

THE PROCUREMENT PREDICAMENT



When I tell people that I work in the procurement function at a software company, often, I get confused looks and a question back, "so what exactly do you do?". I have in fact faced similar queries at home too! My father worked in a bank for more than thirty years. He worked in the front office dealing with the public and the staff throughout his career. When I explained to him that there is a large backend operation in any bank called the procurement function, he was unable to relate to what an engineer would do in a bank and what is this procurement all about. It took me a great deal of convincing to explain my role, but he was astounded to learn about the battery of people who work in the background. Now, he knows that procurement is industry independent and every industry segment needs it. Well, you often do not have the luxury of time to explain this to all the people you meet professionally in daily life. So, how many employees in BMC know there is a procurement function supporting them every day!

Recently I was chatting with one Developer and he said, while he understands what procurement in a manufacturing plant would do, what is its role in a software company? It came as a jolt, but I explained patiently that a manufacturing plant would need raw material to manufacture goods, like steel, engines, tyres, paint for the car plant etc. This is called "Direct Procurement". They also have a need to manage internal and administrative spend like various offices, distribution hubs, utilities, maintenance etc. All this spend is called "Indirect Spend" and this is precisely what we in procurement do at BMC. We manage the BMC indirect spend on Computers, Technology, Third party Software, Third Party Resources, Consultants, Recruitment, Travel, Events, Facilities etc. In BMC, all indirect spend is categorized into different purchasing buckets called 'categories' and is managed on a global scale. BMC also has a well-defined Procurement Policy which all employees

are expected to adhere to.

The best way to manage your indirect spend is to engage with procurement early. Simple it may sound but the model of Identifying, Tracking, Consolidating and Controlling spend can only work with the early engagement of the procurement team. All of us have a moral duty to spend money wisely and wherever possible save much needed dollars for the company and improve the bottom line.

I hope now you have a somewhat better understanding of what procurement does, next time you have a need, you know whom to go to.