

Quick Answer: How Can Technology Support a Supplier Diversity Program?

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FOUNDATIONAL This research is reviewed periodically for accuracy.

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In 2020, roughly as many organizations established a supplier diversity program as did so in the last five years combined, increasing demand for supporting technology. Sourcing and procurement leaders can use this research to identify ways to use technology to develop and grow diversity programs.

Quick Answer

How can technology support a supplier diversity program?

- **Data enrichment tools** and services help organizations identify and validate their suppliers' diversity status to ensure reporting metrics are accurately represented.
- **Spend analysis tools** track and report on diverse spend by multiple facets including category, supplier, location and type of diversity certification. Solutions enable multitier reporting to track diversity spend in deeper levels of the supply chain.
- **Supplier discovery solutions** and some procurement networks provide organizations with a searchable database of validated diverse suppliers to grow their diverse supplier portfolio.
- **Supplier registration portals** give organizations a channel to collect and manage a centralized repository of supplier data. They allow diverse suppliers to self-report their status and upload diversity certifications.
- **Diversity tools** can measure the impact your organization's spend has on the local communities through economic impact reporting.

More Detail

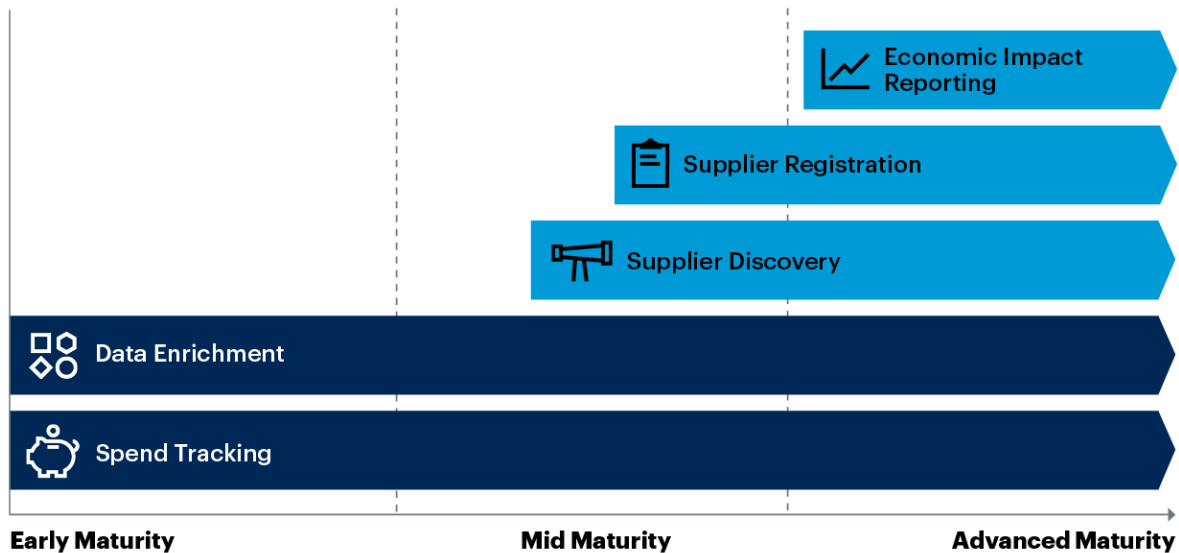
Organizations are placing greater emphasis on developing and growing supplier diversity programs as pressure mounts on them from the C-suite, employees and customers to be more purposeful in supplier decision making. Successful programs need reliable supplier data, visibility into spend, and tools that enable growth.

Gartner expects that, over the next three to five years, this market will expand to include new entrants and additional capabilities provided by source-to-pay solutions. In most cases today, source-to-pay vendors partner to support supplier diversity requirements. Expansion will also include global support. Most supplier diversity solutions are U.S.-centric and lack consistency and coverage to validate diverse suppliers on a global scale due to insufficient global minority certifying bodies and the complexities of defining diversity region to region. Sourcing and Procurement leaders seeking to establish a global supplier diversity program should examine the capabilities of vendors to support regions outside the U.S. or look for other ways to expand, such as grass roots efforts.

Supplier diversity applications can help organizations meet and measure their diversity goals as programs mature in the following ways (see Figure 1):

When to Deploy Technology to Support Supplier Diversity Program Maturity

When to Deploy Technology to Support Supplier Diversity Program Maturity



Source: Gartner
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- **Data enrichment tools.** Validating the status of a diverse supplier is crucial to accurately representing diversity spend and program growth. Both technology and services are available to help organizations with this task. Vendors in this category confirm valid diversity certifications and prompt suppliers to update expiring certifications. In some cases, they work with suppliers that are classified as diverse (but not yet certified) to help them become certified. *Best for early maturity programs classifying their supply base.*
- **Diversity spend tracking.** This is foundational for all supplier diversity programs for visibility, growth and public reporting. Solutions that enable diversity spend tracking cleanse and classify spend data, extracting reports for organizations on their supplier diversity programs. Generally visualized through dashboards and configurable reports, organizations can gain visibility into their total spend and more granular reports like spend by category, supplier, region, business unit and diversity status. Some solutions also enable multitier reporting by engaging with your suppliers to input their supplier data. Tier 2 reporting is less mature than Tier 1 reporting, because it is a relatively manual process that requires your suppliers to comply with providing their supplier data. *Best for early-stage programs establishing program baseline and goals, with Tier 2 reporting following at a later stage.*
- **Supplier discovery solutions.** These enable diversity program growth. Procurement buyers have access to a searchable, shared database of supplier profiles that can be used to establish connections with new diverse suppliers. Integrating these solutions with your e-sourcing or supplier management solutions can further automate the process. *Best for early to mid-maturity programs in a growth phase.*
- **Supplier registration portals.** Many supplier information management and supplier diversity vendors offer a supplier registration portal that allows organizations to collect diversity information along with other critical data needed to consider them for business. Suppliers can self-report their diversity certifications and maintain company data. Procurement buyers can run reports to find and invite diverse suppliers to bid. These tools help automate the data collection process and generate notifications when certificates are expiring; some also offer outreach services. *Best for mid-maturity programs in a growth phase.*

- **Economic impact reporting.** This helps organizations measure the impact of their spend with diverse suppliers in a specific geographic area. Solutions use common models to estimate how the organization's spend with a diverse supplier is impacting things like GDP and jobs created in a community, among other factors. Many organizations tracking economic impact look to show that supplier diversity programs not only contribute to cost savings, innovation and agility, but also to community outreach and betterment. *Best for advanced maturity programs.*

While all of the above capabilities are available in the market, the capabilities vary widely by vendor, with some focusing on a single capability and others providing a full spectrum of support. Organizations must diligently evaluate vendor capabilities alongside costs to determine a best fit for their program.

Sample Vendors: AdaptOne, Coupa, D&B, DiversityTraX, Proximo, supplier.io, SupplierGATEWAY, Tealbook, VIVA

Recommended by the Authors

[Procurement's Supplier Diversity Benchmarks](#)

[Tool: Accelerate Your Digital Transformation and Innovation by Advancing Your Supplier Diversity Program](#)

[Case Study: Evidence-Based Diverse Supplier Recommendations \(CDW\)](#)

[Case Study: Connection-Based Diverse Supplier Mentorship Model \(Humana\)](#)

[Employee Passion Powers Intel's Global Supplier Diversity Program](#)

Evidence

[2020 Gartner Supplier Diversity Study](#)

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