

Analysing Spending Behaviour and Identifying Opportunities for Growth

INTRODUCTION :

1.1 Overview

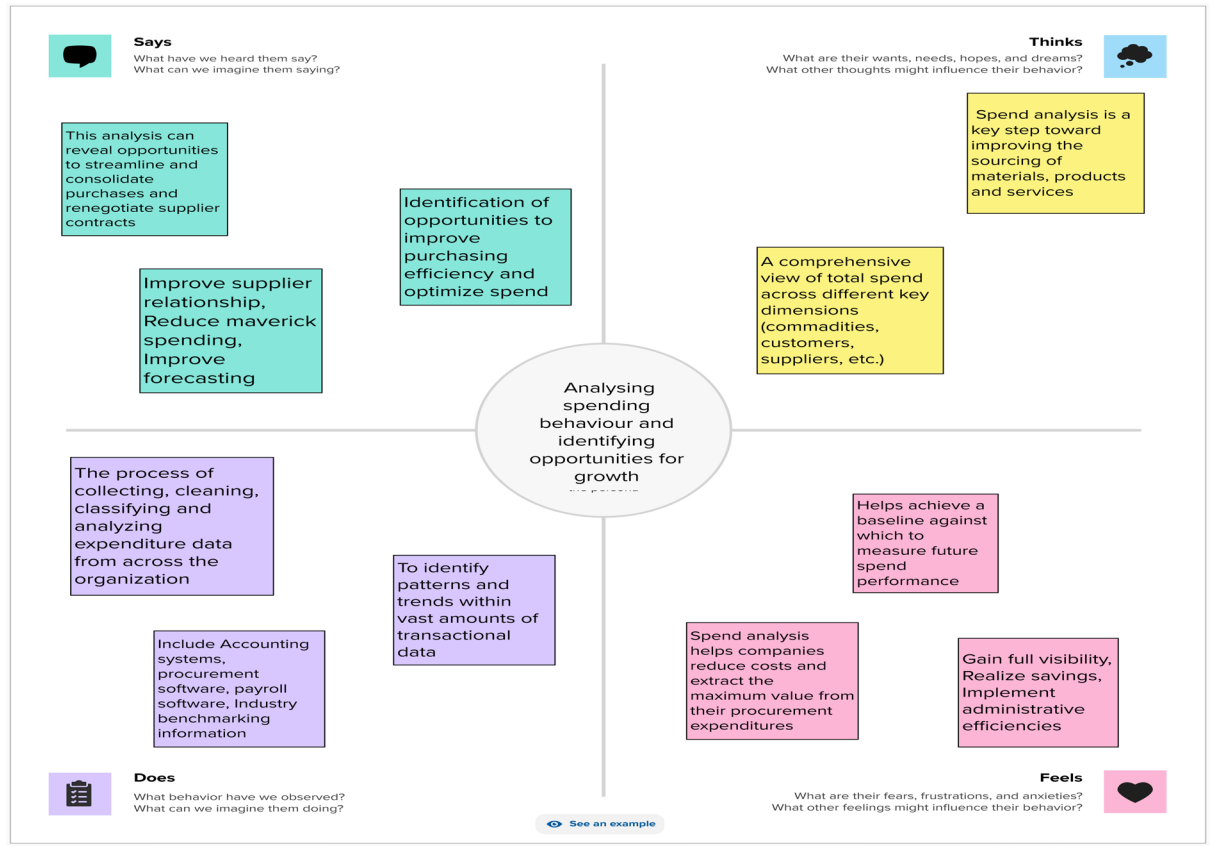
Spend analysis is the process of collecting, cleaning, classifying and analysing expenditure data from across the organization to identify patterns and trends within vast amount transactional data. This analysis can reveal opportunities to streamline and consolidate purchases and renegotiate supplier contracts. Traditionally, comprehensive, organization wide spend analysis was often a labor-intensive process involving many manual steps to pull together data from different sources, then analyse and present it. Spend analysis helps companies reduce costs and extract the minimum value from their procurement expenditures.

1.2 Purpose

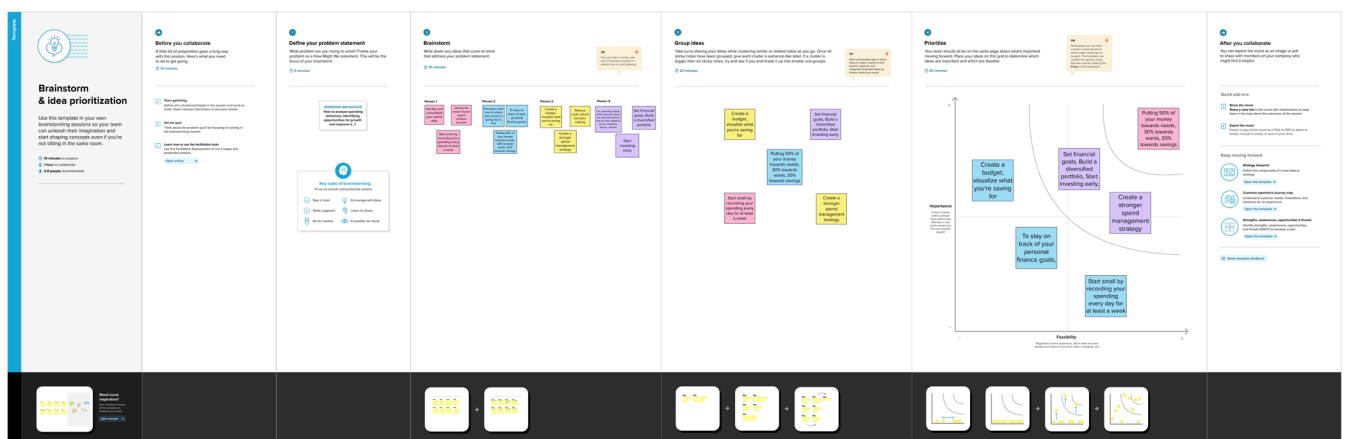
Spend analysis is a key step toward improving the source of materials, products and services. It's often viewed as a key part of a broader spend management process that also encompasses spend control and automated procurement. By gathering insights that reveal who the company buys from and how much it pays, spend analysis can result in lower procurement costs for goods and services. It helps companies track key spending metrics and provides a baseline for measuring the impact of new strategies and efforts to reduce spending. By comparing spending metrics against industry benchmark, companies can focus on areas where they may be able to trim costs and improve profitability.

Problem Definition & Design Thinking

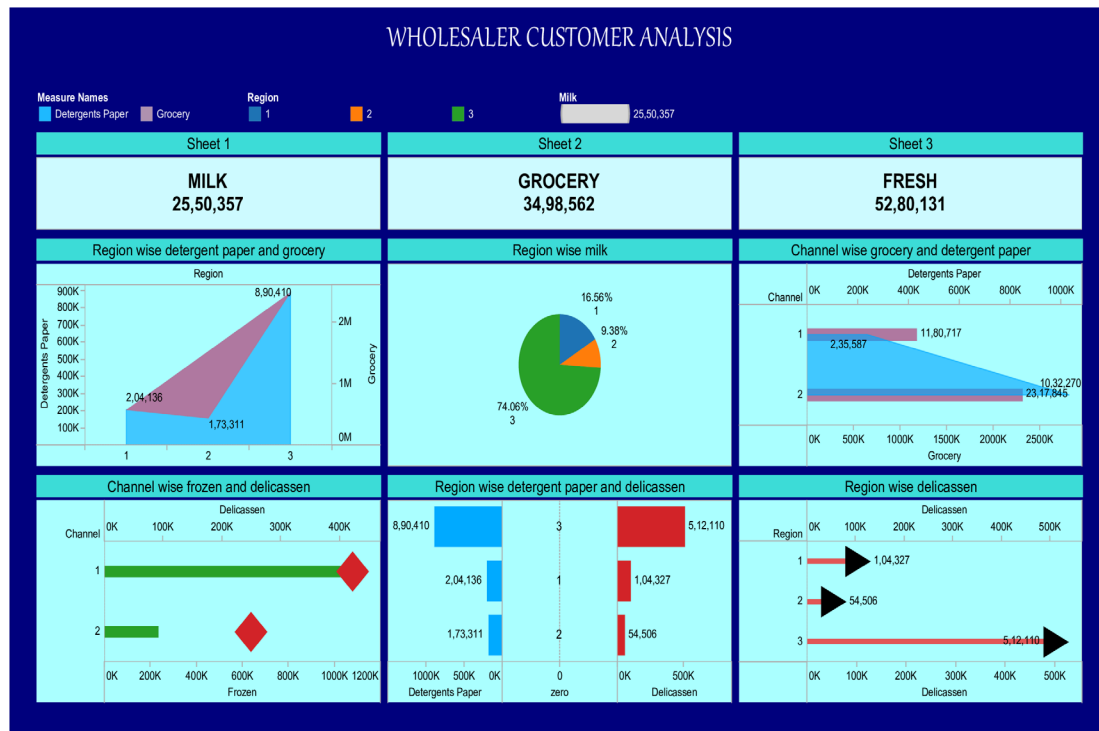
2.1 Empathy Map



2.2 Ideation & Brainstorming Map



RESULT :



- 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 :

Perform efficient category management services for all the products that they source from the suppliers. Benchmark the performance of their sourcing process against pre-decided KPIs. Optimise working capital and identify price arbitrage opportunities.

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. Resistance to process change

APPLICATIONS :

- ❖ 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.
- ❖ Reduce costs, increase efficiency and improve sourcing and supplier relationships.
- ❖ Visibility, analysis, and process.

CONCLUSION :

- ❖ If companies conduct this type of analysis efficiently, it can improve savings and better spend visibility.
In addition, an organization's procurement team can utilize this tool to engage with its shareholders in a fact or data-based fashion
- ❖ Reduce costs and extract the maximum value from their procurement expenditures.
- ❖ Helps companies reduce costs and extract the maximum value from their procurement expenditures.

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.
- ❖ Helps companies reduce costs and extract the maximum value from their procurement expenditures.
- ❖ Help a business learn where it allocates money and whether it's doing so efficiently.