



Procurement Efficiency Guide

Learn how to analyze your existing procurement process and make improvements through dynamic policies, tool stack upgrades, and partnerships.



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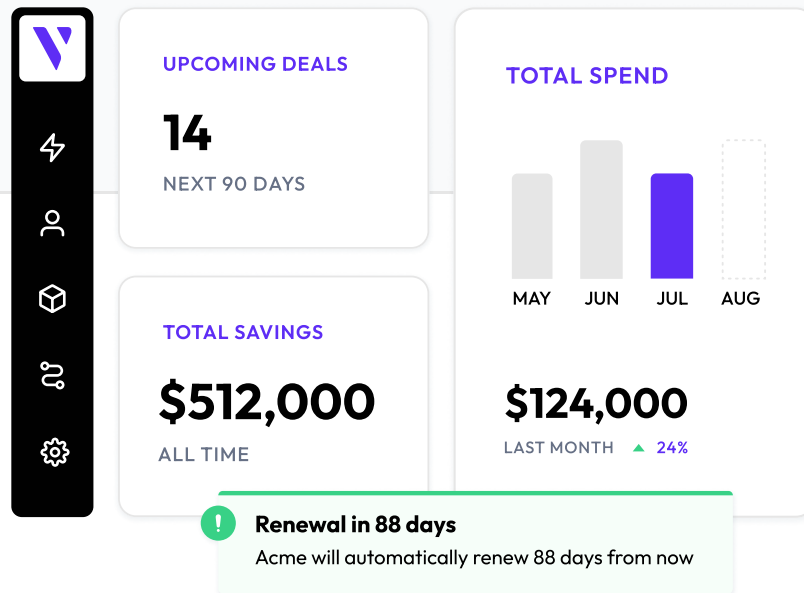
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Simple steps toward a more efficient procurement process



When a company is just starting out, ad hoc procurement practices are a common way to get by. But as your organization grows and the tech stack evolves, the effects of scattered buying hit a tipping point.

Suddenly, your contracts and documentation are scattered, and no one knows what tools are available or when they renew.

Without a solid process, procurement and department heads continue to waste hours they don't have chasing down information and following up on purchases. What's more, ad hoc purchasing leads to costly duplication in your stack and risky gaps in your legal and security reviews.

When you're in the thick of it, process change seems like a pipe dream. But you can start building more procurement efficiency in stages (and bring your stakeholders along) without all the stress of massive changes.

This guide will offer steps and tips to bring structure and sanity to your procurement. It offers information on:

- ✓ Mapping your current and new process
- ✓ Determining thresholds for purchasing rules
- ✓ Using technology to automate repetitive tasks
- ✓ Bringing on a partner to help with procurement


Read on to learn all our best practices, or talk to a SaaS buying expert today to learn more about building efficiency with [Vendr](#).





Mapping out your **current process**


Improving procurement efficiency is all about meeting your stakeholders where they are and taking them where they need to be. Before making decisions about future workflows, learn how software procurement happens within your organization today.

Your procurement process may look like this:

 A single corporate card that handles all new and renewing SaaS purchases

 Software purchases on individual employee cards or invoiced through departmental billing owners without a formal approval process

 An email-based purchase approval process involving one or more departments

 Purchase requests coming from multiple channels with no clear direction on what to include or who to consult



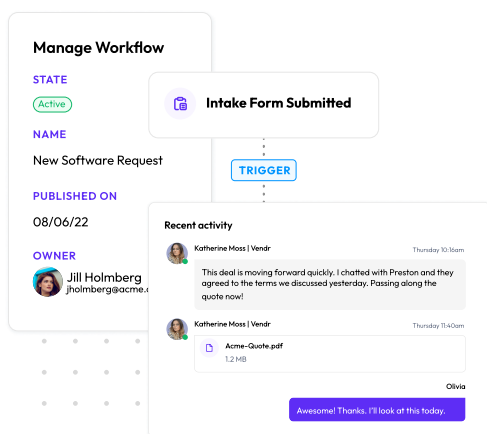
Whatever form your procurement process takes today is the starting point for crafting a new workflow that works for stakeholders, procurement, and approvers equally.

We suggest starting with visual workflow mapping which helps teams understand how a deal gets from intake to contract execution. Use a digital whiteboard app such as Miro or InVision Freehand to begin charting the process.

Record any areas where specific departments or types of purchases deviate from the norm. For instance, your IT or procurement department may have an informal rule that any purchases over a certain dollar amount follow a different path to approval. Be sure to capture these details in your visual map.

Once you have a rough sketch of the procurement workflow, ask questions about the process and identify initial areas for improvement.

Examples of questions to consider during your evaluation include:



Intake

- 1 How is the current procurement process administered? Is there a point person assigned to software purchases?
- 2 What methods are used to direct software requests (for instance: Slack, a web form, or an email request to a point person)?
- 3 Is there a tracking system for requests?

Purchase types

- 1 What goods and services currently flow through the procurement process?
- 2 Is the procurement process the same for every new software purchase?
- 3 Do high-value contracts follow a different or more intensive workflow?
- 4 How does the procurement process work for software renewals or additions of licenses within an existing contract?

Workflow

- 1 Are there obstacles that make the procurement lifecycle longer?
- 2 What current steps may hinder procurement efficiency?
- 3 Must stakeholders create redundant documentation, for instance, filling out multiple intake forms?
- 4 What happens if a request results in the need for an additional review?

Improving your existing process

Once you get visibility into your current process, plan adjustments and improvements. An effective procurement process is a multifaceted part of your organization. Even if the new system will work better, people like what's familiar, so thoughtful change management is a must to increase adoption and reduce friction.

Since policies are most effective when documented, the first objective is to hammer out the details and get your first version of a procurement policy committee to paper. When creating documents for current policy, it's a team lift.

Solicit feedback from any sources connected to the current procurement process or those who should be. This may include department managers, legal stakeholders, internal IT and security contacts, and (if applicable) users who buy SaaS software internally. A more efficient procurement process takes time and input to be effective for everyone.

The image shows a user interface for starting a procurement deal. At the top, there is a button labeled "Start a deal" with a pencil icon and the text "Head to the intake form and start your deal". Below this, a blue arrow points to a form titled "What are you purchasing?". The form contains two sections: "TYPE OF PURCHASE*" with the question "What type of purchase is this?" and a dropdown menu labeled "Choose from these options..."; and "PRODUCTS" with the question "Which products are you purchasing?" and another dropdown menu labeled "Choose from these options...".

Create standard documentation and process

Formalizing your process into policies and standardizing your documents are the two critical steps to an effective procurement process. The first allows you to educate stakeholders and ensure the objectives are clear. The second creates a place for stakeholders to capture their information and describe their needs.

If you're just starting documentation, aim to include [several standard templates](#) into your purchase requisition package:

Intake form

This template documents all information necessary to complete the purchase order, the anticipated timeline, the estimated price, etc.

Don't have an intake form? You can use [this template](#) to get started.

Business case

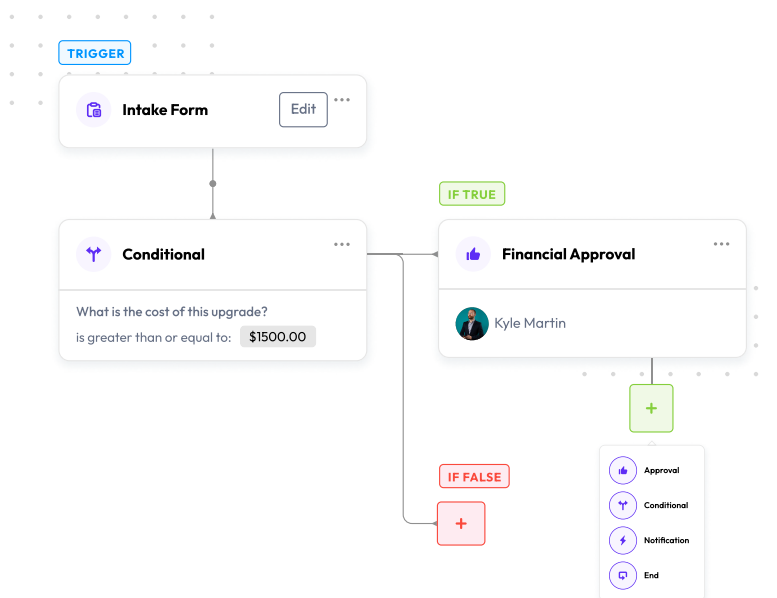
This may be part of the intake form or a separate template. It provides a brief executive summary of the request, defines the project or challenge, outlines the scope, provides alternatives for the suggested solution, and implementation details, and defines success criteria. High-dollar or deeply integrated purchases should have a thorough business case to justify the purchase.

Get a jumpstart on your business case using [this template](#).

Workflow templates

Every SaaS software purchase is a little different. A tiered approach to spend approvals will ease the burden on procurement and create a flexible yet effective procurement process. Decide what deals can flow through your basic approval workflow and what elements signal the need for closer scrutiny.

Build your ideal SaaS purchasing workflow with [this template](#).





Define your thresholds

Does procurement need to be in the weeds of every deal? Most procurement leaders say “no.”

So, while every purchase should go through legal and security reviews, when should a purchase be escalated for negotiation support or additional finance approvals? Defining those parameters will help stakeholders understand the process for each potential purchase.

Answer these questions to define your monetary and risk-based review thresholds:

1 What constitutes a large dollar-value deal?

For some organizations, a large deal is a software purchase exceeding \$100,000 per annual contract. Depending on your software needs and business size, this number may change.

2 What departmental reviews are required?

To reduce third-party risk and ensure contract compliance, new software purchases and renewals should go through a thorough review process. Start by defining what departments must sign off on a deal: legal, IT, security, etc. Four large deals (as defined above) determine what other approvals should occur (for example, CFO or Head of Finance).

3 What other parameters should you consider?

Software purchases are built on more than the dollar value. Consider guidelines for other elements of the deal, such as:

- More security review for software tools involving sensitive data such as financial or customer information.
- Increased IT and security scrutiny for tools that will be integrated with other software systems
- Closer consideration for deals with a net new supplier, that have multi-year agreements, or have usage-based pricing.

By understanding how a deal should flow through the organization, and when it needs C-level scrutiny, you can keep the deal flow moving without sacrificing the integrity of your contracts.



Improving procurement through software and automation

Manual procurement processes leave a lot to be desired. It requires a point person to act as the engine for the process: receiving and routing intake forms, asking questions, chasing stalled approvals, negotiating, and executing contracts.

Fortunately, process automation can handle many of these tasks in the background. Automating the intake and approval workflow removes labor from the process and reduces common logjams in email threads or Google Forms. This automation leads to faster cycle times and a more effective procurement process overall.

Here are some tools you might use to automate your process today without heavy implementation or tool integrations:

Project management

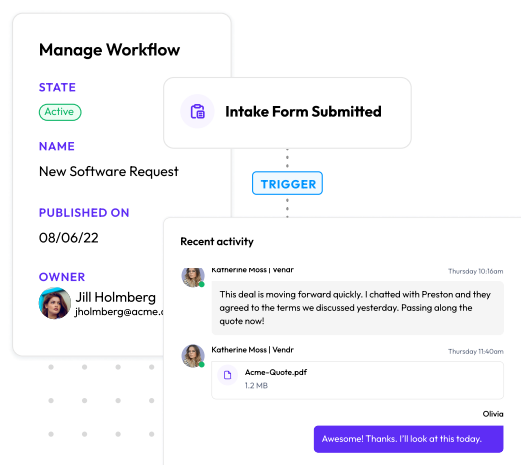
A tool that tracks deal flow through the procurement and approval process. With a customized workflow, procurement can see what stage a request is in, the estimated time to completion, and more. This means stakeholders can stay in the loop to answer questions while removing the need to usher the deal through the necessary steps personally.

Document management

A platform to handle document routing and execution. These tools can handle intake form processing, digital contract review, and execution of approved documents.

Contract management

A platform (like Vendr!) specifically designed to manage the SaaS purchasing and renewal process. Contract management tools centralize all your supplier contracts, allow notes on deal specifics and approvals, and set up reminders for SaaS contract renewals to create an optimal runway for competitive analysis and negotiation.



When evaluating a contract or project management tool, look for a solution that integrates with your other systems. Even if you're not ready to integrate today, it's great to have an easy integration option when the time comes.



Improving procurement through partnership

Not every organization is ready for full-scale automation today. But better efficiency is still within reach. After creating a documented procurement policy and a sustainable approval workflow, the next step for many organizations is partnering with a service solution.

Consider the following when thinking about adding a procurement partner to your practice:

- 1 What is the headcount for your procurement team? How do those employees currently handle procurement?
- 2 What are your future hiring plans for procurement professionals to handle increasing deal flow?
- 3 How many net new or renewal software deals does your organization perform annually?
- 4 How often does your department deal with missed renewals or overages at the end of a contract?
- 5 How does your organization benchmark pricing for new and renewing SaaS tools?
- 6 What other priorities would your procurement team focus on if the routine deal flow was outsourced?

Based on your answers, finding an outsourced procurement partner may provide cost savings and relief for overextended finance and procurement staff.

Evaluating procurement partner options

A procurement and negotiation partner offers many benefits in terms of operational efficiency. Third-party procurement partners like Vendr eliminate much of the redundant work that keeps procurement professionals from creating the most value for their organizations.

When evaluating a partner, consider the software tools and team experience a solution brings to the table. Look for a provider that offers:

- 1 Cloud-based platform with the ability to request software purchases and track status throughout the process.
- 2 Comprehensive deal data for benchmarking and verifying fair pricing.
- 3 Specialized buying experts for negotiating software purchases.
- 4 Centralized contract management for renewal reminders and stack management.
- 5 Cost savings programs to further enhance savings on preferred SaaS tools.

SaaS negotiation is personal, so get to know the customer success managers (CSM) and executive buyers who will handle your negotiations. You will work closely with these external stakeholders to achieve results. Finding a great working relationship is just as important as the platform features.



How Vendr can help upscale your procurement

Vendr brings together technology and experts to drive efficiency when buying and renewing SaaS software. Our mission is to make fair pricing the expectation for every organization. We use data from hundreds of negotiated deals to create savings of up to 25% on the tools clients need to achieve their goals.

Vendr goes beyond contract management to offer:

- ✓ An expert SaaS buying team, including specialized support for cloud contracts and top SaaS spend categories.
- ✓ Data from over 16,000 completed SaaS deals for personalized recommendations and tactics.



Could you use a partner to drive procurement efficiency?

[Analyze your SaaS stack with Vendr](#)