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“A CLOSER LOOK AT DIGITAL PROCUREMENT & SUPPLY CHAIN”

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“SUSTAINABILITY, ESG AND ECOTECH HAVE NOW CLEARLY BECOME AN INTEGRAL PART OF THE PROCUREMENT AND SUPPLY CHAIN TECH LANDSCAPE”

“THE MUCH-ANTICIPATED FLURRY OF ACQUISITIONS AND MERGERS HAS YET TO TAKE PLACE”

I. INTRODUCTION – TURBULENT MARKET CONDITIONS AND THE RISE OF ESG

The latest edition of the Digital Procurement and Supply Chain Insider features coverage of some of the most volatile market conditions we've encountered since the creation of this commentary in 2015.

Since the publication of the last edition of this report in October 2022, we've seen remarkable hiring conditions in the market, high-profile redundancy programmes in the tech sector and, at times, almost weekly changes in the supply-demand equation for talent in both Europe and the United States.

The seemingly never-ending supply of new entrants into the software market offering a range of innovative solutions has continued despite the funding challenges in the private equity markets. And whilst the big sector news of Thoma Bravo taking Coupa private again has made many headlines, the much-anticipated flurry of acquisitions and mergers has yet to take place. Some of the exceptions to this are mentioned later in the report.

It's been coming for a while, but Sustainability, ESG and EcoTech have now clearly become an integral part of the procurement and supply chain tech landscape, and this is reflected in this edition of our report with detailed analysis of the current state of the EcoTech sector. This section, written by our guest contributor and consultant Editor, Nancy Clinton of Spend Matters Europe, features interviews with three CEOs from the sector. They talk about the opportunities, threats and challenges faced by the profession and the tech firms that seek to assist them in achieving their critical ESG goals.

We also provide our recurring analysis of recent high-profile job moves along with an insightful look at the importance of company culture. We discuss how it impacts key issues such as staff recruitment and retention in a section inspired by our recent research into the Glassdoor rankings of high-profile companies in the sector.

All of this is available on our YouTube channel and you can find links to the interviews and several other free resources at the end of this report.

“THE BIGGEST NEWS OF COURSE HAS BEEN THE RECENT DEPARTURE OF COUPA CEO ROB BERNSHTEYN”

“JAGGAER HAS BEEN ONE OF THE MOST ACTIVE RECRUITERS FROM THE ESTABLISHED BIG NAMES”

2. THE BIG JOB MOVES IN DIGITAL PROCUREMENT & SUPPLY CHAIN

There have been several high-profile moves in recent months in the digital procurement and supply chain market. Following is a summary of the ones that caught our attention.

The biggest news of course has been the recent departure of Coupa CEO Rob Bernshteyn after more than 14 years leading the growth of a business that has changed the spend management landscape. His announcement on LinkedIn led to over 250 comments, many from current and past employees expressing their gratitude for his contribution to the company and their careers.

Since the announcement of Thoma Bravo as the new owners back in December 2022, Coupa's hiring has been limited and it remains to be seen whether the rumours about restructuring are true. Either way it will be fascinating to observe what impact Bernshteyn's departure will have on the next chapter in the Coupa story.

JAGGAER has been one of the most active recruiters from the established big names in the sector in recent months. Its hires include Mo Ahmad as Vice President Global Strategic Partners where he joins several former colleagues from SAP Ariba including Justin Sadler-Smith, Martin Hayles and Simon Thompson. Simon added Steve Harrison from Vizibl to his team in the final quarter of 2022 and himself was promoted to VP UK & Nordics at the end of 2022.

Following a similar path was Adrian Lowther who joined as a Strategic Account Executive whilst Jenny Draper left Spend Matters to take on the role of Global Technology Partnerships Director.

In the DACH region, Detlef Kayser, formerly of SirionLabs, joins as Senior Key Account Manager whilst Stefanie Schori, previously with riskmethods, joins in a similar role in the US.

Another great hire for JAGGAER, and bringing a wealth of industry experience (Coupa, Ivalua and others), is Jessica Warren who joined as Senior Director of Product Marketing.

At Basware, the Accel KKR-led transformation continues with both Mark McCarthy and Jason Kurtz taking hands-on roles using their industry expertise to position the business as a key player again. Alongside a rebrand and stronger messaging to the market, it has strengthened its sales capability with a series of senior hires. Henrik Smedberg is Senior VP of Sales and Steve Canning is CRO. Both were formerly of SAP Ariba. They are joined by Alexis Hartmann, previously at Coupa, who will lead France and UKI as VP.

Another former SAP and Coupa employee on the move is Andrew Stafford who has joined Ivalua as Head of APAC.

In the scale-up/best-of-breed world, Richard Hogg has left Scoutbee to join Vizibl as CEO, replacing founder Mark Perera who remains in an advisory position on the board.

Richard's role as EMEA General Manager at Scoutbee has been taken by Mark Masterson who moved quickly following the redundancies at TealBook to be reunited with his former colleague Asghar Maqsood who joins as Sales Director. Scoutbee has also added to its growing team in the US with the appointment of Claire Sexton from Corcentric as VP of Sales.

Meanwhile, Dan Gianfreda has left Scanmarket to join Market Dojo as Chief Customer Officer and Olivier Chalon has joined WNS Denali as VP Sales, Sourcing and Procurement. Olivier was previously at Coupa and Accenture in France.

In the consulting world, Andrew Smith brings his deep expertise in SAP, S2P and supply chain to KPMG having previously worked for IBM and Deloitte in a similar area.

Dan Cameron, a high-profile CPO and former Coupa customer in two of his previous roles, has joined PwC as a Partner where he will lead its Coupa practice and take responsibility for its wider procurement transformation practice. This will only intensify the competition for the major Coupa implementation projects in the UK with the likes of KPMG, Deloitte and Accenture.

“CANDIDATE AVAILABILITY HAS REMAINED LOW BUT BEGAN TO RISE IN MARCH FOR THE FIRST TIME IN JUST OVER TWO YEARS”

**“SLIGHTLY IMPROVED CONFIDENCE
AMONG SOME JOB SEEKERS”**

3. WIDER JOB MARKET VIEW

Before we look at the specific hiring market conditions across the digital procurement and supply chain ecosystem, it's important to get some context from the wider job market.

The [KPMG and REC. Hiring Report on Jobs survey](#), compiled by S&P Global, shows that economic uncertainty and rising costs have negatively impacted hiring trends in the last full quarter (Q1 2023).

According to the findings, permanent staff placements fell generally across the UK, and April's report anticipated that this would continue, whilst contract placements grew as firms moved towards temporary hires amid lingering uncertainty around economic growth and continued rising costs.

The report also finds that candidate availability has remained low but began to rise in March for the first time in just over two years. This may be due to slightly improved confidence among some job seekers, but also to the well-publicised redundancies, most notably in big tech. There is also evidence that many job seekers have entered the market seeking a higher salary to counter 'cost of living' rises.

The difficulties in attracting and securing suitably skilled staff allied to higher living costs have become key drivers of pay growth cited in the report as 'rising at historically sharp rates.'

In short, it remains difficult to find and hire candidates with the right skills within desirable timescales or budgets.

In the Technology sector, 2023 has seen a well-publicised raft of redundancies and lay-offs within major organisations, such as Amazon, Facebook Meta, Microsoft, Google, IBM, SAP and Salesforce, as well as many smaller tech companies. Much of this was driven by continuing supply chain issues and inflation, but Technology firms have also faced revenue declines as the world re-adjusted after the pandemic.

Lockdowns had increased the use of technology, particularly due to remote working and increased use of e-commerce, and many firms hired to meet this specific demand spike. We are now seeing an 'adjustment' in the market as the economy changes again.

So how does this compare to our sector? There are certainly some similarities with the trends outlined above.

“BY THE END OCTOBER OF 2022, THERE WAS A RAPID AND NOTICEABLE SHIFT IN MARKET CONDITIONS”

“BY THE END OF FEBRUARY, THE DELUGE OF BAD NEWS IN TERMS OF JOB LOSSES, AND OF JOB SECURITY FEARS, STARTED TO SLOW BOTH IN VOLUME AND SEVERITY.”

4. DIGITAL PROCUREMENT & SUPPLY CHAIN MARKET CONDITIONS

The past eight months have seen a remarkable set of market conditions in the world of digital procurement and supply chain. If we rewind to the most recent copy of our Insider report back in October of last year, we were still able to talk about the particularly strong market conditions we'd experienced since the start of the post-Covid recovery period towards the end of 2020.

During that period of approximately two years, demand in the sector was driven by growth in headcount from established players, startups and scale-ups. It saw remarkable salary growth and ultimately a real scarcity of skills and candidates to meet demand from the people-hungry organisations that were growing, particularly in commercial, revenue-generating roles like sales, pre-sales, alliances, marketing, value engineering, transformation and consultancy. However, by the end of October 2022, there was a rapid and noticeable shift in market conditions as that huge demand effectively fell off a cliff and we started to see some negative signs in the market.

Those signs included redundancies at major tech firms, particularly in the US, with established names in the social media world, Google, Microsoft and others. Many major organisations made lay-offs in the period either side of Christmas 2022, and that started to really impact the digital procurement and supply chain market around November when there was very little in the way of recruitment activity happening in the marketplace.

By mid-December, we started to see signs that things could get better in the New Year with a lot of enquiries about the availability of certain skills for the new calendar year in 2023. Yet January and February brought more job losses, and particularly this time in the digital procurement and supply chain sector, with a wide range of organisations making redundancies. Notable names included SirionLabs, TealBook and DocuSign, while companies including Coupa, SAP and other established players paused hiring.

So, January and February saw a deluge of quality people onto the job market. They had either lost their jobs or were very fearful about their longer-term job security, especially as they looked at the funding situation in the private equity and venture capital markets or heard about concerning decisions being made by their employers.

During that period jobs were still available in the sector but certainly in much smaller numbers than had been the case as recently as the autumn of 2022. During that time we, as specialist recruiters in that marketplace, fielded an enormous number of calls, emails and messages from people seeking our help to find new roles in the sector.

At that same time, our existing customers with strong fundamentals continued to recruit, albeit much more selectively and in smaller numbers. Other companies, that had taken private equity investment and had perhaps not been as cautious as they might have been with the benefit of hindsight, were in fact fighting for their lives and having to make drastic cuts as the shift in emphasis in the private markets went from an emphasis on gaining market share to actually achieving a level of profitability.

By the end of February, the deluge of bad news in terms of job losses, and of job security fears, started to slow both in volume and severity and our experience tells us that is usually a sign of things starting to improve. In fact, by March, we were able to report some green shoots, with more companies coming back to the hiring market and more organisations asking for advice on market conditions, with an eye on recruiting in the second quarter of the year after the Easter holidays.

Now, at time of writing, the market has steadied somewhat. That means less job cuts, less people coming to the job market, but still relatively low demand. That said, competition remains for the services of the very best people coming to the market; people who can make a real change to an organisation, whether it's in senior management or in their ability to keep existing customers happy or bring new ones to the table.

So, we've been through a very fluid period in the market, and, at times, a brutal one for lots of people involved; they've lost their jobs in a cost-of-living crisis and that's been a difficult time for them. On the upside, there is some light at the end of the tunnel given our hope that most of the bad news is now behind us.

We do foresee, however, that there are difficulties to come. Some companies clearly have challenges with funding, and while we feel we are through the worst of it, we expect the recovery period to be slow and cautious compared to the excesses we've seen in the past two years.

“WE HAVE SEEN SOME MID-TIER PLAYERS LOOKING TO TAKE ADVANTAGE OF MARKET CONDITIONS BY HIRING MORE DIGITAL PROCUREMENT TRANSFORMATION EXPERTISE”

“WE ARE SEEING SOME GROWTH IN CAPABILITY ACROSS DIFFERENT ORGANISATIONS IN THE DIGITAL TRANSFORMATION SPACE.”

4. DIGITAL PROCUREMENT & SUPPLY CHAIN MARKET CONDITIONS CONT...

In terms of the Consulting Market, the big players mostly already had established teams focused on major transformation projects driven by the implementations of solutions like Coupa, SAP Ariba (now ISM) JAGGAER and Ivalua. Hence, we saw careful and cautious hiring from those organisations during this period. That dropped off in the early part of 2023 as market conditions changed overall, and as a result, the hiring market is largely quite flat for the big players.

We have seen some mid-tier players looking to take advantage of this by hiring more digital procurement transformation expertise. They see opportunity in the market, not only to go for the big enterprise deals in competition with the big names, but also a growth in the use of technology, whether it be full suites or best-of-breed platforms in the mid-market where they historically played. So, we are seeing some growth in capability across different organisations in the digital transformation space from these consultancies.

In terms of the Corporate Market, the reality is that the big corporate, in-house roles leading these transformations remain few and far between. That was the case in the buoyant period of the past couple of years, and we've seen little change there, partly owing to an apparent lack of investment in the big enterprise deals and partly owing to lack of adoption – a challenge many organisations are facing. We have seen little evidence of companies investing to truly adopt solutions and embrace best practices from a recruitment perspective. Of course, no one can tell what is going on behind the scenes. What we can tell from a hiring perspective, is that these companies are not investing a great deal in the skills and expertise to bring people in who can lead the coaching, training and development required of procurement and supply chain professionals to enable them to drive better adoption and use of these tools.

Until there is more of that, the procurement profession may struggle to truly embrace the digital opportunity that exists, and this will have a limiting effect on the growth of the overall digital procurement ecosystem.

“SALARY GROWTH WILL REMAIN FLAT AFTER THE EXCESSES OF THE POST-COVID RECOVERY”

“THERE WILL STILL BE A MARKET FOR EXCEPTIONAL TALENT.”

5. PREDICTIONS FOR THE REST OF 2023

Given the market volatility we have just outlined, it has rarely been more difficult to predict what will happen in the job market over the next few months. Following is a summary of what we expect to see:

- Demand from the software vendors is likely to remain quite flat over the summer as we don't anticipate significant increases in additional headcount before the autumn.
- However, there will still be a market for exceptional talent in revenue-generating functions like sales, presales, account management, marketing, customer success and alliances.
- Consultancy hiring will follow a similar path, as those businesses cautiously observe the dynamics of the software markets, in particular, the demand for the solutions that necessitate the large implementation and transformation projects so critical to consultancy revenues.
- Salary growth will remain flat after the excesses of the post-Covid recovery given the reduction in demand for people and the increased supply of talent in the job market.
- Yet-to-be-published research that we have seen suggests that CPOs remain focused on hiring more traditional procurement skills (stakeholder engagement, negotiation, category-specific supplier market expertise) over digital skills. And there is no evidence as yet to suggest a significant increase in demand for the next iteration of procurement skill set.

We will keep you updated on a month-by-month basis with developments as we see them. To keep up to date you can follow our company page on LinkedIn or our YouTube channel. Find the links at the end of the report.

**“VISION AND VALUES ARE
NUMBER ONE OR THEY ARE
NUMBER NOTHING”**

“ONE OF THE KEY VALUES IS CALMNESS.”

6. HIRING BEST PRACTICE: INSIGHTS FROM A CEO WITH 100% STAFF APPROVAL ON GLASSDOOR

Which company is ranked as the best employer in digital procurement and supply chain? To find the answer we did some research on Glassdoor. We wanted to know what made them so good and what other businesses could learn from them.

The answer is [Gatekeeper](#), a well-established CLM solution with a presence in North America, EMEA and APAC. Its Glassdoor metrics are outstanding, putting it at the very top of the pile of software vendors operating in the digital procurement and supply chain sphere. Its employer rating was so strong that we decided to interview the founder and CEO, Patrick O'Connor, to find out what the firm does to achieve that. What he had to tell us is great insight for any employer wishing to improve their ability to recruit and retain the very best employees in the sector.

Patrick is a veteran entrepreneur with Gatekeeper being his seventh business, so he had plenty of experience to draw on and was determined to get it right from the very beginning. With that in mind he made team health the company's 'north star' and spent three weeks formulating the vision and values, a document he told us is much more detailed than many typical corporate values statements. So, what is the essence of this values playbook?

In terms of recruitment his focus was to recruit only 'A' players, which he defined as people who are really smart, ambitious and kind. [His vision and values](#) are used as the template against which to interview candidates and as a talent attractor for an interviewee wishing to see what rules the company culture adheres to. When a new member of staff joins, the values also act as a coaching framework to help them become immersed in the Gatekeeper way of doing business.

One of the key values is calmness. This is embodied by banning internal communication using terms such as 'urgent' or 'ASAP'. Another is trust. Gatekeeper has always been a remote-first business working across multiple locations and time zones, so employees know they are measured on outputs and contribution rather than being micromanaged.

So how does Gatekeeper build that trust with its workforce? It uses fearless feedback through regular surveys to get employee input on everything the company is doing. The leadership is transparent about the direction and financial position of the company. Everyone from the top-down owns their mistakes.

Interestingly, growth is limited to 60% year-on-year as Patrick believes this is the maximum growth his business can achieve without losing control of the values and culture he has rigorously established. To quote him directly: "Vision and values are number one or they are number nothing." And it is this unrelenting, uncompromising view of how Gatekeeper culture should look that has earned it the incredible employer approval score on Glassdoor.

The message here resonates strongly with us as we speak to many job seekers who are disgruntled with their present environment. Issues such as lack of transparency, low levels of trust, no voice in company direction or policy are high among demotivating factors that lead employees to seek a change.

Five takeaways from our interview with Patrick for any business looking to improve their employer branding:

- Make vision and values central to your company from day one.
- Prioritise team health above everything else including exponential growth.
- Set the tone by owning your mistakes.
- Be absolutely transparent with your staff about company direction and wellbeing.
- Continually seek fearless feedback from your colleagues.

If you would like to watch the video interview of Patrick O'Connor please use the link below.

“WE HAVE TO ACKNOWLEDGE THE COMMON DENOMINATOR, THE THREE P’S OF SUSTAINABILITY: PEOPLE, PLANET, PROFIT”

“THIS BUSTLING MARKETPLACE OF PROCUREMENT TECH SOLUTIONS IS BUSY WITH NEW ENTRANTS AND INCUMBENTS.”

7. THE STATE OF THE ESG TECH MARKET – TRADE-OFFS AND BALANCE NEEDED FOR SUCCESS

Introduction

The fragility of the business ecosystem and of the interdependence of the network that surrounds it has been tested to the full during the past few years as pandemic, war and disasters ravaged supply chains, putting businesses at risk. Disruptions, which triggered shortages and corner cutting, pulled sustainability into the spotlight, because at its core, being sustainable is about survival.

To frame sustainability, ESG (environment, social and governance) and CSR (corporate social responsibility) in the business context, we have to acknowledge the common denominator, the three P’s of sustainability: people, planet, profit – but it’s profit that businesses ultimately depend upon. You can only survive and continue to operate if you make profit, and you can only make profit if your ecosystem – your employees, your suppliers, your stakeholders, your planet – also survives. So ESG issues (alongside resulting/forthcoming regulations) have driven change in the way businesses work.

Obviously a company must be profitable, but not at any cost. So there has to be a balanced trade-off between continuing to operate and maximising profit, and being mindful of the impact on employees, and the people outside the company’s walls, the business and the planet. So when we think about social considerations (like human rights), or sustainability (CO2 emissions) or CSR or risk (because risk is tightly bound with your ability to operate in the face of supply chain restrictions), we need also to relate that to self-preservation.

In that context, an incredible opportunity for growth exists, specifically within the ESG space. Procurement practitioners know that every supply crisis brings opportunities for procurement, as the function becomes vital for survival. Leaders are relying more on their procurement and supply teams to provide the supply chain visibility they need to make good business decisions and drive ESG objectives. And that requires the support of both tech and talent.

What’s the momentum in the ESG tech market?

The word many stakeholders and the market players themselves are using right now to describe the ESG tech market is dynamic. In fact Gunther Walden, CEO of Berlin-based Scope 3 emissions management startup CircularTree thinks “the ESG tech market is very dynamic at the moment, we see an increased interest, increased demand, but also a significantly increased supply of tech solutions in the market.” The past five years or so have seen

companies considerably increasing their interest in ESG, and this has “vitalised the market.” Alongside that, the introduction of AI, machine learning and blockchain technologies has made this a “very exciting market to be in.”

Players in the procurement tech market are equally energised by this dynamism. We’re seeing acquisitions of ESG-related technology to bolster existing offerings. Sphera, an ESG performance and risk manager provider with data and consulting services, acquired the AI-backed SaaS supply chain risk management and monitoring solution riskmethods, enhancing Sphera’s Scope 3 emissions monitoring and reporting capabilities. Supply chain risk management data, software and services provider, apexanalytix, [recently announced its acquisition of ESG Enterprise](#), an environmental, social and governance SaaS and data analytics software provider to augment its ability to help customers manage their supplier and supply chain information, monitor risk and opportunities. And these are just some in a rapidly growing marketplace.

Specialists, like Certa, are building out their own modules for ESG to guide users through requirements, like creating disclosure reports, reporting emissions and creating vendor scorecards to evaluate suppliers’ sustainability performance.

Suite players, like Ariba, Coupa, Ivalua and Jaggaer, are adding ESG layers to bolster their platforms’ CO2 and GHG capabilities. The suites have a complex job since by nature they have to embrace every process and every regulation all at once, while handling enhancements, product development, roadmap – but that’s not always manageable, hence the partnerships we’ve seen of late.

Even the consulting firms are getting in on the act: for example, BCG has a [CO2 solution](#), Deloitte launched [ESG reporting tools](#) and KPMG has partnered with Context Labs to provide [climate measurement](#) and reporting solutions.

So the point is, whether generalists, like the suites, or best-of-breed providers, whether in sourcing, supply management or CLM, they all are heading down the ESG route, either by integrating with other providers or developing their own features.

This bustling marketplace of procurement tech solutions is busy with new entrants and incumbents all jostling to introduce or enhance offerings that will help businesses reach their ESG goals. But there are challenges for both the buyer and the solution provider.

**“IN MOST B2B COMPANIES,
SCOPE 3 ACCOUNTS FOR
70% TO 95% OF OVERALL
EMISSIONS”**

“THERE ARE SO MANY DIFFERENT OFFERINGS AVAILABLE RIGHT NOW THAT IT’S DIFFICULT FOR COMPANIES TO REALLY GET A HANDLE ON THE MARKET.”

7. THE STATE OF THE ESG TECH MARKET – TRADE-OFFS AND BALANCE NEEDED FOR SUCCESS CONT...

Challenges affecting business progress on ESG initiatives

Most stakeholders, whether investor, employee, customer or supplier, want organisations to do more to promote sustainability and ESG efforts. What organisations need is supply chain visibility to help them comply with regulations and fulfil their ESG, carbon and human rights commitments. Gaining tier-x visibility, therefore, is the holy grail for tech providers.

But there are more fundamental challenges at play according to the market:

In one of the many interviews Edbury Daley carries out to keep up with and get a wider understanding of the market, CircularTrees’ [Gunther Walden explained to Andrew Daley](#) that having spoken with many of his customers he has uncovered a more underlying challenge affecting organisations’ progress on ESG initiatives. Many are not internally aligned on what ESG really means to them, and how they should proceed. The challenge is to bring together all sorts of departmental heads, like supply chain, sustainability, strategy, sales, etc. to get them heading in the same direction, understand their common challenges and what they need to do to resolve them. In that, tech should play a key role.

“From my experience,” he said, “the biggest barrier is for companies to be sure that they’re investing in the right solution. And we believe that the right solution will be based on global interoperable standards. Only with those standards, companies can rest assured that the solutions will also be able to be used tomorrow in an efficient manner and that those solutions will also help to overcome, for example, the challenges in the supply chain.”

“The problem,” he offers, “is that there are so many different offerings available right now that it’s difficult for companies to really get a handle on the market and on the different options available ... Global standards are really prolific, new technologies are giving birth to new global standards, and that is actually what many companies are looking for when they decide to adopt new ESG tech: they want to have securities that whatever solutions they invest in will be future-proof. And that’s what we’re just about to see coming.”

For others in the market, the main barrier to growth for companies is that the tech available to them isn’t yet integrated enough. Anders Lillevik, Founder and CEO of procurement performance management solution [Focal Point](#), told [Simon Edbury in this interview](#):

“The frustrating part for many is that they do most of their work in Excel and email. So the transactional stuff, like sending out an RFP, storing a contract or paying an invoice, is done very well by a lot of players. But the strategic work, like having an audit trail, being able to go back and figure out why we made a decision, whether we got the right sign off, whether the right processes were followed and whether we included diverse suppliers, is usually done manually, and poorly – so people tend to create their own systems to cope with this.” This of course causes fragmentation and inefficiency, leading to poor progress.

In terms of a source-to-pay (S2P) suite, for example “not all of them are completely integrated, so the journey that the data takes doesn’t always follow the process that procurement normally takes ... and often providers will take solutions that weren’t necessarily meant for procurement, and stitch them together alongside their S2P suite ...” As soon as you start modifying solutions that do things that they weren’t meant to, you run into problems and end up using what you have versus what you need. “Unfortunately,” he says, “people end up buying tech that doesn’t always solve their problems.”

Prof. Christian Heinrich, Founder of environmental supply chain intelligence system Carbme, [pinpoints data](#) as a key need for companies.

“Scope 3 is very important. In most B2B companies, Scope 3 accounts for 70% to 95% of overall emissions. So right now the question for organisations is how can I achieve the most granular data in an automated way? If I have 30,000 suppliers and 3 million purchasing transactions, how can I do supplier collaboration? How can I do supplier engagement, without sending out surveys and annoying the suppliers. I think that’s the biggest challenge for my customers, so they are looking more and more for automation. Customers are more educated now, they understand what Scope 3 is and they know they need to deal with it.”

So what are the tech providers doing to help?

“WE CAN REALLY TRACK THE SPECIFIC CARBON EMISSIONS DOWN TO THE SPECIFIC SUPPLY CHAIN ACTORS”

“GONE ARE THE DAYS WHEN ALL YOU NEEDED TO CHECK YOUR SUPPLIERS WAS A D&B RATING AND AN ISO STANDARD.”

7. THE STATE OF THE ESG TECH MARKET – TRADE-OFFS AND BALANCE NEEDED FOR SUCCESS CONT...

Challenges affecting solution provider progress on ESG initiatives

Regulations, intended to benefit people, businesses and the environment, deliver a level playing field and support economic growth, are putting immense pressure on organisations to hurry along their transition to a sustainable, low-carbon economy. These expanding global ESG requirements bring so much opportunity, and challenges, for the tech providers.

As senior analyst and ESG and supply chain specialist, Bertrand Maltaverne of [Spend Matters](#), notes “technology is a means to make it easier for companies to be compliant. At the end of the day, so many regulations are making what was already a complicated task even more complicated for businesses: they have to collect more data than ever before on their suppliers (something procurement has always struggled with); they need new supplier-related information around CO2 emissions, labour practices, to name but some. The increasing amount of data they need to properly understand, monitor and report on their supply chain is now multiplied by the same regulations that are trying to create a level playing field; they are insisting you are responsible not just for your tier-1 suppliers, but for your supplier’s suppliers’ suppliers.”

Gone are the days when all you needed to check your suppliers was a D&B rating and an ISO standard. There are now so many dimensions at play: you have to know so much more than just a supplier’s financial health. A huge variety of data points must be collected, which is why so many providers rely on integrations for data collection and data verification, and to develop capabilities around assessments, calculations, reporting analytics and so on.

The value proposition of technology is to ease that process of collecting, reading and using data in your various processes. CO2, GHG, human rights, and all the other issues companies are required to track, are all very specific areas that the tech providers must understand. And, according to Maltaverne, “the suites cannot do it all, at least not to the depth that’s required. That’s why there are so many niche players that specialise in just one area of ESG, like GHG.”

So can an ecosystem approach help?

Walden sees an ecosystem approach (read collaboration) as “extremely important” to the ESG agenda.

“I think it’s really a disruption for the future, which will enable a great advancement in terms of sustainability. If you look at carbon emissions, on average 80% of the product carbon footprint comes from the supply chain. So, if you are on a road to decarbonisation or net zero, you need to look at your supply chain. With today’s methods, companies are only able to assess the carbon footprint of their supply chain by looking it up in databases, and then they know roughly where they are. Within new ecosystems, we will be able to have real communication with the supply chain, we can really track the specific carbon emissions down to the specific supply chain actors. And then that enables us to really set decarbonisation targets. And that is a real game changer, in my opinion.”

Clearly this poses challenges for the smaller or start-up organisations. But there are very powerful organisations they can work with, for example, the [World Business Council for Sustainable Development](#). Its mission is to enable solution providers to support supply chain actors in coming up with efficient solutions to tackle their sustainability challenges. These ecosystems, including [The Partnership for Carbon Transparency](#), are mostly driven by large players that are also working with the medium-sized and smaller companies. “At the end of the day,” says Walden, “in every supply chain, you will also have small and medium-sized enterprises. And if they are not participating, the whole system wouldn’t work.”

And what Walden is increasingly seeing is collaboration between organisations that would normally be in competition. “Competition aside,” he says, “this is a win-win situation for everybody, for the participating companies as well as for the environment and at the end of the day for society. ‘Co-Oppetition’ especially in the area of sustainability, is something which will, in my opinion, become more and more important. And just the mere fact that companies are working together in those ecosystems shows that there is a great support for that approach.”

“THE FACT REMAINS THAT IT’S BEEN GREAT FOR THE INDIVIDUALS WHO IN MANY CASES HAVE SEEN THEIR EARNINGS INCREASE”



“IT HAS UNDOUBTEDLY PRESENTED REAL BUDGETARY CHALLENGES FOR ORGANISATIONS OF ALL SIZES ACROSS THE SECTOR”

7. THE STATE OF THE ESG TECH MARKET – TRADE-OFFS AND BALANCE NEEDED FOR SUCCESS CONT...

Will regulations and standardisation help the momentum?

One of the duties of regulators is to impose requirements for the greater good and with a longer-term perspective on outcomes. So do the number of regulations coming our way tell us that it's not enough just to count on companies being proactive in their ESG initiatives or on their willingness to comply?

Governments all over the world are passing regulations to help the long-term ESG plan. Banning the presence of forced labour in supply chains, as one area of ESG concern, has been introduced in the US under the [Uyghur Forced Labor Prevention Act](#) which prohibits the importation of any goods made with use of forced labour. Similarly, the [European Commission](#) proposed a ban on the sale of all goods made with forced labour. Norway's 2022 [Transparency Act](#) requires companies to publish an account of their due diligence with regards to human rights and forced labour.

For the CEO, aside managing constant volatility, regulations mean ESG is no longer something they 'should' care about. Now, they 'have to' care.

“There are penalties for firms that don't comply,” states Maltaverne. “The real headache is that you now have to worry about your own company's compliance, and that of your suppliers too. Regulations don't just apply to companies within a market, but to any company that sells into it, and non-compliance can mean restricted market access, or even loss of access. But for the CEO, regulation is a very complicated business because regulations change, new ones come in, and sometimes, especially for ESG, they can be imprecise. It's difficult for a CEO to know what does and doesn't apply to the organisation, or even what good is supposed to look like.”

“So regulations put a slew of to-dos on businesses' plates, and the burden of those tasks usually lies with the spend management team. That's because, [two-thirds of the average company's carbon footprint lies with its suppliers](#) – the Scope 3 emissions. Spend professionals will be relied upon to manage the proper reporting of suppliers' sustainability impacts, and they will need the right tech to help them, in turn putting even more onus on the providers to provide what the practitioner needs to do their job and reach carbon-neutral targets. But without regulation, I don't believe we'd get there.”

In his series on [forced labor compliance](#), Maltaverne notes that supply chain monitoring technologies give companies not just the tool, but the confidence, to make claims about their compliance.

Heinrich opines that some regulations and the introduction of border taxes, for instance, ultimately make little difference, as currently there

are no real hardcore penalties for breaches of climate change schemes (although that is set to change). However, he does believe that “everybody right now is aware that carbon is a new kind of currency. And this is the big game changer ... the more companies use environmentally intelligent systems, the more companies have their own carbon under management, and then they can start the reduction process.”

Walden believes that more than just tech is needed to boost compliance and move the ESG agenda along. “Standardisation initiatives are growing up in various industries, like automotive, so there's a real global ecosystem with very powerful players who are bringing this standardization to life.” The good thing about sustainable development partnerships for carbon transparency is that they bring all stakeholders together, the solution providers, the NGOs, global organisations like the EU, or United Nations Climate organisations. “And that means we can have a broad consensus of stakeholders, and that will make it more successful. I believe this year will see a real scale-up in global standards observation.”

What does the state of the ESG tech market mean for Talent?

Despite a start-up funding crunch, the rise in new ESG-related tech solutions and acquisitions of ESG tools has been matched by a growing pool of talent, a large amount of which is young and very motivated to become educated in and work within the ESG arena. However, while ESG-related skills can be taught, Walden notes that “what is missing is enough experienced people who really have the business background and the sustainability experience to bring this together and organise the progress. So, while we are on the right track, there is still a challenge in the area of more experienced people.”

Developing this talent and experience is one challenge for the near term, but the onus is also on the solution providers to make the tech easy to use and support the specialists, those who will be creating the decarbonisation initiatives, with transparency, data and process efficiency.

“There are many providers launching products around CO2 and carbon management,” says Maltaverne, “but the issue is that basically many of them just help you understand your emissions – and that's where they fall short, because understanding your emissions is just the first step towards the much bigger and more important step of reducing them.”

But Maltaverne also sees the focus on ESG as an opportunity to position procurement and supply as much more than cost cutters. “It's their buying decisions that will shape the supply chain of tomorrow,” he says. “So, it's an ideal time for procurement to rebrand and attract the right talent into that new brand. Because procurement is not just about negotiating and fighting with suppliers to get a better price. Ultimately procurement can be about saving the world.”



FREE EDBURY DALEY RESOURCES

You can listen to the interviews in full here:

	Using an Ecosystem approach to track carbon in the supply chain		A Carbon Management tech start-up journey
	How a CPO became a procurement tech founder		What is the current state of the ESG tech market?
	How Gatekeeper got top marks on Glassdoor		

All of the interviews referred to in this report are also available on our company YouTube channel along with a range of advice on hiring, career development, and other valuable market intelligence.

www.youtube.com/@EdburyDaley/videos

What does chatGPT say about the value of specialist recruiters?

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If any of the issues in this report resonate with you for personal reasons or with your own organisation in mind, please do not hesitate to contact us to find out more about how we can help, whether that be a discrete informal chat or to help you formally plan your next career move or major hire.



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ABOUT THE AUTHORS



ANDREW DALEY
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Andrew is the leader of the Digital Procurement & Supply Chain practice. He is vastly experienced in a range of recruitment projects across the digital procurement ecosystem with a particular specialism in senior leadership appointments and client facing, revenue generating roles like sales, presales, account management, customer success and transformation consulting.

His clients include the leading solution providers and emerging best of breed tools, their corporate customers and the consultancies who specialise in the associated digital procurement transformation projects.

Andrew's career in Executive Recruitment started when he joined The PSD Group in 1995. In 1998 he created and led their new Purchasing & Supply Chain division

and has specialised in procurement ever since. He was one of the founders of Edbury Daley in 2005.

Andrew was educated at William Hulme's Grammar School in Manchester before graduating from the University of Sheffield with an honours degree in Economics in 1993.

Outside of work he is dedicated to his family, reducing his golf handicap and going to the gym.



SIMON EDBURY
Executive Director
Edbury Daley

A graduate of London University, Simon has been in the recruitment industry since 1996 when he joined PSD. After six years, he joined Ajilon Executive to help start a new executive recruitment team.

Following a successful career with corporate recruiters, 2005 saw Simon and Andrew establish Edbury Daley which provides a highly specialist senior level recruitment service to the procurement and supply chain technology ecosystem. Simon has a passion for the ESG solutions now becoming an integral part of procurement decision making.

Simon is renowned for his professional, reliable, direct approach to both clients and candidates. His no nonsense approach combined with deep industry knowledge has earned him an outstanding reputation.

Outside of work he enjoys family life, playing golf and following the NFL.



PETER BROPHY
VP Digital Procurement &
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Peter specialises in procurement following five years leading recruitment at Proxima. His in-house recruitment background gives him a unique approach to talent attraction, blending expertise in best practice recruitment techniques and methodologies with a full understanding of the latest practices in talent identification and sourcing.

He has more than 18 years' experience spanning a number of sectors including aerospace

engineering, manufacturing, professional services and corporate functions such as HR, finance and procurement. He began his recruitment career in MRI / Humana, a niche executive search specialist, in 1996. In 2000 he moved in-house to head-hunt a new management team for Manpower, and then led a complete transformation of the recruitment process at Rolls-Royce plc. He then joined BDO Stoy Hayward to head up its Resourcing team, before moving to Proxima in 2009.

Peter is a Fellow of the Chartered Institute of Personnel and Development and has a Master's degree in Human Resource Management, as well as a degree in Geography. Outside of work he has two teenage sons, is a long-suffering Newcastle United supporter and is a keen walker.



Nancy Clinton
Head of Publishing,
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Nancy is an editor, writer and researcher with vast experience in procurement and supply chain; she is currently Editor of Spend Matters LLC. After receiving her BA (Hons) degree in Languages and Linguistics, Nancy spent two years as editor of the magazine of the Institute of Quality Assurance, which promotes quality standards throughout British industry and advises those aiming to achieve ISO 9000/BS 5750.

Nancy was also the editor of the monthly magazine of their affiliate body, The British Quality Association. She was also Managing Editor at Dataquest Europe Ltd, then part of the Dun & Bradstreet Group, and later became Gartner's Head of Publishing EMEA.

Nancy's love for writing started back when she was a teenager, having written a music review for Billy Bragg when he was in a band called 1926. Billy sent her a personal thank you card which she still has to this day.



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