



Solution Spotlight on

Sievo



Solution Spotlight – Sievo

Company Overview

sievo.com



Sievo is a provider of procurement analytics software solutions that provide insight into business processes across the full source-to-pay spectrum. Founded in 2003, the company offers a blend of procurement analytics software, data analytics services, and data-driven content that leverages the power of procurement data to distill it into intelligence and convert it into cost savings, performance enhancement, and risk reduction. Sievo products and services leverage internal, external, and third-party data to cover both direct and indirect spend categories across all industry segments, regions, and company sizes.

Sievo is a privately-held Finnish company based in Helsinki, where most of its roughly 180 person staff are based. It established its Chicago office in 2017 to lead the company's North American operations. Sievo reported annual revenues of €11.5 million in 2018, with the U.S. and non-Nordic European identified as the fastest-growing markets, accounting for more than half of total revenue. Sievo's procurement analytics solution portfolio serves a global customer base of more than 100 enterprises, particularly those with total spend exceeding \$1 billion; its user community tops 13,000 users operating across multiple industries. Together, Sievo's customers manage close to €500 billion in spend annually.

Sievo's executive team, led by co-Founders Matti Sillanpaa, CEO, and Sammeli Sammalkorpi, VP of Customers, as well as Johan-Peter Teppala, CEO of Sievo US, have focused their company on providing robust data analytics capabilities to procurement teams – beginning with spend analysis, its foundational solution. At the outset, these executives identified procurement analytics as a relative greenfield opportunity within the business technology solutions market, and a market that could be developed to better serve the needs of procurement users. Finding their niche within its pure-play, "best-of-breed" procurement analytics solutions, Sievo has chosen to partner with a mix of solution providers to extend its reach to other parts of the source-to-pay spectrum, including sourcing and procure-to-pay ("P2P"). These solution providers include referral partners (e.g., Scanmarket and Tradeshift), consulting partners (e.g., Accenture), and technology partners (e.g., Microsoft and Qlik).

Founded	2003
HQ	Helsinki, Finland
Employees	Approximately 180
Geographic Presence	Global; offices in Finland and the United States
Solution Delivery	Cloud-based provider
Customer focus	Enterprises with total spend exceeding \$1 billion
Industry Segments	Multiple
Regions	Europe, North America, Asia
Business Lines	Procurement analytics across Source-to-Settle spectrum
Notable Customers	Deutsche Telecom, Kellogg's, Carlsberg, Schindler, GoDaddy, Gruppo Campari, Fiskars
Notable Partners	Accenture, Scanmarket, Qlik, Tradeshift, Microsoft,

Products and Services Overview

Sievo is, first and foremost, a procurement analytics solutions suite provider. It also integrates some solutions from industry partners. The company views the “real” challenge of Big Data, one that prevents many procurement teams from successfully and sufficiently analyzing their data, as the inability to combine internal data (e.g., ERP and in-house supplier data) and external data (e.g., publically-available data and proprietary data) and derive value from it. Sievo has developed a series of proprietary processes and solutions that, according to company officials, enable its users to combine and enhance their data to gain intelligence and make better-informed decisions.

To these ends, Sievo leaders continue to focus on further developing their core offerings, which are linked to procurement analytics: (1) Spend Analysis, (2) Savings Lifecycle, (3) Contract Management, (4) Procurement Benchmarking, and (5) Spend Forecasting. Each of these tools, by themselves, can provide robust intelligence and deep insight into financial and operational matters; but when their outputs are leveraged in harmony, they can create a cascading effect wherein data, analysis, and intelligence flow “downstream” from one end of the procurement spectrum to the other.

Solution Capabilities within the Sievo Platform

The following is a more detailed look at each of Sievo’s five core solutions that are offered via an integrated platform:

- (1) Spend Analysis:** Sievo leaders believe that they have solved the Big Data challenge by developing what it calls the “Source-to-Screen” process – a three-step process that underpins Sievo’s Spend Analysis solution. First, the company deploys its proprietary Sievo Data Extractor to automatically pull spend data from a company’s ERP database(s). If, for whatever reason, the data is insufficient, users can request that suppliers upload their data directly via Sievo Web Upload, an Excel-templated form and interface that captures missing information and instantly validates it upon receipt. Second, the tool leverages a combination of category experts and machine learning algorithms to cleanse, classify, and enrich the data in a circular process wherein human experts help “teach” the algorithms to better classify the spend data. The company performs the initial data cleansing, categorization, and supervision utilizing the solutions’ machine learning-enabled models designed to hone and perfect their analyses (Sievo states that their process achieves 97% minimum classification accuracy using a combination of artificial intelligence and human analytic methods). And, in the final step, Sievo’s Spend Analysis tool analyzes and populates a standard, pre-defined dashboard that includes maps, header-level information with drill-down capability, and an audit trail back to the original transactions.

With Sievo’s Spend Analysis tool, users can get a higher-level view into key performance indicators (KPIs) for spend, savings, payment terms, and supplier delivery performance. They can also identify new savings opportunities and potential risks from within their data that would have otherwise remained hidden. They can tie these insights to future sourcing events, internal audits, supplier performance assessments, and risk assessments, and use the data to drive internal compliance efforts. According to company officials, most customers begin their data transformation “journey” by adopting Sievo’s Spend Analysis solution before potentially adopting other applications in the Sievo suite.

(2) Savings Lifecycle: At a higher level, Sievo's Savings Lifecycle analysis tool follows sourcing projects from beginning to end, tracks spend and savings rates over time, and enables users to begin to understand the dynamic relationships between them. It enables users to compare savings opportunities that were previously identified (what Sievo leaders refer to as "PowerPoint savings"), with savings that were approved and/or realized and any final booked amounts. Here Sievo's Savings Lifecycle solution aims to identify successful cost savings measures among a portfolio of direct and indirect spend categories, as well as potential risks in contracting and supplier performance. This tool can be used to link identified and realized savings with larger, enterprise-wide savings goals, and demonstrate how procurement drives value towards a company's bottom line. Sievo's Savings Lifecycle tool can also be used to drive attention and resources to underserved savings projects to boost enterprise or procurement KPIs.

Sievo's Savings Lifecycle solution consists of two components: *Savings Program Management* and *Realized Savings Measurement*:

- a. Savings Program Management** is a project management tool that aggregates, tracks, and monitors an organization's sourcing pipeline and savings programs via a centralized dashboard. The solution provides stakeholders with a real-time view into a specific project's status and results and offers collaborative workflows and frameworks for compliance. In particular, the Savings Program Management tool provides users with approval steps they can take to secure approval from key collaborators, who can then login and approve any changes. This solution also provides a comprehensive view of overall team performance and savings results, enabling teams to course correct on specific projects, reallocate resources, and/or add or accelerate different projects to better meet forecasts. Teams can also use the tool to highlight potential risks and obstacles and better manage outcomes.
 - b. Realized Savings Measurement** analyzes the results of sourcing projects and cost savings realized at the SKU level (by price and quantity baseline figures) to help teams both track and contrast the savings that were identified in a project and those that were actually booked. This analysis allows users to gain a complete view into the overall savings that was realized over the full arc of supplier contract and can foster greater collaboration between procurement and finance in measuring and improving performance.
- (3) Contract Management:** Sievo focuses its Contract Management offering on post-signature management and analytics by providing a digital contract repository, as well as a contract analytics and reporting tool to drive compliance, reduce maverick spend and savings leakage, and provide advanced notice of contract expiration and/or renewal dates. Contracts are not organically created inside of Sievo's tool, so users must upload them to its repository, which can take a minute or two, on average. Once the contracts are uploaded, users need to link them to the correct spend and category by providing metadata that will enable them to track the performance of their contracts throughout their lifecycle. This will enable users to have better insight in managing both new contract approvals as well as renewals. They will also be able to monitor the performance of their contracts during their lifetime.

Users worldwide can gain access to the enterprise contracts and quickly view contract compliance (or off-contract spend) levels. Users can quickly scan a bulleted list of contracts stored in the repository and determine which ones have the highest (or lowest) compliance, and the volume of spend associated with a given contract or set of contracts with a supplier or suppliers. Users are

able to view which categories and vendors have contracts assigned to them and which do not. And, they can determine which contracts have fixed expiration dates and which are set to renew automatically. The offering also allows users to assign ownership/management of the contracts to a specific staffer or team, and allow ownership to be transferred in the event of staff departures or reassignments.

- (4) Procurement Benchmarking:** With Sievo's Procurement Benchmarking tool, procurement teams are able to benchmark their performance against their peers using a variety of data and information sources including Sievo customer data, public sources, and proprietary, third-party market data and intelligence.

For peer benchmarking, Sievo leverages more than \$160 billion in anonymized spend data culled from more than 180 million transactions between their customer base and more than two million suppliers to enable procurement teams to benchmark their performance against their peers (each benchmark data point is comprised of five separate data points that are at least three months old and released with customer consent). Procurement teams can benchmark their performance in terms of spend KPIs, total spend, category, and sub-category analyses. They can also select configurable peer groups to make more tailored comparisons (e.g., based on industry, geography, company size, etc.). Sievo then uses third-party market data to validate its internal data to ensure that these are fair and accurate comparisons.

Procurement teams can also conduct market benchmarking inside of the Procurement Benchmarking tool, utilizing a separate module.

- (5) Spend Forecasting:** Sievo's final procurement analytics application, Spend Forecasting, enables companies to make weekly, monthly, and quarterly custom forecasts (on their materials spend (in terms of commodity pricing and projected purchasing volumes), and the impact that procurement teams can expect to have on profitability as a result. Users have the ability to adjust variables within the analytic model in order to make forecasts based on different potential internal and external (market) scenarios. In doing so, users can see potential expenditures, cost savings, value creation, and impact to the company's bottom line, which CPOs (and CFOs and other stakeholders) can then use to build official forecasts, like forward-looking statements. They can also use these forecasted costs, savings, and profits to build future budgets.

Like Sievo's Spend Analysis solution, the Spend Forecasting tool relies upon Sievo's proprietary Source-to-Screen process to automatically extract, classify, and validate internal spend data and external market data. However, Spend Forecasting goes several steps further. Spend Forecasting allows users to customize currencies and exchange rates, create and revise commodity volume and pricing forecasts, validate forecasts, and make edits and corrections as they see fit. An automated analytics model isolates distinct variables that are driving change within the forecast – in terms of volume, price (including purchase price variance), currency, or a mix of factors. Within the dashboard, users can view header-level information on category, region, and business and even drill down to the SKU level to view forecasted pricing, purchase volumes, purchase price variance, and so on.

Extended Capabilities

Business Applications

In addition to providing a suite of procurement analytics tools, Sievo has entered into partnership agreements with a number of solution providers (see below) to deliver their strategic sourcing and P2P tools with Sievo's offerings as an integrated solution. When Sievo was founded in 2003 and began providing "best-of-breed" spend analysis tools to customers, company leaders chose to remain a pure-play solution provider. Rather than build out a strategic sourcing suite, Sievo leaders chose to partner with other providers that could offer their customers complementary supply management business applications. These arrangements enable Sievo to service the larger sourcing, procurement, and supply management solutions market while maintaining a focus on its primary solutions.

Partnerships

Sievo has developed a large number of partnerships with a broad range of technology providers and consultancies. A few notable technology partners include:

- **Scanmarket** – Another provider of strategic sourcing solutions in the cloud, with US headquarters in Georgia, which augments Sievo's sourcing and contracting capabilities.
- **Tradeshift** – A San Francisco-based provider of B2B payment and marketplace solutions with a large global platform that the company and its partners use to sell/distribute value-added technology.
- **Accenture** – One of the world's largest management consulting, and technology integration firms, Accenture works with Sievo clients to boost the performance of their implementation.
- **Microsoft** – A worldwide provider of software- and cloud-based business solutions, Microsoft is a close partner of Sievo that provides it with innovative technologies, training, and support.
- **QlikTech** – A Pennsylvania-based provider of business intelligence analytics and visualization tools, like dashboards with header-level drill-down capability. Sievo's analytics platform was developed by the Sievo team but utilizes the QlikSense front-end.

Deployment Model

Sievo's Procurement Analytics software is currently delivered as a cloud-based service utilizing its own tech centers; however, the company plans to migrate most of its services and solutions to a public cloud (Azure) in the second half of 2019. Its partnerships with Microsoft, Scanmarket, and Tradeshift in particular indicate that it has already begun to plot its transition to a public cloud-based model.

Summary

Since its founding in 2003, Sievo has focused on establishing a niche for itself in the procurement solutions market via a laser-focus on providing powerful procurement analytics solutions. These solutions allow procurement teams to 1) gain better insight into spend, savings, and contracts, 2) benchmark themselves against their peers and the market, and 3) better forecast and manage savings. Rather than expanding its solution footprint, Sievo has aligned with several industry partners that help extend its offering across the broader source-to-settle spectrum. This has allowed the company to focus on developing a deeper level of functionality within its current suite of solutions. It has been a successful strategy to date and one that continues to work for the company and its customers.

By integrating machine learning and other advanced analytic algorithms into its model, Sievo is currently driving innovation forward in the marketplace. The company has the vision for its machine learning algorithms to become the driving force behind its intelligent data extraction and analytic engine. And, as its systems become more advanced, the level of analysis and intelligence will continue to deepen and the value delivered to customers should continue to expand. In the meantime, for 2019, Sievo plans to continue integrating more market and third-party data into its analytic tools and migrate its solutions to the public cloud – a move that will help spur faster development and innovation while enabling its users to access solution upgrades and improvements faster.

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Appendix

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