

Procure the Agile way

Build procurement resilience to meet the challenges of a rapidly changing world.

The need for change

The recent pandemic has amplified the need for organizations to adopt new ways of working and evolve quickly in order to meet the needs of their customers and adapt to the competitive, volatile business landscape. Companies are revolutionizing their business models in order to deliver new and innovative solutions to their customers. Agile has become more widespread in procurement, as COVID-19 imposes rapid and wide-ranging organizational and behavioural change. With employees working from home wherever possible, rigid hierarchies and micro-managed projects are no longer practical or desirable.

As organizations start exploring ways to improve the flexibility and quality of their procurement processes, the challenges associated with the Traditional Procurement approach are becoming more and more apparent. Some common challenges that the Traditional Procurement approach faces in this new landscape include:



Misalignment between business need and industry leaders

Companies are often not able to take advantage of new and innovative solutions within the market due to the rigidity in requirements. Procurement teams should work with suppliers to understand the market and solutions that best fit the business outcomes.

Failing to do this leads to procurement of a product / service that doesn't fully meet business needs.



RFP creation done in a silo

During a typical procurement process, a large amount of time is spent upfront gathering specific requirements based on an organization's current state. Too often this approach will focus on replicating the current ways of working and fail to answer holistic business needs through the adoption of leading practices or emerging technologies that are best discovered by working collaboratively with larger stakeholder groups.



Rigid process completed in stages

Traditional Procurement typically takes a one-size-fits-all approach, which inhibits the decision-making process, especially when customer needs are rapidly evolving. This could mean the procured solution or service might be redundant by the time the business actually starts using it. An iterative approach is essential and allows management teams to adapt to evolving situations and reduce risk.



PwC's Agile Procurement approach

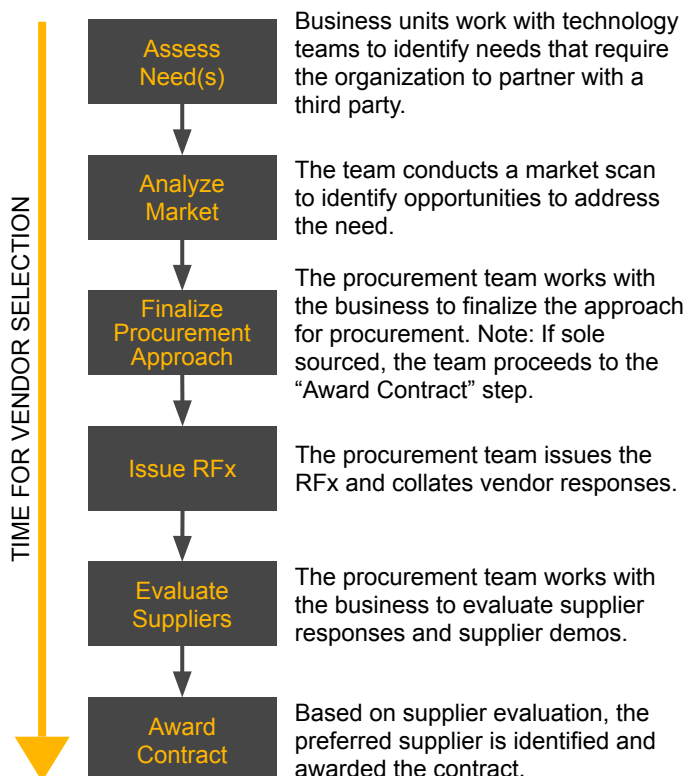
Agile Procurement is a collaborative approach to sourcing a product or service by engaging vendors early and often through iterative processes focusing on the key outcomes desired by the end customer.

PwC's Agile Procurement approach is grounded in our BxT Agile Methodology, which combines Business, experience and Technology elements within an organization, enabling them to transform from legacy ways of working to a more agile mindset. This is accomplished by bringing together diverse minds to create bold unexpected ideas, moving beyond small improvements to embrace continuous innovation, allowing for teams to work with agility and achieve results in days not months.



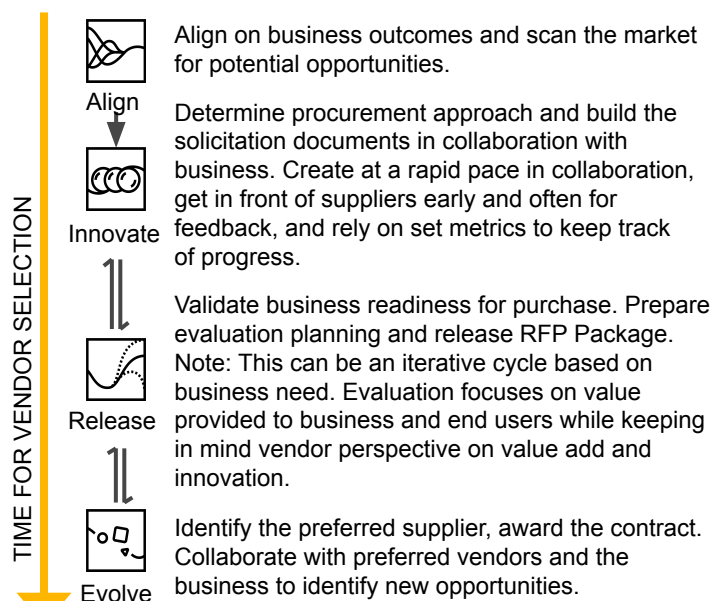
Traditional Procurement

The Traditional Procurement approach can vary based on the organization's size and the complexity of the solution or service to be procured. However, the process below is typically followed:



Agile Procurement

Through Agile Procurement, organizations can enable a faster time to market, increase alignment with strategic objectives and business needs, and enhance vendor relationships.



Potential time savings

Agile Procurement can accelerate vendor selection and enhance the ability of organizations to make the most of their supplier relationships and leverage innovative solutions in the market through a flexible, iterative and user-centric procurement process.

Elements of Agile Procurement

PwC's Agile Procurement approach typically utilizes three (3) key elements that differentiate it from the traditional procurement process. These elements can be used in isolation from each other but are most impactful when utilized together, along with the common Align and Evolve activities for planning and ensuring continuous improvement. Each element is grounded in the Agile mindset, which breaks down complex tasks into manageable sprints where end users and vendors collaboratively develop solution(s). Through this approach, PwC has seen its clients utilize enhanced flexibility to conduct simultaneous RFX drafting, scoring, and piloting of mutually exclusive topics. Under the Traditional Procurement approach, these topics would have been bundled in a cumbersome RFX package that often holds back completed components due to dependencies. The elements of Agile Procurement have been shown below.



Element 1: Joint RFX design with vendors

Joint RFX Design brings all vendors to the table during the RFX writing process and solicits their input on the **outcomes to be achieved** through the RFX via an agile sprint-based process. This element of Agile Procurement can enable organizations to stay up-to-date with the products or services available on the market and ensures that the released RFX is relevant to all participating vendors. Roadmap alignment is critical to the success of the agile approach.

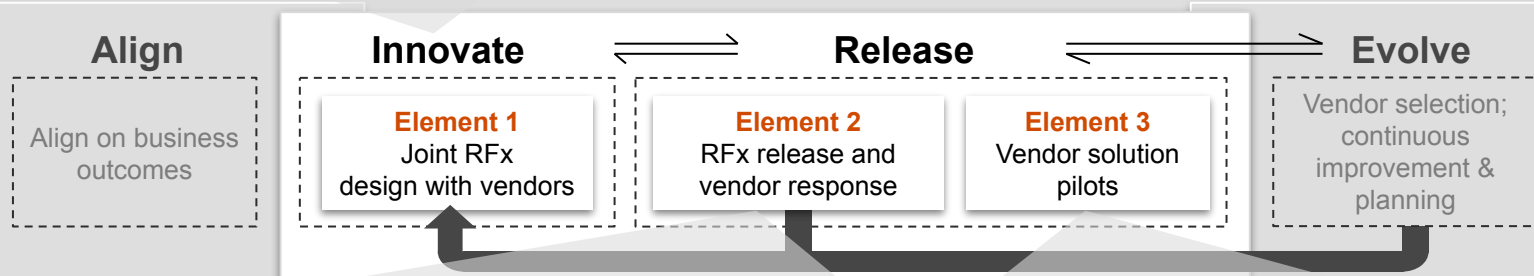
Value delivered:

- Improved vendor alignment with desired end-user outcomes
- Opportunity for vendors to highlight additional capabilities prior to RFX release
- Improves vendor relationship - they feel connected to the process

To be used when:

- Multiple vendors need to collaborate for a large-scale transformation
- Organizations have to run highly complex procurements (high \$\$ value, reduce time to market, etc.)

Agile Procurement approach



Element 2: RFX release and vendor response

Contrary to releasing one large RFX package, smaller RFX sprints with **distinct scopes and faster timelines** are completed with vendors. Each sprint consists of revising, releasing, and scoring responses/demonstrations. Once any RFX component has been completed, it can be released to the market while remaining components are being drafted.

Value delivered:

- Enables a faster release of RFX packages and receipt of vendor feedback/responses in comparison to traditional approaches
- Ability to breakdown a large transformation into smaller, more manageable pieces
- Provides opportunities to down-select vendors between sprints
- Allows for flexibility to apply any lessons learned between sprints

To be used when:

- When conducting a large RFP consisting of smaller topics/sprints (e.g. General T&C's, Initial Statements of Work, Service Level Agreements, Transition Services, Governance and Performance Management)
- When discreet portions of RFX scope can be awarded to different vendors
- Expected RFP outcomes are not clear, however, vendor guidance may assist



Element 3: Vendor solution pilots

The leading vendor(s) is/are invited to conduct a small pilot showcasing their ability to provide a useable solution allowing you to **provide input and ensure suitability**.

Value delivered:

- Maintains leverage through solution design
- Provides a preview of the final solution and insight into working with the vendor
- Enhanced end-user confidence in selected vendor
- Allows for scoring/review of solutions provided by multiple vendors
- Potential to award multiple contracts following RFX and pilots

To be used when:

- Following an RFX that is targeting complex outcomes and typically requires a technology solution to be implemented
- Vendor responses received have not been clear or an obvious leading vendor has not been identified

Lessons learned

Through working with clients to improve the way they procure and helping them make a mindset change towards Agile Procurement, we have observed the following lessons that organizations should keep in mind:

1. Frequent solicitation and strong partnerships with business counterparts is required to keep them accountable throughout the transformation to enable value-oriented outcome.
2. Cutting through red tape requires rethinking processes, training, and empowering employees to make decisions that maximize outcome value rather than simply adhering to old ways of solutioning.
3. Encouraging feedback loops through the process allows the team to “fail fast” and pivot towards a better solution much earlier in the journey.
4. Vendors should be encouraged to demonstrate their creativity through proof of concepts; engaging them in dialogue early can help enhance collaboration and enable early alignment on business outcomes.
5. Creating a shared understanding of what success means to the business AND vendors will enable better outcomes throughout the process.
6. The various elements of Agile Procurement should be carefully considered to determine which are best suited for your organizations and upcoming procurement.
7. Having an experienced team who have “lived” Agile Procurement is a key to success. Procurement is as much art as science, and having expert guidance to help along the way can make all the difference.



How to start using Agile Procurement

Bring together an end-user-focused approach supported by business and technology point of views

Set a pricing model with incentives that optimize for cost/service trade-offs

Design a governance structure with insight, rather than oversight



Clearly define and measure the desired value to be realized

Create a shared understanding of the anticipated benefits amongst business and vendors

Focus on outcomes, not transactions

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