

CPO Summit 2024

*Who is in charge of Procurement
in 2035?*

(Re)shaping the future

NEVI PARTNER



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Report – Day 1

CPO Summit 2024!

Part I - Sustainability, Ethics and Responsible leadership

Presentation Anna Falk (CPO Boliden)

- Started as CPO in 2020 with three goals provided by **CEO**: 1. Don't stop a mine!!; 2. Put sustainability on the agenda; 3. Be an attractive employer / hire women
- **New Procurement Culture**: Pro-active, high trust & credibility, **category work is key to stakeholders**, procurement in the frontline → It's about Doing Business & Guiding the Business (instead of supporting the business)
- Co-innovate with suppliers, entrepreneurial collaboration on a higher level, change business models, close to the loop
- Successful innovations / improvements concerning sustainability through internal workshops (within procurement and with sites) as well as external forums (supplier summits) → examples of improvements provided in various areas such as logistics or mining mostly done in collaboration with suppliers (such as ABB)
- Success acknowledged within Boliden as Procurement was awarded as **“Unit of the year 2023”** for the first time in history

Presentation of Professor Harry Hummels

- What is sustainability? → Questions related to keynote of Anna: What are the criteria? It is in the eye of the beholder?....
- Culture matters when talking about different theories (US vs. China) → telling the truth vs. Protecting a friend or leader?
- Ethics (Reflections and discussions) vs. Morality (Rules)
 - Ethics as reflection process, Morality is the outcome
 - “Have the guts to argue which stakeholders do not matter,”

Part I - Sustainability, Ethics and Responsible leadership

- Regionally, strategic agenda's seem to be diverging:
 - Sustainability may be #1 priority in Europe, but not everywhere
 - Maintaining coherence in global organisations may be challenging
- Downstream CO2 emissions can be significant; Procurement can also work on that!
 - Companies selling long-life assets, need to adopt a long-time horizon
- Project-based sustainability focused on client side/sales portfolio, work 'backwards' into procurement initiatives
- Monetizing sustainability performance differences
- Procurement becoming a credible collaboration partner
 - Skill set: collaboration competences
 - Positioning Procurement as **Process** rather than **Department**

*Your take-
aways*

Part II –Artificial Intelligence (AI) and Procurement

Presentation by Mieke

- Every shift in technology has led to a shift in the job market → question more on the tasks: “dull tasks”; “difficult tasks”; “dangerous tasks” and “dirty tasks”
- AI is not the problem; Autonomous decisionmaking is!
- Mieke looks at AI (especially OpenAI) a bit more critical – she provides several examples:
 1. **Training CONTEXT** is everything → ChatGPT is an US-based trained system and hence “biased”; “French fries” example and the different answers provided by ChatGPT (US-based) vs. Mistral.ai (French)
 2. AI (ChatGPT) is not very sustainable → High Energy and Water Consumption, High CO2 Emissions
 3. Artificial Intimacy: people build relationships with technology
 4. Deepfakes can be problematic for AI: example on car insurances in Belgium

Part II –Artificial Intelligence (AI) and Procurement

Presentation by GEP

- Show casting AI potential in S2C and P2P (e.g. use case of AI in contracting - AI-based suggestions on content and how to improve the contract)
- Insights from the **CPO AI Survey**:
 1. State: Low deployment of GenAi in companies participating the summit;
 2. Outcome: Tools only valuable if actually used; importance of internal and external data;
 3. AI Enablers: Use young people as drivers / think tanks to develop list of ideas on AI use cases
 4. Development Strategy: Partner – Strategy to team up with Tech Provider
- AI Maturity scenario: Structure > Source > Clean > Enrich > Manage
- Value of AI depends on scope of training data: a) Individual client, b) Collective client base and c) Public data
- Key enabler: AI skillset

Part II –Artificial Intelligence (AI) and Procurement

Your take-aways

- **AI skills:** foster collaboration between the “AI Nerds” (Thinktanks of youngsters) and the “Old and wise” procurement professionals
- **AI:** 1000+ varieties
- **Easy of use** is the #1 expected benefit, not **cost reduction**
- Change/implementation: digitalisation and AI as **sequential** or **parallel** efforts
- Need to understand **the source** of the algorithm
- How can you not be energetic about AI? (survey outcomes) – appropriate scepticism should not get in the way of energy
- Biases/Power balance: will AI increase the East-West divide?

Report – Day 2

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Part III – Ecosystems, Platforms and Agile Operating models

- Define relevant stakeholders: Dare to say: You are a nuisance stakeholder (but say it nicely)
- Strategy formation: not fully planned, not fully emergent – but **agile**: overall objective defined, short-cycle experimentation
 - **Strategy formulation** and **Strategy execution** become increasingly intertwined
- **Information superiority** becomes a key element in creating competitive advantage
- **Purpose** > Strategic themes > Values
- The more dynamic the environment, the further ahead you have to look (*“Cutting through the noise”*)
- “Discovering strategic direction” → Suppliers can provide highly relevant input!
- Three building blocks: 1) Agility, 2) Platforms, 3) Ecosystem
 - Platform design choice: Open vs. Closed
- Illustrations: Portbase platform, Haier’s micro-enterprises interfacing with the outside world (Rendanheyi)

Part III – Ecosystems, Platforms and Agile Operating models

Agility

- **Organisation:** from **stable** roles to **dynamic** ones
- Functions and roles: from **high specialisation** to **multi-legged sheep**
- Differentiation need for agility vs. form of agility
 - By category (direct vs. Indirect)
 - By process / activity
- Funding models (cost center, profit center...) have to align with purpose of organising

Ecosystems

- Key: decisions in **intellectual property** (IP) – open or closed
- **Processes** in ecosystems: governance differentiated for strategic / tactical / operational processes

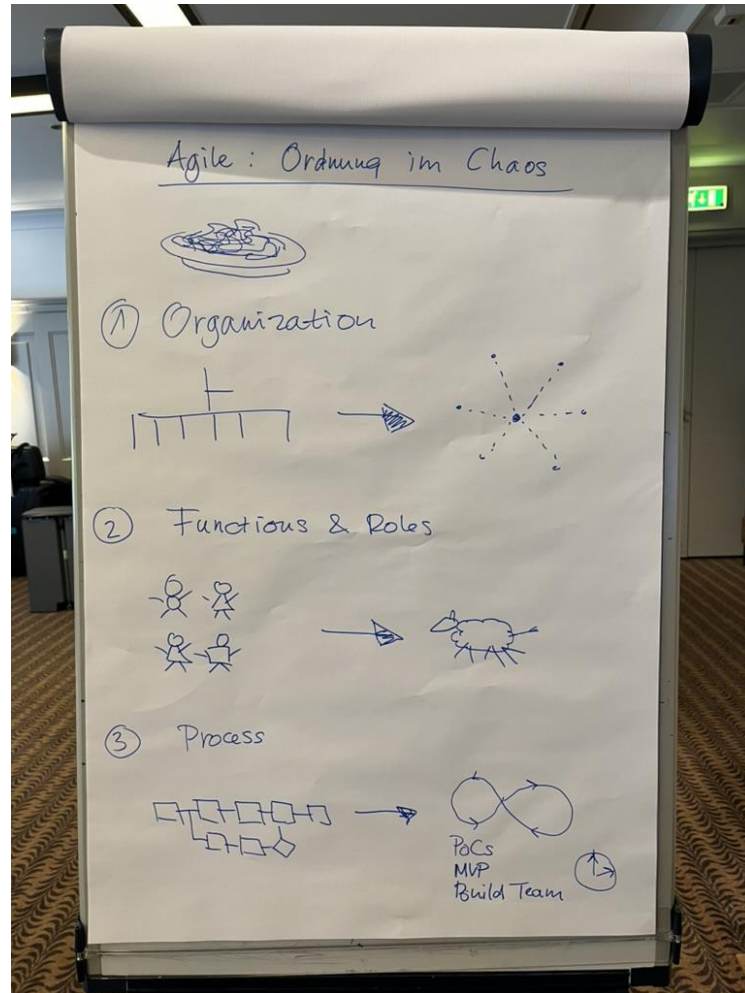
Platforms

- **Objectives** of the platform (e.g. innovation) influence
 - Optimal design (open vs closed)
 - Participation
- **Requirements:** rules of engagement (ownership, engagement processes, monitoring)

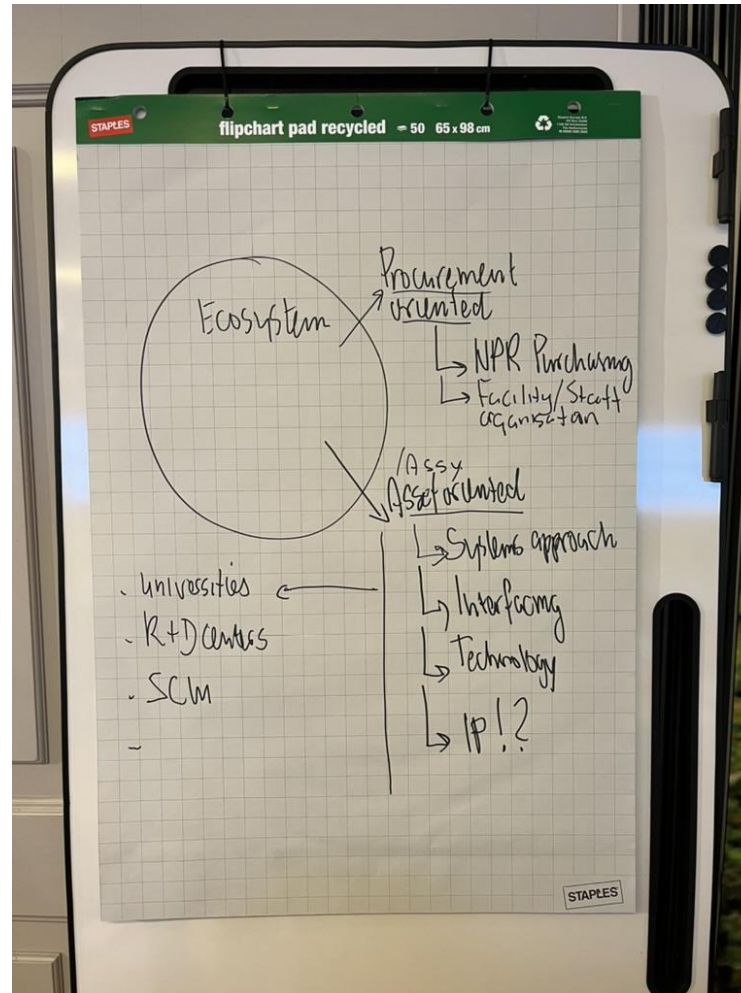
Part III – Ecosystems, Platforms and Agile Operating models

Groupwork

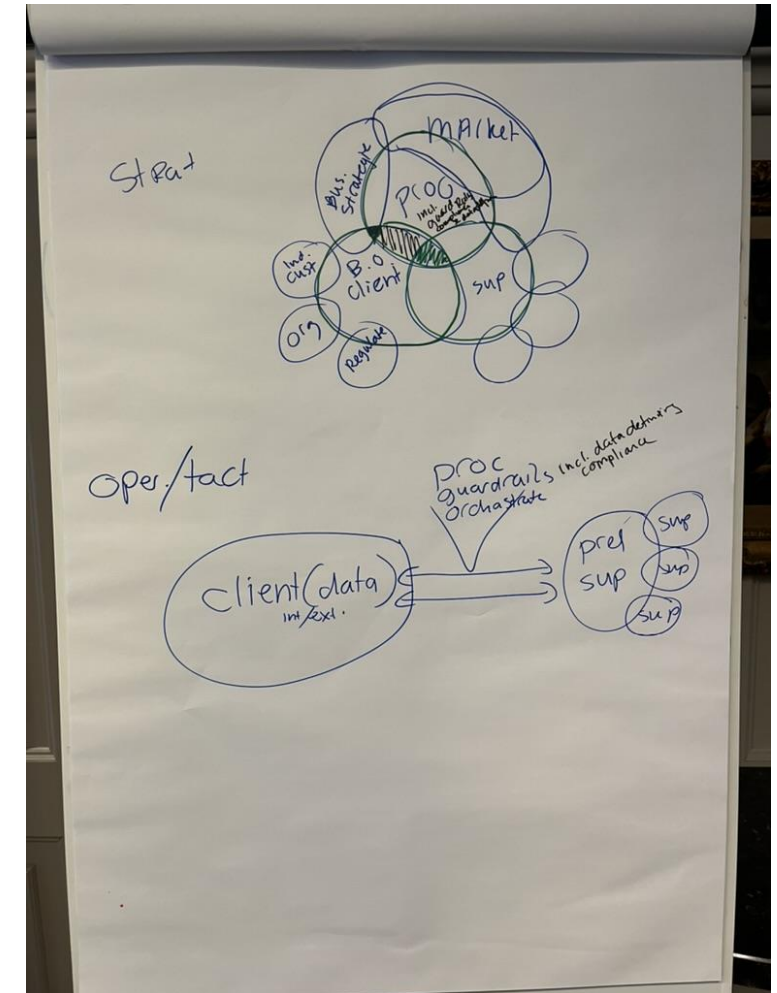
Agility



Ecosystems



Platforms



See you at
CPO Summit 2025!