

Digital Transformation in Sustainability:

New Era of Brand Value Creation



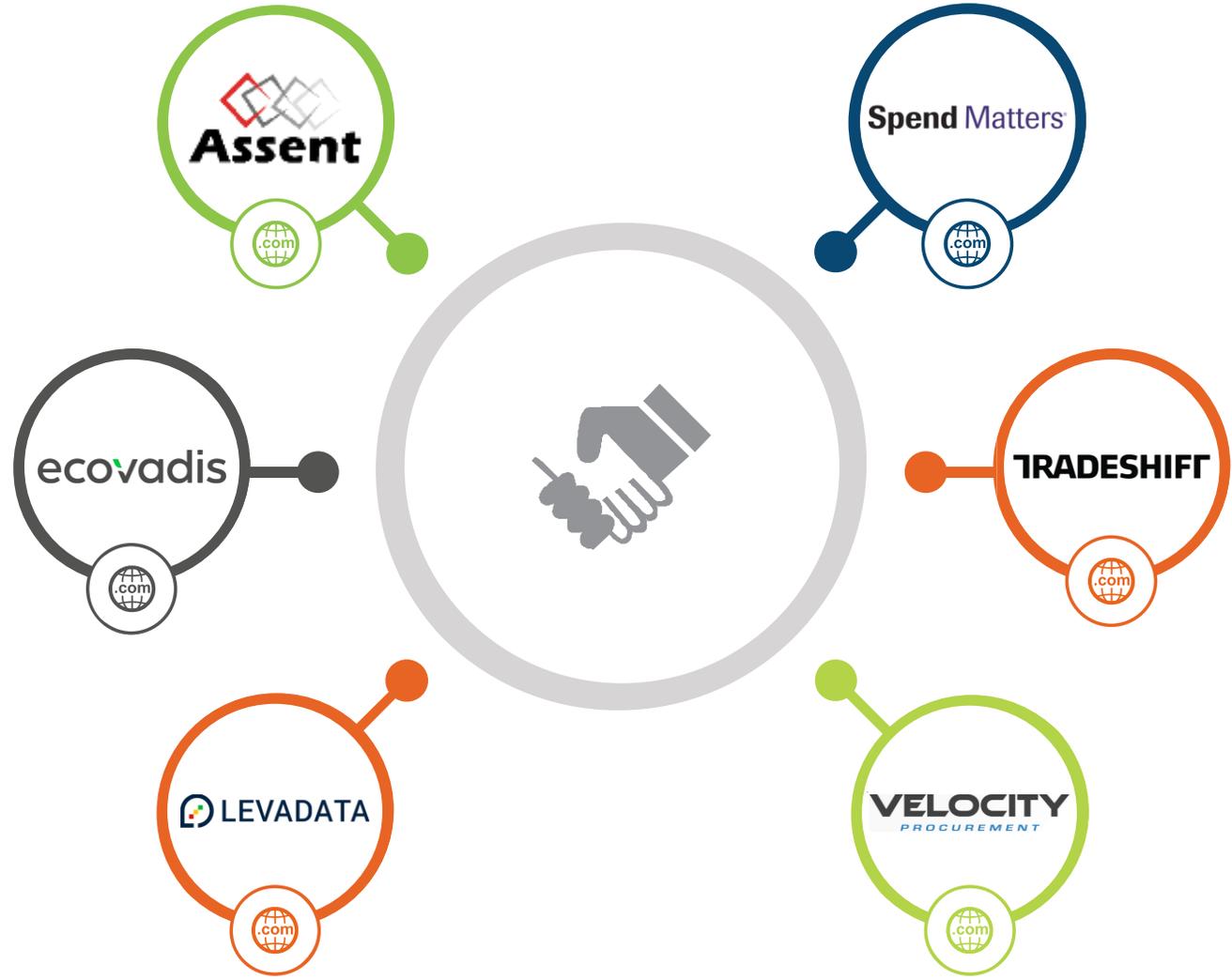
ESG, Compliance and Cognitive Sourcing: New Era of Brand Value Creation



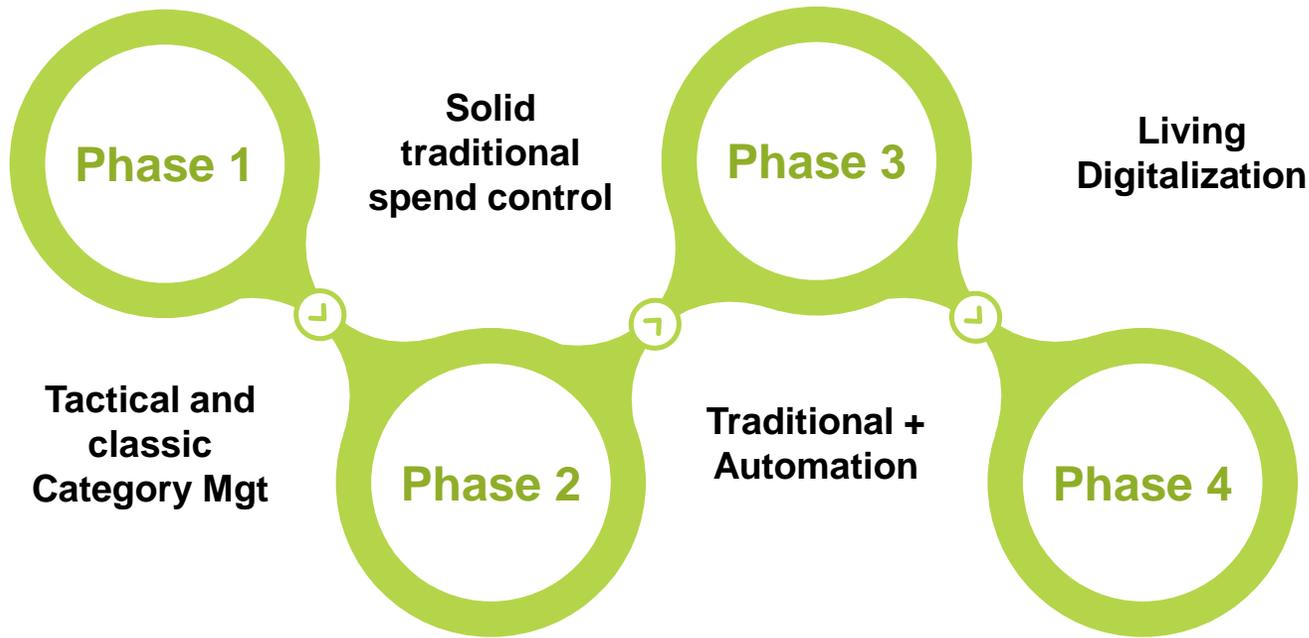
The paper throws light on new cognitive sourcing concepts and standards that will be implemented in manufacturing and services industries. It also showcases the path forward as new functional dynamics come into play between the CPO, the CFO and the CSO/CCO (chief sustainability officer/chief compliance officer) in an increasingly transparent data environment.

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Digital Transformation Journey of Procurement



Procurement digitization with ESG & Compliance means ...

Emerging technologies: AI, RPA, blockchain and cloud are disrupting operations & procurement and creating new business opportunities

It is an enabler – Not an end-objective, nor a driver of business change.

It mandates financial investments and transformation teams to drive strategic planning and execution

It will require project management and engagement of finance, IT, HR, Supply Chain Operations and ESG



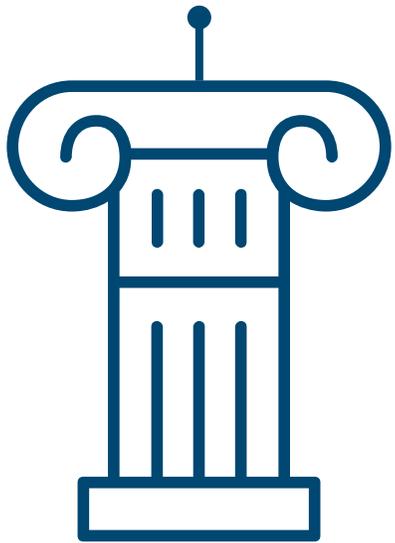
It requires innovation and some risk taking

It requires solid belief that ESG & Compliance is a differentiator for customers, investors and reliable suppliers

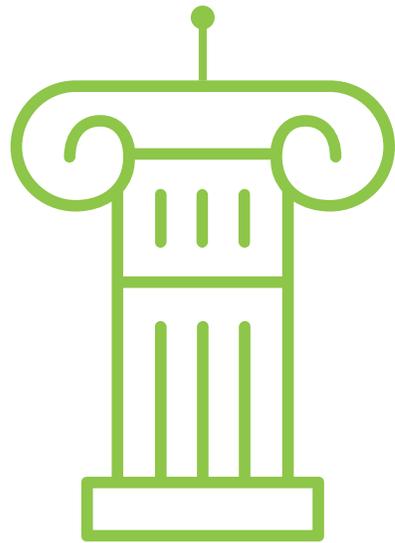
4 pillars critical to address change

Continuity on how to structure it

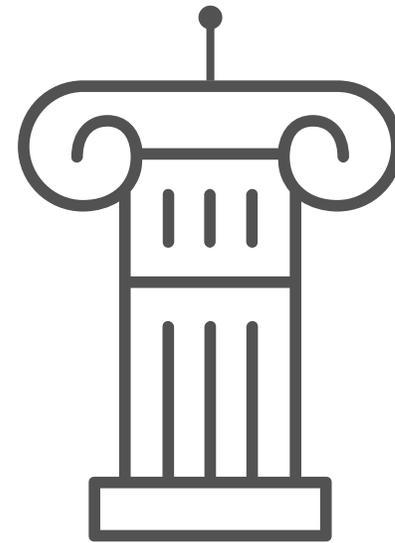
Knowledge Sharing



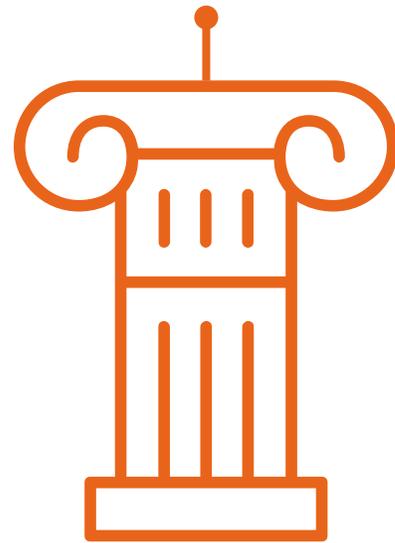
E – Solution, Agile, Multiple Tools



Compliance, Supplier Mgt, Risk Management



Business Needs, Measure



Preparation is key to achieving procurement digitization

The preparation process can take multinational corporations anywhere between 3-6 months

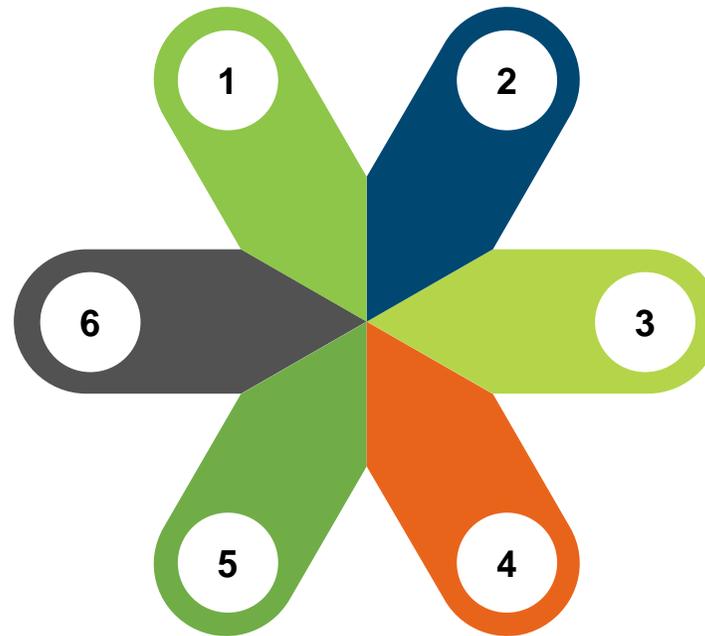
Lay out the legacy tools, systems and data repositories



Strong project management



Prioritize resources and make your best people available



List the key business processes to be addressed



Identify the disruption points from a holistic standpoint



List the new potential business drivers

Top management sponsor is required

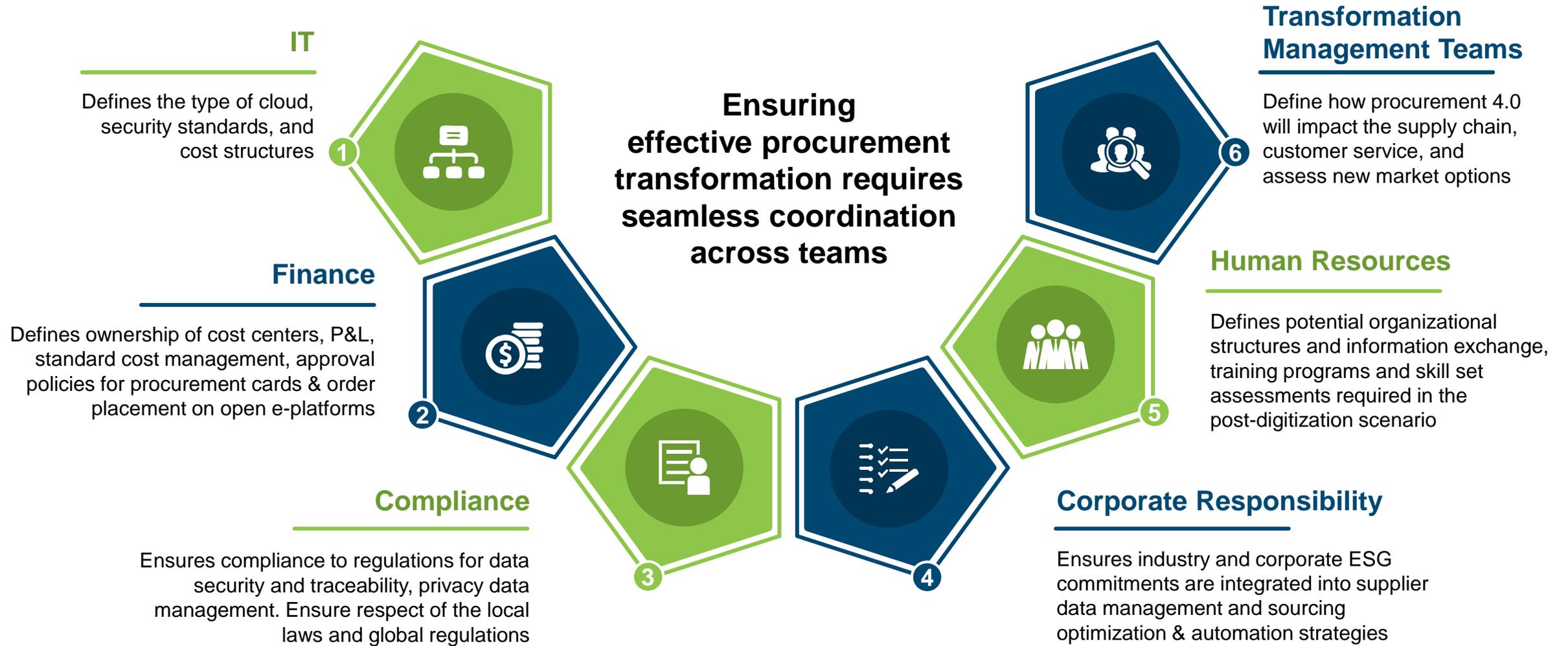
From the start properly address transformation, change management and communication

Engage Finance, IT, HR, Compliance and ESG from the beginning

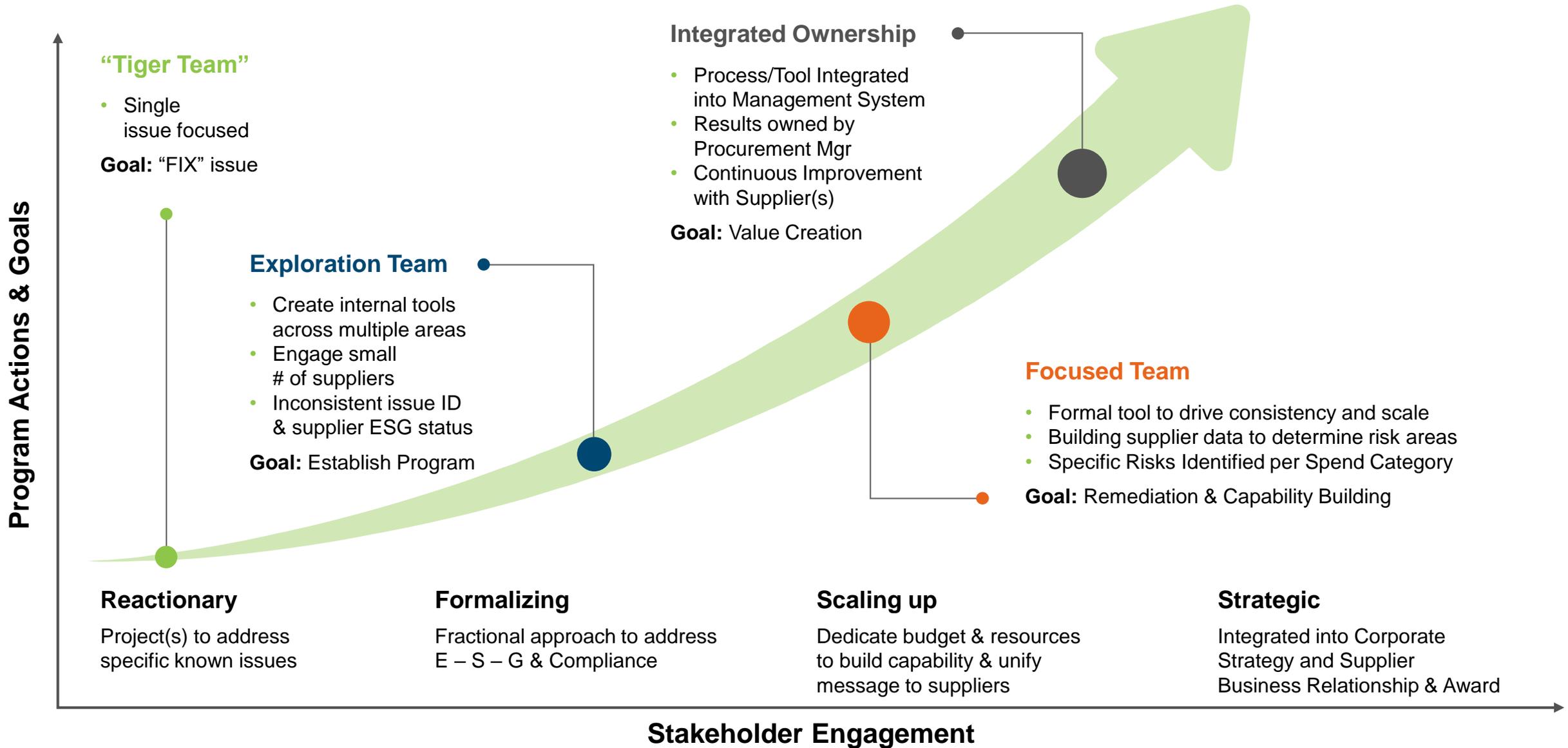
Start the solution evaluation with existing, proven market solutions

HOW is your supplier and customer digital environment changing?

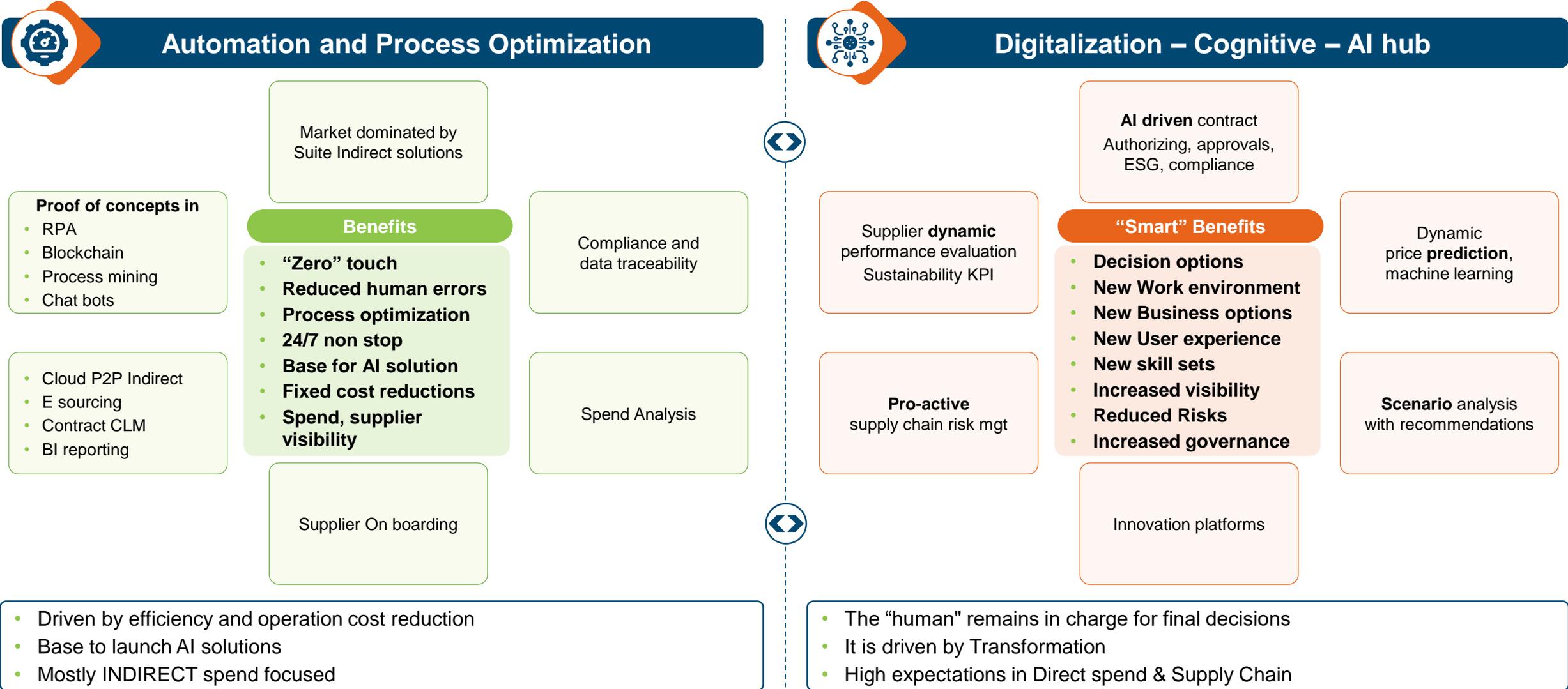
A structured steering committee with decision authority is needed



Sustainable Procurement Evolution



Supply Chain, Indirect, Direct Procurement and ESG/Sustainability becomes One new E2E – Era of Brand Value creation



ROI calculations, beyond category savings and operation cost reduction

Automation



Scope – Indirect > \$ 500M spend + Direct

Operating cost

- HC reduction
- Legacy tool reduction
- Time spent on tactical
- Including A/P Finance

Efficiency gains

- Lead time
- Governance
- Data visibility
- Audit traceability
- Skill set development

Efficiency gains

- Additional savings on categories depending on maturity stages

Digitalization



Scope – Indirect, Direct, demand planning

New Business model

- Supplier Innovations
- Better decisions on:
 - Risk
 - Lead time
 - Quality
 - Market intelligence
 - Sustainability
 - Contract negotiations
- Building new skill sets
- Attract new generation
- Trade value

ESG – Sustainability



Values

- Market reputation
- New sets of standards
- A "must" if business in Europe or California
- CO2 rejects
- Compliance

Regulations

- GDPR in Europe
- High expansion on new laws

New

- Green loans or bonds
- Preferred business partner
- In some countries tax benefits
- Often included in T&C

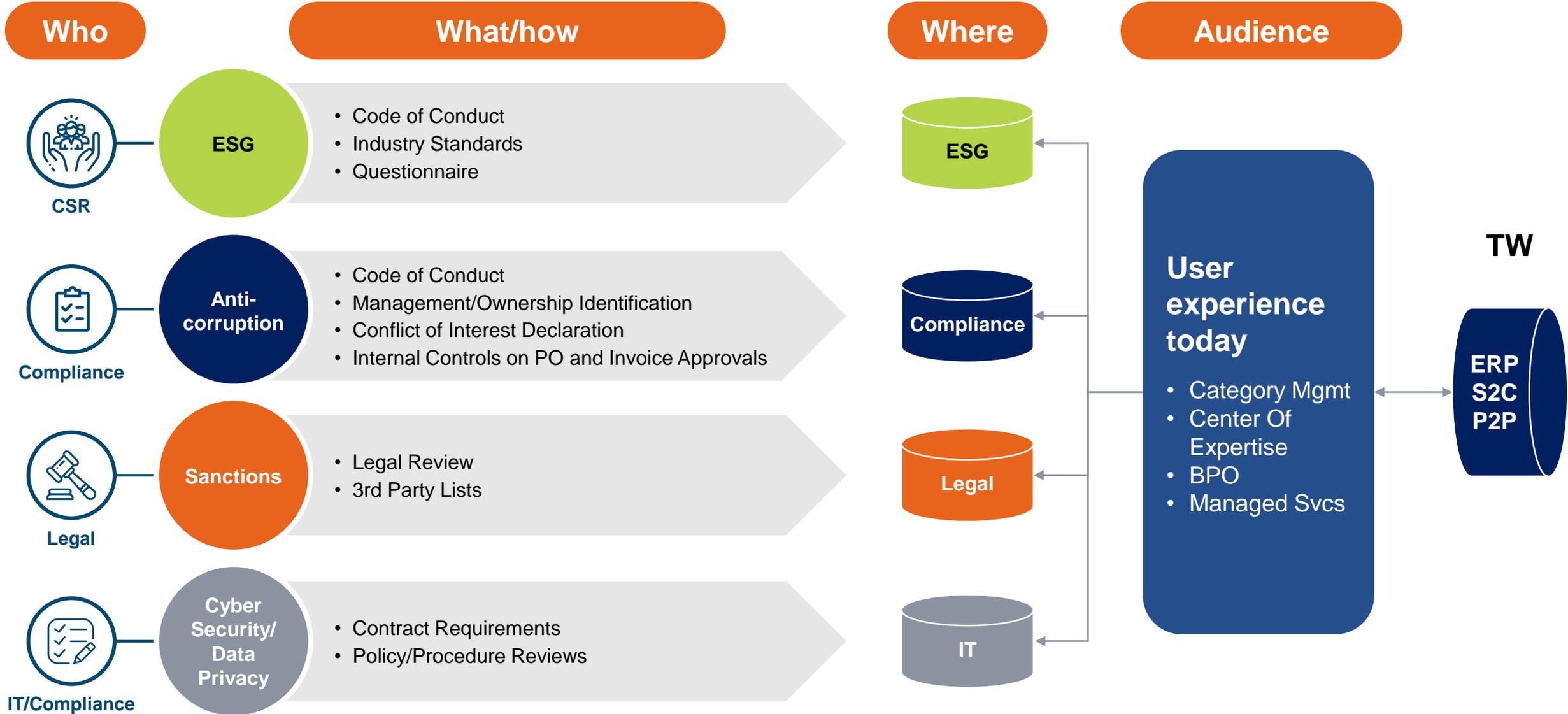
Transformation & Change Mgt

Procurement Digital Transformation in Phases

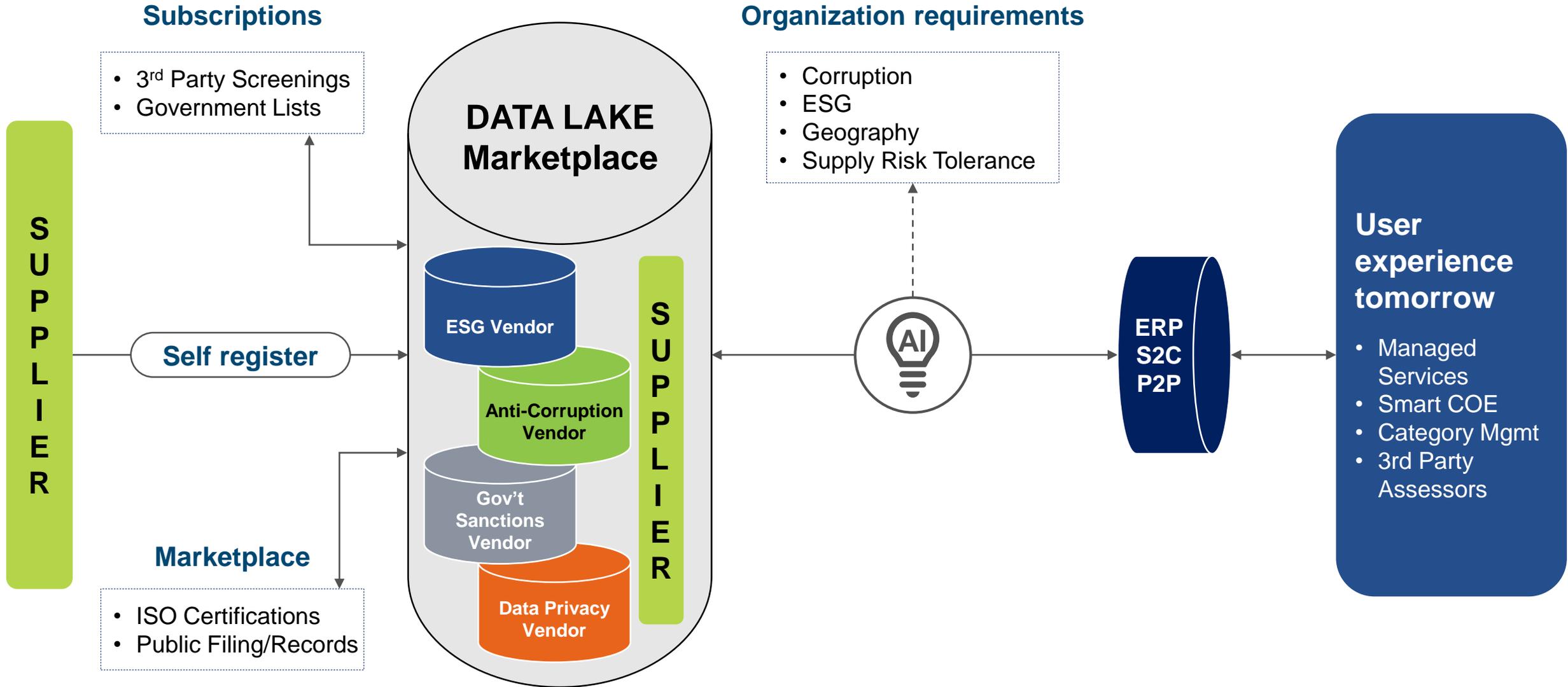
New KPI trends

Category Strategic Sourcing	Savings	Savings + Supply Chain support	Integrated Risk mgt activities + Quality	Introduction and launch of AI solutions	“Intelligent” cost optimization and sourcing
Structure	Country & Site level	Regrouped structures	Centralized	Go beyond Procurement structures	Full information transparency cross organizations
Source of Information	Collecting supplier Data from ERP	Focus on Key market	Introduction of external supplier info	Connecting internal requirements with external market sources	Open Platforms, private or public hosting platforms
Technologies	ERP & Excel	Introduction of BI tools	Introduction of Suite solutions	Introduction of open platform market exchanges	Coming closer to “one full screen view”
Supplier mgt	Supplier focus on 80/20 rule	Supplier mgt with formal reviews	“360” view of strategic suppliers	Strong supplier visibility and “be in charge”	Generate new supplier relationship options
Sustainable Purchasing	Data Collection via internal survey on high risk suppliers	Supplier focus is 80/20 rule with ESG expectations set	Leverage external cloud-based solution to expand reach	Integrate CSR performance into volume allocation	Collaborate on CI programs to improve operating costs

Today's landscape

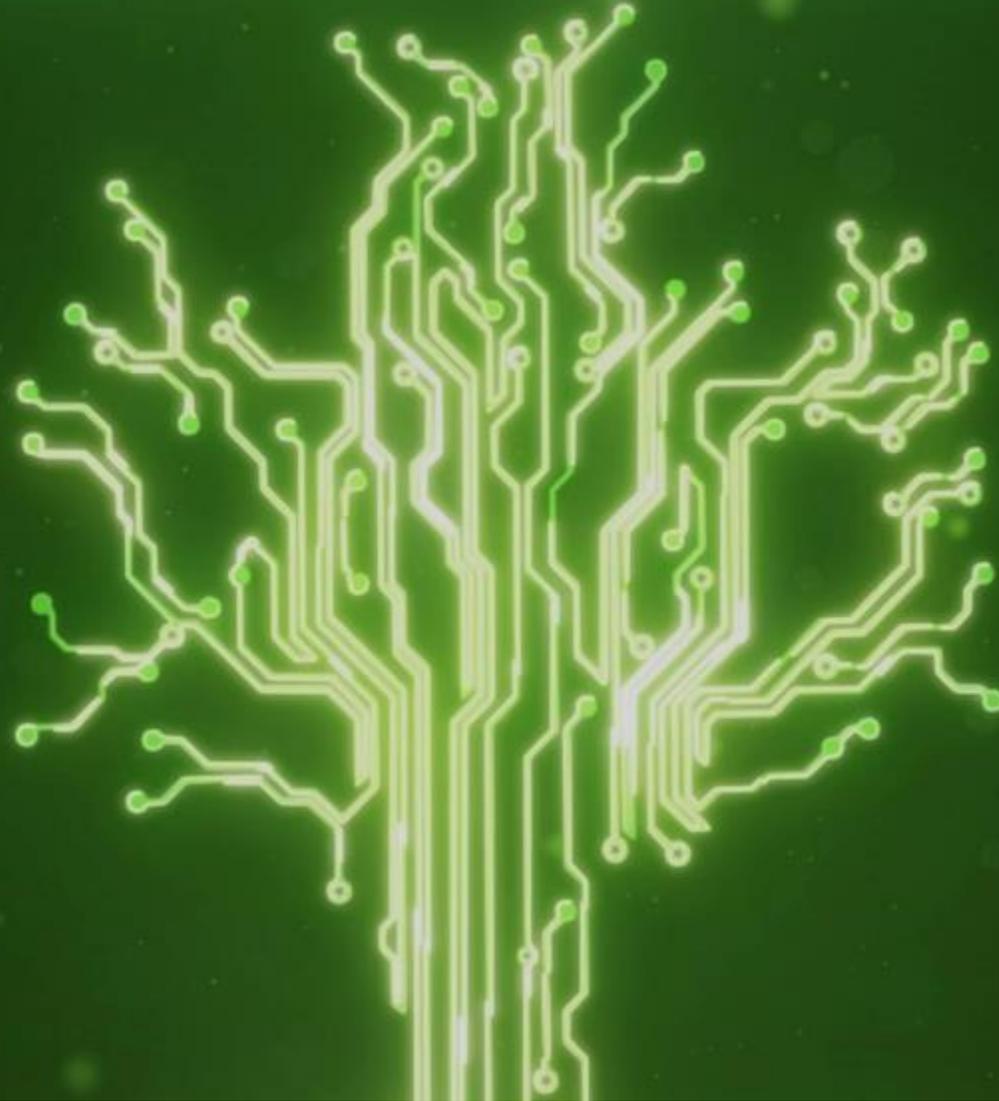


Tomorrow's opportunity



Whitepaper

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Thank you.



Introducing the writers



Tomas Wiemer



“I strive to achieve the “extraordinary” through my passion and innovation, and I am committed to developing business models that foster economic, social, and environmental successes.”



DeAnn Hargis



“I have long said ‘get comfortable, being uncomfortable’. With the speed of digital advancements and automation, this could not be Truer. The individual who grasps the leading-edge concepts and applies what ‘could be’ to their area of expertise, will be the one leading and implementing tomorrow’s reality.”



Pierre-Louis Frouein



“A leap forward on sustainability is sometimes just a spark that changes the mindset of people, but before that you may have spent infinite time rethinking the model, evaluating the opportunities and changing the processes for the spark to ignite.”



Tomas

- Has extensive experience in Global Direct & Indirect Procurement category management, in Digital operations transformation strategy and in integrating companies following merger and acquisitions
- Held leadership positions in numerous industries including specialty chemicals, flavor and fragrances and most recently in telecommunication
- The focus on continuous improvement in procurement and digital transformation is a natural result of Mr. Wiemer's broad international experience, having worked with major corporations in constant changing environments, that have included Rhone-Poulenc (now Sanofi), Rhodia (now Solvay), Chemtura (now Lanxess), Firmenich, Alcatel-Lucent which the merged with Nokia

DeAnn

- Has a distinguished career in Fortune 500 and SMB enterprises. Currently building Career 4.0 within the digital transformation space, DeAnn's career began in Operations Excellence being the "Go To" person to transform organizations and operating models
- Led Purchasing and Supply Chain organizations at a time when extreme cost reductions were required to meet bottom-line commitments. Ultimately, DeAnn turned Supply Chain Sustainability and Compliance into brand differentiating, bottom-line impacting programs
- Is currently working with thought leaders in the industry to apply new digital capabilities into the supply chain sustainability and compliance space

Pierre-Louis

- Is passionate about sustainability topics and had been acting on product environmental engineering, sustainable procurement, compliance/anticorruption, materials traceability and health in relation to electromagnetic fields
- Is fond about team work and has been working as team lead, individual contributor or project manager in different environments such as consumer electronics, multinational companies, industry associations, standardization bodies and universities
- Believes that the combination of transparency, big data and digitalization has the potential to create "emerging properties" which may radically transform the compliance and sustainability landscape