



Total Control from Procurement to Payment™

VIEWPOINTS AND VISION

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Expanding the Spend Management Footprint

By Anne McCarthy Strauss

By changing the way they source, procure and manage their communications services and assets, companies are redefining spend management from spend to procurement to payment.

Today, spend management is an issue that extends far beyond its origins of telecommunications cost control. In fact, today's intelligent enterprise has uncovered opportunities for cost containment in areas ranging from utilities to employee benefits to outsourcing for professional services.

This drive to reduce spend throughout the enterprise has decreased traditional voice and data savings to one-third of the total spend management effort in a typical enterprise.

The scope of spend management has also expanded. Today, the key objectives driving initiatives include identifying and managing savings and enhancing compliance opportunities.

Originally focused on e-procurement, spend management has grown to include e-sourcing with bidding and online reverse auctions to e-spend analytics. Using e-procurement tools, users can negotiate contract rates, service levels and terms with greater advantage than when using a manual process.

A Lifecycle Solution

The importance of spend is illustrated in a simple ratio.

According to industry experts, the standard revenue-to-cost ratio is about three to one. That means that an organization would need to increase its revenues by \$300 in order to realize the same bottom line as cutting costs by \$100.

Spend management is a long-term strategy for consistent growth.

Avotus has blazed a trail that will allow companies to keep up with the expanding trends in spend management by increasing its Avotus Intelligent Communications Management™ offering to enable spend management in areas extending far beyond containment of telecommunications costs.

"We have expanded our footprint to accommodate the demand for reduced spend in many other areas where expenses can be contained," said Alan Gold, Chief Marketing Officer for Avotus.

"Beginning with procurement of products and services, our automated solution extends control and visibility into the areas of expense management and usage management."

In the area of e-procurement, Avotus starts by automating the once tedious RFP process, offering a reverse auction in which vendors bid against each other for business in real-time. Online bidding drives down costs, and Avotus' proprietary knowledgebase and industry expertise ensure the offerings are the best in the market.

"After getting such regular costs as telecom under control, it makes sense to broaden the corporate spend management effort by looking at other recurring fees such as monthly utility bills, benefits costs and staffing," Gold continued.

Spend Management in Staffing



The employment model itself is now under the spend management microscope.

Today's employees may find themselves working for new employers without changing their job location or responsibilities. The employee may be an assembly line worker, a human resources consultant or a labor attorney.

Such a scenario involves outsourcers who move into an organization and employ its workforce, with the original employer paying the outsourcers a fee for the services of its former staff. Eventually this arrangement might evolve into staff separating from the original employer completely, and working directly for the company to which they were originally outsourced.

Reduce Administrative Efforts throughout the Enterprise

A spend management solution reduces the time and effort often associated with contracting for new products and services, and renegotiating existing or expiring agreements.

Automated invoice processing, ordering and inventory management, and comprehensive spend management and reporting capabilities enable users to realize significant spend reduction and achieve ongoing visibility, cost containment, policy adherence, and process improvements without operational overhead or capital investment.

A flexible tool that combines e-procurement, expense management and usage management is necessary in today's competitive global environment.

Such an end-to-end technology-based solution for managing, understanding and reducing spend throughout the enterprise results in measurable and sustainable benefits year after year.

About the Author

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