

Chapter 19

Modeling and Governance of Procurement as a Service Responsive to Business Events

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ABSTRACT

The procurement as business discipline and function of equipping process has started the process of transformation from an administrative competence and necessity to a strategic capability (Kyte, 2006). To be efficient its processes have to be interoperable in the processing, semantic and technological way with other functions and processes of the business system; end-to-end process integration of the business system should be obtained. It is important to fully understand and document user requirements before development of the procurement (business) process. This results in the need for the development of a defined, articulated, communicated and managed model of procurement process. On the level of conceptual system modeling (business process owner's perspective) (ZIFA, 2010) this article shapes a new procurement model, in form of business service with appertaining processes, activities and other services necessary for its accomplishment. At logical and physical modeling level (designer's and builder's perspective) (ZIFA, 2010) service oriented perspective (SOA) has been considered, as well as Web services as technological concept for the implementation of the shaped procurement service model at the conceptual level of the system. Application of the shaped model requires organizational, process and system changes of the business system, that is, procurement function must develop the culture of service provider, avoiding the role of corporate purchasing controller. Event-Driven Business Process Management (EDBPM) is nowadays an enhancement of BPM by new concepts e.g. Event Driven Architecture (EDA). In this paper The position and the role of business service modeling within entire business process management (BPM) discipline has been established as well.

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INTRODUCTION

Part of the reason that business system's processes, including procurement, are complex is that persons who own these processes are accountable for different outcomes than those responsible for specific projects. The individuals who own the procurement process are bound by procurement laws, policies and procedures. These policies may have an unintended consequence related to the needs of particular projects. In many cases, procurement managers are tasked with ensuring that bad things do not happen, rather than enabling successful outcomes (Kyte, 2006).

Procurement function becomes more service oriented and less command and control oriented. The procurement as business discipline and function of equipping process has started the process of transformation from an administrative competence and necessity to a strategic capability (Kyte, 2006). The focus of this article is on procurement process transformation, aiming to investigate the ways and means for its successful achievement. In that regard defined, articulated, communicated and managed model of procurement process as a service is to be developed. For its implementation a service oriented perspective (SOA) is to be considered, BPM orchestration layer is needed to facilitate a relationship between procurement and other services, and rigorous change management processes are mandatory to guarantee availability, reliability, and scalability of the procurement process as a service.

Project managers usually are responsible for successfully implementing a project on time and on budget. Few project managers have significant control over the processes that are used to acquire what they will implement. Procurement managers, however, generally are not directly accountable for the success of projects in which they participate. Their performance metrics involve reducing costs and risks in procurement processes. Being forced to adhere to such processes, policies and procedures (even when they lead to the wrong

outcome) indicates that the wrong performance metrics are being used.

Thus, procurement must be more tightly linked to the achievement of business system's policy and operational goals, rather than process goals. To achieve the aforesaid it is necessary to perform organizational and process changes in a business system. It is necessary to create new procurement process models adjusted to the needs of complex inside and outside business system environment. Procurement business function should be modeled in a way which will render possible providing of services to the other parts of business system, those which need them i.e. those which are authorized by common superior level on the basis of existing business rules within the system.

PROCESS OF PROCUREMENT FUNCTION AS A SERVICE

Procurement professionals must increasingly be viewed and used as partners, with shared objectives and accountability for project (procurement) success. Although these professionals may not report directly to the project manager, they should be, like the project manager, accountable to the same people and for the project's success.

Procurement professionals, based on training and good judgment, must be empowered to exercise discretion to ensure a successful outcome, rather than adhere to rigid processes. Rigid processes will make the job of procurement professionals more difficult because they will no longer rely on the process to make decisions. Professionals will need to be well-trained and render expert judgments, often altering processes to ensure that a good outcome is achieved.

Methodology

The methodology of the article used is the one based on Gartner's BPM Maturity model. Through the six phases of BPM Maturity the reason why

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