



eBook

Consolidate suppliers and simplify indirect procurement with DSSI, LLC

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Introduction

Mature procurement teams know that managing both direct and indirect spend is essential to their organization's bottom line. Still, most cost-cutting measures focus on direct spend because it takes up a larger portion of the budget, and its data is generally better quality and centralized through set processes. On the other hand, indirect procurement is often fragmented across hundreds — if not thousands — of vendors. Most companies simply lack the mechanisms and data visibility to effectively manage it.

At the same time, smaller expenses add up. According to McKinsey [indirect procurement costs have increased by 7%](#) every year since 2011, and this trend is only expected to continue. As these expenses rise, profit margins fall — not to mention the risks and inefficiencies involved with a growing list of vendors and out-of-contract transactions.

So, how do you handle indirect procurement? Let's discuss some of the tools and strategies you can use to tackle this type of spend.

The challenges of traditional indirect procurement

Before developing a strategy to manage indirect spend, it's important to understand the challenges your teams likely face:



Procurement and Operations Teams

When various departments use multiple vendors for maintenance, repair and operations (MRO) items, it creates a messy web of disparate data records, purchase orders (POs), internal approvals, supplier confirmations and delivery follow-up processes that slow down the purchasing process. As more suppliers get added to the list, these issues become exponentially worse.

Finance & Accounts Payable Teams

Finance teams around the globe strive to develop “standard” payment terms for all suppliers to optimize cash flow. This naturally becomes difficult to manage with the large number of one-off suppliers common in indirect material purchases. Processing invoices in different formats from multiple suppliers is also tedious, costly and time-consuming work. All of this can lead to duplicate electronic or mail invoices, which runs the risk of double payments.

IT Teams

For organizations that lack an enterprise resource planning (ERP) system, manually creating requisitions and POs for thousands of items using Excel spreadsheets or home-grown databases isn't optimal. Even for organizations that have invested in purchasing, catalog maintenance and finance software, creating integrations for hundreds of infrequently-used suppliers and maintaining item records for one-off items just isn't feasible.

Drive value with an agile procurement environment

According to the Hackett Group's 2023 CPO Agenda, one of the biggest priorities of procurement executives is to enable their teams to be more agile and adapt more quickly to the supply chain disruptions we've seen in recent years, such as those created by the COVID pandemic.

DSSI's comprehensive source-to-pay services allow procurement organizations to "plug in" to our robust strategy and suite of solutions, including competitive sourcing, aggregated buying, category management, ongoing purchasing and payables support, and on-demand reporting to allow your organization to truly manage indirect spend, not just process it.



With DSSI, your business can experience benefits such as:

Cost savings

Take advantage of DSSI's supplier-agnostic approach and multi-customer aggregated spend to drive the lowest total cost and combat inflationary pressures in indirect materials.

Qualified supplier network

Ensure supply continuity and leverage our supplier network and performance metrics to get the most value out of your vendor relationships.

DSSI's spend management services give you total control over indirect procurement, saving time and money for all your teams, from purchasing and operations to finance and IT.

Data visibility

Gain a comprehensive view of your indirect spend with a centralized procurement platform, DSSI's Item Master Discipline and on-demand dashboard reporting.

Simplified processes

Streamline procurement and financial settlement with a single PO and consolidated invoicing across multiple suppliers.

Streamline purchasing for your operations and procurement team

DSSI starts by competitively bidding your most frequently used items and placing them in an e-catalog for your requisitioners to access, either through our e-procurement tool, Epic®, or via an interface with your existing ERP system.

Can't find the part or tool you need? No worries — our professional buying team is there to source whatever you need right away from the most optimal supplier. With industry-leading tools and customer support, you get full assistance from order confirmation to automatic delivery follow-ups so you get the items you need on time.

DSSI can also give you more control and visibility over your [tail-end spend](#). Most tail spend purchases are made with online vendors, using purchasing cards (P-cards), or on a blanket order which doesn't lend itself to effective management. DSSI's Item Master Discipline lists key attributes about each item, including a description, manufacturer name, part number and more. That way, procurement teams get all the purchase data they need and requisitioners quickly get what they need.



Consolidate suppliers for accounts payable optimization

In addition to achieving material cost savings, organizations are increasingly prioritizing innovation and digital transformation, according to a [recent Deloitte study of CPOs](#). DSSI allows companies to leverage a digitized invoicing process across thousands of suppliers in the indirect materials market.

Our services and solutions deliver exceptional value to finance and accounts payable teams, who are often left to deal with invoices from a large number of vendors all sending various pieces of information. Developing a solution to manage these invoices, including scrubbing through the information, catching duplicates and manually entering multiple formats, is incredibly time-consuming and prone to errors.

DSSI does the work for you, consolidating hundreds of suppliers into a single standard invoice governed by standard payment terms across all suppliers to support your cash flow objectives. Depending on how your company is structured, DSSI can even help support taxation on POs based on state laws or your country's VAT requirements.



Save IT resources for high-value tasks

Managing hundreds or thousands of suppliers can be a huge task for both your procurement and IT departments. From setting up each vendor individually to creating integrations with your company's purchasing and financial systems, the procurement process can take up valuable IT resources that are better spent on more strategic projects.

With DSSI, you only need to set up one supplier — we then manage all downstream suppliers in our systems, including required certification and critical KPIs. DSSI supports a [wide variety of integrations](#) with your existing procurement software, making it easy to get started.

In addition, our [eProcurement platform, Epic®](#), provides your organization with direct access to a strategically sourced and managed catalog. Not only does this harmonize pricing and purchasing across all your company locations, it also reduces your need for IT resources — making your lean teams more efficient and ensuring they have the tools and support they need to remain effective.



Optimize Indirect Procurement with DSSI

DSSI provides comprehensive, professional sourcing and procurement services to help you consolidate and optimize your supply base. With DSSI, you get:



Strategic Sourcing and Ongoing Category Management

Leverage our decades of experience managing MRO and other indirect procurement categories along with strong supplier relationships and group sourcing aggregation to drive the lowest cost of ownership. Our category management takes a supplier-agnostic approach to cyclical bidding and market increase mitigation strategies to ensure competitive pricing on your behalf.

Consolidation and System Integration

Once your items have been competitively sourced by DSSI's team, you can access your catalog directly through our eProcurement platform, Epic®, or through an interface with your existing purchasing platform. After setting up DSSI as your single supplier, we'll manage pricing agreements, item record creation, catalog maintenance, purchase transaction processing and payment to the supplier.

Spend Visibility

Achieve enterprise-level spend visibility across all your company locations using DSSI's On-Demand Business Intelligence and KPI reporting tools. With DSSI, it's simple to track your indirect procurement at the item level.

Conclusion

From tracking spend data across disparate departments to monitoring savings performance and analyzing vendor performance, managing your indirect spend can quickly become a headache — but it doesn't have to be. DSSI offers a powerful array of services and solutions to help you reduce your number of suppliers, streamline procurement and optimize spend.

[Epic®](#), our procure-to-pay software, centralizes your procurement needs with a single, managed catalog capable of interfacing with your systems, providing item-level reporting to help you make informed decisions.

Our [Strategic Sourcing](#) solution offers comprehensive support and market-tested methodologies designed to address complex needs and reduce costs with aggregate spending.

Meanwhile, our [Source-To-Pay](#) solution delivers comprehensive purchase processing capabilities with expert sourcing, category, catalog and performance management services.



At DSSI, we're here to work for you.

To learn more about how our services and solutions can help you optimize indirect procurement, [contact us today](#).



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