

Creating a sustainable e-procurement ecosystem

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PETALING JAYA: Using digital tools and solutions can enable big corporations as well as small and medium enterprises (SMEs) in Malaysia to make faster and better decisions, and improve operational efficiencies and cost reductions.

Digitalisation of procurement process helps SMEs via outstanding savings, less time wasting, and enhanced engagement with suppliers.

"Digitalisation provides sustainability in terms of transparency and efficiency," said Privasia Technology Bhd group CEO and managing director Puvanesan Subenthiran.

Ace Market-listed Privasia is a leading information and communications technology and business process outsourcing group. Its subsidiaries include Privasia Sdn Bhd which specialises in IT consultancy, software development and implementation, and e-procurement.

It is well-known for its Procurehere e-procurement solution, which is used by corporates such as Malaysia Airports, Westports, FGV, and SME Bank. Procurehere integrates with business process solutions and delivers secure, accessible and affordable procurement tools. It is a simplified sourcing tool that helps to obtain viable and accurate submissions from suppliers via tenders and bidding.

Procurehere is a transparent, audit-ready, approval and tracking system for purchase request and orders. Management can use a mobile app to make approvals while on the go. Procurehere also allows unlimited access to a global pool of suppliers. Its capabilities include e-sourcing and e-bidding, spend analytics as well as contract and supplier management.

Puvanesan said currently, the procurement process in Malaysia has been quite paper-based. "Many businesses try to automate their procurement functions and lump it into their enterprise resource planning (ERP) function, so it becomes more of just an approval tool."

However, a digital procurement platform facilitates buying activity.

"We want to make digitalisation of the procurement process easy for traditional businesses to adopt," he said.

Another factor for SMEs' reluctance to embrace digitalisation is the difficulty involved in usage and training staff.

Puvanesan said many big ERP solutions probably take a few months to implement, followed by a few months of training.

However, the new e-procurement platforms are designed to be easy to use, with a "learn-as-you-use" interface.

"We put up free training videos and a support desk for our users," he said.

Puvanesan noted that cost was a hindrance for SMEs to adopt digitalisation.

"A lot of traditional e-procurement tools are targeted at big buyers. But ours is targeted at big buyers and SMEs alike. Our digital procurement platform is subscription-based; we don't sell via huge licensing fees. So whether you are a big buyer or SME, your entry point

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Puvanesan Subenthiran



is the same. How much you pay is dependent on the functions and the number of users," he said.

To enable further transparency on procurement costs, Privasia is also preparing packages for SMEs where they are charged based on transaction sizes.

SMEs also have more choices nowadays for e-procurement solutions.

"Most of the solutions for SMEs are now online; you Google, sign up for free trials, no commitment for long term contracts, pay as you use," he said.

Puvanesan explained that to create a sustainable e-procurement ecosystem, solution providers need to look at buying from source.

"In platforms like ours, we look at buying as not just an approval process, but all the way from sourcing - that means platforms like us have a vendor development module. It also means vendors can come in and use it as a sales tool."

He said an efficient e-procurement system should be seamless and provide transparent costs. "For example, if I want to buy raw materials today, I have to get a quote, find out about the logistics costs, costs of financing, delivery costs, etc. So, via an efficient e-procurement platform, you click and see all these additional costs - all very transparent, you buy more efficiently."

One benefit of adopting an efficient e-procurement solution is removing company bureaucracy.

"For example, in larger organisations, you order something simple like stationery, you go to the finance or procurement department, and maybe hit administrative bottlenecks. Now, when you make the whole process transparent, things move faster."

Moving forward, Puvanesan sees more efficiency in e-procurement due to the Covid-19 pandemic.

"In the past, if you look at the whole procurement cycle, there are many parties in the value chain - the producer, consultant, reseller, etc."

He says nowadays, more businesspeople are spending more time online and they demand faster transaction times, and avoid face-to-face meetings if possible.

Puvanesan also urged companies to take advantage of government grants for SMEs to adopt digitalisation in daily operations.

Privasia is the exclusive briefing partner for #cXo2020 Engineering X Factor in the Age of Disruption organised by Star Media Group. It will be running a webinar titled 'Impact of Technology on Business Sustainability: A Supply Chain Perspective' on Aug 26 at 8.30pm. > Privasia director of product & innovation Shah Mohammad Ali will speak on how SMEs can keep up with the ever changing business landscape and better prepare from a supply chain's perspective referencing best practices backed by survey findings done on over 1,000 businesses. Registration is free at bit.ly/star-privasia or email events@thestar.com.my for more information.

MASB

MALAYSIAN ACCOUNTING STANDARDS BOARD
LEMBAGA PIWAJIAN PERAKAUNAN MALAYSIA
(ESTABLISHED UNDER THE FINANCIAL REPORTING ACT 1997)

NOTICE - ISSUANCE OF MASB APPROVED ACCOUNTING STANDARDS

Pursuant to subsection 7(1) of the Financial Reporting Act 1997 (Act 558) and regulation 3 of the Financial Reporting (Publication of Approved Accounting Standards) Regulations 1999, the Malaysian Accounting Standards Board (MASB) gives notice of issuance of the following MASB approved accounting standards for application in relation to financial statements which are required to be prepared or lodged under any law administered by the Securities Commission Malaysia, Bank Negara Malaysia or the Registrar of Companies.

Malaysian Financial Reporting Standards (MFRSs)

- Amendments to MFRS 17 Insurance Contracts
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
- Classification of Liabilities as Current or Non-current—Deferral of Effective Date

Effective Dates

- Amendments to MFRS 17 Insurance Contracts defers the effective date of MFRS 17 Insurance Contracts. An entity shall apply MFRS 17 and Amendments to MFRS 17 for annual reporting periods beginning on or after 1 January 2023. If an entity applies MFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply MFRS 9 Financial Instruments on or before the date of initial application of MFRS 17.
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts) shall take effect from the date of this announcement.
- Classification of Liabilities as Current or Non-current—Deferral of Effective Date defers the effective date of Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)* to 1 January 2023. Early application is permitted.

* as issued by MASB on 16 March 2020

Availability of MASB Approved Accounting Standards

The Amendments are available at <http://www.masb.org.my>.

By order of the Board

MOHAMED RASLAN ABDUL RAHMAN
Chairman
Malaysian Accounting Standards Board
17 August 2020