

Modern Procurement Models with 3 Leaders



Introduction

In previous decades, procurement departments were largely seen as cost controllers working on the frontlines of the business and dealing with suppliers. Expenditures had to go through an approval process, especially when it came to technology purchases and enterprise-level software tools.

Fast forward to today, where procurement teams are still largely interacting with suppliers and vendors, but are now taking on more of a strategic role when choosing tools that enable the business. Today's procurement organizations are doubling down on their efforts to make a strategic impact on the company's ability to scale, grow, and remain competitive. They're not just cost controllers, but also advisors on whether (and why) a certain tool or software is a good investment.

At the heart of advisory and organizational enablement is **data**.

Modern procurement leaders believe that data is key in transforming the model from one of “procurement vs everyone else” to one of partnership and support.

To see what this transformation looks like in practice, we spoke with three procurement leaders of high-growth companies (Okta, Box, and Zuora) to hear their thoughts on how procurement is shifting from cost-driven to value-driven and data's role in this process



Okta's Sheel Patel:

“Procurement must be able to react quickly and with agility.”



Working at a company with 35% to 40% year-on-year growth, Okta's Head of Strategic Sourcing and Procurement, Sheel Patel, knows not having speed and the agility to change course is not an option.

“First and foremost, procurement's goal is to enable the business,” explains Patel. “When you're looking at procurement through the value lens, you must consider how decisions will enable a business to move forward.”

Being in a high-growth organization, Patel acknowledges that the only real constant is change. What worked yesterday might not work tomorrow, and **procurement has a unique opportunity to be on the frontlines in finding the best solutions that will drive the organization toward its goals.**

Part of this sourcing process is relying on deeper-level data to understand how employees are using their current software tools and where gaps might exist. “Looking at ‘last log in’ data can only give us so much detail, and because we have so many different tools and platforms, we needed a better way to dig into the data,” says Patel.

One example he gives is by comparing consumption vs creation metrics. Using [Productiv](#), he found that one platform that had higher engagement than another (80-90% compared to about 70%) was being primarily used to consume content rather than create new content. When it was time to make a decision, the choice was clear: they opted for the platform that seemingly had less engagement but made up for it in terms of value creation to the organization.

“Having that type of data in our hands allows us to remove any emotion or attachment to a particular tool or platform so we could drive our decisions purely with facts.”

Data also plays a key role in gaining buy-in and adoption from users in the organization. Patel knows that people don't always respond well to change, especially when you're changing systems and tools they've become familiar with. And even though Okta makes it a practice of bringing in the best-in-class solutions, Patel also underscores the importance of balancing those solutions with comfort.

"If you're chasing every endpoint solution that exists, you're going to end up with a massive list of tools and platforms that aren't going to serve its users to their potential," Patel illustrates. "While we want to go after the best technologies and tools, we must also be mindful about how these tools will help us scale, grow, and thrive. Our tools should enable efficiency, not create more work for us. We use data from Productiv to find and maintain this balance and know without a doubt which tools are truly best-in-class for us."

By maintaining this balance, speed and agility come much easier because Patel and his team can support their decisions with data and visualize the value these decisions create.





Box's Linda Chuan:

“Data provides the clearest route to value.”



Box's Head of Strategic Sourcing and Procurement Operations, Linda Chuan, believes that procurement is largely a collaborative effort, one that should provide value to all partners involved.

“Data provides transparency, which is extremely valuable to all of your collaboration partners.”

“It allows you to look at the company as a whole rather than through siloes and individual functions. When you have these higher-level insights, you can improve strategic decision-making that will support the company's goals,” explains Chuan.

To enable transparency and data-driven insights, **Chuan is using Productiv to stay on top of renewals, costs, contracts, and adoption rates.** She and her team can look at adoption rates to see if a tool they procured was a good investment. She can also dial into how people are using tools at the feature level.

“When I get notifications about upcoming renewals and other contract terms, I have a much longer runway to be strategic,” reveals Chuan. “I have more time to make budgeting decisions and other key choices instead of tracking expenses after the fact or trying to assemble a team because a contract is renewing in two days.”

Chuan feels that having this extra time is also important when negotiating with vendors. She doesn't feel forced to make a decision because time is running out, which gives her more leverage when striking deals and reaching an optimal outcome. And if a tool isn't serving their needs, she has the data she needs to fill the gaps with something that will serve them better.

Something else that adds complexity to managing the SaaS sprawl is tracking the evolution of software tools as new features are added. Chuan reminds us that we're no longer in the era where software is going to stay the same as it was deployed until a new iteration is purchased. Now that updates happen via the cloud on an ongoing basis, she feels it's important to track those upgrades as new features are added and see how those new features impact the business.

"To understand how software tools continue to add value to the organization, we must first understand where the business is going, both in the short and long terms. Then we can see how those solutions may or may not support that business vision over time."

Chuan uses this thought process to right-size their technology procurement and relies on data obtained through Productiv to have crucial conversations with vendors and users.


"I believe Productiv gives us more credibility when we go to the table to negotiate on terms and purchases," admits Chuan. "This data gives us more leverage when we speak with department leaders whether they really need a certain app or tool so that we as a company can maximize our spend power."





Zuora's Maria Centeno:

“Procurement should have conversations beyond price point.”



Zuora's Head of Procurement Maria Centeno's vision of procurement spans across the organization, maintaining the historic function as a partnership across finance, IT, and the business. However, what's changed in recent years is the ease at which new software products can be brought into an organization. This lower bar to entry is leading to an explosion of tools sucking up spend beyond existing software budgets.

To get to the root of which tools truly belong within the organization, Centeno believes that data is the best starting point.

“Procurement as a whole should strive to augment the value they provide to the organization, and this includes knowing which software tools and apps are delivering the greatest value,” explains Centeno. “When we have data that can demonstrate where this value is coming from and not just focusing on costs, I feel we are able to have more impactful conversations with IT and other departments.”

According to Centeno, successful conversations are based on honesty, relationships, and data. Before she started using Productiv, the conversations she is having with teams today are not the same conversations she was having before. She lacked the data aspect that could help to support decision-making regarding a specific tool or app. Now using Productiv, Centeno feels the data also enables honesty to thrive, which in turn helps to foster better relationships with vendors and throughout the organization.

Part of having successful conversations regarding SaaS procurement means not only thinking about SaaS at the time of renewal. In most organizations, Centeno points out that SaaS typically does not have a central point of management.

Teams are over-reliant on vendor-provided information in terms of effectiveness and analytics, and there's a lack of homegrown intelligence regarding app usage and adoption. What's more, renewal notifications are often served up at the last minute, which takes away some of the negotiating leverage.

"All of these points make it very difficult to be in a good position during negotiations," Centeno reveals. "It's a whole different situation when you start talking about a renewal 60 days before it's due!"

To start improving conversations beyond cost, Centeno recommends collecting more data about the tools you use. **A SaaS management platform like Productiv offers bigger benefits over spreadsheets and build-your-own tools because its data goes beyond cost management.**

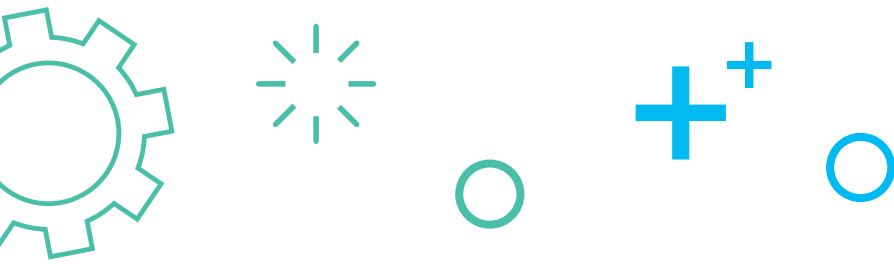
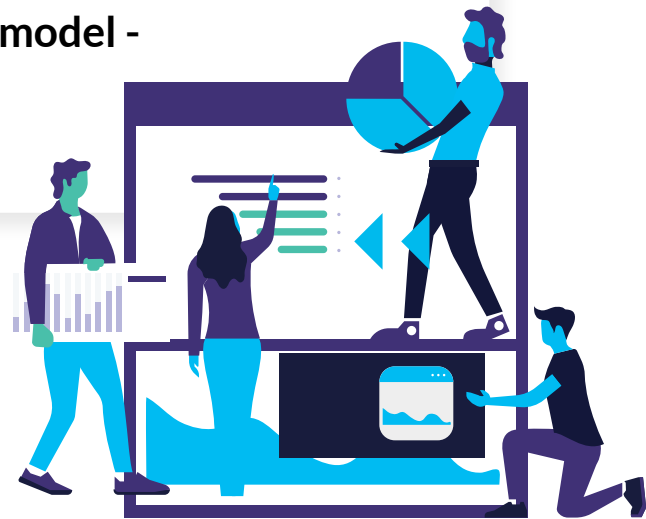
Productiv's platform makes it easy to see its value to the organization as a whole in terms of gaining more negotiating power during renewals, gauging feature usage and adoption rates, and making purchasing decisions with confidence.



Transforming the Modern Procurement Model with Productiv

Modern procurement isn't just focused on cost, but also on the overall value, it brings to an organization. It's about enabling the business to make strategic purchasing decisions that will allow scale and growth. To know whether current tools are living up to these ambitions requires deeper-level data insights delivered by Productiv.

Embrace the modern procurement model - [drive SaaS value](#) with Productiv!



 Productiv

Say Goodbye to the SaaS Spreadsheet.

GET PRODUCTIV

