



INDUSTRY AND REGIONAL VIEW

Complexity: Overcoming obstacles and seizing opportunities

The Deloitte Global
Chief Procurement Officer
Survey 2019

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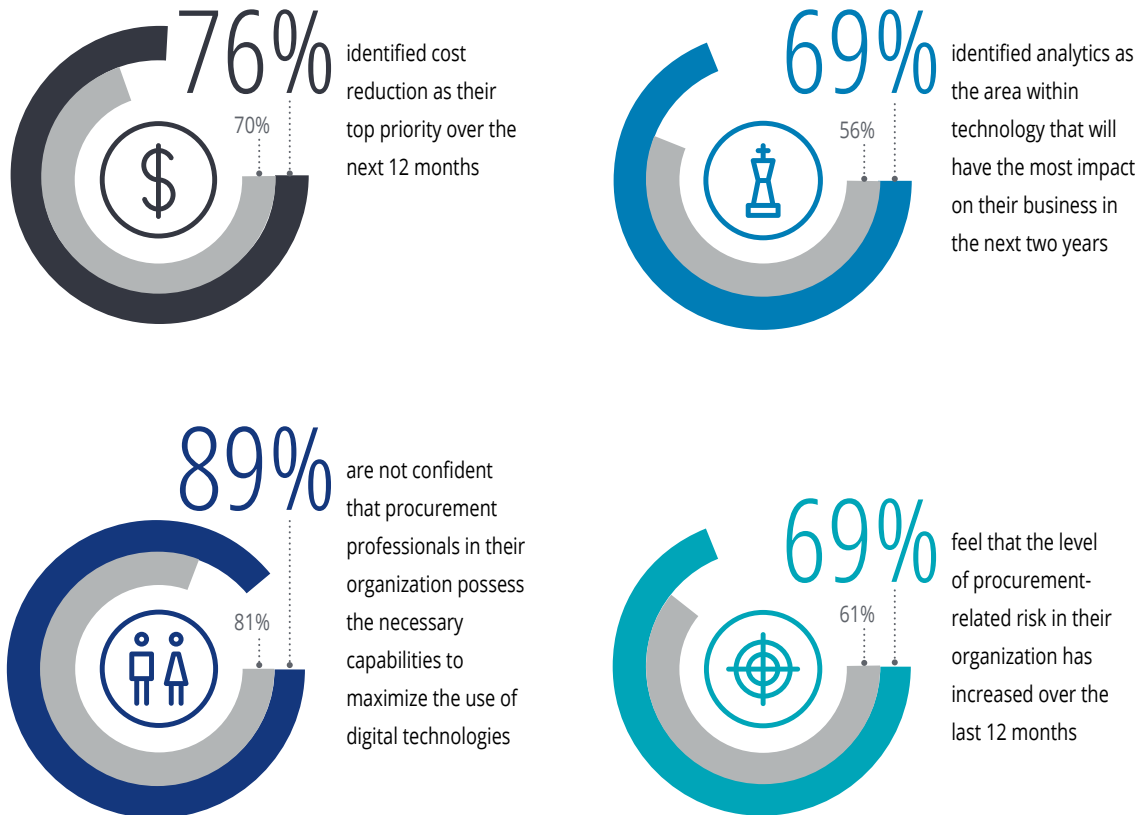
Industry—Energy & Resources (E&R)

49 respondents

FIGURE 1

Survey insights and cross-industry comparison

Energy & Resources (E&R) Cross-industry



Why is this important to your organization?



- The top priority for three-quarters of E&R CPOs surveyed is to reduce costs.
- To achieve cost reduction, CPOs are considering tactics such as prioritizing spend consolidation, reducing total lifecycle costs and reducing their transactional procurement costs.



- CPO respondents are focused on improving their organizations' analytical capabilities.
- To help achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
- This may result in an increased focus on ERP platform renewal and renewal of operational procurement tools (e-procurement) to enable cleansed, real-time data availability.



- Only 47 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value.
- Furthermore, the majority of respondents feel that their procurement professionals do not have the capabilities to maximize the use of digital technologies.
- Providing in-house training, change management, and strategic preparation for "The Future of Work" should be a critical consideration.



- More than two-thirds of CPOs surveyed feel that procurement risk is on the rise.
- This is fueled by economic downturn and deflation, coupled with internal complexity within their own organizations.
- To help achieve cost reduction and reduce financial risk, CPO respondents are focused on competitive bidding with new suppliers and contract renegotiation with existing suppliers.

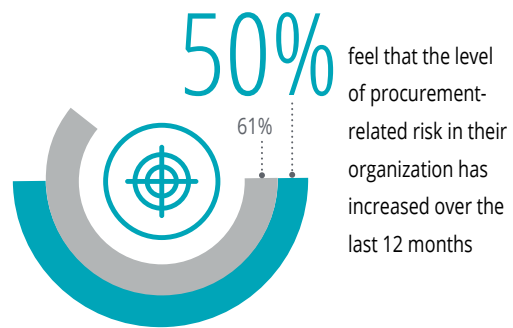
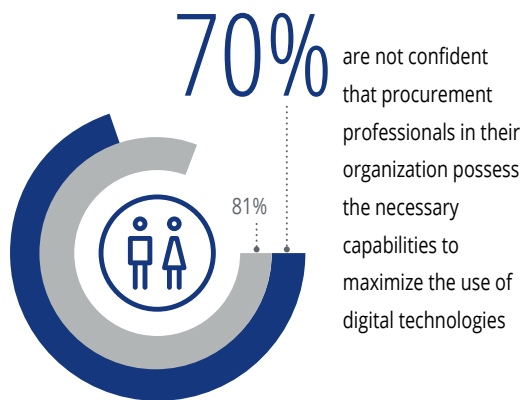
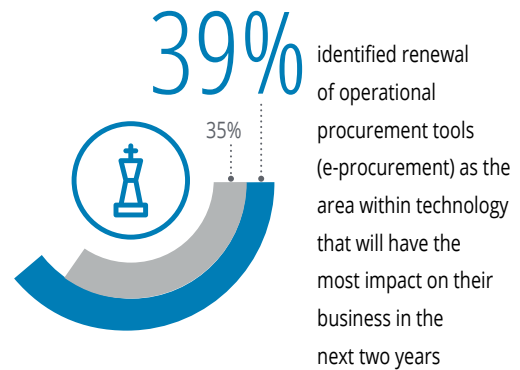
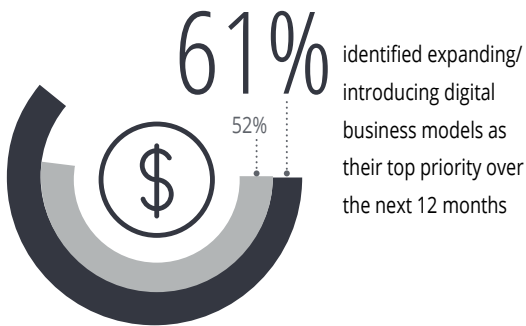
Industry—Business & Professional Services

28 respondents

FIGURE 2

Survey insights and cross-industry comparison

■ Business & Professional Services ■ Cross-industry



Why is this important to your organization?



-
- The top priority for CPOs surveyed in the Business & Professional Services industry is to expand/introduce digital business models.
 - Organizations can consider business partnering and collaborative relationships with strategic/innovation partners to support the expansion of their digital business models.



-
- CPO respondents are focused on renewing their operational procurement tools (e-procurement).
 - This can include implementing digital procurement tools both internally and with suppliers.
 - Procurement processes should be improved and automated with the support of modern IT applications.



-
- Although 54 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value, the vast majority do not believe their teams have the capabilities to maximize the use of digital technologies.
 - However, Business & Professional Services CPOs were more confident than the average CPO in their teams' capabilities.
 - Providing in-house training, change management, and strategic preparation for "The Future of Work" should be a critical consideration.



-
- CPOs surveyed are less likely to be concerned that risk is on the rise within their industries compared to average CPOs.
 - Those concerned about risk cite economic downturn and deflation, coupled with challenges managing digital fragmentation within their organizations and supplier base.
 - CPO respondents are focused on achieving competitive bidding with new suppliers and contract renegotiation with existing suppliers to achieve cost reductions and reduce financial risk.

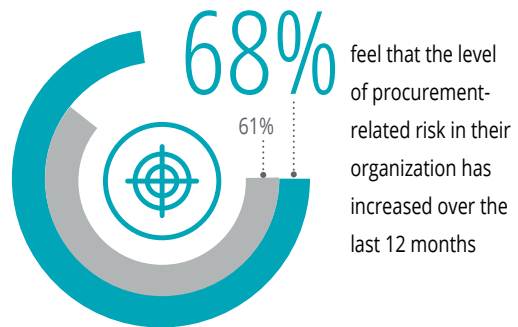
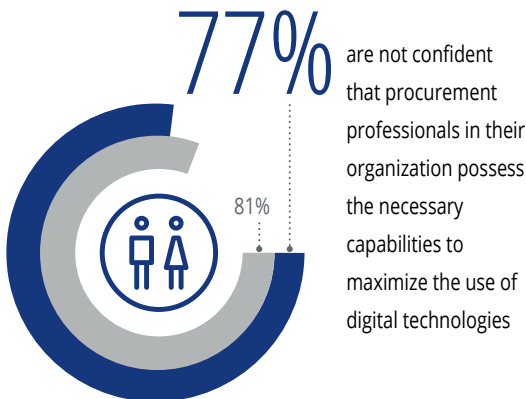
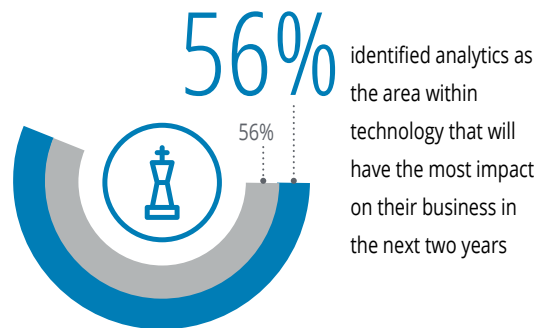
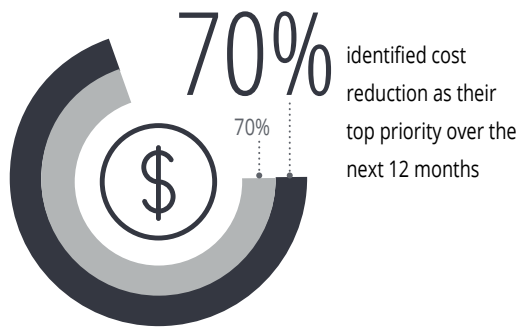
Industry—Consumer Business

77 respondents

FIGURE 3

Survey insights and cross-industry comparison

Consumer Business Cross-industry



Why is this important to your organization?



-
- The top priority for CPO respondents in the Consumer Business industry is to reduce costs.
 - To achieve cost reduction, organizations should consider prioritizing spend consolidation, specification improvement, and developing relationships with strategic business partners.



-
- CPO respondents are focused on improving their organization's analytical capabilities.
 - To achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
 - This may result in an increased focus on extending new digital procurement tools to internal stakeholders and suppliers combined with improving procurement processes to produce reliable and real-time data.



-
- Although 55 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value, the vast majority do not believe their teams have the capabilities to maximize the use of digital technologies.
 - Providing in-house training, change management, and strategic preparation for "The Future of Work" should be a critical consideration.



-
- More than two-thirds of CPOs surveyed feel that procurement risk is on the rise.
 - This is fueled by trade wars coupled with economic downturn and deflation.
 - CPO respondents are focused on achieving competitive bidding with new suppliers and contract renegotiation with existing suppliers to achieve cost reductions and reduce financial risk.

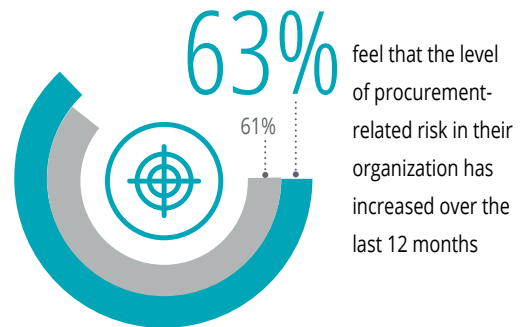
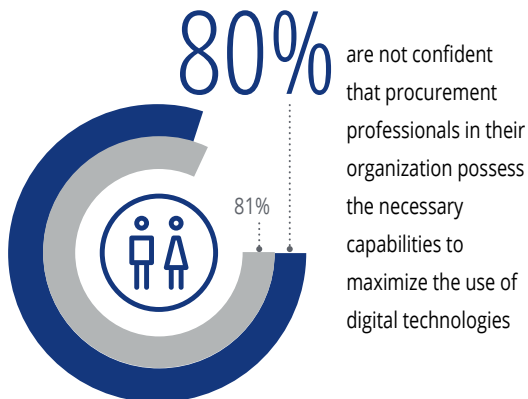
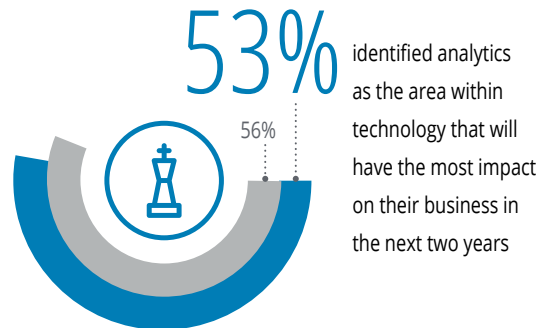
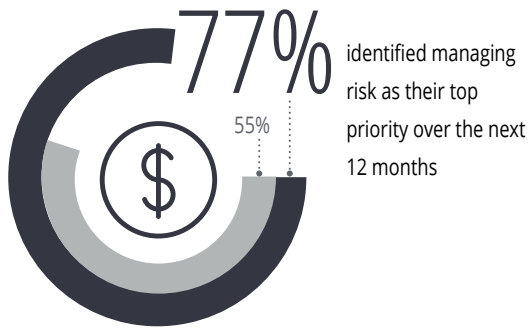
Industry—Financial Services & Insurance

43 respondents

FIGURE 4

Survey insights and cross-industry comparison

Financial Services & Insurance Cross-industry



Why is this important to your organization?



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- The top priority for CPOs surveyed in the Financial Services & Insurance industry is to manage risk.
 - Risk can be reduced by consolidating spend and reducing total life cycle/ownerships costs. Strategic business partnering can also be considered.



-
- CPO respondents are focused on improving their organization's analytical capabilities.
 - To achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
 - This may result in an increased focus on extending new digital procurement tools to internal stakeholders and suppliers combined with improving procurement processes to produce reliable and real-time data.



-
- Only 47 percent of CPOs surveyed feel that their digital procurement strategy helps the procurement team deliver on their objectives and improve enterprise value.
 - Furthermore, the majority of respondents feel that their procurement professionals do not have the capabilities to maximize the use of digital technologies.



-
- More than half of CPOs surveyed feel that procurement risk is on the rise.
 - This is fueled by economic downturn and deflation, coupled with managing complexity/risk within mega-suppliers.
 - CPO respondents are focused on achieving competitive bidding through contract renegotiation with existing suppliers and re-engineering requirements to achieve cost reductions and reduce financial risk.

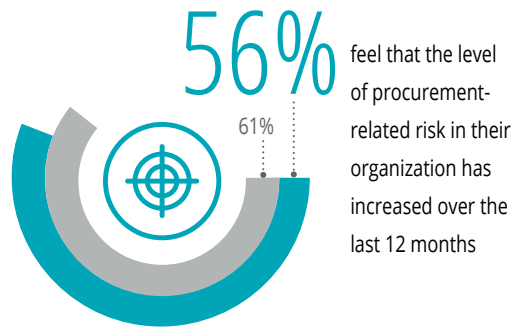
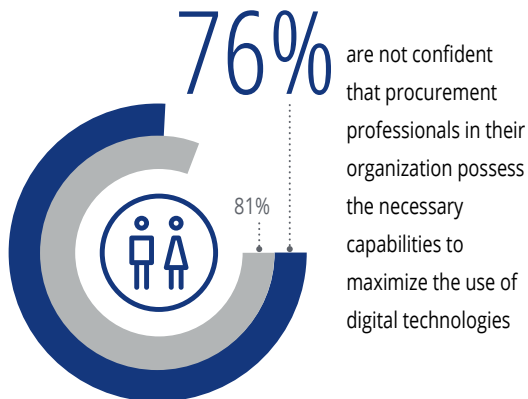
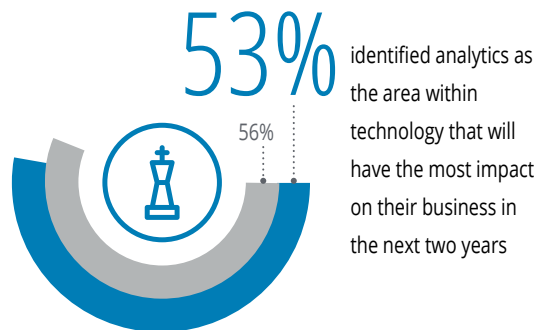
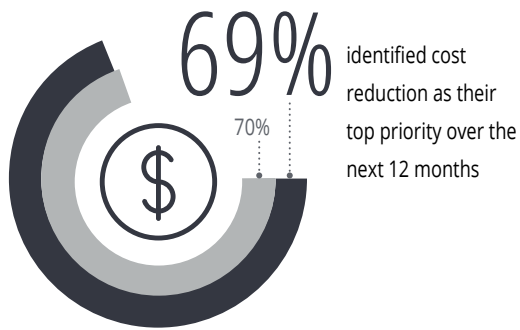
Industry—Government & Public Sector

32 respondents

FIGURE 5

Survey insights and cross-industry comparison

Government & Public Sector Cross-industry



Why is this important to your organization?



-
- The top priority for CPOs surveyed in the Government & Public Sector industry is to reduce costs.
 - To achieve cost reduction, organizations should consider prioritizing spend consolidation and specification improvement to reduce total life cycle costs.



-
- CPO respondents are focused on improving their organization's analytical capabilities.
 - To achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
 - This may result in an increased focus on extending new digital procurement tools to internal stakeholders and suppliers combined with improving procurement processes to produce reliable and real-time data.



-
- Only 37 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value.
 - Furthermore, the majority of respondents feel that their procurement professionals do not have the capabilities to maximize the use of digital technologies.



-
- CPOs surveyed are less likely to be concerned that risk is on the rise within their industries compared to average CPOs.
 - Those concerned about risk cite economic downturn and deflation, coupled with managing complexity/risk within mega-suppliers.
 - CPO respondents are focused on achieving competitive bidding through contract renegotiation with existing suppliers and re-engineering requirements to achieve cost reductions and reduce financial risk.

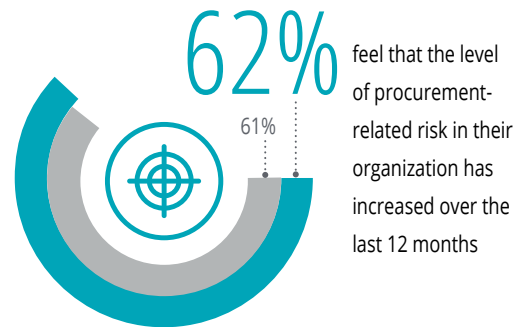
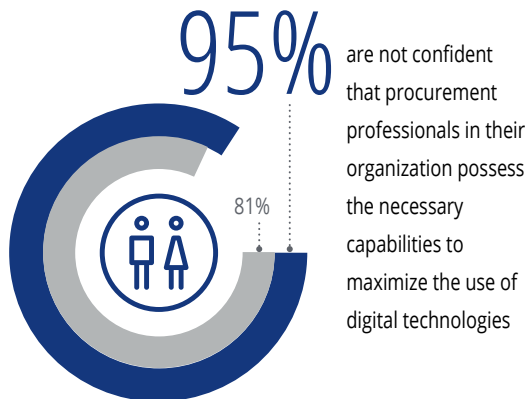
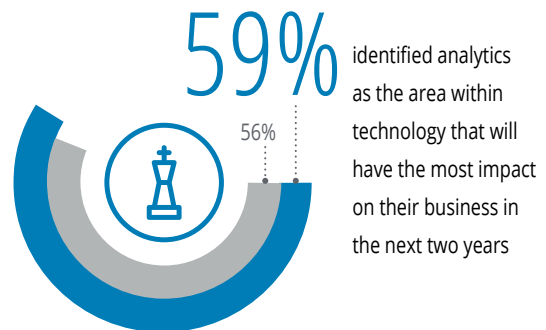
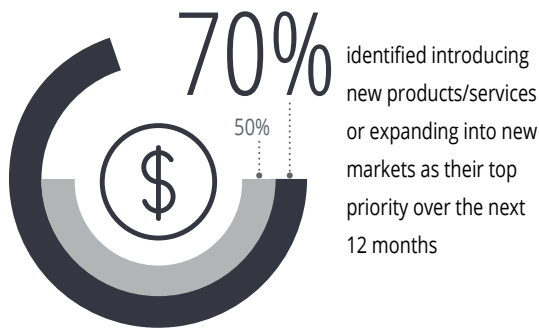
Industry—Healthcare & Life Sciences

44 respondents

FIGURE 6

Survey insights and cross-industry comparison

Healthcare & Life Sciences Cross-industry



Why is this important to your organization?



-
- The top priority for CPOs surveyed in the Healthcare and Life Sciences industry is to introduce new products/services and expand into new markets.
 - As organizations look to grow, they can consider strategic business partnering to support their expansion.



-
- CPO respondents are focused on improving their organization's analytical capabilities.
 - To achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
 - This may result in an increased focus on extending new digital procurement tools to internal stakeholders and suppliers combined with improving procurement processes to produce reliable and real-time data.



-
- Only 43 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value.
 - Furthermore, the majority of respondents feel that their procurement professionals do not have the capabilities to maximize the use of digital technologies.



-
- More than half of CPOs surveyed feel that procurement risk is on the rise.
 - This is fueled by internal complexity within their own organizations, coupled with managing complexity/risk within mega-suppliers.
 - CPO respondents are focused on achieving competitive bidding with new suppliers and reengineering requirements to achieve cost reductions and reduce financial risk.

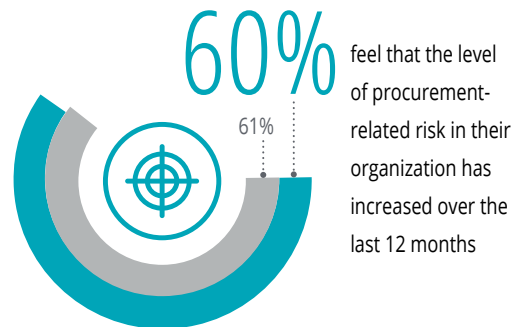
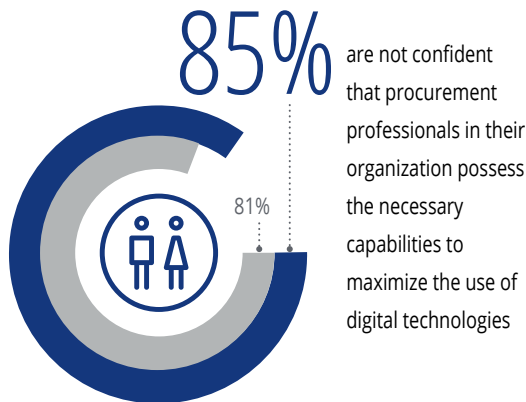
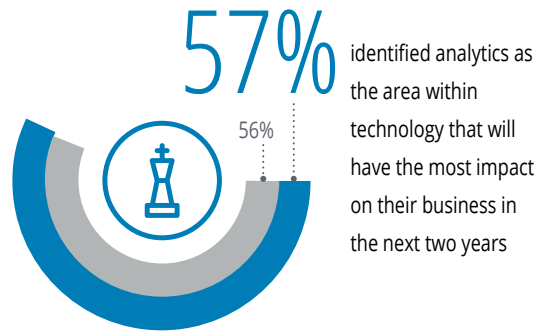
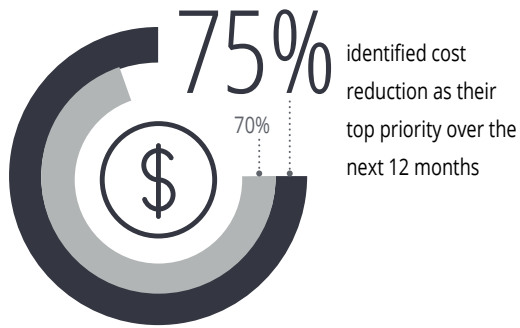
Industry—Manufacturing

88 respondents

FIGURE 7

Survey insights and cross-industry comparison

■ Manufacturing ■ Cross-industry



Why is this important to your organization?



-
- The top priority for CPOs surveyed in the Manufacturing industry is to reduce costs.
 - To achieve cost reduction, organizations should consider restructuring existing supplier relationships and consolidating spend.



-
- CPO respondents are focused on improving their organization's analytical capabilities.
 - To achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
 - This may result in an increased focus on extending new digital procurement tools to internal stakeholders and suppliers combined with improving procurement processes to produce reliable and real-time data.



-
- Only 42 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value.
 - Furthermore, the majority of respondents feel that their procurement professionals do not have the capabilities to maximize the use of digital technologies.
 - Providing in-house training, change management, and strategic preparation for "The Future of Work" should be a critical consideration.



-
- More than half of CPOs surveyed feel that procurement risk is on the rise.
 - This is fueled by trade wars coupled with economic downturn and deflation.
 - CPO respondents are focused on achieving competitive bidding with new suppliers and contract renegotiation with existing suppliers to achieve cost reductions and reduce financial risk.

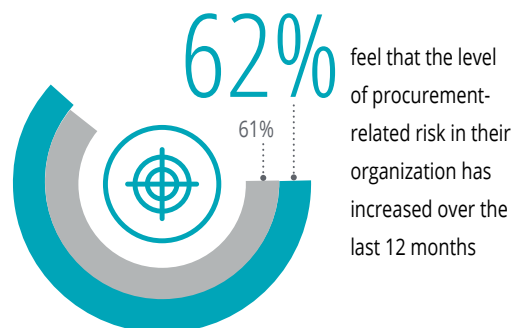
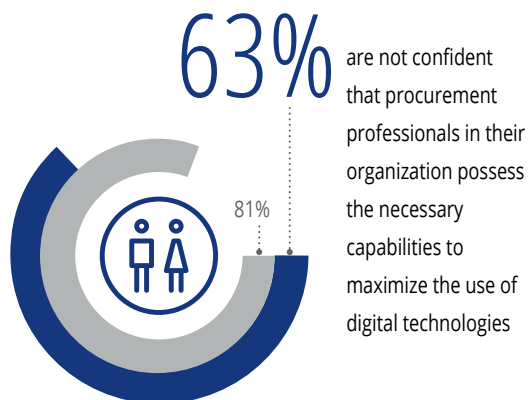
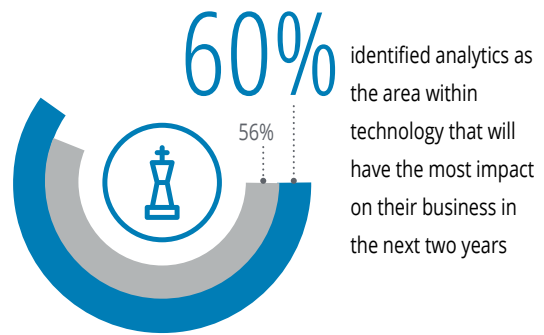
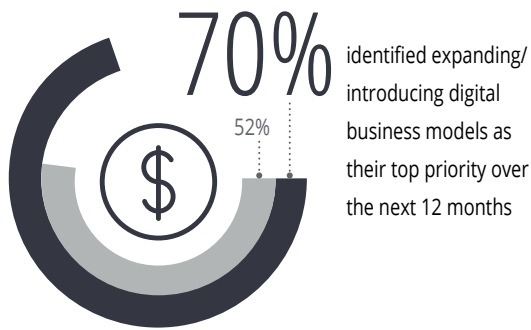
Industry—Technology, Media & Telecommunications (TMT)

43 respondents

FIGURE 8

Survey insights and cross-industry comparison

Technology, Media & Telecommunications (TMT) Cross-industry



Why is this important to your organization?



-
- The top priority for CPOs surveyed in the TMT industry is to expand/introduce digital business models within their organization.
 - Organizations can consider business partnering and collaborative relationships with strategic/innovation partners to support the expansion of their digital business models.



-
- CPO respondents are focused on improving their organization's analytical capabilities.
 - To achieve their analytical goals, organizations should evaluate the quality of their current data, which is cited by CPOs as the top barrier to implementing digital.
 - This may result in an increased focus on extending new digital procurement tools to internal stakeholders and suppliers combined with improving procurement processes to produce reliable and real-time data.



-
- Although 60 percent of CPOs surveyed feel that their digital procurement strategy helps procurement deliver on its objectives and improve enterprise value, most do not believe their teams have the capabilities to maximize the use of digital technologies.
 - However, TMT CPOs were more confident than the average CPO in their teams' capabilities.
 - Providing in-house training, change management, and strategic preparation for "The Future of Work" should be a critical consideration.



-
- More than half of CPOs surveyed feel that procurement risk is on the rise.
 - This is fueled by economic downturn and deflation, coupled with managing complexity/risk within mega-suppliers.
 - CPO respondents are focused on achieving competitive bidding with new suppliers and contract renegotiation with existing suppliers to achieve cost reductions and reduce financial risk.

Region—APAC

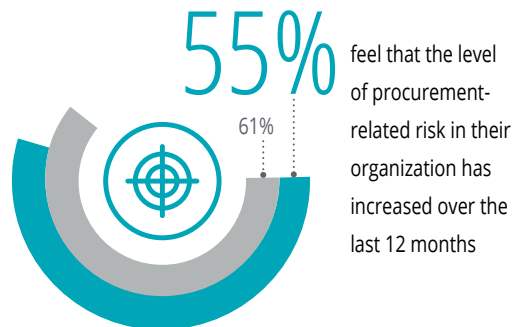
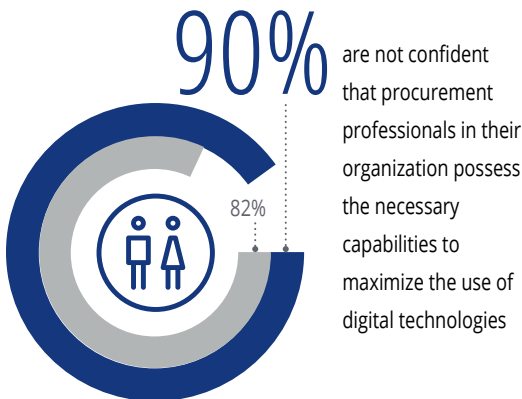
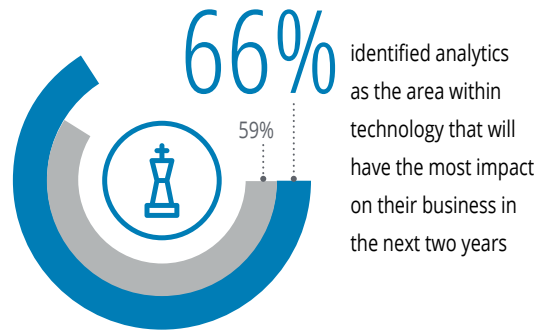
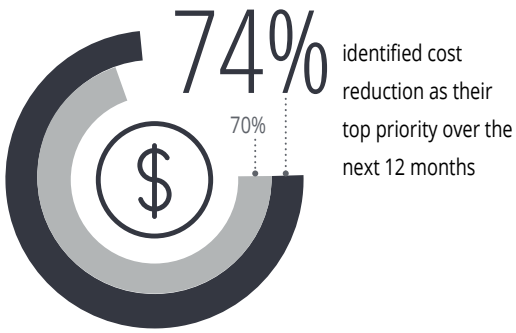
62 respondents



FIGURE 9

Survey insights and cross-regional comparison

■ APAC ■ Cross-regional



Why is this important to your organization?



- APAC CPO respondents are more focused than their global peers on reducing costs, and less focused on introducing new products/services.
- APAC CPO respondents play an important role within their organizations on digital strategy, outsourcing/offshoring, and product development/innovation.
- APAC CPO respondents reported that they are more likely to partner with risk and legal for strategic topics in comparison to global counterparts.
- APAC CPO respondents believe supplier collaboration, restructuring supplier relationships, and reducing total life cycle/ownership costs will deliver the most value.



- Apart from focusing on analytics, APAC CPO respondents are more likely to focus on upgrading operational and strategic procurement tools.
- The biggest APAC CPO reported barriers to digital implementation are quality of data and lack of internal IT resources/support.
- APAC CPO respondents are more likely than their global peers to use third-party digital technologies to spot and predict risk arising from supply markets.
- However, APAC CPO respondents are lagging behind their global peers in deploying strategies to avoid tax leakages.



- APAC CPO respondents are not confident in their teams' abilities to maximize the use of digital technologies and similar to EMEA CPO respondents, they are focused on closing gaps associated with technical skills through training on strategic sourcing/category management.
- In order to develop digital capabilities, APAC CPO respondents are more likely to focus on data visualization and RPA development rather than predictive analytics.
- APAC CPO respondents are collaborating internally and externally to deliver value and enable their organizations and suppliers.



- Fifty-five percent of APAC CPO respondents feel that procurement-related risk has increased—this is below the global average of 61 percent.
- However, APAC CPO respondents are more likely than their global peers to be concerned about the risk of economic downturn and deflation.
- Other APAC CPO identified risks are trade wars and increasing internal complexity.
- In the event of an economic downturn, APAC CPOs are more likely to use low-cost country sourcing and reduce cost by reengineering specifications.

Region—South America

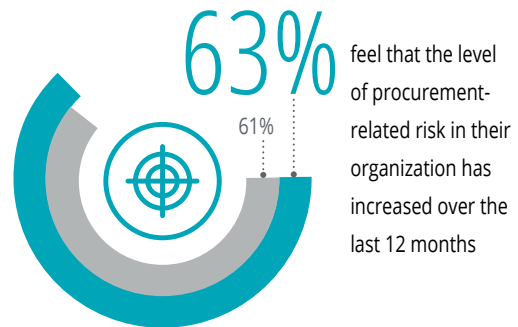
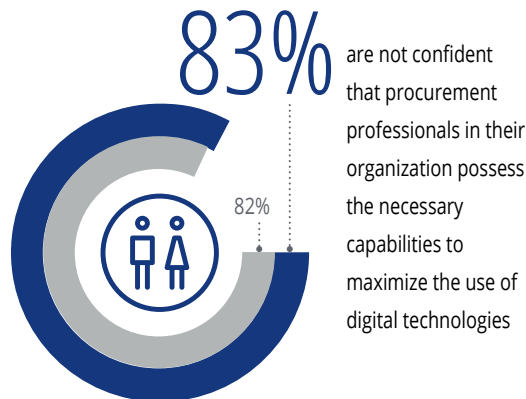
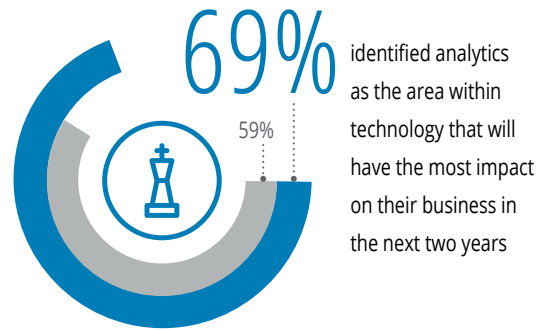
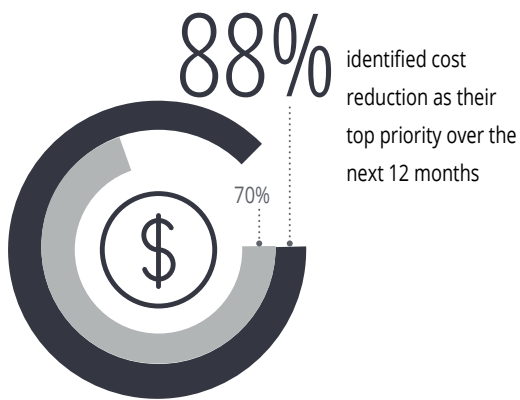
16 respondents



FIGURE 10

Survey insights and cross-regional comparison

■ South America ■ Cross-regional



Why is this important to your organization?



- SA CPO respondents are much more likely to see cost reduction and expansion/introduction of digital business models as top priorities.
- SA CPO respondents are considering strategies such as reducing costs and expanding/introducing digital business models to meet their organizations' expectations.
- SA CPO respondents are more likely to partner with operations and risk, and less likely to partner with HR and legal to deliver their strategies.



- SA CPO respondents are more focused than their global peers on analytics, digital presence, and robotic process automation (RPA) as part of digital transformation efforts to deliver value and achieve their objectives.
- SA CPO respondents are more likely than their global peers to focus on automating procurement processes with modern IT applications (for example, cloud-based S2P applications), extending new innovative digital tools/services and infusing advanced new digital technologies such as AI, RPA, and data mining.
- The biggest SA CPO reported barriers to digital implementation are lack of budget/funding, quality of data and unclear ROI.
- SA CPO respondents are more likely to have a strategy to manage tax leakages in comparison to global counterparts.



- The majority of SA CPO respondents don't believe the abilities of their teams are sufficient to deliver the procurement strategy.
- SA CPO respondents are more focused on delivering training related to technical, procurement skills such as strategic sourcing/category management and negotiations.
- SA CPO respondents are more likely to deliver trainings on RPA development and artificial intelligence in comparison to global peers .



- Sixty-three percent of SA CPO respondents feel that procurement-related risk has increased.
- The top reasons for increase in risk levels are the potential for economic downturn and deflation, risk of trade wars, increasing internal complexity, and tightening credit conditions.
- In the event of an economic downturn, SA CPO respondents are less likely than their global peers to focus on low-cost country sourcing.

Region—North America

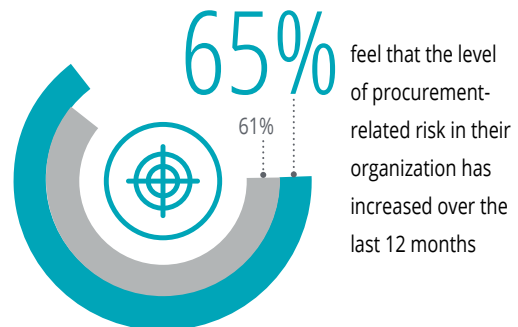
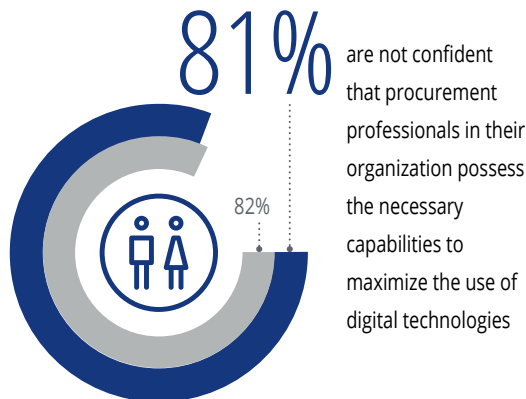
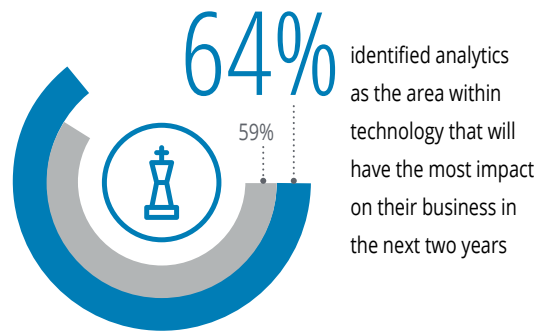
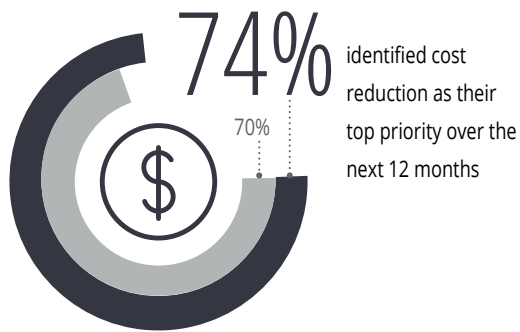
128 respondents



FIGURE 11

Survey insights and cross-regional comparison

■ North America ■ Cross-regional



Why is this important to your organization?



- NA CPO respondents are looking toward reducing costs and managing risk to deliver goals for next year.
- To achieve cost reduction, NA CPO respondents are considering tactics such as prioritizing spend consolidation and business partnering.
- NA CPO respondents report that procurement is typically involved in make vs. buy decisions, product development/innovation and customer-focused programs.
- In order to deliver critical business requirements, NA CPO respondents are more willing to partner with IT, legal, and risk than many other global peers.



- Both global and NA CPO respondents have low confidence in the abilities of their teams to maximize the use of digital technologies.
- NA CPO respondents are more focused on addressing skill/competency gaps related to soft skills such as business partnering/relationship management and effective manager training.
- NA CPO respondents are more likely to collaborate internally and externally to deliver value and are more likely to hire through referrals from existing employees.



- Apart from focusing on analytics, NA CPO respondents are more likely to look at robotic process automation and less likely to consider upgrading operational procurement to deliver meaningful impact.
- NA CPO respondents report that data quality will be critical in order to maximize the potential of digital technologies; however, they have also identified poor integration across applications as a major barrier to effective application of digital technology.
- NA CPO respondents are focusing on improving and automating procurement processes with modern IT applications (for example, cloud-based S2P applications) and are less likely to have a strategy for dealing with tax leakage and business disruption.



- Sixty-five percent of NA CPO respondents feel that procurement-related risk has increased, with the top drivers being increases in internal complexity, risk of economic downturn and deflation, and risk of trade wars.
- NA CPO respondents are more likely to focus on competitive bidding with new suppliers and contract renegotiations to reduce risk.

Region—EMEA

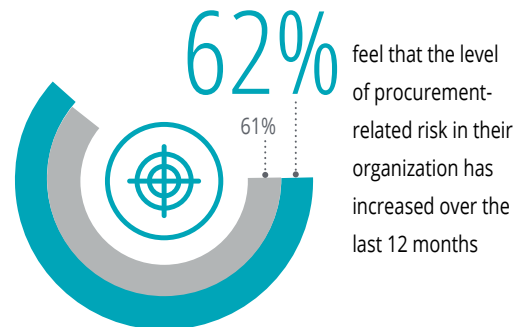
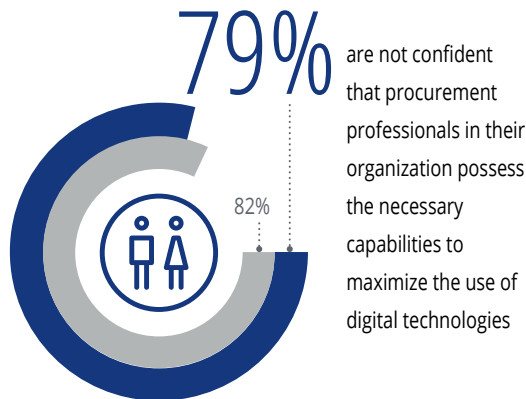
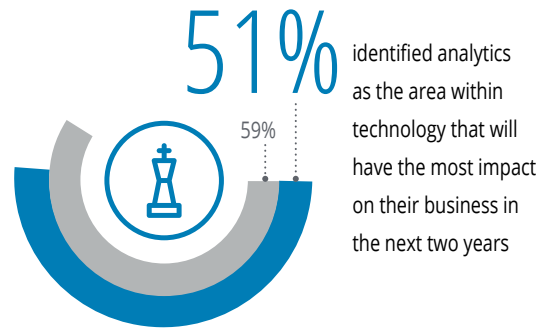
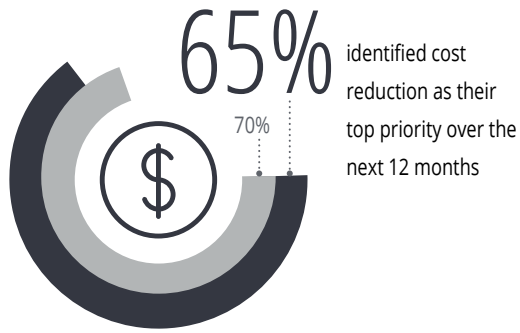
275 respondents



FIGURE 12

Survey insights and cross-regional comparison

EMEA Cross-regional



Why is this important to your organization?



- EMEA CPO respondents are less focused on reducing costs and more focused on introducing new products/services compared to global CPOs.
- EMEA CPO respondents are planning to leverage increased competition, specification improvement, and reducing demand to deliver value over the next year.



- More than half of EMEA CPO respondents believe that digital procurement will help deliver procurement's goals and objectives.
- Like their global counterparts, EMEA CPO respondents are planning to focus on improving and automating procurement processes with modern IT applications (for example, cloud-based S2P applications) and extending new innovative digital tools/services to digitally transform procurement.
- Less than 50 percent of EMEA CPO respondents believe that a clear enterprise digital strategy will be important to enable digital procurement transformation.



- EMEA CPO respondents are not confident in the ability of their teams to maximize the use of digital technologies.
- Unlike NA CPOs, EMEA CPO respondents are more focused on addressing skill/competency gaps related to technical skills such as strategic sourcing/category management.
- At the same time, EMEA CPO respondents are expecting to train more on data visualization rather than predictive analytics, RPA development, and artificial intelligence.



- Sixty-two percent of EMEA CPO respondents feel that procurement-related risk has increased, with the top drivers being risk of economic downturn and deflation, internal complexity and managing complexity/risk with mega-suppliers.
- EMEA CPO respondents also report greater concern over risks related to Brexit uncertainty and trade wars than global CPOs.
- In order to mitigate risks, EMEA CPO respondents are more likely to deploy strategies such as low-cost country sourcing and reducing cost by reengineering specifications.

Contact us

Our insights can help you take advantage of change. If you're looking for fresh ideas to address your challenges, we should talk.

Regional and Country Contacts

Global Lead

Brian Umbenhauer
bumbenhauer@deloitte.com

APAC Lead

John O'Connor
jococonnor@deloitte.co.au

EMEA Lead

Iain Kirwan
ikirwan@deloitte.uk

North America Lead

Lee Barter
lbarter@deloitte.ca

Latin America Lead

Xavier Ordonez
xordonez@deloittemx.com

Argentina

Pablo Peso
ppeso@deloitte.com

Australia

John O'Connor
jococonnor@deloitte.co.au

Austria

Alexander Kainer
akainer@deloitte.at

Belgium

Kristof Persoons
kpersoons@deloitte.com
Patrick Vermeulen
pvermeulen@deloitte.com

Canada

Lee Barter
lbarter@deloitte.ca

Chile

Pablo Morales
plmorales@deloitte.com

China

Ge Liang Gong
ggong@deloitte.com.cn

Croatia – Central Europe

Zlatko Bazianec
zbanianec@deloittece.com

Czech Republic

Lukas Jilek
ljilek@deloittece.com

Denmark

David Skov
dskov@deloitte.dk

France

Olivier Bonneau
obonneau@deloitte.fr

Finland

Niko Lindell
niko.lindell@deloitte.fi

Germany

Nikolaus Helbig
nhelbig@deloitte.de

India

Antony Prashant
prantony@deloitte.com

Italy

Umberto Mazzucco
umazzucco@deloitte.it

Japan

Yuichi Miyamae
yumiyamae@tohatsu.co.jp

Mexico

Xavier Ordonez
xordonez@deloittemx.com

Netherlands

Michiel Junge
mijunge@deloitte.nl

New Zealand

Paul Shallard
pshallard@deloitte.co.nz

Norway

Karl Martin Karlsen
kakarlsen@deloitte.no

Portugal

Diogo Nuno Santos
disantos@deloittece.pt

South Africa

Kavitha Prag
kprag@deloitte.co.za

Spain

Vicente Segura
vsegura@deloitte.es

Sweden

Patrik Andersson
paandersson@deloitte.se

Switzerland

Marcus Kutzner

mkutzner@deloitte.ch

United Kingdom

Iain Kirwan

ikirwan@deloitte.uk

United States

Jennifer Brown

jennibrown@deloitte.com

Venezuela


Carlos Ramirez

calramirez@deloitte.com

Deloitte.

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Deloitte Insights contributors

Editorial: Abrar Khan, Preetha Devan, Rupesh Bhat, and Anya George Tharakan

Creative: Sonya Vasiliieff, Rajesh Venkataraju, Adamyia Manshiva, and Tushar Barman

Promotion: Nikita Garia

Cover artwork: Anna Godeassi

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