



# Make Procurement Smarter with Social Media



## Who Should Read This Whitepaper?

If you work in the procurement domain and are interested in knowing how the world of social media has influenced the inner workings of the procurement industry, then having a look at this whitepaper is a good idea.

## Introduction

Social media captivated a large part of the urban global population quickly and is quite evidently one of the most impactful things in our lives today and with advent of mobile devices and their integration with internet, social media has become an essential part of our day to day activities. In the past five years, social media has become an integral part of the lives of people everywhere.

'In response, companies have been embracing social media with equal pace to more effectively engage with their customers and promote their brands and offerings. Social media has in many ways transformed companies' sales, marketing and customer service organizations. Pioneering companies now increasingly recognize social media's power **to improve productivity, enable lower risk, more accurate decision making, and foster more robust innovation.**'

*(Source: Accenture: Leap Ahead - Procurement goes Social)*

The snapshot below displays statistics with respect to internet and social media adoption generally as well as via mobile internet out of the global population. Nearly, two thirds of the active internet users have active social media accounts which amount to nearly **30%** of the world population.

## Global Digital Snapshot

A snapshot of the world's key digital statistical indicators

Total  
Population



**7.395  
Billion**

Urbanisation: 54%

Figure represents total global population, including children

Active Internet  
Users



**3.419  
Billion**

Penetration: 46%

Figure includes access via fixed and mobile connections

Active Social  
Media Accounts



**2.307  
Billion**

Penetration: 31%

Figure represents active user accounts, not unique users

Unique Mobile  
Users

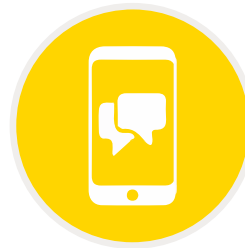


**3.790  
Billion**

Penetration: 51%

Figure represents unique mobile phone users

Active Mobile  
Social Accounts



**1.968  
Billion**

Penetration: 27%

Figure represents active user accounts, not unique users

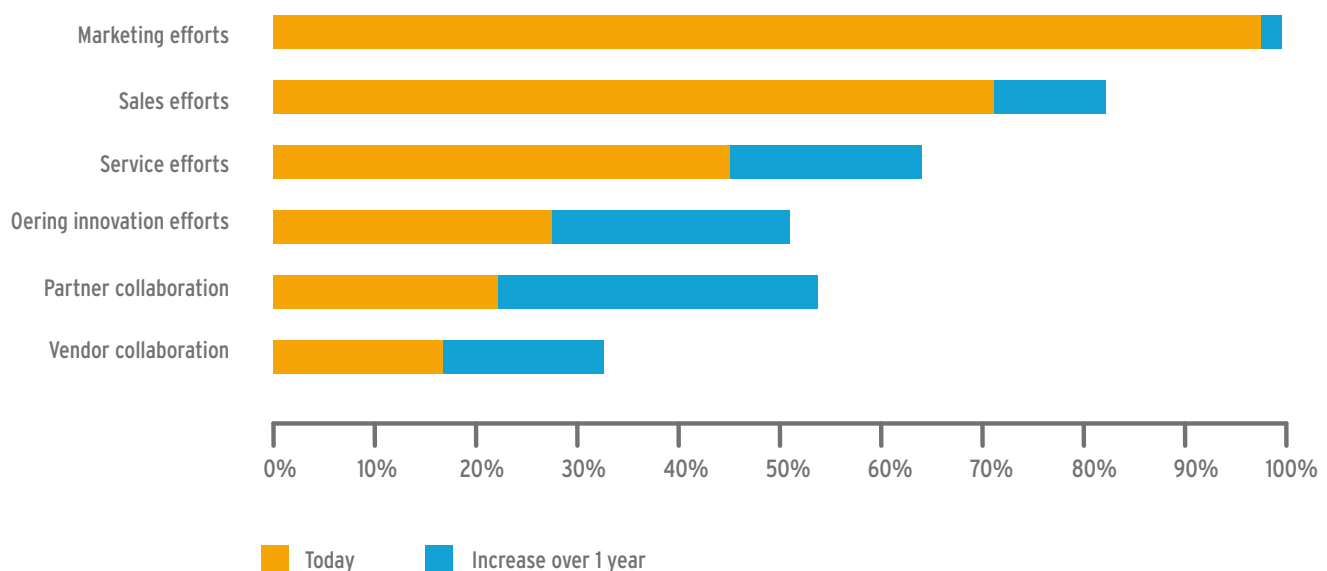
### We Are Social

Sources: Population: UN, US Census Bureau, Internet: ITU, InternetWorldStats, CIA, national government ministries and industry association  
Social & Mobile Social: Facebook, Tencent, VKontakte, LiveInternet.ru, Nikkei, VentureBeat, Niki Aghaei; Mobile: GSMA Intelligence

Now you must be wondering why I have swayed from the profound topic of supplier collaboration and its impact on business which was making more apparent sense for you to be reading this article and relate to it. Well, here is the deal - if I were to calculate the odds, you would be a professional working in the procurement domain (directly or indirectly) with access to internet via desktop and mobile connection, having access to social media platforms like Facebook, LinkedIn, WhatsApp and YouTube - with a medium to high usage pattern.

Quite interestingly, most of your suppliers have this exact same profiling as yours!

The trend has been such that organization functions such as marketing and sales adopt social media in their DNA first over other functions like legal, finance, admin or for that matter procurement function and start reaping early benefits. However, there lies a great potential of opportunities and benefits for procurement professionals as the procurement function relies heavily on collaboration with suppliers and supplier engagement. By that logic, the procurement function should be one of the early adopters of social media to reap tangible benefits early on in the cycle as opposed to the trend as showcased in the snapshot below.



Accenture study: Adoption of social media in organizations split across functional tasks

Because of its inherent ability to foster greater collaboration and facilitate the exchange of information among individuals and groups, social media has significant potential to improve the performance of the procurement organization.

## Why Social Media?

By definition it's a public activity where the use of public networks makes available to the public and the free flow of information in turn increases its value.

Procurement can reap numerous benefits from the social media platform -

- **Identifying and managing suppliers**

There are specific procurement related networking sites, which allows the users to find reviews about a specific supplier. The vendor rater platform, Twitter etc. helps the user to even find ratings of a vendor in a specific category. Supplier risk management can be enhanced by tracking procurement related platforms, like My Sourcing Team, Procurious etc.

Apart from this entire supplier collaboration has also become an easy phenomenon.

- **Peer engagement**

There are different platforms today to bring about the whole community together like - My Sourcing Team, LinkedIn, Procurious etc.

- **Sharing of best practices**

There are number of B2B blog sites, there are specific blog sites for procurement practitioners. Keeping up with the latest industry trends and learning the best practices is now just a click away.

- **Identification of risk**

The way the social media platform helps a person choose the supplier, it also is a great tool to forecast the risk involved with the suppliers.

On a regular basis companies have a trouble with material handling, when there are too many batches of products, and one batch faces a problem, the problem is left unsolved because may be the people who can solve the problem are just too far away.

Upon study it can be seen that 2/3rd of the waste happens because of not being able to find information or not being able to know the people who can handle these issues. An average problem can take at least 4 months to get solved.

A social media site for procurement can actually eradicate the problem completely as it provides:

- Early detection of the issue, thus not letting it happen
- Ability to absorb the issue so that it doesn't pose a problem to the entire organization
- It enables quick reactions

## Limitations of Social Media

Potential value of social media with respect to procurement is significant but there are certain limitations when it comes to using the medium.

There are two major problems when it comes to the use of social media -

- Lack of authenticity
- General nature of information

### **Lack of authenticity:**

There is never any confirmation as to where the information is coming from or if the source of the information is credible. Most people believe social media without any validation. There is no guarantee that the information available on these social platforms is true.

### **General nature of information:**

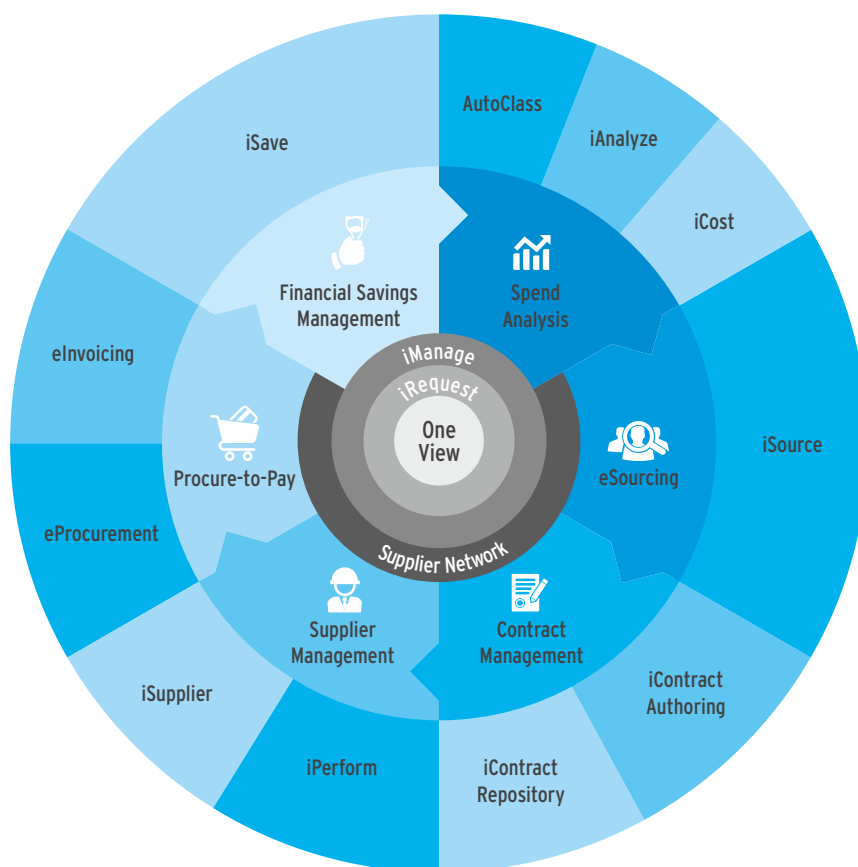
Information available on these social sites is too general in nature, using this information for important surveys may not be too wise.

Enclosing, we can say that we are still at the early stages of binding procurement with social media. However, the challenges posed can also be overcome overtime and the medium can be used vehemently in future.

## Conclusion

In spite of the few hazards posed by social media, the benefits of using the platforms are humongous. With the technology space reaching new heights, one needs to be aware as to how to up their game.

Although the adoption of social media in procurement space has been slow, it is only a matter of time before it is extensively used by a large number of procurement professionals.



## About Zycus

Zycus is a leading global provider of complete Source-to-Pay suite of procurement performance solutions. Our comprehensive product portfolio includes applications for both the strategic and the operational aspects of procurement - eProcurement, eInvoicing, Spend Analysis, eSourcing, Contract Management, Supplier Management and Financial Savings Management. Our spirit of innovation and our passion to help procurement create greater business impact are reflected among the hundreds of procurement solution deployments that we have undertaken over the years. We are proud to have as our clients, some of the best-of-breed companies across verticals like Manufacturing, Automotives, Banking and Finance, Oil and Gas, Food Processing, Electronics, Telecommunications, Chemicals, Health and Pharma, Education and more.

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