

# Why CPOs Should Focus on Information, Not Technology (Part 1)

**Author :** Pierre Mitchell

**Date :** October 29, 2015

“IT” is about technology to manage information. But, IT is often so focused on automating processes rather than providing better information. This is certainly true with procurement technology solutions. They are oriented around sourcing, contracting, PO management and so on. Yet, they don’t focus on the information itself with the same rigor, and that’s an issue. Let me explain...

Even in the world of IT development, there’s process modeling and there’s data modeling. Both are needed. It’s two sides of the same coin: like “spend” and “supply.” But, while we’re awash in process maturity models, process measurement, benchmarks, process improvement and business process management (BPM), we’re struggling with the most basic capabilities related to information management. This is a major problem.

As businesses are increasingly digitized, and as the supply chains continue generating exponentially more big data, procurement and supply chain organizations that are trying to seek the “signals in the noise” (not just demand signals, but supply signals, too) are going to be overwhelmed in data. In fact, most companies are already there.

The problem is that procurement is fundamentally in the intelligence business, and since intelligence is a higher form of information, you’d better be really good at efficiently gathering and transforming data into information that can be used as valuable intelligence and knowledge to provide insights that help answer (and even ask!) key questions and decisions about where to take the business. This is far beyond forensic analytics on purchase/payment transactions.

Consider the level of sophistication that you may be trying to use on your customer information — such as mining unstructured text to monitor social channels for customer mentions of you. Or think about customer-specific profitability analytics or omnichannel supply chain analytics or pricing optimization or conjoint analysis or psychographic customer profiling. Meanwhile, we in procurement are using spreadsheets and plotting two-by-twos.

Managing information is a competency, just as managing talent or managing processes. But who owns it? Who will plot the course from [tactical analysis to strategic intelligence](#)? Will IT do it? Not for 99% of firms — they’re busy doing infrastructure refreshes, upgrading ERP, keeping the legacy systems running, focusing on customer-facing projects and maybe even helping you bang in an e-procurement system.

The problem is that nobody really owns it. Progressive procurement organizations may have a [center of excellence](#) (CoE) focused on analytics (or technology in general), but it’s often framed fairly narrowly. In my next post, I will challenge you to think about information a bit more broadly about information and its role in procurement.