



Is Manufacturing Missing Out On Procurement's Value Add?

Find out how direct procurement can make a significant value-adding impact across the entire end-to-end manufacturing design, source, make and deliver process.



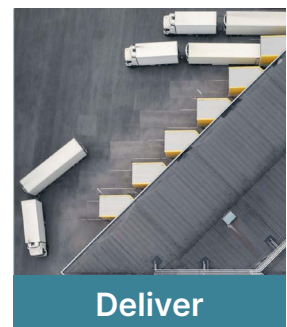
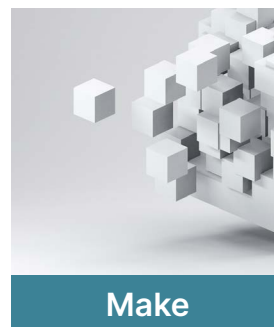
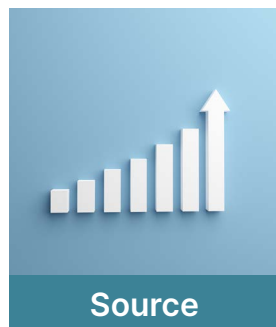
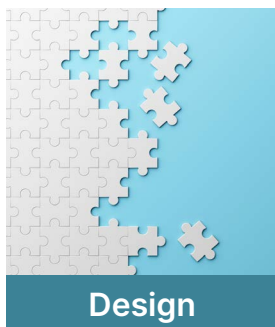
Does your business view its procurement function as a cost saver or a value creator?

Recent research studies indicate that cost reduction remains the main goal that businesses are seeking from procurement. It's notable that the widely cited [2024 CPO Agenda report from The Hackett Group](#) highlighted:

#1 issue for Chief Procurement Officers - Improve spend cost reduction.

However, this emphasis on cost takes attention away from the wider impact procurement is capable of – if it is elevated beyond its traditional role as a support function focused on transactional activities.

Progressive manufacturers have long since moved beyond the support function mindset – to reap the benefits of making procurement a trusted adviser and partner to key business functions. Every stage of the design, source, make and deliver process is impacted, adding tangible value on top of conventional cost savings.



Software empowers procurement to become a value driver

So why hasn't every manufacturer evolved this proven model of value-driving direct procurement? In large part, it's because they're not equipped with the right intelligence and digital tools – an advanced source-to-pay platform is the key to unleashing procurement's potential and optimizing supply chain performance. While the prospect of digital transformation in procurement can be daunting, a world-class provider will guide your organization on a journey of improvement that delivers success in numbers – metrics such as margins, profits, production targets, quality scores, ESG scores and customer satisfaction.

The JAGGAER One platform is as an end-to-end solution that covers every step of the source-to-pay process while improving supplier collaboration. Its embedded AI and advanced analytics empower procurement teams and buyers to become value drivers – backed up by advanced user support and the specialist knowledge and insight of the JAGGAER team. Let's look briefly at each stage of the manufacturing process to see how procurement can raise its influence and impact by deploying smart source-to-pay technology.

Design

At JAGGAER, we are huge advocates for including procurement early on in the new product introduction process. Collaborative tools enable you to connect Engineering, R&D, Quality, Logistics and Procurement from the initial design phases – and feed market and supplier intelligence into planning and strategy. For example, procurement can advise on component sourcing risks that may create bottlenecks and delay future production.

Potentially the greatest value add comes from integrating trusted suppliers into the New Product Development (NPD) process – a common approach in the automotive and consumer electronics industries. Early Supplier Involvement is shown to shorten development cycles and lead times, while lowering development costs and risks.

Source

Superior supplier intelligence is also a major value driver at the sourcing stage – informing data-driven decisions that think beyond standard commercial metrics. In the JAGGAER network, you find enterprise buyers, suppliers and partners all united on a single, cloud-based platform. Buyers and suppliers upload key information and receive smart-match buy/sell recommendations that optimize against historical performance ratings, costs, service levels, sustainability goals and risks.

It becomes far simpler to determine which suppliers will help you to innovate and grow – and which will create exposure. You can quickly identify, source and onboard new and vetted suppliers to keep product and revenue flowing – and to impress customers with the ethics and transparency of your

By collaborating with innovative suppliers on NPD, manufacturers have identified ways to command premium prices or even open new revenue streams.

The Chartered Institute of Procurement & Supply highlights that “utilising IT platforms will help you to improve communication and innovation and helps with the launch process.” The sooner procurement is involved, the greater the long-term impact on costs, margins, quality, sustainability and supply chain resilience.

sourcing. The wealth of data enables your team to perform multidimensional analysis of cost, risk, delivery times, logistics, ESG impact etc. Plus, you have the advantage of applying data to multiple future scenarios, such as a drop in demand or geopolitical disruption.

The added bonus in supplier management comes from automating procurement processes with AI technology. Automation, such as eInvoicing and Contracts, supercharges efficiency and relieves the admin burden – freeing up your procurement team to focus on strategic priorities. Automation also makes it easier for buyers, suppliers and logistics partners to transact and collaborate. This style of frictionless commerce unlocks much greater shared value in the supplier ecosystem.

Make

The make stage is obviously more straightforward if you've sourced the right suppliers. There are many steps involved in ramping up a new product, with numerous barriers and risks to ensure the right products are in the right place at the right time. Procurement can play a key part in making new product introductions efficient, repeatable and audit-proof by providing a single communication channel connecting buyers, internal stakeholders and the supplier community together.

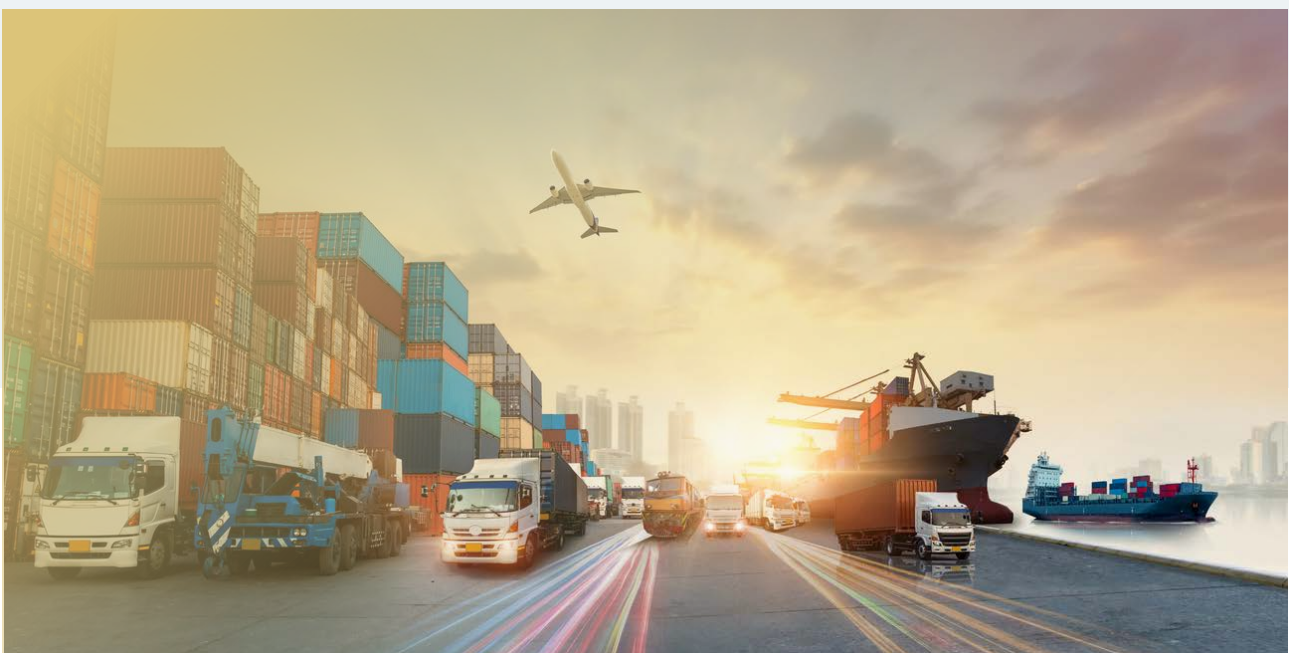
Introducing real-time supplier collaboration also builds resilience into

the supply chain – and helps to manage risk and ensure your procurement function is future ready. You cannot make a supply chain immune from the effects of unexpected disruptions. But with the data and insight provided by a platform like JAGGAER One, you can leverage sophisticated “what-if?” scenario analysis to deliver the best possible sourcing outcomes. Further insight comes from 3rd party data feeds such as **Prewave** and **Carbmee**. Planning for many different futures gives you the agility to sidestep risks that will catch other manufacturers out – aided by practical recommendations powered by predictive and prescriptive analytics.

Deliver

Inbound logistics is one of the most challenging supplier categories in manufacturing. The complexity of managing various scenarios across multimodal transportation is mind-boggling – making it impossible for the human mind to determine optimal solutions. With the right software product, you can harness one digital channel to optimize logistics and bring together all of your send and receive order

information. This brings benefits over and above using existing ERP systems. You gain complete oversight of inventory management and what's happening in your logistics. That empowers you to lower stock-levels, reduce working capital and prevent stock-outs. Plus, because you are constantly monitoring logistics and quality metrics, it is easy to collect the right insights to strengthen future decision making.



Value adding in action

Leading Middle East cable manufacturer, Duban, is a great example of a business that is reaping the benefits of embracing supplier intelligence. [Technology has transformed its ability to find and manage suppliers who can support innovation, enable competitive pricing and ensure great on-time delivery.](#) Freudenberg Sealing Technologies has also harnessed a modern supply base portal [to revolutionize the way it identifies and onboards high-performance vendors.](#)

Our team is on hand if you'd like to explore the value-adding potential of your procurement function. Please get in touch to arrange a 1-2-1 with a JAGGAER expert.



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