



Why Energy Urgently Belongs in the Corporate Procurement Function

End-to-End Category Management and Autonomous Procurement are Re-Shaping How the Fortune 500 Buys Energy

By Len DeCandia, Former CPO of Johnson & Johnson and Chief Procurement Officer of the Year Award Winner, and Paul Shagawat, Co-Founder and Managing Partner, Transparent Energy

CONTACT US



695 Route 46 W, Suite 408,
Fairfield, NJ 07004



862-210-8770
Fax: 877-335-7306



www.transparentedge.com
info@transparentedge.com

Introduction: Energy Matters

Three things have happened recently in the world of energy that should give company and those responsible for its sourcing 500 pause to every Fortune :decisions



Microsoft has signed a power purchase agreement with Constellation Energy to turn the Three Mile Island nuclear plant into its private energy source to power its AI ambitions.



PJM, the energy transmission operator for 13 states, from New Jersey to Virginia to Michigan, announced “capacity” auction results that will trigger an 800% increase in one of the largest line items on a company’s energy bill.



And somewhere in America a company received 200+ bids in 30 minutes from 8 suppliers for its energy contracts, securing energy supply efficiently at a total cost reduction of \$10M+.



We’re telling you this for a few reasons. Demand for energy is growing. Energy’s component costs – both the commodity itself and the ancillary costs that surround it – are rising. And companies that don’t have a strategy and plans for a scalable process for sourcing energy are exposing themselves to increasing cost and supply risk

It doesn’t have to be this way

Companies have made tremendous strides over the last three decades digitizing, centralizing, and, to some extent, automating supply chain and sourcing processes. For many, however, energy has remained its own fiefdom, operating “separately” at the site level, creating inefficiencies and lost opportunities.

Simply put, it’s time to prioritize energy, placing it squarely in the modern, digital sourcing fold.

NEXT STOP 'AUTONOMOUS PROCUREMENT'?

Advances in enterprise computing and Internet commerce and collaboration have led to a data-driven era unlike anything business has ever seen: the speed, scale, and efficiencies of this age – with the new accelerant of AI just beginning to kick in – are seemingly re-writing the rules of what's possible every day.

But there's a problem. Chief Procurement Officers and their teams are now being tasked to deliver "autonomous procurement," an even faster, more efficient, less human-capital-intensive take on sourcing – and they are finding the prospect terrifying. Trust in the data – dispersed across various databases and applications – just isn't there.

For those of us who have dedicated our careers to making the sourcing function more manageable and productive, this next stage of its evolution is full of familiar challenges – integration, automation, the human factor. We have no doubt that over time sourcing professionals will get it right.

But how long will it take?

That's why if solutions are available now to help Fortune 500 companies take confident steps towards autonomous procurement, especially within a strategic spend category, they should be prioritized. And that is the case in energy procurement today.



While energy is a complex commodity to buy (exacerbated by different pricing regimes and regulations at the state, regional, and local levels) it is guided by competitive dynamics that, when mastered by sourcing professionals, can yield significant price and risk-reduction advantages



Sourcing processes can be developed that provide centralized visibility and control while enabling flexibility and customization at the local level



Cloud-based platforms automate RFP development, sharing, and bidding in concert with human expertise to guide market timing and optimal contract terms to drive best results



End-to-End Category Management

What we are really describing here is something sourcing seeks across purchasing disciplines: end-to-end category management. When Fortune 500 companies find the right partner with the subject-matter expertise and transactional excellence to optimize a particular sourcing category from beginning to end, the efficiencies and results that innovative partner brings can invigorate, empower, and transform the organization and its people.

Which brings us back to our earlier example (200 bids/30 minutes/\$10M in savings). What senior executive, line of business manager, or sourcing professional isn't going to respond favorably to hearing that a procurement event more than doubled supplier participation, stoked ferocious competition that drove down prices, and transpired in an entirely transparent way while leaving behind a digital audit trail?

Is this what autonomous procurement can someday look like?

Not yet. But with elements of process automation supplemented by human subject-matter expertise that provides explanation, personalization, accountability, guard rails, and trust, some might say it's even better.

Mapping Automation to Your Energy Buying Journey

Every Fortune 500 company and large enterprise thinks of energy differently and is on an energy journey all its own, often threading the needle between cost optimization and sustainability goals. This journey is also becoming more complex due to energy scarcity and growing competition for it.

But there's no reason to do this alone – **partnering will accelerate value.**

Wherever you are in your journey, take the lessons of sourcing's evolution to heart: digitalization, centralization, and automation delivers results, and pays handsomely. Working with the right partner, one who has already embraced and mastered these principles, will get you there more quickly and efficiently, whether that's to a place of reduced energy costs, limited energy risk exposure, net-zero operations, or all of the above.

Interested in learning more about best practices in energy sourcing and how to make your company's energy procurement practices more uniform, efficient, and cost-effective?

Join Len and Paul for a virtual “fireside chat” at https://transparentedge.com/the_new_energy_frontier/.

ABOUT THE AUTHORS



Len DeCandia

Len DeCandia is an award-winning Supply Chain/Procurement Executive with 40+ years of experience, including 25 at the CSO/CPO level at global pharmaceutical and consumer healthcare giants Johnson & Johnson, Estee Lauder, AmerisourceBergen, and Roche. Renowned as a subject matter expert in engineering, manufacturing, sourcing, and supply chain management, Len excels at driving value and bottom-line impact through advanced strategic practices in sourcing, digital transformation, and corporate social responsibility.

Recognized globally, Len was named CPO of the Year in 2021, honored with the Global Procurement Leaders Lifetime Achievement Award, and received the Rutgers Business School Distinguished Alumni Award in 2022. Today he serves as the Founding Chair of the Center for Supply Chain Management at Rutgers University, Vice Chair of the Rutgers Business School Advisory Board, and as a Strategic Advisory Board Member for Transparent Energy.



Paul Shagawat

Paul Shagawat, Co-Founder and Managing Partner of Transparent Energy, is a leading authority on energy-procurement strategies and solutions for Fortune 500 and other large energy buyers. Since founding the company in 2009 with Dustin Scarpa, Paul has helped large commercial, industrial, and institutional buyers source billions of dollars in electricity, natural gas, and renewables to power their operations in more strategic and cost-effective ways.

An expert in consultative sales, Paul prides himself on educating clients on energy markets and strategies that advance their business and environmental goals, commenting, “As the advent of AI creates greater demand for energy and the urgent threat of climate change speeds the adoption of renewables, Transparent Energy is ideally positioned – and ready – to be the energy advisor of choice to the Fortune 500 and the company defining energy sourcing's next wave of best practices.”



Transparent
Energy


powering your decisions


Why Energy Urgently Belongs in the Corporate Procurement Function

End-to-End Category Management and
Autonomous Procurement are Re-Shaping How the
Fortune 500 Buys Energy

CONTACT US

 695 Route 46 W, Suite 408,
Fairfield, NJ 07004

 862-210-8770
Fax: 877-335-7306

 www.transparentedge.com
info@transparentedge.com