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EXPERT INTERVIEW

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James McGillicuddy, CEO of BRM, on the problem with "little P" procurement

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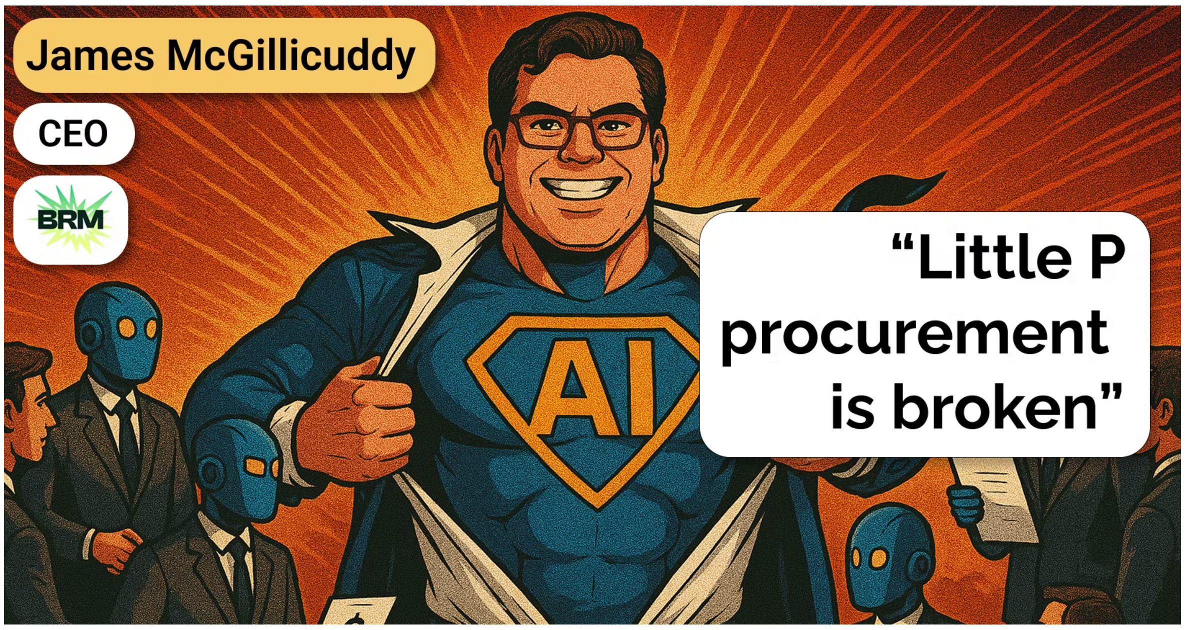
By **Jan-Erik Asplund**



Background

Ariba and Coupa brought “big P” procurement under control with centralized workflows controlled by the finance team—until the rise of self-serve SaaS unleashed “little P” procurement across the entire org. Modern back office tools are now reimagining procurement from the bottom-up, from Zip to Ramp & Brex to AI-native upstarts like BRM.

Key points from our conversation with BRM CEO James McGillicuddy via Sacra AI:

- **Ariba (1996) moved procurement from pen-and-paper to digital and Coupa (2006) brought procurement to the cloud—with both focused on “big P” top-down, centralized procurement workflows controlled by finance and optimizing for cost, compliance and control.** “We think about the traditional procurement market as procurement ‘big P,’ which would be incumbents like SAP’s Ariba, Coupa, ServiceNow and Workday Procurement. . . then there's the newer folks in the procurement world. I'm sure you've seen them. Zip, Oro Labs, LevelPath, Omnea, etc... The players are also procurement, once again 'big P." We think about our world actually as buying, which is something that every company does."

- **Self-serve SaaS pushed "little P" procurement out to employees on the edge who purchased the tools they wanted to use without consulting finance & procurement, threatening the company with compliance & security risk and committing the company to price, terms & renewal.** "Now as a buyer, you are overwhelmed. . . If you are opportunistically purchasing bottom-up from within the company, you might not have as a buyer any idea that you need to go through legal and compliance and IT and InfoSec. You didn't know that the application that you want to buy, the tool you want to buy needs to be SOC 2 Type 2 or HIPAA compliant or whatever it might be. You're just a product manager trying to purchase SaaS roadmapping tools."
- **The "little P" procurement stack of integrating & overlapping tools has emerged with Zip ($333M raised, Tiger Global) for intake-to-procure, Ramp ($648M revenue in 2024) & Brex ($319M revenue in 2023) for expense management, Ironclad ($333M raised, Accel) & Icertis ($497M raised, Greycroft) for contract lifecycle management (CLM) and AI-native upstarts like BRM ($21.6M raised, Caffeinated Capital) for vendor management.** "I think this is the massive buying market that until the advent of AI, was not addressable. It was just a hard fact that you managed your vendors and your buying process in this very clunky, disjointed way across many systems and horizontal business applications. With AI and agents, we now have an opportunity to actually serve and open up that entire market, and we're starting to do that."

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- Geoff Charles, VP of Product at Ramp, on Ramp's AI flywheel
- Karim Atiyeh, co-founder and CTO of Ramp, on the future of the card issuing market
- Gaurav Baheti, CEO of Procol, on bringing procurement online in India
- Andrew Hoag, CEO of Teampay on building expense management for the enterprise

Interview

To start, why procurement and why now? It seems like there's a lot of new solutions out there with traction. We'd like to understand why that's happening now.

Broadly as you look at the market, there is a lot of activity in procurement. We think about the market really in two ways. We think about the traditional procurement market as procurement "big P," which would be incumbents like SAP's Ariba, Coupa, ServiceNow and Workday Procurement, Zycus, Basware, Oracle, etc.

Some of these incumbents like ServiceNow, and Workday have prioritized procurement more and more in the last few years, and are continuing to do so.

Those are the incumbents, and then there's the newer folks in the procurement world. I'm sure you've seen them. Zip, Oro Labs, LevelPath, Omnea, etc.

These players are also procurement, once again "big P."

We think about our world actually as buying, which is something that every company does. We think about buying as what companies do prior to having a formal procurement team. These companies spend a lot of time negotiating with vendors, tracking renewal dates on a spreadsheet, storing contracts in multiple systems, and using horizontal business applications as a makeshift procurement system. The onerous, time-consuming aspect of this buying activity is all that time, and labor.

I think this is the massive buying market that until the advent of AI, was not addressable. It was just a hard fact that you managed your vendors and your buying process in this very clunky, disjointed way across many systems and horizontal business applications. With AI and agents, we now have an opportunity to actually serve and open up that entire market, and we're starting to do that. With AI and agents, companies like BRM can take this off your plate.

We have customers of all sizes. We have a Tread and a Santa Barbara Asset Management. Santa Barbara Asset Management is a three-person company. Tread is a 60-person company. They're BRM customers, and they're not necessarily buying us as “big P” procurement software. They're more or less hiring our agents as a member of their team to take all of this on.

This takes me to these third-party negotiation-as-a-service companies that sit between vendors and buyers to facilitate transactions. We didn't really want to go into that business from day one. Not that they're bad businesses or anything, but it's just econ 101 — when you introduce a middleman, prices inflate. There’s services involved, and I'm not sure if that's a great venture-scale business. For a long time, it was very hard to automate away these services businesses, it required too much game theory and gamesmanship. But with AI that also may change in the future.

I'll get back to the buyer-focused angle, but help us put the pieces together. So you’ve talked about well-known “big P” procurement platforms like Coupa or Ariba. You also have these contract life cycle management (CLM) solutions like Ironclad. How do all these pieces fit together, and where is BRM in that?

Let’s start first with the point solutions that typically comprise procurement workflows and systems. If you look at CLM, that's actually a great example. CLMs like Ironclad, Icertis, SpringCM, etc… — Ariba in many regards — they are more or less used as a contract repository. That’s what we see in our customer base.

We have customers that are also customers of Ironclad, Icertis, DocuSign and all these different solutions. Where we are different — and what I think the market needs — is as a

solution that is vendor, and tool centric. What I mean by that is if you look at the atomic unit of the CLM providers on their own, they are document centric. We are vendor centric.
We create an identity for every vendor that is unique in our system—it is composed of all of the unique identifiers in every other enterprise system where vendor data lives. So let's look at the vendor Figma. We integrate into all the different systems where information about Figma might live. Information about Figma could be: in ERP, email, documents, spend management, CRM, and others.

And then there's information that's publicly available about those vendors as well. What we do is we figure out the identity of Figma across all of those different systems, and tie it to our global vendor identity. We're able to do that with an efficacy that is near 100% accuracy, and in minutes. It's why a small team like us can have very large customers. We have 3 FTE companies, and 7K FTE companies.

We spent the time to build this core entity resolution technology aka global vendor identity. Where we are differentiated and how we think about the world a little differently than the procurement companies or the spend management companies, is we started with the premise that in order to help people buy, which is our tagline, we need to help people understand what they already have. So if you want to prevent duplicative spending, if you don't want someone to buy FigJam and Miro, first, you need to know if they have Miro.

So the way we started the company is we said, let's plug into all the systems to start, reconcile the identities, and we've worked from there forward.

It's "Organize → Understand → Manage → Renew → Buy → Shop". Others have started from "Shop" or "Buy".

Thanks for putting it all together. You mentioned Zip specifically. We understand Zip is growing very quickly. How would you explain to a layperson how Zip and BRM are different and where they overlap? Have you learned anything from observing Zip?

From the outside looking in, it seems like Zip is doing a great job. I don't know the team, but I have a tremendous amount of respect for them, and really any company that grows quickly

and innovates in any space like they have. We don’t see them much in competitive deals, and not in our segment of the market. I would say that we're different in a few ways.
I think we started with this primitive: that identity is the unlock for B2B, and that's how we have solved, and built the business. That is unique to us. No one else that we have seen has taken that approach with building, owning identity. And when I say that, I'm talking about firmographic identity. We started BRM through organizing and understanding what companies have already purchased, and are using. We have done that through integrating with systems that already have vendor data. And resolving the identity of those vendors across every system where there is data (ERP, Email, Contracts/CLM, Spend Management, IDPs)

We are also different from the other providers, because we have built our own data set—all of the firmographic data about vendors is our data. When we create a vendor called Figma that vendor is a unique vendor in our ecosystem. All the information about Figma, we generate. So we don't rely on any third parties for firmographic information. We have our own data business where we generate the listings as we call them, and they continually update in real time. This includes the creation of firmographic data from the card networks as well—our enrichment capabilities are excellent.

The other thing we're able to do from there is we're then able to automagically tie together all of those different pieces of data about Figma in every system, nobody else has been able to do that.

I think that when you build from this perspective from day one, you're able to offer different products and solutions that the market that came before you does not. To that extent, we have embedded agents throughout the product, whether that's a pricing agent, a compliance agent, a cancellation agent, or an email agent. There are all these agents that we built to make this product different. We also have collaboration as a core product pillar—buying and selling is a very collaborative process, and collaboration hasn’t been a first class citizen. I think with agents collaboration even more important than ever. Architecturally, it's very different.

I also think we have different products, and go after different segments of the market to start. We're starting to lead with very specific buying pain points that whether you're a three-person company or 7,000-person company, you will have them––either a human takes care of the problem, or an agent does. You are getting more than software with BRM, you are getting a team of agents that run the software for you. That's the blue ocean opportunity we tackle out of the gate, even as we go into that "big P" procurement use case as well.

For example, we're actually talking to a prospect that wants to use us, alongside of Zip because we can uniquely tie all the data together from all of their systems. So our customers don't think we're always competitive with pre-existing, and new Procurement products.

Ultimately I tell the team we need to focus on our game, not on our competitors.

Do you price that way as well?

No. We price by vendors under management. We believe that we're not selling just software. We're selling the work that the software does. So for example, if you create a compliance questionnaire, you only pay us if we find the information to populate your questionnaire for that vendor. And then we charge on a consumption basis, which is right now up to $200 per vendor per year.

And when you look at the ROI on it, it's fairly interesting because you can very quickly see what the ROI is. If you don't think that we can save you $200 in time or savings, then we're doing something wrong.

That's not something you hear often, a model based not on seats, not on consumption per se, but on atomic units under management. Was it something that was obvious to you for this market, or did you kind of nose your way to it?

Definitely nosed our way into it. If the story was that we totally knew that this is the future, that would be a little bit of a white lie.

We just thought about how we would want to pay for something. It's pretty incredible the work that this is doing and the human labor that's taking off people's plate, including our

own. If this is doing the work that a human could do, why wouldn't we just price it based on the work?
It's also really a great pricing model because your customers can see, "You're charging me for X vendor under management." And they can see that BRM found the contract, extracted the key details, created a calendar event, reminded them 90 days before they had to make a decision, pinged the other people on the team, followed up with them. You can actually see the work that it's doing and then think, "Well, I could pay a contract manager sixty, a hundred grand, or I could just pay this thing a fraction of the cost." And then I can actually decide, "I only want these types of vendors under management" and only pay for those.

So that's how we thought about it. It feels pretty good if you're just going to pay for the work done.

I like your earlier phrasing of having built these primitives that solve this firm identity resolution problem, that you can then build on top of. So a contract-centric workflow in a CLM is a little bit narrower than what you're doing. Is that fair?

It's a bit narrower. [Ironclad] do have a great product. I know a bunch of the folks over there. But broadly a CLM is definitely more narrow. And the atomic unit is just different. Their atomic unit is a document, a contract. Our atomic unit is vendors, and then we tie all the other data to each one.

What about a platform like Ramp, which has launched procurement products. How do you differentiate there?

Ramp's a fantastic company. All of our customers use Ramp, Brex, Mercury or some combination of expense management, card, or bill pay. We are customers of Ramp, Brex, Mercury, Bill, and AMEX. Because our customers use them, we need to use them, and be customers.

First of all, that's probably not a winner-take-all market. There are very few winner-take-all markets.

I can think of maybe a few markets that are winner-take-all. LinkedIn, GitHub for open source, maybe Doximity for doctors. But there are very few B2B winner-take-all markets. And if you

look at the giant spend management market, it's just so massive.
Second, we have customers that aren't on Ramp, aren't on Brex, aren't on Mercury, and they use BRM. We have customers that are on Ramp and Brex and Mercury that use BRM. We have customers that don't use or don't integrate their spend management and ERP into BRM, like some of our compliance customers. They just want agents to help with their specific workflows.

Let's talk about the buyer-focused philosophy now. You talk about how buyers and their needs have kind of been lost in this space. Can you talk about that?

The reason we started the company is because my cofounder and I have done a lot of buying and selling of enterprise software and services. We noticed that despite there being more and more go-to-market tooling, it was getting harder and harder to transact. The transactions were taking more time. There were more people involved. And when we looked at the public markets data, it confirmed that. It confirmed that the payback period was being pushed out. So for the top 10 SaaS companies it is now about 28 months. That's grown from 22 to 28 months in the two years since we started the company.

If you look at sales and marketing spend as a percent of LTV of those same companies, it's like 42%. So what it means is that those sales tools, marketing tools, they might be helping individual companies, but overall they're making transacting in the market less and less efficient.

So if you were to try and fix the overall transaction, how would you go after it? In our view, you need to start in the white space, which is building a yin to the CRM's yang. The BRM is about buyer relationship management. People say, "Shouldn't it be vendor relationship management?" I say no. We say buyer relationship management because we need to remind people that in the relationship between buyer and seller, the game theory is that the buyer has the power in the relationship, aka the customer's always right.

What's happened is that with this explosion of tooling for sales and marketing tech, there's just generally an explosion of tooling. So now as a buyer, you are overwhelmed. And I should mention that the way software is sold has changed. We've

gone from top-down to bottoms-up. And what that means is that if you are opportunistically purchasing bottom-up from within the company, you might not have as a buyer any idea that you need to go through legal and compliance and IT and InfoSec. You didn't know that the application that you want to buy, the tool you want to buy needs to be SOC 2 Type 2 or HIPAA compliant or whatever it might be. You're just a product manager trying to purchase SaaS roadmapping tools.
This is what we discovered — it's just completely broken. There are these horizontal applications that people are jumping in and out of, causing the transaction to become incredibly inefficient. We want to arm the buyers with the tooling to really take on the sellers. So we say "super agents" because it's really important that buyers have some sort of protective tooling against the onslaught of the salespeople's tools.

Another way to think about it is that if you are purchasing and you're that product manager I mentioned or even if you're one of our customers that actually has a procurement team, they're tasked with managing so many relationships with zero workflow automation. Like real automation, not "if this, then that." I'm talking about market analysis, drafting and writing emails for you, those sorts of things. As a result, they have zero leverage.

So we're aiming to level the playing field and help the buyers strike back. That's something that addresses this giant buying market I mentioned. And ultimately, it makes the transaction far more efficient for both sides.

The BRM, buyer relationship management, you might have seen in one of our blogs, that's what we tell people. The company is incorporated as BRM. It actually stands for business relationship management. That's ultimately what we're driving.

Ultimately, at the end of the day, everyone wants to do a great job at work and go home. Today, we have this broken system where you have the sellers on one side, the buyers on the other side, with sellers completely outgunning the buyers. They start negotiating, going back and forth. And then at some point, there's a transaction that occurs. We're not the first to say that there should be a fair transaction.

But our view is that you need to extend preexisting systems of record — the way that we integrate into everything else to give those buyers visibility into what's going on in one complete picture. When you do that, you create a new tool, BRM. Without it you're never actually going to have a great interface with the sell side.

One of the things that happens when you use BRM is you lay out your buying process, and we help you generate that. You can choose a bunch of common fields and criteria that you want. For example, 95% of these InfoSec and compliance asks are the same: They want the same SOC 2, HIPAA, ISO certifications. Well, a lot of information is publicly available. So why wouldn't you have a product that finds that, analyzes it, and takes away 90% of that lift for a human? That's what our compliance agent does.

Why wouldn't you have a product that says, "I'm looking at buying Dropbox. Compare and contrast that to Box and Google Drive." All these humanized things should be in one system. So when you start using BRM, if you're purchasing something, you can just make a request, generate a link, and send that link with your requests for information to the seller. Maybe they have some additional questions they don't have access to, so they add their team. While that's being generated, if the information and data isn't already in our system, we go out and find it and gather it. So when the seller gets this document, 90% of the questions are already filled in, they confirm it.

We start to take this incredibly collaborative process that occurs within a company and between two companies, and actually structure it in one place because we capture all the communication, email traffic. We capture all the Slack communication. That's what it's about — bringing together both sides onto one platform.

And the other nuanced thing about us is that when that buyer sends the seller a link, we create a seller org that is unique to them in our system, so that information is saved. It's not a one-time transactional "fill this information in."

Let's talk about the agents. How far do these agents go? Also, these are pretty sensitive areas. There's a lot of dollars involved and legal and compliance issues. How do

you build trust with customers so that they're willing to hand over these tasks?
When we started the company we went out and fundraised at the end of 2022. That was the bottom of the market, as one of my friends dubbed it: the "SaaSacre." Like, everyone was getting slaughtered. It was at the bottom of the SaaSacre, and it was really pre-AI hype.

But my co-founder [CTO, Fabian Frank] and I met at RelateIQ years ago, and one of the big things that we figured out there was this entity resolution piece. He's fantastic at this type of work. We know that if we could crack canonical vendor identity, that would give our customers a single view across all of their vendor data.

The punchline here is that from day one, we have been building with agents or with AI at the core of the business. Until recently, however, the end user did not see any of the agents, they could not interact directly with AI. But when I show you Figma and I show you the users from Okta, when I show you the contract from your email, when I show you all the data from it, when I show you the journal entry from ERP, when I show you your credit card receipts, under the hood there is core, proprietary tech that we have built.

So a lot of the agent work is behind the scenes. We have agents that work with agents to help another agent. There are a lot of agents built into the platform. We have a lot of specially trained agents that are focused on specific tasks.

That said, I like to use this analogy where we don't believe in tech moats. We just don't believe they exist. Which is why when we started the company, we said, we need to assume that everything that we build gets commoditized and other people are able to do it eventually. So that means that we need to build a network of data and people on top of the agents. And so that means that we've made some very purposeful decisions on architecture, on the way we build things, with agents at the core of that.

It sounds like you're saying that you weren't putting agents front and center. You were showing customers the results they're getting and how accurate they are. And that's how you build trust.

There was a customer that signed with us last week that's in a highly regulated space. Actually, a lot of our customers are. We have customers that work in healthcare. We have customers that work in trading. Public.com is one company we can reference publicly. AlphaSense/Tegus is another.

We have a 7,000-person company now where we have access to their NetSuite, their Okta, their Google, HRIS, select inbox access email. We are collecting a lot of sensitive information—– to help them make informed decisions. We operate with human-computer symbiosis in the sense that an agent might find the information in the same way that a junior individual would find that information and do some analysis. But then we have someone that confirms that, that says "that's right" or "that's wrong."

It's doing a lot of the legwork out of the gate for you, and then you can confirm it. So our agent will look for compliance information and assess whether a system is holding PII — but a human has to sign off on that and approve that assessment.

The key is the amount of time that we're saving compliance teams, for example. Especially on the legal and regulatory side. One of our customers that’s a healthcare company — we took their vendor due diligence onboarding process from two hours down to ten minutes. Our agent went out, found all the information, gathered it, gave an initial assessment, and then the head of compliance said, "yes, no, yes." They can say "no" and then reference the seller, the vendor, and ask, "Hey Bob, why is it this way?"

So it's really centralizing all the work, doing the work of maybe an L1, L2, and then going up the pyramid. We actually have a pyramid of work that we constantly measure ourselves against from junior entry level roles all the way to a godlike AGI type persona.

You hinted recently in a blog post that sellers are really not going to like a new product that you're about to launch. My mind instantly went to, "Oh, they’re going to have agents negotiating directly with sellers." Is that where agents are headed?

If you think about it from a macro perspective, the sales side has incredibly organized automated systems helping them.

There's data co-ops, for example. Oftentimes, the seller knows more information about how you buy than you know. There’s different data businesses where they can show sellers the decision-making process for a buyer, but the buyer has no idea that information is out there. It's really information asymmetry.

So as you think back to that pyramid, and you think about the hierarchy of needs — let's say at a renewal. Well, before, you'd have to go tap people on the shoulder and ask them, "Do you think of this product? Should we renew it?"

People renew more than they buy. If you look at it from a transactional perspective, there's more spend on renewed vendors and services than net new. So this goes back to how we started the company working backwards. If renewals are the majority of your spend, why wouldn't someone build a product focused on that?

What that means is that when you renew, you want to have all the information from all the different people, all the different systems, and that should help you make an informed decision.

Wouldn't it just be nice to know that for a given contract or tool that you want to renew, that even though the end date is June 1, you need to let them know 45, 90, 60 days prior if you're going to renew or not? In the same way that on the seller's side that team’s coach is like, "Hey. Reach out a week and a half before the renewal and say, 'Hey. Great. Looks like we're getting ready to renew. We're going to upsell you.'"

Because think about the industry, SaaS in particular. What do people care about? Net dollar retention. If you care about net dollar retention, and that's how people evaluate your business, but your payback period isn't until 28 months out, it means that even with the folks that you're trying to renew, they have leverage, but they're not using that leverage.

So even on products that you don't want to turn off, you should be armed going into that renewal negotiation like it's a brand new net purchase because while buyers don’t want to deal with switching costs, it sure as hell hurts a lot more for the seller to churn a logo than it does to just have it stay flat or get 10% off from the previous year.

So we are building: agents that show you "all the context" on a vendor that’s being renewed, which goes back to that canonical vendor ID. Two, we do some analysis — we're able to actually show you all the usage, all the engagement, draft the strategy for how you should approach this, even actually advise you now on what some of the steps might be. And then three, there's also just very basic things that we're going to be releasing that keep vendors on their toes.

You can't get something if you don't ask for it. But until now, there's been no automation that just always assumes that you want to ask for a discount or that you're going to negotiate to get what you want.

So all that automation is coming here very soon. We're releasing an alpha of this in the next week or two, but it'll really be helping people figure out if they should churn or how they're going to take on the sellers. And sellers actually won't know that you're using BRM.

If we close our eyes and wake up in three years, what will procurement look like if everything goes the way you hope it'll go for BRM? Is it adversarial agents negotiating software deals on both sides?

I think that in a few years from now, we will have aspects of our software that are taking on adversarial agents or people. And then I think there'll be a part of the business that is all about helping people buy.

What I mean by that is that the tagline "helping people buy" came from back when I was at my first go-to-market job at RelateIQ. Someone said, "Hey, Cuddy. You're just trying to sell me." I said, "No, I'm just trying to help you buy."

And helping you buy means you should only be working with the people that are qualified, that should be using your product. You're helping focus on the value creation between both sides, and that's what I want us to focus on. That's what I think B2B should focus on. Helping people buy is also helping people sell.

One view of the world is that there are these CAC overlords. And these CAC overlords are extracting all the value out of the transaction even if you don't transact. So you search for

something on Google and come up with these 10 blue links. There's this market clearing price for who shows up at the top, then I click on it. I then fill in a form to talk to a person. It's very broken. And then when I talk to that person, they figure out that I don't have a budget. I don't have authority. There's no need. I'm just window shopping.
If you think about what we're doing — we're plugging into all those sensitive systems. We're building a really interesting dataset from the first journal entry in your ERP to really everything around who your customers are, who you are, what tools you have. And then we're able to say to the sell side, "Hey. This person is looking for a CRM. They're squarely in your ICP. We know that because we're now connected to your systems. Do you want an introduction to them?" And in return for that, you will transact more or less at market clearing price.

And we say to the buyer, "Here are the three vendors that you might want to take a look at based on our data," and then we just connect people. And if we do that, we can bring down the transaction cost for everyone.

And then in doing that, also, the majority of that information — if you equate this to the public markets, which is where some of this inspiration comes from — all the listing information so to speak, all that data is just taken care of. And as a seller you can just focus on value and vision and why I want to use your product. And as a result, you increase margins for everyone. The cost goes down.

That's the world that we want to have a taste of in a few years. And that's ultimately what we want to do — we want to help people buy, but we also want to help people transact because my view is that we are only as good as our tools. If our part can be helping put the right tools in the hands of people at the right time to help cure cancer, help go to Mars, that's what we're good at. We want to empower people with tooling to do their best work.

So that's what I think it looks like. It's a very hard thing to do. But if you squint, it's actually kind of achievable.

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