



Industry: Insurance

Geography: United States

Challenges:

- Third-Party Risk Management
- IT Vendor Risk Management
- Lack of Visibility and Control Over Spend

Solutions:

- Supplier and 3rd-Party Risk Management
- Source-to-Pay
- Contract Lifecycle Management
- Spend Analysis

Results:

- Consolidated TPRM across multiple domains
- 91% of suppliers enabled spend for invoicing and backed by a contract

CNA Digitizes Spend and Third-Party Risk for Improved Agility and Decision-Making

CNA is one of the largest U.S. commercial property and casualty insurance companies. CNA provides a broad range of standard and specialized property and casualty insurance products and services for businesses and professionals in the U.S., Canada and Europe, backed by more than 120 years of experience and approximately \$45 billion of invested assets. In 2018, CNA brought on a new Chief Procurement Officer (CPO), Doug Kortfelt, to realize a vision of serving as a true partner to the business. Under Doug's leadership, the company invested in a digital transformation of procurement and third-party risk management (TPRM). When the COVID-19 pandemic hit, that investment proved very timely by emphasizing the opportunity to leverage Coupa Solutions for the visibility and agility needed to respond quickly and make better decisions in black swan scenarios.

“CNA has tripled the number of assessments completed annually, improved risk visibility and better aligned expert resources by digitizing third-party risk and spending in a single platform.”

– Doug Kortfelt, SVP and Chief Procurement Officer, CNA

Paper-Based Processes Led to Inefficiency and Risk

Prior to CNA's digital transformation, Procurement had a tactical focus and many processes were paper-based. Additionally, siloed processes for purchasing, contracting, and risk management had left the team with several challenges:

- **Limited Visibility and Control over Spend** – Low adoption of spend pre-approvals and limited integration between spend management and ERP made it challenging for Procurement to serve as a true business partner. Despite previous investments in spend management systems, the team spent the bulk of their time on contract administration with limited focus on controlled spend.
- **Labor-Intensive Third-Party Risk Management** – While reviews were completed as part of CNA's process, they were conducted offline without automated workflow. Lack of a formalized way to determine inherent risk led to unnecessary vetting and made it hard for the assessment team to prioritize their time.

A Vision for Digital Transformation

Under the leadership of Doug Kortfelt, CNA embarked on a digital transformation of Business Spend Management, which included Source-to-Pay, Contract Lifecycle Management, TPRM, and Analytics. Digitizing all of these processes on a single platform would give all teams better visibility into spend and third-party relationships, empowering them to better support the business.

Partnering to Drive Success

CNA worked extensively with Coupa and external consultants to configure the Coupa solution and run the necessary change management initiatives required for a successful launch. Ease of configuration let the team to deploy quickly and make adjustments as needed after the initial go-live without extensive re-architecting or services.

Centralizing Business Spend Management Drives Efficiency and Mitigates Risk

As the pandemic approached, the vision for digital transformation of business spend management at CNA began to become a reality. Digital processes were faster, more flexible, and could be managed from anywhere. These benefits would give Procurement what they needed to navigate through challenging times:

- **Improved Efficiency and Visibility with Digital Spend Processes** – With the new platform fully rolled out, PO-backed spend increased dramatically. Supplier adoption increased as well, with suppliers representing 91% of spend enabled on the Coupa platform. CNA managers now monitor charts of KPIs, including digital supplier adoption against benchmarks drawn from across the community of Coupa customers to understand how they are doing. Prescriptive recommendations from the platform point out opportunities, such as suppliers who are already transacting digitally with other Coupa customers.
- **Consolidated, Digital Risk Management** – CNA consistently segments suppliers according to inherent risk and gathers information through the platform to assess risk across multiple risk domains. Additionally, centralized workflow enables more effective analytics and reporting to support improved transparency and decision making by business leadership and CNA's TPRM governance committee.
- **Improved Agility and Decision-Making** – Risk is monitored continually based on each relationship and the associated risk, and all diligence is recorded. If something comes up that needs a risk response or if there is an audit, digital records ensure that the team will be ready. Processes are more efficient, and risk teams do not lose time focusing on a vendor that does not pose sufficient inherent risk.

A True Partner Relationship with Procurement, Risk and Business Partners

Business leaders at CNA have a better understanding of the importance of monitoring and nurturing external relationships – from getting the PPE needed during a crisis to nurturing strategic relationships. Now, Procurement is being asked to advise the business on how to mitigate risk, ensure compliance, and increase flexibility as part of daily and long-term planning. Today, it's not just about how to remove cost. Supporting revenue growth and staying competitive are equally important.

Looking ahead, Procurement continues to develop the supplier relationship management function to work with the business on further developing the risk culture. For example, when there is an indicator of risk, CNA should be able to act immediately across the entire relationship. The Coupa platform gives managers visibility into risk flags and the capability to immediately put a supplier on hold across all BSM transactions and surfaces opportunities to shift spend to other suppliers, such as those they are already working with as well as others from the community. This type of agility will be vital to protect CNA's insured and prepare for other potential crisis situations to come.

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