

By Naman Shah, Founder & CEO, NowPurchase

## ACCELERATED DIGITISATION IN PROCUREMENT

Following significant technological advances, digitalisation is an emerging front and centre in today's hypercompetitive and intertwined global network, with many firms employing it to enhance connectivity and efficiency across their supply chains.

**Naman Shah, Founder & CEO, NowPurchase**, looks at how technology is driving industrial procurement

**T**echnology-driven procurement has been spoken about for a while now – beginning with the introduction of mainstream computers to the shift to ERP, auctioning sites, and e-commerce marketplaces. Rapid advancements in digital technologies, such as low-cost computing and data storage, have enabled advancements in mobile technology and the cloud, as well as constant connectivity and sensors, which bring devices and machines to life in the Internet of Things, are remaking business supply chains, and are poised to transform how the procurement function delivers value.

Digital procurement solutions enable this future by providing access to previously unavailable data, or bringing order to massive, unstructured data sets; driving more complex analysis and better supplier strategies; and enabling more efficient operations. We are now more likely to witness a progression toward fully autonomous procurement. On the B2C side, there has been a significant amount of technological adoption in terms of individual procurement of goods and services as an individual. The same trend has accelerated in industrial and B2B procurement.



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### THE CHALLENGES

Industrial procurement is extremely complex and has a different side when compared to an individual. It is much more than purchasing one good to produce another. The majority of challenges mostly revolve around quality, delivery, timeliness, and to a lesser extent price. Timeliness is of extremely high value. Although the price must be lower, this is of little value without assurances around quality and delivery.

The quality of the parts and raw materials makes all the difference to the finished products. By ensuring that the parts are of specific quality in terms of physical description, metal/chemical composition, right measurements, and performance specifications, the procurement team is also ensuring the quality of the finished goods.

With the increase in supply chain integrations and lower inventory levels, on-time delivery is another important factor that has become increasingly critical for success. To ensure on-time delivery, large inventories and production capacities were traditionally required. Integrated supply chains, however, no longer require large, expensive inventory buffers to respond to unexpected events and variations in demand, thanks to advanced information systems, deregulation, agile manufacturing organisations with flexible equipment and tooling, and sophisticated logistics systems.

Costs have always been important, and in today's increasingly global economy it is not uncommon for SMEs to discover sudden gaps between price disparities. This is due to the convergence of improved high-speed communications, reduced transportation costs, and universal access to technology and effective management practices.

Another important challenge is that when dealing with businesses a lot of trade or industrial credit is given out, which is very different from dealing with individuals. Furthermore, the goods procured are highly tech-

nical and many of them are purchased from a variety of suppliers, some of whom are organised while some are not.

To put it simply, supply variance and quality of supply, credit piece, and finally delivery and timeliness are of utmost importance.

#### CHANGES BROUGHT IN BY THE PANDEMIC

The pandemic has accelerated the adoption of technology in general. The pandemic has compelled more businesses to embrace digital transformation than demonetization could. Various core sectors such as health tech, Edtech, fintech, OTT and food tech, experienced rapid growth in the digital start-up ecosystem. Another notable change was a complete shift in how entrepreneurs viewed success. Indian start-ups have streamlined revenues and innovations, and as they continue to deal with challenges, Indian start-ups are playing the role of a catalyst in reviving the country's economy.

In response to the COVID-19 pandemic, individuals and companies throughout the world have been forced to accelerate the adoption of emerging technologies to mitigate its impact. We have seen students and professionals continue studies through blended learning offered by Ed-Tech platforms, office meets through Zoom, Google meets and the emergence of multiple e-commerce platforms owing to the pandem-




ic. Even in terms of business procurement, we have seen industry professionals become more open to exploring tech adoption. Another significant change is that people have started to take the digital procurement space more seriously and recognise that this is the way of the future.

#### THE TRANSFORMATION

At NowPurchase, we are obsessed with transforming industrial procurement and building a true, autonomous platform, that helps metal manufacturers procure. We are dealing with the metal manufacturing industry, which is worth \$140 billion. This could include iron and steel, non-ferrous metals, as well as the foundry and castings industries. We believe that procurement has become extremely inefficient, due to the purchase and production departments working in silos. The purchase and production managers are in two different buckets, which is where a lot of money is lost and it is this gap that NowPurchase is attempting to close.

As a procurement solution, we recommend and deliver the appropriate raw material, depending on the manufacturing process. We have our own WhatsApp bot to provide pricing transparency, as well as a proprietary software called MetalCloud that assists in optimising the production process.

In terms of technology, we have seen widespread adoption of WhatsApp. Currently, 80 per cent of our users use this medium to view prices, track deliveries, raise quotations, and communicate with their account manager, among other things. Also, people now have begun to recognise that technology is the future, which has resulted in a strong adoption of our MetalCloud software. Our proprietary algorithm is being used by factories to optimise the production process. They are taking current inputs, different parameters, plugging data into the software, and determining the most optimal way to make that end alloy. 

#### Benefits of Digitising Procurement

- **Happier Users:** It's safe to say that tossing out the pen and paper and replacing it with a customisable dashboard and real-time alerts would make any procurement officer happy.
- **Removal Of Tedious Tasks:** Digital Procurement can automate many of the tedious processes
- **Significant ROI:** Sure, a digital transformation may be costly, but the money saved after a successful integration should outweigh initial spending.
- **Better Decision Making:** Visibility features give users actionable insights into their procurement processes. Not only that but forecasting tools can provide a roadmap for fluctuating demand and layout possible paths to take for the greatest gains.
- **Improved Agility:** An operation that has fully adopted a digital transformation can make changes in the system that will immediately be distributed to all important areas.
- **Cut Costs:** Streamline your operations with a digital platform that focuses on accuracy and error prevention. Fewer errors mean less money spent cleaning up after costly problems.