JP: **[00:01:35]** I think it's a very good question first. I think in my case it's more like procurement chose me than I chose procurement. It was 12 years back when I was approached by two guys who have three years before that time established a company providing procurement analytics software. That is before I joined. They have got two big clients. I was basically brought into the company to make sure that we look at our application income a little bit more for these two big clients.

[00:02:06] Back in that time I didn't know much about the product itself. I remember that on the second day at the office I was running a workshop with a client, another one of these two which happened to be the largest chemical company in Finland, already at that time I realized that what we are doing there is something absolutely great. We can really help the business, the procurement organization that we talk to in they work, make them succeed in that, and really provide them a really transparent information about the processes and data they have. I got so fascinated about that. That's how procurement chose me.

Philip: **[00:02:48]** You found it and you never left, which happens to a lot of us.

JP: **[00:02:51]** Yeah.

Philip: **[00:02:52]** I know that from some of our discussions before we actually hit the record button today, it's actually a pretty busy time for you. You are going through a transition, something I did a long time ago although I didn't do it with my wife and kids and animals but you're in the present moving over to the states from Helsinki. How was it going?

JP: **[00:03:17]** It's going great. Thanks for asking. So, yeah. I do have a family with three kids ages between six years and two months. And then dog as well that are moving to US. So, it's quite far from a simple task actually, but I have realized that here.

Philip: **[00:03:41]** Sounds so easy. It doesn't even sound easy. It sounds hard and I'm sure that's the reality.

JP: **[00:03:47]** Yeah. Yeah. But if you don't… If you really don't think about it from the beginning as a kind of fairly complex task it really sounds simple. Yeah, I'm just moving to from a different country to another. It's really a big thing. You need to find school. You need to find house. You need to find quite a few other things. The things that really don't need to be ready, but then you actually move to a new location, and then at the same time you can't give up on those in your old home so it's… What do you do?

Philip: [00:04:18] And you're still going to keep working.

JP: [00:04:22] Yeah. So, it feels like you're doing a work and work on the days and then work on some of the normal stuff and then you're doing kind of the extra work on them all after that. Yeah, so it has been a process quite long but now I'm really happy that my family is actually moving next week so it's coming to an end and I'm looking forward in settling to Chicago with the family.

Philip: [00:04:44] Why Chicago? I know you told me beforehand that you picked Chicago. It seems like if you had… No, I'm not talking down on Chicago because I actually love Chicago as a city. Maybe I'm just talking from a… I always like to go to places that are warm. But there's some warmer places in the states you could have picked.

JP: [00:05:04] Yeah, that's very true. Like for example if I compare to LA but would have been too hot for me. Definitely it's a hot place to live in. So, kind of the weather in Chicago is actually… It resembles very much, the weather in Finland, so it really makes me feel like home there, right. So, I'm not too scared about that.

Philip: [00:05:22] No.

JP: [00:05:23] And kind of for the Chicago itself, it's good to hear that you love the city, I did as well. I love the city a lot. Of course, on a business perspective Chicago is a place where there are lots of Fortune 500 clients out there. And for those ones who are not there, we can provide a very good reach for them through the good connections and so forth. And then of course Chicago is a well-known procurement hub in the US, so it provides us with great access to local talent and partners.

[00:05:57] Exactly. But hey, for you, why did you pick LA?

Philip: [00:05:59] Yes. So honestly, I think the weather was an attraction. We lived… In the states I've lived in Detroit for most of the time, but I've also lived in Ohio and in Connecticut. LA was always a place we enjoyed coming to for vacation. So, I'm always a little bit of a mover in terms of I like to go and experience different places, so we just thought why not. We've really enjoyed it. If I had to drive in the traffic every day I don't think I would want to be here. There's no amount of sunshine that makes up for having to commute three hours in each direction. I really have no idea how so many people do it but…

JP: [00:06:47] Yeah. I heard of some horror stories about it.

Philip: **[00:06:49]** Yeah, it's pretty bad.

JP: **[00:06:51]** Horror stories about the traffic like that.

Philip: **[00:06:53]** Yeah. I have a client who is only based about 40 miles away from me but if I was to drive that in the morning it would take me three hours. So, I travel there. I stay overnight because the drive would be too much.

JP: **[00:07:12]** Oh well, three hours is a lot.

Philip: **[00:07:14]** Yeah, but we don't regret it for sure.

    [00:07:16] What I want to do actually is talk a little bit about Sievo. I know that you're coming over to lead Sievo in the States. While I know of Sievo, just I think from some of my background, I'd love if you could share just a little bit more about who you are, kind of what are you known for, and just a little bit about the company really just so that listeners have a little bit more context.

JP: **[00:07:48]** Absolutely so. Sievo is a procurement analytic software company providing software for procurement analytics, helping our clients to get transparency on their data on past spending via savings initiatives like savings process. They realized savings as well as think of possibility to do [inaudible] forecast on the prices, quantities, quality developments and so forth and so on.

Philip: **[00:08:20]** You talked a little bit about procurement analytics rather than spend analysis. I'm guessing that that's deliberate. I just wonder if you could share why you used that terminology and what's the difference in your mind?

JP: **[00:08:36]** Yeah. So, [inaudible]. What we see in spend analytics is really too narrow definition. And the [inaudible] procurement they only look at their spend numbers, whereas they should be more looking at the opportunities that they can identify from their past spend as well as prices. And then those will be looking at the payment terms in [inaudible] in the working capital implications. And so, the more it's not only looking on the past but also expanding about the future. So, you should be taking a look and act in managing your savings initiatives. And really managing them from idea to cash or making sure that the actions that we have done and implemented [inaudible]. And then what you should be doing is start looking at your future for more systematic perspectives of actually forecasting your past development in quantities you're spending. Then at the end of the day not only looking at your spend but

looking at also what kind of implications that has for the company's profitability as well.

Philip: [00:09:37] Yeah. And for anybody who's kind of listening who doesn't know Sievo, I actually came across you through the blog through your website. And the reason why you really stood out to me was the culture. So, I think it's something that… Or maybe it's just my perception of culture but the blog and the website really kind of exudes I think who your team's personalities. And it's really refreshing to kind of get that insight.

[00:10:08] I think so many organizations kind of stand behind more of a corporate veil that it's formal and serious. Not to say that you're not but I just really appreciated that because it was so refreshing. I think culture, just in my experience, culture is so important when it comes to selecting companies to work with.

[00:10:35] Oftentimes you select, and this is just generally, it's not talking about spend analytics, but we do a lot of due diligence to find a company to work with through the sourcing process but you're never quite sure if they'll be a cultural fit until you start working together. What I love is that you kind of put it all out there right at the beginning so it's like either you like that or you don't like it and you can make a choice and you can self-select almost as opposed to wondering what it's going to be like to work with you as soon as the contract gets signed.

JP: [00:11:05] Exactly. That's actually a very good point. I'm very happy that you've found those things on our blog posts in our website on how we communicate. We also feel that that's one very important aspect, if the culture fits with our new clients to really establish a partnership there. What I have actually seen recently is that quite a few companies [inaudible], they are paying increasing amount of efforts on trying to understand who they are actually working with. So, they invite people expensively, also the project [inaudible] and account managers and so forth. They invite them to take part in the process. They are doing interviews. They are really trying to get a sense of who are the person's conduct they would actually be working with and what kind of culture they have and so forth. I don't know if you have seen any of that.

Philip: [00:11:53] It's interesting. I haven't really. I mean I saw a little bit when I was in the procurement outsourcing space or as a service provider within procurement outsourcing. I would see occasions when we would want as part of the due diligence process, we'd want to bring in people who were the delivery managers to give insights into the level of people that they would be working with that you want to

experience as a client, but it wasn't necessarily that those were the people who would support you and would support your account.

[00:12:25] I think that I'm encouraged to hear it. I'm sure that some service providers don't like it and some service providers really embrace it. That in itself is kind of a tell, isn't it, as to what kind of company you'll be working with. Maybe some people don't really care about that, but I just see that everything that we do is a human to human. You can take away all the business side of things and the processes and the contracts and frameworks and playbooks and all that kind of stuff but at the end of the day we're all working human to human and that's just so important to get a feel for what it's like to work with other people.

JP: **[00:13:05]** Precisely. I'm 100% with you on that. I feel the same.

Philip: **[00:13:10]** So, when we think about procurement analytics, what I wanted to do today is just kind of understand kind of the art of the possible because it's a topic that often gets talked about and I think sometimes gets misunderstood or is either considered to be "Well, that's easy. Everybody should be doing it too. Well, I have so much complexity in my business that I'm never going to understand my data and everywhere in between."

[00:13:43] So, what I thought we could do is talk through a few different examples of what you've seen in your work, and then I have some follow up questions as you do that because I want to kind of get into the how. How can we actually… How can people listening who may have that challenge, what can they actually do about increasing their results and getting more transparency into their data through… more focus in procurement analytics.

JP: **[00:14:13]** Absolutely so. I think kind of the… You quote something into the examples directly. I think for us, to get a bit of background here. The key thing for the procurement analytics so the base of what works what we actually start from, that's just spend analytics specifically. And of course, as far as we have seen companies typically they do have two big challenges on their spend analytics.

[00:14:38] First thing is the data extraction. How do you get good and reliable data? How does the data match up the companies have with all different VIPs, multiple different process processes, you name it? And then the second challenge is on the classifications. So, you have your data, how do you actually end up in having that data correctly categorized into your category structure? Most probably you rely to

those and you see the same software in the market. I think those are the things that is actually building your foundation.

Philip: **[00:15:09]** Yeah, it's interesting. I see it far more often than I expected to see it. I'm not saying that because I think everybody should be doing a better job. That's not what I mean at all. It's the fact that we… the long-known challenges and the challenges that a number of companies just haven't really been able to solve for yet. And it's not from the lack of trying. It's just hard you know and yet it's so foundational.

JP: **[00:15:42]** It is foundational, yeah.

Philip: **[00:15:43]** And what I see is you know either there's… There could be a tool in place to do spend analytics but it's not necessarily working the way it was supposed to work, or the data is coming in in so many different ways that it's like a constant process to try and enrich that data. And the process it just takes so much time and efforts and arms and legs that it's something that just quickly gets out of control. And then it's difficult to trust the data. And then the classification.

[00:16:21] I see the same you know. We have this data but how do you make it actionable? And again, my experience is that it's keeping that up to date. You know I've done this a number of times. You do a one-time look at your spend. And you put so much effort into all the classifications, so you get to a point where you're confident that at least it's representative, you can do something with the information but it's all manual. And so, the next time you run your spend report you got to do that all over again, not just with the new spend but also the old spend. Then it becomes something that's just not sustainable.

JP: **[00:16:58]** Yeah. And that's good that you brought that because this is exactly the challenges that we also see. You can actually do… If you put enough efforts in place, one-time effort, you can do whatever you want. And if you really want to make it repeat, if you really want to make it sustainable, then you actually make it something which is a bit more thoughtful process of how things actually fit together. This is what we also feel that it's really the cornerstone of providing good spend analytics in place. So, you need to be able to make the… Firstly, the data extraction sensible that they are built in the exact same manner it's in the [inaudible]. We have solution for that which we embrace all clients in general. You don't need to be an IT expert to do data extracts. We provide you with a solution that is plug and play, and you can get good quality data from the ERPs and from the process systems.

[00:17:47] And then of course it's about the classification. How do you make sure that that happens each and every single month in the same fashion everything that's actually out there classified already? It's based classified. And most importantly if you want to do a correction then you can actually do those corrections immediately and see the results. And then here I would actually say to you one story about the classifications which you pointed out very well that you need to make it beautiful. There you would typically face lot of challenges. We're doing a project with one of our good clients and they were actually transferring from another solution provider to us. I remember that the ID category manager, she had huge challenges on getting the spent right with the old provider.

[00:18:33] She had a good example with AT&T. I believe they had something like 85+ vendor numbers for AT&T. I think it's more than a hundred different CL accounts used across the different ERPs for AT&T stand. No matter what the ID category manager did or what kind of feedback she gave to the outsourcing provider, she just couldn't get AT&T correctly classified into her categories.

[00:19:00] What we do with our clients or what is part of our implementation is because we want to really feel and know how they fill up the application and what kind of improvement they might be doing and so forth, so we do classification validation workshops. We went to development workshop with this category manager and she was looking at the spend first time. First thing she did AT&T. Looking at "Okay. All the AT&T they are actually in my categories. Wow. This is amazing. How could you do that?" [inaudible] But the best part is that three months after when we had done few data [inaudible] she actually get back to us and said "Those are [inaudible]. Thank you. This is great. You could not only do that one-time on how data is correct, but it actually stays there. It has been there now for three months, everything correct. I can see what I actually wanted to see. Thank you." So, we can actually do that. There are ways how we can make that happen.

Philip: **[00:19:59]** So, what are some of the keys to doing that then? Is it… Because I'm sure it's doable and you know I've seen the output where it works but as a procurement leader listening to this who is maybe struggling with their spend data and has some of the problems we talked about before, what can they do about it? How can they start to try and get more consistency in the data? And also have it so that it's actually putting the right data from the right places reported in the right away?

JP: **[00:20:36]** I think the key word there is transparency. It's not only about being transparent on the end result, seeing your spend and so forth but it's also being transparent on the processes. Meaning that you shouldn't hide kind of behind the fact

that yes, we don't have proper processes in place and we can't rely on the data because it's crap. You shouldn't be looking at it in that way, but you should be looking at it in the manner that - Okay. We have the source systems. We do have these processes. And then kind of pocketing out or [inaudible] out that which part of these processes that I have, which part of them actually gives me a good quality output? Which part should I actually improve? And not only saying that I can't [inaudible] really doing actions to go out there and tackle those challenges already from a source perspective. So, making sure that you get asked good quality data from your systems as possible. That's kind of the first thing. Pay attention to the processes and always figure out if there is a way for you to improve to get better quality data as an output of the processes that you run.

Philip: **[00:21:47]** And a lot of that was from an experience of a project I'm working on right now. So, people make decisions in terms of how they manage data far more downstream in the process. Like even goes down to how a purchase requisition is written to what information is required in an invoice or how it's booked when an invoice comes in, how it's classified.

JP: **[00:22:14]** Exactly.

Philip: **[00:22:14]** And so, a lot of it is going all the way through that process and figuring out how can we better capture that information or how can a certain business unit or a function who has a hand on the data or at some point in that process before it even gets to is what are some of the things that they're doing that maybe have unintended consequences that we can kind of work together to change the process so that the quality of the data actually improves as a source into a spend analytics tool which then increases the output.

JP: **[00:22:50]** Precisely. Precisely. Exactly like that. Then of course what you also need to recognize is that the contents of all the processes. You can't make all the corners perfect, so you still need to have tools on top of that to handle the cases which you cannot solve in the process. And of course, for that, you need to have tools where you can do classifications in a flexible and efficient manner. Of course, preferably support with artificial intelligence or machine learning side so that the computer can see as much inputs as possible on that. But most importantly for that, I think as well you need to have a transparent process in place. Meaning that you need to always know why certain spend is actually sitting somewhere and if you want to do corrections for it that you can do the corrections either by yourself or at least within a minimal time that you don't need to wait for three months or something to be corrected on your spend or whatever. I think it's two things. It's about making sure

that the underlying processes or the downstream processes are correct and then having the right tools in place to act on top of things which you cannot [inaudible].

Philip: [00:23:59] You mentioned machine learning which is something that piqued my interest. I was talking to a company last week and we're talking specifically about spend analytics. And one of the things I was suggesting to them though were having a struggle to get hold of the data and to really make sense of their spend data. I taught them about machine learning and kind of the… I see this as being one of the key areas where I think machine learning can really make a difference within procurement is to start… you know once things are classified actually be able to one apply that to new spend that comes in but what was really interesting to me is the idea of actually learning from decisions that are made by other companies who are classifying information in certain ways. It's obviously all anonymized but being able to apply that same logic when something that comes through another client through their spend file that looks very similar to you know with let's say 99% or 99.5% potential accuracy. So, you can actually quickly just go through new spend as well because it's learning from decisions others have made.

JP: [00:25:14] Absolutely so. And that's very much on our minds as well. We call that procurement piqued data. And as part of that this whole artificial intelligence/machine learning not only utilizing the data that you have inside one company but also utilizing data from the other companies whether that's classification, decisions, or whether that is providing payment, benchmarks or things of that nature. All of that cost under procurement piqued data.

Philip: [00:25:45] Do you think that that's the… I'm kind of getting going off the tangent right now but do you think that that is really the future of procurement analytics?

JP: [00:25:56] I believe that's one part of the future product procurement analytics. It's kind of you can think about... If you're running a marathon for example and you're running a marathon in four hours. If you don't know anything about anybody else, how are they doing, what are their times, if you do it this year in four hours, next year it's three hours and fifty-five minutes so you are improving. That's for sure. You know that I'm improving, or I am much better than last year. But what happens when you actually all of a sudden know that the other side is doing that in two hours and ten minutes. All of a sudden you are like "Ah!" So, there is still some gap in between myself and the best [inaudible] in this particular sport. So, it's definitely a way to go. You want this information for sure in order for you to benchmark yourself, your performance and define where do you actually want to focus on next.

Philip: [00:26:50] Yeah. Do you even want to be running two hours ten minutes or do you want to focus on somewhere else, but at least you know that that's what the benchmark is?

JP: [00:26:59] Yes. Yes. Of course. You need to set your own baseline or targets. At least if I would be setting my target on running a marathon and even in four hours I think that would be a start.

Philip: [00:27:10] Yeah, I'd be happy.

JP: [00:27:13] Yeah.

Philip: [00:27:14] We talked about… So, an organization the example that you gave there was struggling to get hold of their spend data. What about a company who has really good data but they're wanting to kind of bring more transparency to the business in terms of what they're doing and kind of the deliverables of procurement. How can they think about kind of using that data and taking it to the next level?

JP: [00:27:43] That's a very good question. That's something that we feel it's also very very important. It's not only to confuse the procurement data, user data inside procurement but really use it to leverage and tell more about what procurement is doing for the other parts of the organization especially for analysts who are the typical stakeholder there.

[00:28:03] I'll give you an example, a case of ISS which is one of our clients. They are the leading facility service company with almost, or I think even half a million employees globally. They are running multiple ERP system as well. So, of course all the kind of challenges are there but what really was a challenge for them is that they were doing the standard procurement savings calculated in Excel files what kind of savings procurement has and what kind of savings and so forth. But the finance really didn't believe in the numbers. Finance was looking at the numbers. Okay, you said 50 million or whatever is the number but when I'm looking at my PNL I can actually only see 10, so where did the remaining 40 go?

[00:28:50] What ISS did or what we did together with them is that they took in Sievo savings program management, so they are now tracking inside Sievo all their savings initiatives pulling all the numbers, all the attachments of how the savings are calculated and they are exposing those savings numbers to finance before they start reporting them as their savings. So, finance always have the final say on whether I

approve this savings or whether I want to somehow modify the calculation of the numbers behind.

[00:29:25] So, they are exposing all of this departments working in complete transparency in the process in all the initiatives, all the calculations, everything. As a result, when finance gets this and gets involved in the process, now finance considers Sievo as one single source of truth for the procurement savings and they also buy the savings numbers so they believe in what procurement actually reports.

Philip: **[00:29:49]** So, it's really tracking realized savings and taking away a lot of the… Because you're right. One of the challenges I think we have is finance trusting our data. And again, that's not because we're trying to pull the wool over anybody's eyes particularly it's just there's a lot of projections and forecasts that go into our spend reporting and it's difficult for finance to actually track that to the bottom line or always track it into a place that they know it's been reinvested somewhere else.

JP: **[00:30:19]** Yeah. And then typically when procurement is looking at savings numbers when [inaudible] were doing your renegotiation of contracts for example, what you are doing is you are of course comparing your price that you get now to the price that you paid previously. But then again what finance is looking at they are looking at the prices that you paid last year and the prices that you paid this year because that's what eventually gets recorded in the PNL. So, you need to be mindful also about these different views that procurement and finance might have when they are looking at the savings numbers.

Philip: **[00:30:51]** So from a technical perspective how are you actually connecting ultimately a payment? So, an invoice is being paid with cost savings that should follow from the payment of that invoice.

JP: **[00:31:04]** Yeah. We do the calculation of realized savings based on spend data so really based on the data from the ERPs. And then of course the key there is to start the extraction or do the extraction in a manner that also finance approve those so that the numbers that… First of all, the spend number that you see is something that the finance also sees. Then, the calculations of the algorithms in background is really just the data crunching and calculating on what are the price movements material by material, unit by unit, and supplier by supplier [inaudible]. And isolating out of that how big the price since from previous year whether there were any currency impact so if you apply in different currencies how much that impacted your price or if you have linked any commodity prices to your categories, how did those commodity prices fluctuate and what's the impact on the price movement that you actually see at

the end of the day. So, kind of these things get calculated automatically on top of the data from the ERPs. Then in the application if you had the savings initiative in place it gets linked to savings initiative, so we can actually what kind of results you have asked.

Philip: [00:32:21] So within a savings initiative for example there would be some logic that's determined that's part of essentially signing off a sourcing project. So, you finish your project. You have an element of "Okay. How I'm going to going to track the savings. Here's the methodology I'm going to use, and these are the calculations." And then those calculations are then essentially built into the tool, so it knows which data to extract and how to apply it.

JP: [00:32:48] Yes. Pretty much like this.

Philip: [00:32:51] Is it like an invoice level? So, it would go into line item detail.

JP: [00:32:54] That's what it is. Yup, that's an invoice line level calculation. They are really taking all the details. All the details available out there from the ERP and making sure that the calculation happens from there. Or the ERP data system on the assumed quantities/prices.

Philip: [00:32:11] That's applied to direct and indirect materials and services as well. The same logic, right?

JP: [00:33:19] Yeah, same logic. Same logic for both. And then of course there are variations upon it based on the data quality that you have. Whether you have prices and quantity. So, whether you only have spending information available and so forth. An important thing here as well to align back methodology, we can give to finance beforehand so that everybody understands where do the numbers come from and what are the underlying assumptions.

Philip: [00:33:45] So they're approving the savings methodology. So, either you can have a set of savings methodologies. Let's say you have eight different approved ways to calculate savings and you're applying one of those with your new project or on a project by project basis. You have an approval from finance to say yes, I agree that this is the way we want to track the savings on the project.

JP: [00:34:06] This is the correct logic for one.

Philip: [00:34:10] I'm sure that by doing this, it decreases the savings that we're able to report because it takes away in most cases anyway it takes away all of the estimates and sometimes the estimates may be higher than what the reality is. I mean other times if you know a great company maybe it's a category where demand ends up being a lot higher than expected maybe it's on the flip side, but my assumption would be generally that it reduces the number that we can report on. Is that something you see?

JP: [00:34:42] It really depends I think. As you said there are also a flipside of it so in certain categories in certain situations you're actually going to see more. Because what happens is more than what there's a product and then it gets but then still even lower prices so at least your savings is increased because it costs more than what you quoted for. Therefore, for both side of it I think also then if yes you might see a reduction of your savings number and then again although you see a reduction of your savings number it doesn't kind of take out the value of the procurement. It's quite the contrary because then the finance actually believes in those numbers, so you don't get into debate always that now you are reporting 50 but we see 10 so we don't believe in your numbers but then if you can say that yes, we are reporting 30 and everybody believes in that 30 so you all of a sudden actually gets a credibility. You get numbers that are trusted for, so you are even more appreciated although the numbers are smaller than what you previously tried to communicate, and nobody believed in. I think transparency here again is the key and having trust on the number. Not much about whether it is 30,40 or whatever.

Philip: [00:35:52] Yeah, that's where my thinking was as well is that… just kind of where I was leading the question because while we made a show we've saved less money there's actually you know 100% trust in that number. And so, it's a number we can stand behind as opposed to people questioning it. So that while the headline number may be lower it's actually more… you can actually see the impact were making as opposed to people questioning and arguing. And so, it has a bigger impact.

[00:36:28] Something that's hard for us because we don't necessarily want to show a lower number to say either "Hey, my reporting in the past hasn't been great or hasn't been accurate or I'm actually having less impact than I committed to have." So, it's a difficult one to actually go out there. I think it takes some courage to be open to that happening, but I think on the flip side like we said it's actually a positive because it's data that can be trusted at this point and there's never any questioning of what value do these guys really provide for me.

JP: [00:37:04] Yeah. And I think of course it goes down to the hoping for transparency here. I think it's always difficult. Potentially it might be difficult to start if you haven't transparent on the numbers before. That might be a bit of a barrier to actually start that. But then you are there. I think it's a better place to be for everybody.

Philip: [00:37:28] Yeah, it's pretty easier to get there when you haven't really, you know as part of a transformation as opposed to doing it as just a regular cost or I'm going to implement this new way of tracking savings. But I think that I've been involved in situations too where we've transitioned client over to realized savings and it just had such a difference in the conversations. I would encourage anybody to think about it for sure because while it's a little bit more… there's more complexity that goes on behind the scenes, it changes the level of the conversation that you have with finance and with some stakeholders too.

[00:38:05] And so, the last thing I wanted to touch on in terms of kind of the use cases for procurement analytics was predictive spent analytics. So, I've talked about predictive spend analytics on the show before. I've read a lot about predictive spent analytics just in the procurement press over the last two years or so that I've been doing the show, but I still feel as though it's in its… While everybody kind of agrees wouldn't predictive spend analytics be wonderful, very few are actually at the point where they're actually able to make it happen.

[00:38:43] And so, I wonder if you could share just kind of a case study of an organization who is able to use predictive spend analytics and kind of what they've done to enable that and some of the benefits that it brings because I want to just share that there are people out there that are doing it. It's not something that's conceptual. So, it is there as something to consider. I think it's kind of the next step right once you feel like you really have a great hand on your data. It's what can I do next? How can I take in the future?

JP: [00:39:17] Exactly so. It's definitely there. It's tangible. You can actually do that. When you master your past performance, you can start thinking about what will actually happen in the future. I'll give an example from Kellogg's. You can also take a look at our website. So, we have the case studies there. Feel free to read more on that. What we're actually doing there, we are… First of all, we are focused on this particular phase more often - direct spending so direct as well as the [inaudible]. What they are doing they are really… It's a finance posed exercise. They are focused on predicting the future of PPD across their packaging. Packaging categories, raw material categories, as well as the contract manufacturer. They were doing kind of a labor some data crunching exercise before with an Excel file or within multiple Excel

files. So collecting price inputs from category files, corporate category files, local category files in the different regions and then consolidating each and every single month all the price inputs from the category managers to one single Excel file. And then they analyze this okay, how big my view from previous month to this month for the school year actually changed?

[00:40:38] What we're doing now together with them we are combining the platform where they can actually call in online, they can see kind of their platform with forecast, so they can see all the prices across different materials that they have different plans, different regions, different suppliers. And they can feed in their own forecast but what do they believe that is going to happen in the future. The applications application gives you or gives them a baseline, so we give them that okay this is what's there in the tool that what's going to happen in the future. But they can then adjust that as they see it. For example, if they know that they're going to negotiate contracts at a certain point in time here they can already see it and the impact of that contract process.

Philip: **[00:41:24]** So they can do some real planning and modelling.

JP: **[00:41:28]** Exactly. Yeah, exactly. They can basically then go in and they can do comparison of okay, how did my previous forecast and this forecast? How did those actually differ from each other? And most importantly, they can see whether the difference comes from the fact that the prices have changed, the [inaudible] have changed over the [inaudible] quantities, forecasted quantities have changed. So, they can really deep dive into the courses of the deviation of the [inaudible] and they can identify that one single market or one single plan.

Philip: **[00:42:06]** What other types of data input they actually needed to be able to actually put all this together?

JP: **[00:42:12]** From the data perspective, very simple and straight forward. You need prices. You need quantities, as well as currency rates. And if you wish, if you want to include commodity prices, then yes of course you need to [inaudible]. So that's very much about it. Of course, the complexity lies in the fact that you have tens of thousands of materials, but you actually could need this data points, so you need to have a system that actually keeps your proposals to start with. [inaudible] trying to figure out what my project actually are.

Philip: **[00:42:47]** All right JP, I know the time is unfortunately running out on us. And so, I have to start wrapping up the conversation but what I wanted to ask is… Well first of

all I actually wanted to thank you for joining me because I know as you mentioned right at the beginning it's a pretty hectic time for you right now in working on the transition of moving the family from Helsinki over to Chicago so I'm sure that you have other things that you could still be dedicating your time to today to help with that move rather than jump in the car with me. So, first of all, thank you.

JP: [00:43:24] Thank you.

Philip: [00:43:25] You know as you think about this time next week you'll settled… Well, I don't want to say settled. You'll be in your new home. You'll be getting used to being finally in one place, I think. What are some of the things you are going to be focusing on for the first couple of months for Sievo in the states?

JP: [00:43:43] Yeah. So, first thing for me to do is hiring. So, we are here to hire Americans. That's the first task. I have taken a bit of a start with that already. So, we are growing a team in Chicago. We have already done a few recruits but that is something I will be focused on very heavily next. So, making sure that we have the talent, we have the team to support our growth in the US. I have also actually written a blog about it. So, there is a blog about this in our website. About how we are going to do this. About differences between Finland and the US, and so forth. It might be a good conduit if you have time.

Philip: [00:44:28] Yeah. What I'll do is I'll link up to that in the show notes. What I will do is for our discussion today once it goes live, I'll actually post the notes from the conversation. I'll put a link to the blog post that talks about your hiring in the States. I'll put that out at artofprocurement.com/sievo. That's artofprocurement.com/sievo which is S-I-E-V-O. Our listeners can check that out.

[00:44:58] So, one last time JP, thank you again for joining me.

JP: [00:45:01] Thank you very much. I appreciate it.