



WHITE PAPER

Digitalising construction procurement

1st procurement performance lever in the
construction & engineering industry

5 keys to successfully
digitalise procurement
in construction and
engineering companies





Contents

The benefits of digital procurement	4
1 Improve profitability, reduce costs	4
2 Foster collaboration between the site manager and the procurement department	5
3 Optimise site management and manage deadlines	5
4 Be aware of financial commitments	6
5 Improve the whole procurement chain	7
6 Guarantee compliance with new regulatory and quality requirements	7
Summary	
Procurement digitalises the company	8
5 keys to successful digital procurement	9
1 Step by step: Focus on equipping Procurement and Construction sites	9
2 Know your suppliers	10
3 Make digital supplier catalogues available to your teams	10
4 Go paperless on invoices	12
5 Ensure a successful transformation by bringing Procurement closer to the field	12

This guide is brought to you by Oxalys. The document and its contents are protected by copyright and are the property of Oxalys. It may be partially reproduced in the form of short extracts as long as Oxalys is cited as the author and the address www.oxalys.com is indicated.

For further information, please contact the Oxalys communications department.

Copyright © 2022 - Oxalys



editorial

On a construction site, innovations can often make the difference, in processes and organisation among other aspects. In procurement, the question is no longer whether or not there should be a specialised organisation, but how to get the best out of it.

Oxalys has been providing integrated procurement management solutions to construction and engineering companies in South Africa, Europe, and the rest of the world for many years, and we have published this guide to share the fruits of this experience. We offer simple answers to two important questions: What should I expect from digital procurement and how can I ensure the success of my project to digitalise my construction procurement?

We have focused on the supply chain because it involves every stakeholder in the construction site, whether internal or external to your organisation, and therefore provides the most visible and far-reaching results. The extent of the efficiency levers offered by digital procurement makes its implementation necessary, perhaps even imperative, and stimulates a new form of collaboration within your organisation, with each person refocusing on their activity to serve for an optimised overall result.

You may well ask, «What a big job!» For our part, we are convinced that every ingredient is available to develop Procurement performance in the construction and engineering industry and to make buyers the decisive support function for a successful construction site.

I hope you enjoy reading this guide and wish you every success with your project!

Laurent GUILLOT

Managing Director – Oxalys

«It's not at the base of the wall that we see the mason at work, it's at the top!»

Auguste Detoef

The benefits of digital procurement

New environmental and regulatory requirements are forcing the construction sector to find new performance levers, including the digitalisation of procurement and supply.

By relying on a procurement software solution, digitalising Procurement means rethinking how to collaborate within the organisation and with suppliers: refocusing efforts on value-added tasks, making exchanges more fluid, reducing administrative tasks and, above all, making greater use of collaboration with suppliers.

Restore financial margins and improve operational efficiency



1 Improve profitability, reduce costs

Reducing procurement expenses brings about an immediate improvement in results and cash flow. Of the main cost centres, procurement is the most effective to optimise.

Reduction in procurement costs	- 9 %
Reduction in labour costs	- 27 %
Reduction in other costs	- 65 %

Reducing procurement costs by 9% brings about the same benefit as reducing labour costs by 27%.

In an operating account, procurement can represent up to 70% of expenses. Buying better means negotiating master agreements, consolidating volumes, standardising catalogues and, above all, ensuring that the prices negotiated are used as much as possible by end users.

— 2 Foster collaboration between the site manager and the procurement department

The success of a project requires perfect oversight by the site manager and a high level of reactivity. Purchasing is an essential part of this and requires frequent interaction between Procurement and construction sites.

The digital procurement solution will make it possible to identify the specific requirements of each site, to select the most relevant suppliers and to provide operational staff with catalogues adapted to their expectations and location.

Standard procurement is via electronic catalogues, as on an e-commerce site. Purchase requests, simply made online, are processed by a buyer, respecting the requirements of field requesters, including the suppliers approached.

The site manager gains in efficiency, visibility, and availability.

In return, buyers receive real feedback on the ground, regarding both the nature of products and the quantities purchased, as well as the quality of supplier services. Best practices can be implemented and shared.

Procurement is tracked and the previously tedious tasks of reconciling orders, deliveries and invoices are simply eliminated.



— 3 Optimise site management and manage deadlines

Digital procurement increases site managers' capacity to forecast and anticipate.

Procurement conditions are established by framework agreements, and all that remains is to choose items and quantities. Budget availability is checked in real time, the approval workflow is calculated and immediately implemented, including on mobile devices, and the order is swiftly forwarded to the supplier.

Stock requests can be made on any regional stocks.

Management of good received notes is easy, including using the mobile app, and discrepancies are easily traceable.

Procurement can be mobilised for more specific situations.

In the field, efficiency comes first!



Digitalising Procurement and particularly purchasing, makes site management more agile.

4 Be aware of financial commitments

Digital procurement ensures transparency for the Finance department in terms of commitments and budget management. Financial commitments are captured as soon as the order is placed, while the monitoring of receipts shows the progress of the order.

Moreover, the finance department has all the information needed to control payment deadlines and details of supplier payments details, which simplifies accounting tasks and improves relations with suppliers.



— 5 Improve the whole procurement chain

Digitalisation also provides more visibility of expenses by category, supplier, budget centre, ... and much more.

This knowledge allows Buyers to focus their efforts on more value-added tasks in the procurement chain and to include the supplier relationship in improvement and innovation plans.

To ensure that knowledge of procurement is as exhaustive as possible,

a mobile procurement solution on a smartphone or tablet could be used as a tool for maintenance or intervention units as well as for short-term or mobile construction sites.



**You cannot optimise what
you do not see!**
**Digital procurement provides this
spend visibility to you.**

— 6 Guarantee compliance with new regulatory and quality requirements

Current regulations in the construction sector impose stringent anti-corruption measures on large companies and SMEs with over 50 employees. Digital procurement enables better visibility of suppliers and subcontractors to ensure compliance.

These new obligations have an impact on submissions to RFx and tenders, the management of suppliers and subcontractors and the oversight of regulatory requirements.

Likewise, CSR compliance criteria and commitments of suppliers are collected and centralised once for all.

Innovations and best practices are better identified and easily disseminated.



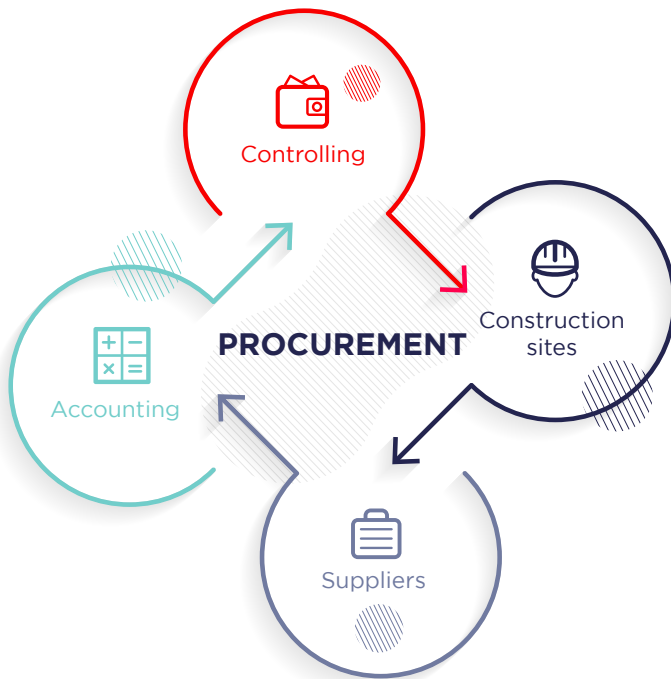
**In the event of a quality or
compliance alert, all stakeholders
are immediately informed so the
necessary measures can be taken.**

Summary

When Procurement digitalises the company

Because the procurement process is a cross-department one, its digitalisation transforms and modernises the entire company.

The challenges



✓ **Economic**

Improve the economic performance

✓ **Procurement**

Buy cheaper and better

✓ **Financial**

Manage commitments

✓ **Operational**

Facilitate and secure the supply of construction sites

✓ **Information system**

Ensure the consistency of frames repositories of reference and interfaces.

5 keys to successful digital procurement

L'expérience de plusieurs centaines de projets permet à Oxalys d'identifier les principaux critères de réussite d'un projet de digitalisation des Achats.

1 Step by step: Focus on equipping Procurement and Construction sites

Upstream, buyers will benefit from a supplier and RFx management solution. With a focus on the core business of procurement, this approach enables Procurement to develop skills and to move to the next level under the authority of the Procurement manager.

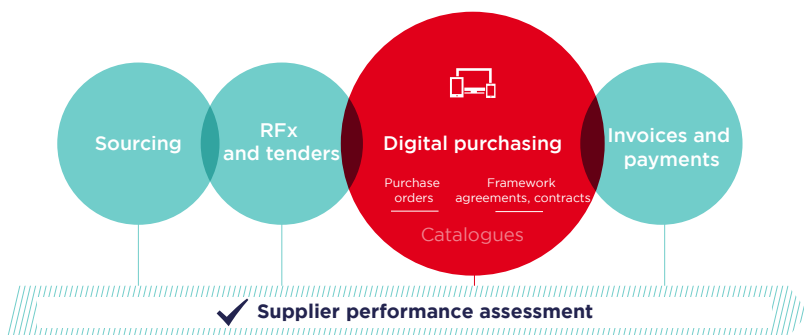
Downstream in the procurement process, purchase-to-pay is the main lever enabling the procurement or financial

department to control spend by deploying catalogues selected by buyers and operational staff. Its success requires the support and therefore the mobilisation of operational teams, while a pilot phase makes it possible to identify the main difficulties or any reluctance.



The fastest ROI and most visible benefits come from implementing a software solution for on-site procurement management.

The success of this step is decisive, and the scope of digital collaboration can then be extended to Finance, suppliers, and other Procurement stakeholders.



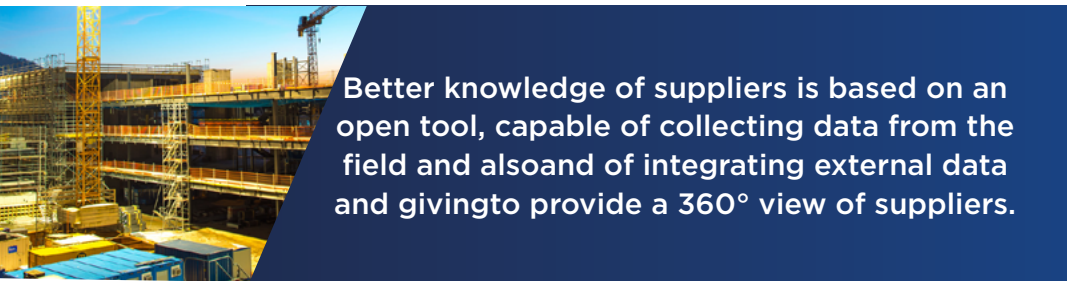
— 2 Know your suppliers

Data management is at the heart of the digitalisation process. For Procurement, supplier data is essential as it allows them to keep their database up to date, to know the products, to track the history of the collaboration as well as the capacity for quality and innovation...

Regular suppliers will be subject to 360° monitoring and be updated automatically by the digital procurement solution, as well as by the supplier itself or by direct connection to external databases. Information on ad-hoc suppliers, generally suggested by operation-

nal teams, will focus on mandatory data. Data on non-registered suppliers will be progressively built up to inform the registration process.

The evaluation of suppliers, on a broader panel, completes the available data to help in the selection process and construction of improvement plans.



— 3 Make digital supplier catalogues available to your teams

Access to millions of item references can be essential to cover all the needs of a construction site. During the purchasing process, identifying an item, knowing its precise characteristics and the conditions of its purchase must be easy and intuitive.

Everyone has experience of the best mass-market e-commerce sites. To be accepted by users, digital procurement

in construction companies must offer a user experience that is at least comparable and adapted to the device used.

By publishing comprehensive and intuitive catalogues, buyers facilitate compliance with procurement policy and contribute to the performance of operational personnel.



Buy the right product, at the right time, from the right supplier and at the right price. In 3 clicks!

MAKE ITEM SEARCH EASY

Advanced functions for managing synonyms, automatic deduction, completion,

PROVIDE MOBILE ACCESS

Mobile devices (tablets, smartphones, and other business devices)

PROVIDE A SINGLE E-COMMERCE LIKE CART

User-friendly interface, close to marketplaces (Amazon) favourites, etc.

SPEAK THE SAME LANGUAGE AS USERS

Categories that are independent of the spend classification

PROVIDE ACCESS TO INFORMATION ON STOCK AND NEGOTIATED PRICES

Help with decision-making

FOCUS ON THE VISUALS

Display of photos and enriched product descriptions

USE OF FILTERS

Contextualised data (location, site, suppliers, etc.)



4 Go paperless on invoices

Construction site purchases are at the heart of the procurement process, while accounting integration is downstream and should not be neglected as it provides an important complement to profitability and performance. This is particularly true as digital invoicing is gradually becoming the norm in companies of all sizes.

Invoicing data will be reconciled with the terms of the order and the good received notes. As each of these steps has been validated pursuant to internal rules, the validation of the invoice is greatly simplified. Any discrepancies are identified immediately and passed on to suppliers for correction.

Accountants gain in efficiency and peace of mind, while operational teams save on tedious reconciliation work.

To this end, the digital procurement solution is interfaced with the accounting software to synchronise the supplier base and link procurement categories to accounting codes. The interface can easily be extended to site and project management software to provide an integrated information system.



Going paperless on invoices is the logical next step in digital procurement. It secures the management of commitments and completes the ROI.

5 Ensure a successful transformation by bringing Procurement closer to the field

Procurement digital transformation is a company-wide project that establishes a new form of collaborative experience and gets rid of a silo approach to working.

Bringing Procurement closer to the field allows operational expectations to be better translated into digitalelectronic catalogues, enables each person to provide excellence in their core skills, establishes a common language and shares

objectives.

As with any transformation project, to successfully digitalise Procurement, it is necessary to :

- Involve stakeholders throughout the project,
- Find a one or multiple sponsors who will support and defend the project,
- Communicate and provide assistance before, during and after deployment.

+++

What about you?

**Are you ready to digitalise
your site procurement?**





A successful digital procurement project in the construction and engineering industry is based on the principles set out above, which derive from our experience in this industry. It requires the use of a digital procurement solution designed by and for construction and engineering companies, integrating best practices, business know-how and the best of digital technology.

We hope this white paper has convinced you that for a construction company, digital transformation of procurement is a major performance lever and kick-starts the digitalisation of the entire company.



Key factors to success

Step by step deployment

Ensure collaboration between the field and

Focus on content quality

Apply e-commerce standards

Root Procurement on the field

Interface with accounting tools

Anticipate electronic digital invoicing

Procurement is transforming and transforms the company!

This guide is the result of several years of experience acquired in the field with the operational teams and procurement managers of construction and engineering companies.

ABOUT OXALYS

Oxalys, a specialist in the digitalisation of spend and procurement, is the preferred partner of mid-sized and larger organisations. Its solutions enable the digital transformation of the entire procurement process and commitments: Sourcing and Contracts, Purchasing and Invoices, Supplier Relations, and Procurement Management. Oxalys stands out for its configurable and scalable solutions as well as its customer support based on proximity and agility, adaptable to the company's culture. The goal is to enable all private and public organisations to successfully and easily digitalise their Procurement.

Chosen by companies and organisations of all sizes in the construction industry, Oxalys has established itself as a leader in site procurement thanks to its experience developed in contact with major construction groups.

Oxalys solutions are used by many mid-market and large construction corporates, including Bentin, Bombela, Balwin properties, Bouygues Construction, Idex, EL2D, Colas, ERI, ICF Habitat, Léon Grosse, NGE, Sogea Satom, Spac and Vinci Construction.

Contact us!

If you want to know more about our procurement and spend management solutions for the construction industry

+27 (0)14 940 0081

contact-sa@oxalys.com

www.oxalys.com/za

