

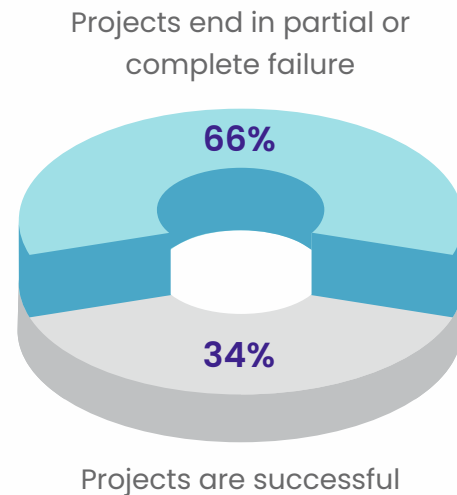
# Overcoming Procurement Implementation Challenges

Expert Insights & Practical Approaches



# Overview

**66% of technology projects end in partial or total failure,** according to extensive research of 50,000 projects globally. Multiple challenges like software complexity and integration intricacies are often the culprits behind these setbacks.



However, this whitepaper will guide you through these challenges, offering a comprehensive perspective on the most **critical implementation hurdles along with practical strategies to conquer them.** Drawing insights from executive connections and analyst research, we address common concerns shared by procurement teams.

Throughout the document, you'll find **expert advice that sheds light on overcoming implementation obstacles.** We also delve into the strategic imperative of achieving more than just implementation. Ultimately, the paper aims to equip you (the reader) with **actionable insights for a successful Source-to-Pay transformation.**

# The Imperative of Sound Implementation

The age-old adage, "an idea is only as good as its execution," emphasizes the intrinsic value of an idea not only by its concept but also by the skilled execution that turns it into a tangible, real-world outcome.

This principle resonates profoundly in the context of software and its implementation.

Effective software implementation promises streamlined processes, rapid adaptability to market dynamics, strategic empowerment, and more. On the flip side, flawed implementation leads to financial setbacks, operational turmoil, stakeholder discontent, and leaking opportunities.

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**A staggering revelation from the Standish Group's Annual CHAOS 2020 report shows that 66% of technology projects (based on the analysis of 50k projects globally) end in partial or total failure. While larger projects are more prone to encountering challenges or failing altogether, even the smallest software projects fail one in ten times. Large projects are successful less than 10% of the time.**

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This prompts the question: What drives implementation failure?

**Challenges** like software complexity, customization needs, data migration, and integration intricacies are just the beginning.

Beyond these hurdles lie deeper issues, including resistance to change, insufficient training, vendor limitations, poor planning, vague objectives, and the ever-looming specter of scope creep – all of which frequently derail a seemingly straightforward implementation process.

While complexities are characteristic of large implementation undertakings, surprisingly, tech leaders often underestimate their depth. As a result, there's a hope that a few simple solutions or patch fixes will solve their problems.

However, success can only be realized when tech leaders acknowledge the complexity and take appropriate measures to overcome it.

# The Path to **Successful** Procurement Implementation

Software implementation is often subjected to less scrutiny than its evaluation phase, resulting in sub-par outcomes, especially concerning user adoption.

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However, here's an interesting insight that emerged from our conversations with procurement specialists.

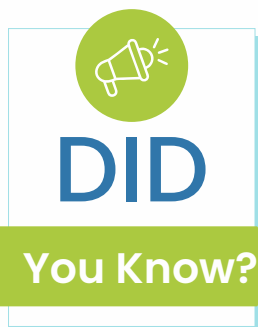
They report a growing Influx of Inquiries from Chief Procurement Officers regarding effective Implementation. This surge in interest is rooted in the realization that the value of even the most exceptional software hinges on the quality of its Implementation.

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Software implemented well can directly impact usability, adoption, ROI, and other critical factors. The importance of adept software implementation is further underscored by the superiority of Software as a Service (SaaS).

While procurement businesses entrenched in on-premise solutions may hesitate to embrace change, the irresistible benefits offered by SaaS, including unmatched flexibility, scalability, and accessibility, make it a worthwhile investment.

Successful organizations recognize the importance of aligning IT with business value from the outset. Understanding common implementation pitfalls and selecting the right approach are keys to success.



Gartner's 2022 survey on the digitization of the procurement function revealed that 95% of procurement executives think that modern technology will have a moderate to significant influence on performance. This underscores the importance of effective implementation to achieve widespread usage and realize the expected return on investment.



Effective Implementation

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Increased Adoption

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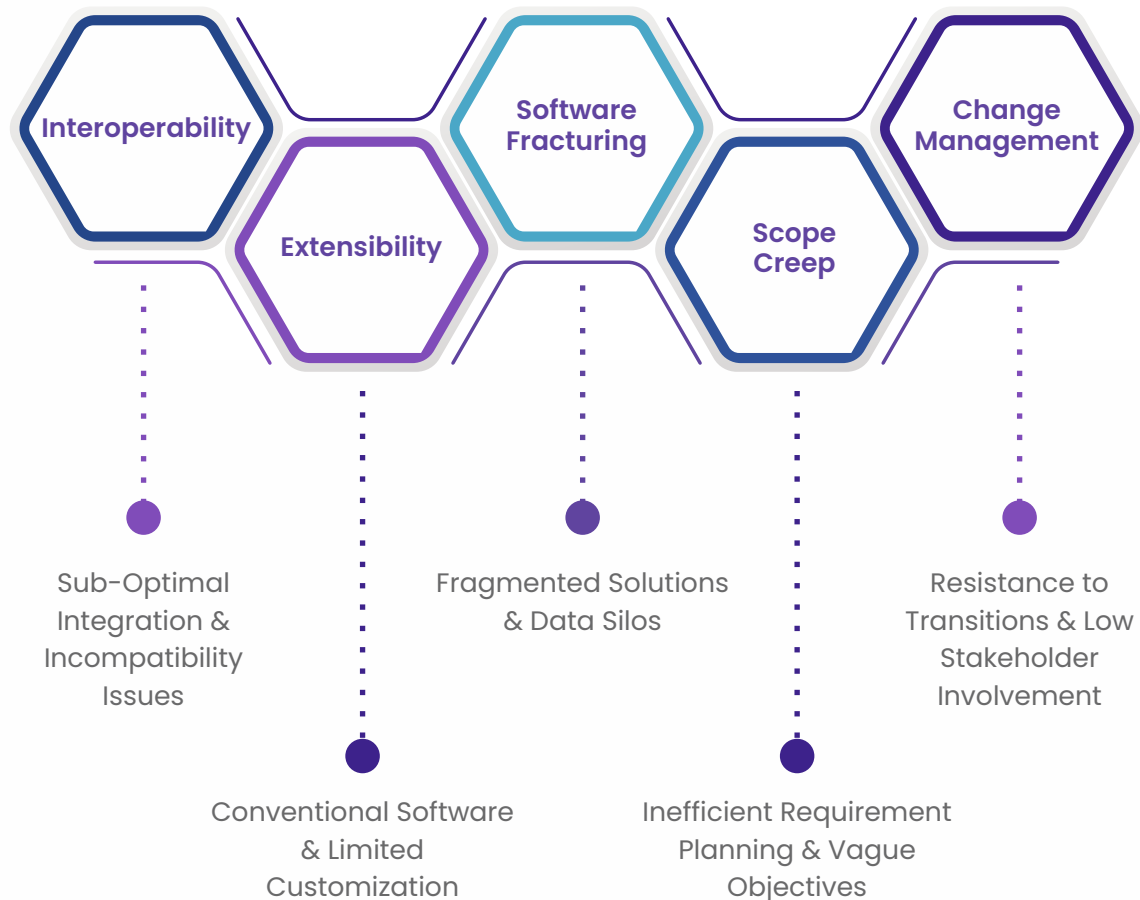


ROI

# Five Critical Challenges of Procurement Technology Implementation

In this whitepaper, we'll explore the main challenges that arise during implementation, beginning with overarching issues before moving on to more operational ones. Drawing insights from executive connections and analyst research, we address common concerns shared by procurement teams.

The following are five areas where implementation challenges frequently arise:



**Expert insights illuminate these challenges, and we provide practical approaches to systematically overcome them.**

## 1 Interoperability: Sub-Optimal Integration & Incompatibility Issues

Procurement data is often complex and stored across different departments or systems in various formats. Hence, migrating data (while ensuring data integrity) from legacy systems to the new software is often daunting.

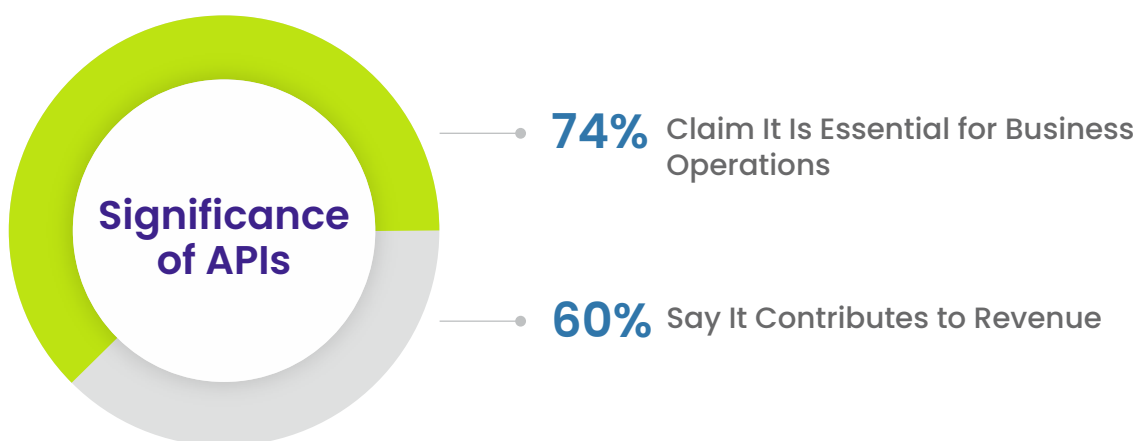
Without meticulous planning and execution, migrating substantial volumes of supplier data, purchase histories, and contract information can quickly result in data loss, inaccuracies, and supply chain disruptions.

### Expert Advice:

“ Numerous enterprises boast specialized procurement procedures that provide a competitive edge. Transitioning to a SaaS procurement solution demands careful consideration to ensure the product's adaptability to these pivotal, industry-specific processes.

Effectively addressing this challenge requires exploring methods of enhancing product compatibility via APIs or by forging strategic partnerships with other technology brands to foster seamless collaboration.

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APIs are the bridge that enables the procurement system to seamlessly interact with other enterprise systems, including ERP (Enterprise Resource Planning), finance, and supplier databases.

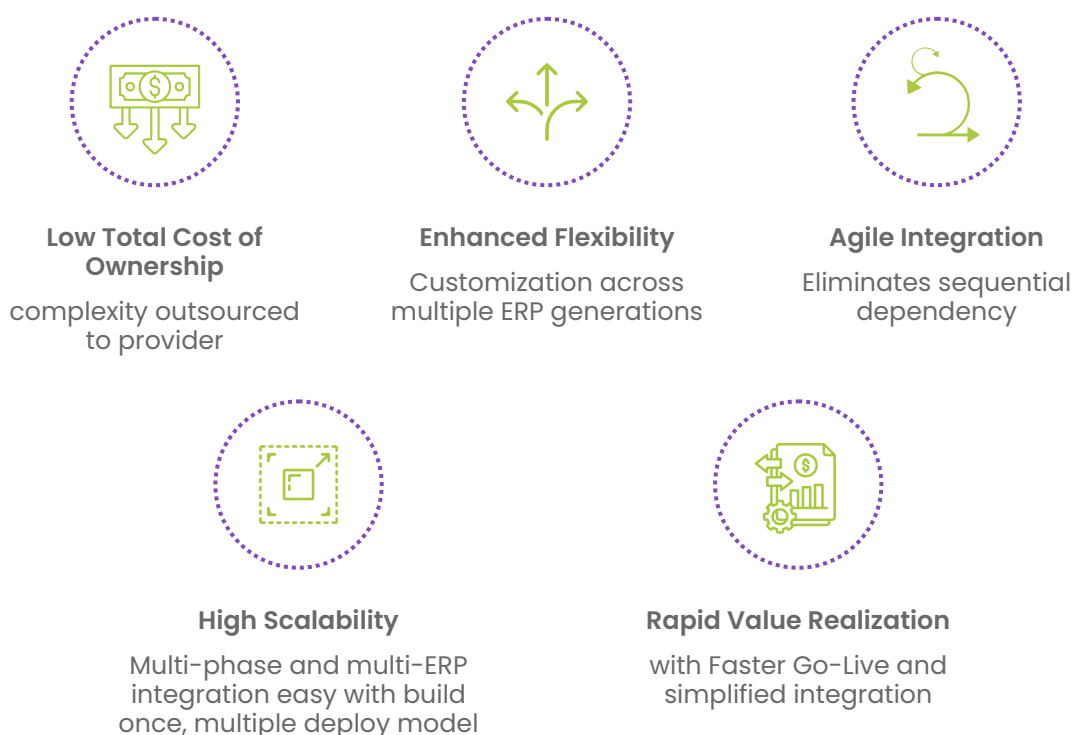
For instance, when a purchase order (PO) is generated within the procurement system, it can automatically trigger updates in the ERP system, accurately reflecting the financial implications of the procurement activity. This real-time integration eliminates manual data entry, markedly enhancing operational efficiency and data accuracy.

**The interoperability challenge encountered during procurement software implementation underscores the critical importance of seamless data integration.**

An organic Source-to-Pay suite boasts tightly integrated end-to-end solutions with shared databases and a standardized UI. Some solutions provide flexible integration support with external ERPs, resulting in rapid value realization.

Zycus, for instance, simplifies the integration of its products with third-party software applications using iConsole. This serves as a unified interface for accessing all the APIs offered by Zycus products. All Zycus REST APIs follow a standard JSON format, allowing secure data transfer via HTTPS with Zycus products, custom source systems, and customer-developed mobile applications.

Some of the critical values attained by opting for an end-to-end integrations-as-a-service by the provider are depicted in the image below.



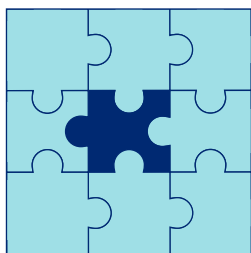
## 2 Extensibility: Conventional Software & Limited Customization

Extending the functionality of an existing procurement system often means diving into intricate software development efforts. However, not all cloud solutions offer the customization needed for such changes. Many vendors offer ready-made systems that can be incredibly convenient but have a significant drawback – they force businesses to align their processes with the software's predefined functionality.

**The pandemic served as a wake-up call, revealing the vulnerability of highly efficient yet inflexible business models. Forward-thinking companies embraced a modular framework, adopting the concept of a composable business to cultivate the flexibility and adaptability required in a rapidly changing procurement landscape.**

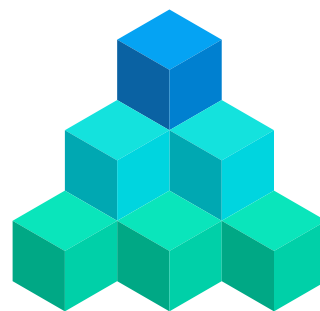
A composable business entails constructing an organization from interchangeable building blocks. This modular approach empowers organizations to repurpose individual elements and detach them from the core application, resulting in more versatile, advanced, and purpose-driven applications.

### Traditional (Rigid) Infrastructure



Interconnected pieces forming a stable, but static structure. Once assembled, it is difficult to change or adapt without affecting the entire structure.

### Composable (Flexible) Infrastructure



Interchangeable pieces forming a stable, but dynamic structure. Each block is independent and can be easily combined, rearranged, or replaced.



## Expert Advice:

“The most important factor when choosing sustainable software that can scale with your business is to opt for an inherently modular and flexible solution. The key is to keep it simple and avoid unnecessary complexity from the get-go!”

One of our solutions, AppXtend, offers a comprehensive platform designed to help organizations scale to hundreds of applications for various procurement use cases and requirements. Users can also request new applications for any unique/outlier needs, eliminating custom code fixes and thereby enhancing time-to-market and cost-effectiveness.

### 3 Software Fracturing: Fragmented Solutions & Data Silos

While procurement teams rely heavily on software solutions to enhance their operations, streamline processes, and optimize their supply chains, an overabundance of tools can lead to a practical downside called “software fracturing.”

Software fracturing occurs when various teams or departments within an organization independently adopt and use many software tools that lack integration or alignment. Each team operates in isolation, relying on their preferred tools and applications.

**A recent study by Forrester Consulting and Airtable surveyed over 1,000 knowledge workers, revealing that numerous software tools and manual processes are exacerbating the issue of data silos within enterprises. The report highlights that these data silos, alongside manual workflows, and the usage of tools such as email and spreadsheets, are significantly impeding organizations.**



Apart from hindering data sharing and comprehensive analysis, core challenges of software fracturing include escalating complexity and costs as multiple solutions demand more resources and potential compliance pitfalls due to varying security protocols and update needs within disparate tools.

#### Expert Advice:

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**Considering the expansive nature of procurement, dealing with software fracturing demands organizations to skillfully navigate its inherent complexity through holistic software management. Success hinges on attaining architectural alignment and comprehensive software governance across all procurement and related processes.**

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A centralized procurement platform that serves the requirements of various teams or departments is vital to overcoming software fracturing. Additionally, seeking solutions with robust integration capabilities will ensure seamless data synchronization, allowing for a unified and coherent procurement workflow.

Zycus' procurement suite, for instance, is both composable and extensible, offering significant benefits on its own and providing an entirely unique advantage when utilized as a complete Source to Pay suite. Customers can effortlessly consolidate procurement processes, paving the way for maximized efficiency and adoption rates.

## 4 Scope Creep: Inefficient Requirement Planning & Vague Objectives

It's common for a project's original objectives, features, or deliverables to expand beyond its initial boundaries. As the implementation progresses, stakeholders may request additional customized reporting capabilities or integration with other software. They might also opt to incorporate more approval workflows, and transferring of historical data from legacy systems could demand additional time and resources.

## Expert Advice:

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Clarity in planning and unrealistic goals are the top challenges of procurement software implementation. “Despite the flexibility that agile methodology offers, project management tends to be inflexible at its core, especially when involving external resources. Additionally, external resources often prioritize longer durations over speedy delivery. Another significant obstacle is internal competition and isolated efforts within the organization.

Ensuring an effective implementation requires organizations to focus on achieving success rather than mere budget approval, as cost overruns due to sunk expenses can impede progress. Focusing on efficient project management and collaboration internally can go a long way in easing the overall deployment.

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Failure to conduct pre-implementation evaluations of key objectives makes it challenging to determine the factors contributing to success or failure. It is essential to select the appropriate technology partner and establish project requirements and success criteria clearly, especially considering the comprehensive nature of an S2P suite implementation.

## 5 Change Management: Resistance to Transitions & Low Stakeholder Involvement

Procurement professionals may resist the change to new software due to comfort with existing systems or processes. Implementing change demands time and effort for new habits to form. To ensure a smooth transition, having a well-structured rollout plan, such as starting with a pilot team and progressively expanding to others or organizing workshops led by internal advocates, is essential.

Continuous communication and support are essential throughout the process, recognizing that a hundred percent adoption and instant results are unlikely.

### Expert Advice:

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When it comes to procurement software implementation, two formidable factors often emerge as deathblows: inadequate change management and low adoption rates. While organizations focus intently on technical project delivery, they often under-invest in change management.

**While procurement software vendors usually contribute by sharing best practices and providing training support, the primary responsibility for effective change management rests with the organization implementing the solution.**

To confront this challenge head-on, it's imperative to establish an internal change management team. For larger-scale efforts, consider engaging external partners or consultancies well-versed in navigating such transformations.

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Another major hurdle is poor alignment of project roles and responsibilities. This misalignment is one of the reasons for stakeholder misunderstanding, leading to frustration and discontent, ultimately resulting in low engagement and adoption rates.

To address this issue, clear alignment through detailed RACI (Responsible, Accountable, Consulted, and Informed) definitions within the Statement of Work (SOW) can help. Additionally, ensure effective onboarding of critical stakeholders – don't inform them, involve them! Maintain clarity and transparency through implementing strong project management practices so all parties know what's next in the project.

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Specific to adoption, Zycus offers invaluable insights into optimal user engagement strategies during the project. Our TAM (Technical Account Management) team assists customers in gathering adoption-related data and provides guidance after the project's go-live phase. We strongly advise establishing a seamless handover process within the customer organization, akin to transitioning from sales to services. This ensures that the customer project team comprehends the rationale behind their investment, the anticipated benefits, and associated management expectations.

Furthermore, Zycus University, our dedicated customer education and training platform, helps upskill client-identified members to leverage the S2P suite as per their own business processes, working to precisely tailor the programs as per their requirements.

When organizations face setbacks, the path to recovery often involves a multifaceted approach. This includes realigning personnel, streamlining processes, and occasionally pausing to recalibrate expectations and schedules.



# Other Common Pitfalls of Procurement Implementation

## Hidden Implementation Costs:

Hidden costs behind software implementation are a common pain point in companies while implementing an enterprise-wide system. For example, opting for a cloud solution often means the software provider won't bill you for storage and hardware, although some might.

To prevent unexpected costs, it's vital to clarify any hidden charges related to storage, maintenance, training, support, and the like during the contract negotiation phase.

## Unrealistic Expectations:

Software should be viewed as a facilitator of technology, not an instant solution to all business challenges. Success lies in using the software effectively. The selection of the wrong Source-to-Pay (S2P) vendor can be detrimental. With the wealth of data available, organizations are becoming more discerning in evaluating vendors. Virtual collaboration allows for a deeper assessment, favoring vendors with strong products over those heavily reliant on marketing. If the software lacks flexibility for adapting to evolving processes or accommodating user volumes, the project may likely face failure.

## Misalignment of Implementation Strategy with Long-term Goals:

### Expert Advice:

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There's often too much emphasis on solving past issues instead of adapting to evolving landscapes. Frequent shifts in strategies divert attention away from essential priorities.

Prioritizing strategic adaptability and forward-thinking is vital to address the misalignment. Flexible solutions that can evolve with changing environments is the need of the hour.

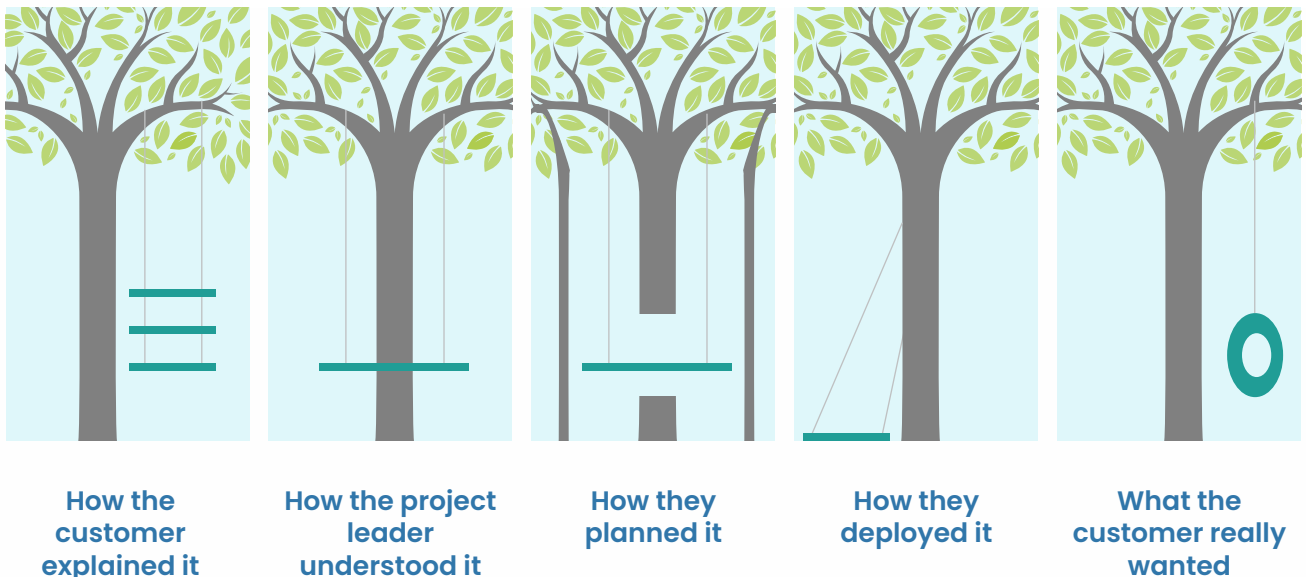
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## Expert Advice:

# Going Beyond Implementation to Ensure a Successful Source-to-Pay Transformation

In many cases, companies undergoing extensive implementation projects overlook a crucial aspect: the objective isn't just successful implementation but also a successful transformation of their operations.

From a technical standpoint, most software eventually goes live. However, whether it truly impacts your business as envisioned during the transformation journey is debatable.



It's worth noting that technology-focused implementations have a relatively low failure rate, but when viewed from a transformative perspective, the failure rate is significantly higher.

Here's the pivotal question: How can organizations guarantee that their implementation project delivers valuable results?

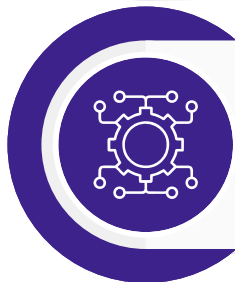
The answer is straightforward: Define the implementation objectives in advance.

Gartner has identified four workstreams that must be addressed before implementing a procurement application to ensure success:



**People:** Involve stakeholders early in the implementation process and establish a governance and change management strategy.

**Process:** Create a blueprint of your existing processes, policies, and metrics in their current state (the "as-is" form), which serves as the foundation for gathering requirements and defining the future "to-be" state.



**Technology:** Evaluate your existing procurement capabilities to determine how to integrate internal and external sources effectively.

**Data:** Extract, prepare, and enrich data across all relevant procurement processes.



Neglecting any of these key workstreams can lead to transformation failure.

Most often, the downfall of procurement transformations can be attributed to a lack of time. Without a comprehensive solution based on these four workstreams, companies often find themselves in a discovery phase mid-implementation, making it impossible to pivot without surpassing timelines and exceeding costs. In essence, time constraints result from inadequate planning.

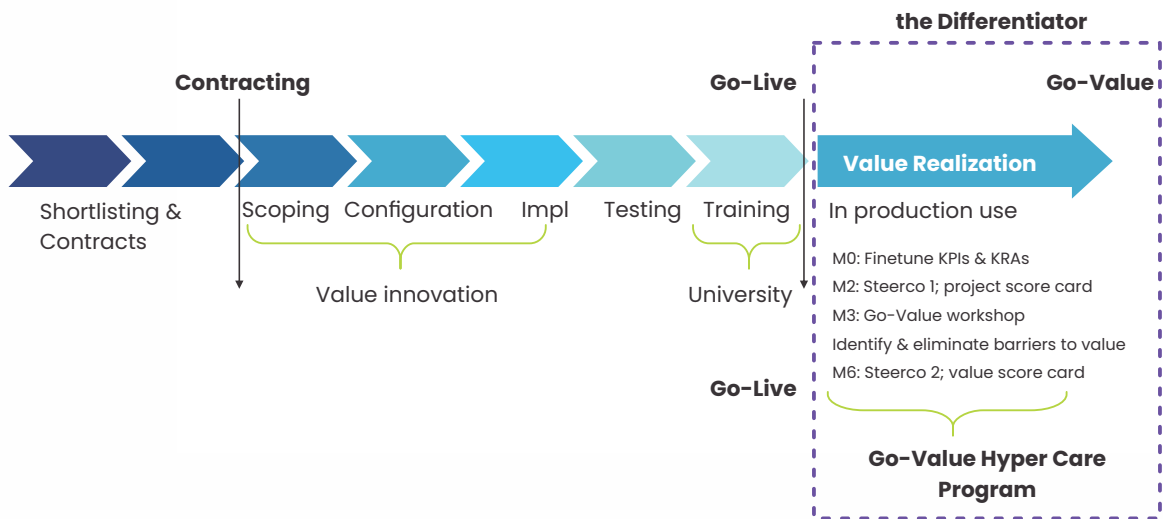
Conducting a critical design thinking session upfront to establish how procurement implementation will drive organizational value is the cornerstone of a successful transformation. Additionally, effective change management becomes more achievable.

Some key considerations include involving only essential parties (minimizing stakeholders to avoid diverting attention from implementation) and ensuring sufficient capacity (or outsourcing critical functions) to maintain business continuity during implementation.

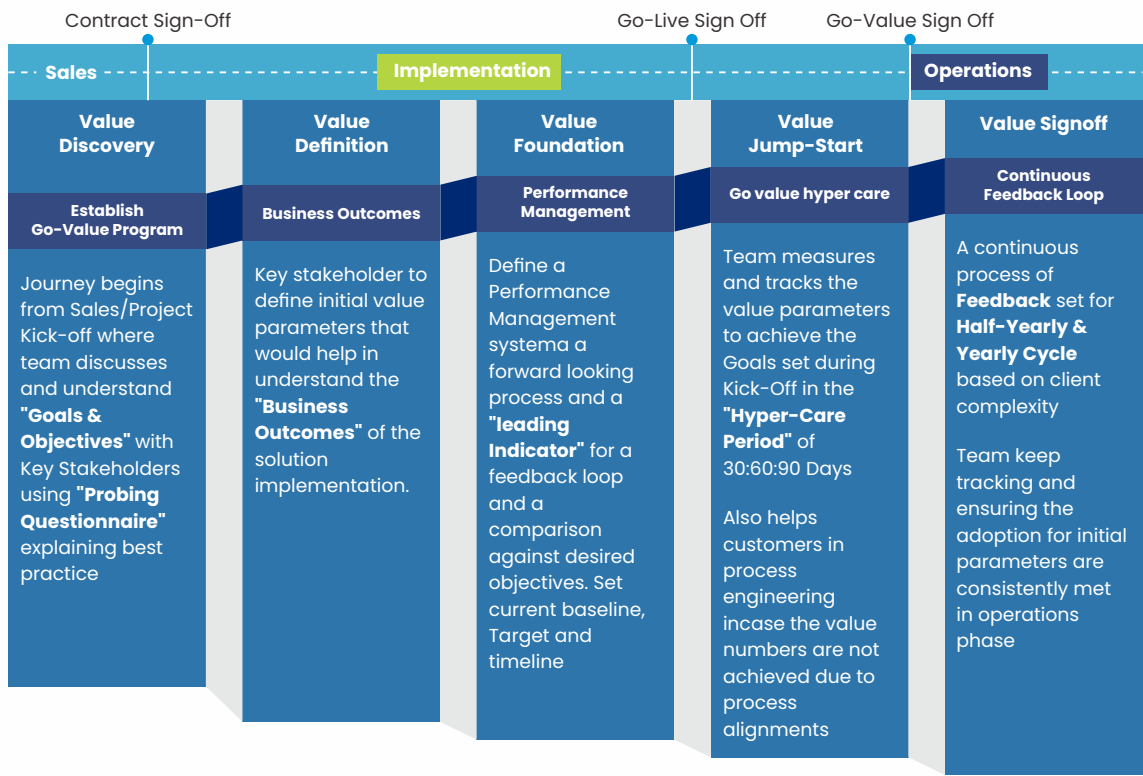


# How Zycus Helps Measure Progress and Achieve Milestones During S2P Transformation

An accurate measure of a successful software implementation isn't merely launching it within the allocated timeframe and budget; it's about experiencing the benefits that the new solution provides, as depicted below:



To evaluate this success, the partner responsible for implementation services should incorporate KPIs that quantify and confirm the program's effectiveness. Alongside the timeline mentioned earlier, a representative approach to realizing this value can be illustrated as follows:



**Choosing the right S2P vendor can make the difference between achieving remarkable success and failing to realize the potential benefits.**

Zycus's Cognitive S2P suite, for instance, enables sustainable performance, sophisticated for your most complex enterprise needs, while maintaining ease of use.

**To check it for yourself, browse the advantages of our product in our [datasheet](#) or book a customized [demo](#) for a personal walk-through!**



Zycus is the pioneer in Cognitive Procurement software and has been a trusted partner of choice for large global enterprises for two decades. Zycus has been consistently recognized by Gartner, Forrester, and other analysts for its Source to Pay integrated suite.

Zycus powers its S2P software with the revolutionary Merlin AI Suite. Merlin AI takes over the tactical tasks and empowers procurement and AP officers to focus on strategic projects; offers data-driven actionable insights for quicker and smarter decisions, and its conversational AI offers a B2C type user-experience to the end-users.

Zycus helps enterprises drive real savings, reduce risks, and boost compliance, and its seamless, intuitive, and easy-to-use user interface ensures high adoption and value across the organization.

Start your #CognitiveProcurement journey with us, as you are #MeantforMore.

