

E-BOOK


Unreliable supplier data: The impact it has on your organization and how to fix it





Supplier data doesn't just drive procurement. It drives vital functions across the organization, from compliance, to finance to sales. The problem is, it's often unreliable. And as we continue to wrestle with economic and supply chain volatility, it's that much more important to get to grips with the issue before it jeopardizes the company's ability to achieve its goals.

THIS E-BOOK LOOKS AT:

 The current state of supplier data

 Why the problem has reached a crisis point, despite advances in technology

 Tangible ways procurement teams can tackle the issue

 What quality supplier data could unlock for an organization

Poor quality supplier data: How did we get here?

Poor quality supplier data is not a new problem in procurement, but one that's proven tough to overcome. Despite major advances in procurement technology, the way supplier data is collected and managed hasn't changed much in recent years, and as a result, old frustrations persist.

It comes down to these core issues:

An outdated approach

Data collection efforts still overwhelmingly rely on supplier portals, resulting in resource-intensive, manual data management. Supplier portals have an inherent expectation that suppliers will update their data regularly and reliably, which isn't often the case. Teams that have progressed beyond searching publicly-available databases and email outreach to fill in the blanks of their supplier data might decide to purchase data, but they neglect to update it on a regular basis, resulting in stale, outdated information. In fact, in a recent survey, nearly a third of the CPOs polled (32%) indicated that investing in digitization to reduce manual data entry would greatly improve the efficiency and effectiveness of their procurement operations, while 27% said data enrichment would help the most.¹



"59% of senior leaders surveyed said their data is somewhat or completely siloed."²

Limited centralization = siloed data

For everything from sourcing, to contracts to compliance, there are different systems used by organizations, and typically the data that is collected or generated isn't shared organization-wide—in fact, 59% of senior leaders said their data is "somewhat or completely siloed."² For example, if a procurement analyst is looking for information about the labels that a CPG company uses on their best-selling product, they'd have to look in multiple systems to see the complete picture:



The purchase order would live in the P2P system



The invoice could be stored in the financial system



The contract might be found in the CRM

All of these systems not only create more work to maintain and pull information from, they also provide more room for error. As a result, miskeyed, duplicative, incomplete, or outdated data starts running throughout the organization's ERP, S2P, procurement tools, and data lake. Before they know it, crucial decisions are made based on incorrect information and meaningful insights that could save money or mitigate risk remain hidden from view.

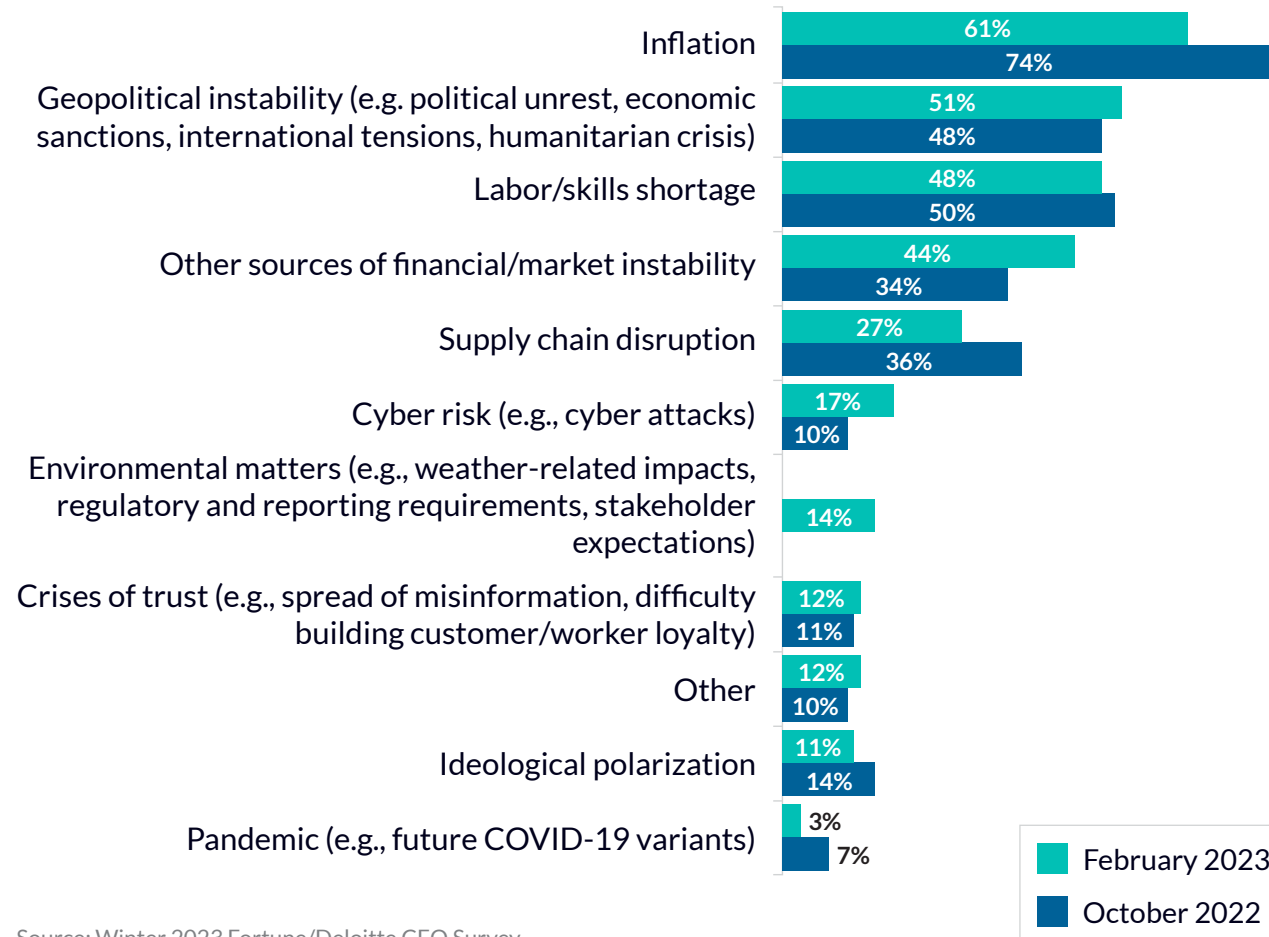
The compounding problem of inaccurate supplier data

But, it's not just data that is holding back organizations. After weathering the pandemic and its aftershocks, procurement teams are still facing challenges that compound the issue of quality data:

SUPPLY CHAIN DISRUPTIONS	<p>Procurement teams are often left searching for new suppliers in a pinch due to frequent supply chain disruptions. In a recent survey of CEOs, 27 percent listed supply chain disruptions as the leading issue to affect their business.³ In another study, 37 percent of CPOs listed supply chain disruption as one of their top focus areas in the next 12 months.⁴ It's become such a significant cause for concern, that President Biden has even issued an Executive Order on it.⁵</p>
ECONOMIC UNCERTAINTY	<p>While the economy has always been an unpredictable factor, it's become even more volatile with increasing geopolitical conflicts and climate change threats. In fact, 51 percent of CEOs recently surveyed cited geopolitical instability as the top threat to their business strategy within the next 12 months.⁶</p>
RISING COSTS	<p>Cost-cutting and spend avoidance remain the priority, even as inflationary pressure continues and teams are asked to do more. More than 70 per cent of companies have said their number one threat to their supply chain is rising costs⁷ and 61 percent of CEOs listed inflation as the biggest threat to their business in 2023.⁸</p>



What external issues do CEOs expect to influence or disrupt their business strategy in the next 12 months?



Source: Winter 2023 Fortune/Deloitte CEO Survey

Each of these threats put more pressure on organizations, and in the face of mounting operational pressures, technology promised to help procurement teams achieve greater visibility, efficiency, and control over the procurement process. But the reality (and the ROI) hasn't always lived up to that promise.

But the platforms and point solutions themselves aren't always to blame. Many procurement solutions that are implemented still require manual supplier input, which is difficult to get and to update. When procurement technology underperforms, the culprit is often the data that drives the system. In fact, a staggering [82%](#) of procurement and sourcing professionals are less than completely confident that their supplier data is accurate.

What's the impact?

Bad supplier data has detrimental effects that go beyond operational inefficiencies and cost overruns. It also opens the organization up to considerable risks. CPO and seasoned procurement professional, Frank Wadsworth, has seen firsthand what role the lack of access to quality data has in delaying projects and slowing down the entire organization. He says, for example, without quality data, a straightforward task like a regional spend report could take a company months, instead of days to compile for a large organization. And in the era of digitization, that's unacceptable. "You have to move at the speed of business. We don't have the luxury of spending two and a half months to collect data and then analyze that data. If you can't measure it in a timely way, you can't manage it."

Risks can get out of hand when organizations depend on inaccurate supplier info. For example, using outdated financial data may lead to partnering with financially unstable suppliers, causing supply chain disruptions. Poorly managed supplier data can also increase the risk of fraud and hinder compliance efforts, leaving companies vulnerable to regulatory problems and possible legal consequences. These repercussions can lead to huge financial losses – when supplier records are duplicated across systems, visibility into the supplier ecosystem is fragmented. As a result, procurement can't achieve economies of scale by reducing the supply base or negotiating better deals by consolidating multiple contracts into a single agreement.

Operational inefficiencies arise when supplier data is inadequate, causing delays and disruptions across various processes. For example, if supplier information is incomplete or inaccurately recorded in the payment system, it can lead to confusion and errors. An organization might have a supplier listed twice with just a slight variation, causing payment to be accidentally issued twice. Rectifying discrepancies and errors requires manual interventions, resulting in increased operational costs.



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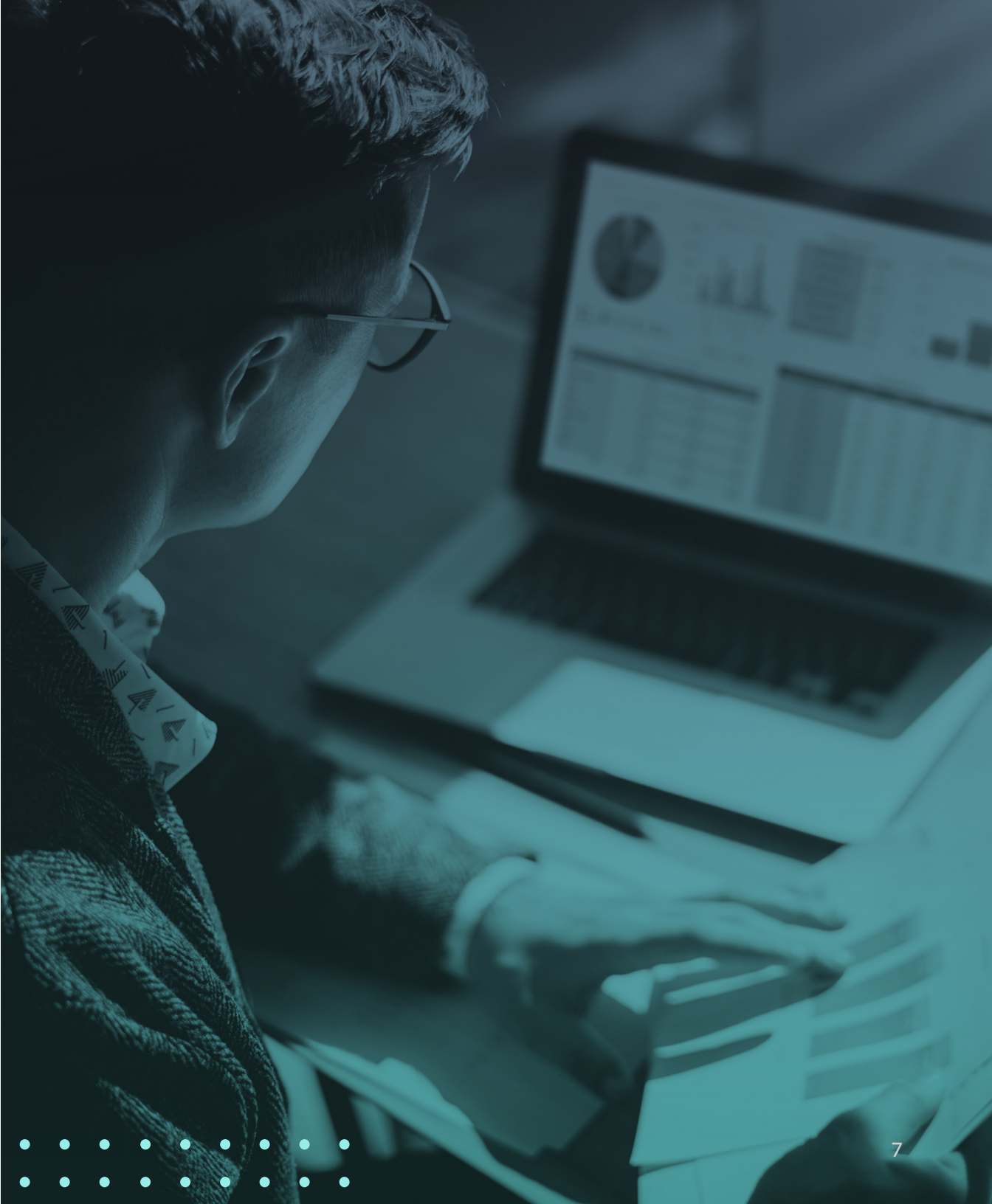
– Frank Wadsworth,
Chief Procurement Officer (CPO)

A foundation-first approach

Procurement teams on the journey towards a digitized supply chain should rethink their approach to supplier data as a first step.

By laying the groundwork for success with a supplier data foundation, organizations can get rid of their reliance on supplier portals, manual processes, and supplier outreach. Instead, data is collected, verified, and enriched with trusted supplier data on a continuous basis and fed across all of the organization's existing systems. With this crucial piece of the data puzzle in place, procurement teams have the actionable data they need to run analyses on their supply chains, make informed sourcing decisions, improve spend analytics, and proactively prevent third-party risk. And, when challenges arise that are out of their control – like supply chain disruptions, economic turbulence, and rising costs – they're equipped with the confidence they need, in the form of quality data.

“To generate true, actionable insights, it is crucial to develop a single source of truth that incorporates all sources of relevant data, along the entire supply chain, and from all relevant functions—including sales, finance, product development, R&D, and operations. When these sources are not linked to each other, executives are hard-pressed to form an accurate understanding of the entire data situation.” Source: McKinsey and Company⁹



Freddie Mac's view on trusted data

Take Freddie Mac for example: the Federal Home Loan Mortgage Corporation's procurement team is focused on meeting the demands of their business partners across the divisions in the company. They believe in the importance of creating valuable data, whether through manual processes, workflows, or systems. But merely having data isn't their end goal. Their aim is to have clean, reliable data that instills confidence in decision-making.

William Bagley, the CPO at Freddie Mac believes a common element across all procurement systems is the supplier. But, there isn't always a universally accepted supplier record, so while integrating tools and updating systems, Bagley says it's important to ensure you're using trusted data. "You need good processes, you need good technology, but you can't forget about having good, clean data that allows you to make the decisions."

Bagley also suggests that it's unrealistic to trust all data, as some data is more reliable than others, so having an element like a TrustScore that is provided by a supplier data foundation can help process organizational data by segmenting it based on a confidence score.

"When I think about the TrustScore, it allows us to put ourselves in the position to get data faster by automating the data we feel confident in and then segment out that data that we may not be as confident in. We can spend our resources cleansing the data we're not confident in versus having to take everything and apply the same approach to it. So, having a TrustScore allows for transparency and allows you to allocate your resources into places where you have to make a difference. For me, that's a good first step in the journey that we're on," says Bagley.



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— William Bagley, Chief Procurement Officer (CPO), Freddie Mac

Benefits of a supplier data foundation

While trusted data at scale would be welcomed by any procurement team, taking a foundation-first approach is a shift in mindset and operations that doesn't happen overnight. A typical journey might follow a similar path to that taken by [Nasdaq's procurement team](#), who evolved from simply processing invoices to establishing an enterprise data warehouse, to leading enterprise data governance over the span of a seven-year period.

The value proposition is compelling, and procurement teams are increasingly taking notice of the crucial importance of a data foundation. A 2022 survey found that [100%](#) of procurement and sourcing professionals saw the benefits of enabling a supplier data foundation.



“Data is the heart and soul of what drives our firm. Everything we do needs to be rooted in good, intelligent, and sustainable data. And that’s why I like TealBook.”

– Jeff Wright, Global Head of Procurement, Nasdaq

BENEFITS OF A SUPPLIER DATA FOUNDATION

- Reduces the need for manual data matching, cleansing and management.
- Enables real-time spend analytics, allowing businesses to better understand and manage their expenditures.
- Processes data at a high speed and with excellent quality, instead of traditional solutions that takes weeks to process a vendor master.
- Continuously updates supplier profiles, providing access to high-quality data in near real-time.
- Customers can justify the cost of the software by comparing it to the cost of purchasing third-party data and the time taken to review it.
- Poor quality data can lead to wasted investments in other systems –with quality data, your organization’s other technology investments are bolstered.
- Having visibility into data can lead to significant savings, like consolidating multiple contracts with the same supplier into one.
- Provides faster supplier onboarding, which can positively impact revenue.
- High-quality data across all suppliers helps mitigate risk.





Enhanced decision making: When organizations have clean supplier data, it gives them the power to make smarter choices. Reliable data provides insights into supplier performance, financial stability, and compliance records. By using data to drive decisions, organizations can analyze potential suppliers, negotiate contracts, and find strategic sourcing opportunities. Making sure supplier data is accurate helps organizations align their choices with their goals and objectives effectively.

Effective risk management: Having clean supplier data is crucial for effective risk management. Accurate information empowers organizations to proactively identify and address supplier-related risks. By monitoring supplier performance, financial health, and compliance status, organizations can take appropriate risk mitigation measures. Strengthening compliance ensures adherence to regulations and minimizes the potential for reputational damage.

Data-driven transformation

Procurement is uniquely positioned to take the lead in rethinking the way the organization collects, manages, and benefits from enterprise data. But the first step is to leverage a supplier data platform that proactively harvests, aggregates, validates, enriches, and routes the right data to the right organizational function. When supplier data can be shared, trusted, and leveraged with no limits, it doesn't just solve procurement's day-to-day challenges, it uplifts the entire organization. Data, it turns out, is the truly transformative element in procurement's digital transformation.

TealBook's Supplier Data Platform

TealBook is the leading Supplier Data Platform that automates the collection, verification, and enrichment of supplier data across any data lake or enterprise system. Procurement teams can gain deeper insights into their existing suppliers, make better-informed sourcing decisions, eliminate their dependence on supplier portals, and improve spend analytics. Leading global brands and Fortune 500 companies such as Nasdaq, Goldman Sachs, and Freddie Mac leverage TealBook to power their procurement lifecycle from end to end, and maximize their investments made in suppliers, people, source-to-pay, and ERP systems.



For more information about how TealBook can help organizations build their digital transformation on a foundation of trusted supplier data, please visit www.tealbook.com.

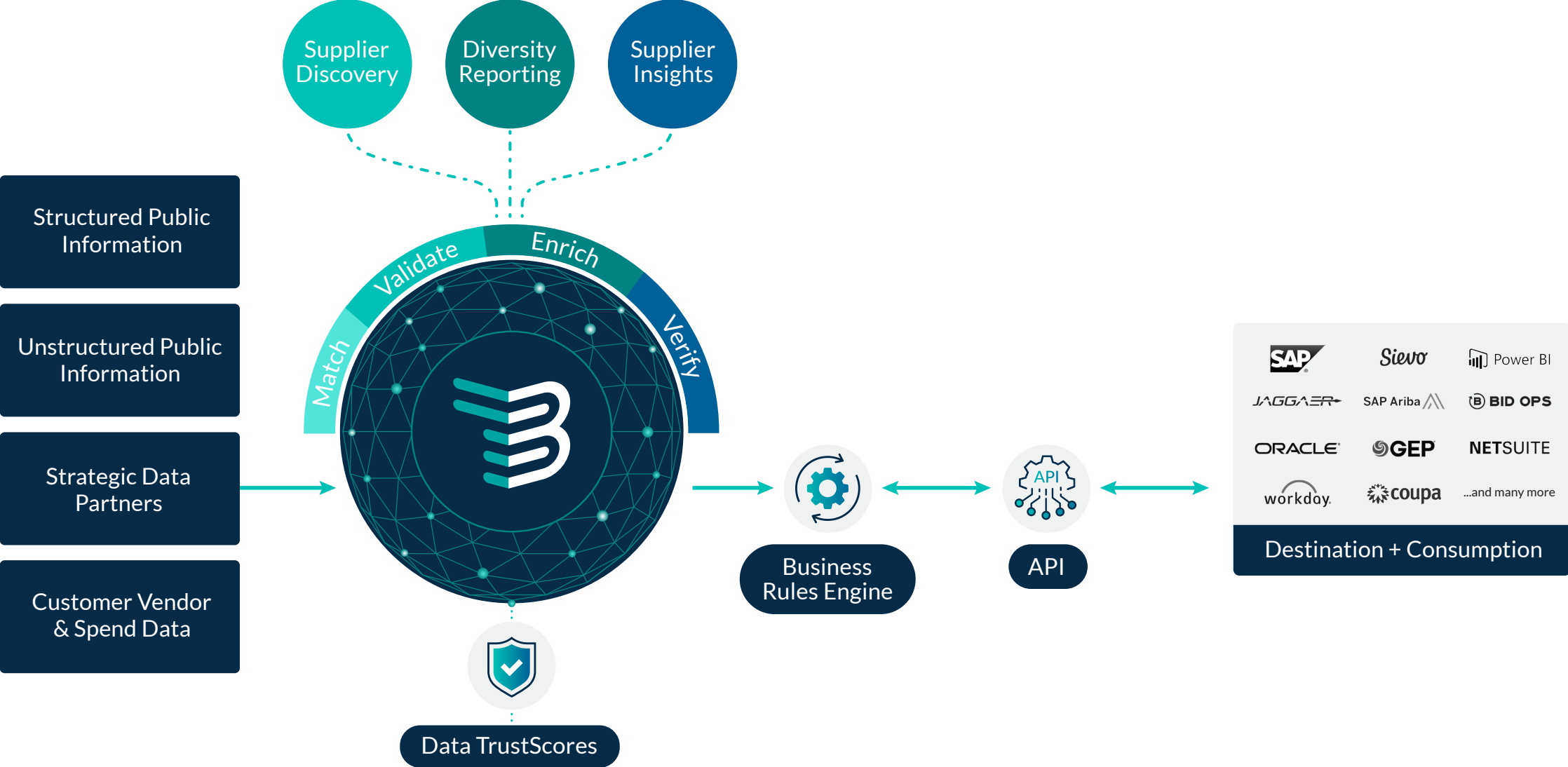
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The Solution: Unified, Trusted Supplier Data



Sources

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⁴[The 2024 Annual ProcureCon CPO Report, ProcureAbility, accessed February 2024](#)

⁵[Fact Sheet: President Biden announces new actions to strengthen America's supply chains, lower costs for families, and secure key sectors](#)

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⁷[The supply chain trends shaking up 2023, KPMG, accessed January 2024](#)

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