



# Why Utility Infrastructure firms need a digital focus on procurement

8 reasons why you should streamline your procurement operation





With the 2023 Procurement Bill set to reform the way the public sector purchase goods and services by modernising procurement rules and procedures, many utility infrastructure firms are looking to cloud technology to support this transition.

All too often procurement is seen as something separate or secondary to the digital transformation of other business operations such as sales, marketing, IT and security.

But a strong procurement strategy with integrated procure-to-pay processes will not only create greater efficiencies but will provide evidence-based value, supporting the whole end-to-end customer experience.

Despite utility firms making headway with digital transformation, there still remains a lag in the advancement of their digital procurement. To move forward as a sector and build capability and capacity, firms will need to act quickly to modernise the way they procure, not only in their internal operations but throughout the wider supply chain.

# 1 The need to keep track of spending

The activities and projects of the infrastructure sector by nature are in the public interest because they involve public spending. Therefore, spending is highly scrutinised and firms need to be able to demonstrate how every penny is spent, ensuring they get more value from their suppliers. Financial transparency and accountability is paramount, ensuring compliance with reporting standards whilst being able to identify potential cost savings.

In addition, many utility infrastructure firms are private equity backed. These firms may have received large injections of capital for their projects and are required to provide evidence to investors that they are managing risk and investing wisely in the right supplier contracts. This evidence maintains interest in the firm's project and helps support the next round of investment.



# 2 Ensure complete visibility of contract lifecycles

The lifetime of contracts in public infrastructure projects is typically lengthy due to their size, complexity and the fact that they relate to CAPEX.

It is vital organisations have 360-degree visibility and traceability of end-to-end transactions, from point of contract through to payment of every single invoice. Effective contract lifecycle management is key to ensure contracts are expertly managed, controlled and tracked to be able to mitigate risk and deliver maximum value and return on investment.





# 3 Ability to better manage risk

The risks in public infrastructure projects are considerable, due to their nature, size and the complexities of large volume procurement across the span of an extensive supply chain.

Procurement framework agreements are put in place to provide public infrastructure firms with a range of suppliers and providers to buy services from, without the need for individual tender processes. But often the communication between systems is not aligned, creating a degree of manual process to fill in the gaps and exposing the organisation to potential errors.



# 4 Optimise processes to improve efficiencies

Most utility infrastructure firms are already advancing their digital transformation journey, with many deploying digital processes that are enhancing the end customer experience.

However, in procurement it is evident many organisations are not optimising the technology they have. This is often due to a lack of understanding of the available functionality, or they are still using clunky, outdated and labour-intensive technology which is not joined up. An example of this is OCR technology which has been available for several years and automates data extraction from printed text for invoicing. Where firms have OCR, they are often still using manual processes to actually create invoices.



Many utility infrastructure firms use e-procurement, sourcing and contract management platforms for their different processes. These can be easily integrated with other business management tools, so that when a framework is awarded, the information should automatically be processed through to these systems allowing spend to be monitored, both in terms of monetary value and provisions of the framework (e.g. goods, works or services). But when the platform is not integrated, it creates other manual-based processes that can result in leakage, missed opportunities or maverick spend.

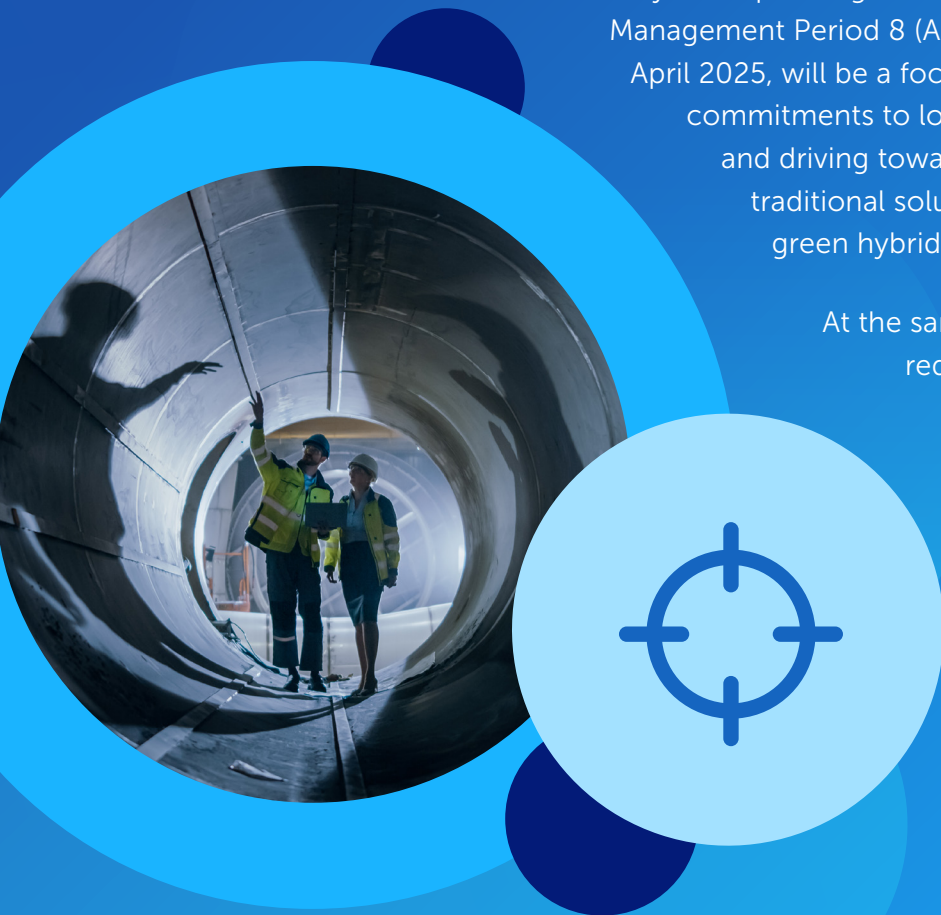
# 5 Adhere to industry regulators

Utility infrastructure firms need to demonstrate to their sector specific regulators, such as Ofwat or Ofgem, that they are compliant in their operations and delivery of services. This means having complete transparency of how they run their operational processes, how they are performing and whether they are delivering on business strategy targets and their commitment to stakeholders.

Regulators set outcome delivery incentives (ODIs), which are performance metrics based on a range of factors including compliance and value for money. Utility firms need to be proactive in their approach otherwise face potential penalties if they fail to adhere to these within specific timescales.

Whether it's a nuclear decommissioning project or challenges related to managing sewage, they are all under regulatory pressure. Water companies are facing an increasing number of environmental and regulatory challenges as they strive to meet Net Zero by 2030, contain and reduce sewage spills and many other pressing issues. A significant feature of The Asset Management Period 8 (AMP8), set by Ofwat which begins in April 2025, will be a focus on tackling the water industry's commitments to lowering their carbon footprint and driving towards net zero, moving away from traditional solutions to more nature-based blue/green hybrid solutions.

At the same time as meeting their regulatory requirements, the utility infrastructure sector needs to maintain shareholder confidence through aligning to their business strategies. This requires the use of transparency of information for data-driven decisions.





## 6 Overcome increased demand

Capacity across the wider supply chain continues to be increasingly challenging, as public infrastructure firms draw on the same set of suppliers and materials to carry out works. For example, water companies have already experienced concrete shortages, impacting capital programmes, due to other projects dominating demand.

## 7 Reduce payment processing times

A key element of successful procurement is paying the suppliers on time. Paying suppliers on time reduces commercial disputes and supply chain risk. Utilities deal with a wide range of suppliers, some of them small companies which are cash poor. Late payments from large contractors poses a risk to the successful delivery of projects. The UK Government introduced the Prompt Payment Code to tackle late and unfair payment practices in both public and private sectors.



Procure-to-Pay (P2P) solutions automate and streamline the process of requisitioning, purchasing, receiving and paying for goods and services. But if your P2P processes are not adequate or if the technology that's in place is not aligned, this can create inefficiencies and administration delays on invoice approvals, leading to late payments of suppliers. In addition, there continues to be a surprisingly high number of cheque payments in this sector.

Automated, streamlined processes will increase the attractiveness of the organisation to the wider supply chain. At the same time, adopting the automated streamlined approach will address inefficiencies and knowledge gaps and will remove the need to increase headcount.



## 8 Improve data integrity

Data integrity in Finance is key to be able to produce accurate annual reports and publish results. Many utilities and infrastructure companies are publicly traded companies and will be subject to UK SOX compliance (new regulation applicable to companies of more than 750M GBP revenue and more than 750 employees). Not complying with UK SOX controls will imply financial penalties and impact on directors' compensation plans.





# **7 ways Coupa can help you be more streamlined, profitable and sustainable**

Coupa is the leading Business Spend Management Platform that accelerates every element of your procurement function, giving you complete control over spend, greater visibility of supplier management and seamless contract lifecycle management.

Making your procurement processes integrated and streamlined frees up time to focus on core strategic activities of the business to deliver an overall better customer experience.

Whether it's delivering safe drinking water, or ensuring gas or electricity is transported efficiently and safely to homes and businesses, you need connected procurement processes that support your business delivery plans. Coupa gives you the capability to get the most out of annual budgets and ensure process compliance, providing real time visibility of spend, end-to-end, with digital ordering and user-focused digital spend management.



# 1 Optimise your supplier relationships

Having good relations with suppliers stems from being easy to work with, facilitating contracts, prompt payments and a seamless quote and invoice process, amongst other things.

Frameworks help public sector firms and associated third party buyers to procure goods and services from a list of pre-approved suppliers. With Coupa, once you've awarded a framework for spend, it will be integrated seamlessly in the system allowing you to easily manage and monitor suppliers.

One of the ways that utility companies manage their suppliers is with the Achilles UVDB (Utilities Vendor Database). This pre-qualified supplier network provides the ability to check and verify suppliers, reducing end-to-end supply chain risk. Integrating these sorts of tools with Coupa removes the need for manual intervention and reduces risk of spend leakage. It gives you the assurance that the supplier information you see in your system is validated and that purchasing from that supplier is enabled.

With Coupa your spend is contained within your contracts giving you full visibility and ensuring you remain compliant. And from a sustainability perspective, you'll also get integrated live data on sustainability ratings of suppliers and vendors helping to make more informed decisions about who you want to do business with.



## 2 Drive efficiencies across the lifecycle of your contracts

Effective contract lifecycle management is key and Coupa improves control and efficiency across the whole contract lifecycle.

With the level of CAPEX projects within the utilities infrastructure sector, it is usual to have long term contracts which are inevitably more complex and require a lot of activity management. Contract lifecycle management helps you keep your contracts on track, not only from a spend perspective but letting you constantly update and change them as the project scope evolves. Having integrated DocuSign, for example, means it's easy to create change requests and make them visible to all parties, reducing misunderstandings and ensuring everyone is on the same page.



## 3 Gain visibility of supplier performance for decreased risk

Having full visibility and control into the risks and weaknesses associated with your full range of suppliers has never been more important. Coupa helps drive real-time supply chain risk management, enabling you to monitor and assess supplier risk with risk scores from external data sources.

Coupa also enables you to use the power of the community to view how other Coupa customers assess and rate suppliers and vendors, reducing risk and helping you make more informed decisions about choosing who to work with.



## 4 Deliver on ESG targets

Coupa helps you to deliver on your ESG initiatives by enabling you to check supplier ratings and make decisions based on parameters that you want to set. Its partnership with EcoVadis helps businesses to develop a sustainable supply chain by streamlining their supplier management through comprehensive ratings. Additionally, through sophisticated reporting, it can help you identify appropriate suppliers or minimise carbon emissions through optimised supply chains.



## 5 Streamline project management

With project management capabilities embedded in the source-to-contract tools, you can organise each project lifecycle much easier, planning sourcing events and RFPs all in one place. Coupa empowers infrastructure companies to deliver projects more efficiently and within budget.



# 6 Generate better sourcing results

Coupa gives you the control and oversight you need to optimise every sourcing opportunity and easily collaborate with different areas of the organisation to ensure everyone is kept in the loop. With consumer-style comments fields and notification functionalities, everyone who is involved in sourcing knows exactly what the actions are and is kept up to date on the project.

**Coupa can help achieve additional savings with the following capabilities:**

- Search for new suppliers with Community.ai
- Opportunity alerts and prescriptive recommendations
- Spend visibility dashboards and automated reports to optimise economies of scale
- Flexible sourcing solution (“3 bids and a buy”, simple, complex, advanced sourcing events and e-auctions)
- Track savings in real-time through contract dashboards
- Control over prices with catalogues and price lists linked to contracts
- Integration with budgets from ERP



# 7 Increase agility in your maintenance, repairs and operations (MRO)



There is usually a lot of MRO procurement in utility infrastructure firms and this involves setting up catalogues and price lists. Coupa’s catalogues are maintained directly by the suppliers, removing this burden from the buyers and ensuring approvals take place when prices are updated. This gives staff the agility, speed and flexibility to buy from agreed vendors via consumer-style online catalogues, while at the same time giving the firm visibility and control of spend. This prevents staff buying off contract or unauthorised spend, due to past beliefs that the procurement teams take too long to order parts for them.

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## Driving a better outcome for the utility industry

**Meet performance metrics set by regulators:** Ability to demonstrate to the industry regulators that you are compliant, with transparency of your operational processes.

**Become more attractive to suppliers:** The more efficient your processes are, the more confidence a supplier will have in choosing to work with you.

**Enhanced financial controls:** Having financial controls in place reduces risk and helps the firm to deliver on their targets, without unorthodox spend.

**Stronger governance and compliance:** Mitigate risk and provide much stronger governance in your procurement activities. Controls include segregation of duties, spend threshold levels and supplier frameworks that ensure no leakage or maverick spend.

**Making it easy to buy:** Enable employees to buy on contract from preferred suppliers with consumer-style spend management tools, and avoid unauthorised spend.

**Data integrity:** Report with confidence and accuracy on your purchasing data to support strategic decision-making.

**360 Degree Visibility:** Gain total transparency of your contract life-cycles to deliver maximum efficiencies and ROI.

**Integration capability:** The flexibility to integrate third party apps and tools that you need to run your business processes.

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# About Coupa

Coupa is the cloud-based Business Spend Management (BSM) platform that unifies processes across supply chain, procurement, and finance functions. Coupa empowers organisations around the world to maximize value and operationalise purpose through their business spend.

Coupa's community of 3,000+ customers use the platform to maximize the value of nearly \$5T of direct and indirect spend to date.

To learn more about Coupa, visit [coupa.com](https://coupa.com) and follow us on [LinkedIn](#) and [X \(Twitter\)](#).

Leading utility companies choose Coupa: [Engie](#).



The Trusted Platform for  
Business Spend Management

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# About Barkers

Barkers is a multi-award-winning, carbon neutral, procurement consultancy offering specialist procurement and supply services across a variety of industries including the utility sector, public sector and beyond.

Barkers' client-focused procurement services range from cost transformation projects to complex procurement transformations. With a focus on strong relationships, Barkers is committed to delivering sustainable and long-term value to its clients, securing savings in excess of £350 million for its utility sector clients.

As digital procurement specialists, Barkers is an approved Coupa implementation partner within the UK and Ireland, winning a Spartan award at Coupa Inspire 2023.

To learn more about how Barkers empower utility companies to spend efficiently and effectively, visit [Barkers Procurement](#).

Read our case studies from [Southern Water](#) and [Jersey Electricity](#).

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