Rethinking Procurement in the Mid-Market:

Value, ROI and Essential Considerations

How SMBs can compete, grow and profit by automating purchasing and AP

VROOZi®

Executive Summary

Your priorities are simple:

GROWTH

INNOVATION

PROFITABILITY

While the goals are straightforward, the pathway to success isn't as clear. Budget constraints, capacity issues, labor shortages and a lack of overall resources – especially in your finance department – make it hard to scale and grow efficiently.

> ## Could automation of purchasing, vendor invoices and payments be part of the solution?

Procurement (purchasing) is rarely top-of-mind for mid-market organizations. With so many resources being directed toward sales, product development and marketing, reallocating capacity to strategically manage indirect spend or build a procurement function is rarely possible. But operating with thousands (and potentially millions) of dollars in unmanaged spend is inefficient business, and risks limiting your profitability and growth.

This report looks at how mid-market organizations can leverage procurement, automation of AP and the reduction of paper checks to increase financial performance and scale growth – and what finance leaders need to know to be successful.

Overcoming Procurement Misconceptions

There are a lot of reasons that mid-market companies are initially resistant to invest in a procurement function or technology.

The three most common reasons:

Budget constraints for new technology

The **lack of experience and capacity to manage the function and implementation**

Traditional purchasing **habits and processes** as well as limited tools

Procurement solutions and processes can lead to a **74-100% deduction in prices** and a **26-70%** improvement in **operational efficiencies***

But modern procurement doesn't impede on your resources or budget – it pays for itself and works for you. When deployed maturely, procurement solutions and processes can lead to a 74-100% reduction in prices and a 26-70% improvement in operational efficiencies, according to the consulting firm Kearney.

The right procurement strategy also creates more resources, not less. By automating key processes – like requisitions, purchase approvals, invoicing, payments, and the accompanying data management – organizations free valuable resources to focus on more strategic items, like uncovering new savings opportunities, managing profit and loss, and investing for growth.

Put another way, how would you rather have your finance and AP team spend its time: writing paper checks, typing paper invoices, updating financial spreadsheets, validating data and fixing inaccuracies, or making big decisions that impact your growth?

The answer is clear – and builds an urgent case for **purchasing and AP automation for SMBs**.

Automating and Digitizing the Procure-to-Pay Process

Every growing organization can agree that time is money – and manual and paper-based processes waste both. This is especially true across finance, where resource-intensive procedures, like check-based payments, vendor management and invoice matching, not only waste time, but increase costs and errors.

While it can be hard to find the time, it's essential that you stop and consider how you are managing company-wide spend. What's the cost of a budgeting mistake? What happens when an invoice is overpaid, and that cash isn't in the bank? What's the impact of employees and departments buying at will, without documentation or approval?

The typical outcome: a significant amount of unmanaged spend – which not only impacts your bottom line, but exposes your organization to risk, inaccuracies and compliance violations.

Automation eliminates these problems by increasing visibility, control and management.

While the specific ROI differs depending on the size of an organization's spend, common results for small and mid-sized companies include:

- ⭐ **Visibility into liabilities**
- ⭐ **Lower costs for goods and services**
- ⭐ **Faster payment cycle times**
- ⭐ **Improved budgeting and forecasting**
- ⭐ **Reductions in rogue spending**
- ⭐ **Budget and pre-spend approval**
- ⭐ **Significant operational efficiency gains**
- ⭐ **A sustained competitive advantage**

Together, improvements across these KPIs naturally drive a business's core objectives: **growth, profitability and innovation.**

Where to Start:
4 Steps for Purchasing and AP Automation

Where should small- and mid-sized organizations begin the digitization journey? There are four essential steps for reaping the benefits:

Digitizing Suppliers

A single digital supplier directory and marketplace makes life easier for everyone – finance, employees, management and your suppliers – by enabling employees to find and buy the goods and services (from approved suppliers) with the touch of a button.

Digitizing Purchasing

Ad-hoc and email-based purchasing kills your efficiency and reduces visibility. Stop approving – and allowing employees to request – purchases via email or on paper. Automating purchase requisitions, approvals and workflows increase control and spend visibility, while digital goods receipts ensure you receive what you have purchased.

Digitizing Invoices:

Is your finance team drowning in paper 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 payments.

Digitizing Payments

Writing checks is an inefficient, 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.

What do these changes have in common? They eliminate tactical, paper-based and error-prone work while increasing control and transparency.

Once the essential components of the procure-to-pay process – purchase, invoice and payment – are digitized, CFOs and financial leaders gain incredible insight into what they're spending, enabling them to make more proactive, data-based and strategic decisions on specific suppliers, categories, investments and budgets. They also gain control to increase or decrease overall cost which provides immediate access to align cost with changing market conditions.

The Right Approach
Requires the Right Technology

Digitizing the procure-to-pay process certainly sounds great, but the process needs to be quick and easy. Technology needs to be an enabler – not a hindrance.

Historically, the classic downfall in procurement initiatives has been overly complicated systems, weighed down with too much hardware and lengthy implementation and training times. This challenge has been greatest in the mid-market due to the limited systems and resources available to support an ongoing successful procurement operation.

Remember, that once deployed, procurement technology doesn't save money and increase efficiencies if employees don't use the system – the core of procurement success is employee adoption. For mid-market organizations looking to elevate their approach to purchasing and AP, it's critical that when searching for a procurement partner, they demand user-friendly software that mirrors the ease of consumer purchasing. The focus should be on speed, flexibility and simplicity. If you need to train your employees or spend months on implementation, the technology is simply too complicated. Be sure to select a provider whose existing customers love using their software and you will achieve a high-adoption rate by your employees.

The right technology enables everyone: Employees buy-in, supplier collaboration becomes easier, and you gain the control and visibility you need. What should you look for? Here are a few critical technology considerations:

Full procure-to-pay functionality – including purchase, invoice and payment.

When you are ready to automate, don't limit yourself by tackling one piece of the equation, or relying on different vendors for different functions. The benefits multiply when integrated and centralized.

A consumer-like buying experience.

Every employee should be able to search for, request and submit orders with minimal or no training.

Multi-channel, anytime, anywhere access.

You work and live on the go – and your purchasing platform should accommodate.

Simple integration into your core financial applications,

like NetSuite and QuickBooks.

The flexibility provided by cloud-based SaaS.

Flexible contracts and quick deployments without the capital expenditures.

All the essential AP and purchasing features,

including requisitioning, workflow, search, catalog, three-way matching, invoice automation (PO and non-PO), invoice workflow and exception handling, payment automation, and spend analytics.

Strong, informative analytics

for faster and smarter financial decision-making.
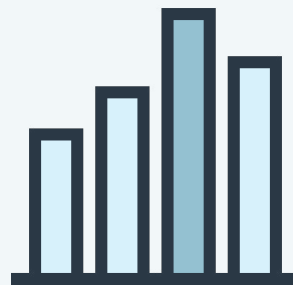
Take the Next Step: Elevate your Financial Performance

The time is now to rethink your approach to purchasing and AP. The world is automating around you – and the companies that move fast will have a competitive advantage over their peers. 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 and compete.

Thankfully, the value of procurement is no longer limited to large, global enterprises. The historical constraints to mid-market organizations – cost, complexity, ROI and resources – are evaporating, as new technologies and nimble partners push the boundaries on what's to be expected – and what's possible – with procure-to-pay solutions.

Are you ready to take the next step?
Learn how to revolutionize procurement and make it work for you:

> **Spend Matters Q&A**
Why Mid-Market Organizations Need Spend Management to Compete

> **Schedule a Demo**
to see how Vroozi can help you grow faster and more profitably through purchasing and AP automation.

> **Watch our webinar**
with Forest Lawn to see how to digitize spend and create new procurement opportunities.

About Vroozi

Vroozi is the leading cloud-based business purchasing and AP automation platform. This fully automated procure-to-pay solution helps you grow faster and more profitably by digitizing your purchases, vendor invoices, expenses and payments.

Vroozi is procurement for the modern workforce. Its highly-intuitive, user-friendly platform saves financial leaders time and money, while increasing spend controls and boosting efficiency. Vroozi is designed for high-growth organizations who want to empower their employees, automate AP and purchasing, and maintain spend visibility from anywhere, at any time.