

Growth: the cost and digital imperative

The Deloitte Global CPO Survey 2017

www.deloitte.com/us/chief-procurement-officer-survey

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Introduction

Welcome to the annual Deloitte Global Chief Procurement Officer (CPO) survey report. Since 2011, our annual survey has provided unprecedented insight into the key opportunities and challenges shaping the future of procurement. It provides a global benchmark of sentiment in the function.

The survey was conducted in association with Odgers Berndtson and received a record number of responses. Four-hundred eighty procurement leaders from 38 countries around the world took part, representing organizations with a combined annual turnover of \$US4.9 trillion.

The report covers the state of play on key themes and challenges facing the procurement function, including market dynamics, value delivery, collaboration, digital procurement, and in particular, talent.

In the report you will find:

- a summary of key insights into the sentiment of CPOs
- observations and practical advice from procurement leaders and Deloitte specialists
- infographics on results by industry and by region

Whether a member of the c-suite, a procurement leader, business partner, procurement practitioner, or supplier, we hope that you will find this report valuable in furthering your ambition, strategies, and performance. Please contact your local Deloitte team (see Contacts section) to discuss any feedback and how the findings relate to your procurement function.

Thank you to the executives who have contributed for your time and insight. We look forward to continuing the journey with you.

Let's make an impact that matters.



Brian Umbenhauer
Global Head of Sourcing & Procurement
Principal, Deloitte Consulting LLP

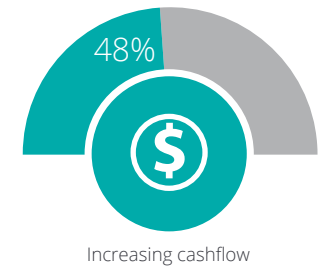
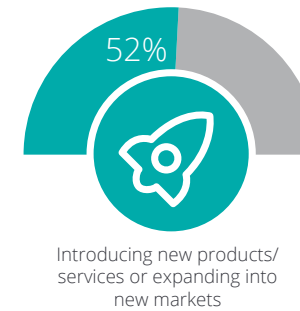
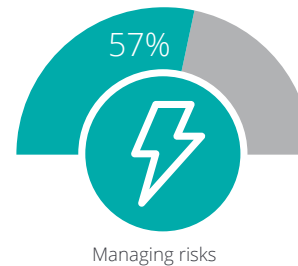
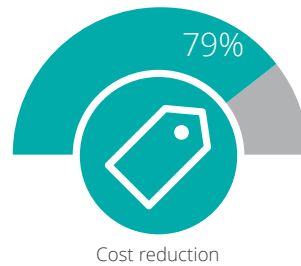


Lance Younger
UK Head of Sourcing & Procurement
Partner, Deloitte Consulting MCS



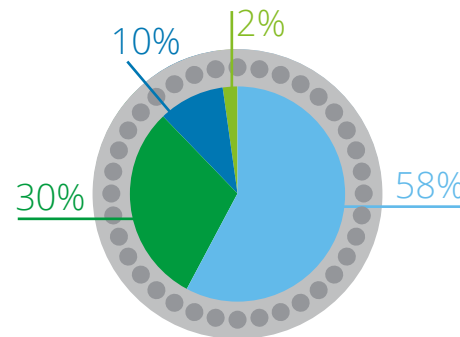
Survey findings at a glance

Cost reduction remains the top priority for CPOs as they look to support growth in an uncertain market.
The top four business priorities for CPOs in 2017 show an increased focus on cost reduction and cash flow



Fifty-eight percent of organizations achieved a higher savings performance compared to last year.

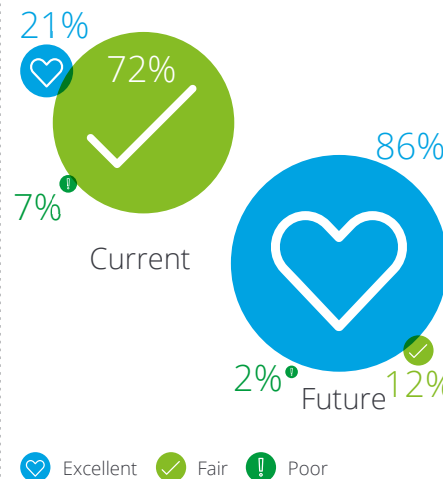
Current year savings performance compared to last year



- Better than last year
- The same as last year
- Worse than last year
- No formal performance tracking

Seventy-five percent of respondents have executive support for procurement, which should help procurement achieve its business goals.

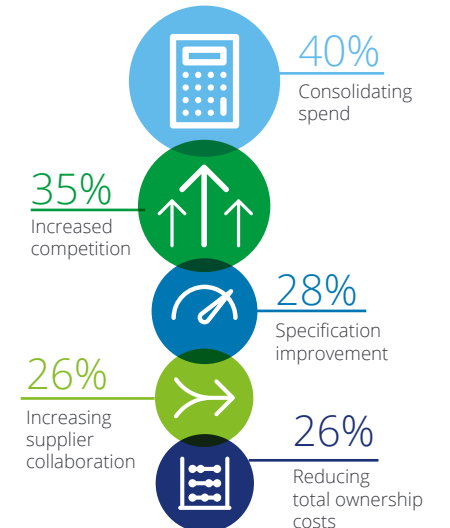
Current effectiveness of the procurement function as a strategic business partner, in comparison to where procurement aspires to be



- ♥ Excellent
- ✓ Fair
- ⚠ Poor

CPOs are primarily focused on the following procurement levers to deliver value over the next 12 months.

Key procurement levers



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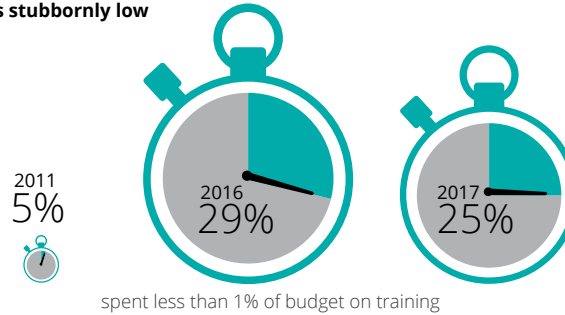


Even with an increased requirement for more leadership and digital skills, there is limited change in the investment or approach to fulfil this requirement.

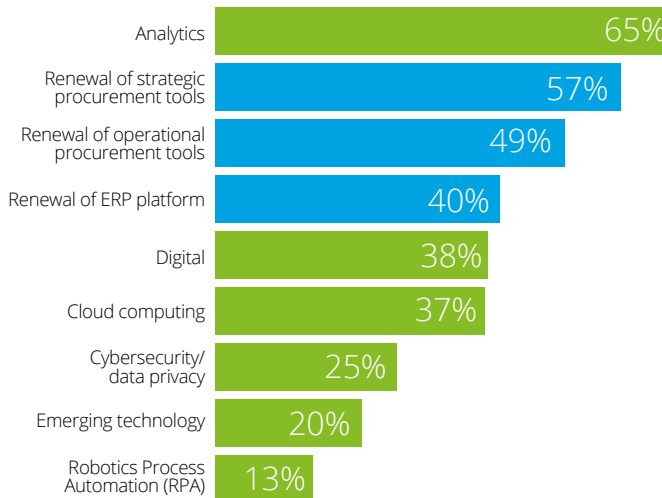
Sixty percent of CPOs do not believe their teams have the skills to deliver their procurement strategy



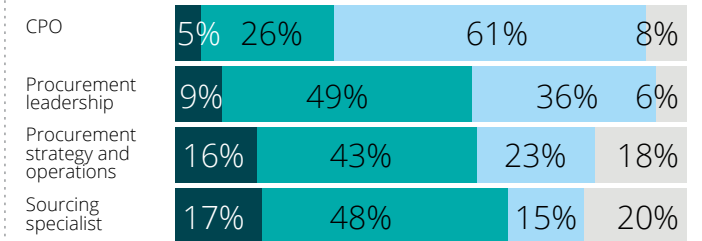
Investment in new talent development approaches and training remains stubbornly low



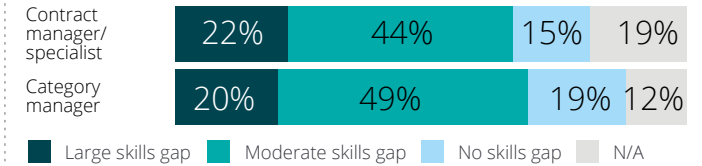
Technology areas that will have the most impact in the next two years



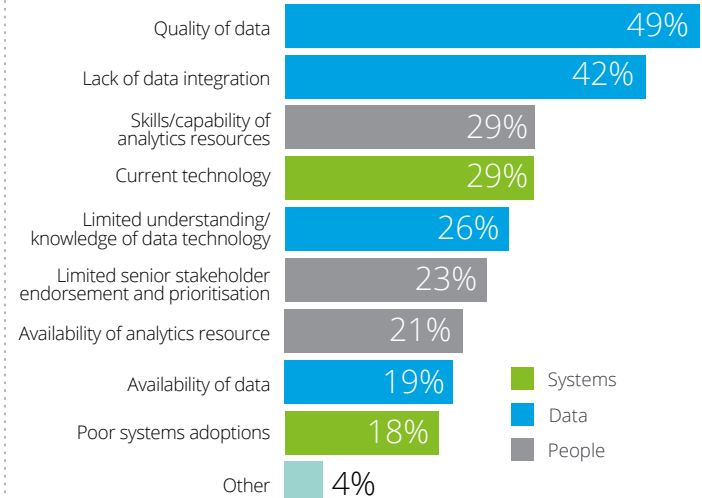
Business partnering skills gap



Analytics skills gap



Main barriers to the effective application of digital are data, people, and systems



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Growth ambitions are high in an uncertain market. The pace of change and increased uncertainty requires superior levels of funding. Defensive strategies being implemented by Chief Financial Officers (CFOs) demand that procurement place a greater focus on risk and a rapid release of value. The traditional procurement operating model likely has to change—a lack of talent and increases in digital innovation demand it.

The procurement function has progressed slowly—with a few exceptions—since this survey first began in 2011. We've also seen a small number of high performers demonstrating leadership within their organizations and industries.

We recognize that, despite the pressure to evolve and innovate, procurement is faced by capacity and capability constraints. Procurement executives have tough choices ahead. They will have to find new ways of generating productivity, focus, and investment—or future performance will continue to be hampered.

We remain confident that procurement does have a critical role in shaping companies' overall business models and supporting value delivery. In particular, respondents report procurement is using the procurement levers of consolidating spend (39 percent), increasing competition (35 percent), specification improvement (28 percent), increasing levels of supplier collaboration (26 percent), and reducing total ownership costs (26 percent).

The survey shows that executive support for procurement has never been stronger. Organizational expectations have also elevated. For high performing CPOs who wish to have significant influence over commercial decisions, value delivery, and risk management, they will need a significant improvement in execution, performance, and leadership.

Our research shows that these high performers deliver increases in savings year after year. They are also more focused on security of supply and more effective at business partnering than their peers. We've identified seven capabilities that are critical for high performance:

- Executive advocacy
- Stakeholder alignment
- Decision making
- Talent strategy
- Talent investment
- Talent capability
- Digital procurement.

There is significant opportunity for most companies to improve across these seven areas; moving from poor to excellent performance levels.



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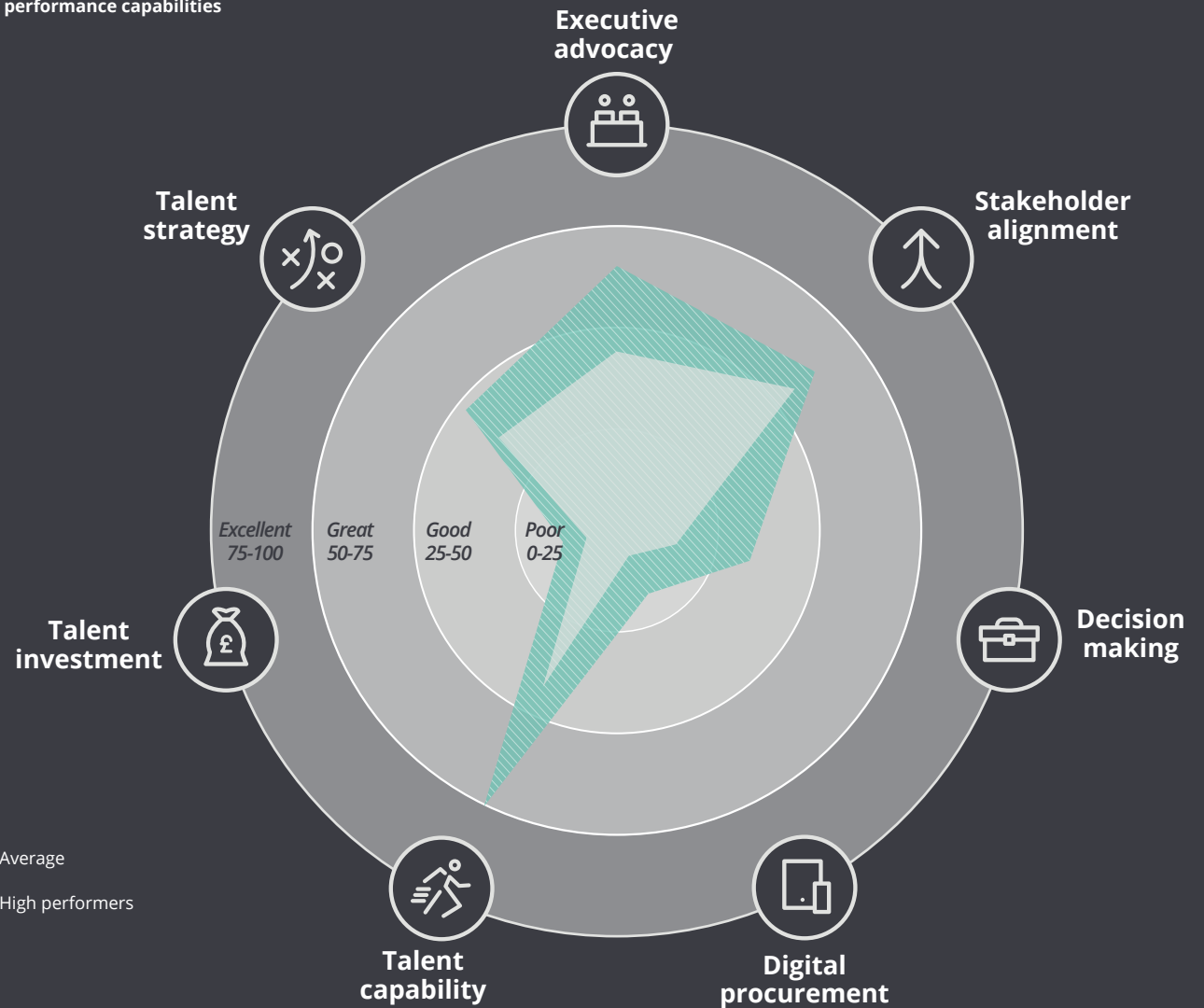
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High performance capabilities



■ Average
■ High performers



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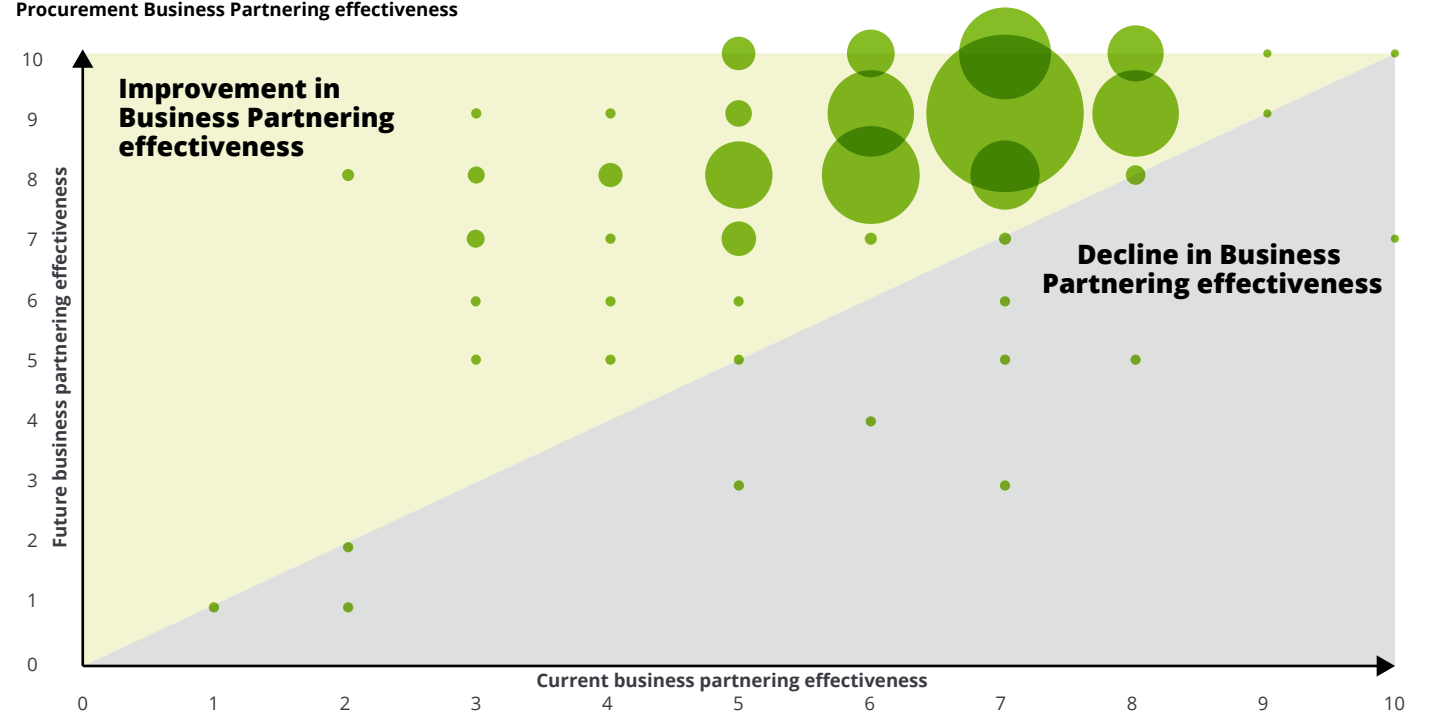
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This year's survey highlights that collaboration, talent, and digitalization are all key areas of focus for CPOs. The majority of CPOs surveyed rate their current effectiveness of business partnering at less than 70 percent and have an ambition to be greater than 90 percent. For most organizations, this growth in effectiveness will require a significant improvement in business partnering.

Procurement Business Partnering effectiveness



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It is clear that procurement will need to move rapidly from establishing "trusted operator" status to being a "business co-creator." Procurement will be measured by the scale and nature of implementation and results. High performing procurement teams are involved in strategic business and supplier collaboration activities ranging from mergers and acquisitions (M&A) to corporate risk planning and new product/service development. On the other hand, supplier collaboration as a lever for delivering value has actually fallen substantially this year—a fact that concerns those in procurement. In addition, a significant numbers of CPOs and procurement leaders acknowledge that they have a business partnering skills gap that needs to be closed.

Procurement will need to move rapidly from establishing "trusted operator" status to being a "business co-creator."



The CPOs surveyed view talent and CPO leadership as the greatest factors in driving procurement performance. Talent investment—training, recruitment, or career planning—should focus on delivering the digital agenda. It also needs to ensure the function's capabilities and outputs are understood and embedded in the business. This digital focus is a radical departure from today, and CPOs can no longer shape talent in their own image. A key to this is finding a purpose which inspires millennials. The function should gain access to this new breed of innovators, challengers, and digitally-minded thinkers.

Talent and CPO leadership are viewed by CPOs as the greatest factors in driving procurement performance.



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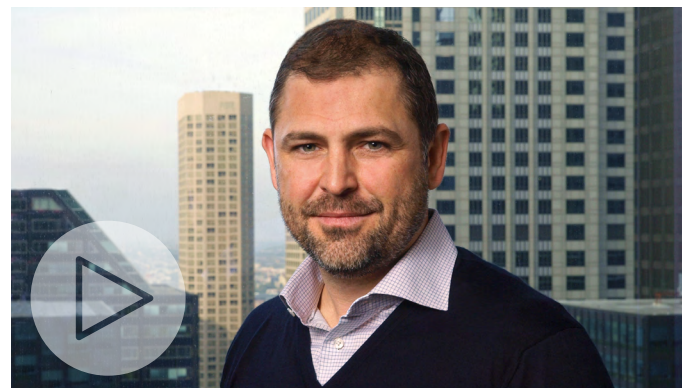


Procurement recognizes the need to embrace automation to make transactional processes invisible, seamless, and efficient. It also recognizes that the predictability and pro-activeness of value added processes like supplier management remains vital. Strategically, CPOs should also be considering how they support the evolution of analytics, security, emerging technologies, and digital supply networks (DSNs). DSNs seamlessly tie together all elements of the supply chain from design to end customer with constant, instant, and dynamic analytics and intelligence.

Digital transformation will be a strong enabler for economic growth and productivity—reducing the operational procurement work, amplifying the strategic procurement work, and allowing resource investments to focus on higher value added activities.

In this year's survey, as well as identifying the complexities of high performing procurement functions, we have identified actionable insights CPOs can incorporate within existing plans. Some of these are incremental actions—best practices that distinguish top performers from others. Exponential actions are bold leaps forward. They involve ambitious thinking that we believe will support a revolution in the function's performance.

Watch Brian and Lance talk about the survey findings



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This past year—2016—undoubtedly represented a significant point in modern history. It marked greater political instability, retrenchment from globalization, emerging market challenges, and social and economic uncertainty.

For global business, this uncertainty is causing c-suite executives to pursue defensive strategies, even while most remain confident in their ability to grow. Accommodative monetary policy in many markets continues to ensure easy access to finance, with bank borrowing and corporate debt fuelling expansion. While differing somewhat across industries an ongoing focus on innovation—through new product development and driven by an ever shortening product lifecycle—underpins growth. M&A and new market entry have moved down the corporate agenda this year.

CFOs recently surveyed by Deloitte highlighted that cost is, once again, the unrivalled focus for business.¹ Delivering growth will require a right-sized cost base, and businesses will need to be agile to adapt in a new normal level of uncertainty.

For Chief Information Officers (CIOs) top priorities are customers, growth, performance, cost, and innovation. This will require large scale digital shift, transforming back end technologies and legacy IT systems, as well as significant changes in digital culture, skills and capabilities.²

CPOs surveyed have heeded the call. They have signaled cost and risk management as their two primary focal points for the coming year. Our respondents indicated a slight increase in overall business risk levels. Key global risks (admittedly surveyed prior to the US election) included weakness and volatility in emerging markets, rising geopolitical risk, the possibility of a renewed Euro crisis, and the spill over effects of any slowdown from China.

Uncertainty also allows procurement to actively lead as the natural custodian of third party cost and supply assurance in the business.

Once again, CPOs find themselves in an enviable position. With defensive strategies in play by the c-suite, procurement has an undoubtable invitation to create a strategic advantage for the business they serve. Market conditions, such as low commodity prices, also appear to be rewarding the deployment of tried-and-tested procurement strategies of consolidating spend and increasing competition in the supply market. In doing so, our respondents have provided strong support to their fellow executives and shareholders, with 58 percent of CPOs surveyed delivering better savings performance than last year.

At an industry level—where business partnering is strong—there tends to be better savings performance. Example industries include energy and resources, manufacturing, and life sciences and health care. Technology, media and telecommunications are performing poorly in both partnering and savings delivery and exceptions exist in charity and not-for-profit.

Finally, the invitation to procurement also comes with an urgency to innovate, evolve, and deliver new sources of value. The current environment and digital imperative creates an opportunity to leverage permission for long required changes to delivering value through both incremental and exponential actions.



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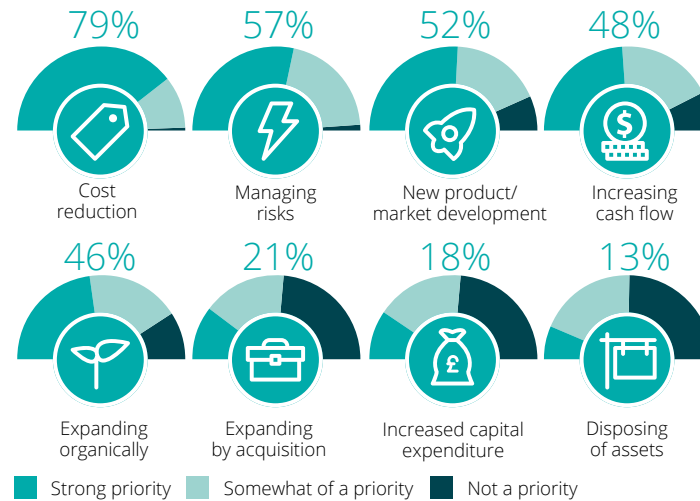
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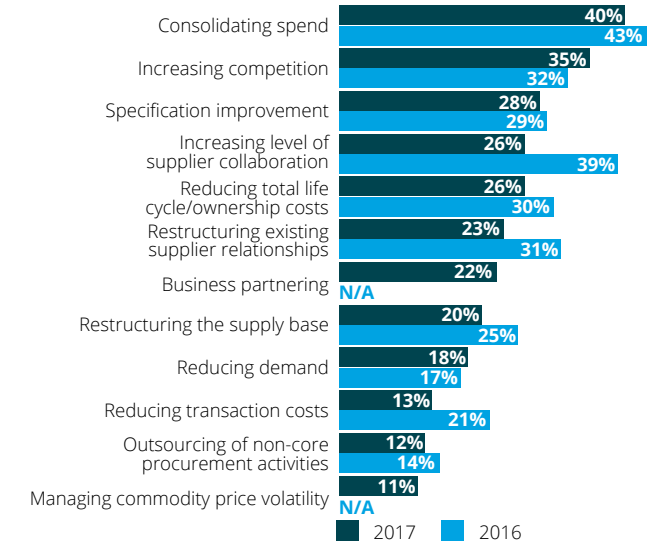
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Cost reduction remains paramount, as does risk and new product/market development.

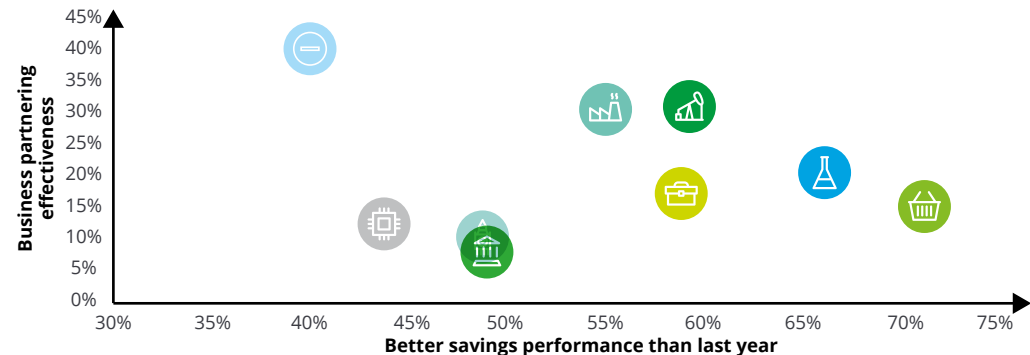
Prioritization of business strategies over the next 12 months



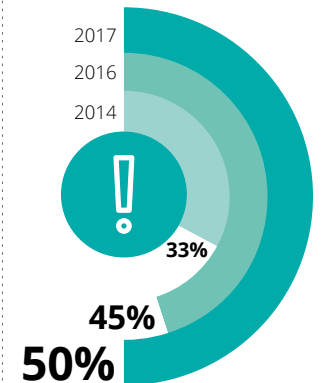
CPOs will continue their focus on generating value through traditional levers over the next 12 months



Comparing savings performance to business partnering effectiveness across industries



Net balance of respondents reporting a significant resurfacing of procurement risk continues to increase



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What does this mean for procurement?

Incremental actions

- Leverage procurement's access to supplier market information and business intelligence data to help the business navigate uncertain times.
- Partner with business stakeholders in cross-functional teams to design and execute cost management strategies. This will support reducing costs and improving cash flow.

Exponential actions

- Generate competitive advantage for your business through innovative cost management approaches and new business models, beyond traditional competition driven levers.
- Reduce the impact of economic uncertainty by utilizing hedging, predictive forecasting, supply chain management and supplier risk management approaches, and digital solutions.



“CFOs continue to see significant risks in the economic environment and perceptions of uncertainty remain elevated. CPOs are clearly aligning themselves to a broader executive-level focus on cost and risk management, and in many ways are reaping the rewards from playing to their traditional strengths.”

Ian Stewart, Chief Economist, Deloitte LLP



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Procurement value drivers

The identification of correct value drivers for procurement should be closely linked to the organization's overall business objectives and c-level suite priorities, as well as the economic environment.





At a company level, high performers are focusing on the execution of one of four design-driver business models:

- Operational excellence
- Product leadership
- Customer relationship management
- Market making

With uncertainty and growth ambitions being a constant in many organizations, it is understandable that the number one priority for 79 percent of CPOs surveyed is reducing costs. This statistic is closely linked to the 48 percent of CPOs wanting to increase cash flow.

This focus on cost supports investment in the introduction of new products and services as well as expanding into new markets, with

Emerging business models

	Operational excellence 	Product leadership 	Customer relationship management 	Market making 
Company Business Model Characteristics	<ul style="list-style-type: none"> • Proprietary capabilities that lower total value chain cost in a differentiated way • Manage high volume, routine processing activities • Emphasise economies of scale and efficiency 	<ul style="list-style-type: none"> • Brand or proprietary technology that allows the company to charge a premium • Initiate change to which competitors must react • Focus on innovation and being first to market 	<ul style="list-style-type: none"> • Intimate focus on delivering best total solutions to customers • Offer new combinations of boundary-spanning products, services and information • Focus on economies of scope and customer relationships 	<ul style="list-style-type: none"> • Act as a main facilitator between consumers and producers • Integrate vertical products and services • Focus on economies of mass and reach
Procurement Value Levers	<ul style="list-style-type: none"> • Restructuring the supply base • Increasing competition • Reducing demand • Consolidating spend • Reducing transaction costs and TCO • Managing commodity price volatility 	<ul style="list-style-type: none"> • Restructuring the supply base • Specification improvement • Increasing level of supplier collaboration • New product development 	<ul style="list-style-type: none"> • Restructuring supplier relationships • Greater business partnering • Increasing levels of supplier collaboration • Corporate risk management and plans • Shaping/changing the way services are delivered 	<ul style="list-style-type: none"> • Restructuring the supply base • Creating new business models • Subscription, on-demand economy opportunities • Increase transparency through supply chain (economic and transactional)

52 percent of CPOs seeing this as a priority—an increase of 11 percent over last year.

It also allows CPOs to manage uncertainty. Eighty-seven percent of organizations faced a disruptive incident with suppliers in the last two to three years,³ and risk is the second most important priority for CPOs. Procurement risk is at its highest ever level, increasing to 50 percent this year.

However, with a drop in supplier collaboration as a priority this year (from 39 percent to 26 percent) and a reduction in the restructuring of existing relationship in favor of increased competition, generating innovation and managing risk will likely become increasingly difficult for procurement.

The importance of procurement's role in cost, risk, and growth is reinforced in this survey. Seventy-five percent of respondents stated that their executive teams were supportive of the development of procurement.



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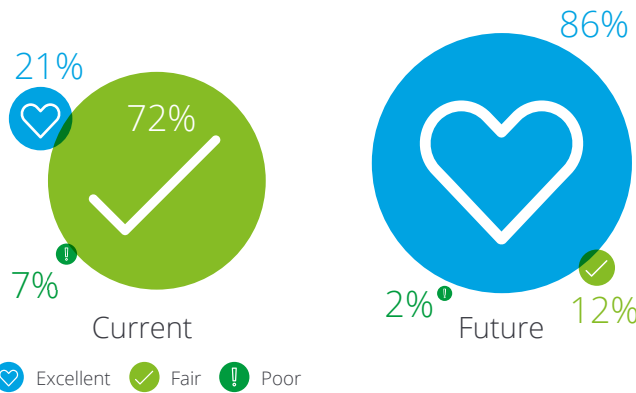
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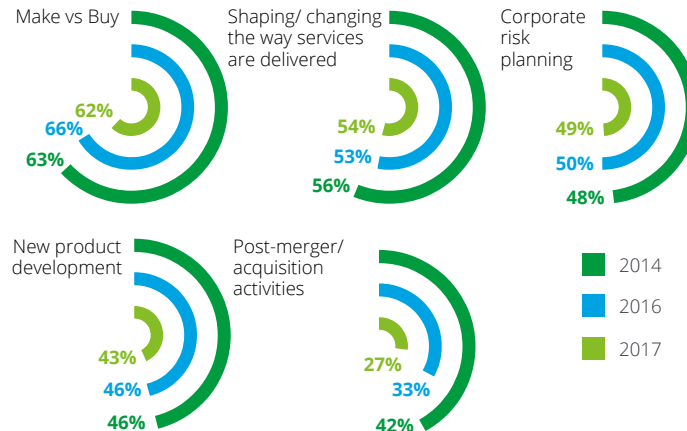
Seventy-five percent of respondents have executive support for procurement. This should help procurement achieve its business partnering ambitions.

Current effectiveness of the procurement function as a strategic business partner, in comparison to where procurement aspires to be in the future

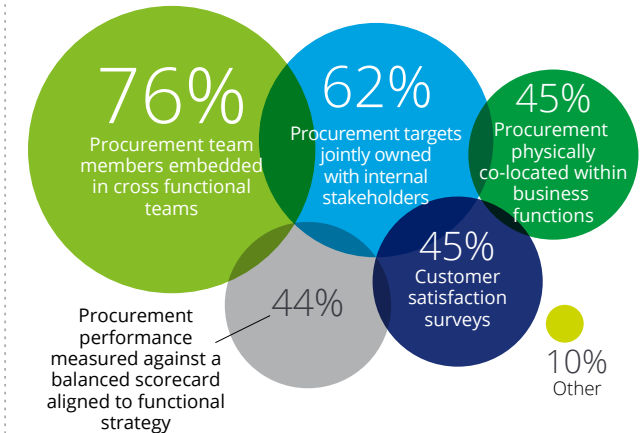


Procurement's involvement in decision making remains largely unchanged over the last three years.

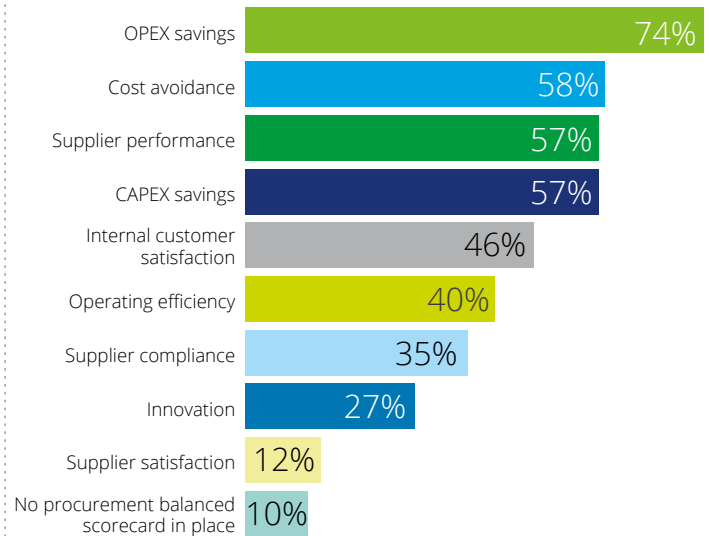
Percentage of respondents playing an active role in the following categories of decision making (always + usually)



Approaches employed to understand stakeholder requirements:



Cost dominates the measures forming the organization's procurement balanced scorecard.



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Collaboration with business and suppliers to deliver value

Business partnering should encompass a broader focus than just relationship management or interaction. It should include understanding and translating the business strategy into relevant procurement approaches, providing genuine and timely insight, and ultimately acting as a challenging friend to the business and as its trusted advisor. C-suite leaders use this status as a base to become “business co-creators,” who deliver opportunities through improved customer and supplier experience, digitalization, and business transformation.⁴

The same partnering attributes required internally apply equally to interactions with suppliers. In many ways, the structure and execution of the supplier interaction should be considered a source of techniques for internal engagement. Procurement professionals should challenge themselves to understand functional stakeholders in the same way they do their suppliers. Similarly, the joint ways of working, collaborating, and innovating like the most successful functions demonstrate with stakeholders should provide a blueprint for supplier interactions.

The same partnering attributes required internally apply equally to interactions with suppliers.

“Effectively collaborating and partnering with the business in a complex organization is critical to managing demand and influencing decision making, thus being a key enabler for procurement to meet the increasing expectations of the business in terms of value contribution and impact.

Therefore, embedding business partnering capabilities across all the layers of the procurement function is critical to adequately translating business needs, enabling our service delivery model, ensuring effective implementation, and ultimately driving the realization of savings.”



Marielle Beyer,
Head of Global Pharma Procurement, Roche



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For those that are successful at deploying effective business partnering, the benefits are marked. Singling out the highest performers from the survey, they all demonstrate a number of highly advanced partnering attributes. As expected, it starts with executive level support, with the top performers 23 percent more likely to have strong levels of executive sponsorship. They are also more likely to have jointly agreed targets with the business. They then drive specific strategies to ensure alignment with internal stakeholders. Top performers are more likely, for example, to have a balanced scorecard of measures that speak to functional priorities, and more often co-located with the business users they support. They also recognize the value of supplier partnering, collaboration, and joint improvement initiatives as critical to value delivery.

Across the full range of business decisions—new product development, make versus buy, M&A, corporate risk planning, and defining product or service delivery—those CPOs and

procurement leaders that have been most deeply involved have delivered the highest levels of performance across our global respondents.

Business partnering is a soft skill, and therefore requires the right talent and the right competencies. Seventy-five percent of top performers surveyed believe they have the right people in place to deliver their procurement strategies, while for the remainder of our respondents this figure is only 35 percent. Specific skills associated with leadership, presentation, and business knowledge are all considered hallmarks of effective business partners.

While support for procurement is strong, many procurement teams are focused on cost and risk using short-term levers for short-term results. Fewer are developing and deploying sustainable, collaborative approaches with business partners and suppliers.

Seventy-five percent of top performers surveyed believe they have the right people in place to deliver their procurement strategies, while for the remainder of our respondents this figure is only 35 percent.



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What does this mean for procurement?

Incremental actions

- Continue delivering large-scale sourcing and supplier management improvement programs.
- Develop new partnering skills and seek new leaders from outside of procurement with commercial and supplier engagement skills.
- Ensure balanced scorecard aligns with business, procurement, and supplier targets, with relevance for each key stakeholder.
- Undertake a review of procurement's services and offerings. Take business guidance on requirements and help ensure talent is aligned to priority areas.
- Improve supplier performance and access supplier capability and innovation (for example, through supplier product innovation centers).

Exponential actions:

- Focus on procurement strategies that support the overall organization objectives and areas of differentiation (from cost to risk, to sustainability and innovation).
- Revisit the centralization paradigm and rethink how procurement is embedded in the business using collaboration platforms.
- Concentrate on product development and end customer requirements, understanding demand profiles, challenging specifications and early influence of outcomes, and supplier engagement.
- Deeper relationships with fewer suppliers and an overall improvement in all suppliers' experience with the buying organization.
- Enable business co-creation, making new acquisitions or partnerships with high growth next-generation suppliers or rapid growth into new markets.
- Consider new commercial models with suppliers. Risk-reward type arrangements require behavioral changes within the buying organization if they are to be successful.
- Identify and eliminate friction and noise in all transactions and relationships. Actions include: greater transparency and equal access and light/no touch approaches making it easier to work with business partners and suppliers.



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Sixty percent of CPOs surveyed still believe their teams lack sufficient capability to deliver the procurement strategy. With 87 percent agreeing that talent is the single greatest factor in driving procurement performance, a genuine focus is required. Companies are demanding greater productivity, but overworked employees are not the solution.

What's preventing CPOs from investing in talent? Limited budgets and uncompetitive salary levels are most commonly quoted, followed closely by the unwillingness of their business to invest in additional capacity. We continue to see procurement functions shrink in size, while breadth of responsibilities and ambition continue to increase.

Despite the desire to do more with less, we are still not seeing a change in the structure of procurement. For example, similar to last year, only 12 percent of CPOs are considering outsourcing.

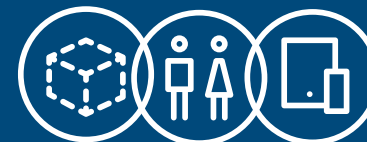
Changing the shape of the function will not be the only answer to improve performance. It will require both acquiring new talent and building the capabilities of existing talent. New expertise doesn't always need to take the form of an employee. The emergence of new services and technologies which can be called on for a fee or on demand (for example, crowdsourcing) are some ways to augment procurement capabilities without adding to headcount or budgets.



Current model Talent-centric

Cost and delivery focus

- Poor talent capability
- Low procurement leadership capacity
- Ineffective deployment of resources
- Many point solutions
- Limited analytics capability



Future model Talent and digital integrated

Greater scope, higher productivity, performance and value delivered

- Strong leadership
- Improved talent capability
- Automated workforce
- Digital platforms
- Outsource non-core
- Increased integration
- Supplier talent and technology integration
- Technology and analytics solutions
- Hybrid digital architecture

Talent key findings

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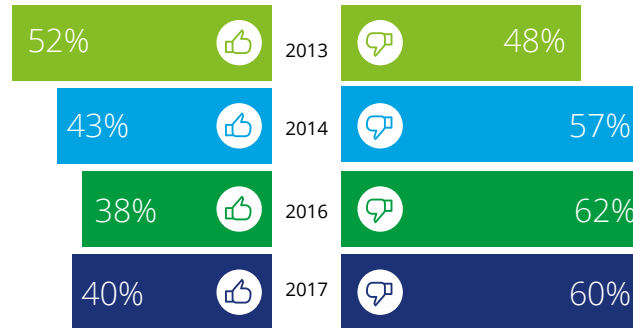
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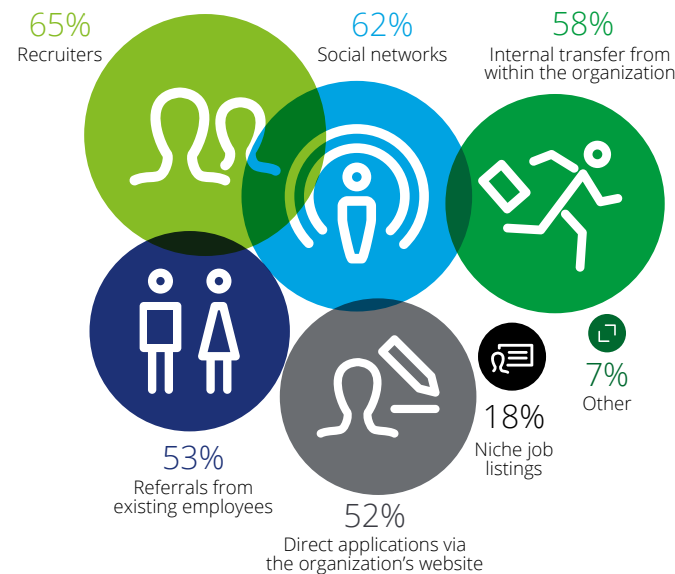
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There is a significant and sustained talent gap in procurement. CPOs consistently believe their teams lack the skills needed to deliver their procurement strategy.

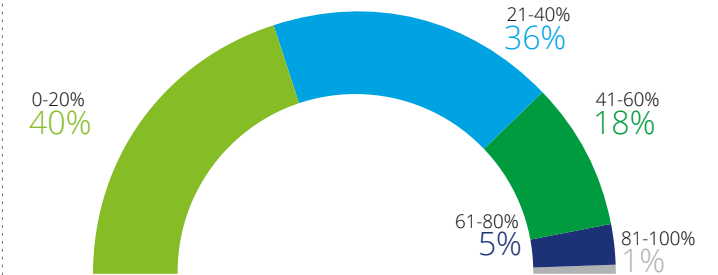
Does your team have the necessary skills to deliver your procurement strategy?



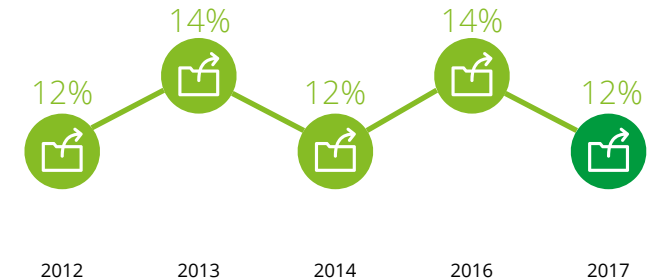
Procurement uses a broad range of sources for new talent.



Proportion of procurement department that are millennials



Outsourcing of procurement activities is being considered by 12 percent of respondents



Investment in new talent development approaches and training remains stubbornly low

Percent of respondents that spent less than 1% of budget on training



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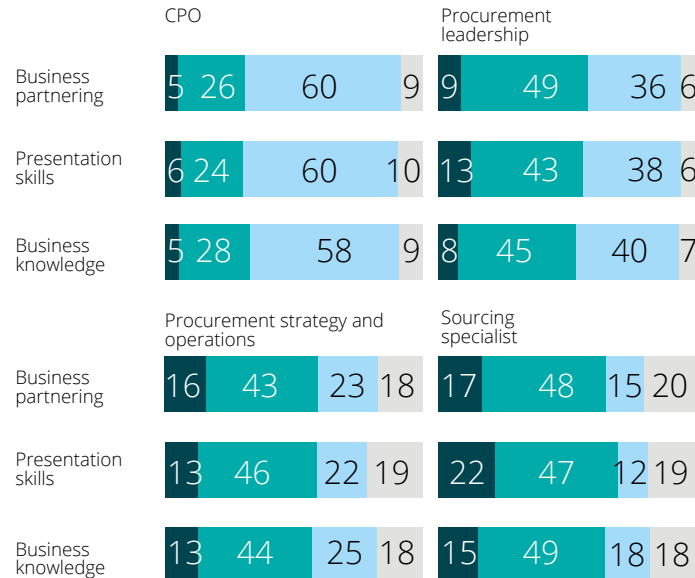
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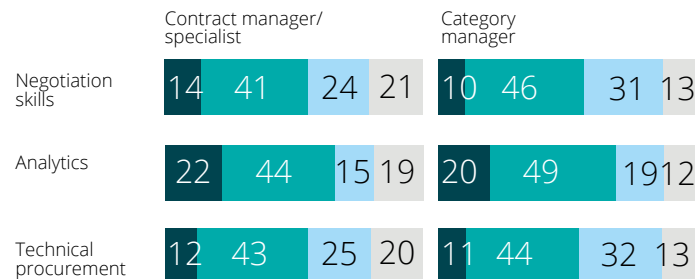


Talent gaps are accentuated in different role profiles.

For CPO and procurement leadership roles, there are opportunities to improve business partnering and knowledge

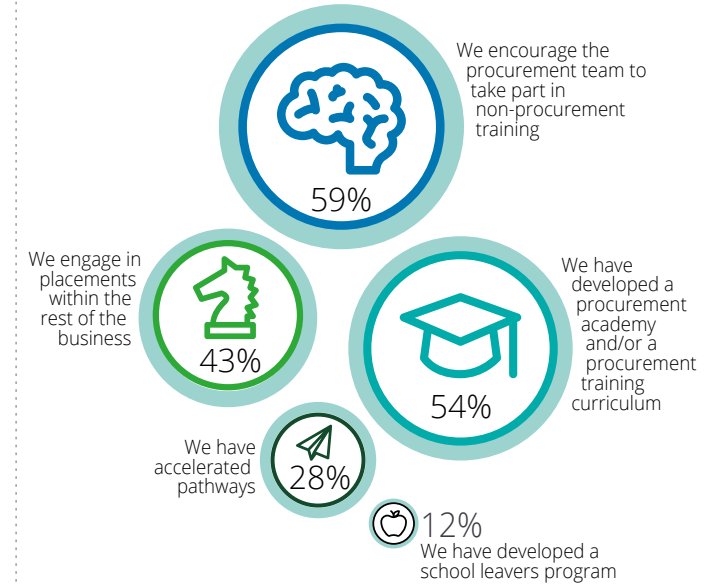


For category managers and contract managers/specialists the largest skill gaps at over 22% are analytics

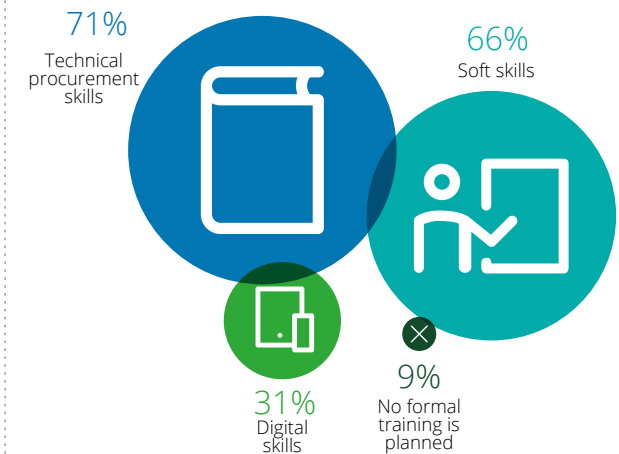


Large skills gap Moderate skills gap No skills gap N/A

Training remains the primary strategy for talent development.



Area of training focus planned for 2017



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On the capability building front, training budgets remain low by benchmark standards, 25 percent of respondents spent less than one percent of their budgets, and a further 40 percent spend less than two percent on training. Positively, however, that budget is invested in training which might help to augment business partnering and overall levels of effectiveness: 55 percent of respondents encourage non-procurement training, and 40 percent drive some form of placement program into other functions. With 75 percent claiming that procurement will be at the heart of the digital agenda over the coming five years, the fact that less than a third provide digital training suggests a misalignment—or an opportunity.

The need for this is further highlighted by over 60 percent regarding analytics as the most impactful technology for the function over the coming two years, while 62 percent claimed there was still a large to moderate skills gaps across the key analytical capabilities. In particular, organizations top application of analytical skills are negotiations, process improvements, market intelligence and supplier portfolio optimization. Thirteen point seven percent of respondents recognized that automation (PRA) is here. Procurement should be the custodian and design authority for this automation, but it should no longer be staffed to deliver these repeatable tasks.

All of this is before we even consider the impact of millennials on the procurement workforce. Their digital acumen and habitual innovation makes them an exciting source of the next generation of business architects and procurement leaders. However, 64 percent of CPOs stated they did not have a strategy in place to deal with loyalty and retention, potentially the most challenging aspect of this increasingly sizable demographic. For those that do, the most common strategy deployed was a focus on providing the best possible work environment, followed by providing leadership opportunities.

“With years of internal selection and external recruitment, for me the most important traits and skills for procurement people of today and the future are:

1. Curiosity to understand the needs of the business and capabilities of the market
2. Intellect to link the market to the needs and come with novel solutions
3. Hunger to find and deliver value
4. Ability to speak the language of the business and deliver to its objectives.”

**Bilal Shaykh, Group Chief Procurement Officer,
Centrica**



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Lucy Harding: Odgers Berndston point of view

“The Global CPO survey results are always insightful, but in the case of talent, are markedly disappointing, if not depressing. Talent, or lack of, remains a significant concern, yet little action is being taken. It is known that companies that have invested in developing best in class purchasing capabilities have higher margins than those that have not. It is obvious that strong procurement can make a huge business impact, but is hamstrung in many global companies due to a lack of talent. From the results, it is clear that to affect a change in mind-set in the board room to view the procurement function as an equal business partner, the function needs to over invest in procurement leadership, graduate recruitment schemes and salaries in order to attract and retain high-caliber talent. It must improve talent development initiatives to expose procurement professionals to different areas of the business and create a credible career path both within and outside of the function. Finally, it must understand what millennials value in employment opportunities and how the procurement function can sell itself better to this growing segment of the talent pool.

The results unsurprisingly show that strong CPO leadership is vital to building and retaining a talented team. I would argue that up and coming talent place more emphasis on this in procurement than other functions, since the identity of procurement and its role within an organization is less well understood. A strong, charismatic leader gives the team confidence that they are being well led and are respected as a function. A strong leader provides reassurance they are part of a team that is seen as contributing to the business successes and nurturing commercial talent who can go on to seed the broader organization and rise to the top.

In the short term, I would encourage organizations to be bold, promote your talent (defined as smart, charismatic, and with strong leadership qualities) to CPO and CPO-1 roles even if they are not quite ready, rather than recruiting externally or bringing in someone outside of the function as a “safe pair of hands.” Wrap great internal and external mentoring around them and support them in the areas where needed. This is no more of a risk than making the wrong appointment from one of these other avenues. The positive effect will be that in most cases, the talent will excel in the role.”



Lucy Harding, Partner and Global Head of Practice, Procurement and Supply Chain, Odgers Berndston

“Strong CPO leadership is vital to building and retaining a talented team.”



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What does this mean for procurement?

Incremental actions

- Determine the total headcount profile for the procurement function including total demand and alternative supply options. Incorporate the business case for new procurement headcount and capabilities into regular business planning processes.
- Assess procurement's capabilities and skills to identify roles and capabilities that need to be updated, created, and filled.
- Challenge long-held assumptions regarding recruitment, career paths, and success planning. Promote procurements' effectiveness in broadening skillsets and providing visibility to stakeholders—enabling future progression.
- Progress procurement's role from facilitator of category and supplier management to be a real business partner.

Exponential actions

- Create a digital culture. This will require heavy investment to recruit and train in digital and analytical acumen.
- Promote the procurement team brand with existing and exciting success stories; and if none exist create a pipeline of ideas to incubate, scale, and apply with suppliers to the enterprise.
- Enable 100 percent business self-service models, automation of repetitive tasks, and outsource non-core procurement activities.
- Create a step change in diversity within talent, the supply base to increase exposure to innovation, and create knowledge to manage change.
- Create agile, flexible processes, people, and a procurement organization supported by rapid decision making and light governance. Implement alternative models to access intelligence (for example, crowdsourcing or workforce platforms).
- Increase procurement leadership capacity and capability through development and recruitment.
- Enable greater supplier leadership, integration, engagement activities, and assessment. This will be especially critical for strategic suppliers.



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“Our major leadership challenge is to leverage the full potential of digitalization coming from new systems and data mining we are currently building up. This drives automation and enables the transformation of procurement to the next strategic level also shaping new roles and requirements of our buyers. Managing the change associated with further upskilling and developing our talents is of utmost importance to me.”

Ruediger Eberhard, CPO, Evonik Industries



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Last year's survey proposed that leading procurement practice might be defined less by the war for talent and more by the war for technology. A recent global survey by Deloitte and the MIT Sloan Management Review,⁵ also found that while 90 percent of executives anticipate that their industries will be disrupted by digital technologies, only 44 percent are adequately preparing for the disruptions to come, and only five percent have leading class capability.

This year, 75 percent of CPOs surveyed believe that procurement's role in delivering digital strategy will increase in the future. They are also clear that technology will impact all procurement processes to some degree. Our experience suggests a low awareness of emerging technologies and a lack of skills to deliver solutions using those technologies.

Many advanced procurement teams have a comprehensive digital core that covers key business capabilities and augmented by digital catalysts such as cognitive and automation. Source to contract is becoming predictive, purchase to pay is becoming automated, supplier management is becoming proactive, and these are all empowered by analytics and strong operational management. In turn, this enables the delivery of new value ranging from new products, new platforms, M&A, and expansion into new markets.

A significant 65 percent of CPOs surveyed believe that analytics will have the most impact on procurement over the next two years, in parallel to over half believing that the renewal of strategic procurement technologies will have the most impact.

The impact of automation and robotics will steadily increase from 50 percent today to 88 percent in five years, acknowledging the aspiration to make core procurement processes more efficient and addressing capacity constraints.

CPOs continue to be focused on application of analytics, especially in negotiations (58 percent), process efficiencies (57 percent), market intelligence (44 percent), and supplier portfolio optimization (40 percent).

Only a small number of teams are attempting to answer the question "what might happen?" by using data to drive decision making, deploying online analytical tools, and integrating data from enterprise resource planning (ERP) and external tools to provide insight. The application of predictive and cognitive analytics is almost non-existent: "what will happen and what actions should be taken?" To do this requires the use of big data techniques to extract insight, benchmark, and predict outcomes. It also requires the use of emerging digital technologies to enable end-to-end supply chain visibility.

Procurement should consider the development of "always-on" digital supply networks (DSNs) which are tightly integrated and connect the traditional silos across the supply chain. These DSNs⁶ should provide for autonomous, real-time decision-making using a continuous flow of information; supplier, partner, and customer collaboration to link and synchronize; and data-driven optimization through use of prediction, visualisation, and artificial intelligence in everyday operations. The evolution of DSNs can broaden the mission of procurement, but it will come with heightened expectations for decision-making, collaborative innovation with suppliers, analysis, and visibility.



Digital procurement key findings

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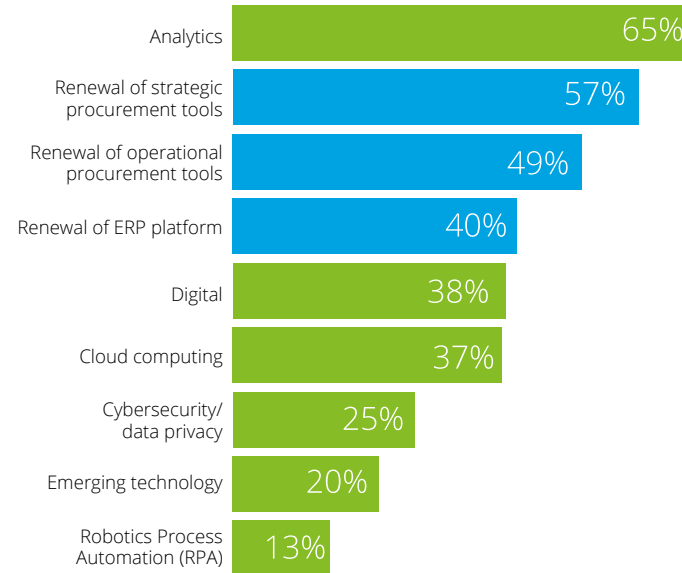
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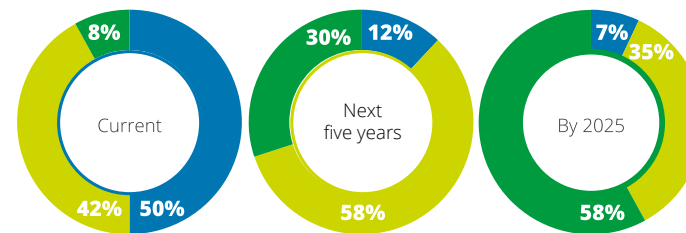
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CPOs are accelerating adoption of new digital and analytical solutions while also upgrading core solutions.

Technology areas that will have the most impact in the next two years

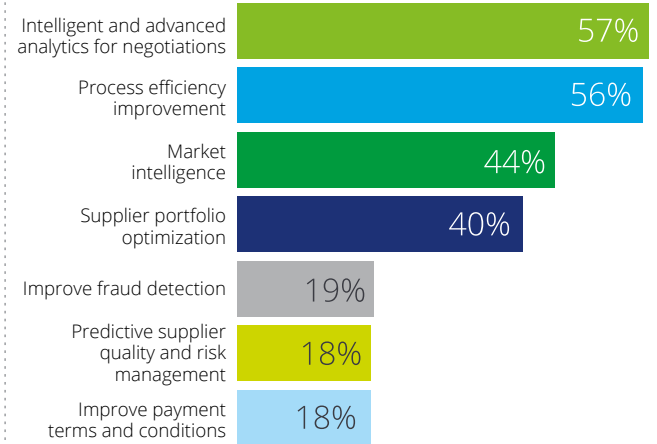


Automation and robotics will significantly impact the procurement functions over the next five years.

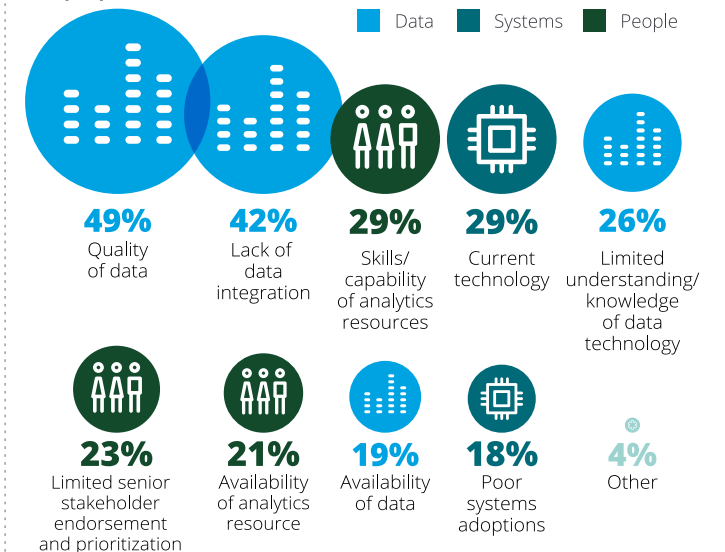


■ Not at all ■ To some extent ■ To a significant extent

Data analytics and mining is being applied extensively across procurement processes



Main barriers to the effective application of digital are data, systems and people



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Digitalization using crowd-sourcing, machine learning, robotic process automation, blockchain, artificial intelligence, and even the translation of the digital to the physical (3D printing) are all readily available, and relatively inexpensive to deploy and run.

With such a large part of our cohort thinking about what to replace their existing tools and capabilities with, a significant opportunity exists for many to augment their digital capabilities—to leap-frog by applying new technologies and leveraging analytics and the cloud.

Preparing for this means addressing the digital barriers—especially data quality and integration—and developing digital capabilities in which the function's activities, talent, and structure are in sync and aligned to the organization's goal. Given the lack of resource, lack of capability and the need to continue delivering against the business as usual cost agenda, we see many CPOs struggling through with a mix of projects that may not produce results for procurement or the business-wide digital transformation.

A challenge for CPOs will be ensuring their investments are well spent, given the current cost environment and the need to demonstrate both short-term and long-term value.

Given the lack of resource, lack of capability and the need to continue delivering against the business as usual cost agenda, we see many CPOs struggling through with a mix of projects that may not produce results for procurement or the business-wide digital transformation.



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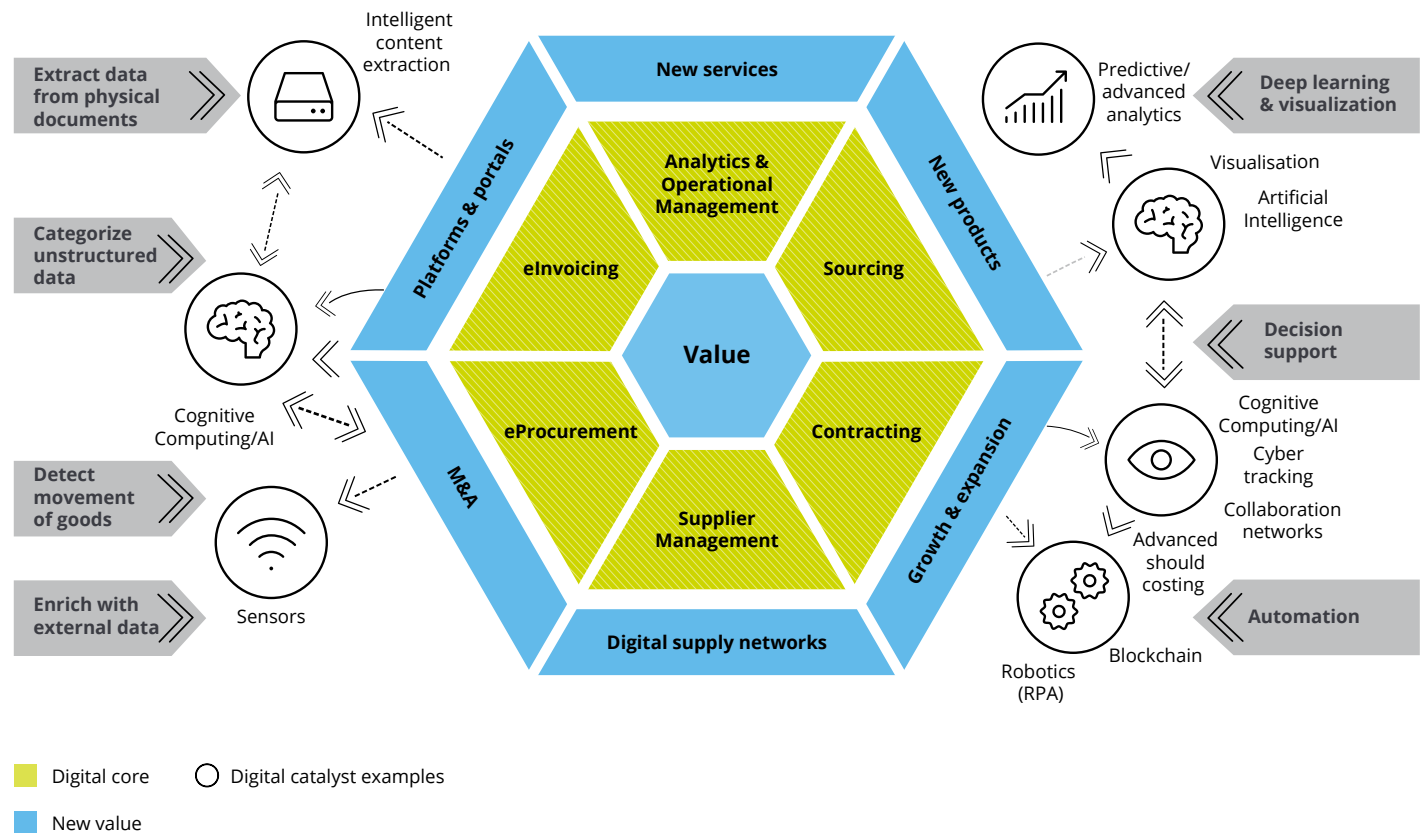
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Procurement digital core, new value and digital catalysts



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What does this mean for procurement?

Incremental actions:

- Develop a specific digital procurement strategy, objectives and targets to enable 100 percent of your organization.
- Provide accessible analytics to the business on multiple devices.
- Engage in deep and dynamic cost management and modelling linked to third-party data sources and financial systems integration that drive new commercial models.
- Adopt insight driven organization principles to structure strategy, processes, data and talent requirements, and implementation effort.
- Adopt a “portfolio” venture capital investment approach to the overall business case and management of solutions. Invest in digital solutions that are aligned with the overall organization objectives and that help create differentiation.
- Run a digital procurement lab to create, test, align and share your digital procurement strategy with your procurement leadership and key stakeholders. Ensure the strategy is refreshed quarterly.
- Invest only in predictive, real-time, automatic, secure technologies that can operate with complex and fragmented data.
- Leverage supplier data as the accountable party to proactively protect the organization from external risks.
- Establish an incubator team to embrace and pilot digital technologies from within. Have them pick one or two areas to focus on and be agile in testing, succeeding (or failing), and either scaling up or moving on.
- Ensure investment in innovative technology companies is tied to success and that your providers are incentivized to help you make the most of their capabilities.

Exponential actions:

- Apply predictive, social intelligence when innovating and managing risk.
- Pursue a bimodal, right-speed digital procurement strategy that allows the rapid adoption of disruptive technologies as well as the progressive roll-out of core company infrastructure (that is, the “backbone”).
- Build hybrid analytical and digital organizational models to enable rightsizing in alignment with your company overall.
- Create a digital ecosystem of alliances that can augment procurement from visualization to analytics, processing to architecture.
- Develop and deploy digital approaches to the operational management of procurement from workforce management to management dashboards.
- Build a “mind and machine” agile procurement or B2B platform.



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“Technology is developing at a tremendous rate and the impact on our supply chain and purchasing activities is significant. The key for us at Rolls-Royce is developing our digital supply chain strategy to help us focus on the journey ahead and how we should address the potential challenges. We are investing in a range of new market leading applications and tools to enhance how we manage both our direct & indirect procurement and supply base. Going forward, we recognize that we’re on a digital journey. We are already at the forefront of harnessing 3D printing in the development of new engines and are investigating how other technologies, such as [artificial intelligence] AI and robotic process automation, can further enhance our performance and margins. There are exciting times ahead.”

Gordon Tytler, Director of Purchasing, Rolls-Royce PLC



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Business and professional services (20 respondents)

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Market outlook

CPOs had a divided view when comparing year-on-year financial performance. Fifty-nine percent of CPOs indicated an improvement in performance while 29 percent indicated worse performance.

Introducing new products/services or expanding into new markets and increasing cash flow are the key priorities for these CPOs.



Value and collaboration

CPOs in this sector need to do more to get involved within decision making across all categories; in particular the development of new services, where 29 percent of CPOs are rarely involved.



Talent

Seventy-one percent of CPOs believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy. This is a radical deterioration from 2016 where 45 percent of CPOs believed that their team had insufficient skills and capabilities.

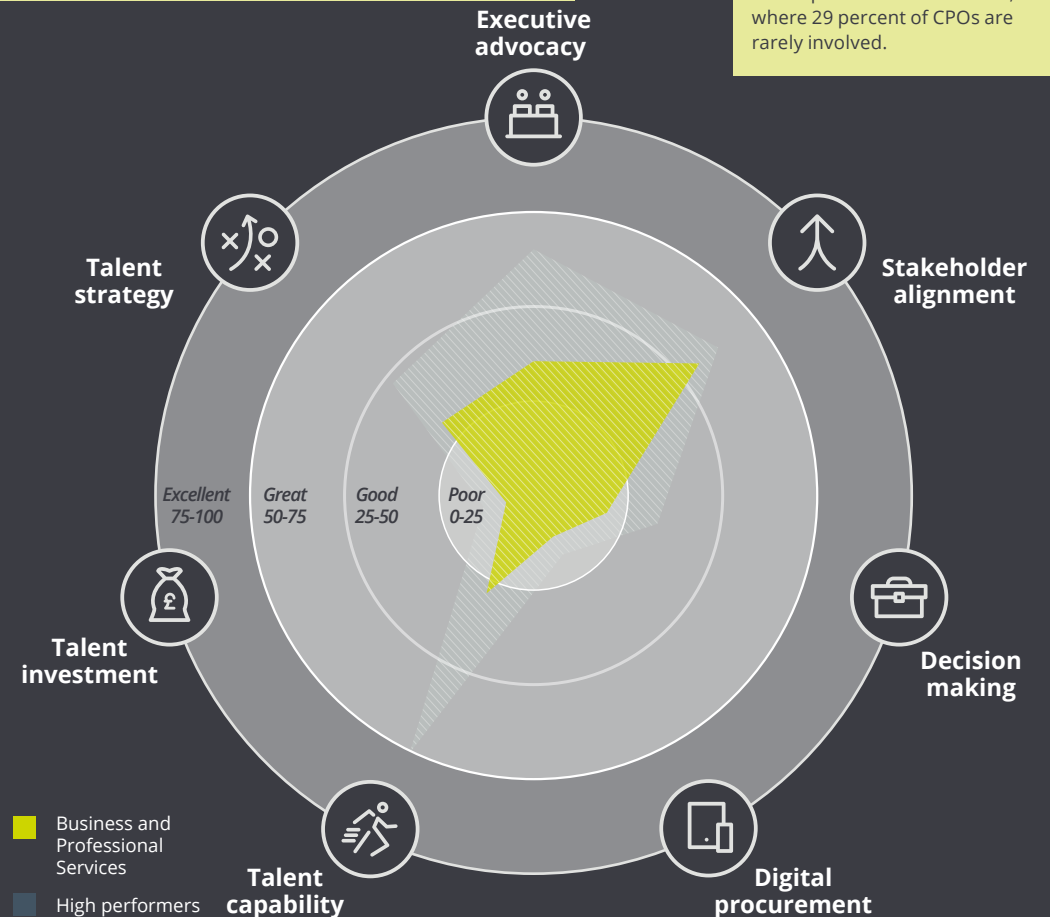
Skills gaps are consistently high across the board, with particular focus on analytics, negotiation and presentation.



Digital procurement

Analytics and the renewal of both strategic and operational procurement tools will have the biggest impact in this industry in the next two years.

Eight-two percent of CPOs believe their role to deliver a digital strategy will increase of the next five years.



Industry overviews

Consumer business (64 respondents)

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Market outlook

Seventy-one percent of CPOs experienced better savings performance from last year.

Seventy-seven percent of CPOs within this sector will be primarily focused on reducing costs, with very little attention being given to disposing of assets or increasing CapEx.



Value and collaboration

Procurement typically have a good level of involvement within make versus buy decisions, but have little involvement within M&A.



Talent

Fifty-four percent of CPOs believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy. A slight decrease compared to 59 percent in 2016.

The talent gaps tend to be most noticeable at the junior levels within procurement, with a particular deficit in analytics.

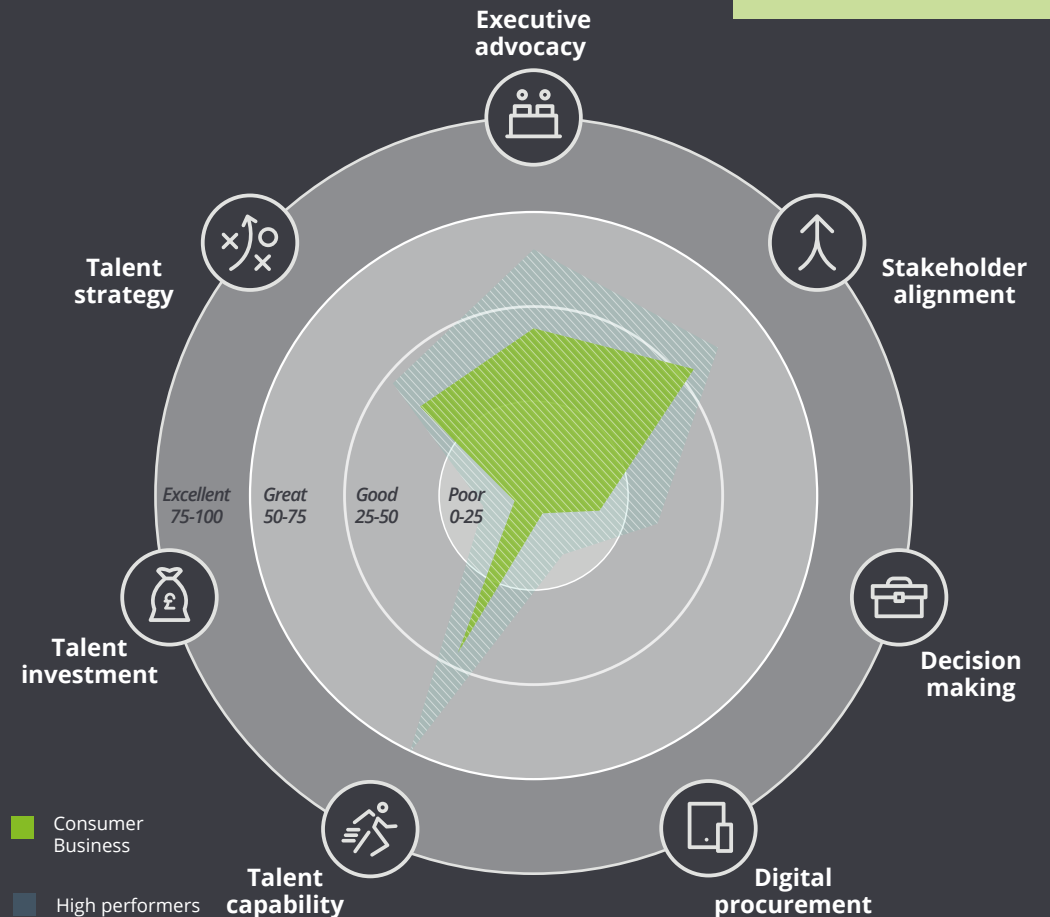
Procurement leadership performs well, however one key skills gap that stood out was in relation to presentational skills.



Digital procurement

Sixty-one percent of CPOs believe that analytics will be the technology area that has the biggest impact on their businesses.

Seventy-eight percent of CPOs believe their role in delivering a digital strategy will increase over the next five years.



Industry overviews

Energy and resources (70 respondents)

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Market outlook

Fifty-nine percent of CPOs indicated better savings performance than last year, while 17 percent indicated lower levels of savings delivery.

Reducing costs is the clear priority for this year, and CPOs in this sector show little appetite for expanding by acquisition.



Value and collaboration

When compared to 2016 results, there has been little overall change in the level of involvement which procurement plays in decision making across all categories.

Procurement are 74 percent more involved in corporate risk planning this year compared to last.



Talent

Sixty-five percent of CPOs believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy, this is almost unchanged from the previous year which was 68 percent.

There are significant skills gaps at more junior grades, most notably buyers and contract managers.

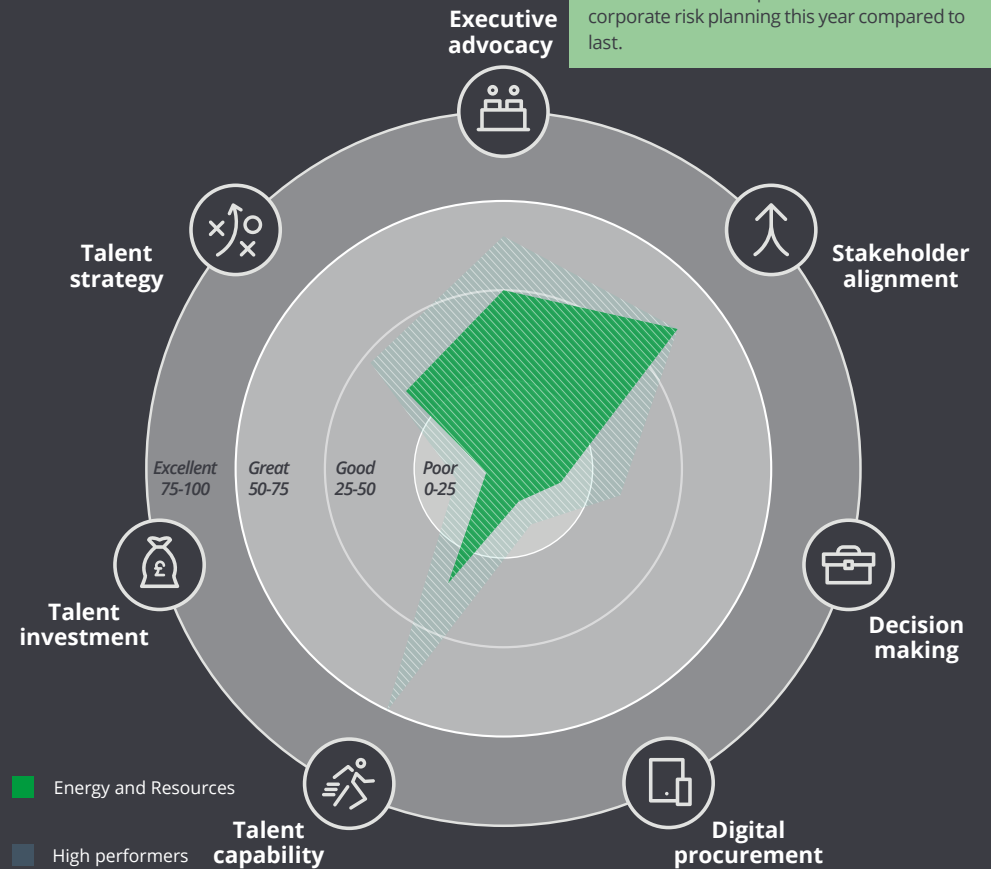


Digital procurement

Seventy-seven percent of CPOs believe their role to deliver a digital strategy will increase in the next five years.

Eighty percent of CPOs indicate that analytics will have the biggest impact on their business in the next two years.

Interestingly, robotics is expected to have little impact.



Industry overviews

Financial services and insurance (52 respondents)

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Market outlook

Savings performance compared to last year was split with 49 percent indicating an improvement, and 43 percent indicating no change.

Reducing costs and managing risks are the two key priorities for these CPOs.



Value and collaboration

CPOs are rarely involved in M&A, but this may be due to market conditions.

Fifty-four percent of CPOs are either always or usually involved in shaping/changing the way services are delivered.



Talent

Sixty-four percent of CPOs believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy. This demonstrates some improvement from last year where 79 percent of CPOs thought their team had insufficient skills and capabilities.

There are large skills gaps at the junior grades, particularly in analytics. The most noticeable analytics skills gap is with category managers (75 percent). Moderate skills gap exist for senior roles across business partnering and business knowledge.

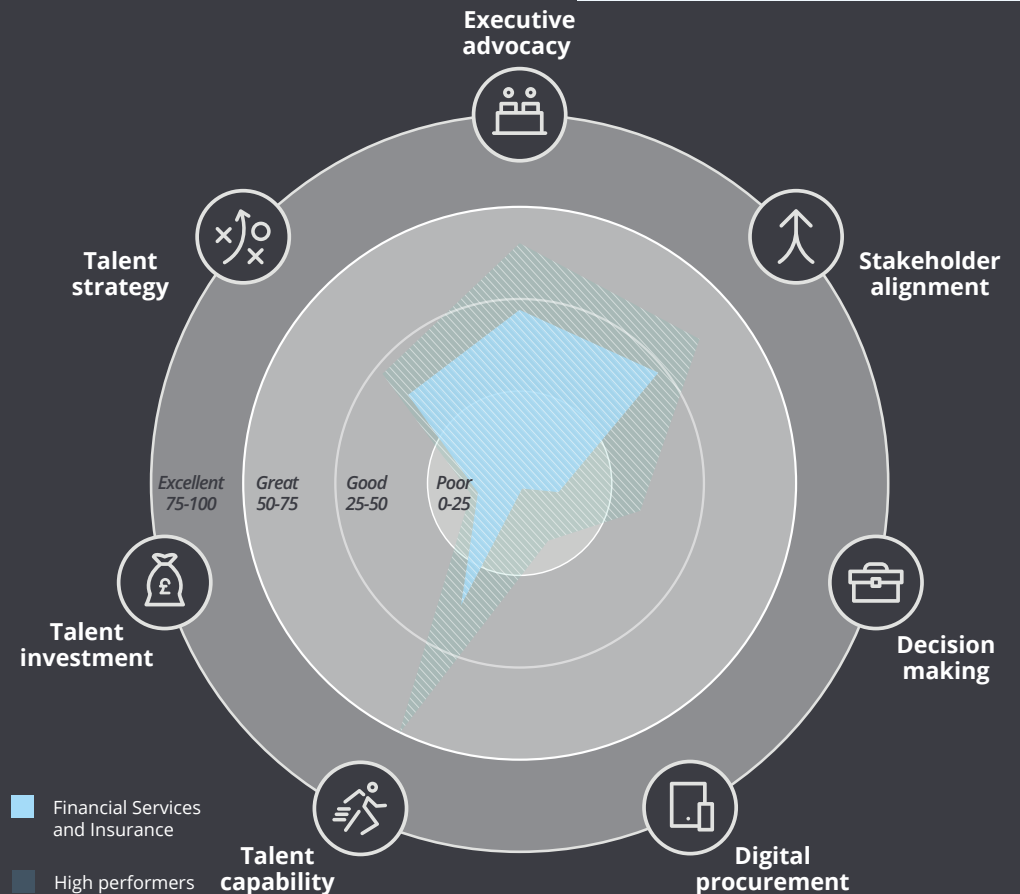


Digital procurement

Eighty-seven percent of CPOs believe their role to deliver a digital strategy will increase over the next five years.

CPOs believe cloud computing and analytics will deliver the most impact in the next two years.

Financial services was the industry most likely to be impacted by robotics process automation in the next two years.



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Government and public sector (42 respondents)

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Market outlook

Forty-nine percent of CPOs indicate better savings performance than last year. Somewhat surprisingly, 13 percent have no formal performance tracking in place.

Managing risk is the main priority with reducing costs comes a close second.



Talent

Seventy-three percent of CPOs believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy, this is a significant increase from the previous year when the figure was 57 percent.

CPOs have recognised that there is a large skills gap in their most junior staff members, in particular buyers.



Digital procurement

Seventy-three percent of CPOs believe their role to deliver a digital strategy will increase over the next five years.

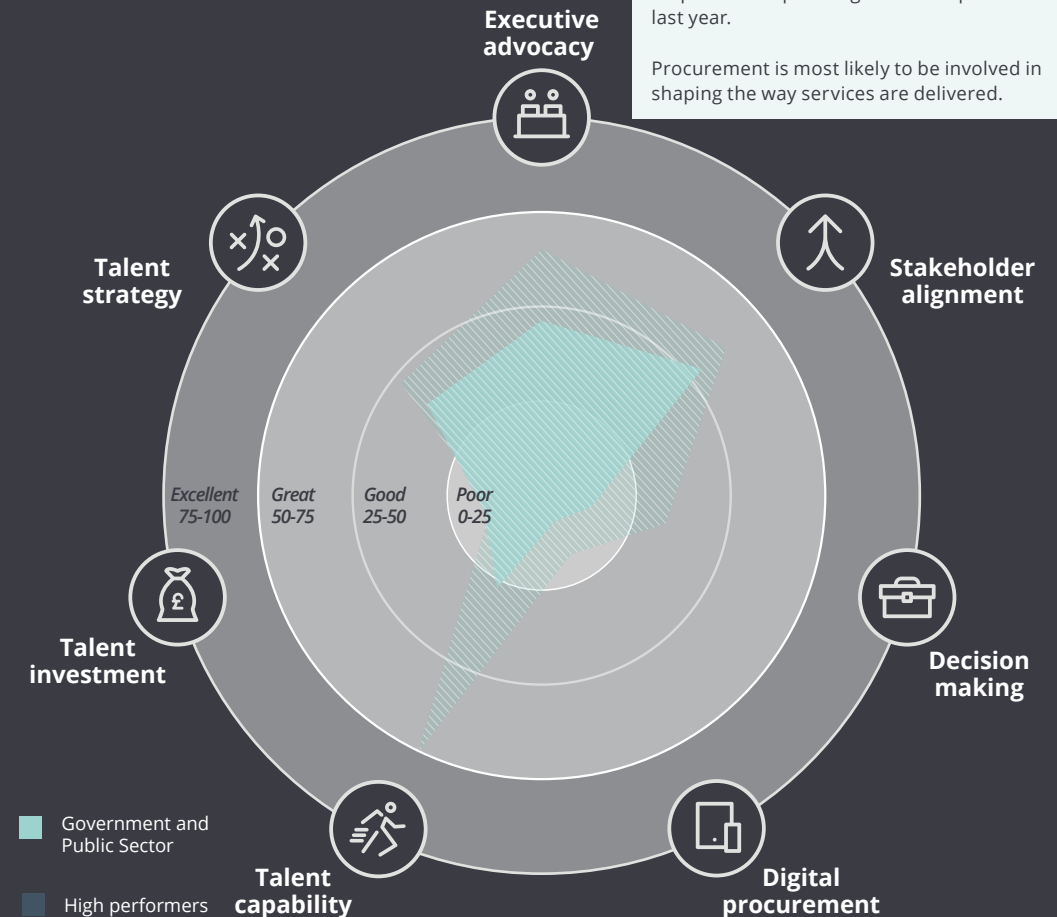
Renewal of strategic procurement tools and analytics are cited as the two main technology areas that will have the most impact in the next two years.



Value and collaboration

Overall the level of involvement in decision making has decreased from 2016. CPOs within the government and public sector are 23 percent less likely to be involved in corporate risk planning when compared to last year.

Procurement is most likely to be involved in shaping the way services are delivered.



Industry overviews

Healthcare and life sciences (57 respondents)

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Market outlook

Sixty-six percent of CPOs indicated better savings performance than last year.

Reducing costs and introducing new products or expanding into new markets are the two biggest priorities. Increasing capital expenditure is the lowest priority.



Value and collaboration

There is a pleasing level of procurement involvement in decision making. Areas which perform particularly well are make vs. buy decisions and new product development. However, there is significant opportunity to improve on involvement with post-merger activity decisions.



Talent

CPOs have seen an improvement in the skills and capabilities of their team.

Nevertheless, 61 percent of CPOs still believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy.

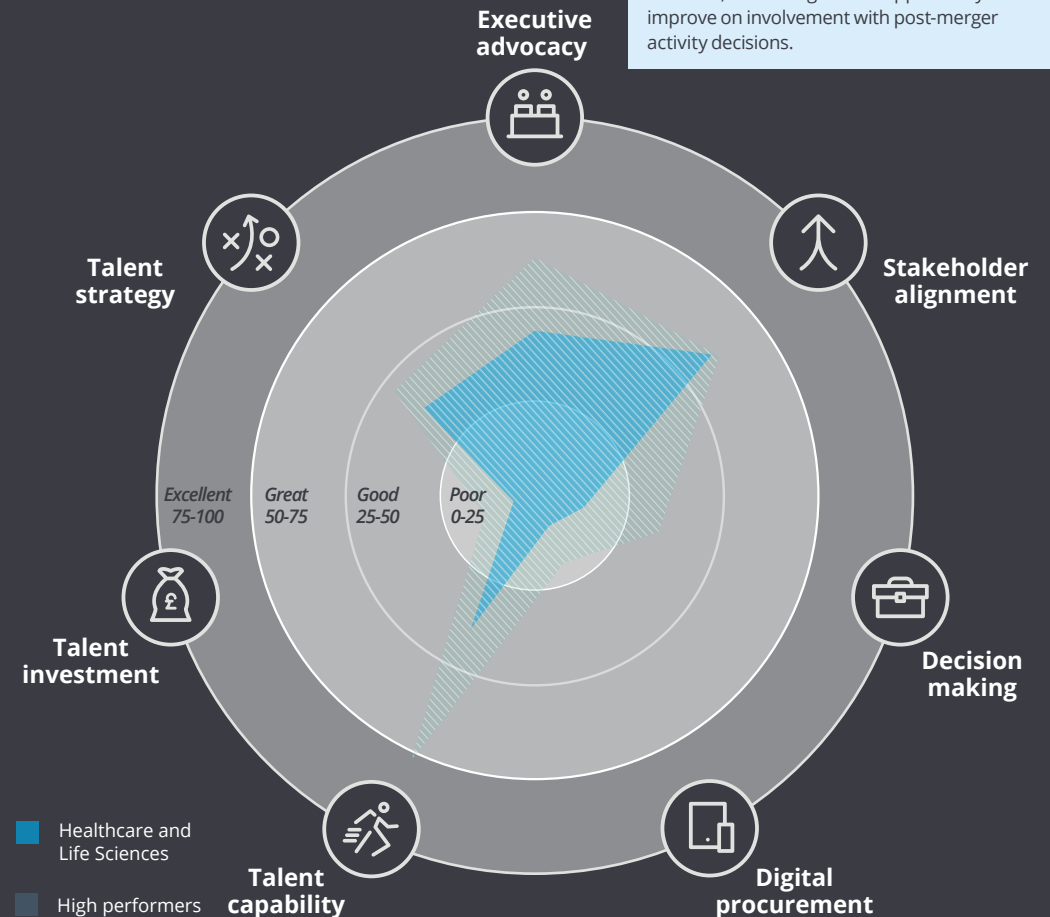
Moderate skills gaps across all skill sets have been identified, with a particular focus on negotiation training for junior staff.



Digital procurement

Seventy-six percent of CPOs believe their role to deliver a digital strategy will increase of the next five years.

Analytics is viewed as the most impactful technology over the next two years (69 percent).



Industry overviews

Manufacturing (94 respondents)

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Market outlook

Fifty-five percent of CPOs indicated better savings performance than last year. Seven percent indicated a worse performance from the previous year.

Reducing costs and expanding organically are the priorities for CPOs this year, with little focus being given to disposing of assets.



Value and collaboration

Decision making has remained relatively static across all categories when compared with 2016.

CPOs feel that they are involved with the majority of decision making, with high levels of involvement in make versus buy decisions and new product development.



Talent

Fifty-six percent of CPOs believe their current teams' skills and capabilities are not sufficient to deliver their procurement strategy, this is almost unchanged from 2016, when it was 59 percent.

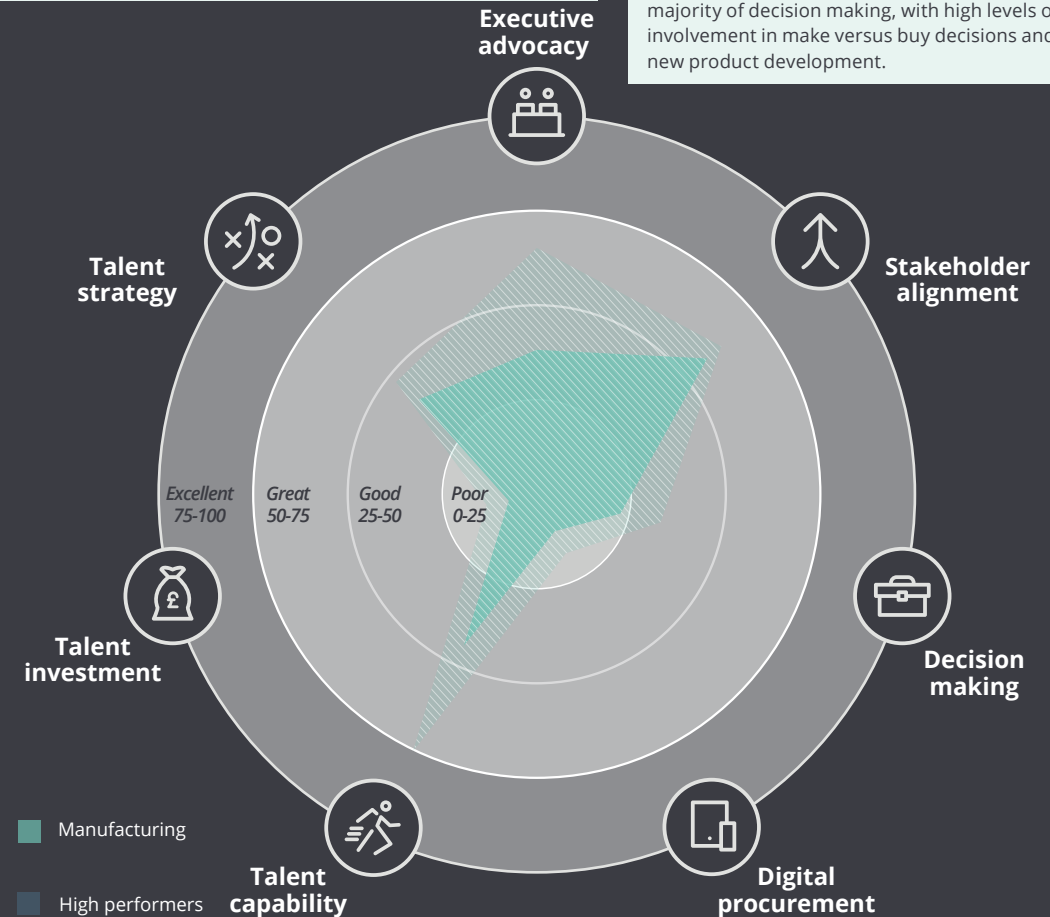
Manufacturing CPOs perception of the skills gap is very similar to CPOs in other industries. Analytics is a key skills gap across the board.



Digital procurement

Sixty-six percent of CPOs believe their role in delivering the digital strategy will increase over the next five years.

Analytics and the renewal of operational and strategic procurement tools are areas which CPOs see as having the most impact in the next two years.



Industry overviews

Technology, Media and Telecom (36 respondents)

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Market outlook

There was mixed savings performance, with 44 percent improving from 2016, while 38 percent delivered no change and 16 percent a worse performance.

Reducing costs is the number one priority for 91 percent of CPOs this year.



Value and collaboration

Procurements' level of involvement across decision making has declined—for corporate risk planning in particular.

There is strong involvement in make versus buy decisions, however involvement in corporate risk planning should be a focus area going forward.



Talent

Fifty-two percent of CPOs believe their current teams' skills and capabilities are sufficient to deliver their procurement strategy, which is both unchanged from last year, and well ahead of the survey average.

Analytics skills are noticeably stronger when compared to other sectors.

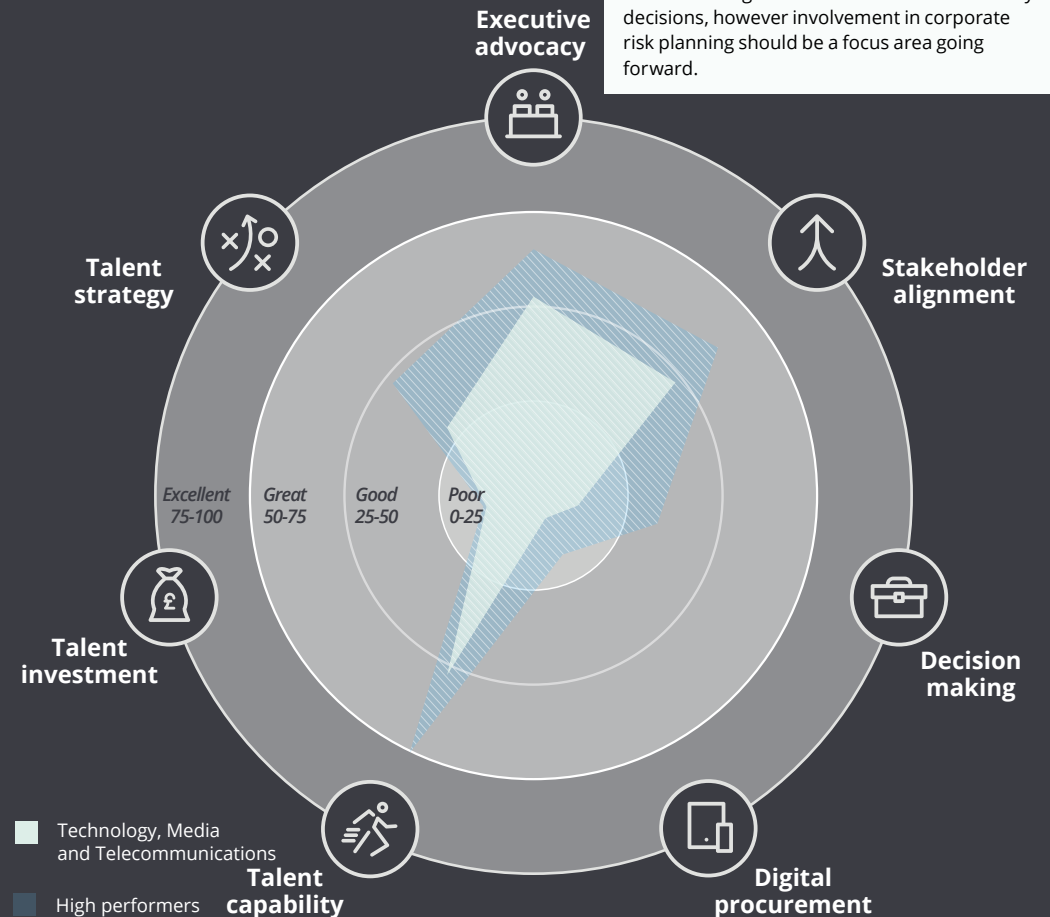


Digital procurement

Seventy-one percent of CPOs believe their role to deliver a digital strategy will increase in the next five years.

Sixty-eight percent of CPOs indicate that analytics will have the biggest impact on their business in the next two years.

Interestingly, CPOs believe emerging technologies will have little impact.



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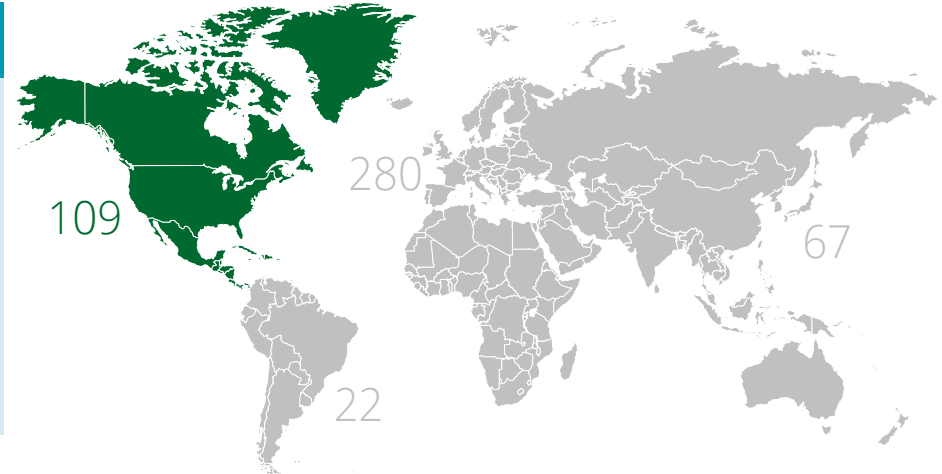


Market outlook

Sixty-one percent of CPOs indicated an improvement in savings performance compared to last year.

Five percent of CPOs still have no formal performance measurement or reporting in place.

Reducing cost is by far the biggest priority for CPOs in this region (84 percent), followed by managing risks (61 percent). This perhaps indicates a cautious approach in the face of global uncertainty.



Value and collaboration

Fifty-six percent of CPOs feel a high level of support from their executives in developing procurement within their organizations.

The region as a whole ranks 1st in regards to having a supportive executive.



Talent

Since 2013, there has been a five percent improvement in the perception of procurement teams having the necessary skills and capabilities to deliver the CPOs procurement strategy.

However, 57 percent of CPOs still believe their teams are at an insufficient level to meet their functional objectives.

Little budget is spent on training, with only eight percent of CPOs spending four percent or more of their total procurement budget on training.

The largest skill gaps in this region are in negotiation and analytics skills.



Digital procurement

Overall CPOs envision procurement playing a larger role in delivering a digital strategy, with 81 percent indicating an increase in participation levels.

Analytics and renewal of strategic procurement tools are the two main areas that are deemed to have the most impact on businesses in the next two years.

Improvement to the quality of data will be key in order to deliver this ambition, with 56 percent of CPOs citing quality of data as the main barrier to effective application of digital technology.



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Market outlook

Forty-three percent of CPOs signaled their savings performance was better than 2016, however this is 26 percent below the global average.

Nineteen percent of CPOs indicated lower levels of performance than 2016.

Reducing costs, managing risk, and expanding into new markets or product lines are the three main priorities for this region.

Increasing competition, restructuring existing supplier relationships, and driving specification improvements are deemed as the three main levers which will be utilized to deliver value in the next 12 months.



Value and collaboration

Fifty-two percent of CPOs feel well supported by their executive to develop procurement within their organization.

There has been a slight improvement in the level of involvement which procurement plays in decision making.

New product development has seen a 30 percent increase in procurement involvement since 2016.



Talent

Fifty-five percent of CPOs believe that their teams have sufficient skills and capabilities to deliver their procurement strategy, which is significantly above the global average.

Increased budget should be spent on training, with 45 percent of CPOs indicating that less than one percent of their budget is allocated to training.

CPOs have identified moderate skills gaps across most areas, including; business partnering, analytics, presentation, business knowledge, and technical procurement.



Digital procurement

Overall CPOs envision procurement playing a larger role in delivering a digital strategy, with 81 percent indicating increased levels of involvement.

Lack of data integration has been reported as the main barrier to effective application of digital technology.

ERP platform renewal is the main area of technology which CPOs feel will deliver the most value in the next 12 months—a noticeable difference from CPOs in other regions.



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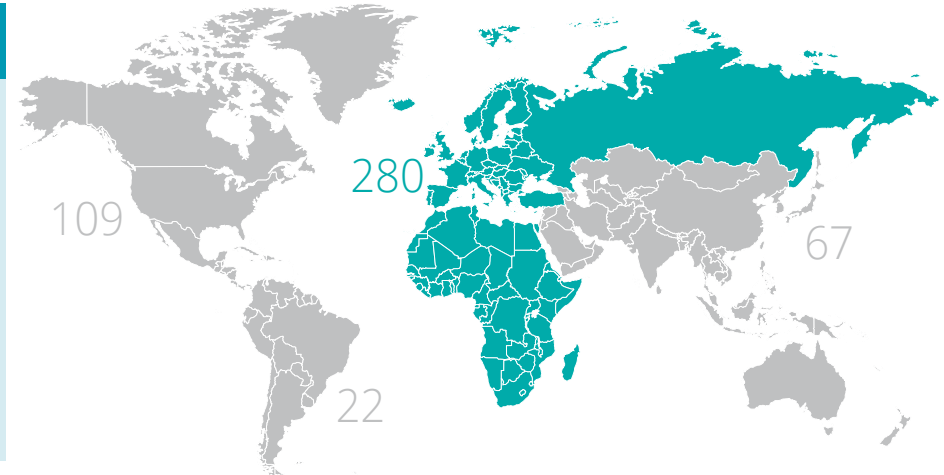
Market outlook

Fifty-eight percent of CPOs indicated an improvement on the previous year, close to the global average.

The main priority for the CPOs is reducing costs, with 77 percent indicating it is a strong priority.

Consolidating spend is the number one lever expected to deliver the most value over the next 12 months.

These is a diminished appetite for outsourcing operational and transactional procurement activities.



Value and collaboration

Forty-two percent of CPOs have high levels of support from their executive teams in driving their agendas.

There has been little improvement in the level of involvement which procurement plays in decision making.

Procurement is often involved in make versus buy decisions and shaping the way services are delivered.



Talent

There has been almost no improvement in the skills and capabilities of the procurement team. Sixty-two percent of CPOs still believe their team does not have what it takes to deliver their procurement strategy.

There is an almost universally moderate skill gap, which is not aided by comparatively low levels of training spend.



Digital procurement

Overall CPOs envisage procurement playing a larger role in delivering a digital strategy, with 75 percent indicating heightened levels of involvement over the next 5 years.

Analytics and renewal of strategic procurement tools are the two main areas that are deemed to have the most impact on businesses in the next two years.

Improvement to the quality of data is seen as key in order to make these into reality.



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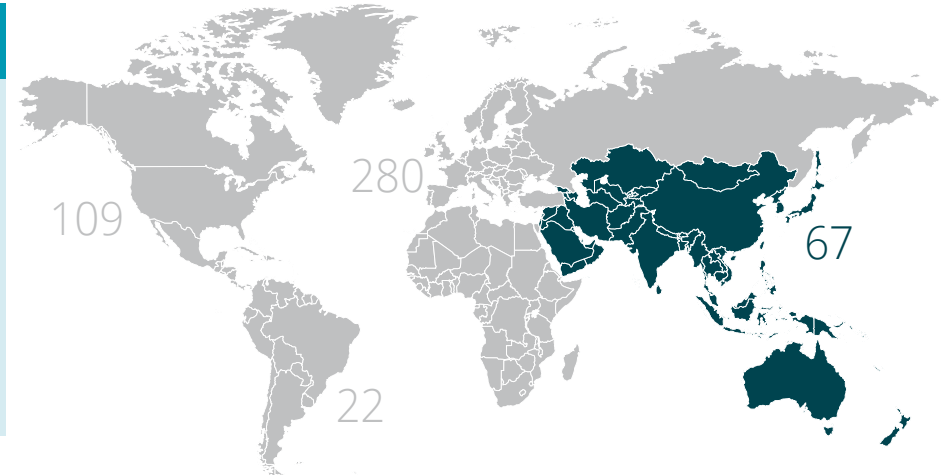
Market outlook

Year on year savings performance has improved, with 55 percent of CPOs indicating better performance than in 2016.

Reducing cost is by far the biggest priority for CPOs in this region (73 percent).

Managing risks is also a strong priority, indicating a cautious approach.

Consolidating spend is the lever which is expected to deliver the most value in the next 12 months.



Value and collaboration

Only 38 percent of CPOs feel well supported by their executives.

Overall there has been a reduction in the level of involvement which procurement has in all categories of decision making.

Involvement in make versus buy decisions is the area that has seen the greatest decline (40 percent) since 2016.



Talent

Sixty-six percent of CPOs still believe their team does not have sufficient skills and capabilities; almost no change since last surveyed.

This region collectively spends the most on training, with 12 percent of organizations spending more than four percent of their budget on upskilling.

CPOs and procurement leadership perform well when assessed on skills and capabilities.



Digital procurement

CPOs envision procurement playing a larger role in delivering a digital strategy, with 65 percent indicating an increase. However, 27 percent don't see procurements role changing.

Analytics and renewal of strategic procurement tools are believed to be the two main areas which will have the most impact in the next 24 months.

Improvement in the quality of data will be key in order to make these into reality with 43 percent of CPOs giving quality of data the main barriers to effective application of digital technology.



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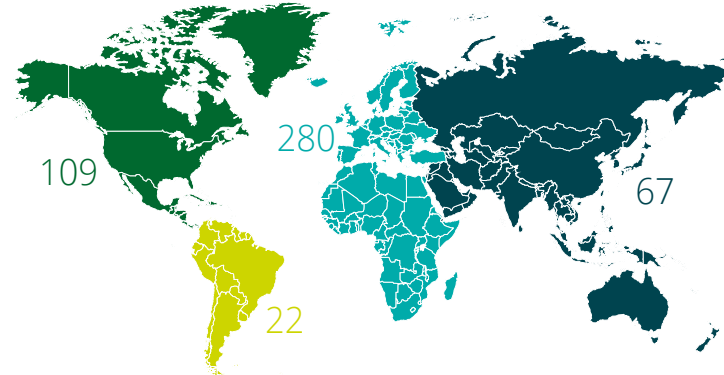
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Responses by geography

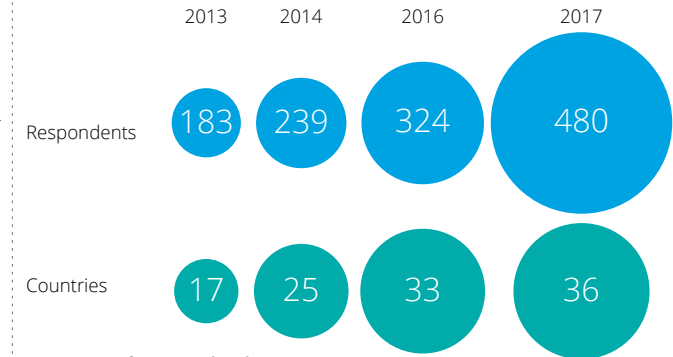
This survey combines opinions of 480 CPOs from 36 countries across the world representing organizations with a combined turnover of \$4.9 trillion.



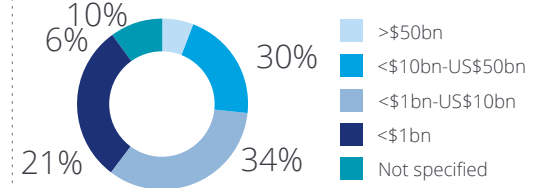
Two responses have not specified their location

■ North America ■ South America ■ EMEA ■ Asia Pacific

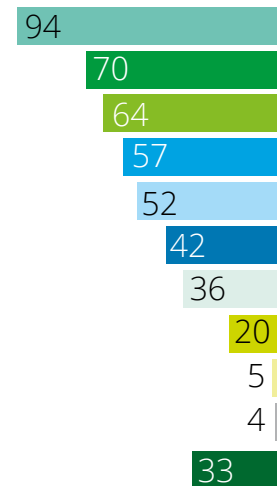
Responses year on year



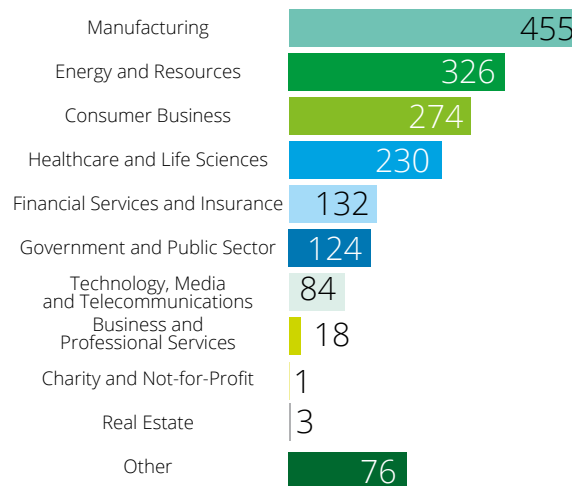
Responses by organization turnover



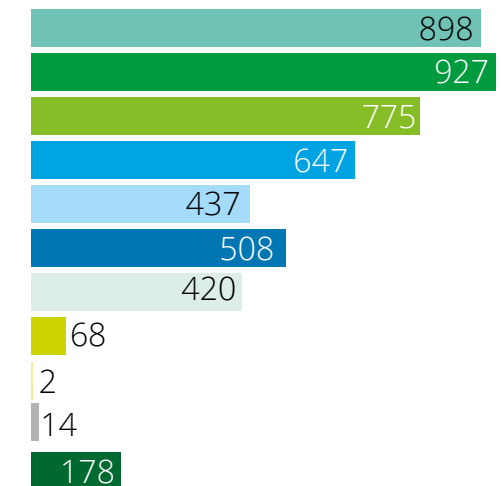
Responses by industry



Third party spend by industry (\$bn)



Turnover by industry (\$bn)



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Deloitte provides audit, tax, consulting, financial advisory, and risk management related services to public and private sector clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's 244,000-plus professionals are dedicated to finding innovative solutions that contribute to a stronger economy and healthier society.

Deloitte is recognized by industry analysts as a leader in supply chain and sourcing & procurement Consulting. Deloitte is named a global leader—and the leader based on breadth of services—in Procurement Operations and General Sourcing Strategy Consulting by ALM Intelligence (formerly Kennedy). “With the broadest offering in the competency area, Deloitte combines functional specialization with strength across the spectrum of procurement assets. The firm also leads in the development of proprietary tools designed to fill gaps in the asset portfolio and accelerate diagnostics during engagement delivery.”

ALM Intelligence (formerly Kennedy) have also named Deloitte as the undisputed global leader in their report entitled Supply Chain Risk Management Consulting 2016. “Deloitte is at the forefront of the movement to transition companies’ supply chain risk management out of its traditional functional silos and into a competency that not only cuts across functional lines, but also is embedded vertically at all levels of the organization.”

No matter how innovative or well-conceived your business strategy, if your operations can't meet the mark, that strategy will likely never become a reality. Deloitte's supply chain practice focuses on delivering strategy-driven value through advisory services to optimize and improve the supply chain.

Our team of over 1,000 dedicated procurement specialists globally, help the world's largest and most complex procurement functions across all industries with procurement strategy, functional and digital implementation, supplier management and cost, risk, and value delivery.

About Odgers Berndtson

Odgers Berndtson provides executive and director level search solutions to organizations throughout the world. We operate as a collection of independent businesses with over 250 partners combining to provide world-class executive search services. Our flat business structure and collaborative nature ensure that all of our clients have access to the relevant expertise, new and inventive ideas, and a diverse pool of talent. Our reputation at the top of the executive search profession is over 50 years old. Our experienced executive search specialists operate with absolute discretion, integrity and care, and are experts in finding exceptional individuals for challenging roles. We have the support of an excellent international network of more than 50 offices on the ground expanding across more than 28 countries globally.



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Deloitte's Business Trends Collection

Today's business leaders need clear, concise and well-informed perspectives on important dynamics that are currently reshaping the business environment. Deloitte's Business Trends reports deliver just that.



Cost Survey

Our fourth biennial survey of cost management and cost improvement trends explores how companies are managing costs in this challenging environment.



The Deloitte CFO Survey

The quarterly CFO Survey is firmly established with media and policy makers as the authoritative barometer of UK corporates' sentiment and strategies. It is the only survey of major corporate users of capital that gauges attitudes to valuations, risk and financing.



CIO Survey

Deloitte's 2016–2017 global survey of CIOs takes us a step forward in gaining a deeper understanding of how CIOs create legacy—the value and impact technology leaders deliver to their organisations.



Global Human Capital Trends

This report highlights the importance top executives place on adapting their organisation's design to compete in today's challenging business environment and highly competitive talent market.



Global Shared Services report

This is Deloitte's seventh biennial survey, collecting data, insights and trends on the growth and evolution of shared service centers (SSCs) since 1999.



Aligning the Organization for its Digital Future

To understand the challenges and opportunities associated with the use of social and digital business, MIT Sloan Management Review, in collaboration with Deloitte, conducted its fifth annual survey.



The Rise of the Digital Supply Network

Supply chains are traditionally linear, but today supply chains are transforming into dynamic, interconnected systems. These digital supply networks integrate information from many different sources to drive production and distribution, potentially altering manufacturing's competitive landscape.



Supply Chain Talent Survey

Each year, Deloitte's U.S. member firm surveys supply chain executives to understand their top-of-mind issues and the actions they are taking to address them.



Third Party Risk Management Survey

Our report looks at how global organisations are addressing the challenges they face in managing third party risk, as they increasingly decentralise across their operating units and entities.



Tech Trends

Our seventh annual Tech Trends report outlines eight trends that could potentially disrupt the way businesses engage their customers, how work gets done and how markets and industries evolve.



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3. Third party governance and risk management Global Survey 2016.
4. Tech Trends
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