

WHY MOST PROCUREMENT TRANSFORMATIONS FAIL AND HOW TO GET IT RIGHT

White Paper

ACCESS HUB

ELEVION PARTNERS
Elevating Procurement, Empowering Growth

elevionpartners.com

accesshub.world

accesshub.space



Table of Contents

INTRODUCTION 03

THE PROCUREMENT
TRANSFORMATION PARADOX 04

THE REAL REASONS
TRANSFORMATIONS FAIL 05

OPERATING MODEL FIRST,
PLATFORM SECOND 07

SIMPLIFY, INCENTIVIZE,
INSTITUTIONALIZE 08

GOVERNANCE THAT ENABLES
TRANSFORMATION 09

GETTING DIGITAL PROCUREMENT
RIGHT 10

THE TRANSFORMATION BLUEPRINT 11

THE PROCUREMENT TRANSFORMATION PARADOX

We are witnessing a "Gold Rush" in procurement tech with AI-driven tools, autonomous sourcing capabilities, and digital marketplaces. Yet, organizations continue to face many of the same legacy challenges after implementing a new procurement system, including:

- **Low Adoption:** Users bypass the "clunky" new system, often perceiving it as cumbersome or unintuitive.
- **Shadow Buying:** Significant spend remains unmanaged as stakeholders seek the path of least resistance.
- **Stalled Savings:** Expected ROI plateaus soon after implementation, with benefits failing to scale over time.



For instance, a global retailer implemented AI sourcing tools but saw stalled savings because buyers reverted to old spreadsheets during peak holiday demand, highlighting the digitization vs. transformation gap.

Key Insight: There is a fundamental difference between Digitization (converting analog steps to digital) and Transformation (rethinking value creation). Most organizations modernize their tools without updating their ways of working. If you digitize a bottleneck, you simply make the bottleneck faster.

THE REAL REASONS TRANSFORMATIONS FAIL

From our experience and interactions with industry leaders and system integrators, we see five failure modes that consistently derail transformations



- **Fragmented Operating Models:** Global designs often collide with local execution realities that ignore local rules or supply nuances, creating parallel processes and inconsistent adoption. *Example:* A multinational energy firm rolled out a unified system, only for regional teams to create workarounds during supply disruptions, undermining adoption
- **Misaligned Incentives:** Users ultimately behave according to how they are measured. If you incentivize a buyer for forced process compliance and "cost avoidance", but implement a tool designed for "speed to market," or "total cost of ownership", friction is inevitable. *Relatable Challenge:* Procurement leaders chase "cost avoidance" metrics, ignoring how slow approval workflows frustrate operations. The result? Operations views Procurement as a blocker, not a partner.

- **Weak Governance:** Many organizations create "Control Towers" that lack decision rights. This causes approval fatigue, where risks are flagged but not resolved, and decisions are pushed to committees rather than handled by the system. *Think:* Have you ever pushed a risk decision to a committee, only to watch cycle times drag by weeks? That is a governance failure, not a software failure.
- **Strategic Isolation:** When Procurement operates in silos from Finance, Operations, and other business units, it creates misaligned priorities, conflicting demands and supply, and "savings" that never hit the P&L. *Scenario:* Budget conflicts arise when procurement reports "savings" on paper, but the savings methodology and calculation do not align with Finance, while Operations simultaneously faces stockouts.
- **User Neglect:** Change programs often overlook the real experiences of frontline users (buyers, requestors, and suppliers). Change management is frequently reduced to "email updates" and "training sessions," resulting in check-the-box learning, unintuitive workflows, and navigation that adds effort rather than reducing it.

Key Insight: Procurement-led transformation falters when the function operates as a back-office support unit. It succeeds when Procurement positions itself as a strategic value engine - shaping the operating model, performance levers, and governance before the software is switched on.

OPERATING MODEL FIRST, PLATFORM SECOND

The operating model must be clearly defined and aligned before configuring even a single workflow in the chosen procurement platform.

- **Centralized vs. Federated:** There is no “one-size-fits-all”. We recommend for a Hybrid Model: centralized strategy, policy, and category management, combined with federated execution to preserve local agility. Consider a tech company post-merger: A hybrid model prevented clashes between HQ policies and local teams' quick supplier onboarding during scaling.
- **Decision-Making Roles & Accountability:** Establish clear ownership – Who negotiates? Who approves? Who manages supplier-risk exceptions? Governance must be explicitly defined and embedded, not left to assumption.
- **Process Frameworks & Guardrails:** To tackle bottlenecks like delayed Capex in volatile markets, map distinct buying channels (Standard P2P, Fast-Track, Catalog, Services/ SOW, Capex). Decide what is straight-through processing vs. review-required; automate thresholds and handoffs with ERP/Finance.
- **Data & Master Governance:** Establish a single source of truth for the vendor master, category taxonomy, and metadata. Poor data governance will undermine even the best software.

SIMPLIFY, INCENTIVIZE, INSTITUTIONALIZE



Even the best software in the world cannot overcome a user who is incentivized to bypass it. If a stakeholder can buy faster by picking up the phone than by using your portal, especially during crises like the 2023 shipping delays, they will pick up the phone.

- **The Experience:** Deliver a clean, intuitive interfaces that match consumer-grade experiences (the “Amazon-like” standard).
- **Shift the KPIs:** Move from purely “Savings” to Speed to Value, Adoption Rate, Touchless Processing, Stakeholder NPS (Net Promoter Score), and Risk Resilience.
- **Guided Buying:** Leverage pre-approved catalog and default suppliers (preferred/ approved). Introduce “light friction” (e.g., mandatory justifications) for off-channel purchases to naturally steer users toward the preferred behaviors.

Key Insight: Users will embrace new technology only when the new way is evidently easier, faster, and better than the old one.

GOVERNANCE THAT ENABLES TRANSFORMATION



Governance should enable faster, well-informed decision-making, not be perceived as bureaucratic red tape.

- **Data Transparency:** Use real-time dashboards to replace manual reporting. Decisions should be data-driven and fact-based, not opinion-driven.
- **Executive Sponsorship:** True sponsorship is more than funding; it is executive cover. Sponsors must unblock cross-functional constraints and empower teams to advance with confidence.
- **Agility:** Governance structures must be flexible enough to adapt to market shocks and enable rapid response to disruption. For example, during COVID-19 disruptions, flexible governance allowed agile firms reroute suppliers quickly, while rigid ones stalled or delayed.

Key Insight: Governance should be the guardrails that allow the car to drive faster, not the speed bumps that slow it down.

GETTING DIGITAL PROCUREMENT RIGHT



With fundamental foundations in place, technology amplifies success. Platforms support transformation, but they do not define the transformation journey.

- **The Ecosystem Approach:** Reduce fragmentation across the procurement landscape. Unified Source-to-Pay platforms like Ivalua's improve adoption, data quality, and speed.
- **Generative AI:** Use AI to augment decision-making (e.g., predictive risk modeling, market intelligence summaries, supplier financial health scoring, automated recommendations for sourcing strategies), not just to automate clerical tasks.
- **System Integration:** Enable seamless integration with ERP and core Operations systems.

Key Insight: Digital Platforms deliver full value when anchored in a coherent operating system.

THE TRANSFORMATION BLUEPRINT

A pragmatic path to excellence: Transformations succeed when sequenced.

Elevion Partners Solutions recommends a structured 5-phase approach:

- **Readiness Assessment:** Honest diagnostic of data, capabilities, and process maturity.
- **Executive Alignment & Model Design:** Fixing the people, processes, culture and defining the Target Operating Model.
- **Governance & Incentive Reset:** Aligning the operating norms and metrics to support the change.
- **Platform Enablement:** Implementing the technology (Ivalua/GenAI), configured strictly to the new model.
- **Continuous Value Realization:** Optimizing post-go-live performance to ensure the ROI is captured and sustained.

Key Insight: Do not start with the tool or the technology. Start with the reality of your current state.

ELEVION PARTNERS

Elevating Procurement, Empowering Growth

Elevion Partners brings the Strategic Depth: 70+ years of procurement practitioner experience, dual-sided expertise as both implementers and practitioners, strong capability in Ivalua and GenAI, and a partner-led focus on integrating people, processes, culture, and technology. We ensure you build the *right* thing that your business needs.

Learn more on: elevionpartners.com

ACCESS HUB

Access Hub is a global B2B growth platform operating at the intersection of strategy, media, and frontier technology. Through its consulting, marketing, IT Solutions, and Supply Chain Management business units, it connects innovators across space, defense, aerospace, maritime, media tech, and energy markets, turning intelligence into opportunity, partnerships into scale, and ambition into measurable impact worldwide.

Learn more on: accesshub.world | accesshub.space

Partnering for Integrated Transformation

Together, Elevion Partners Solutions and Access Hub go beyond software implementation to deliver integrated procurement transformation.

Contributing Authors

Durganand Jha

Omkar NIKAM

Raja Prakash Ramasamy

Aishwarya Kasulkar

Ashish Patil

To learn more contact:

Omkar NIKAM

CEO & Founder, Access Hub
omkar@accesshub.space

Ashish Patil

Co-founder, Elevion Partners
Ashish@elevionpartners.com