

# Guide to a **Successful CIO-CPO Relationship**

How the Two Roles Can Collaborate  
to Drive the Organization's  
Digital Transformation



# Guide to a **Successful CIO-CPO Relationship**

How the Two Roles Can Collaborate to Drive the  
Organization's Digital Transformation



Research Contact:  
Chris Rand  
Research Manager, WBR Insights  
[chris.rand@wbresearch.com](mailto:chris.rand@wbresearch.com)

Copyright © 2021 WBR Insights | All Rights Reserved

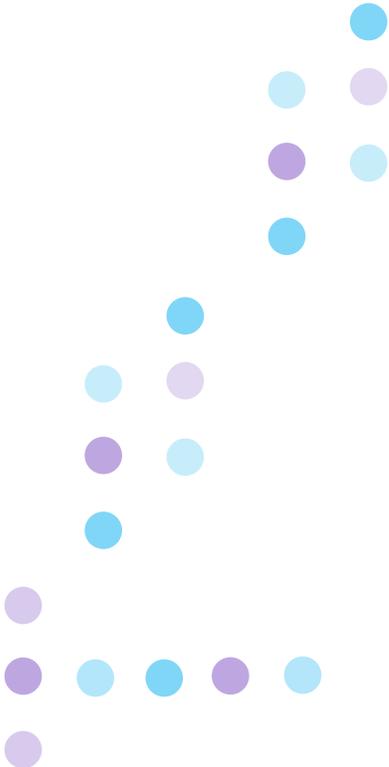
The non-branded editorial content that appears in this report is owned and distributed by WBR Insights. Distribution of this content is restricted to only WBR Insights and any sponsors of this report represented herein.

# Executive Summary

Within the first few years of our fledgling decade, we've already experienced major changes to the interactions and tools of the workplace that we once took for granted. Procurement has also emerged into the 20s as a force for stability and strategic innovation within the business. By balancing the protection of the bottom line with an eye for value delivery, procurement professionals have been able to help their organizations weather a storm of unpredictable business conditions and protect their continued operations.

In last year's CIO-CPO study, the WBR Insights research team focused on how far procurement had come in taking on responsibility for technology sourcing. In this report, we continue to benchmark the progress that CPOs and their IT counterparts are making in establishing flexible

working environments. We also explore how these two roles are collaborating in the adoption of new technologies into procurement processes, what steps they believe they need to take to coordinate new technology efforts, and what strategies they are planning to pursue while entering a potentially transformative decade.



# Key Findings



63% of the organizations in the study have **integrated AI-Driven Analytics**, and nearly half (49%) have integrated **supplier self-service portals**.



57% of the respondents say they will use or intend to use **cybersecurity as a managed service in the next 12 months**. IT managed services (40%) and inventory management (40%) were popular choices as well.



64% of the respondents cited problems with change management or integration processes and 59% cited lack of coordination between Procurement and IT as among their organizations' challenges toward adopting the new technologies they require.



30% of the respondents have reached an **"advanced" stage in their journey toward a holistic end-to-end digital procurement solution**, while 48% say they are "mid-way" in their journeys.



54% of the organizations in the study already use **AI to interpret unstructured information in vendor contracts**. Another 39% see potential in existing AI solutions, even though they aren't ready for such technology.



Half of the respondents consider their companies **"perfectly coordinated"** (10%) or **"highly coordinated"** (40%) in terms of the effectiveness of coordination between their procurement and IT teams.



Nearly half of companies' procurement and **IT leaders collaborate "always"** (7%) or "regularly" (42%), but most remaining companies' procurement and IT leaders collaborate only "occasionally" or "rarely."



For most companies in the study, their CFO (29%) or both their CIO and their CFO (27%) take the **lead in driving procurement's digital transformation**.



55% of companies claim **automating their indirect tax processes** during the procure-to-pay process will play a role in their digital procurement transformation over the next 12 months.



# IMPROVING TAX IN THE P2P PROCESS

Benefits for tax, procurement, and IT professionals

Reduce the need for in-house research and financial system updates, improve tax accuracy, and streamline tax coding – all while supporting centralization and scalability within your business.

## TAX



**Reduces need for in-house tax research**  
as content is maintained by the tax engine provider



**Improves tax accuracy**  
since tax engine functionality is more robust than native ERP or procurement systems



**Enhances scalability**  
through a single tax engine that supports sales and purchasing transactions

## PROCUREMENT



**Automates and standardizes tax coding**  
for a reliable, repeatable AP process



**Increases accuracy and efficiency**  
at the requisition and invoice stages



**Improves vendor relationships**  
with streamlined invoice approval

## IT



**Removes the need for continual tax updates**  
to ERP/procurement systems because tax content is maintained in the tax engine



**Improves scalability**  
since a single tax engine supports multiple financial systems across sales and purchasing



**Eliminates system hosting and maintenance**  
with cloud deployment

Learn how adding a tax engine to your ERP or procurement system can optimize tax in the P2P function.

[Learn more](#)

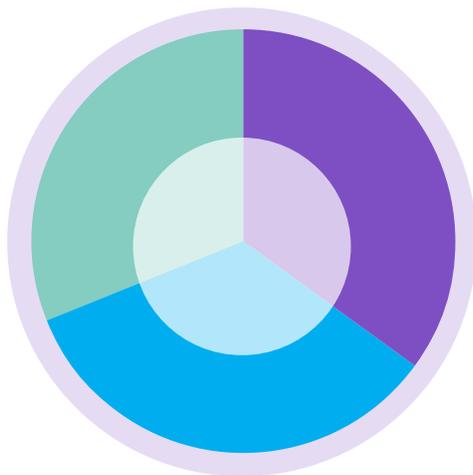
# About the Respondents

The WBR Insights research team surveyed 100 procurement, supply chain, and risk management professionals from organizations across the U.S. and Canada to generate the results featured in this report.

The respondents are almost evenly split in their roles, with 35% occupying a supply chain role, 34% occupying a role in procurement, and 31% occupying a role in risk management.

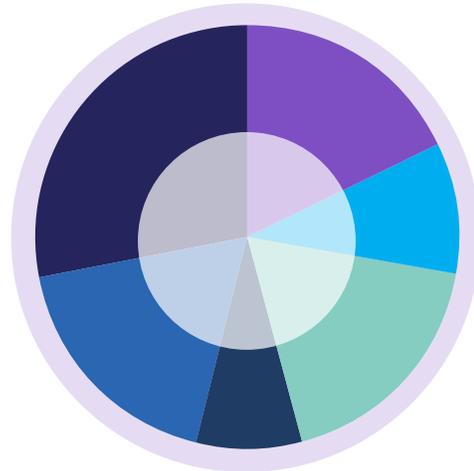
Most of the respondents are directors (28%), senior directors (18%), or department heads (8%). The remaining respondents are vice presidents (18%), senior vice presidents (10%), or C-level executives (18%).

## What best describes your role?



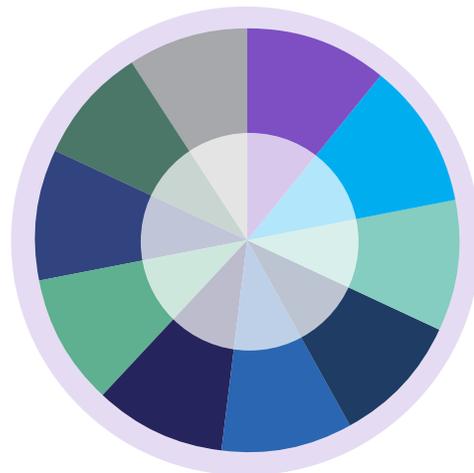
■ 35% Supply Chain
 ■ 31% Risk Management  
■ 34% Procurement

## What is your seniority?



■ 18% C-Level
 ■ 8% Head  
■ 10% Senior Vice President
 ■ 18% Senior Director  
■ 18% Vice President
 ■ 28% Director

## What industry does your company represent?

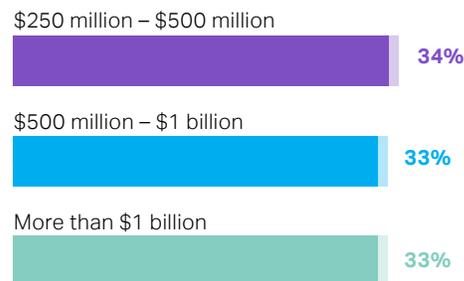


■ 11% Chemicals, plastics, & polymers
 ■ 10% Medical devices  
■ 11% Pharmaceutical
 ■ 10% Energy, oil, & gas  
■ 10% Consumer products
 ■ 10% Aerospace & defense  
■ 10% Manufactured goods
 ■ 9% Industrial manufacturing  
■ 10% Telecom, electronics, & high-tech
 ■ 9% Automotive

The respondents represent a range of industries, including chemicals (11%), pharmaceuticals (11%), consumer products (10%), manufactured goods (10%), and telecom, electronics, and high tech products (10%).

In each case, almost one-third of the respondents represent organizations with \$250 million to \$500 million (34%), \$500 million to \$1 billion (33%), or more than \$1 billion (33%) in spend under management.

### What is the total amount of spend under management within your organization?

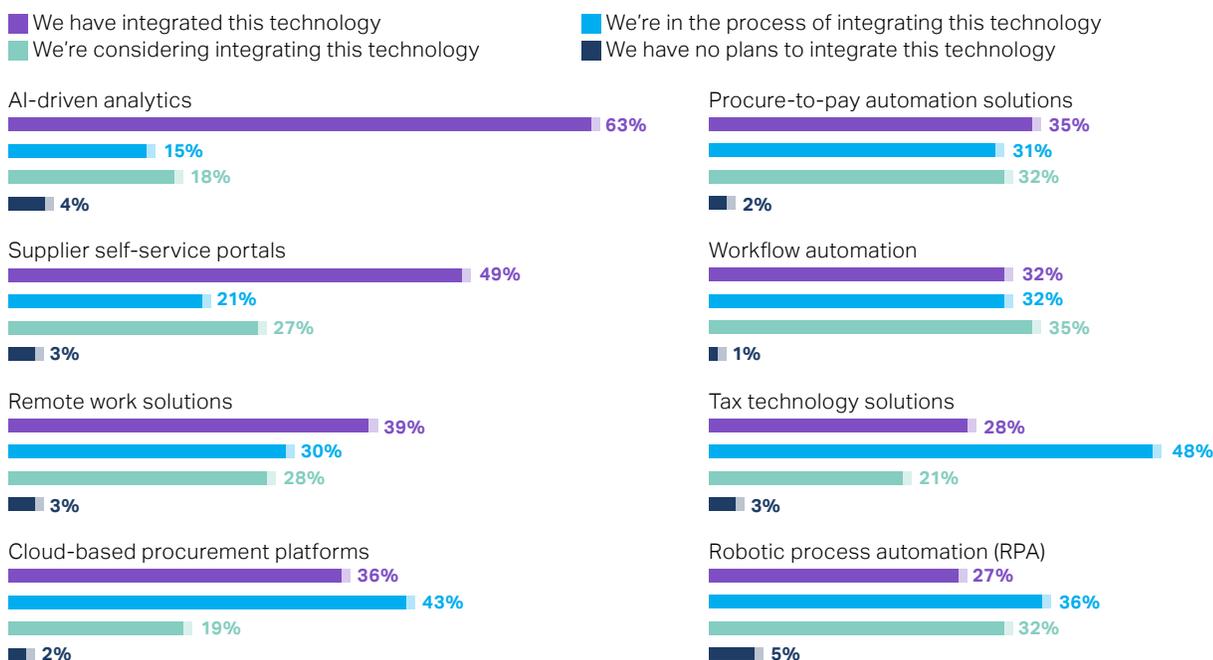


## Change Management and Lack of Coordination Between Procurement and IT Stand in the Way of Technology Adoption

CIOs and CPOs have historically had separate roles in the organization. Procurement leaders have typically focused on risk management, cost savings, and value production within the organization’s spending, whereas IT executives have focused on managing the organization’s technology solutions and securing its data.

But in recent years, these two roles have increasingly overlapped. In ProcureCon’s previous report on this subject, we learned that procurement leaders were taking on a more pronounced role in technology sourcing. Indeed, procurement organizations throughout various industries have taken significant steps in securing the technologies they need to power their organizations’ digital transformations.

### What procurement technologies have you integrated, and which ones are you in the process of integrating or considering integrating?



The results of this study suggest that organizations are still pursuing opportunities to integrate new technologies. The only technology that a majority of the respondents have successfully integrated is AI-driven analytics, which has been integrated by 63% of the organizations in this study. Meanwhile, almost half of the organizations (49%) have integrated supplier self-service portals. Surprisingly, only 36% of the organizations surveyed have already integrated remote work solutions despite their growing necessity during the pandemic.

Most of the respondents say they are either in the process of integrating all the technologies presented in the survey or they are considering them as integrations. For example, in each case, almost half of the respondents are in the process of integrating cloud-based procurement platforms (43%) and tax technology solutions (48%). These types of automated platforms can significantly reduce costs, save time, and help the organization maintain compliance.

“In the next three years, a lot of things will be automated, but I don’t think bots are going to be as popular as people think. Bots will rise and fall, but Blockchain will be most successful because of its ability to connect purchasers and suppliers.”

**Lori Brierre, Director Strategic Operations, Clemson University**

Meanwhile, AI-driven analytics is now an essential feature for procurement functions, as they enable them to make real-time decisions, adapt quickly, and stay agile, even in the face of disruptions.

**Artificial intelligence (AI) is a technology that can help extract information from unstructured data within contracts. Which of the following does your organization already offer in terms of AI?**

We already use AI to interpret unstructured information in vendor contracts



We see potential for existing AI solutions, but we aren’t ready for such technology



We think AI has promise, but we are not satisfied with the solutions available

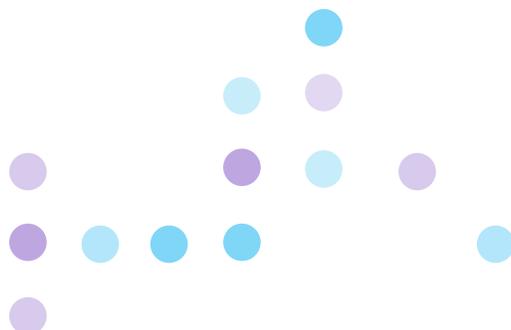


But procurement teams can use AI functions for more than just analytics. AI can extract information from unstructured data within contracts, enabling the organization to automate contract processes even when contracts are presented in non-digital formats. Most of the respondents (54%) are already using AI to interpret unstructured information in vendor contracts and another 39% see potential in the technology.

“I see automation helping out with requests for information (RFIs). Ideally, we’ll be able to quickly spin up RFIs using templates. Then, we can get them sent out efficiently, with a process for suppliers to respond quickly and efficiently as well.”

**Rendi Miller, VP Strategic Sourcing and Procurement, Zendesk**

To reach their technology goals, most organizations must overcome significant internal and external challenges. Some organizations may not have the internal technical skills to adopt certain technologies (30%), whereas others struggle from a lack of buy-in from internal stakeholders (44%).



## What are your organization's challenges toward adopting the new technologies you require?

Problems with change management or integration processes



Lack of coordination between Procurement and IT



Lack of buy-in from key decision makers



Budget constraints



Security and compliance concerns



Lack of internal technical skills



Trouble integrating legacy systems



But 64% of the respondents say that problems with change management or integration processes are making it challenging to adopt the new technologies that the organization requires. Meanwhile, 59% cite lack of coordination between procurement and the IT department as a substantial challenge.

As we will learn, the ability of procurement and IT leaders to coordinate on technology initiatives will be central to the organization's ability to achieve digital transformation moving forward. It will also be integral to procurement's goal to deploy a holistic, end-to-end digital solution.

Based on this study, the efforts toward such a solution are ongoing for most organizations, as 48% say they are "mid-way" in their journey to a holistic, end-to-end digital procurement solution and 22% say they are starting to build a foundation for their solution. Respondents who are mid-way toward implementation have established a way to measure what is promised versus actual performance on all their contractual relationships. However, they cannot yet act proactively.

Ideally, the procurement organization will have fully implemented a tool, gaining the capability to cover procurement processes ranging from vendor selection, contract negotiations, post-execution performance, payout monitoring, and proactive spend control. To reach this point, procurement and IT leaders must help to coordinate both adoption and change management within the organization. By working together, both functions lead the organization toward better efficiency and agility.

## What progress has your organization made on your journey toward a holistic end-to-end digital procurement solution as described below?

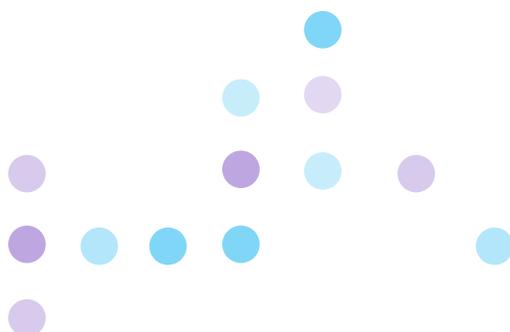
Advanced – We have fully implemented an end-to-end digital tool with capabilities that cover procurement processes ranging from vendor selection, contract negotiations, post execution performance, payout monitoring, and proactive spend control



Mid-way – We have established a way to measure what is promised versus actual performance on all our contractual relationships but lack ability to anticipate performance proactively



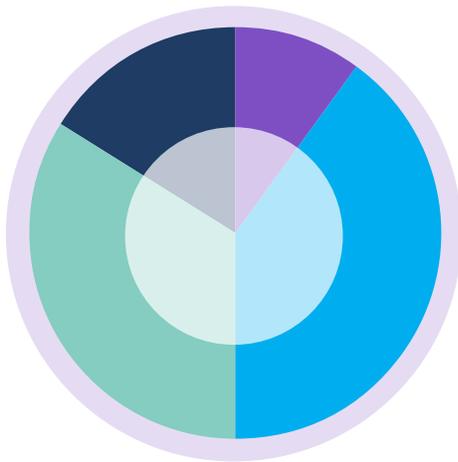
Starting foundation established – We are in the design stage of a holistic end-to-end procurement process to be automated later



# Procurement, IT, and Financial Leaders Must Collaborate to Drive Digital Transformation

Coordination between IT and procurement teams can be achieved through several strategies. Many organizations implement formal processes to encourage the functions to work together. Efforts to improve transparency, outline common goals, and treat each party as a respected advisor to the business can also assist in bridging gaps between CIOs, CPOs, and their respective teams.

## How would you rate the effectiveness of the coordination between your procurement and IT teams?



- 10% Perfectly coordinated
- 40% Highly coordinated
- 34% Relatively coordinated
- 16% Minimally coordinated

Currently, half of the respondents say their procurement and IT teams are either highly coordinated (40%) or perfectly coordinated (10%). The remaining 50% of the respondents claim the two teams are relatively coordinated (34%) or only minimally coordinated (16%).

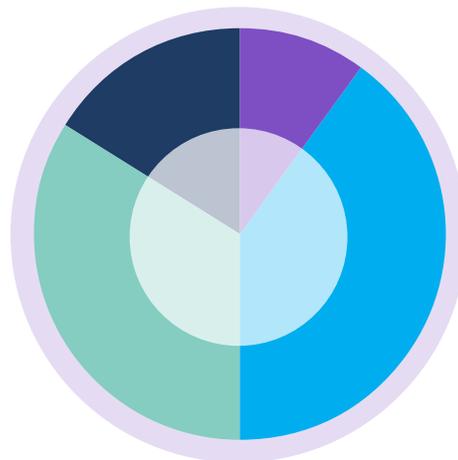
Perfect coordination between the departments may be elusive in organizations that are only beginning to bridge gaps between the two functions. Furthermore, organizations that haven't implemented end-to-end technology solutions

may not have processes in place for the separate teams to collaborate, even if their CPOs and CIOs are already aligned in their objectives.

Indeed, almost half of the respondents say their organizations' procurement and IT leaders collaborate regularly (42%) or always (7%). Those that collaborate regularly share several initiatives which require both leaders' attention, but they may also share initiatives that require individual attention. Those that "always" collaborate work side-by-side on all shared initiatives.

Nonetheless, a slight majority of respondents (51%) say their leaders only collaborate occasionally (41%) or rarely (10%). At these organizations, procurement and IT leaders only collaborate occasionally when their projects overlap, or they only do so when absolutely necessary.

## When do your organization's procurement and IT leaders collaborate?



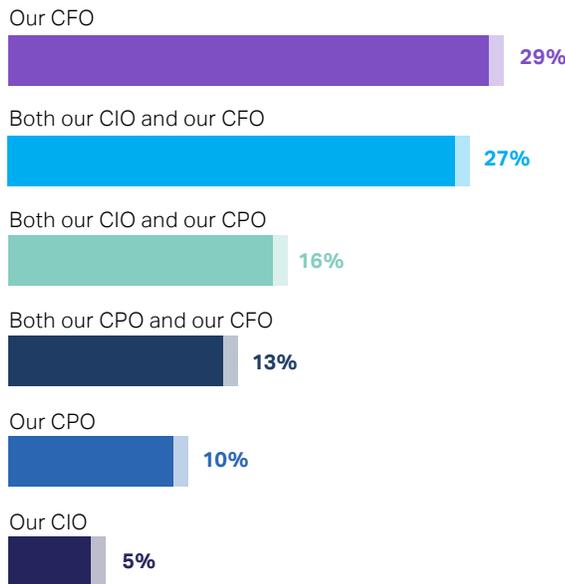
- 7% Always – They work side-by-side on all shared initiatives
- 42% Regularly – They collaborate on several shared initiatives
- 41% Occasionally – They collaborate on occasion, when their projects overlap
- 10% Rarely – They collaborate only when absolutely necessary

“A successful relationship between an organization’s CPO and CIO is based on mutual trust, respect, and open communication. Both must look to the other as an advisor in the business, and they must fulfill the promises they make.”

**Rendi Miller, VP Strategic Sourcing and Procurement, Zendesk**

Providing time, space, and processes for these leaders to collaborate could significantly improve the organization’s ability to both adopt and implement new technologies. Both leaders play a role in selecting technologies and their vendors, and both must have input in digital transformation decisions to ensure the organization stays on track with both strategic and financial objectives.

**Who takes the lead in driving Procurement’s digital transformation at your organization?**

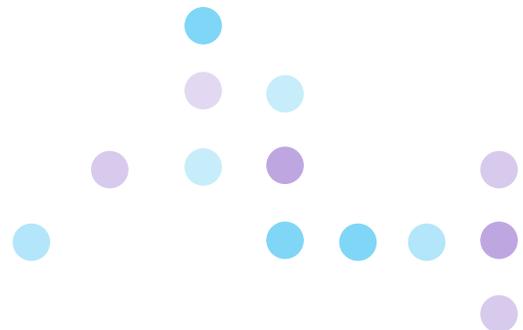


The results of the survey suggest that financial concerns are also a primary driver in the digital transformation efforts of the procurement function. At 29%, a plurality of respondents says their chief financial officer (CFO) takes the lead in driving procurement’s digital transformation. Meanwhile, 27% say that both the CIO and the CFO take the lead, whereas only 16% say both the CIO and the CPO take the lead.

Moving forward, organizations would do well to coordinate digital transformation efforts between all three of these leaders. With a unified strategy, they could implement a technology acquisition and implementation plan that is both efficient and cost-effective.

“When conflict arises in the business, one of the things I try to remind my team—and I have this conversation with our CIO—is that we are all one team. We all work for the same company and we are all working toward the same goals.”

**Rendi Miller, VP Strategic Sourcing and Procurement, Zendesk**



# Tax Automation, Supplier Integration, and Analytics Are Organizations' Top Procurement Priorities

Most organizations are securing their future using a combination of internal capabilities and onboard technologies. However, most companies rely on managed service providers to help them conduct at least some of their operations. This is true in the IT space, but it is also true in procurement.

## Which managed procurement services does your organization use or intend to use in the next 12 months?



For example, at some organizations, third-party managed sourcing partners remotely manage sourcing processes, using their outside experience to make clients more efficient and agile. Likewise, many organizations look to third parties for managed IT services like cybersecurity.

For example, 57% of the respondents surveyed in this study say their organizations intend to use managed cybersecurity services to safeguard their procurement function in the next 12 months. Cybersecurity capabilities are popular to outsource, as firms that specialize in cybersecurity can lend not only their specialized expertise but also their tools and software to protect the organization.

Meanwhile, 40% of the respondents will use IT managed services in the next 12 months and 40% will use inventory management services. Whether it's an outsourced procurement service or an outsourced IT service, both teams must be able to coordinate to ensure services are delivered efficiently and at a price that works for the company's budget. Although the IT department might have specifications for its IT service providers, procurement can help IT teams manage contracts and maintain their relationships with suppliers.

"When you enter into an agreement with a supplier, you have to make a decision. Will this contract be a marriage license or a hunting license? If it's a hunting license, the supplier will have their own targets, and they won't be interested in following the rules. If it's a marriage license, everyone will work together for mutual benefit and it will be a relationship that's based on a plan with goals. That's how you determine if they are a strategic supplier."

**Lori Brierre, Director Strategic Operations, Clemson University**

By working together, both the procurement and IT departments—and, by extension, the CPO and CIO—can more effectively implement the organization’s digital procurement strategies. It will take leadership from both functions to pinpoint the exact technology needs of the organization. After all, IT professionals aren’t typically trained in procurement, and procurement professionals aren’t always well-versed in digital technology.

**Which of the following strategies will play a role in your digital procurement transformation over the next 12 months?**

Automating your indirect tax processes during the procure to pay process



Integrating with our suppliers’ technology to draw more value from spend categories



Incorporating AI-enhanced analytics to draw better insights from our procurement data



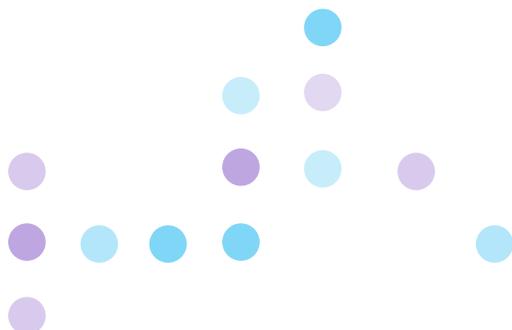
Building closer relationships with suppliers using digital procurement tools



Automating more of our procurement processes with new technology applications



Deploying technology solutions to help with contingent workforce procurement and/or management



To gain a clearer picture of how organizations’ digital procurement strategies will unfold over the next 12 months, the respondents were provided with six initiatives and asked to identify which would be a priority. At 55%, most of the respondents intend to automate their indirect tax processes during the procure-to-pay (P2P) process.

Digital P2P solutions can help organizations generate value for every dollar they spend, but they don’t always help them automate their accounting processes for indirect taxes. In some cases, manual accounting errors, when conducted at scale, can lead to firms overpaying taxes by significant amounts. Implementing an automated function to process indirect tax could help organizations save significantly on unnecessary costs.

Meanwhile, almost half of the respondents are planning to integrate with their suppliers’ technology to draw more value from spend categories (49%) and incorporate AI-enhanced analytics to draw better insights from their procurement data (48%). Both strategies will be integral to organizations’ end-to-end strategies, as they will allow them to form more meaningful relationships with their suppliers.

Integrating with suppliers’ technology could also help organizations stay agile during disruptive events. It can lead to more transparency, which can help the organization form strategic partnerships with their most trusted suppliers.

“We provide our strategic tech vendors with a road map for the year. We identify what’s changing, show them how to work with both procurement and IT, and ask them to bring us ideas to help us solve our problems. It has been extremely successful and very well-received by our vendors.”

**Rendi Miller, VP Strategic Sourcing and Procurement, Zendesk**



# Conclusion:

## Procurement Technologies Will Lead to Flexibility, Agility, and Better Risk Management

In their final line of questioning, researchers asked the respondents to describe how they believe procurement will change in the next three years. In years past, procurement leaders believed that the function would play a much more strategic role within the organization. In many cases, this prediction has come true, as procurement leaders now have a say in key decisions regarding technology implementation and other strategic objectives.

This year, many of the respondents recognize that organizations need to emerge strongly from the pandemic before they can start considering major investments. But they are also hopeful that digital transformation can remake the function.

"It would be difficult to trust the future immediately as the pandemic is still not out of our way," says a procurement head at a tech company. "But if everything goes well, digitization should majorly assist procurement in the next three years."

Other respondents recognize that digitization will make procurement more flexible, more agile, and better able to handle risks.

"Procurement will be highly responsive to situations in the next three years," says a supply chain vice president. "It will also be able to manage risk better."

Similarly, a vice president says, "As we move closer to real-time data analysis in the next three years, procurement will be a process that is swift in its functionality."

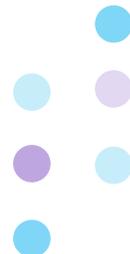
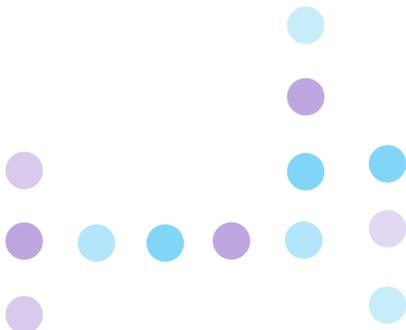
Meanwhile, a director at an aerospace and defense manufacturer says, "By learning from the current situation, procurement will be able to handle risk situations better and help organizations function more effectively in challenging situations."

The respondents also recognize that the role of humans in procurement will change for the better. Humans will likely shift from a focus on day-to-day tasks to playing a more strategic role.

"Human capability will focus on managing processes more carefully rather than on repetitive activities," says a director at a manufactured goods company. "Automations will take care of the mundane procurement tasks."

Other respondents say digitization will make procurement "leaner," "more interactive," and "smarter."

But to reach these levels of maturity, organizations must first create a roadmap for technology implementation and digital transformation. CIOs, CPOs, and other decision-makers must be able to collaborate on projects that impact the entire organization, such as new technology purchases. By engaging technology challenges with a unified front, the organization will be able to draw value from its investments faster and more effectively.



# Key Suggestions



Create a **clear plan for change management** at your organization when implementing new technologies. Ensure your procurement and IT teams are coordinating during the onboarding and adoption process. **Change management and coordination between departments are key challenges** to technology adoption at most of the organizations surveyed.



Tax technology solutions could help your organization **save significantly on indirect tax costs** and help you avoid the risk of overpayment. Almost half of the organizations surveyed are in the process of integrating this type of technology.



One of your key goals should be to **pursue the integration of a tool that provides holistic, end-to-end digital procurement solutions**. Ideally, your tool should cover procurement processes ranging from vendor selection and contract negotiation to payout monitoring and proactive spend control.



**Ensure your procurement and IT leaders collaborate regularly**, especially regarding shared initiatives. Coordination between your organization's leadership is integral to maintaining coordination among your teams and departments.



Approach your suppliers with **the prospect of integrating your technology solutions**. Not only will this help to increase transparency, but it could also help both of you to draw more value from your relationships.



Identify suppliers that are **willing to work on mutual goals for mutual benefits**. These suppliers are likely to be good candidates for strategic partnerships.



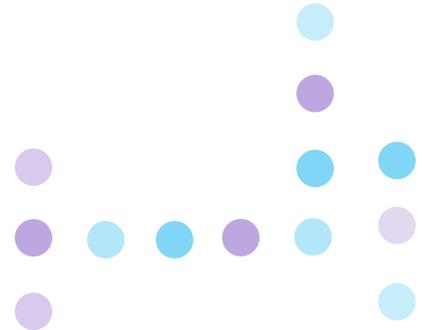


# About Our Sponsor



Vertex, Inc. is a trusted global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides cloud-based and on-premise solutions that serve specific industries for every major line of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,100 professionals and serves companies across the globe.

For more information, follow Vertex on Twitter and LinkedIn.



# About the Author



For over 20 years, ProcureCon has helped companies develop and implement world-class sourcing programs through interactive workshops, innovative keynotes and intimate networking sessions. All designed to take you beyond cost savings.

ProcureCon is built for practitioners, by practitioners - Whether you're a CPO or a rising star, a large or small spend company, ProcureCon has content and built-in connections to ensure your long term sourcing success.

For more information, please visit [procureconeast.wbresearch.com](http://procureconeast.wbresearch.com).



WBR Insights is the custom research division of Worldwide Business Research (WBR), the world leader in industry-driven thought-leadership conferences. Our mission is to help inform and educate key stakeholders with research-based whitepapers, webinars, digital summits, and other thought-leadership assets while achieving our clients' strategic goals.

For more information, please visit [www.wbrinsights.com](http://www.wbrinsights.com)

