

DACH SME Procurement Barometer 2024
**From E-Invoicing to the
Green Supply Chain**

Foreword

The rapid development of digital technologies is revolutionizing the business world at breakneck speed. Digitalization has recently gained immense importance, particularly in procurement and finance departments.

Economic, geopolitical, and environmental challenges have turned these business areas into key strategic factors that contribute significantly to companies' resilience and success. Our annual study dives deep into current procurement trends and developments and offers valuable insights into the strategies and priorities of mid-sized companies.

The roadmap of procurement departments covers crucial topics, including e-invoicing, strategic sourcing, and sustainability. The focus is on the consistent implementation of digitalization. It is clear that the willingness to implement digital technologies is growing steadily, and the benefits of digitalization - such as efficiency gains and cost reductions - are increasingly being recognized.

Our study shows how companies are actively driving digitalization against the backdrop of these trends and which external influences are shaping their decisions. It helps companies make the most of the opportunities digital transformation presents and strengthen their competitiveness. Use the insights and recommendations gained to refine and successfully implement your strategies.

Management Summary

- 1. High acceptance of digitalization:**
88.5% of respondents are willing to implement technologies to digitize procurement and financial processes.
- 2. Need for digitalization in key areas:**
The greatest need is in supplier management, contract management, and order fulfillment processes.
- 3. Core drivers of digitalization:**
Cost reduction and efficiency improvements are the leading motives for digital transformation, with 72.1% of companies focusing on cost reduction and 69.2% on process automation.
- 4. E-invoicing obligation:**
43.2% of SMEs have already prepared for mandatory e-invoicing, and 36.5% plan to do so.
- 5. Influence of ESG goals:**
The influence of ESG goals on procurement is significant, with 51.6% of companies taking measures for sustainable procurement.

In a nutshell: DACH SME Procurement Barometer

In the 6th edition, Onventis, in cooperation the German Association of Materials Management, Purchasing, and Logistics (BME) and the scientific partner ESB Business School, addresses the tension between digitization activities and the current focus of procurement teams in the DACH region. The study provides an up-to-date picture of the purchasing agenda in mid-sized companies, looks at the tools used, and identifies weaknesses and, thus, the potential for optimizing procurement. The results are intended to support procurement managers in making B2B purchasing fit for the future. The survey was conducted between April and May 2024. A total of 304 people took part in the survey.

Introduction

The number of data collections from a representative sample of the German Association of Materials Management, Purchasing and Logistics (BME) is sufficient to make well-founded statements about the population of the analyzed target group, the German SME sector, and to derive trends from the results.

In this study, the German “Mittelstand” includes both small and mid-sized enterprises (SMEs) with an annual turnover of up to 50 million EUR and up to 500 employees as well as large SMEs with an annual turnover of up to around 1 billion EUR and up to 5,000 employees, irrespective of sector.

Therefore, there is a purely quantitative definition (turnover size and number of employees) of the term “SME.” The qualitative definition in terms of ownership, management, liability and risk is taken into account to the extent that family-run companies with annual sales of up to 1 billion EUR, which are characteristic of the German “Mittelstand”, are also included.

The participating companies belong to the German SMEs. They have an annual turnover of between 10 million and 1 billion EUR. While 14.2% are within the 50 million to 100 million EUR range, the SMEs surveyed are predominantly divided into the 100 million to 1 billion EUR turnover range. One-fifth of the companies stated that their annual turnover was less than 50 million EUR.

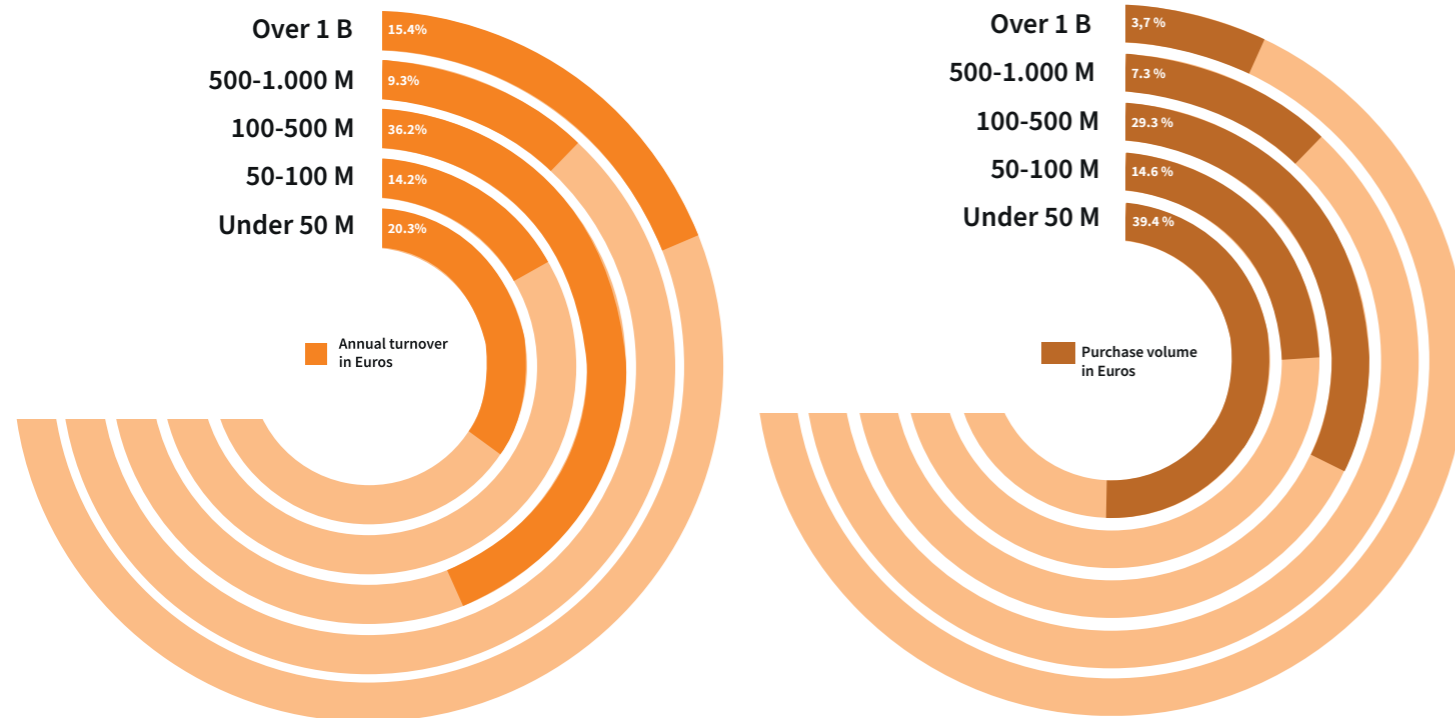


Fig. 1: What was your annual turnover and purchasing volume in EUR worldwide in 2023?

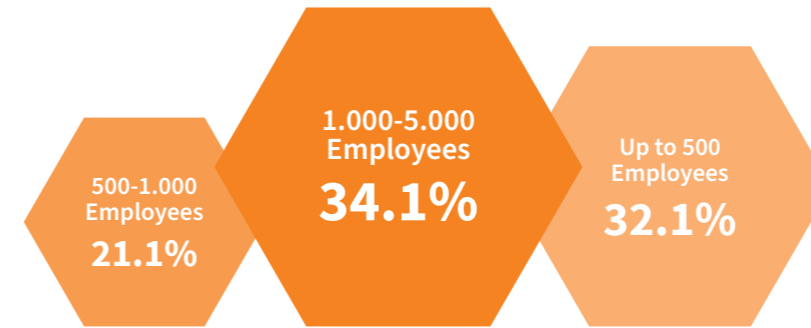
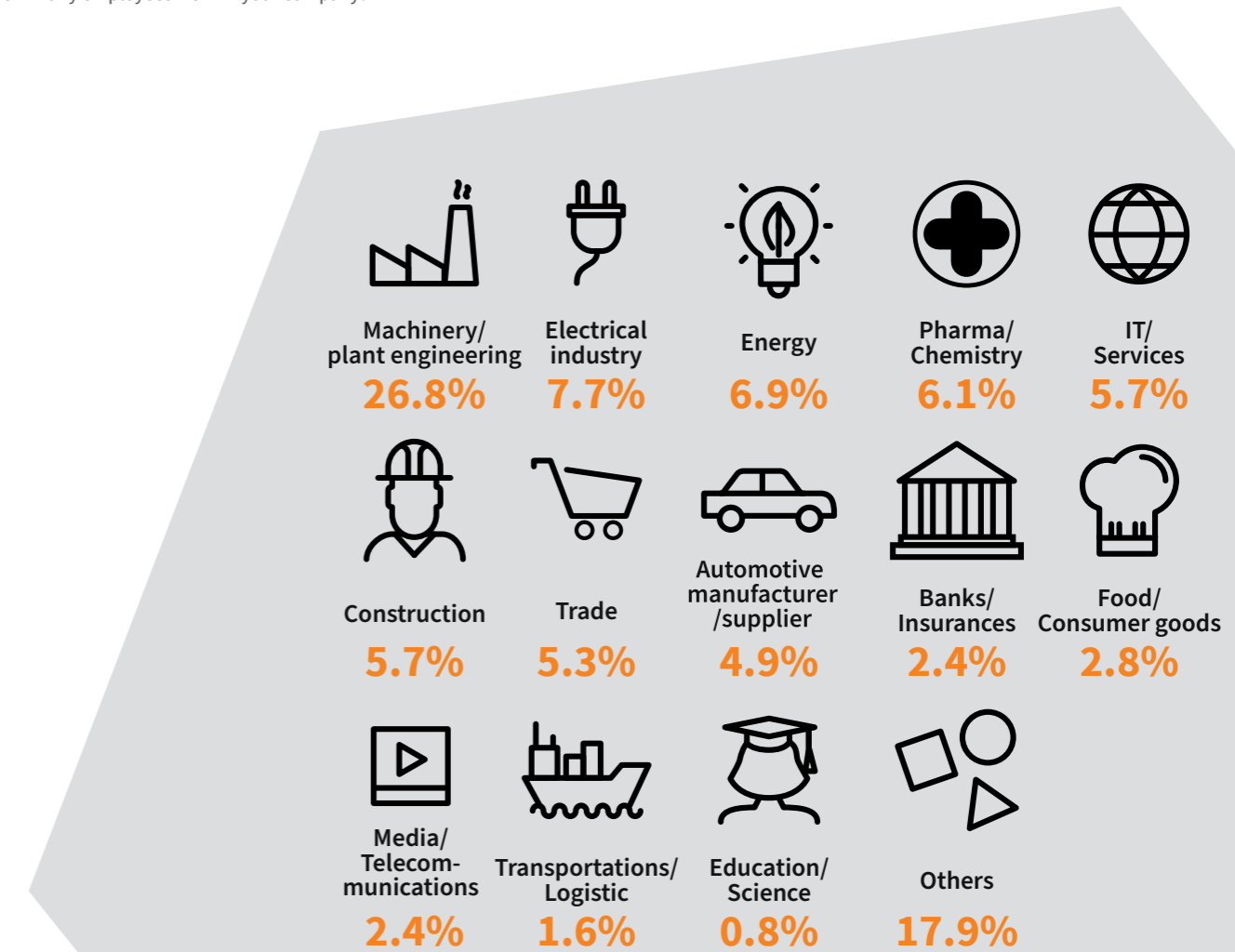


Fig. 2: How many employees work in your company?*



Around 27%, and therefore the majority of respondents, are companies in the mechanical/plant engineering sector. The electrical industry and companies from the energy sector are the second most frequently represented.

Fig. 3: Which sector does your company belong to?

* Further information on p. 26

88.5% of respondents are open to implementing technologies to digitize procurement and financial processes.

Fig. 4: Would you say that your company is generally open to the use of new technologies for the digitalization of procurement and/or financial processes?*

German SMEs are increasingly focusing on the digitalization of procurement. Digital transformation is and will therefore remain a priority and companies are willing to invest in technological innovations. The main reasons for this positive attitude include increased efficiency, cost reduction, competitive advantages and improved transparency and traceability. Digitalization can speed up and automate processes, leading to a significant increase in efficiency.

Many companies rely on ERP systems (81.6%) and e-procurement solutions (46.3%) to manage purchasing related data. Despite the willingness to drive the digital transformation forward, 71.6% continue to use spreadsheet programs such as Excel (see Fig. 5). Although such tools are versatile, they are less suitable for complex procurement processes. Due to their susceptibility to errors and lack of automation and integration options compared to specialized systems, they do not offer the same scaling effects and efficiency gains as e-procurement solutions.

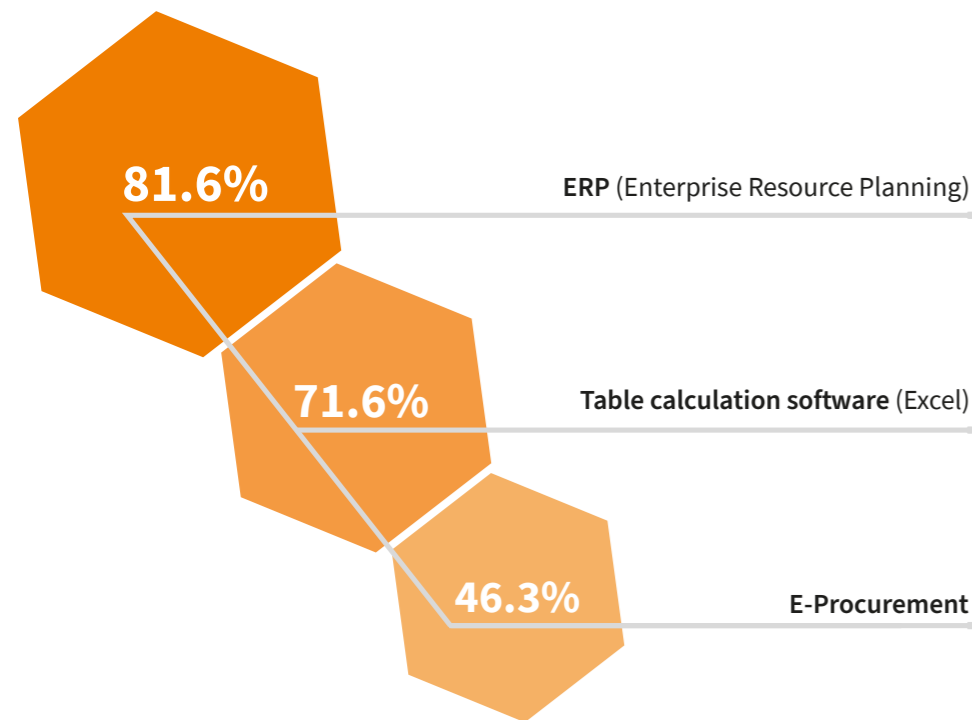
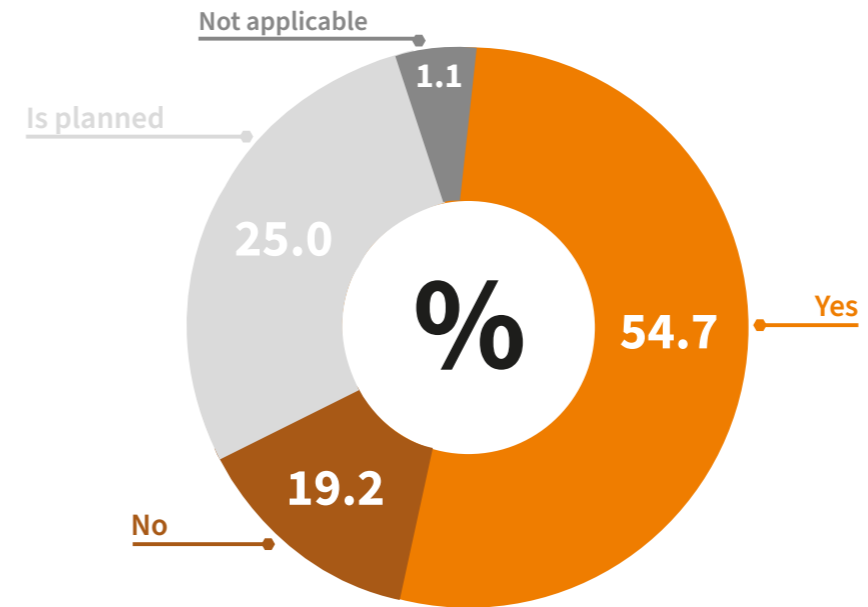
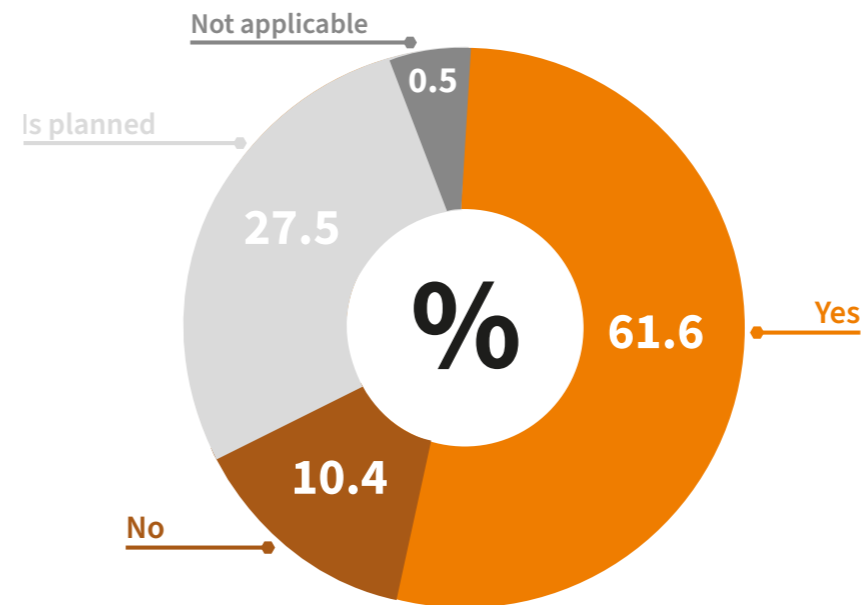


Fig. 5: Which systems do you use to manage purchasing-related data?*



54.7% document their procurement strategy and 25.0% plan to do so.

Fig. 6: Does your company have a documented procurement strategy?



61.6% are focused on digitizing their procurement processes.

Fig. 7: Is your company geared towards the digitalization of procurement processes?

* Further information on p. 26

Supplier management, contract management and the order processing process are the areas with the greatest need for digitalization.

Although companies are willing to push ahead with digitalization, some gaps still need to be filled. The greatest need for digitalization lies in supplier management, closely followed by contract management and the order processing process (see Fig. 8). These areas offer significant potential for increasing efficiency, reducing costs, and optimizing risk management, which are the driving forces behind digitalization (see Fig. 9). Despite recognized benefits, little has changed in these areas in recent years. Companies are aware of the benefits of digitalization but do not always implement them consistently.

Expectations are particularly high in supplier management. Against the backdrop of the current legal situation, there is a need for action: current topics and trends such as the Corporate Sustainability Reporting Directive and the Corporate Due Diligence Obligations in Supply Chains Act, which force companies to integrate sustainability into their supply chains, make digitalization a necessity.

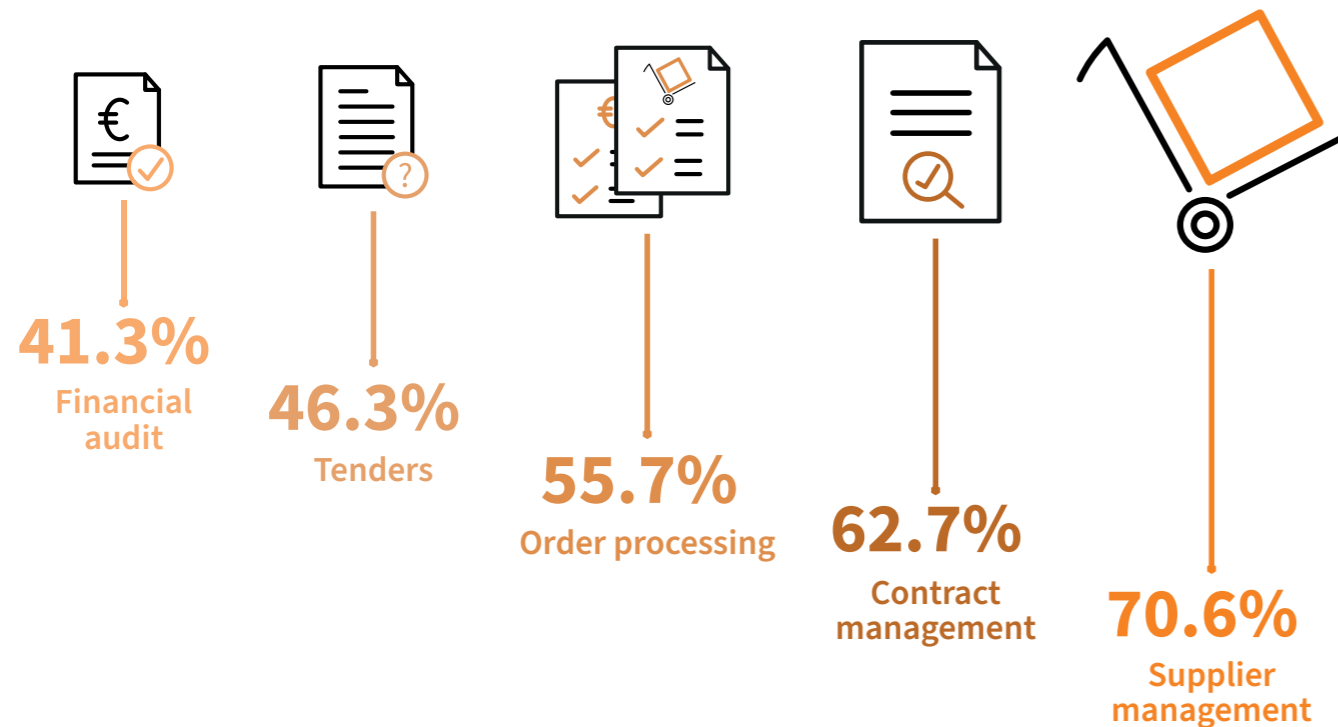
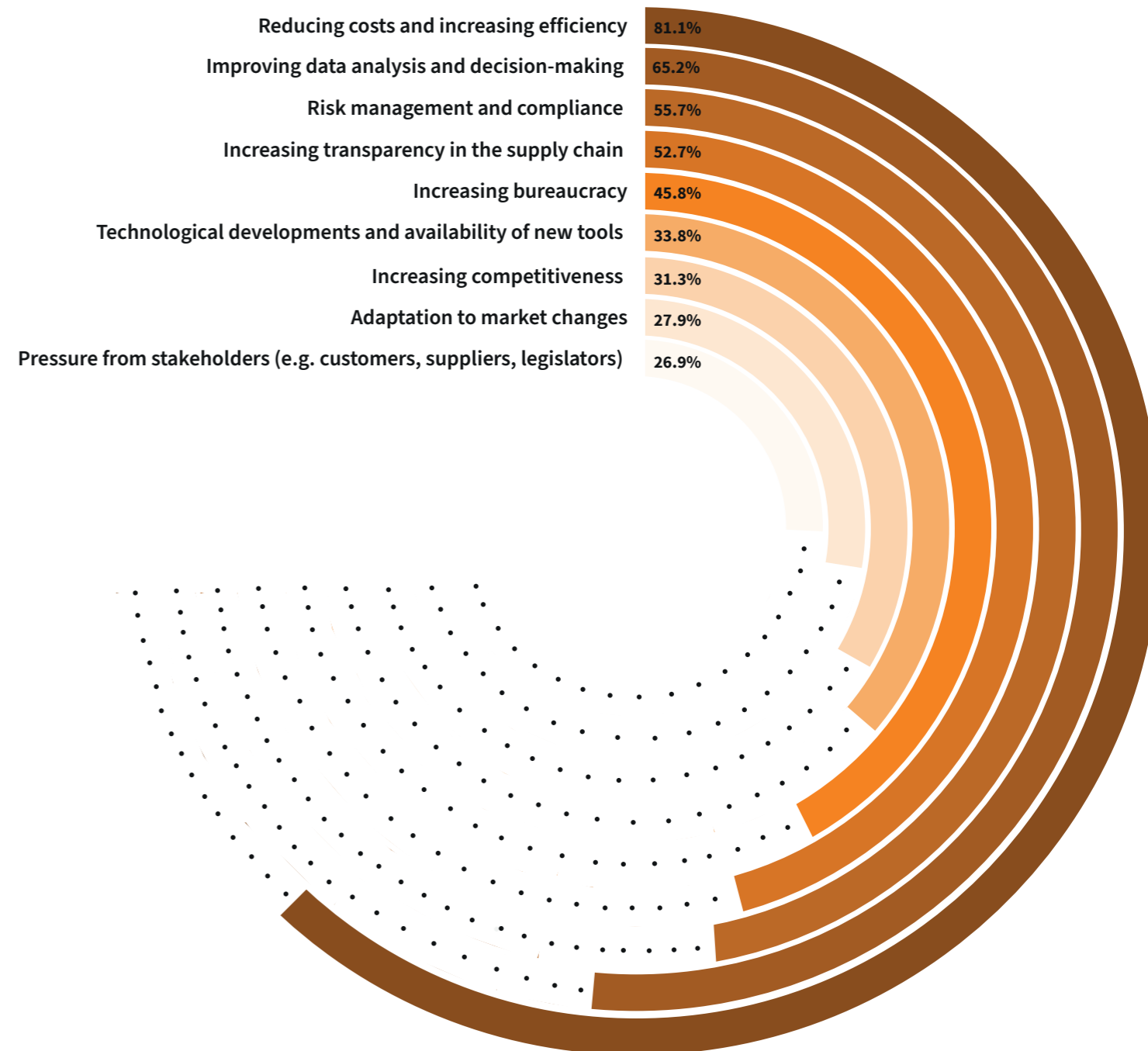


Fig. 8: In which areas do you see a need for digitization?*

81.1% of companies are driven by cost reduction and efficiency improvements.

Fig. 9: What are the driving forces behind the digitalization of your procurement department?



* Further information on p. 26

The top priority of procurement teams is to reduce costs and increase efficiency.

Recent developments, such as the Corporate Sustainability Reporting Directive, the Corporate Due Diligence Obligations in Supply Chains Act, and the e-invoicing obligation, have clearly geared companies towards digital transformation. Even though there is a need for digitalization in supplier management, SMEs are planning to focus more on reducing costs and increasing efficiency (72.1%) and process automation (69.2%) in the coming year. Risk management and supply chain resilience (46.8%) are in third place in this context (see Fig. 10).

Against the backdrop of the driving forces behind digitalization, the identified needs and benefits of procurement digitalization have become apparent in this study. This provides valuable insights into the future direction of the procurement strategy.

A regular review of procurement processes forms the basis for determining current standards, identifying potential for improvement and initiating a realignment of the strategy. Digitalization is a continuous process; companies should regularly evaluate and adapt their strategies and systems to keep pace with changing market conditions. As the process duration of software procurement is 6-12 months (47.7% of companies), it is advisable to tackle the digital transformation as early as possible (see Fig. 12).

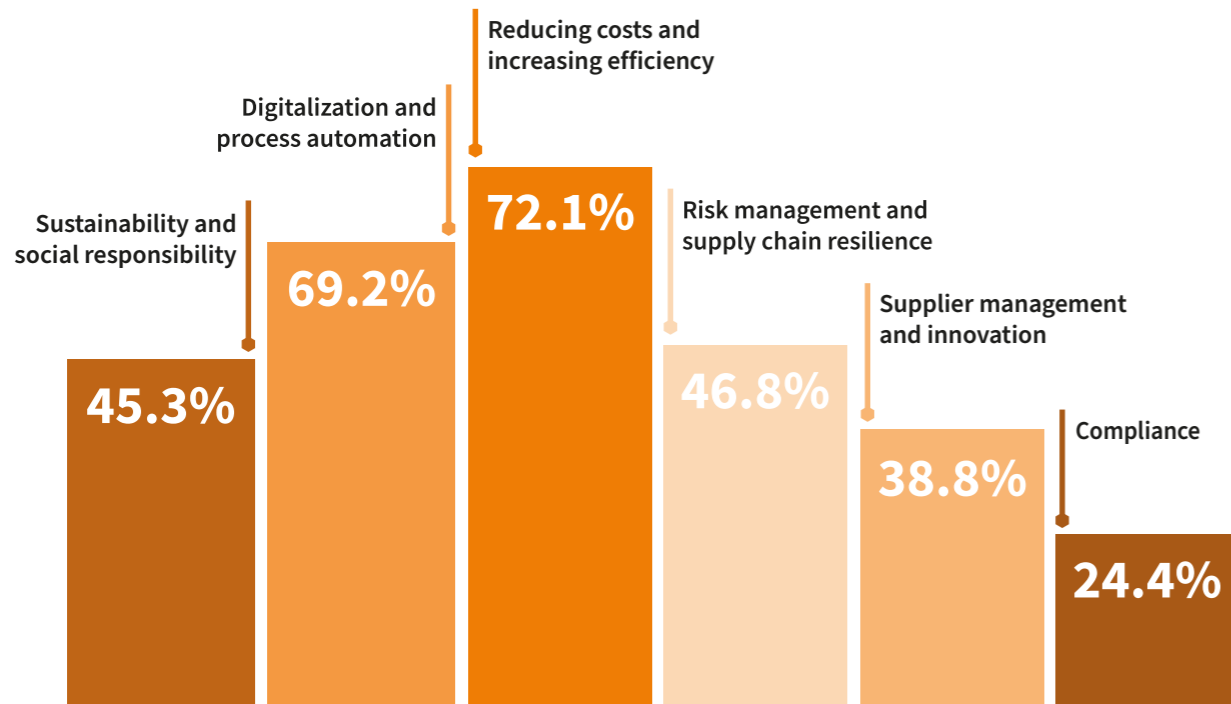


Fig. 10: What are your priorities for procurement in the next 12 months?

* Further information on p. 26

38.6% of SMEs review their procurement processes every year.

Fig. 11: How often does your company review and update its procurement processes and technological solutions?*

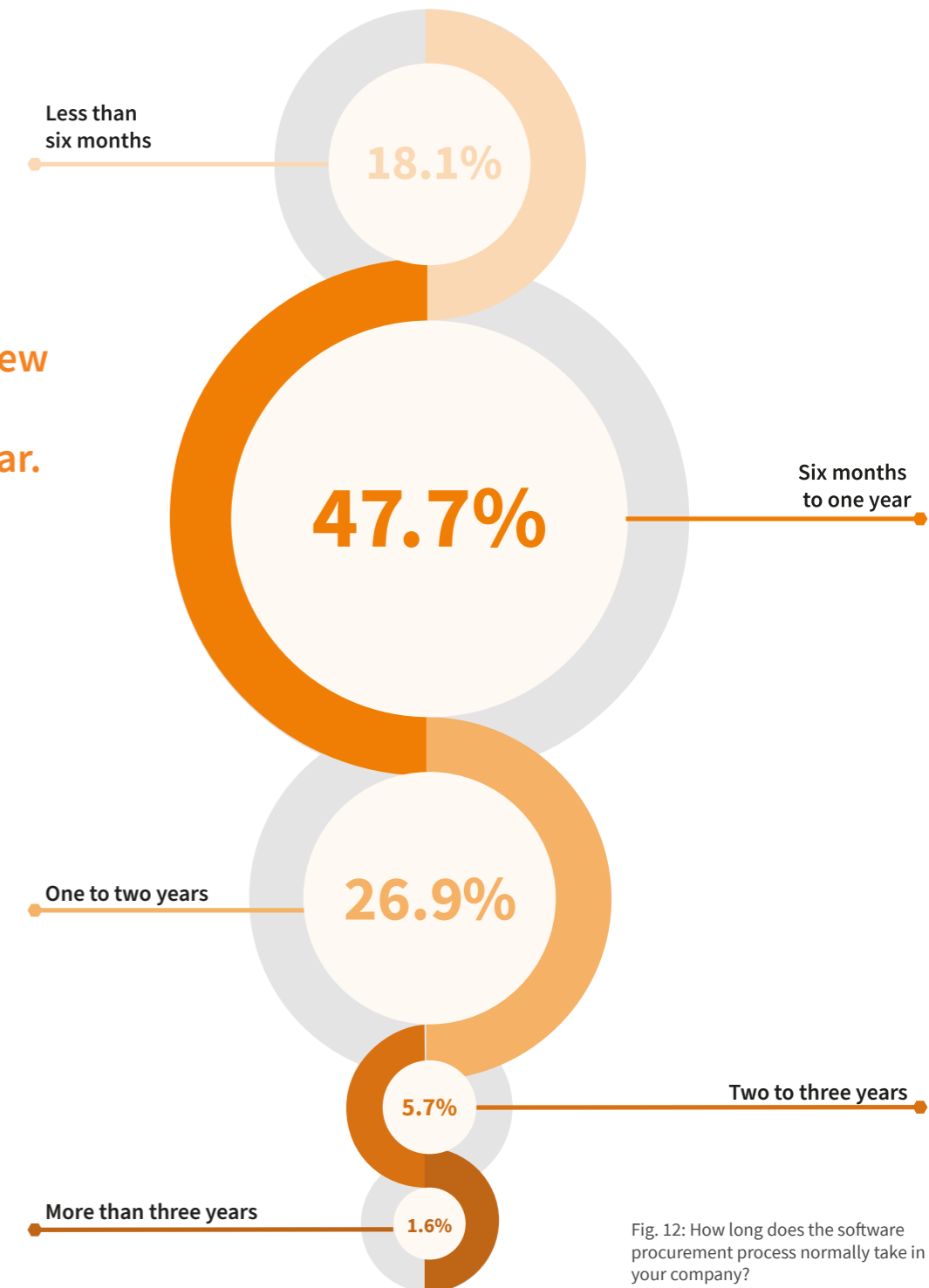


Fig. 12: How long does the software procurement process normally take in your company?

36.1%

Cost efficiency and range of functions

23.6%

Integration and scalability

Fig. 13: Which factors are most important for your company when selecting a source-to-pay solution?*

When selecting a source-to-pay (S2P) solution that enables a comprehensive transformation of procurement processes, 36.1% place particular importance on cost efficiency and functional scope and 23.6% on integration and scalability (see Fig. 13). These factors are crucial for digitalization and enable procurement processes to be designed efficiently and flexibly.

The main goals of introducing S2P software are to increase efficiency and save time, which are also the main drivers of procurement digitalization (see Fig. 14).

28.8%

Increased efficiency

24.6%

Time savings

Fig. 14: In which areas have you seen the greatest benefits from updating your procurement software in the last two years?

* Further information on p. 26

The Future of Procurement

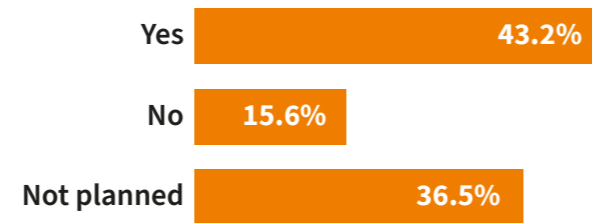
The digitalization of procurement processes is an important step for SMEs to remain competitive. Investing in specialized systems and focusing on key areas such as supplier management and contract management will be crucial to success.

The automation and digitalization of procurement is therefore not only a response to current challenges but also a strategic measure for the long-term optimization of company processes and for strengthening the market position.

Ready for mandatory e-invoicing?

The e-invoicing obligation is just around the corner. For the B2B sector, mandatory e-invoicing will be introduced gradually in Germany, with specific deadlines and transition periods being set by the respective legislators. All companies will be affected by the extension of the e-invoicing obligation from 2025 to 2028:

- **Large companies:** These must ensure that they can both send and receive e-invoices from 2025.
- **Medium-sized companies:** From 2026, medium-sized companies in the B2B sector will be obliged to switch to electronic invoice processing.
- **Small businesses:** Small businesses must also prepare for the new regulations, as the e-invoicing obligation will be extended to all business areas in 2028.



43.2% of SMEs have already made preparations for mandatory e-invoicing and a further 36.5% are planning to do so.

Fig. 15: Are you prepared for mandatory e-invoicing in 2025?

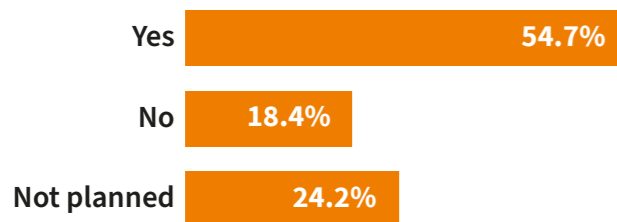


Fig. 16: Do you use a solution for processing e-invoices?

Respondents' satisfaction with the solutions used varies. Only just under 10.0% are very satisfied with their current solution. 29.0% have a neutral attitude; a frequent point of criticism is that the existing solutions cannot fully automate the process (see Fig. 17). Given the increasing number of invoices to be processed and the high workload, invoice processing needs to be digitized as quickly as possible.

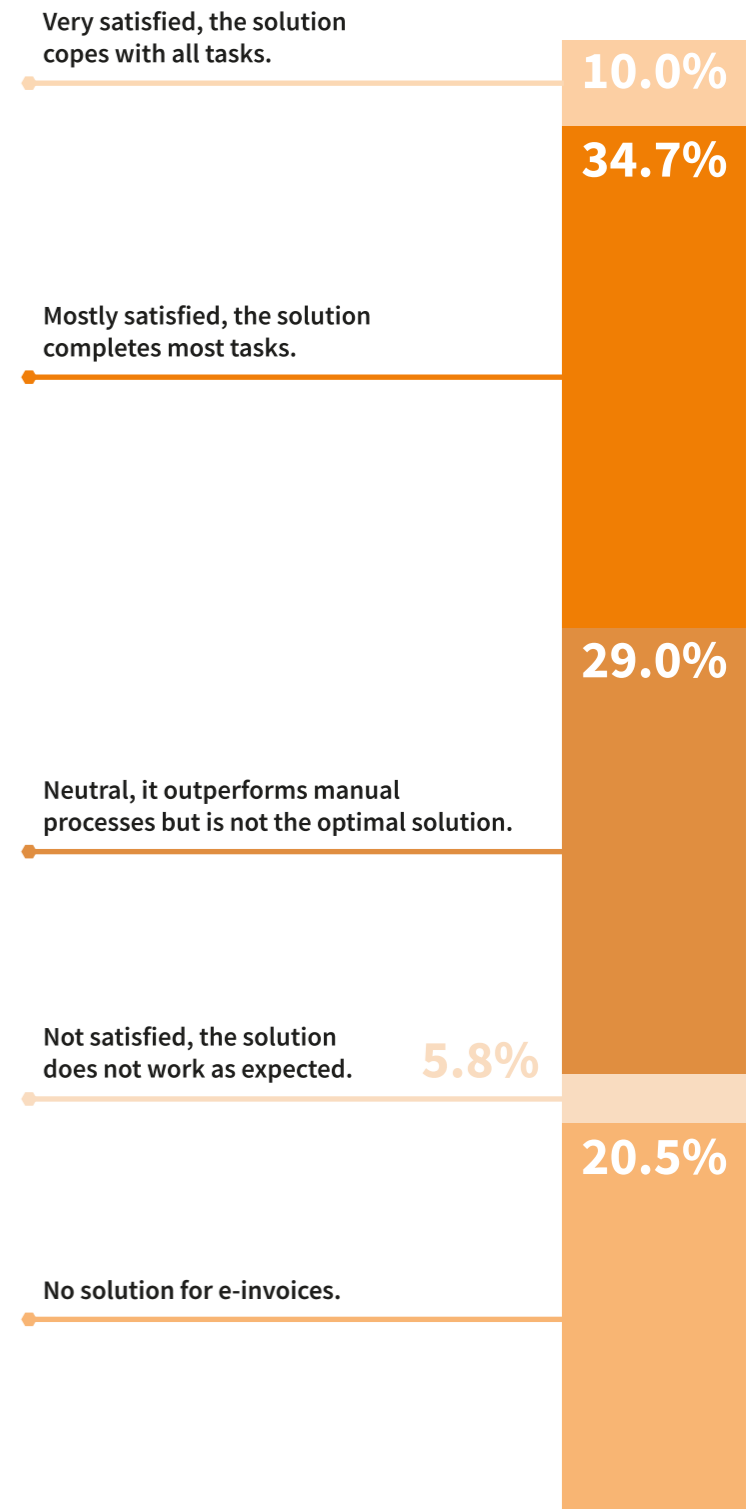


Fig. 17: How satisfied are you with your current invoice automation solution?

61.5% of respondents are in favor of automating their invoice processing in the next one to two years.

31.8% of the reasons for the decision to automate are due to the sheer volume of invoices to be processed daily, 21.4% to the new legislation on mandatory e-invoicing and 8.3% to the company's financial strategy. An automation solution is considered necessary in order to work more efficiently and cost-effectively (see Fig. 18).

31.8%

Yes, we have too many invoices to process them manually

21.4%

Yes, due to the changing legislation, it is important for us

8.3%

Yes, our finance team needs to focus on strategy

Fig. 18: Is it important for your company to optimize invoicing processes through automation in the next one to two years?*

The move towards automated invoice processing helps companies reduce errors, save time, and increase transparency. In addition, e-invoicing enables compliance with legal requirements and can lead to faster payment processing. These aspects help to optimize processes within the company and increase competitiveness. The driving force behind the digitalization of procurement and financial processes is reflected in the efficiency gains and cost reductions achieved through invoice processing automation.

The Future in Finance

The introduction of mandatory e-invoicing will act as a driver for the digitalization of accounting.

Automating invoice processing should not only be pursued due to legal requirements but should also be seen as a strategic measure to optimize business processes and competitiveness.

Companies that react to these changes at an early stage and adapt their processes accordingly will benefit from increased efficiency, cost savings, and problem-free compliance with legal regulations, providing a secure and confident future in the long term.

* Further information on p. 26

75.8% of companies rate sustainability as a high priority.

Implementing ESG goals (environmental, social, and governance) increasingly influences companies' procurement and financial processes (see Fig. 19). Sustainable supplier management and environmentally friendly procurement practices are key. The results show that 51.6% of companies are taking measures to procure sustainably, and 53.5% have already made progress (see Fig. 20). This underlines the growing importance of effective environmental management within supply chains.

67.7%

... have defined ESG goals.

53.8%

... see progress towards their ESG goals.

Fig. 19: Does your company have ESG targets that impact your work in procurement or finance? If yes, have you seen progress on these ESG targets in the last year?*

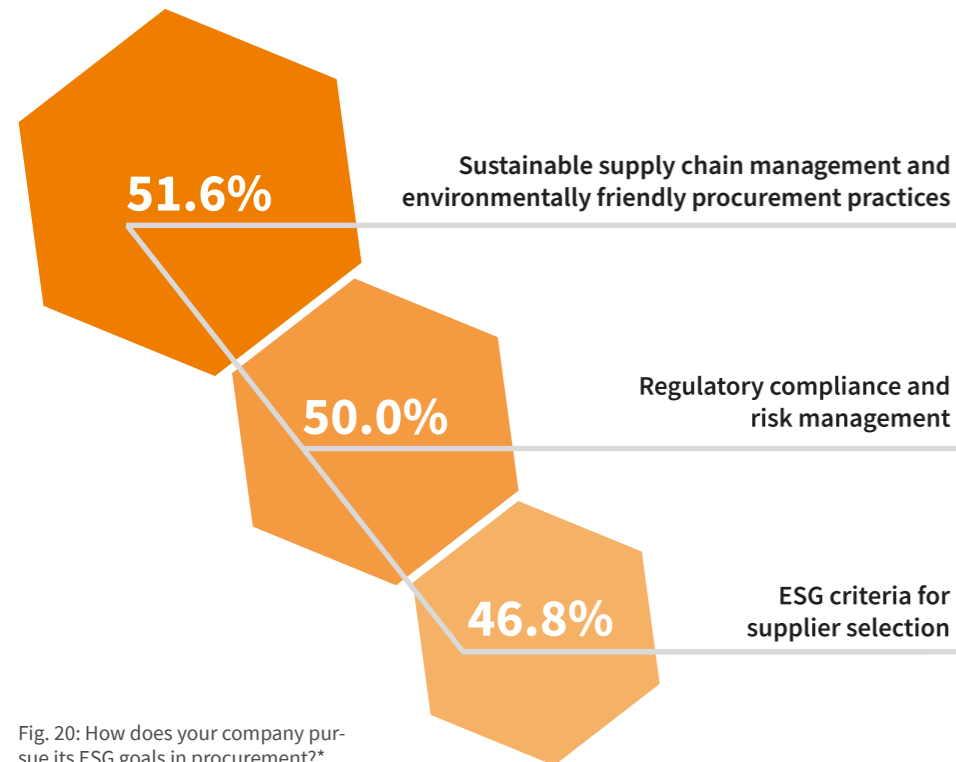


Fig. 20: How does your company pursue its ESG goals in procurement?*

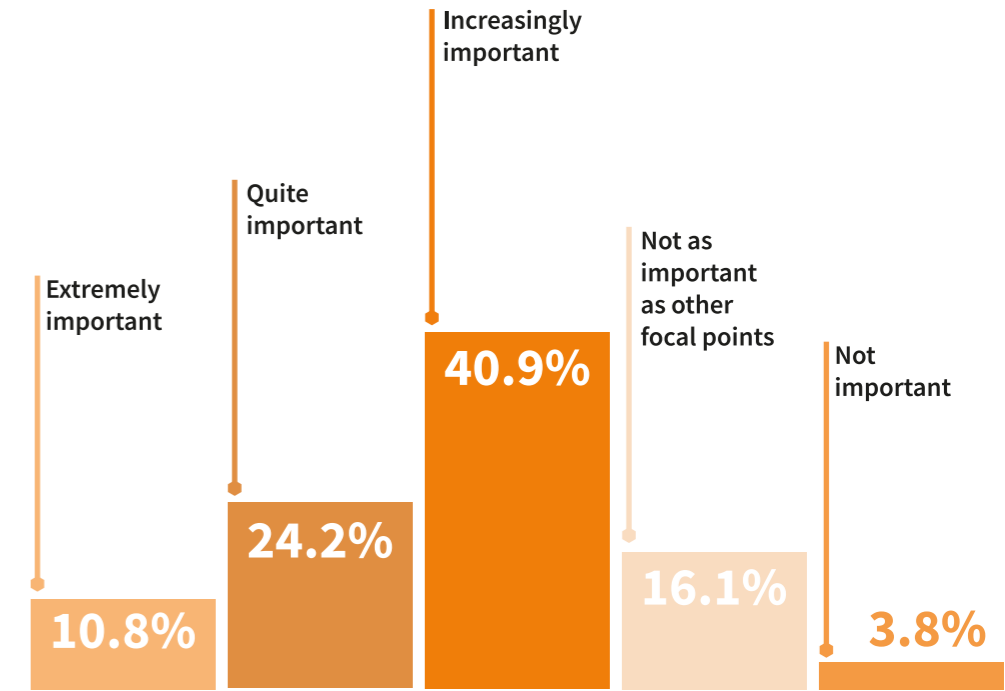


Fig. 21: How important is sustainability in your company's procurement strategy?

Another important component of current ESG objectives is compliance and risk management. Given the global supply chain complexity (46.8%) (see Fig. 27 on page 22) and recent global events that have led to the updating of risk management strategies (71.5%), this is particularly relevant (see Fig. 22).

10.2% of companies have initiated a comprehensive review of their risk management strategies in light of recent global events, with a further 61.3% making partial changes.

Fig. 22: Have recent global events prompted your organization to re-evaluate or update its procurement risk management strategies?*

* Further information on p. 26

To ensure the continuity of supply chains (67.2%), companies must continuously adapt and strengthen their strategies (see Fig. 23). Digital supplier management plays a central role here, as the stability of the supply chain depends largely on the suppliers.



Fig. 23: Which aspects of your source-to-pay processes do you think are most vulnerable in the event of a crisis?*

Corporate Social Responsibility (CSR) is an important factor in the selection of suppliers. In addition to ecological aspects, social responsibility also plays a decisive role. Fair working conditions and ethical business practices in the supply chain promote fair and responsible corporate governance, which has a positive social impact in the long term. 74.2% of SMEs have integrated CSR criteria into their sourcing to achieve these goals (see Fig. 24).

74.2% of businesses integrate CSR firmly into supplier selection and maintaining their business relationships.

* Further information on p. 26

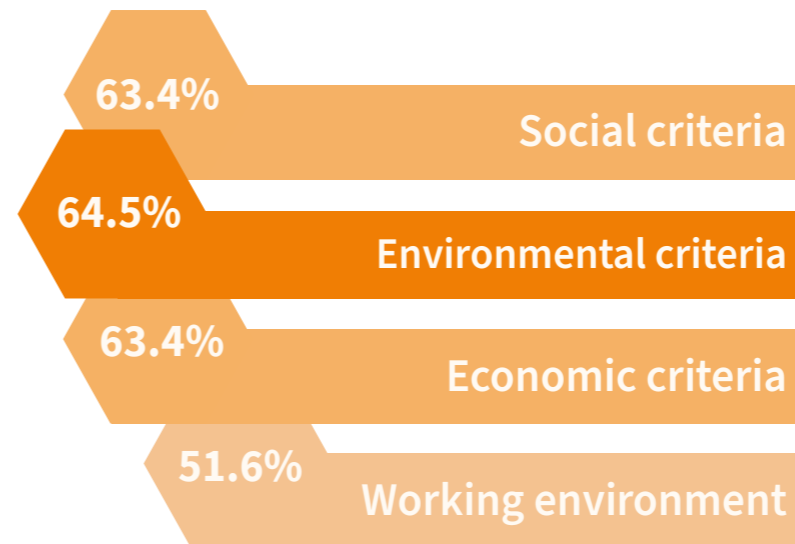


Fig. 26: Which specific CSR criteria do you take into account when evaluating potential suppliers?

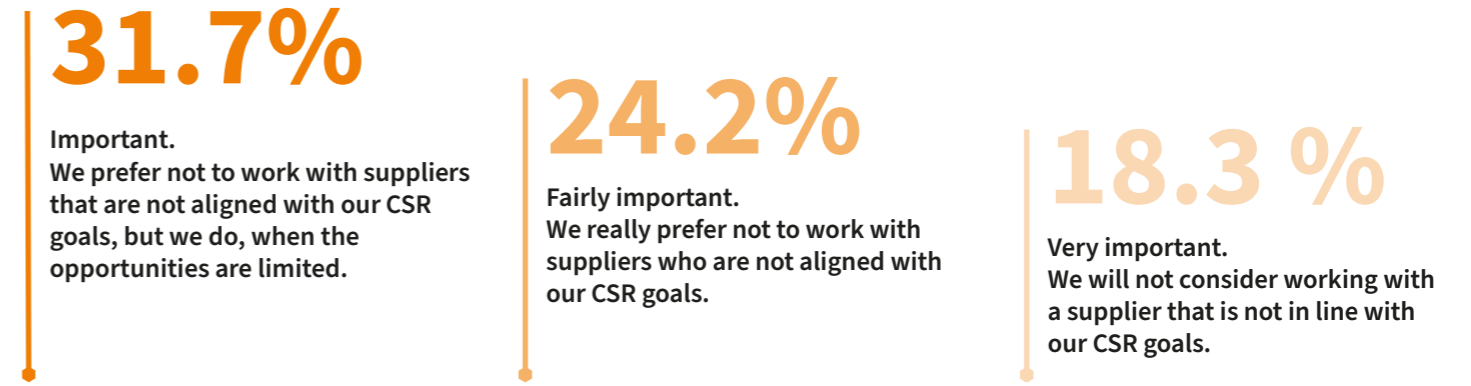


Fig. 24: What role does social responsibility play in the selection of suppliers and the maintenance of your business relationships?*

Companies avoid working with suppliers that do not meet their CSR goals (see Fig. 24). Despite this, 37.3% of companies do not use digital solutions to qualify suppliers and screen them according to CSR criteria (see Fig. 25). In short, the desire is there, but without digitalization, the appropriate means are lacking. Mid-sized companies, in particular, consider economic, environmental, and social criteria, which reinforces the need for digital solutions (see Fig. 26).



Fig. 25: Does your company have a detailed and digital supplier qualification process?*

Implementing digital systems is crucial in light of the current challenges that make executing sustainable procurement more difficult. In particular, the increased costs of sustainable options and the difficulty of measuring sustainability goals were identified as significant obstacles (see Fig. 27).

These challenges require innovative approaches and support from political frameworks and funding programs. Digital supply chain management and innovative sourcing functions can help companies make cost comparisons more transparent and take sustainability criteria directly into account when selecting suppliers.

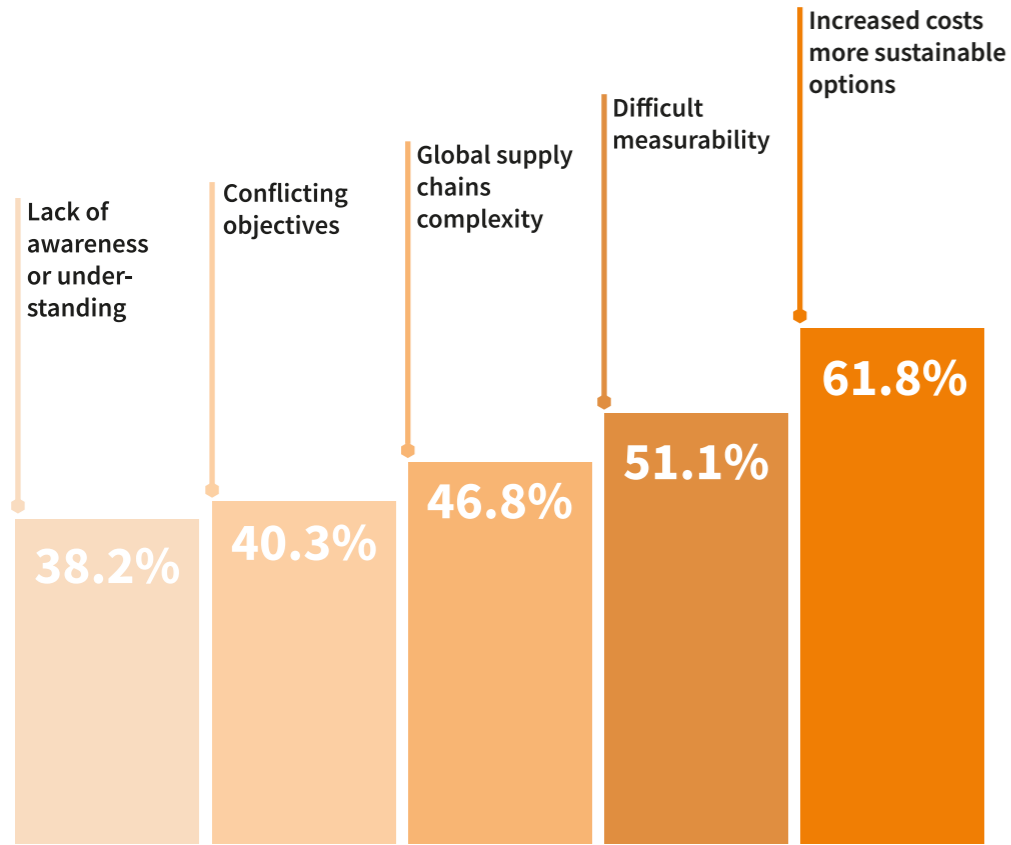


Fig. 27: In your opinion, what are the biggest challenges in realizing a more sustainable procurement process?*

* Further information on p. 26

The Future of Sustainability

The future of procurement will continue to be strongly characterized by integrating ESG objectives. Companies will increasingly need digital solutions to effectively manage their suppliers and ensure they meet growing sustainability and social responsibility requirements. This will improve the resilience and efficiency of supply chains and strengthen companies' long-term social and environmental commitment.

Our study underscores the pivotal role of digital solutions in supplier management, highlighting the need for continuous adaptation and innovation to meet future obligations. As the need for digitalization is most pronounced in supplier management (see p. 8), it should be a top priority for investment.

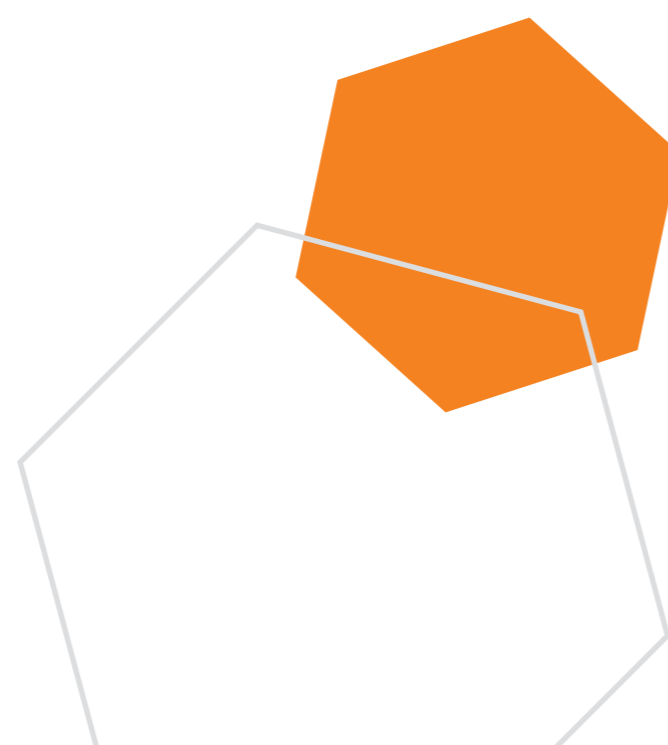
Closing remarks

The growing willingness to integrate innovative technologies into procurement and finance shows that digitalization is the key to increasing efficiency, transparency, and competitive advantages. The study illustrates how important digitalization and automation are for SMEs. In supplier and contract management, there is enormous potential that can be tapped into with digital solutions.

Nevertheless, the results show that digitalization in procurement still has considerable potential for improvement. Despite initial progress, many processes are not yet fully digitalized. The progress is relatively minimal compared to the previous year's results. A start has been made, but the road to fully digital procurement is still long and requires continuous effort.

With the impending e-invoicing mandate and the incorporation of ESG goals into corporate strategies, digitalization in procurement is not just advantageous, but a necessary step to meet legal requirements and foster sustainable business practices. Companies that proactively adopt digital solutions not only gain short-term efficiency, but also ensure long-term market resilience and innovative capacity.

Companies must constantly review and adapt their processes to meet dynamic market requirements. Investments in digitalization are more than just a response to current challenges; they represent a strategic initiative to optimize business processes in the long term and ensure sustainable competitiveness.



**The future belongs
to companies that
recognize and seize
the opportunities of
procurement digitization.**

Further Statistics

Fig. 2, p.5: How many employees work in your company?

5,000 - 10,000 employees: 6.1%
Over 10,000 employees: 2.4%.

Fig. 4, p. 6: Would you say that your company is generally open to the use of new technologies for the digitalization of procurement and/or financial processes?

No: 27.3%
Not applicable: 2.6%

Fig. 5, p.6: Which systems do you use to manage purchasing-related data?

PPS (production planning and control): 29,9 %
SCM (supply chain management): 20.4%
SRM (supplier relationship management): 20.9 %
No system: 1.5%
Other: 11.9%

Fig. 8, p.8: In which areas do you see a need for digitalization?

Spend analysis: 41.3%
Auctions: 21.9%

Fig. 11, p. 10: How often does your company review and update its procurement processes and technological solutions?

Every 2 years: 12.5%
Every 2-5 years: 27.1%
Every 5-7 years: 4.7%
> 7 years: 3.6%

Fig. 13, p.12: Which factors are most important for your company when selecting a source-to-pay solution?

Adaptability to company changes: 5.2%
Ease of use: 17.8%
Data security and compliance: 10.5%
Transparency and analysis capabilities: 6.8%

Fig. 14, p.12: In which areas have you seen the greatest benefits from updating your procurement software in the last two years?

Cost reduction: 5.3%
Improved overview and optimized analytics: 15.7%
Simplified compliance and risk management: 5.2%
Enhanced automation: 8.4%
Competitive advantage: 0.5%
Not applicable: 11.5%

Fig. 18, p.16: Is it important for your company to optimize invoicing processes through automation in the next one to two years?

Yes, our finance team needs to focus on strategy: 8.3%
No, everything is fine the way it is: 9.9%
No, we have already found a solution: 20.8%
No, this is not a priority for us: 7.8%

Fig 19, p. 18: Does your company have ESG targets that impact your work in procurement or finance? If yes, have you seen progress in the last year?

No ESG targets: 22.0%
No progress: 17.2%
Not applicable: 4.3 % / 8.6 %



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BME

The German Association of Materials Management, Purchasing, and Logistics (BME) is the trade association for buyers, supply chain managers, and logistics specialists in Germany and continental Europe. The goods and services purchased by its current 9,750 members amount to around 1.25 trillion euros annually. Around 1,000 events are organized by the association and its subsidiaries in Germany and abroad annually, ranging from certified training courses, seminars, and management forums to large congresses. The BME also helps to open up new markets and helps to shape economic processes and global developments. | bme.de



Have questions?

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