

ANALYSING SPENDING BEHAVIOR AND IDENTIFYING OPPORTUNITIES FOR GROWTH

INTRODUCTION:

1.1 OVERVIEW

Spend analysis is the practice of analyzing procurement spend to decrease costs, increase efficiency or improve supplier relationships. Reports generated from the analyses provide recommendations based on facts, not assumptions. Decisions can be made on how to effect changes and the strategic actions to take. Spend analysis is the process of collecting, cleaning, classifying and analyzing expenditure data from across the organization to identify patterns and trends within vast amounts of transactional data. Spend analysis helps companies reduce costs and extract the maximum value from their procurement expenditures.

1.2 PURPOSE

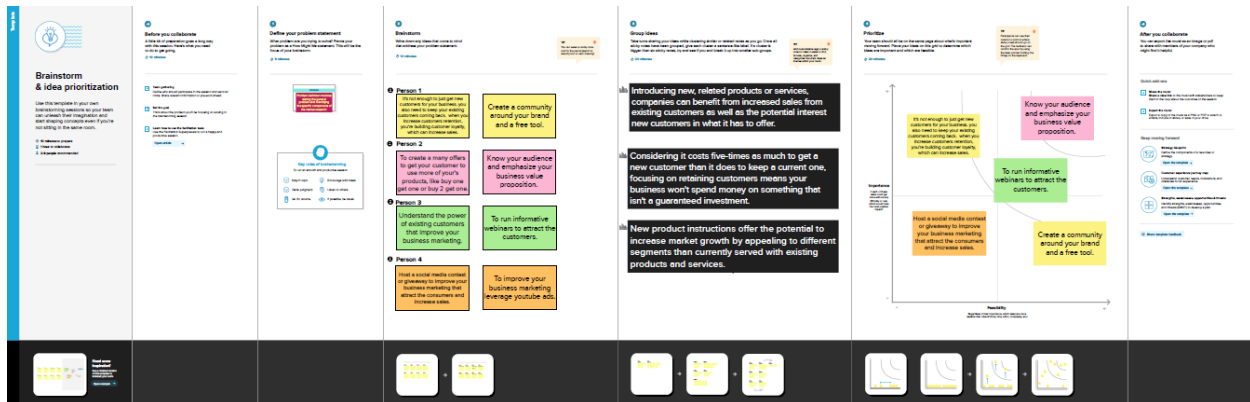
Spend analysis helps you meet your cost reduction goals and also follow up on incremental savings initiatives. Improved visibility helps identify cost-saving opportunities by reducing wasteful and maverick spending. You can benchmark your suppliers and their contract terms. Spend analysis software is a type of software that helps organizations analyze their spending data to gain insights into their procurement process, identify cost-saving opportunities, and improve overall financial performance.

PROBLEM DEFINITION AND DESIGN THINKING

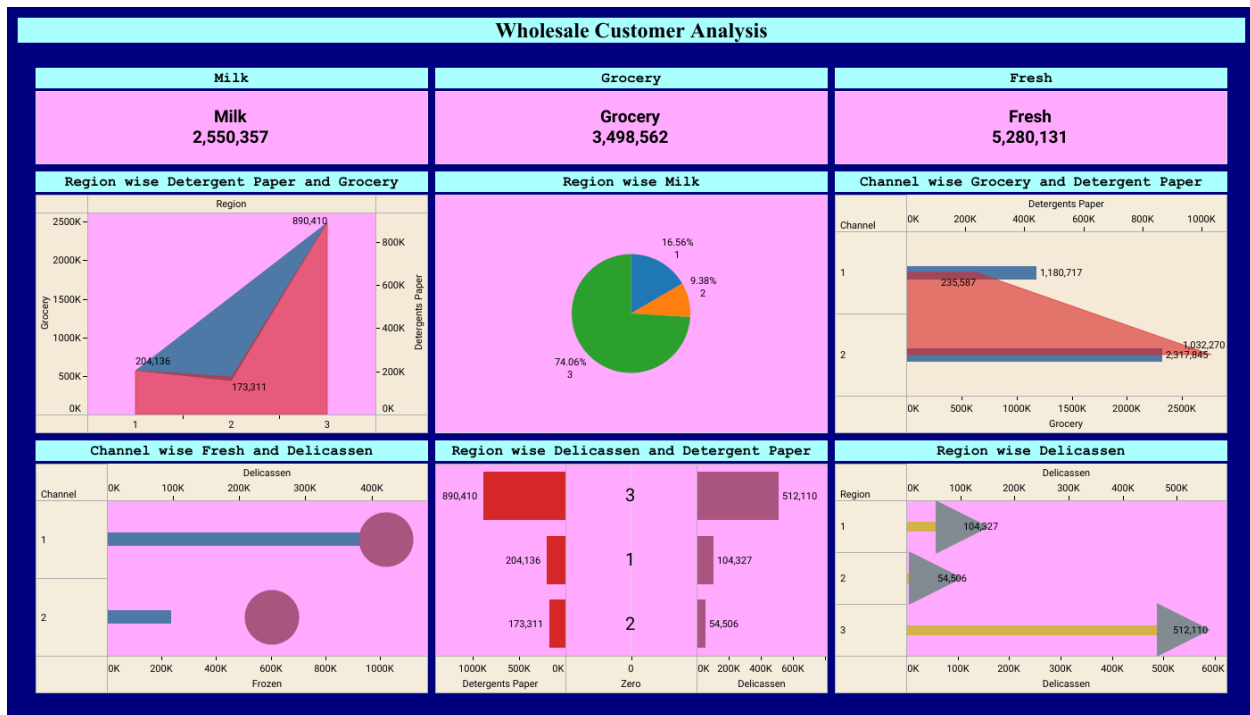
2.1 EMPATHY MAP



2.2 IDEATION AND BRAINSTORMING MAP



RESULT



It helps us to cost reduction opportunities, increase efficiency, and drive value beyond savings. Preparation of the result consists the sum of milk, grocery, fresh. It helps us to recognise the sales of the products.

The result shows

- ♣ Region wise Detergent Paper and Grocery
- ♣ Region wise Milk
- ♣ Channel wise Grocery and Detergent Paper
- ♣ Channel wise Frozen and Delicassen
- ♣ Region wise Detergent Paper and Delicassen
- ♣ Region wise Delicassen

The sheets helps us to conclude the sales and profit of the products of the regions. It will helps to improve our sales and consumer analysis.

ADVANTAGES

1. Improves the Visibility of Your Business Finances.
2. Reduces Costs and Unnecessary Spending.
3. Identifies Inefficiencies.
4. Helps Improve Value.
5. Improves Vendor Compliance.
6. Mitigates Risk.
7. Improves Administration.
8. Repeatability.

DISADVANTAGES

One needs expert analytical skills to extract correct reports from collected spend data. This process can be expensive if you hire multiple analysts, statisticians, and mathematicians.

This may lead to a shortage of resources in procurement teams for spend analysis work.

1. Cleansing of data.
2. Insufficient resources.
3. Poor analytics capabilities.
4. Data silos.
5. Esistance to process change.

APPLICATIONS

Spend analysis provides visibility into an organization's procurement activities and expenditures, allowing the organization to identify areas for cost reduction and process improvement. This, in turn, could result in a lower overall cost to procure goods and services. Spend analytics enables sourcing professionals to identify trends, market changes, performance issues, consolidation opportunities, and sourcing potential. It can be used to identify sourcing categories, segment suppliers, and narrow down critical suppliers for development programs.

CONCLUSION

Spend analysis helps enterprises understand what they really spend on, who's doing the spending and where. And most importantly, it helps enterprises understand if they are getting their money's worth.

FUTURE SCOPE

Spend analysis is conducted to increase spend visibility, proactively identify savings opportunities, improve forecasting, assess the performance of suppliers, examine the efficiency of internal processes, and gain actionable insights for contract management.