

CIPS

- The Future of Procurement & Supply -

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Leading global excellence in procurement and supply

Who we are...

**Chartered
Body**



**Charitable
Status**



**Awarding
Body**

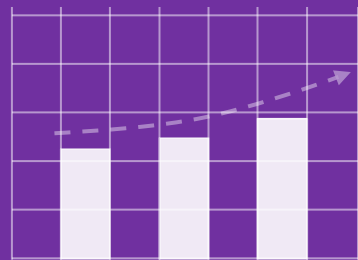


“Established 1932 to “promote and develop for the public benefit the art and science of purchasing and supply...”

**Membership
Organisation**



Business



**Global
Network**



A Global Institute, a Global Voice



Americas (USA)

- 8 regional offices
- 6 affiliated partner offices
- 200+ study centres

Ghana (Accra)

Partnerships:



What we do...

For **Individuals**; and
All organisations
All sectors
All around the world

Helping organisations achieve
sustainable value from their
supplier base

PERFORMANCE



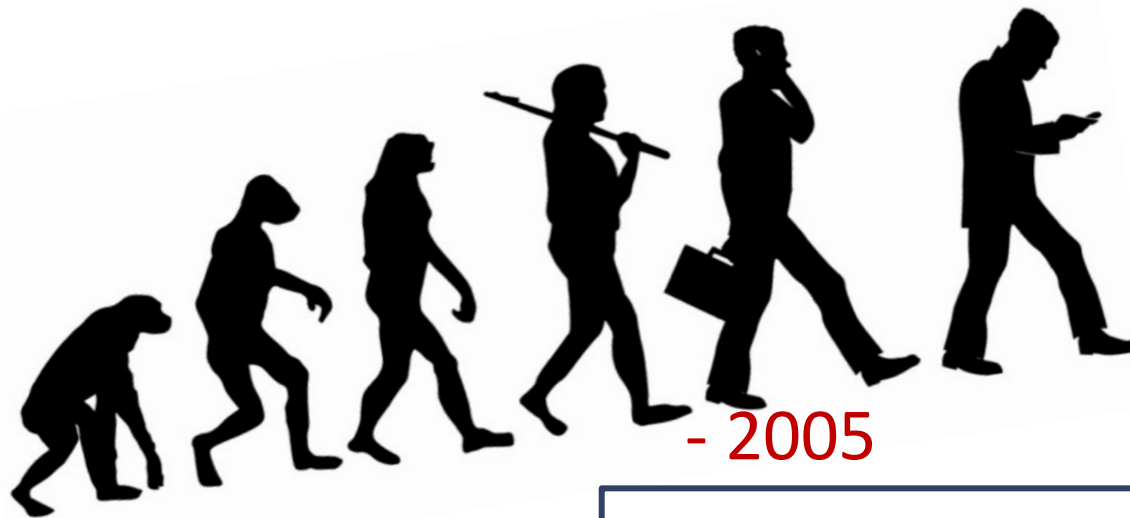
Professional training and
certified **qualifications**
assessed against a
GLOBAL standard.

CAPABILITY
DEVELOPMENT

SUPPLY
ASSURANCE
AND COMPLIANCE

- Corporate Ethical Procurement
- Sustainable Procurement Review
- CIPS Sustainability Index
- CIPS Risk Index
- Transformation Services
- Procurement Fraud Advisory Service

The Evolution of Procurement



2010 onwards...

Strategic World Class...

- Category Management
- Input at boardroom level
- Innovation
- Mandated spend management
- Commercial advisers
- Corporate Social Responsibility

Strategic Sourcing

- Collaborative Buying
- Outsourcing

Supply Chain Management

- Supply Partnerships
- Supplier Relationship Management

Administrative

- Contract management
- Purchasing

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The Global Environment

Changing expectations

- 48% of CEOs believe CSO boardroom role by 2020

Raw Materials/Commodities

- Oil & Gas
- Lithium

Public Procurement



- Increasing % of Global GDP(20%+)
- Increasingly used for protectionist policies

Technology



- 3D printing growth
- Big Data/IOT



Ethics & Compliance

- Lowering tolerance of risk (Modern slavery / Supply Chain Cyber security)

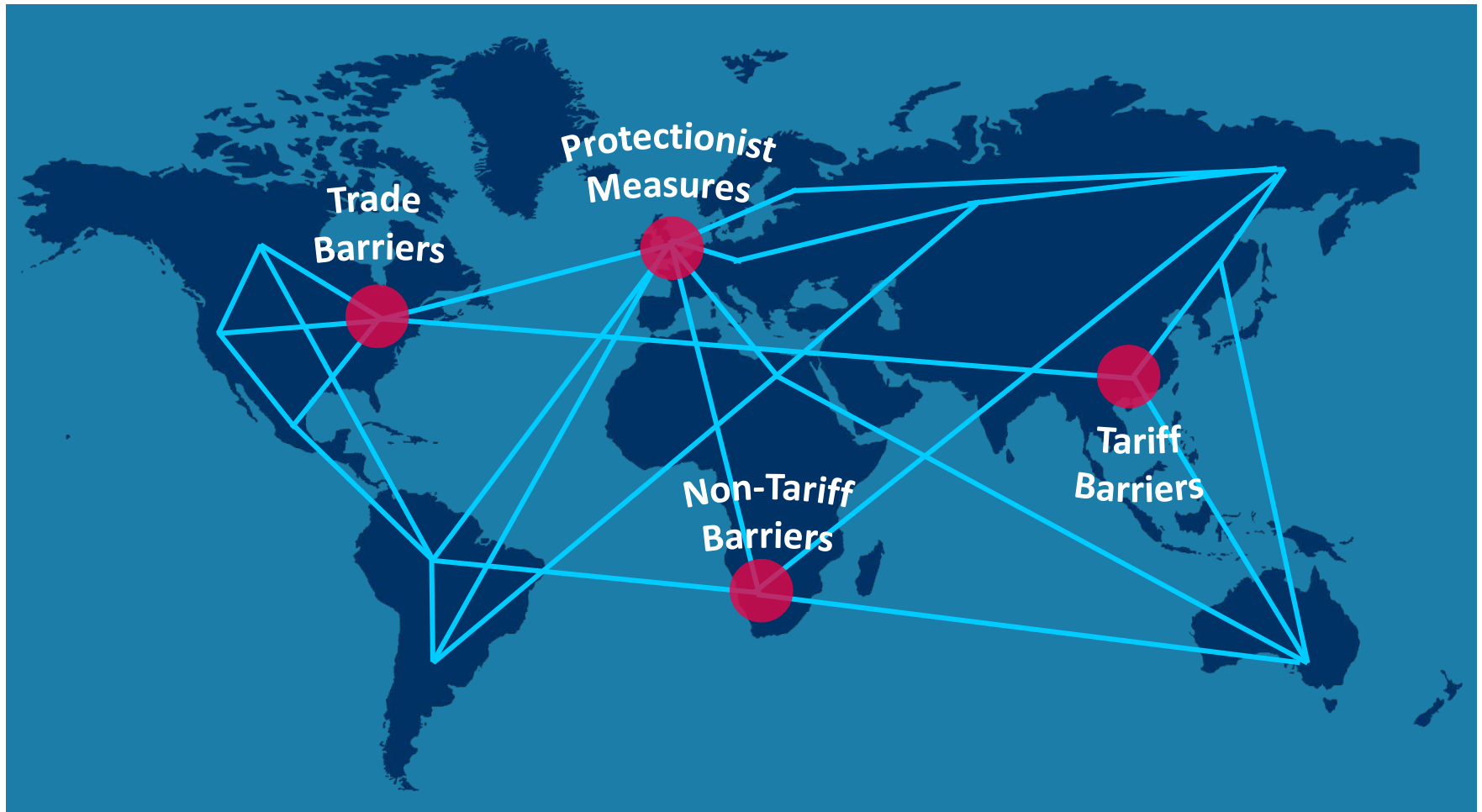
Rise of protectionism

- NTBs (Non-tariff barriers)

Changing Business Models

- Ideas Economy (UBER/Air BnB/Netflix)
- Seeing the profession as an investment not a cost

Supply Side Trade



The CIPS Risk Index Quarterly Report

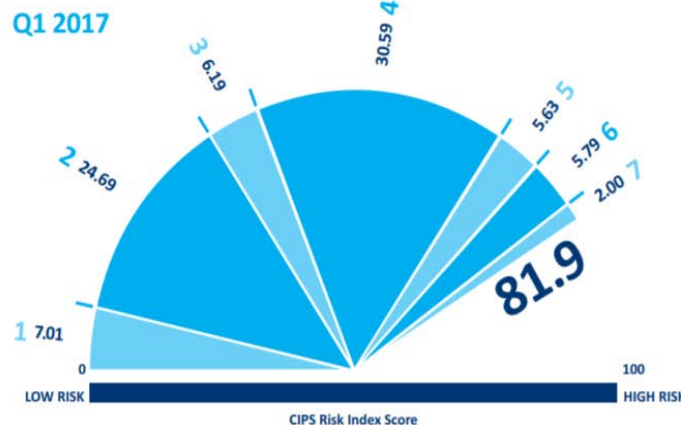
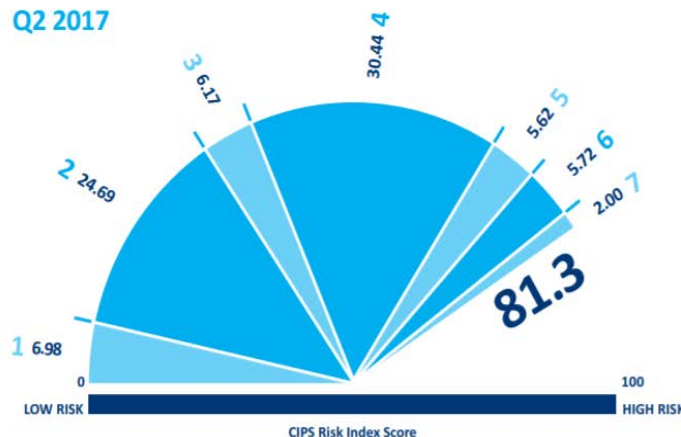
Contribution to global risk by region

(Q2 2017 vs Q1 2017)

REGIONS

1. NORTH AMERICA
2. WESTERN AND CENTRAL EUROPE
3. EASTERN EUROPE AND CENTRAL ASIA
4. ASIA PACIFIC
5. MIDDLE EAST AND NORTH AFRICA
6. LATIN AMERICA
7. SUB-SAHARAN AFRICA

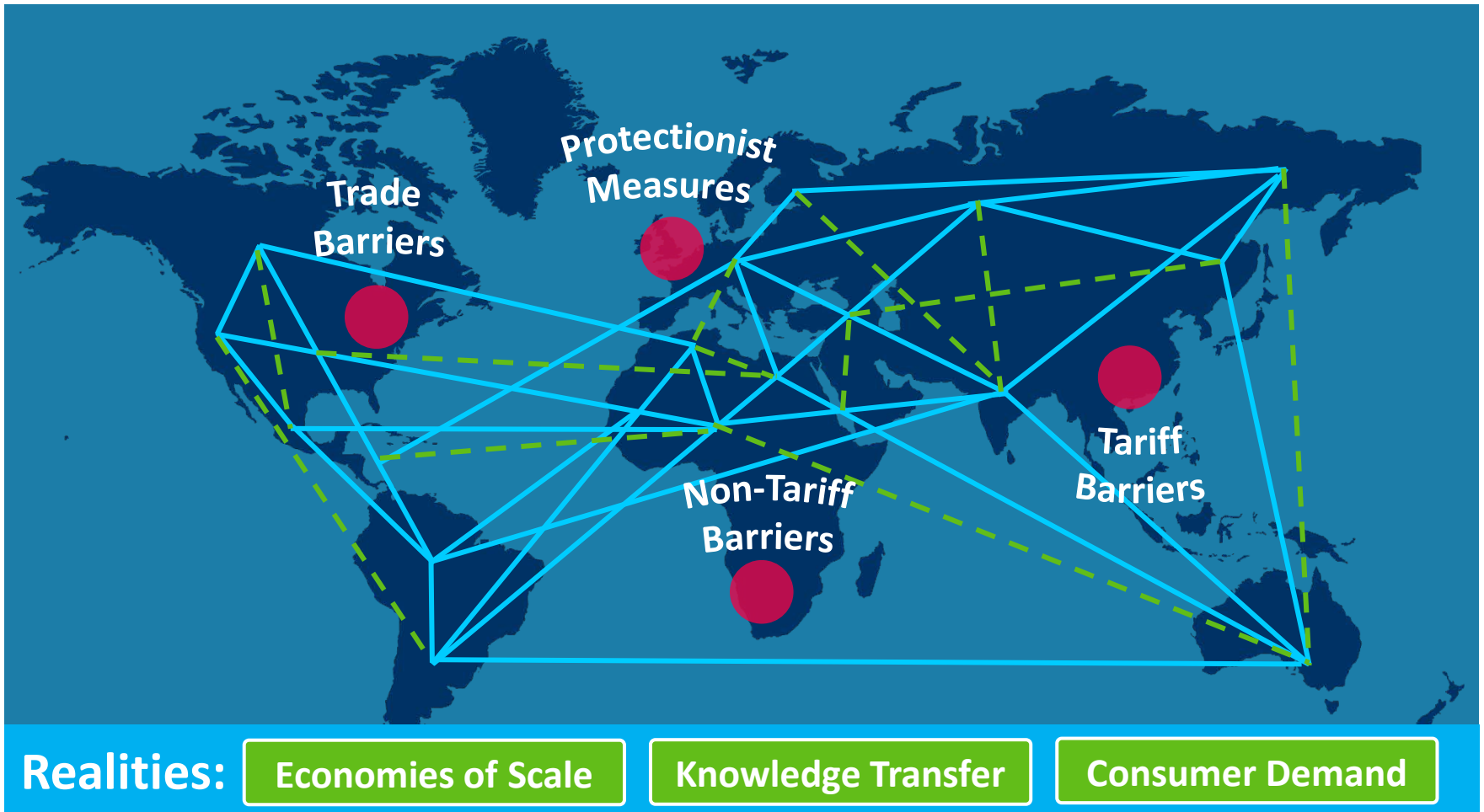
Charts represent an approximation of regional contribution and reference should always be made to the relevant regional statement for the extent of any actual change.



- ❑ 132 countries assessed
- ❑ From 24.4 to 82.4 over 20 years
- ❑ CRI in 2008 (pre crisis) was at 40.
- ❑ Q2 2017 risk slightly decreased
- ❑ Overall risk still at historically high levels.
- ❑ But has remained stagnant in terms of the effect on global risk.

The **CIPS Risk Index**, powered by Dun & Bradstreet, is available at www.cips.org

CIPS Supply Side Trade



How Resilient Are You?



83% of CEOs believe their supply chains are not optimal to meet today's demands



81% of businesses experienced at least one supply chain disruption last year



15% believe their supply chain is resilient enough to address external disruptions



60% pay only marginal attention to risk reduction processes

Risks in the Supply Chain

ERICSSON 

- 2000. Fire at Microchip factory
- Loss of market leading position

Is Your brand at Risk?

TESCO 

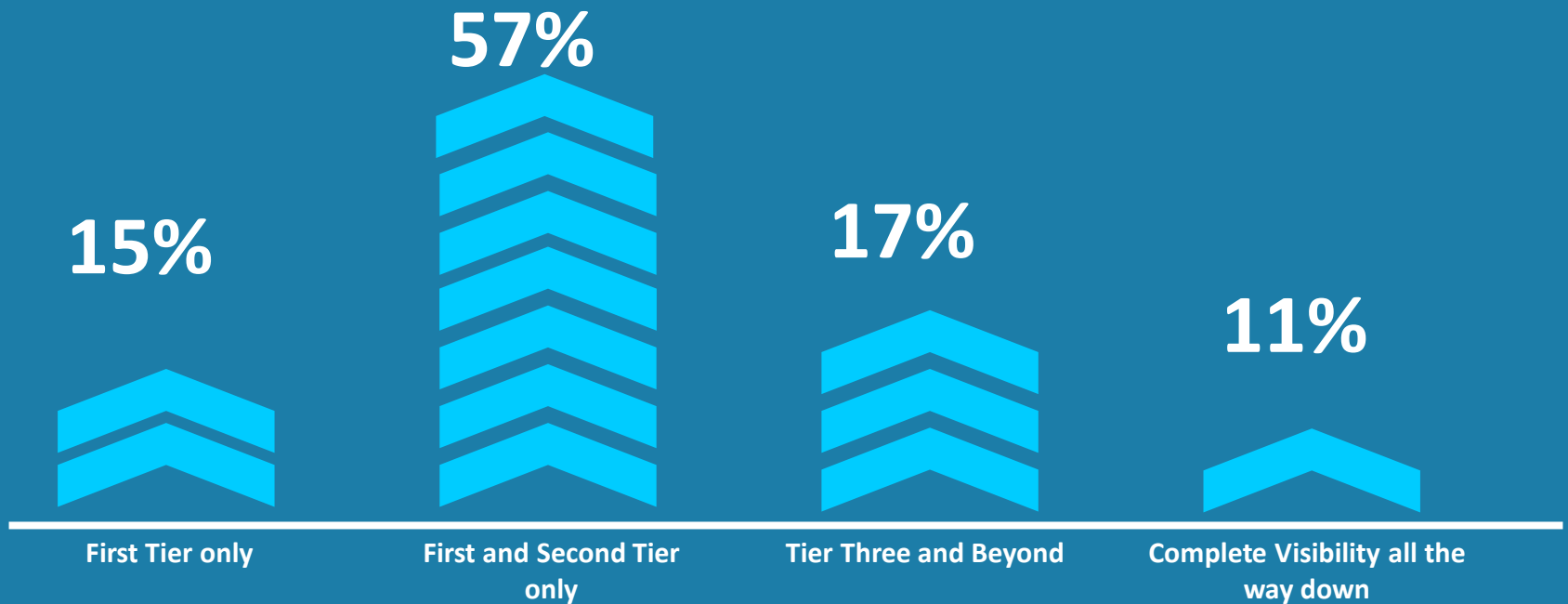
- 2013. Horsemeat found in burgers
- Tesco's market value dropped by £300m



- 2008. Nike factory employed workers aged 16.
- Brand damage cost millions

Supply Chain Management

How many tiers of your supply chain do you have visibility of?



CIPS YouGov Survey 2014 Base: B2B senior decision makers whose business has a supply chain

Create Business Solutions

Innovation



"Apple booked \$100m worth of holiday season air freight months in advance – ensuring new iMacs were shipped expediently and leaving rival PC makers gasping for air (cargo)..."

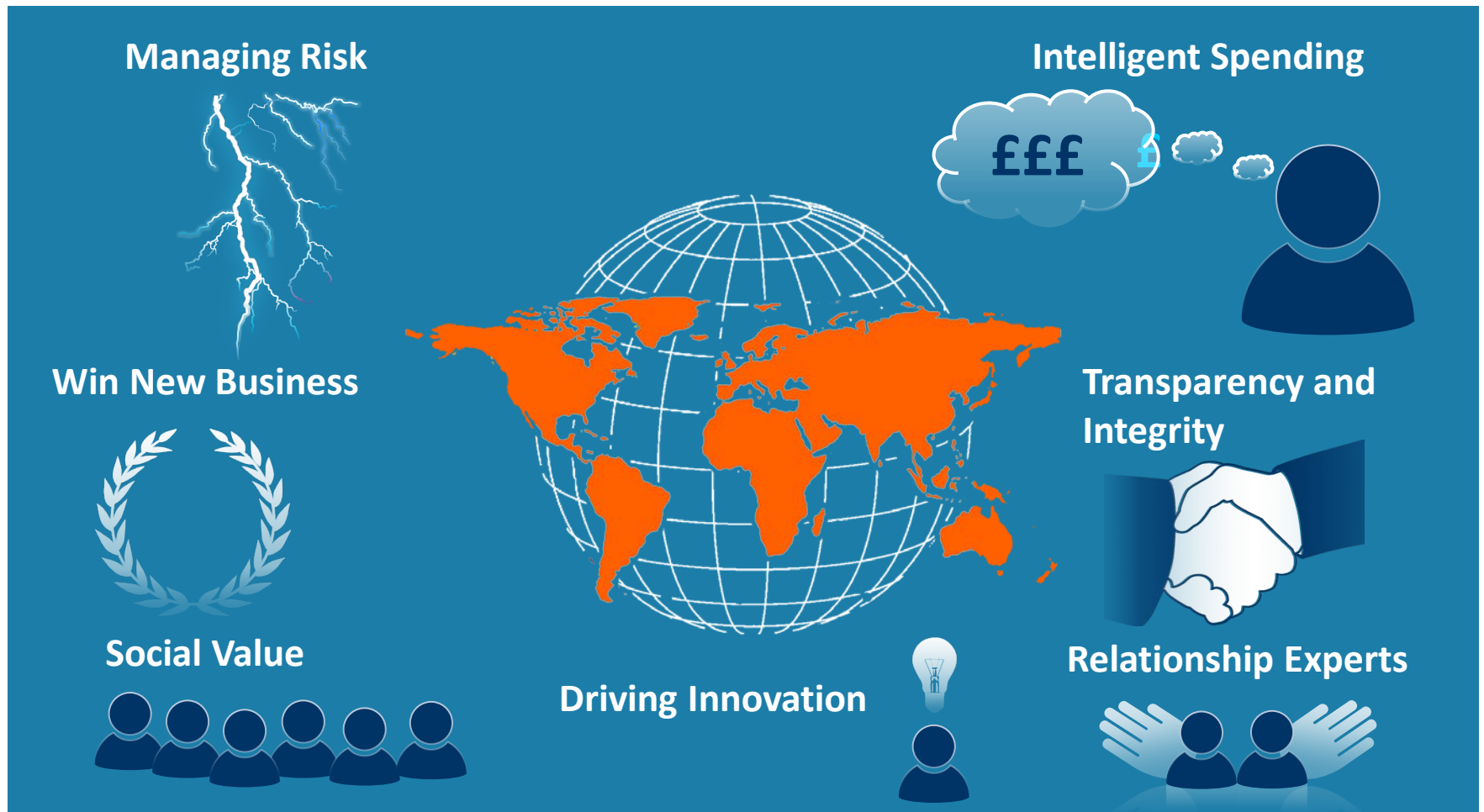
Supply Chain 4.0



- *“Click and Collect/Ship from Store” launched in Moscow*
- *Increased sales by double digits in 24 hours. Overall 40%*
- *Reduced costs due to less returns.*

“For Adidas Russia, the supply chain is no longer about reducing costs: It is – more importantly – about increasing sales.”

Procurement & Supply: Beyond Cost Savings



Procurement & Supply Value: How?

Make risk management a priority

Integrity: be the 'guardian' of the enterprise

Be Innovative

Create Business Solutions

Build your capability/credibility



Understand your stakeholders

Align your expectations

Formula One Pit stop...

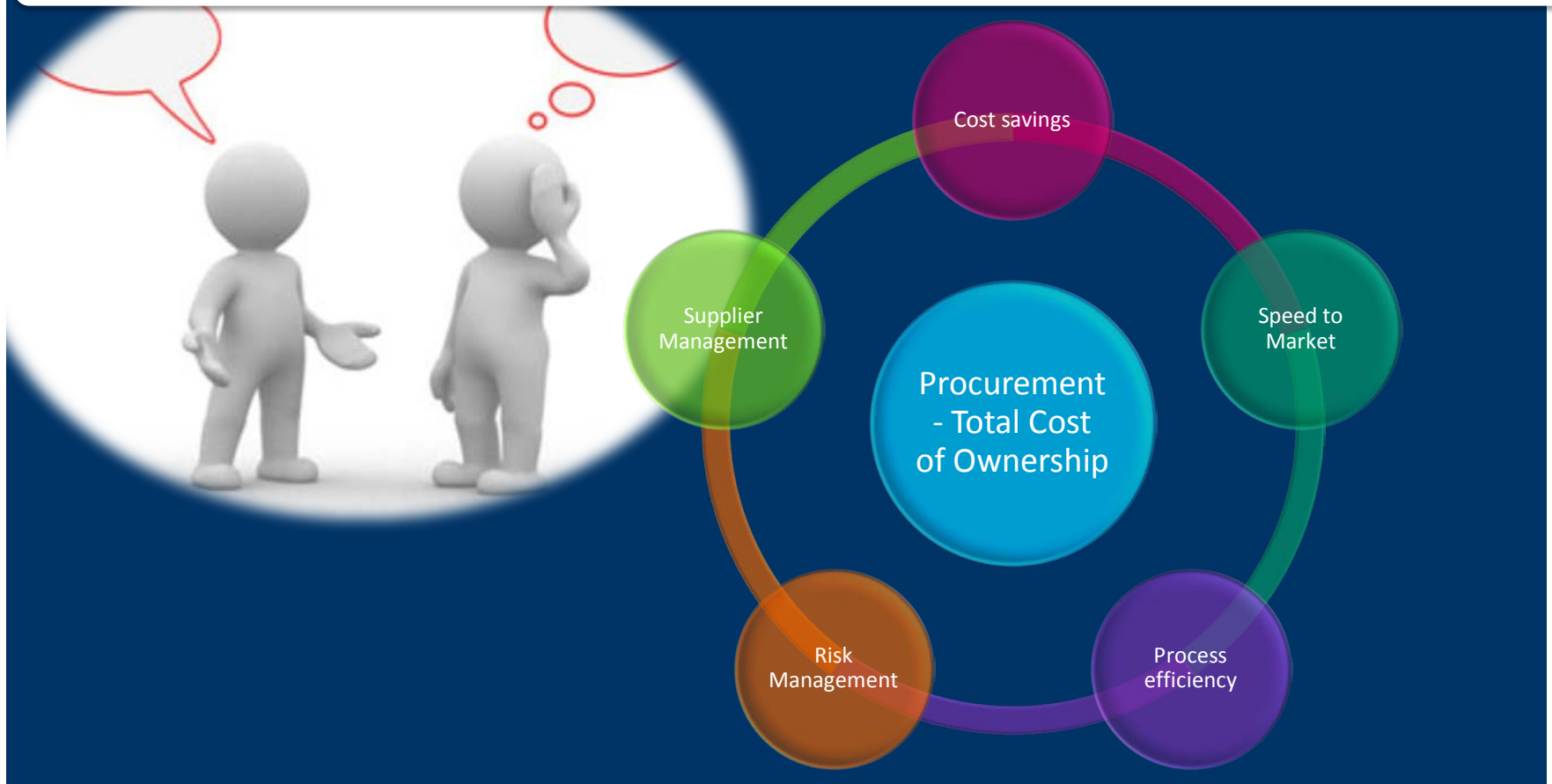
1.92 SECONDS

How long does an RFP take?

17

Understand your stakeholders

The 'Languages' of stakeholders in procurement



Create Business Solutions

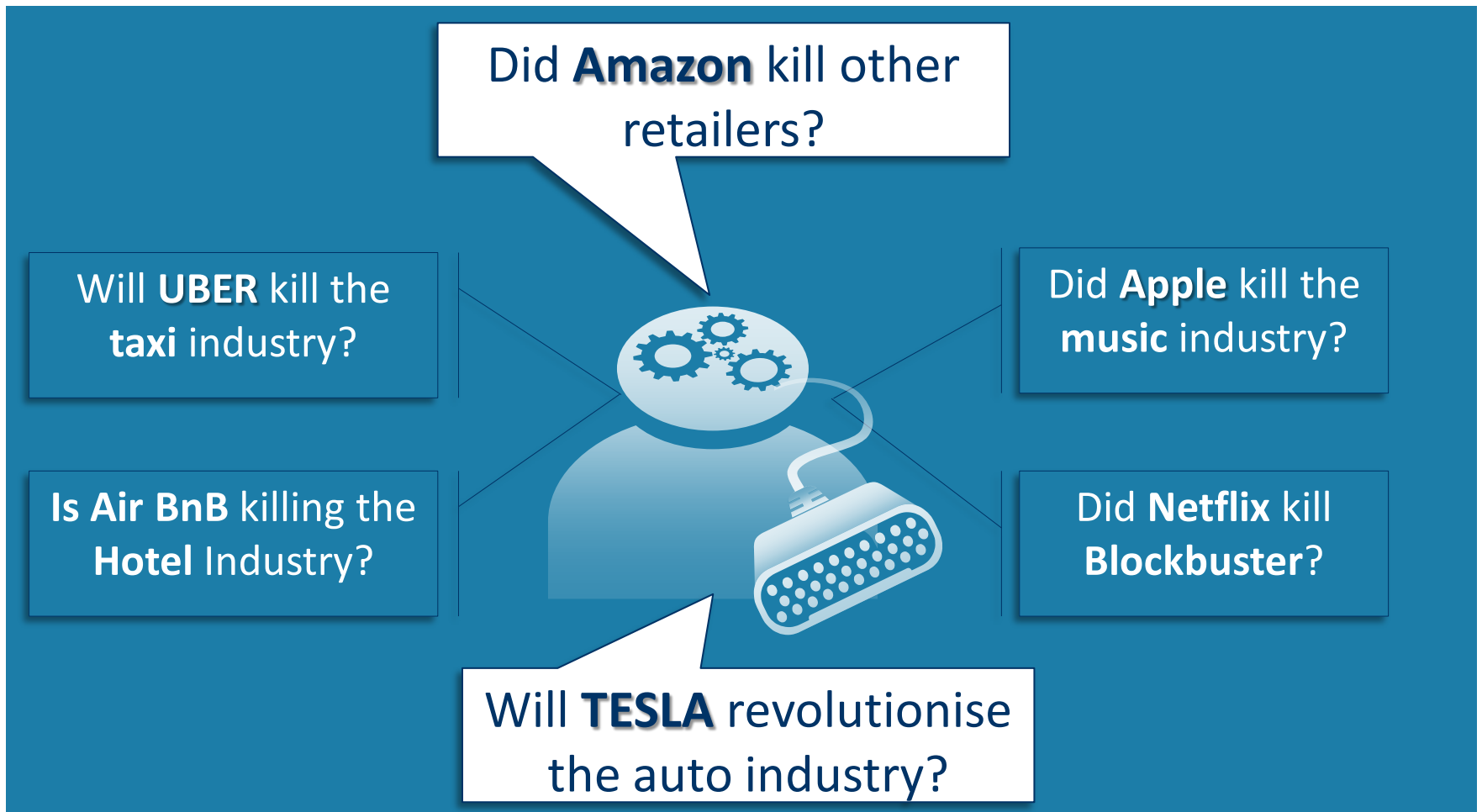
Innovation



"Apple invests only 3.5% of its revenue in R&D (compared with 21% for Facebook and 15% for Google), relying on suppliers of crucial core technologies to drive advances."

That's Supplier Relationship Management!

Lessons learnt: Technology?



Technology and the disruption that it has caused to traditional procurement roles...

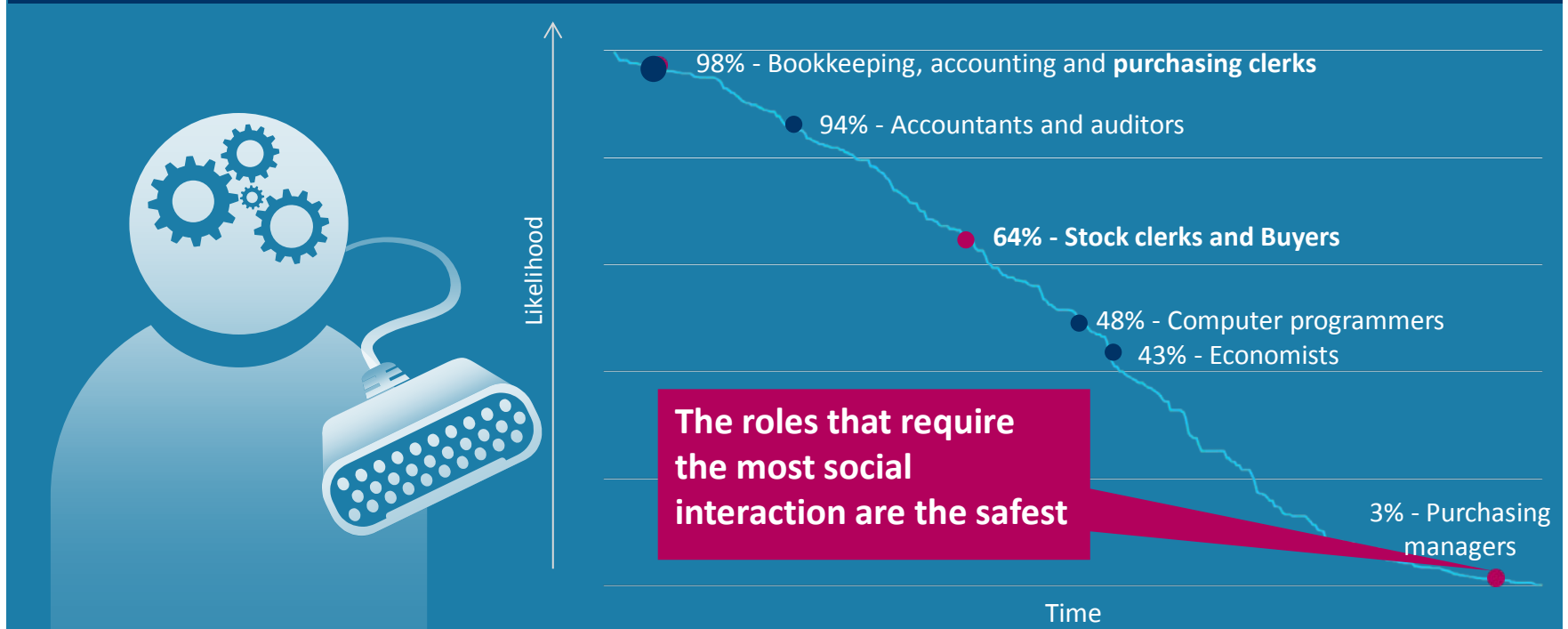
eProcurement tools have enabled the business to self serve “everyone’s a buyer”

Procurement’s Role is elevated where AI meets EI

With increased automation comes a contraction of roles

Artificial Intelligence

- Those implementing this technology are ***not seeking*** our permission to implement
- Algorithms with ***intelligence*** can replace large parts of our roles
- Their arrival is ***raising*** the intellectual entry point



Source: The Future of Employment: How susceptible are jobs to automation, Michael Osborne and Carl Frey, Oxford University

Procurement in 2018...

1. Transactional, 'tail' spend will be automated and/or outsourced.
2. Strategic spend will require skilled commercial managers.

