4 STEPS TO REMOVING FRICTION FROM YOUR SOURCE-TO-PAY PROCESS

A single platform for automated requesting, sourcing, supplying, and paying for goods and services

The frustration of today's high-friction source-and-pay systems

How many hoops must your employees and suppliers jump through just to source, procure, and pay for the goods and services your business needs to operate? For most companies, these essential functions are built on layers of complicated manual processes and systems that leave both internal and external stakeholders unsure where to go, how to comply, or what their request status is.

This splintered source-to-pay (S2P) environment can have very real impacts on procurement:

High labor costs that support multiple low-level and redundant tasks across dozens of systems

Frustrated, overloaded employees creating rogue workarounds that break cumbersome company policies, creating blind spots for monitoring costs and risk

Supply shortages and disruptions from a lack of both visibility and coordination across procurement and supplier processes

Transformation initiatives that ignore investments in your existing enterprise resource planning (ERP) platform and transactional systems, requiring expensive rip-and-replace or customization projects that can take months or even years

Environmental, social, and governance (ESG) and risk management as one-time, manually executed or even ad hoc activities disconnected from the broader organization, leading to missed checks and compliance reviews and failure to hit ESG goals and track risk/fraud

Lack of procurement team bandwidth to focus on generating satisfying user experiences

There's a better way to run procurement. Keep reading to learn how ServiceNow Source-to-Pay Operations can bring together all the parties—from external vendors to internal procurement, receiving, and accounts payable—into a cohesive, automated workflow experience.

A source-to-pay model that gives you the best of all worlds

Procurement is often an either/or exercise—swinging between competing modes. Do you control costs or increase supplier quality and deliver a more innovative, satisfying employee experience? What if you could say yes to all of these?

In this guide, we'll show you how ServiceNow Source-to-Pay Operations brings everyone together into a single, central workspace across teams. We'll explain how this workflow solution can enable automation and collaboration, from sourcing to procuring to paying. You'll learn how it can help you handle more requests with fewer resources while better managing spend, reducing risk, and sourcing from more sustainable suppliers—creating an exceptional experience for all.

Business Capability 1

Double the requests handled by your source-to-pay team

Reclaim the time your procurement teams spend on responding to basic questions because employees and suppliers don't know where to go, how to comply, or how far along their procurement requests have progressed.

The ServiceNow S2P Operations solution automates manual tasks and creates a focused procurement workspace. Requesters are guided into the Employee Center to ask virtual agents questions about request status, access how-to articles if they've hit a roadblock, or initiate purchase requests. The Supplier Collaboration Portal enables vendors to access tasks such as signing NDAs, completing compliance reviews, updating banking information, or reviewing payment status.

This centralized solution can help reduce requisition-management labor needs as much as 50% by:

• **Increasing the amount of spend** under management by simplifying how requesters follow the official process

• **Improving your ratio of suppliers to supplier managers** by deflecting the low-level "how to," "where is," and "what's the status" user questions that plague procurement teams

• **Improving the volume and quality of supplier data** by making it easier for vendors to collaborate on tasks, self-report and edit their own information, and provide data on their ESG performance

• **Improve compliance and performance** against service level agreements (SLAs)

REAL-WORLD EXAMPLE

■·BASF

BASF spins up a help desk to automate inquiry management

The finance department of the largest chemical producer in the world was struggling with:

• A high number of emails and manual tasks

• Disconnected silos and point solutions

• Inability to expand self-service capabilities

• A lack of transparency/report generation

The procurement help desk faced a staggering 300,000-plus requests per year, including manual task routing due to the lack of a centralized procurement process. The department had little visibility into performance and no ability to report on cycle times or SLA achievement. In addition, it was difficult to scale help desk teams with the growth of the business.

With ServiceNow Source-to-Pay Operations, the company now has a centralized system of actions with automated workflows, as well as a knowledge base and self-service tools to deflect work from going to the procurement help desk. All previously manual task routing has moved into automated workflows with assignments and tracking.

100%
of manual task routing moved into automated workflows

4 weeks
implementation time

Business Capability 2

Uncover supplier discounting opportunities

Too much of S2P is driven by manual tasks, which in turn drives too many requests outside your organization's defined process—and it's costing you money. When your procurement environment makes it difficult for your employees to follow official processes, they're far more likely to seek out workarounds or, worse, ignore policy altogether. This leads to lost savings through rogue spend that misses supplier discounting opportunities such as volume or early-payment discounts.

The ServiceNow Source-to-Pay Operations solution automates mundane work and streamlines processes, so you can reduce the costs of goods and services by:

- **Consolidating spend** to increase visibility into early-payment discounts plus using catalog buying to take advantage of volume-based discounts

- **Leading buyers to vetted**, reliable business partners

- **Centralizing data** for more strategic procurement and sourcing decisions and for leverage when it's time to (re)negotiate with suppliers

- **Reaching quick time to value** through pre-configured steps, tasks, and approval flows while achieving better total cost of ownership through comprehensive configurability and scalability

REAL-WORLD EXAMPLE

Streamlined procurement takes off at a leading aerospace manufacturer

A global aerospace company that had experienced severe budget cuts and workforce reductions in recent years was struggling to deliver airplanes fast enough. Its supplier interactions were spread across myriad portals and required a high degree of manual processing. Accounts payable, for example, took days to dig through Excel sheet links and the SAP contracts maze to resolve supplier payment issues.

With ServiceNow, the company established a standard supplier workflow solution to reduce stock-outs and gain higher parts availability. At the same time, it is protecting supplier and company proprietary data and is now in compliance with export requirements.

300%
increase in ROI using a global-standard supplier workflow platform

$50M
anticipated savings over 5 years

50%
cost reduction by rationalizing in-scope legacy systems

10%
reduction in compliance penalties

Business Capability 3

Raise supplier quality and reduce fraud with embedded ESG and risk

ESG and risk management checks should be part of your everyday S2P operations, but often these activities are only one-time events or manual/ad hoc steps in the process. That's where checks and compliance reviews get lost.

With ServiceNow Source-to-Pay Operations, you can track goal attainment more clearly, align spend against ESG and risk criteria, and reduce the possibility of payment fraud. You can deploy dynamic workflows that adapt, based on factors such as type of product, volume, and price, and are continuously updated for compliance with shifting governance and risk rules. The solution also includes pre-configured playbooks and guided experiences that ensure the right sequence of process steps is applied to every transaction before allowing accounts payable to proceed.

Help employees vet and complete requests faster with a solution that:

- **Embeds ESG and third-party vendor risk review** in procurement and supplier workflows, both in onboarding and on an ongoing basis

- **Keeps data, related cases, and collaboration** in one dynamically staged workflow experience to ensure quality outcomes

- **Reduces fraudulent payment risk** with automatic three-way matching for duplicate purchase orders and payment detection

REAL-WORLD EXAMPLE

Global sports apparel company outfits procurement with a platform for savings

A leading athletic wear business was struggling to manage several billion in annual spend across a wide array of the enterprise, including tech, supply chain, facilities, marketing, and services. That's because it relied on two dozen different systems to cobble together a procurement process and had over a dozen different ways to start a requisition.

With ServiceNow, the company has one starting point for any kind of supplier-related activity, unifying all underlying transactional apps into consistent, dynamic workflows. Project implementation is taking less than one quarter, so the company expects to generate staggering savings, fast. And because all procurement will flow through one system of engagement, the company will not only rein in rogue spend but also be in a position to measure, report on, and ultimately achieve key ESG goals, including sustainability and diversity spend.

$1B
estimated savings on procurement spend cost by fiscal year 2025 and anticipated in-network sustainability and diversity spend

1
starting point for any kind of procurement

100%
of systems unified into automated workflows

Business Capability 4

Create a better experience for all

When you simplify procurement processes, you free employees from tedious tasks that delay the strategic projects that lead to more satisfying user experiences. You build a reliable reputation among inside customers and outside vendors while also creating a happier workday for procurement staff.

ServiceNow Source-to-Pay Operations delivers a single, unified S2P experience for all internal and external stakeholders involved in sourcing and buying goods and services. It eliminates the need to access dozens of systems and brings order to the emails, calls, and tedious tasks that eat the bandwidth of your procurement teams. It replaces manual work with automated workflows that dynamically pull data and execute transactions in underlying systems, so your employees don't have to.

The ServiceNow S2P solution gives you:

- **One place for everyone**—employee requesters, procurement teams, and suppliers

- **A single user experience** for the entire workflow, on any device

- **Decreased cycle times** thanks to less reconciliation across point products

- **Increased spend management** with a higher percentage of compliant purchases

- **Shortened supplier onboarding time** and accelerated resolution times for supplier issues

- **A way to maximize existing ERP and S2P investments,** rather than a rip and replace approach

---

REAL-WORLD EXAMPLE

Dropbox closes the file on employee overload

The well-known cloud storage company was struggling with a lot of manual processes within procurement, including swivel-chair systems, double handling of data, and generation of unforced errors—all of which increased the overall burden for overworked procurement teams and lowered their employee net promoter score (NPS).

With ServiceNow, the company has gained a single platform to connect disparate processes and transactions and rapid time to value by tapping into its existing ServiceNow team within Dropbox for deployment.

10,000+
procurement team hours freed with workflow automation

20%
increase in procurement team operational efficiency

5 points
improvement in employee NPS score for procurement operations

ServiceNow source-to-pay solutions

Source-to-Pay Operations
Automate workflows from sourcing through procurement.

Sourcing and Procurement Operations
Automates the source-to-receipt process for more seamless purchasing and case management across work teams, allowing sourcing and procurement to stop the swivel-chair circus and focus more on strategic priorities.

- Boost procurement team efficiency
- Deliver seamless experiences for all procurement stakeholders
- Gain end-to-end visibility into procurement processes

Supplier Lifecycle Operations
Enables you to quickly onboard suppliers, effortlessly manage supplier data, add key supplier contacts, monitor supplier performance, and enhance productivity of the teams that engage with suppliers.

- Streamline supplier activities
- Onboard suppliers quickly
- Allow for supplier self-service

ServiceNow Source-to-Pay components

Accounts Payable Operations
Let finance departments simplify and coordinate the activities required to pay suppliers accurately.

- Multichannel invoice ingestion
- Accelerated exception processing
- Unified workflows

ServiceNow Source-to-Pay Operations is a workflow automation solution that brings together everyone involved in sourcing, procuring, and paying for goods and services—employees, procurement, suppliers, and all your IT systems—into a single engagement layer.

Stakeholders can now focus on more strategic activities such as optimizing spend, achieving more responsible sourcing and ESG goals, and forming a more reliable and resilient supplier base. Procurement teams can handle more requests with fewer resources while making it easier to reduce risk, drive compliant spend, and source from more sustainable suppliers. Because the ServiceNow

S2P solution integrates with your existing ERP and transactional systems, it helps you derive more value from your existing investments while decreasing deployment time from years to weeks.

With ServiceNow Source-to-Pay Operations, your procurement organization can:

- Improve procurement processing and drive compliant outcomes
- Accelerate supplier qualification and enhance accuracy
- Transform procurement management with satisfying digital experiences

Simplify the source-to-pay process

Too many digital transformation projects require you to replace existing systems. This introduces greater cost, risk, and time—but without a clear path to better outcomes or experiences.

Source-to-Pay Operations frees up staff time through the automated execution of underlying transactions, creates a unified experience for workers, and provides an extensible platform to easily drive the latest innovations for your business.

With ServiceNow, you can say yes to it all: reducing costs, working with premium-level suppliers, and elevating employee experiences.

Real-world benefits of ServiceNow Source-to-Pay Operations

67%

average improvement in cycle times due to increased productivity from workflow automation

$175M

average yearly savings through supplier discounting

$500K

average savings for every 1% increase in stakeholder engagement

30%+

increase in spend under management

For a deeper exploration of ServiceNow solutions, we recommend the following content:

ServiceNow Source-to-Pay Operations (SPO)

Learn how to transform procurement when you automate and simplify the S2P process. This page will show you how to connect processes end-to-end, streamline procurement for employees, and enable work team efficiencies.
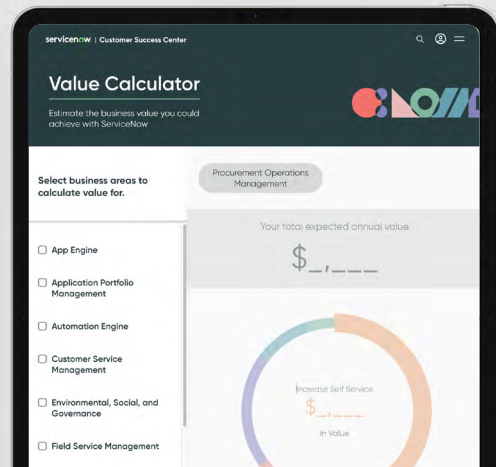
Read More
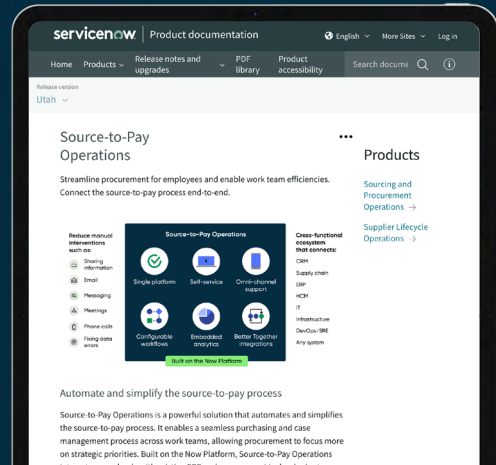
Estimate the business value you could achieve with ServiceNow

Use our free Value Calculator to see how much your organization could save based on its unique circumstances, then download an insightful business value brief for additional background and details.

Try Tool

About ServiceNow

ServiceNow (NYSE: NOW) makes the world work better for everyone. Our cloud-based platform and solutions help digitize and unify organizations so that they can find smarter, faster, better ways to make work flow. So employees and customers can be more connected, more innovative, and more agile. And we can all create the future we imagine. The world works with ServiceNow™. For more information, visit: www.servicenow.com.

servicenow.com