

## Executive Summary

Despite their desire to innovate and use technology to improve business performance, Canadian leaders are grappling with e-commerce and online procurement systems. Our survey of Chief Executive Officers of 1000 Canadian firms in 2001, showed that on average 8% of their procurement was done online. By 2005, those surveyed said that on average 35% of their procurement would be online.

In order to drill down on the trends identified in the survey results and how organizations plan to increase their use of online procurement, the Conference Board of Canada, in partnership with the Purchasing Management Association of Canada and Industry Canada, have conducted five case studies on leading edge organizations.

The findings show that while e-procurement strategies vary among organizations there are commonalities regarding their objectives, drivers, systems, implementation processes, performance indicators and outcomes.

Regardless of “how” e-procurement takes place in these organizations, procurement officers and senior management perceive it as another essential “tool in the toolbox” for conducting business operations more efficiently and effectively. One key outcome that these organizations cite is the ability to streamline supply chain operations thereby realizing cost reductions, quality enhancements and improved delivery cycle times. E-procurement also provides organizations with the opportunity to become more strategic in their daily activities, allowing them to improve their competitiveness, productivity and growth.

While there are also technological and change management challenges that arise, organizations that are applying e-procurement balk at the idea of operating without it.

Case study participants record the benefits from e-procurement using indicators that track e-procurement transactions to date and savings (e.g., transactional cost- and time-savings; accuracy and reliability rates; longer account payable periods and quicker accounting processes).

Thirteen Keys to E-Procurement Success emerge from the case studies:

1. Don't focus on the technology.
2. Select a strategy that is right for your organization.
3. Garner executive support.
4. Appoint a champion.
5. Plan ahead.
6. Allocate sufficient resources and provide training.
7. Involve key stakeholders and pitch it right to your users.
8. Make incremental improvements.
9. Expect the unexpected.
10. Select capable suppliers.
11. Move the yard-stick forward.
12. Address problems quickly.
13. K-I-S-S (Keep it Simple, Stupid!)

Typical barriers or challenges for implementation that emerge from the case studies include:

- ? Dealing with change management issues;
- ? Cajoling suppliers to get on board the e-procurement bandwagon;
- ? Getting the biggest bang for the buck;
- ? Managing the adoption of new technologies; and
- ? Finding people with the right skills.