape, and you can use this information to align on an aggressive, yet achievable goal. Additionally, this intel helps you present yourself as experienced and knowledgeable, ultimately giving you more confidence and leverage to drive successful outcomes during the negotiation.

3. Create a Procurement Process that Makes it Easy to Determine When You Need to Leverage an Outsourced Procurement Function

Many finance and procurement leaders face a dilemma: They have limited resources, yet they spend too much of their time managing and negotiating a large amount of contracts. When they cannot scale their teams with demand (which is what companies have done historically), they set thresholds for when they should get involved on a deal or when internal stakeholders can proceed on their own.

While a threshold is a good starting point to organize ownership, it comes with major disadvantages:

- **Confuses stakeholders' understanding of knowing when to work with finance or procurement.**
- **Distracts stakeholders' from their work if they have to manage and negotiate deals.**
- **Lose the oversight to ensure spend goes through proper approval channels.**
- **Increases risk of rogue spend.**

When your stakeholder is left to execute the procurement process on their own, one of two outcomes usually happen:

Outcome 1: The stakeholder rushes

They aren't comfortable with the procurement process, or they want to get back to their main job. As a result, they often leave money on the table and/or absorb higher legal and infosec risk than necessary. Sometimes, they'll also end up with an inferior tool that doesn't meet team needs.

Outcome 2: The stakeholder does a great job

They take their time to figure out the procurement process. They involve the right stakeholders and align goals. They source a variety of options and negotiate well. The outcome is fantastic.

> Whether your stakeholder achieved the first or second outcome, handling the procurement process was a major distraction for them because these activities are not their core job. This effort took valuable time away from strategic projects and tasks they were actually hired to do.

For example, if they were engineers, they could have been writing code or developing new products. If they were in sales, they could have been meeting with prospects and generating revenue. The point is that businesses run more efficiently when you use the right tool for the right job – or in this case, have the right person do the right role.

Tip: When outsourcing negotiations, ensure you leverage supplier-specialized experts who have had plenty of experience negotiating with that particular vendor and category. By virtue of having hundreds of at-bats, specialized experts understand the context, trends, and strategies to drive the best outcomes.

Outsourced procurement functions should serve as an efficient extension of your team. To handle increases and fluctuations in demand, many companies are outsourcing procurement to handle these time-consuming tasks within the procurement process and supplement internal teams.

Similar to how legal teams leverage external specialized counsel, companies are realizing that it is becoming best practice to tap into specialized procurement and negotiation support to run more efficiently and generate better results.

Case Study

Capacity issues are common in many companies, as many finance or procurement teams are involved in handling all contracts (regardless of deal size). Here's a case study from Tropic customer **Wunderkind:**

"Procurement and purchasing was sort of a lot of people's part-time job and no one's full-time responsibility," says Nick Zaharchuk, AVP of Finance at Wunderkind.

When department heads and stakeholders negotiated contracts, they did not always have enough time or the right information to properly engage with suppliers. Company growth exploded and the team did not have the resources or expertise to design modern workflows and enforce new policies.

With Tropic, the Wunderkind team has found our specialists and experts to be responsive, consultative in their approach, and a true growth partner in building an efficient procurement process.

"We now have tailored workflows that meet the needs of our purchasing processes, and the proper insights and support from the Tropic platform and team to guide us to good purchasing outcomes," says Zaharchuk.

Regardless of how you leverage an outsourced procurement team, one opportunity is clear: You can save valuable time and become more efficient in your work.

4. Build a Contract Repository to Gain Accurate Spend Visibility

You can't control what you can't see. Before you can effectively manage spend, you need to be able to see your spend.

> This is where a contract repository can be a proactive lifesaver.

Building an initial source of truth for contracts (a repository) and improving your visibility involves:

- **Tracking down your vendors:** You may need to reach out to stakeholders or search emails and hard drives to find contracts, especially if they are are scattered throughout your organization.
- **Storing all contracts in one central location:** Place contracts in a shared folder in the cloud or an intuitive tool that's easily accessible for stakeholders to find.
- **Scraping important contract meta-data:** Determine what metrics are valuable to your organization and track terms like contract end date, contract opt-out date, and total spend amount over the contract term.

A contract repository reduces the chaos, confusion, and time spent tracking down contracts and related documents. With full spend visibility, finance and procurement teams can identify opportunities and take action. Some benefits include:

- **Improving forecasting and lower budget variance.**
- **Identifying duplicative tools and consolidation opportunities.**
- **Managing utilization (which can lead to less waste).**
- **Helping get ahead of renewals (allows time to negotiate better deals and consider alternatives).**

> Reactive procurement is all too common and only wreaks havoc on your budget. Proactive procurement puts companies in the driver's seat.

As mentioned before, it's best practice to kick off purchase requests at least 120 days out. Rather than wait around for an invitation, the best procurement and finance leaders track expiring contracts and new spend that have been budgeted in a contract repository. If a purchase request hasn't been created and the timeline is approaching that 120-day mark, they reach out and get the process rolling.

> 📋 **Tip:** After you've built an initial repository by storing your contracts in one place, increase your visibility and improve spend control even further by:
> - Taking into account budgeted spend for the upcoming year.
> - Creating a simple dashboard/working pipeline with a few key metrics.
> - Reviewing upcoming spend on a monthly basis.
> - Pulling usage data (if you can't get this internally, ask the supplier to provide).
> - Leveraging a tool (see point 5).

Easy Steps to Get Started

You'd be surprised how many companies have not implemented any sort of spend visibility. If this sounds like you, follow a simplified version of the insight mentioned before and start to:

1. Generate a quick data dump from your ERP to identify where your spend is going.
2. Reach out to stakeholders and search emails and hard drives to find/collect your contracts.
3. Store your contracts in a shared folder.
4. Pull important meta-data from all contracts to filter, sort and track.

Implement these simple steps to take your visibility from 0-1. You'll find that building an initial repository allows you to proactively control spend, manage contracts, drive savings, and source new tools. Once you get that foundation in place, then you can build upon it.

5. Leverage a Spend Management Platform to Streamline Procurement

Historically, companies focused their attention and investment toward platforms that deliver growth at all costs (e.g. innovation, productivity, and agility).

But a stricter market has essentially forced companies to focus on efficiency. Because of that, organizations are pouring more investment into spend management tools that maximize bottom-line impact (e.g. cost reduction, cost avoidance, margins, and profitability).

> More companies are realizing that a renewed focus on the bottom line will drive efficient and sustainable growth.

Here are a few areas where a strong spend management platform can provide major value:

- **Intake Management:** Intake is the front door to all of your spend. It's the place where stakeholders kick off the procurement process, so it should be easy to find and simple to use. It should be a painless process designed to collect the right information about a purchase request to determine your path forward.
- **Orchestration:** Customized workflows can be built based on spend amounts and categories to ensure purchase requests are automatically routed to the right approvers at the right time. A strong spend management tool will create strong visibility (and transparency) throughout the entire procurement process for all stakeholders involved.
- **Contract Tracking:** A single repository that stores all your contracts becomes your source of truth. From here, it is that much more efficient to collect contract meta-data for tracking and visibility sake (you waste less time manually finding/sorting contracts that are all over the place).

- **Dashboard/Reporting:** An intuitive dashboard gives you the quick and easy ability to track and sort key metrics (i.e. number of requests, utilization rate, cost savings, etc.). It becomes much easier to align performance and results through streamlined reporting capabilities.
- **Supplier Intelligence:** Unbiased market data provides greater leverage to reduce your spend and ensure you're getting a fair deal. Comprehensive insight into current and prospective suppliers should include price benchmarking, negotiation insights, competitive analysis, pricing trends, etc.

A tool geared towards maximizing bottom-line impact should provide comprehensive technology that enhances visibility and control over spend. More importantly, it should automate many manual and time-consuming processes to ensure high compliance and scalability. By reducing the time spent on tactical tasks, a tool like this streamlines your work and frees up valuable hours to execute more strategic priorities.

> **Tip:** Leverage your visibility and supplier insights to enhance forecasting and budgeting. Understanding upcoming renewals, current spend, and supplier benchmarks/trends gives your team strong data points to plan for the next year. This oversight can also improve cashflow management and mitigate cash burn.

Remember, world-class spend management and procurement combine people, processes, and technology. Understand that some tools in this category can be very expensive, incur costly implementation, and require technical resources...but that's not always case.

Case Study

Keeping track of scattered contracts and handling a disjointed procurement process is a major distraction and waste of time for your team. Here's a case study from Tropic customer **IRONSCALES:**

"The best way to get visibility into our spend was to put in processes, requests, and approvals in Tropic. When we discovered there's a better way to do it, I think that opened our eyes to the inefficiencies we faced beforehand," says Alex Paquette, COO at IRONSCALES.

The company's disjointed procurement process and lack of full visibility only magnified as revenue grew 444% over three years, leading to overspend and duplicative tools. The time spent searching and reviewing contracts manually proved to be costly and time-consuming.

After investing considerably less on a solution like Tropic to help control and reduce spend, IRONSCALES received benefits such as **one portal** to submit all purchase requests, **approval workflows** that automate routing, **contract tracking** that organizes contracts for proactive action, **reporting metrics** that support decision-making, plus **supplier intelligence** to negotiate better deals and make informed purchases faster.

Tropic has helped IRONSCALES increase efficiency by organizing their spend and orchestrating their procurement process. For both immediate cost savings and long-term planning, it was an all-around win for the company.

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Reclaim Your Time by Simplifying the Procurement Process

Successful finance and procurement teams operate efficiently and strategically. They know that simplified procurement and spend management practices position your business for sustainable growth by giving you the time back to maximize productivity and focus on more strategic initiatives of your role.

Learn how Tropic maximizes your leverage and increases procurement and spend management efficiency with a [full demo](#).

By implementing the tips outlined in this eBook, you can significantly reduce distracted time spent on manual, administrative procurement tasks, and gain hundreds of hours of focus back. Start to assess your current procurement process and identify areas where you can reclaim your time.

Your bottom line will thank you.