



# FLEXIBILITY, SPEED, AND EASE

## THE KEY TO PORTFOLIO SUCCESS

## SIMFONI FOR PRIVATE EQUITY

We'll skip the sweet talk, the script, the savings promises, the scare-tactics and other common sales strategies but instead get right to the point: you're making an investment and expecting a return, preferably in a short-to-midterm time-frame (especially if some of that money is borrowed and you're accruing interest).

The only way you get that return is if your investment is profitable.

Going back to basics,  $\text{profit} = \text{revenue} - \text{expenses}$ . This means there are only two ways to increase profit: sell more or cut costs. But how you think about cutting the costs, where, when, and based on what initiatives is where things can get interesting.

Post-deal close and across your portfolio companies, you may be looking to help with several areas in the procurement realm:

- ◆ Gain complete insight into spend across all categories and transactions, including tail spend
- ◆ Optimize sources of supply and streamline RFx processes
- ◆ Build (or bring in) a procurement function for the first time
- ◆ Automate and optimize processes
- ◆ Deep dive on CSR initiatives, like ESG and diversity
- ◆ Explore portfolio-wide spend consolidation options

Some of these things needed to happen yesterday. Some are opportunistic. Some are on the roadmap already. Some are mission-critical for business today, this very second. All require flexibility and the ability to meet your portfolio companies where they are right now. Simfoni is designed to do just that.

# A SUITE WORLD?



End-to-end procurement suites used to be considered the end-all-be-all, de facto solution to track and monitor the entire source-to-pay procurement process. Some of your portfolio companies may have a suite in place already. But there can be some significant limitations:

## 1) WE'RE NOT (NECESSARILY) IN THIS FOR THE LONG TERM

Every investment has its own thesis: some companies will be held for 3 years, some 5. Some will become carve-outs or tuck-ins. They have different immediate needs, they buy and sell different products and services, and they will get different levels of value from any enterprise system based on any number of external factors. Flexibility isn't helpful: it's essential. The last thing a firm needs is to be locked into a long-term inflexible contract, which most source-to-pay providers push from the get-go.

## 2) WE NEED QUICK, EASY-TO-IMPLEMENT SOLUTIONS

A broader source-to-pay suite is incredibly invasive and difficult to implement across people, process, and integrating with other technology - and isn't really a decision that PE firms should spend their time on. Some companies may need sourcing help while others should focus first on category management, or even outsourcing procurement altogether. Therefore, PE firms need a solution that allows them to focus area-by-area and module-by-module, allowing portfolio companies to turn solutions on and off as their ongoing needs evolve.

## 3) WE NEED THIS TO BE COST EFFECTIVE

Most PE firms look to get costs under control as quickly as possible and need a solution that can give insight into opportunities, address them, capture them, track them, and report on them – without breaking the bank. Most suite vendors are looking to “land and expand,” expecting clients to shell out forever as they push “solutions” that may be useful, but rarely actually address critical problems immediately with clear, measurable ROI.

## DO NO HARM!

Private equity firms aren't really in the business of technology optimization for portfolio companies. They should be in the business of being minimally invasive, recommending improvements and standardizations without causing any pain.

This is why areas like spend analytics, category management, tail spend, and sourcing are so valuable for PE – they are clear, direct, and immediately addressable with measurable value. And, more often than not, even if a company does have a procurement suite in place, there are still gaps to address in these areas.

## AN EXAMPLE IN TAIL SPEND

“We invest in a wide range of companies cross-industry / category that have a large market opportunity, and, correspondingly, a large tail spend.”

Most companies have a large tail spend. Usually 20% or more. However, new companies with new approaches that spend all their time focused on building for large market opportunities typically spend little time on spend management and, as a result, usually have more tail spend, sometimes 40% more, than peers.

Tail spend, on average, has a savings opportunity of 15-30%, compared to an average savings opportunity of 3-10% for “managed” categories (in non-inflationary times).

## HOW SPECIALIZED SOLUTIONS ARE HELPING PROCUREMENT LEADERS ACHIEVE DIGITAL TRANSFORMATION, FASTER

Industry analysts Spend Matters recently wrote about the concept of an [“alt suite”](#):

“The source-to-pay (S2P) suite that has defined the procurement technology market is built on the notion of individual modules coming together to create something greater than the sum of its parts. “Alt” suites assemble individual modules much as S2P suites do, but the process cycles are different and the individual components, while sometimes overlapping those of an S2P suite, are typically different and assembled in differing configurations. “alt” suites form their value propositions by addressing problems and use cases that S2P suites typically fall short on.”

These types of solutions are ideal for Private Equity, who are dealing with multiple levels of digital and procurement maturity across multiple industries and multiple company sizes at a given time.

Simfoni is a modular composable “alt” S2P suite where you can take just what you need, configure it how you need, integrate it with what you have, and even turn off parts of it when they’re not necessary.

“The advantage of someone like Simfoni for PE is that it is a complete smorgasbord of what you want to get out of each area.

It’s not just visibility to spend. You can address ESG and diversity issues. You can incorporate risk data. It’s total spend outtasking if you want that. They’re with you for wherever you want and need to go.”

**SPEND MATTERS**

Procurement Technology Experts

## SIMFONI: WITH YOU (AND YOUR PORTFOLIO) FOR THE ENTIRE JOURNEY

Simfoni provides Spend Analytics and Spend Automation products to leading global enterprises. The Simfoni platform utilizes machine learning and artificial intelligence to accelerate and automate key aspects of the procurement process, saving customers time and money and paving the way toward supply chain sustainability. With offices in the USA, Europe, Australia, and the Middle East, Simfoni works with its customers and the wider vendor community to improve vendor diversity and achieve strategic CSR (Corporate Social Responsibility) objectives.

For additional information, please visit <https://simfoni.com/>.



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