

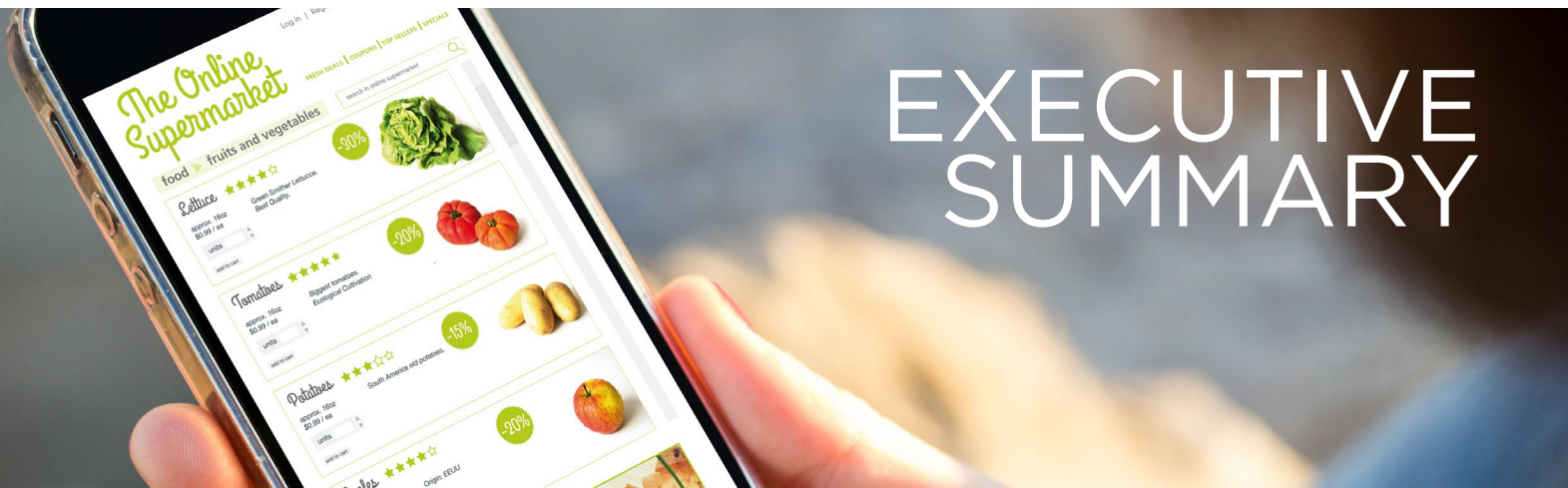


TODAY'S SUPERMARKET OF THE FUTURE:

A POST-PANDEMIC FRONT END REQUIRES A DIGITIZED BACK END

Grocers are digitizing procurement and financial operations to adapt to COVID-19, rapid supply chain and market developments, changing customer expectations and front-of-the-house transformations.

Discover the five areas you should modernize first and the resulting financial value achieved through procurement and AP automation.



EXECUTIVE SUMMARY

The COVID-19 pandemic has fundamentally transformed consumer behavior and fast-tracked supermarkets and grocers into the express lane of digitization, making digital the new must-have strategy.

The ongoing crisis has moved workforces remote and redirected supply chain demand from restaurants and hotels to personal residences and neighborhood grocery stores. More broadly, recent market moves toward an omnichannel environment have grown as consumer preferences have sharply shifted toward e-commerce, delivery, service-related apps and automated checkout. And there's no sign of things slowing down – online grocery sales for home delivery and pickup reached [\\$6.6 billion in May, up 65% from \\$4 billion in March](#).

The challenge is that building out a range of fulfillment options is costly for grocers, who are already operating under tight margins. Even retail giant Walmart [reportedly lost as much as \\$1 billion](#) on its e-commerce units in 2019. To offset the cost of the manpower and transportation required to offer delivery options, many retailers are leveraging in-store inventory. Target, for example fulfills [80% of its orders](#) using stores as opposed to warehouses.

While this new era of grocery shopping has been ushered in by the pandemic, most experts believe the behavior shift is here to stay. In fact, at the peak of COVID-19, online grocery sales increased by five times, to between 10% and 15% of total grocery sales, but [Steve Caine](#), retail expert and partner for Bain & Company, says he thinks there will be a permanent shift in the adoption curve and expects grocery sales to remain at a higher level of between 5% and 10%.

As grocers rush to transform their front-end operations to keep up with new consumer demand, it's imperative to simultaneously reconstruct and modernize back-end operations, with a focus on procurement, spend management and accounts payable. This equips grocers to deliver on the front end while maintaining effective financial controls and spend visibility. Digitization is also essential for keeping indirect operational costs down to combat the new investments and increased expenditures grocers face during this period of rapid transformation. Strategic grocers are leveraging modern cloud software for their spend management to ensure they make things easy, effective and highly-adopted by employees while maintaining business controls and operational visibility.

BEYOND THE BOTTOM-LINE: THE BENEFITS OF DIGITIZATION

Controlling indirect costs should always be top-of-mind for grocers due to the market's innate low margins. Digitizing procurement is proven to deliver savings, value and strong financial and procurement ROI, enabling businesses to more effectively compete, grow and profit.

For grocers, the benefits of digitization, however, go well beyond traditional financial metrics. By digitizing and automating procurement and accounts payable processes, grocers can expect to:



INCREASE INNOVATION, SERVICE AND CUSTOMER LOYALTY IN AN EXTREMELY COMPETITIVE MARKET:

Financial automation frees up personnel to think strategically and drive value for your business, including innovation, sales and marketing. Maybe there's a faster way to handle checkout or an easier way to provide additional store-related information to consumers? Or a new partnership that results in increased indirect savings? Put another way: how would you rather have your team spend its time? Manually updating spreadsheets, typing paper invoices and cutting vendor checks, or uncovering new ways to save money, increase revenue and serve customers? Automating tactical processes enables your team to focus on big picture decisions and strategic initiatives, leading to better customer experience, more loyalty and higher sales volumes.



ACHIEVE PROFITABLE GROWTH AND COST SAVINGS IN A LOW-MARGIN INDUSTRY: Razor-thin profit margins and strong price competition present intense challenges for grocers. Digitizing back-end operations provides a cost-effective way to improve business profitability by increasing spend visibility, control and management. Controlling spend against budgets and purchasing against supplier contracts improves profitability and gives finance the tools needed to manage spend timing. Equipped with the tools to properly analyze spend, financial leaders can make proactive and strategic decisions about where to cut costs and negotiate better rates and terms. Procurement digitization also makes it easier to ensure your team only buys from approved suppliers that have negotiated discounts, which leads to more savings and less rogue purchasing. This is especially helpful for grocery chains with multiple stores, or that are actively expanding, as it increases a grocer's ability to capitalize on volume-based discounts.



CUT COSTS BY AUTOMATING COSTLY AND TACTICAL PROCESSES: Paper-based processes, like vendor invoices and payments, eat away at the bottom line. The average cost to manage and pay a paper vendor invoice in the grocery industry, for example, is \$25-\$35 fully loaded. And that doesn't even account for the costs associated with payment operations and vendor phone calls to manage errors, which can be easily captured and managed through digital procure-to-pay platforms.



ACCELERATE INTERNAL OPERATIONS AND TIME TO MARKET: The market is moving fast. Not only does automation free up personal, it keeps things moving. With the landscape changing by the day, procurement and finance teams need an easy and quick way to connect with suppliers and key partners, and make fast and data-driven decisions. As many grocers are now experiencing during COVID-19, business can fundamentally change overnight. Digitizing the back-end procure-to-pay processes and eliminating manual and paper-based approaches make operating at a faster pace possible. And in today's world, the ability to adapt a strategic advantage.

PROCUREMENT DIGITIZATION: 5 AREAS TO AUTOMATE

To keep pace in the current ultra-competitive and fast-evolving market, the grocery industry must adapt operationally. However, automating key financial processes, especially in an industry historically immune to digital disruption, can sometimes feel easier said than done. But it doesn't have to.

There are five quick and painless adjustments that financial, IT and procurement leaders can implement to modernize back-end operations. The changes, when implemented correctly, pay for themselves in both hard and soft savings.

- 1. DIGITIZE SUPPLIERS:** A digital supplier directory and marketplace is the must-have system for increasing financial control and efficiency. Grocers should create a connected, centralized hub that houses only approved suppliers. This makes collaboration simple with your partners and eases the process of finding the goods and services that keep your business running, which lowers costs. Digitizing supplier and vendor communications in a single platform also improves visibility while reducing inefficiencies and avoidable errors.
- 2. DIGITIZE PURCHASING:** Eliminate manual orders and buying processes that hurt productivity and reduce visibility. Stop approving – and allowing employees to request – indirect purchases via email or on paper. This is essential for both small indirect items, like office suppliers, and larger, more strategic purchases, like shelving or freezers. Automating purchase requisitions, approvals and workflows also increases control and spend visibility.
- 3. DIGITIZE INVOICES:** Paper invoices are hard to track, manage and confirm – and often result in overpayments, duplicates, savings leakage and payment errors. Digitizing the invoice process eliminates these errors and equips you with more control over who you are paying, how much and when. Digital invoices also support 3-way (PO, Invoice, Goods Receipt) match-based validation prior to making payment and offer the real-time ability to make necessary changes without the hassle of paper.
- 4. DIGITIZE PAYMENTS:** Writing checks is a costly and outdated payment process. Whether you are scheduling payments or automating them on an ongoing basis, the time and cost savings gained from replacing paper checks with digital payments often pays for itself within a year. Eliminating paper check spend and manual reconciliation processes leads to improved workflow and also realized payment rebates.
- 5. DIGITIZE REPORTING:** Remove conventional financial reporting and management and utilize cutting-edge tools to proactively perform spend analysis across all related categories. Enable your business to optimize spend by supplier, spend by category, spend within budget and pricing associated with critical goods and services. An added benefit: increased visibility that improves your ability to manage supplier risk.



GROCERS: WHAT DOES THIS MEAN FOR YOU?

As digitization becomes status quo, the supermarkets who find success will be those that realize delivering a better, faster and more digital customer experience requires a modern back-end purchasing and payables operation.

The benefits can't be ignored. Digitizing procurement operations results in more spend under management, lower costs for goods and services, and higher levels of efficiency. These advantages, when coupled together, help grocers be more nimble, more strategic and fight cost swings on direct items. These improved operations and higher profits aid your ability to offer better prices to consumers and more intelligently and profitably invest in new initiatives.

Are you ready to modernize your supermarket and unlock the value of digitization? Get started by checking out our report on [Re-thinking Procurement: Value, ROI and Tips for Success](#) or [request a personalized demo today!](#)

ABOUT VROOZI

Vroozi® - the leading mid-market and enterprise Procurement and Accounts Payable automation platform - makes business purchasing easier, more efficient and effective. Vroozi's proven solution digitizes the procurement and vendor invoice management processes by bringing powerful grade functionality to all high-growth organizations. The digital platform reduces transaction costs, maximizes efficiency and improves business margins while uncovering powerful financial insights. Vroozi is designed for companies who want to manage spend against budget, empower their employees, connect digitally with their suppliers and maintain spend visibility from anywhere, at any time. For more information, visit vroozi.com and connect with us on [LinkedIn](#) and [Twitter](#).