advanced

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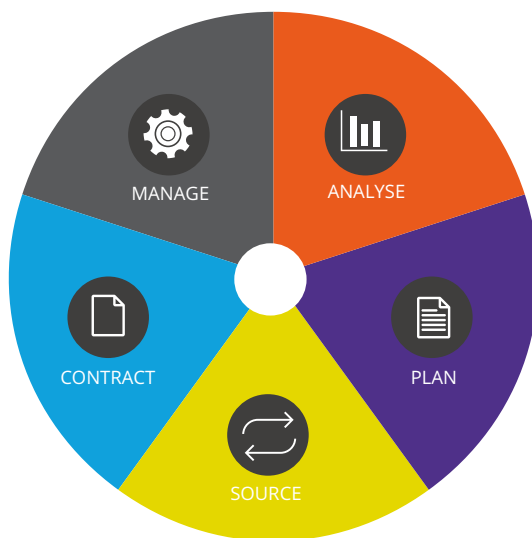
Spend Analytics

Spend Analytics

Understanding supplier spend is fundamental to the success of any procurement operation. Spend Analysis creates the benchmark for improvement programmes and the means for measuring progress.

Spend Analysis provides instant visibility of direct and indirect third party spend – giving you the essential information you need to implement procurement objectives that improve efficiency and help deliver cashable savings.

Spend Analysis is an established spend analytics tool – accountable in total for over £25bn of spend per annum across 100 customers in the UK. It is delivered on leading edge, Cloud-based technology that's dynamically updated twice per year based on feedback from an active customer community of around 750 users.

Spend Analysis is part of the wider suite supporting the whole contract lifecycle:

> Analyse spend

> Plan your pipeline

> Source goods and services

> Contract with Suppliers

> Manage Supplier performance

Benefits

> Match spend to contracts automatically

> Identify off-contract savings opportunities

> Classify spend accurately to meaningful categories

> Control your own classification and compliance rules

> Drill down to line item detail

> Identify anomalous spend

> Create and share your own dashboards

> Receive automated exception alerts

> Save time extracting data (with flexible and variable file formats)

Features

Spend Analysis uses a simple point-and-click interface based on graphical dashboards and an intuitive approach to drilling down into your data, making it very quick for new users to adopt. Standard reports are available to obtain a dynamically generated view of spend by department, category, supplier, location, GL code etc. over a variety of time periods.

With just a few clicks, users can drill down into a category to view how much each department is spending on each supplier, and highlight the off-contract spend. More advanced users can make maximum use of the drag-and-drop report and dashboard builder to create their own analysis to share with other system users.
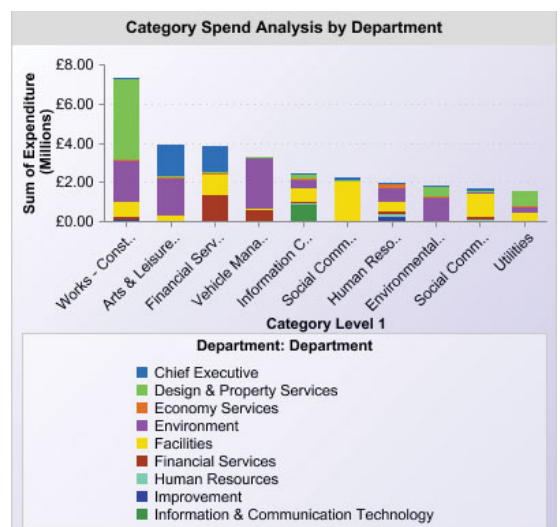
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## Accuracy that can be trusted

The success of any spend analysis solution is determined by the extent to which the data accuracy can be trusted – particularly the classification to meaningful categories. Spend Analysis uses a unique six-tiered, rules-based engine to prioritise and classify spend to your required taxonomy. It has been successfully utilised by over 100 organisations with diverse and demanding requirements. We initially generate classification rules using a combination of external data (such as Companies House, supplier websites etc.) and internal data (such as GL codes, internal classifications, cost centres, invoice line details etc.) Rules can also easily be created or modified by authorised system users.

Where appropriate, you can classify your larger suppliers' spend to multiple categories of goods and services. This feature typically improves spend classification accuracy by 15% over a single supplier category approach.

Rule changes automatically trigger the immediate reclassification of spend data and are automatically applied for all subsequent spend loads. Our ongoing data services will ensure that any new areas of unclassified spend are appropriately mapped throughout your contract term.

High levels of flexibility

Spend Analysis comes equipped with a wealth of advanced reporting features, including a drag-and-drop report and chart builder, Excel exports and tools for sharing, unlimited drill-down, and auto-distributing reports and dashboards. It enables you to introduce custom data elements and build these into your analysis. It also allows you to create exception alerts, for example, so you're automatically emailed when a supplier's spend exceeds an approved threshold.
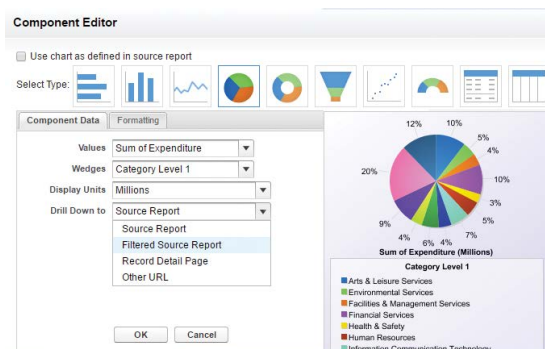
The same level of flexibility is extended to data extracts from your finance/P2P system: there are no fixed formats to adhere to – we will work with the format most convenient for you. Most file format changes - for example, adding a new field to your spend extract – are fully supported and do not incur additional charges.

Contract compliance

A key feature of Spend Analysis is its capability to match spend data against awarded contracts to highlight off-contract spend. Whether you use an external Contract Register, have your contracts integrated into your finance/Enterprise Resource Planning (ERP) system or even if you don't have a Contract Register at all, the system has a range of features, processes and algorithms that will give the best possible indication of on-contract and off-contract spend throughout your organisation.

If you have suppliers that hold multiple contracts, you can use Contract Compliance Rules in conjunction with your Spend Classification Rules to match your spend data to the correct contract.

Departments with Most Off-Contract Spend

Department: Department	Proportion under contract	Sum of Value Not Under Contract
Facilities	41	£4.9M
Environment	70	£3.5M
Design & Property Services	66	£2.8M
Chief Executive	54	£1.7M
Financial Services	79	£634K
Information & Communication Technology	57	£472K

As with the Spend Classification Rules, the Contract Compliance Rules can be controlled by authorised system users and, when modified, will automatically trigger the recalculation of your contract compliance.

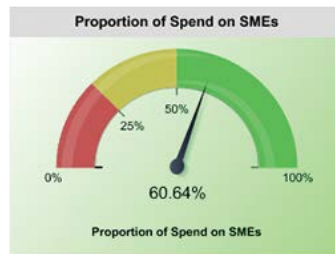# Spend Analytics

Data enrichment

UK suppliers are routinely matched against Companies House records to gain further information about them. We can also utilise existing client agreements to incorporate D&B supplier data. These services enable financial and other data to be appended to your own supplier data to provide further analysis including:

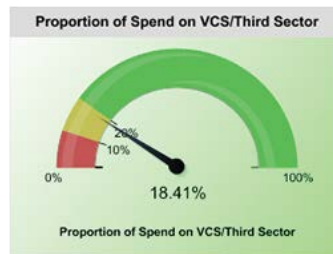> Dependency risk (supplier spend as a proportion of their annual turnover)

> Spend on SMEs

> Spend on voluntary and third sector suppliers

> Company descriptions and SIC codes

Suppliers are also matched against the ONS Postcode Directory to provide geographical supplier analysis. For local authority customers, this is extended to incorporate an analysis of local suppliers, where authorised users also have the option to refine the proportion of local spend (for example, for a supplier with a local branch).

Size

Proportion of Spend on SMEs

50%

25%

0%   100%

60.64%

Proportion of Spend on SMEs

Sector

Proportion of Spend on VCS/Third Sector

20%

10%

0%   100%

18.41%

Proportion of Spend on VCS/Third Sector

Location

Proportion of Spend on Local Suppliers

30%

15%

0%   100%

19.12%

Proportion of Spend on Local Suppliers

More information

w oneadvanced.com
t   +44(0) 8451 605 555
e hello@oneadvanced.com

Ditton Park, Riding Court Road, Datchet, SL3 9LL