

Harnessing AI to Maximize Value for Money and Mitigate Risk

MAXIMIZING YOUR YIELD

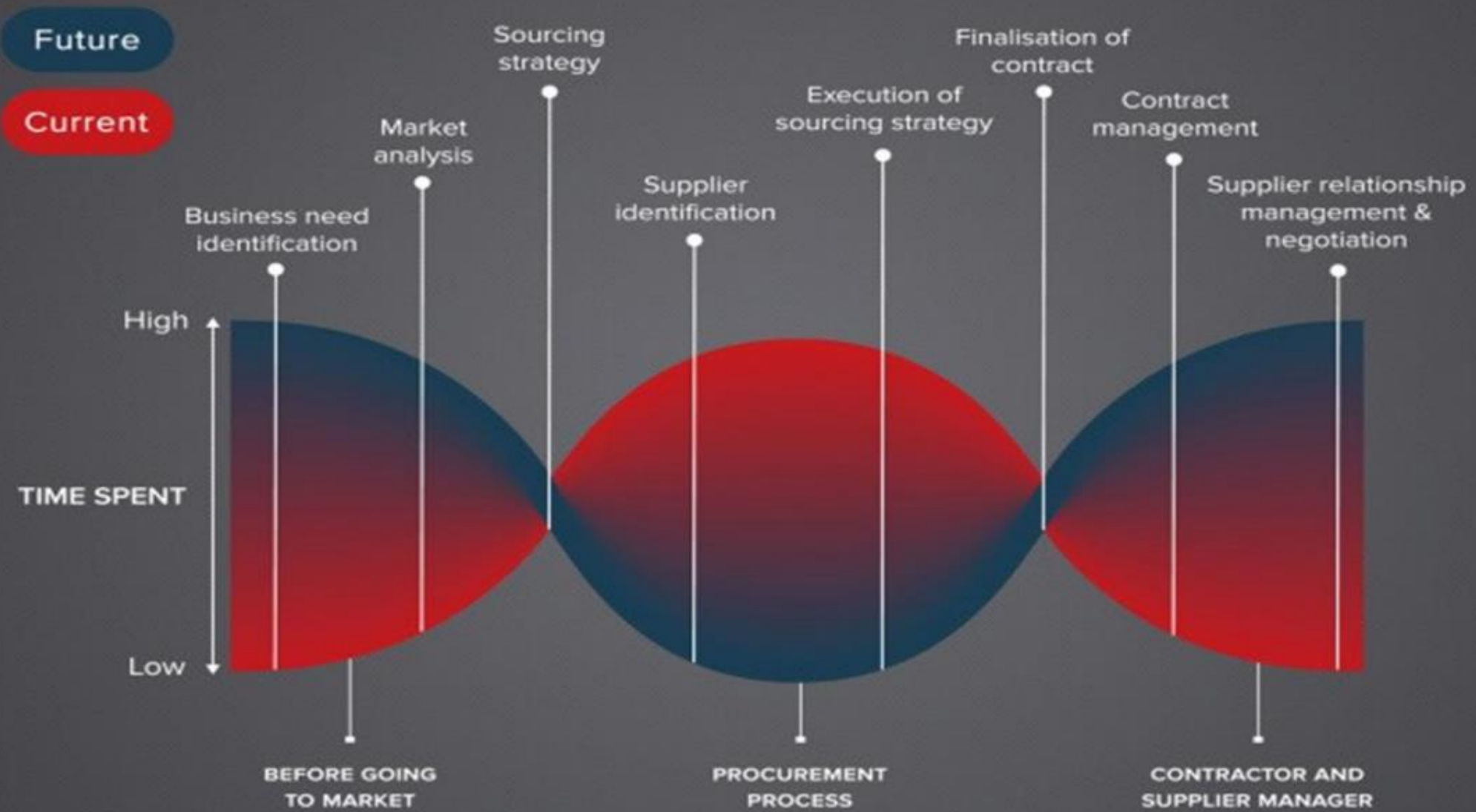
Summary

- Many view the advent of Artificial Intelligence as a challenge, while others embrace it as an opportunity.
- AI will impact nearly everyone in procurement.
- Success will come to those who approach AI as an enabler, allowing those practitioners to focus on strategy and relationships.
- Not everyone will adapt, which will lead to redesigned supply chains.

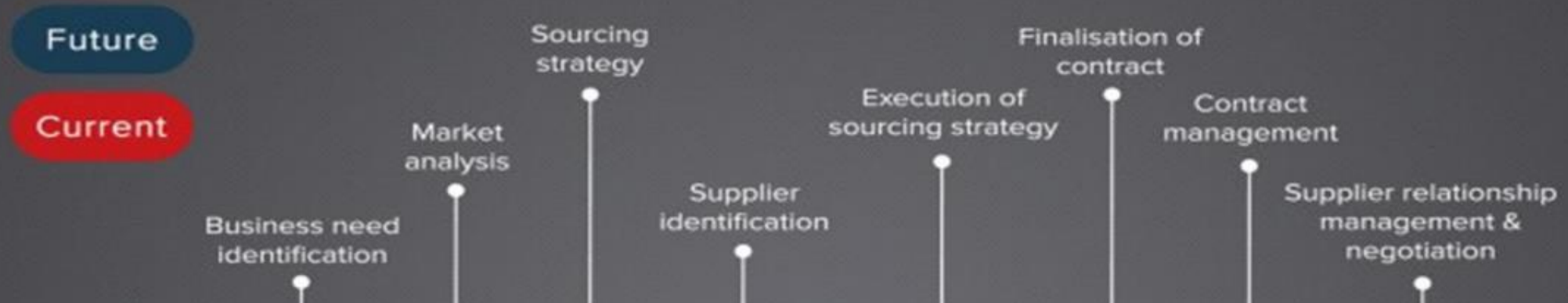


Will mail trucks
eliminate my job?

IS THERE A NEW DNA FOR COMMERCIAL PRACTICE?



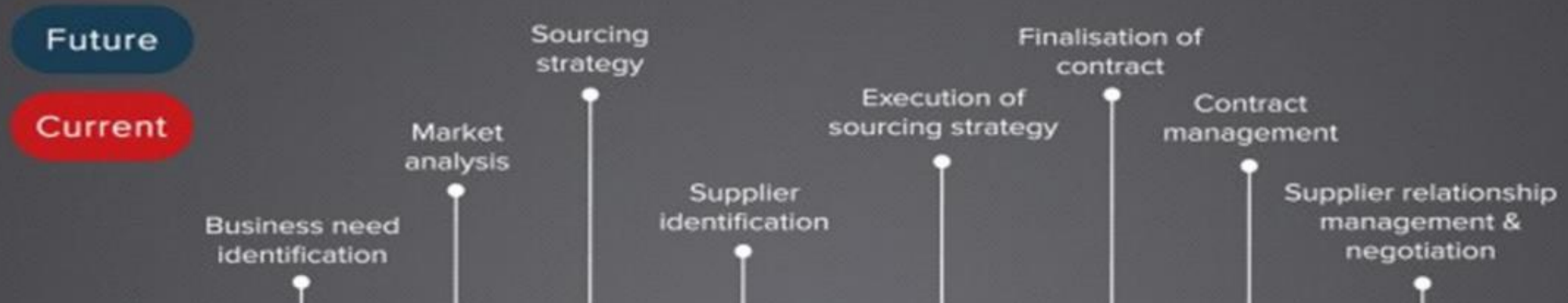
IS THERE A NEW DNA FOR COMMERCIAL PRACTICE?



- Will AI help flip the curve?
- Will we outsource to those who more effectively harness AI?



IS THERE A NEW DNA FOR COMMERCIAL PRACTICE?



- Will we focus on strategy, category strategies?
- Will we focus on Supplier Relationship Management?
- Will we focus on collaborative/relational contracting to foster innovation?

BEFORE GOING
TO MARKET

PROCUREMENT
PROCESS

CONTRACTOR AND
SUPPLIER MANAGER

Summary

- Six key trends impacting procurement practitioners today ... and tomorrow.
- Five AI technologies to consider in retaining procurement's relevance.
- Four ways that procurement processes and policies must be modified to remain effective.
- Three options to pursue when suppliers are not using AI.
- Two measures of success in AI integration.

Key Trends

- Six key trends impacting procurement
 - Integrated supply chains
 - Who is contributing value?
 - Who is hoarding value?
 - Who is creating risk?
 - Who is mitigating risk?
 - Who can be a better link in our supply chain?

Key Trends

- Six key trends impacting procurement
 - Drafting tenders, contracts, and other documents
 - What are the key points to ask in the RFX?
 - What have the answers been?
 - What are the most viable answers in the proposal?
 - What contract clauses can/should they accept?
 - What is AI's role in due diligence?

Key Trends

- Six key trends impacting procurement
 - Key Performance Indicators – real-time
 - Which ones are truly key to us?
 - Which ones are key to the supplier?
 - Are our KPIs aligned, or disconnected?
 - Are the KPIs still fit for purpose (three years later)?

Key Trends

- Six key trends impacting procurement
 - Dashboards – current and accurate
 - Dependent upon clean, Big Data
 - Can AI scrub our data?

Key Trends

- Six key trends impacting procurement
 - Risk analysis tools – predictive, leading indicators
 - Joint risk registers
 - Financial equivalents are more than $P * I = R$
 - Risk mitigation plans are AI-generated
 - Personal attitude on risk is eliminated/minimized

Key Trends

- Six key trends impacting procurement
 - Spend/Value analysis
 - How much analysis comes from AI versus humans?
 - Analysis leads to action – does AI trigger action
 - E.g., expenditure allocation is decided by AI
 - Three suppliers – 60% to A, 30% to B, 10% to C
 - KPIs drive the allocation of spend – is this flawed?

Key Trends

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 - Key Performance Indicators – real time
 - Dashboards – current and accurate
 - Risk analysis tools – predictive, leading indicators
 - Spend/Value analysis

AI Technologies

- Five AI platforms for procurement's relevance.
 - Generative AI
 - Writing/ChatGPT – tender/contract drafting
 - Text-to-speech, speech to text – entirety clause
 - Translation, e.g., Legal Robot – changes legalese into “easy to understand” sentences.
 - Workflow – process and procedure compliance
 - Data analytics – analysis and decision making

Fit For Purpose Processes and Policies

- Four ways that procurement processes and policies must be modified to remain effective.
 - Data and work product ownership
 - Confidentiality/Non-Disclosure
 - Procurement as a department or a role
 - Risk/Value Allocation

When Suppliers Remain Analog

- Three options to pursue when suppliers are not using AI.
 - Help elevate them – Supplier Development
 - Go analog too
 - Drop the supplier

Measures of Success

- Two measures of success in AI integration.
 - Increased Value for Money
 - Stakeholder Satisfaction
 - Strategic Alignment
 - Relationship Management - Innovation
 - Mitigated Risk

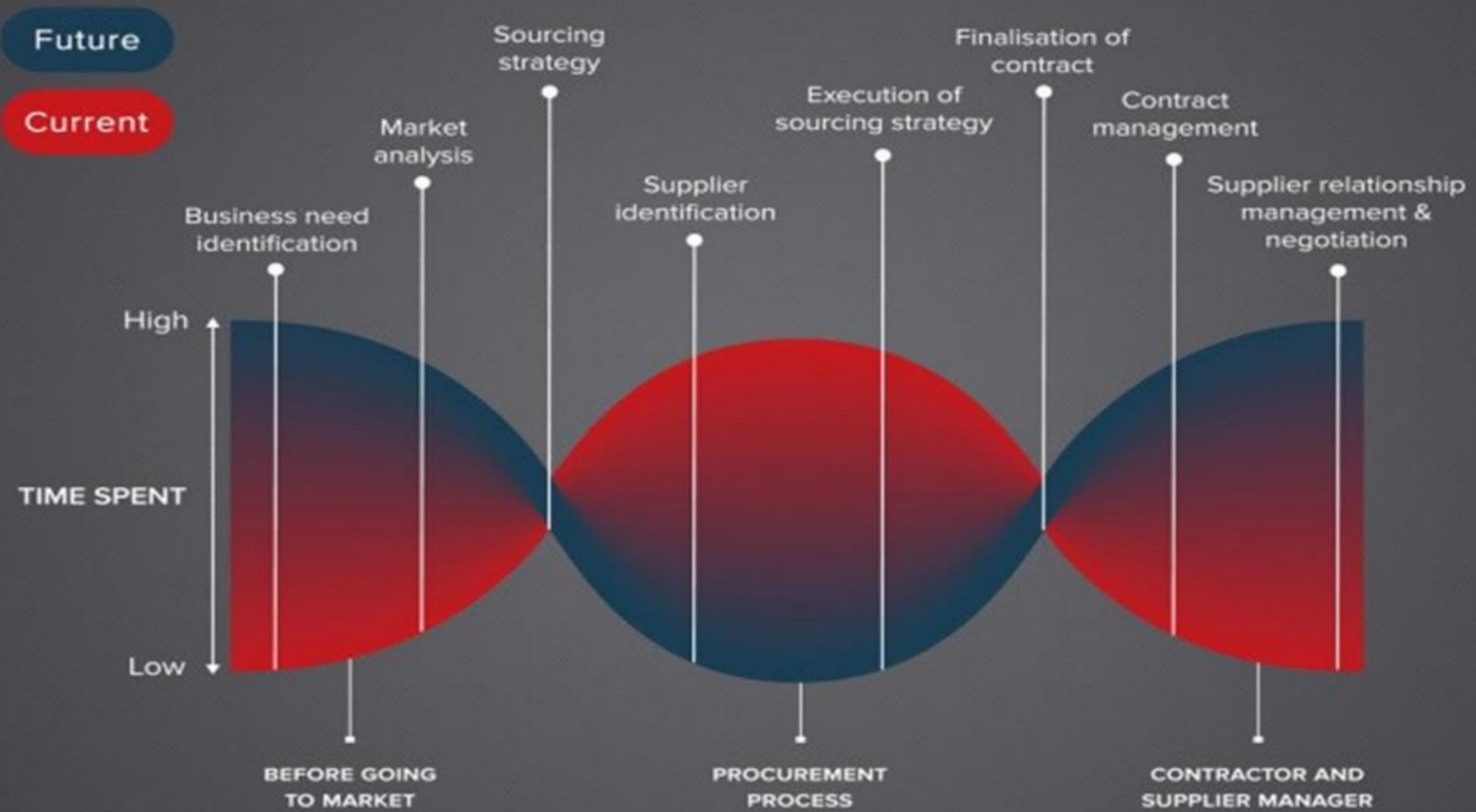
Key Checklist Points

- Current AI state, future AI state, gaps
 - Internal
 - Supply chain partners
- Integration plan – RACI, project plan
- ROI calculation – both internal/external
- Skills
- Contract clauses, e.g., data ownership

How Does This Apply to Your AI Situation?

- What opportunity can you identify in your role?

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Questions...



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