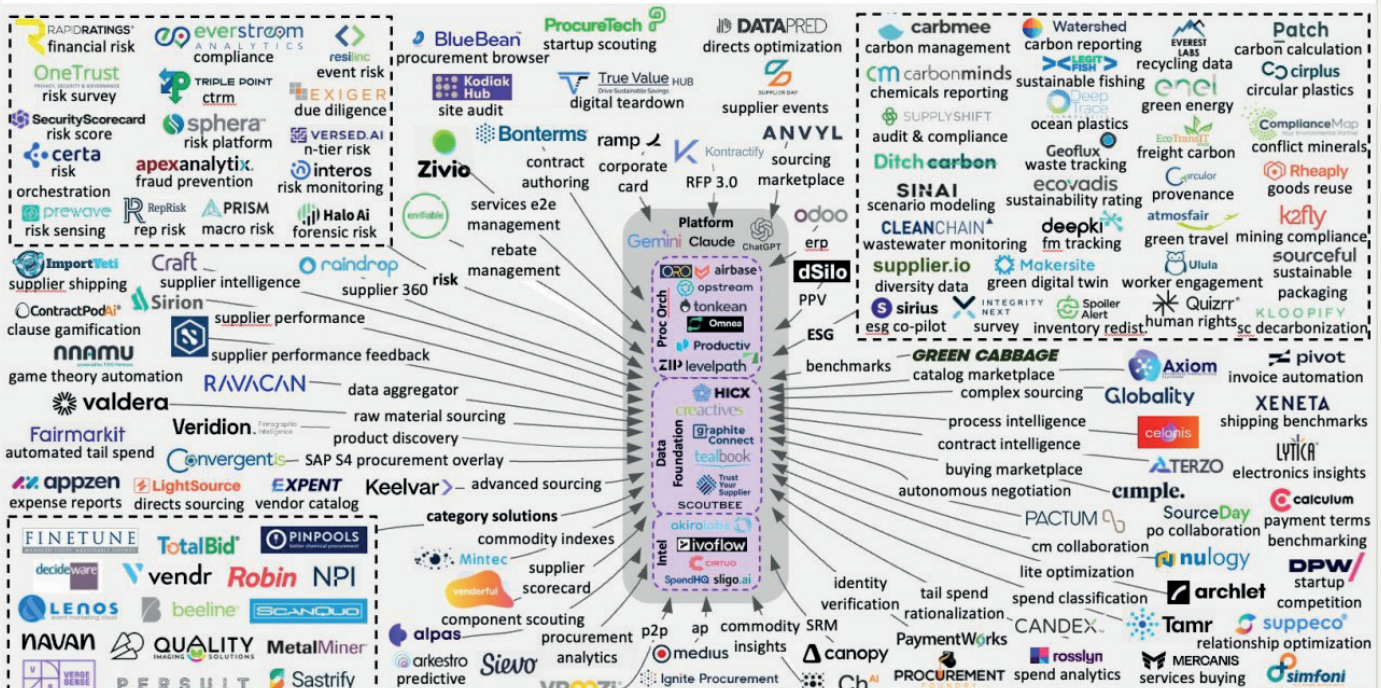




Challenging the ROI Paradigm: Is Calculating ROI on Data Foundation a Valid Measure?

In the realm of procurement, there's a universal belief that a solid data foundation is non-negotiable to achieve savings targets, reduce risks, and achieve many other goals that procurement as a function must deliver.

Procurement professionals across industries recognize that the effectiveness and efficiency of rather expensive digital tools to be implemented or already in production for procurement digitalization depend on the quality of the underlying data, influencing decision-making processes and operational outcomes.

However, organizations often face the dilemma of showcasing direct ROI on investments in data quality itself as a stand-alone business case.

This necessity is absurd in some ways because it is as if we demand an ROI from the construction of an industrial shed that ensures the protection of business production but is obviously not directly income-generating. ROI should be calculated based on the total investment, that is, the production machines and the shed, which, even if it does not produce anything per se, is nevertheless essential for production to take place.

With data quality, it is precisely the same case.

Navigating the Path to Value Creation.

To address this dilemma effectively, organizations need to adopt a holistic perspective that acknowledges the intrinsic value of data quality while also recognizing the expectations around tangible returns. Here are some key considerations:

- **Strategic alignment:** Align data quality initiatives with overall digitization goals to ensure proper ROI assessment of any initiative that benefits from data quality (S2P implementation, ERP harmonization, S4H migration, process mining, etc.).
- **Performance Metrics:** Develop clear metrics and KPIs that track data quality improvements and link them to measurable outcomes of human-driven applications and processes that leverage data.
- **Long-term vision:** Cultivate a long-term vision that recognizes the overall benefits of sustained data quality efforts, emphasizing that these initiatives cannot be one-offs but must be inherently built into every new data creation.

By balancing the essential need for data quality and the pressures for immediate ROI, procurement professionals can steer their organizations towards a future where digital tools deliver value at every level, supported by a foundation of high-quality data.

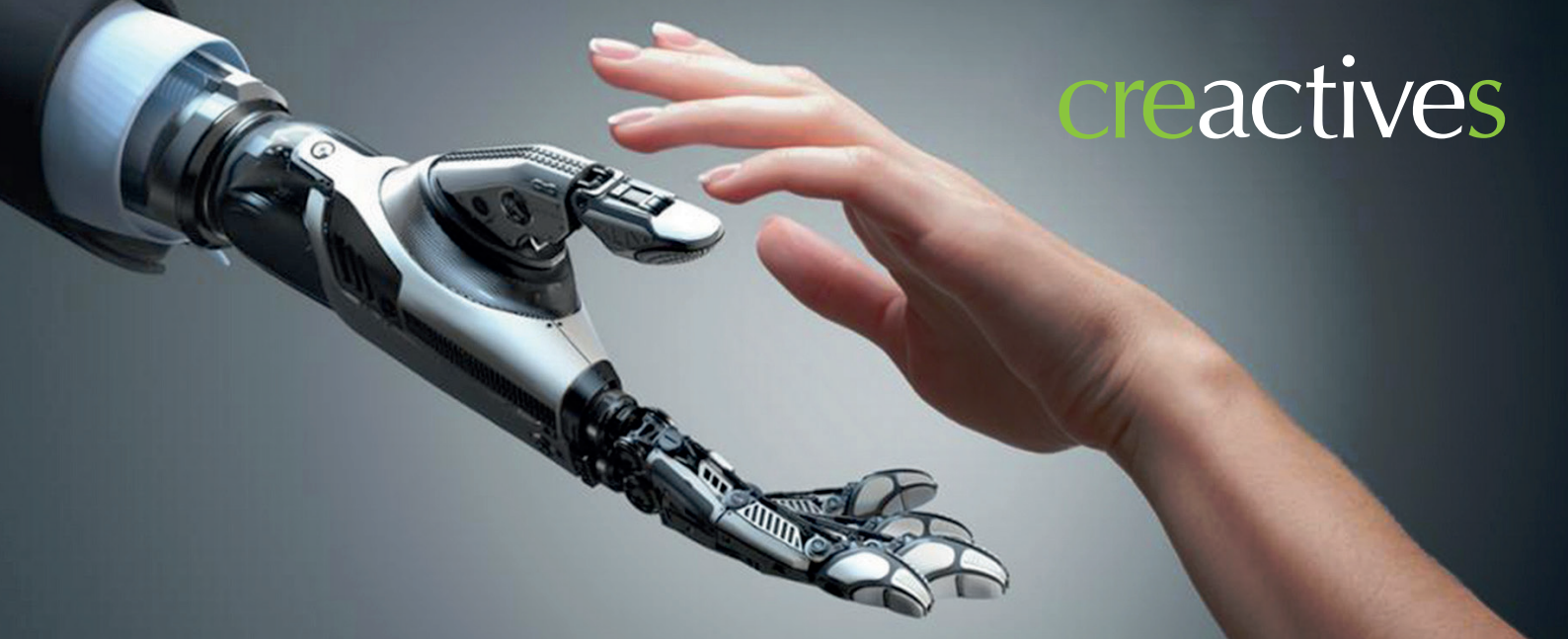
These can yield the desired results in terms of automation and optimization; in these aspects, it is right to assess an ROI!

This statement emphasizes that acting on the quality of one's data is a prerequisite for effectively implementing digital tools or exploiting the value of the existing one better.



***"We don't invest in our business cases in MDM directly.
We invest in process optimization of processes
that rely on robust MDM."***

Sophie Scholz , Director Global Material Master Data - MSD



Founded in 2000, Creactives SpA is a company that specializes in providing solutions for procurement and supply Chain digitization. We offer services such as MMD Cleansing and Governance, Spending Categorization, as well as AI solutions for real-time analytics, inventory management, procurement optimization, and data migration. Creactives SpA started as a cost reduction consulting company and has evolved to develop supervised AI-powered technologies to address complex real-life business problems in data management for the supply chain.



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"Creatives solves the multi-lingual data harmonization problem across global ERPs where every ERP is in a different language and encodes the product/service/entity using a different format/encoding specific to that language and locale, and it does it very quickly for large data sets. Similarly, it supports simultaneous taxonomies in global spend analytics".

Abigail Ommen, Research Analyst & Analyst Production Manager