



Why CFOs and CPOs should work together

Enhancing alignment builds value across the source-to-pay lifecycle



Introduction

In the challenging climate of corporate finance, chief financial officers (CFOs) are recognizing the pivotal role played by chief procurement officers (CPOs) in transforming procurement operations with an eye to increasing company value. It's about more than just dotting lines in an organization chart. It's a strategic collaboration that holds the key to optimizing spend management, reducing costs, enhancing supplier relationships, and mitigating financial risks.





Procurement's eroding value proposition problem

In many large organizations, employees often encounter a multitude of procurement, financial, and risk management applications while working to “onboard” a supplier. Consider a typical scenario in indirect procurement, where a Human Resources (HR) leader of a financial services company seeks to procure a new HR technology and engage with an implementation partner. The leader's simple need is suddenly faced with navigating a maze of departments, processes, systems, and emails to secure budget, initiate the request for procurement support, triaging with multiple governance committees across finance and information technology (IT), before finally getting to sourcing, supplier verification and engagement risk assessments, contracting, and procurement operations. This complexity introduces significant friction and frustration for employees as they seek to do the “right thing” with procurement and risk policies but are faced with a confusing process, outdated digital tools, and slow processing times. Right or wrong, our consumer digital experiences also shape our expectations in the corporate setting, too! Simultaneously, procurement and finance departments face a daunting task to meet such expectations given the increasing responsibility to deliver value (which can take many forms such as cost savings, risk reduction, regulatory compliance, sustainability, and innovation) at the speed their internal customers demand. Failure to do so ultimately results in an expected increase in policy noncompliance as employees look for the “path of least resistance” around procurement and finance departments altogether.



Changing the game with an employee experience strategy

Without a doubt, advanced procurement capabilities contribute significantly to a company's bottom line. However, staying relevant in today's fast-paced environment is tough, and many of the procurement operating models today have not kept pace with the evolving demands of their internal customers. This is understandable as procurement leaders are often hamstrung by high technical and organizational debt, tight operational budgets, and capacity constraints. The last resort is typically a corporate email campaign to the business reminding them about procurement policy mandates and consequences of non-compliance. Those are never quite as effective as people like to admit and are generally a poor experience from an employee perspective as they insinuates that employees are acting with mal intent.

Today's procurement strategies must be much more focused on the employee and supplier experience to achieve value. The most successful companies that exist in the world today win over their customers with top notch design focused on the user experience. Whether it is same-day delivery, the “pizza tracker” to track your order and delivery, or buying suggestions driven by artificial intelligence (AI), these user-centric strategies are widely successful in driving adoption. When was the last time you heard of a procurement or finance mission statement focused on the internal customer or the supplier's experience?





Creating modern, digital experiences to drive adoption

A focus on the user experience eliminates friction points in the procurement and finance process that ultimately hinder adoption. It also helps procurement and finance functions (sourcing, contracting, procurement operations, and accounts payable) as well as external functions (legal, risk, IT, and compliance) to work together for a common objective—delivering an important service to an internal stakeholder under pressure to do their function in the business. Going back to our example with the HR leader, how would our operating model have changed if we anticipated the end-to-end process and prioritized the user experience throughout that process? It might look something like this: An employee comes to a corporate portal (“the front door”) and asks, “I need to start a project to replace our corporate HR system this year. How do I get this started?” Per corporate policy, the generative AI-driven interface informs that the corporate policy requires new system acquisitions to be reviewed by first by procurement and directs the user to answer five qualifying questions to start the request. Given that the request is over the minimum sourcing threshold of \$250,000, is IT-related and also requires professional services, a follow-up risk questionnaire is presented for the employee to complete. Once completed, the proper procurement representative receives a notification and validates the request, assembles the team members needed to support this request, and promptly acknowledges that the project has been initiated. Along with this acknowledgment, the system provides the necessary steps needed to complete the transaction, the current status, contributors, and estimated completion times based upon previous history.



Choosing a platform to facilitate transformation

For Finance and Procurement to truly work in harmony, they need technology that integrates with source systems to support the entire source-to-pay process. From demand intake to invoice management, automation streamlines processes, centralizes data, and provides visibility into spend—and it can all be done on a platform such as ServiceNow. This not only reduces overall spend but also increases the value from Procurement and Finance activities. The technology platform must facilitate cross-functional workflow capabilities in order to help remove friction from the procurement process. All parties operating on the same platform enables better coordination, visibility, and efficiency across functions. KPMG can provide long-term strategies, integrated frameworks, and re-imagined approaches that help Finance and Procurement remove silos to work together seamlessly, reducing spend and adding value as they go. We team with alliance partners who have the tech capabilities to help make it happen. For example, clients can leverage ServiceNow’s Source to Pay suite to enable workflow automation for a streamlined user experience.



When CFOs and CPOs collaborate across the entire source-to-pay lifecycle, they can redefine the procurement experience and drive the adoption needed to deliver value to the organization.

— Toby Yu, Principal, Procurement & Outsourcing Advisory, KPMG LLP



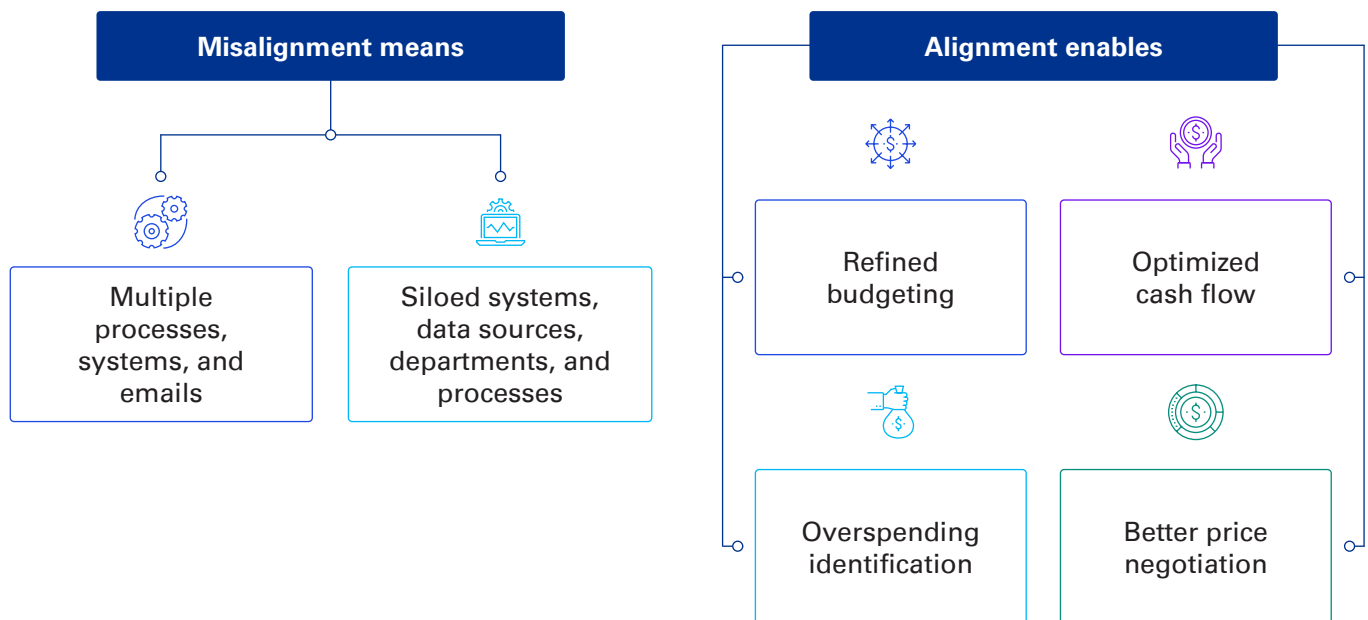
The multiple benefits of CFO-CPO alignment

CFO-CPO misalignment often leads to a “whack-a-mole” scenario that causes value leakage across the source-to-pay value chain. With alignment, finance and procurement can be a formidable force for change within organizations. Together, they are able to address diverse business needs, including cost reduction for increased profit margins, supply chain resilience through diversification, and effective management of commercial risks through favorable supplier terms, not to mention increase confidence in budget projections.



A technology-enabled approach can increase value

We believe when CFOs and CPOs collaborate across the entire source-to-pay lifecycle, they can redefine the procurement experience. Functional alignment enabled by integrated technology drives increased productivity, reduces costs, and unlocks greater value for the business.



To learn [more](#), explore KPMG finance, procurement, and supply chain offerings enabled by ServiceNow’s Source-to-Pay Operations.

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