

Procurement in Digital Era

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Part 1

Procurement: From Clerical to Strategic

The diagram consists of two ovals at the top. The left oval is blue and contains the text 'Purchasing Management'. The right oval is purple and contains the text 'Supply Management'. Below these ovals is a large blue arrow pointing to the right, with the text 'Semakin strategis perannya' (Its role is becoming more strategic) written inside it.

**Purchasing
Management**

**Supply
Management**

Semakin strategis perannya

NAPM (National Association of Purchasing Management) founded in 1915, with about 50000 members. In 2001, the name changes to Institute for Supply Management TM (ISM) (www.ism.ws)

Fungsi-fungsi Supply Management

Strategis

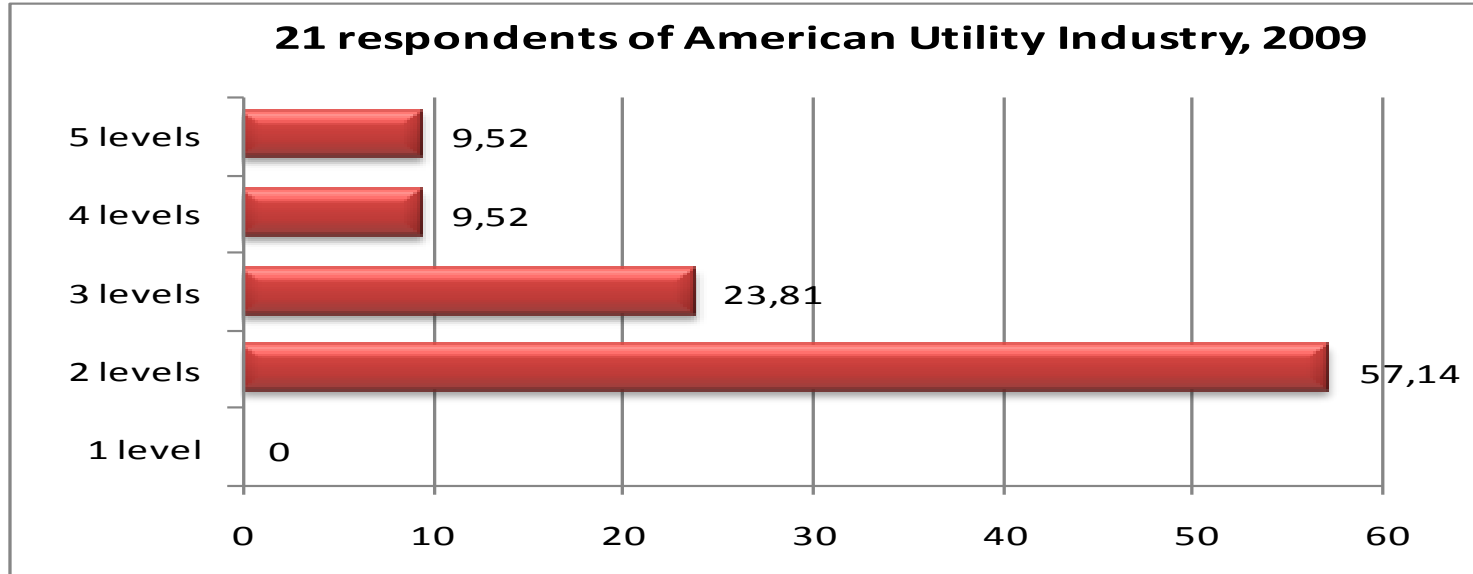
- Sourcing strategy
- Performance management
- Risk management
- Supplier development
- Spend analysis
- Supply intelligence
- System development

Operasional

- Define specification of goods / services to buy
- Purchase negotiation
- Create purchase order
- Contract management

Posisi CPO Relatif Terhadap CEO:

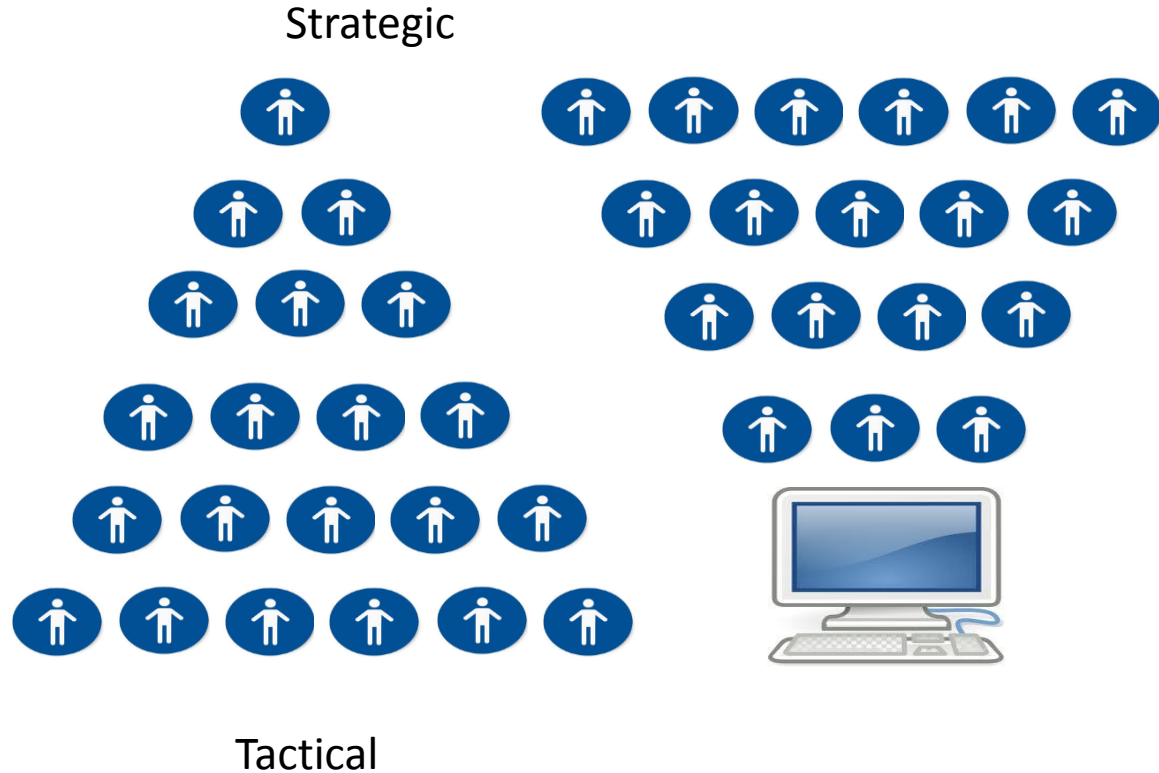
Supply Management is becoming more strategic



**Rata-rata 2.71 level di bawah CEO, dan rata-rata 3.9 level dari layer terbawah SME ke CPO.
Di industri aerospace dan defense (26 sample), angka pertama adalah 2.23**

From tactical to strategic: Bethlehem Steel

Market knowledge
Supply base management
Commodity strategy
Risk management
Sourcing strategy
Supplier capability assessment
Strategic negotiation
Supplier selection
Supplier development
Establish performance metrics
Commercial (tactical)
negotiation
Supplier performance
evaluation/reporting
Order processing



At Chevron, there will be a focus on an increased emphasis on **the strategic rather than the tactical** aspects of procurement (procurement transaction processes will be automated and/or outsourced). **Increased integration of suppliers** into the business (integrated work processes, standardized specifications, shared equity arrangements) is a goal of ours.

(Helmut F. Porkert is chief procurement officer of the global procurement organization at Chevron Corporation – Interview with Journal of SCM).

Continuum for Supplier Relationships: John Deere

Relationship	Approved	Key	Partner	Shared mutual objectives
Supply base	<ul style="list-style-type: none">Multiple sources	<ul style="list-style-type: none">Targeted supply base	<ul style="list-style-type: none">Focused competition; single/ sole source for critical products	
Supplier attributes	<ul style="list-style-type: none">Meets minimum performance standardsAuthorized for current products	<ul style="list-style-type: none">Provides superior performanceProven ability to meet sourcing objectivesMutual commitment to long-term relationship	<ul style="list-style-type: none">Desire to be “best in class”Defined common objectivesIdentification of shared risk	
Sharing	<ul style="list-style-type: none">Limited information available	<ul style="list-style-type: none">Willing to share many types of information; i.e., cost, technology, resources	<ul style="list-style-type: none">Regular management meetingsJoint target costsAccess to financial data, technological information	
Cost management orientation	<p>Price analysis</p> <ul style="list-style-type: none">Competitive quotationsHistoric price analysisMarket-based pricingPrice index analysisPrice modeling	<p>Cost analysis</p> <ul style="list-style-type: none">Overhead allocation analysisCost breakdowns/cost disclosureCost driver analysisCost modelingIndustry cost analysis	<p>Target costing</p> <ul style="list-style-type: none">Early supplier involvementTarget price analysisTarget cost analysisCompetitive assessments/ teardownsFinancial impact analysis	
<p>Strategies for supplier relationships</p> <ul style="list-style-type: none">Dedication to integrityConfidentiality of proprietary information				



END-TO-END PROCUREMENT SERVICES



PROCUREMENT STRATEGY

Analytics & Intelligence >

- Spend Analytics
- Contract Analytics
- Market Intelligence and Benchmarking

Sourcing Excellence >

- Strategic Sourcing
- Tail-Spend Management
- Demand Optimization
- Supplier Negotiations

Category Management >

- Supplier Relationship Management
- Contract Life Cycle Management
- Catalog & Price Management
- Compliance & Risk Management

Procurement Operations >

- Transactions Processing
- Master Data Management
- Help Desk
- Continuous Improvement
- Spot-Buy Optimization
- Invoice Management



PROCUREMENT TECHNOLOGY



SMART by GEP™

- Spend Analysis
- Sourcing
- Supplier Management
- Savings Tracking
- Contract Management
- Procure-to-Pay

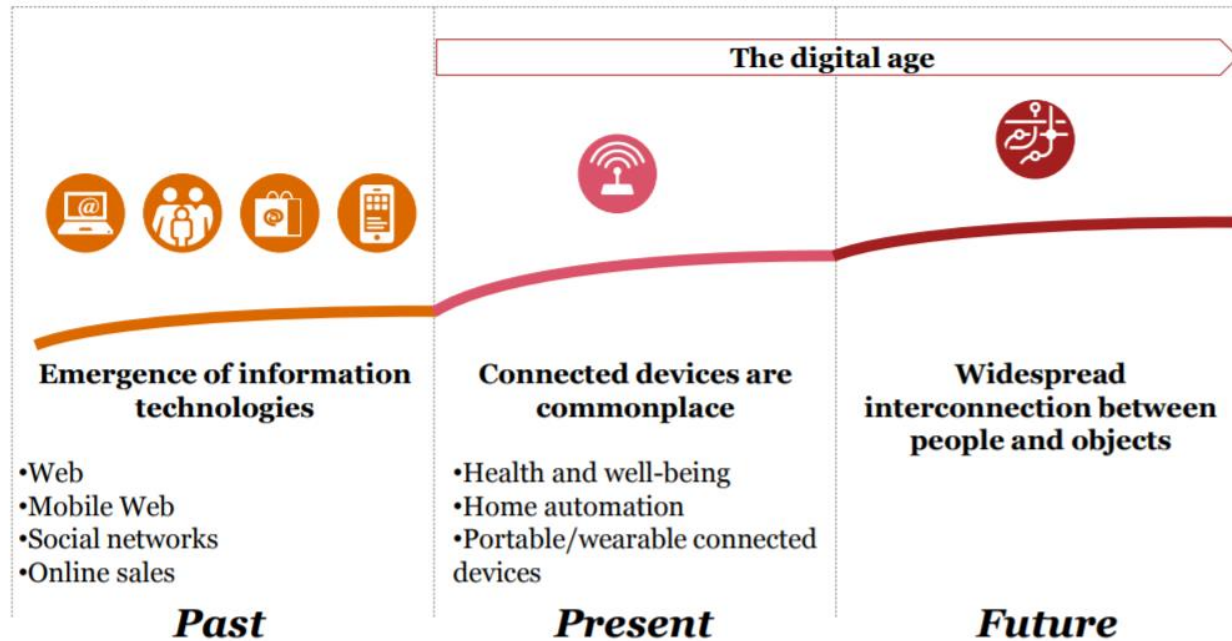
Part 2: Procurement in Digital Era

Digital development has accelerated rapidly and places the user at the centre of the technology

Digital transformation refers to the way in which society has changed since the emergence of IT technologies:

- **1960:** the first computer
- **1992:** creation of the Web
- **1994:** beginning of online sales
- **1995:** emergence of social networks
- **1999:** development of the mobile Web

In 2008, we entered a new digital phase, with transformation accelerating due to developments in digital technology and directly impacting society.



As a result, new **connected devices** are becoming commonplace and in the future, with the optimisation of the **interconnection** between people and objects, consumers will be ever-more connected, between each other and with their devices.

In addition to the devices, digital technology is underpinned by advances that allow these tools to function, such as the Internet

Google

- Google search engine created in 1998
- Revenue of \$74 billion in 2015
- Numerous offers and products including:



- Project to market the Google self-driving car

facebook

- A social network created in 2004
- Revenue of \$18 billion in 2015
- Facebook's mission is to help users connect and communicate using a variety of platforms:



- Created in 1976, marketing a range of connected products
- Revenue of \$234 billion in 2015
- A highly developed range of products and operating systems:



amazon

- Site created in 1995, initially for online book sales
- Revenue of \$107 billion in 2015
- Online sales, marketing of own products, new distribution methods and cloud computing services:



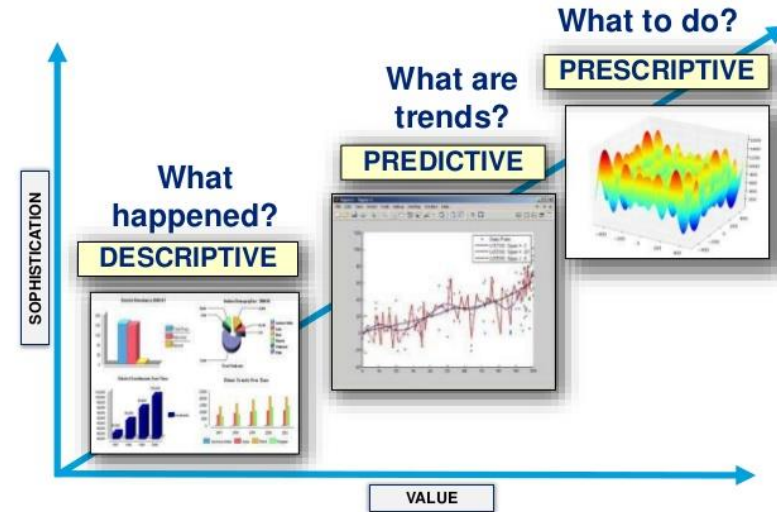
Analytics, use of data to make informed decisions

Collecting

Analyzing

Cleaning

Simulating



Supply Intelligence

Supply market intelligence is created when external information is collected and analyzed to form actionable conclusions that affect a company's ability to strategically locate, secure, and manage sources of supply.

- Internal intelligence is based on a combination of historical spend, forward-looking budgets, and corporate strategies for growth, consolidation, and reorganization.
- External supply market intelligence is driven by information from outside of the organization, using such input as incumbent and prospective suppliers, industry analysts, databases, and news resources.
- As electronic commerce improved and logistics costs fell, companies were able to expand their addressable markets.

The Rise of Spot Markets

Somehow there is a reverse trend in partnerships model, and the rise in spot markets (even for trucks....)



MRO Procurement

- MRO stands for maintenance, repair and operations. In procurement terms it refers to the products and tools purchased that keep an organisation running. It's also referred to within the context of 'indirect procurement' because these products enable your business activity but are not directly incorporated into any final product you create.



BENQ



BETA



BLACK DECKER



BOSCH



BLUE POINT



BOSSARD



BRADY



BRABANTIA



BRITOOOL



BROCO



BROTHER



BULLARD



BW TECHNOLOGIES



CAMFILL



CANON



CAS



CASIO



CHEETAH



CHIYODA



CHO



CIGWELD



CLA



CLEAN MATIC



CONSTANT



CRC



CROSBY



DAIMARU



DATAMAX



DBI SALA



DELL



DEW



DOMO



DONGCHENG



DONGSING



SafetyShoe.com



DRÄGER



DREMEL



DRE



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NOTULENSI RAPAT....pdf



Anadolu University.jpg



Commented_Paper

Beberapa Program

- MMT ITS Kelas Jakarta menawarkan program MMT bidang Business Analytics, SCM, Project Management (<https://www.its.ac.id/mt>)
- ISCEA menawarkan sertifikasi internasional bidang Supply Chain Analyst, Supply Chain Manager, Warehouse, etc. Kontak saya pujawan@gmail.com.

SUPPLY CHAIN MANAGEMENT EDISI 3

Perusahaan yang sukses adalah yang bisa menciptakan kepuasan pelanggan namun tetap efisien operasinya. Supply Chain Management (SCM) adalah pendekatan terintegrasi antar fungsi maupun lintas organisasi dalam memproduksi dan menghantarkan produk ke pelanggan.

Buku ini disusun untuk memberikan landasan pemahaman tentang hakekat, arti penting, proses, metode dan strategi dalam mengelola supply chain. Penting dibaca oleh mahasiswa yang sedang mempelajari kuliah terkait manajemen logistik / supply chain management maupun para professional yang bekerja pada bidang terkait.



Nyoman Pujawan adalah Professor bidang Supply Chain Engineering di Institut Teknologi Sepuluh Nopember (ITS). Memperoleh gelar Ir. dari ITS, M.Eng dari Asian Institute of Technology (AIT), Thailand dan Ph.D dari Lancaster University, UK. Telah mempublikasikan lebih dari 30 tulisan di jurnal internasional yang bereputasi. Sangat aktif dalam kegiatan seminar, memberikan training / workshop untuk para praktisi dan telah terlibat di hampir 40 proyek industri pada bidang Supply Chain Management.

Mahendrawathi Er adalah dosen di Jurusan Sistem Informasi di ITS. Memperoleh gelar ST dari ITS, M.Sc dan Ph.D dari Nottingham University, UK. Aktif dalam berbagai penelitian terutama terkait dengan Business Process Management (BPM) dan Sistem Enterprise.

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BUSINESS & ECONOMICS



SUPPLY CHAIN MANAGEMENT EDISI 3

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SUPPLY CHAIN MANAGEMENT

EDISI 3

Lengkap Membahas Strategi, Perancangan, Operasional, dan Perbaikan Supply Chain untuk Mencapai Daya Saing

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