

Why mid-market organizations need spend-management tools to remain competitive: A Q&A with Vroozii CEO Joe Fox

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The procurement technology market continues to grow increasingly complex, with providers offering everything from specialty platforms to complete solutions. For mid-market companies, choosing a technology provider can be daunting, but it is essential to maximize spend under management, streamline purchasing and accounts payable processes, and stay competitive with peers who are investing heavily in technologies typically used by large enterprises.

The chosen technology has to provide the answers to specific business needs while being affordable and scalable, because the investment can be major. As with any size of company that's looking to implement procurement technology, mid-market firms need to manage costs, manage spend and digitize back-office functions like purchasing, accounts payable and vendor management.

To gain more insight into what mid-market companies should look for, we spoke to Joe Fox, CEO at Vroozii, a cloud-based business purchasing platform that makes enterprise-grade procure-to-pay processes accessible to growing businesses.

"The mid-market is full of emerging industry players and rapidly growing startups that need procurement technology and processes to help scale and manage growth. At Vroozii, our procure-to-pay solutions enable these organizations to maximize their budgets, allowing them to grow faster and more profitably," Fox said.

Q&A

Spend Matters: In your experience, what procurement challenges do mid-market companies face? How are those different from the challenges found at larger enterprises?

Vroozii CEO Joe Fox: The concern for these companies typically focuses on manual processes, business controls, digitization and where to make investments. While technology budgets can be limited, or even out of range for outright purchase, we're unique in that we have solutions that can start small and expand with our customers as they grow.

The size of the employee base can also present challenges because limited staff can mean limited skills, processes and knowledge. Many mid-market companies haven't considered automating processes, like purchase requisitions, vendor collaboration, invoice processing or payments. Or maybe they've thought about it but haven't had the time or resources to make it happen. Automation can be a financial gamechanger for small and mid-size companies, so it needs to be prioritized.

Eventually, almost every company will need to mature, automate and digitize its financial and purchasing controls. The faster you do it, the more profitably you will grow, and the better financial foundation you will have to scale.

Once a mid-market company has committed to procurement technology adoption, what areas of their procurement operations can become automated, and what changes may result?

There's so much that can be automated, including requisitioning, purchasing, purchase orders, ship notices, invoices, payables, payments and supplier catalogs. We embed analytics into the automation to create more effective and efficient business operations, which will reduce costs through smarter budgeting, purchasing and financial decisions. We also focus on digitizing supplier collaboration such as electronic purchase orders, vendor invoices and vendor payments.

Once a company's procurement function is automated, the impact may be felt across the company. Our customers realize reduced operational costs, process efficiencies, better spend visibility and reduced duplication. When one set of data can be shared companywide via a common platform, for example, that saves time and money.

Most importantly, automation increases spend management and purchasing controls, giving organizations more visibility into overall spend. For example, accounts payable automation can lead to reduced costs of goods purchased and lower total landed costs.

From an employee perspective, automated processes improve the digital buying experience, leading to increased on-contract buying. When a software solution is easy to use and helps employees find and buy the goods and services they need to get their job done, it results in a better work experience overall. Automation and happier employees generate better long-term results.

What about procurement technology needs to be different (or modifiable) for smaller companies? Do they need to be concerned about industry-specific aspects when choosing a tool or platform?

Regardless of a company's size or industry, procurement technology must be easy to use, intuitive, mobile-friendly and able to integrate into existing financial systems. The same goes for analytics, which need to be simple and useful – the data needs to deliver visibility into past spend and help provide insights that lead to better financial decisions.

We don't recommend looking for industry-specific tools. Procurement technologies for mid-market companies should be able to adapt to the type of industry while offering scalable procurement best practices and functionality, including requisitioning, workflow, search, catalog, three-way matching, invoice automation (PO and non-PO), invoice workflow and exception handling, and payment automation.

Supplier access can be a major challenge for mid-market firms. Ensuring your provider has a vendor catalog and wider access to a range of suppliers can ensure they can purchase the goods and services they need from approved suppliers.

When choosing a procurement technology provider, what benefits does having cloud-based services provide?

The primary benefits are easy and fast implementation and the flexibility provided by a SaaS subscription-based solution. At the most basic level, a subscription model with lower set-up fees can be economically attractive to smaller companies with smaller budgets. They gain the benefits without sinking too much money in on the front end and can cancel their subscription if they are not satisfied.

Another major benefit is accessibility. We've built a cloud-based, mobile-first platform that allows you to work anytime, anyplace. With the right cloud-based procure-to-pay solution, mid-market firms are able to take advantage of the same enterprise-quality operations and technology services used by much larger businesses. This gives them access to high-quality software with little or no impact on their IT budgets, staff and capabilities.

And by using cloud-based procurement technologies, mid-market companies will receive updates and improvements as part of their subscriptions, so there is less of a financial and IT strain to keep up with advancements. Efficiency also improves because workers can do their jobs no matter where they are; this is a huge benefit for companies that use remote or contract procurement workers.

Right now, there is a conversation surrounding the impacts of technology on workers. What benefits will workers see once the change to a digital platform has been made? How will their jobs change, and will any training be required?

Purchasing and finance teams spend way too much time updating spreadsheets, approving purchases, cutting payments and searching for deals. The number of people working to collect and manage paper-based vendor invoices and sending out paper checks is a drag on any fast-growing businesses. If you talk to a controller or CFO at a mid-market company, I can almost assure you, that if they are being honest, they'd admit they don't have time to manage invoices, purchasing and other areas related to spend as strategically as they'd like.

By automating key processes, we're giving people more time to focus on what matters most – work that improves growth, profitability, innovation, supplier management and risk.

In some cases, there may be reduced labor costs. Most often, automation equips employees to do more. It allows workers to stop manually updating spreadsheets and approving purchases so they can look more strategically at spend.

Job modifications are almost guaranteed and come with a move to any new procurement platform. Anytime you automate tactical processes, there's an opportunity to upskill your workforce and redirect their time and talent to bigger and more important initiatives.

How can procurement technology improve processes and systems across companies?

Once procurement or finance has adopted a technology solution, it can become the company-wide spend management tool. All departments can make requisitions through the system, which keeps budgets and spend on target; rogue spend across the company can be reduced. Global operations benefit from the consolidation of information and data. Risk is reduced through deals with approved vendors.

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As I mentioned, automation frees employees from manual tasks, giving them time to complete other work that might have been put on the back burner. Leadership can see the entire scope of spend, helping finance departments generate more realistic budgets, reduce costs and spend more wisely.

Once a mid-market company has taken the plunge, what changes will they see immediately and in the longer term?

Almost immediately, companies will see improved spend management resulting in reduced costs of goods and services. Those savings go right to the bottom line. Companies will also likely see improved relationships with their vendors across different segments of their supply chain as a result of digital collaboration and improved payment accuracy.

This comes, in part, from greater visibility into requisitions, purchases and payments, which can be used to modify existing business practices. Rogue spend can also be reduced. Digital requisitioning and purchasing processes streamline workflows. Vendor relationships improve, often bringing greater discounts and terms.

Longer term, business will see value in improving overall utilization of budgets, and financial decisions regarding future spend can now be based on robust historical spend analytics. Companies see operational savings from reducing staff costs associated with manual processes, paper-based processing and non-digital-based business activities associated with supplier management, purchasing, invoice management and payments. For many mid-market companies, the final outcome is faster and more profitable growth.