

Data-Driven Procurement: The SMBC Strategy

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Data-Driven Procurement: The SMBC Strategy



All things procurement with **Frank Wadsworth** Managing Director and Chief Procurement Officer, Americas Division at Sumitomo Mitsui Banking Corporation

Frank Wadsworth is a Managing Director and Chief Procurement Officer for the Americas Division at Sumitomo Mitsui Banking Corporation (SMBC). Frank has spent his career in financial services, having worked at some of the biggest names in banking: Morgan Stanley, Merrill Lynch, Bank of America, JPMorgan Chase, Bloomberg, and now at SMBC. Beginning his career in technology, Wadsworth gradually transitioned to assume a variety of vendor management leadership roles.

Prior to joining SMBC, he led global supply chain operations for Bloomberg, while also establishing a third-party risk management programme for the firm, transforming a fragmented, reactive approach into a cohesive one. This role at Bloomberg was preceded by a position leading strategic vendor management for J.P. Morgan's Investment Banking Division (IBD), as well as Procurement Professional Services for the bank globally, with several billion dollars of spend under management.

Wadsworth's experience includes responsibility for driving multi-million-dollar savings, improving process efficiencies, and reducing risk by identifying and establishing outsourcing, offshoring, and shared services opportunities.

As Chief Procurement Officer for SMBC, Wadsworth is leading the development and implementation of a multi-year target operating model for the organisation to provide a centralised, strategic, and value-driven procurement function that will foster the timely delivery of quality goods and services to the business.

"After finalising our target operating model towards the end of 2020, we hit the ground running in 2021, growing the procurement team, successfully implementing the Coupa platform, and standing up procurement operations for four of nine of our group companies," says Wadsworth. "We are roughly one-year old as a procurement organisation following our first implementation, and I'm proud to say we've accomplished a significant amount in a short period of time."

"We've onboarded more than 1,000 suppliers with 75% of supplier invoices processed electronically – a significant paradigm shift from one year





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WNS Denali Links with SMBC to Digitalise its Procurement Ecosystem

Outcome-driven companies like SMBC partner with WNS Denali to operationalise their procurement function: Business Unit Leader Alpar Kamber explains

Alpar Kamber is Business Unit Leader of WNS Denali, the global business process management company he founded in 2008 and that is now under the umbrella of WNS Global Services. WNS Denali is a leading procurement solutions company providing procurement, strategic sourcing and supply chain services to 90+ global 1000 companies and offering consulting, source to contract execution, procurement operations, market intelligence, capability enablement, and digital solutions and services to procurement professionals.

Banking and financial services are a key sector for WNS Denali, where the conversation usually starts with a discussion around the client's level of maturity in their procurement journey, the current state of the organisation, and where they want to take it over the outlook period. This is how the relationship with Sumitomo-Mitsui Banking Corporation (SMBC) started. "SMBC is a great example of the value we can bring. They are in the midst of a digital transformation, and implementing a platform

that will enable and bring more efficiency to procurement. "So we're working with SMBC to enable digitalisation of their contracts and help them onboard suppliers with maximum efficiency. Also, we set up a help desk: there's a lot of transactional work too. Though you want to automate as much as possible, you still need to put human checks in place to make sure that you can deal with exceptions!"

This is the first phase of enabling digital and transactional procurement at SMBC. The next step is effectiveness: "Strategic thinking around category management, decision-making about which suppliers to work with, taking into account pricing and innovation trends, matching best-of-breed suppliers with the company's requirements and deriving value from its third-party resources – these are among the essential considerations WNS Denali is helping SMBC with on its digital journey."

At the top of most of his clients' concerns right now are cost and talent. Both of these challenges threaten the viability of the supply chain in ways WNS Denali's services and technology can mitigate significantly.

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ago, when all invoices were processed manually. We've loaded more than 2,500 contracts into Coupa, with a steady number of new contracts authored and approved through Coupa and executed through DocuSign every day."

"Separately, we've established a supplier spend analytics data lake with PowerBI dashboards that allows us to quickly and easily assess spend across multiple regions, businesses, and spend categories."

The importance of data to the procurement process

"Data is exceptionally important to everything we do," says Wadsworth. "As Peter Drucker, a leading management consultant and renowned author, once said, 'you can't manage what you can't measure,'"

"When I first joined SMBC in 2020, it was important to understand the existing supplier base and historical spend. A simple spend report by business and high-level spend categories was a manual and time-

intensive exercise, pulling data from six ERPs (Enterprise Resource Planning systems), ten general ledgers, filtering, rationalising the data, and, finally, producing a simple PPT spend chart."

Access to good, accurate data in a timely way is critical to making informed business and purchasing decisions. Wadsworth says: "Given our long implementation runway with Coupa combined with the need to have quick and easy access to spend data across the regions, I partnered with Visionet

"Data is exceptionally important to everything we do"

FRANK WADSWORTH
MANAGING DIRECTOR AND
CHIEF PROCUREMENT OFFICER,
SMBC AMERICAS DIVISION

FRANK WADSWORTH

TITLE: **MANAGING DIRECTOR AND
CHIEF PROCUREMENT OFFICER
OF THE AMERICAS DIVISION**

INDUSTRY: **FINANCE**

LOCATION: **NEW YORK, USA**

» Frank Wadsworth is a senior financial services executive specialising in strategic vendor and risk management. Wadsworth is known for transforming business/procurement operations and third-party supplier engagements to reduce risk, create value, and take out cost.

As the Chief Procurement Officer for SMBC Americas Division, Wadsworth is currently leading the development and implementation of a multi-year target operating model to provide a centralised, strategic, and value-driven procurement function that enables the timely delivery of quality goods/services to SMBC businesses.





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Star, a leading provider of compliance technology solutions, is now partnering with SMBC to give them the tools they need to monitor and better understand employees' charitable donations, private investments, board memberships, and other outside business activities.

David Rowland, Star's Chief Technology Officer, says, 'We admire forward-thinking companies like SMBC that value their employees and want to make sure they are secure about how their personal dealings could affect their professional careers. Through the STAR Platform—which monitors for employee conflicts of interest—our clients can ensure that issues are flagged and reconciled in a timely manner.'

Why Monitoring For Employee Conflicts Matters

The cost of missing an outside business activity that could lead to a conflict of interest could be devastating to an organization. And the financial ramifications and reputational damage to both the firm and the employee can have irreversible consequences.

Star alleviates these concerns by providing a single, centralized place for monitoring employee conflicts with a compliance software solution. The STAR Platform lowers the cost for reconciliation and database administration, and frees up compliance officers to do the higher-level follow-up and investigative work they're best suited for.

Rowland says 'the STAR Platform enables enterprise organizations like SMBC to stay ahead of regulatory changes, minimize their risk and protect their assets.'

Meeting Client Needs—Now And Into The Future

Monitoring for employee conflicts has become more critical than ever in the complex regulatory environment in which we live and work. Whether dealing with employees at one location, or a staff across multiple time zones, Star has cost-effective solutions for each situation. And because Star partners with so many organizations worldwide, clients benefit from the kind of collaborative software development that delivers unparalleled features and functionality in the compliance technology space.

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to build a supplier spend analytics data lake.” In addition to tracking supplier spend information, it was equally important for SMBC to assess KPIs for its procurement operations function to better understand transactional throughput and processing times, with a view to identifying any bottlenecks in its process.

“Since deploying Coupa, 75% of our invoices are now processed electronically with a mean days-to-pay of three days from the time an invoice is approved,” he says. “Applying a data-driven and analytical approach is foundational to making informed decisions and appropriately aligning our procurement strategy and operations.”

DID YOU KNOW...

SMBC was founded more than 400 years ago when the Sumitomo and Mitsui family businesses came together, bringing together their diverse products and services and expanding their business. The Mitsui Bank was established in 1876, followed by the establishment of the Sumitomo Bank in 1895. Two decades later, the first branch was opened in the U.S. in San Francisco and in 1918, the New York Agency was established.

In the intervening years, the Sumitomo Bank and the Mitsui Bank opened different offices and branches, including in Brazil and Los Angeles. The two banks merged in April 2001, forming what is now SMBC. The firm has a long-standing tradition of serving clients and businesses around the world with more than 86,000 employees across the globe in 140 offices in nearly 40 countries.



How the supplier-spend analytics data lake helps identify supplier-spend trends and reveals savings opportunities

Procurement at SMBC has created a supplier spend analytics data lake armed with PowerBI reporting capabilities, allowing both the procurement function and stakeholders across the bank to have quick, easy access to supplier spend reports for SMBC businesses and regions. Authorised users can report on supplier spend, applying dynamic reporting filters to view supplier spend data by:

- Region or country
- Line of business/group company
- Category of third-party goods and services



Through analysis of historical spend data SMBC's procurement function and key stakeholders can identify:

- Savings opportunities
- Concentration/fragmentation of suppliers across businesses and/or spend categories
- Negotiations leveraged through aggregate purchasing power (region, business, etc.)

What technology is SMBC utilising to optimise its procurement operations?

SMBC went through an extensive RFP process to assess several leading source-to-pay technology solutions. "We ultimately selected Coupa as our technology of choice, and I'm pleased to say that, looking back

over the past year – and six implementations later – we made the right choice," says Wadsworth. "Coupa is a Software-as-a-Service (SaaS) solution that is highly configurable and interoperable across various modules or source-to-pay functions. Aside from its robust functionality, Coupa provides an intuitive, user-friendly interface that is easy to navigate. Coupa also regularly enhances the product to stay ahead of customer needs and market developments".

SMBC's centralised, strategic and value-driven procurement function

Establishing a centralised procurement function allows SMBC to shift from a tactical transactional purchasing approach

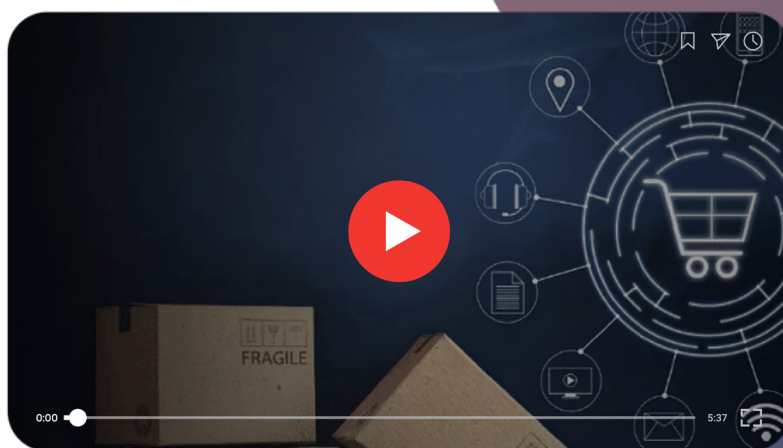
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Visionet empowers businesses to drive innovation through modern technologies. We enable digital transformation through digital solutions like PartnerLinQ and HauteLogic that cater to all supply chain needs while our Live Commerce service leverages video streaming to create immersive eCommerce experiences.

Visionet Systems – Enabling Businesses to Navigate the Future of Supply Chain

Visionet Systems' CEO Arshad Masood highlights the growth of its PartnerLinQ platform which is empowering industries to achieve supply chain resiliency. Most CEOs who saw 100% growth during COVID would be eager to proclaim their recent successes and focus on the changing digital dynamics. But it's telling that Arshad Masood, founder and CEO of Visionet Systems, initially takes me back to 1995 and 'Y2K' era to explain how, from the outset, he was focused on differentiating the company by focusing on multi-task automation. It's fair to say his vision has paid off. From a \$1mn investment, Visionet Systems has grown into a \$250mn annual turnover business, operating with 8,000 brilliant minds worldwide, with a diverse range of products, solutions, and services. "You have to focus on the value to the customer, and go and solve their problems in an innovative way –and that's where the longevity of the business comes," he said. The company's 25+ years of experience provided solid foundations at a time of great uncertainty amid the COVID chaos. Today, under a catchy alliterative slogan –'Digital Defined, Digital Delivered' –Visionet's customers are as broad as they're long,



encompassing F&B and logistics to healthcare and fashion. Key to its recent success has been its supply chain vertical cloud application, PartnerLinQ, which is a hybrid integrated platform for supply chain connectivity with all analytics, tracking and visibility built in. It's designed to handle very rapid on-boarding. "That's why we have grown 100% in the last two years, it's such a versatile tool, and selling itself," he said. "We can place PartnerLinQ in the middle of company's ERP and e-commerce systems, and connect with other vendors, in a matter of weeks." Arshad Masood is proud to have built a company which is employee-owned and futuregeared. "Our number one purpose is to serve our employees –and you can't do that unless you serve your customers, so both are equally important."



1,000+

We've onboarded more than 1,000 suppliers with 75% of supplier invoices submitted and processed electronically – a significant paradigm shift from a year ago, when all invoices were processed manually

2,500+

We've loaded more than 2,500 contracts into Coupa, with a steady number of new contracts authored and approved through Coupa and executed through DocuSign every day



across the region to a strategic value-driven procurement model, leveraging digital transformation while providing improved governance and oversight, and hiring professional procurement experts to guide and influence business purchasing decisions.

“In building out the centralised procurement organisation, I first focused on establishing a team to support day-to-day procurement operations, contract management, and invoice processing, aligning closely with our implementation of Coupa,” says Wadsworth. “More recently, I’ve established our strategic sourcing function staffed with senior-level category leads across our largest spend categories, such as professional services, IT, corporate services, real estate, HR services, travel, and marketing.”

“As Peter Drucker, a leading management consultant and renowned author once said, ‘you can’t manage what you can’t measure’”

FRANK WADSWORTH
MANAGING DIRECTOR AND
CHIEF PROCUREMENT OFFICER,
SMBC AMERICAS DIVISION

SMBC’s category leads have several key priorities on the horizon this year, according to Wadsworth: “First and foremost is to assess the supplier footprint and historical spend for their respective categories, establishing savings targets together with an action plan to realise those savings.”



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“A second priority is to establish a strategic sourcing engagement model and policy with the business to ensure that procurement is in front of buying decisions. It’s important to establish a supplier portfolio-based buying approach to ensure we are selecting the appropriate suppliers based on business requirements, supplier market segmentation and capabilities, and to ensure we are leveraging aggregate purchasing power when making our buying decisions.”

“The third priority is to establish quarterly business reviews (i) internally with key stakeholders and business representatives, and (ii) with our strategic and critical suppliers, to ensure visibility into their pipeline of prospective deals as well as provide performance feedback.”

SMBC’s approach to sustainability

The firm’s procurement team is working closely with the SMBC Americas Sustainability Committee and ESG team to incorporate ESG goals into the procurement policy and to execute against each of the ESG goals for procurement.

According to SMBC’s Christine Ackerson, Head of Sustainability, Americas Division: “We are committed to fostering a society in which today’s generation can enjoy economic prosperity and wellbeing to pass on to future generations.

Ackerson explains: “SMBC’s ten-year sustainability roadmap – called GREEN X GLOBE 2030 – is focused on the environment, community, and next generation, including initiatives to address climate change by committing to becoming net-zero in its global operations by 2030, and net-zero in its loan and investment portfolio by 2050, all while supporting our customers in the transition to a decarbonised society.” The firm’s ESG priorities for procurement are:

- Achieve net-zero greenhouse gas (GHG) emissions in its operations by 2030 (including company travel, but excluding suppliers currently)
- Procure renewable energy (goal of 100% renewable energy for its operations by 2024)
- Promote supplier spend diversity
- Develop green procurement guidelines (including greener office supplies, green leasing for office space)



Separately, SMBC's procurement is contracted with Util, a London-based fintech company. Util has extensive data-mining capabilities used to identify individual company performance against the United Nations' Sustainable Development Goals, which are helpful in assessing SMBC's suppliers against its ESG corporate goals and identifying exposure to reputational, legal, or financial risk.

The future of SMBC's procurement: the next 12-18 months

By the end of this year, SMBC plans to have Coupa fully implemented in the U.S. and procurement fully operational for the region. The implementation of Coupa is significant, in that it includes the full suite of core functionality:

- Supplier onboarding (SIM)
- Contract lifecycle management (CLMS)
- Invoice processing (P2P)
- eSourcing
- Coupa Risk Assess to support SMBC's third-party risk management programme

"We're also breaking new ground this year with the implementation of eSourcing and Coupa Risk Assess," says Wadsworth.

"Given the transformational nature of this implementation and the centralisation of procurement for the region, our primary focus will be on implementation planning and change management activities across the region."

Value Delivered

According to Wadsworth, "While we are still on our Procurement transformation journey, we have delivered significant value to the Bank to-date":

- Increased visibility into supplier spend and contract management
- Centralised contract repository, contract templates and full contract lifecycle capabilities
- Electronic supplier invoicing with improved governance to ensure invoices are tied to approved purchase orders and underlying contracted commercials
- Auditable, traceable source-to-pay workflow with visibility into "who has the ball"
- Checks and balances through predefined workflows, approval chains, and designated tolerances to mitigate rogue spend
- Alignment with Bank and regulatory requirements.



SMBC's partnership with Visionet

Arshad Masood is the Managing Director and CEO of Visionet Systems Inc., a leading digital technology solutions company that helps their global clients increase agility, reduce costs, and enable business and technology outcomes. Visionet played a critical role in designing and developing SMBC's supplier spend analytics data lake and PowerBI dashboards.

The Visionet delivery team hit the ground running, engaging with SMBC's business partners across multiple group companies and regions to identify, map, ingest, and rationalise data from six ERP/AP (Accounts Payable) systems with ten general ledgers into a single repository.

"While it may seem like a relatively straightforward exercise, it was exceptionally difficult," says Wadsworth. "Working with fragmented systems, data models and inconsistent data values presented numerous challenges, all of which the Visionet team addressed head on."

In addition to the design and development of the data lake, Visionet developed PowerBI reports that are not only easy to use and exceptionally versatile, but also graphically sophisticated. "Visionet's client partner, Rajasshri Phadnaik, played a key role in managing our overall relationship and went beyond the call of duty to drive programme success," says Wadsworth. "We



are currently exploring other opportunities with Visionet to leverage their cloud services capabilities.”

OTHER PARTNERS THAT HELP SMBC TO ACHIEVE ITS GOALS

WNS Denali

When SMBC kicked off its procurement transformation in 2021, they leveraged WNS Denali’s procurement subject matter expertise to assist in SMBCs Coupa source-to-pay activities. WNS Denali was a key partner for contract meta-data extraction in support of the Coupa Contract Lifecycle Management implementation. Additionally, when SMBC Procurement hit a critical point of onboarding suppliers into Coupa, WNS Denali provided support with supplier

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CHRISTINE ACKERSON
EXECUTIVE DIRECTOR,
HEAD OF SUSTAINABILITY,
SMBC AMERICAS DIVISION

onboarding/setup activities. WNS Denali is an excellent partner willing to quickly spin up teams to meet project deadlines, taking an agile and nimble approach and providing support as needed.

Dell EMC

Dell Technologies products play a crucial role as the strategic data processing platform to run SMBC's core infrastructure. Additionally, SMBC utilises Dell as part of the end-user compute experience. Both are critical use cases for which SMBC relies on Dell’s global footprint to deliver and ensure no disruption to its day-to-day business. Consistent and transparent communication between the executive account team, internal stakeholders and Procurement plays a key role to ensure commitments are kept or contingency plans are made to address (potential) global supply chain issues.

Star Compliance

“In today’s world, there is so much digital information to track, manage, and attempt to put to proper use. As a financial institution, we must be ever vigilant about maintaining proper controls and compliance in a dynamic regulatory environment.”, said Wadsworth.

So, when SMBC went to market in search of such a product, Star Compliance encouraged the business to leverage proof-of-concept methodology to ensure that requirements were met or exceeded prior to full investment.

Sand Hill East

In 2019, SMBC engaged Sand Hill East, a strategic venture and fintech advisory firm, to assess the Bank’s technology organisation and their readiness to support the transformation journey and leverage



the capital markets fintech and innovation ecosystem. As part of this ongoing engagement, Procurement was introduced to a fintech company called Util by Roseann Palmieri, the President of Sand Hill East, to help track ESG performance metrics for key SMBC suppliers.

Sand Hill East works with new and growth-stage technology companies to advise and

develop new technology ventures from ideation to go-to-market strategies, to scale their businesses and accelerate growth. SMBC benefits tremendously in that it gains insight and early access to new and disruptive technologies. ●





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