



Supply Chain Management (SCM) BPO – Annual Report 2015

SCM BPO: An Idea Whose Time Has Come

Procurement Outsourcing (PO)
Annual Report: March 2015 – Preview Deck

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Background and methodology of the research

Background of the research

Supply chain, as a business function, is undergoing some fundamental changes. Consequently, organizations are now turning to third-party service providers who can deliver SCM solutions that go beyond the traditional boundaries of procurement, logistics, and inventory management. Against this backdrop, SCM BPO has emerged as one of the newest BPO verticals garnering global attention. The potential is huge and the market is trying to figure out ways to exploit this space. Recognizing this opportunity, service providers are developing comprehensive SCM BPO offerings as well. They are blending technology augmentation, reporting/compliance capabilities, and analytics to transform the supply chain operations of their clients. In a nutshell, the rapidly growing SCM BPO services market has a huge opportunity in store for both buyers and providers.

In this study, we analyze the global SCM BPO market, focusing on:

- | Market overview and contractual activity
- | Global growth and adoption trends
- | Solution characteristics and emerging trends
- | Service provider landscape

Scope of the analysis

- | Third-party SCM deals by broad-based BPO service providers and SCM BPO specialists. Third-party logistics and warehousing service providers have been excluded
- | Around 160 SCM BPO deals signed as of 2013
- | Coverage across 12 PO service providers with multi-process capability including Accenture, Aegis, Capgemini, EXL, Entercomms, Genpact, HCL, Infosys, OnProcess Technology, TCS, Wipro, and WNS

Table of contents (page 1 of 2)

Topic	Page no.
Introduction and overview	6
Summary of key messages	13
Section I: Market overview and contractual activity	16
Summary	17
Maturity of SCM BPO	18
Market size and growth	19
Contractual activity	20
Deal metrics	22
Section II: Global growth and adoption trends	23
Summary	24
Adoption by geography	25
Adoption by industry	26
Adoption by buyer-type	27
Section III: Solution characteristics and emerging trends	28
Summary	29
Process scope	30
Geographic scope	32
Technology	33
Global sourcing	34
Pricing	35
Control towers	36
Evolution of analytics	37

Table of contents (page 2 of 2)

Topic	Page no.
Section IV: Service provider landscape	39
Summary	40
Player segmentation	41
Overall market share	42
Market share by geography	43
Market share by industry	44
Appendix	45
Glossary of key terms	46
PO research calendar	48
References	49

Overview and abbreviated summary of key messages

This report will assist key stakeholders (buyers, service providers, and technology providers) understand the changing dynamics of the SCM BPO market and help them identify potential growth areas. In this backdrop, this report provides comprehensive coverage of the global SCM BPO market including detailed analysis of market size and growth, buyer adoption trends, solution characteristics, and service provider landscape.

Some of the findings in this report, among others, are:

Market overview and contractual activity

- | SCM BPO is at a relatively nascent stage compared to other BPO functions
- | The global SCM BPO market stood at ~US\$1.2 billion in 2014 and witnessed rapid growth to the tune of 20-25% CAGR during 2010-2014
- | This growth in contractual activity is driven by new contracts, which account for nearly 62% of the overall contractual activity

Global adoption and growth trends

- | Adoption of SCM BPO is primarily driven by North America, followed by Europe
- | Industry-wise adoption of SCM BPO is led by manufacturing with a 40% share of contractual activity to date

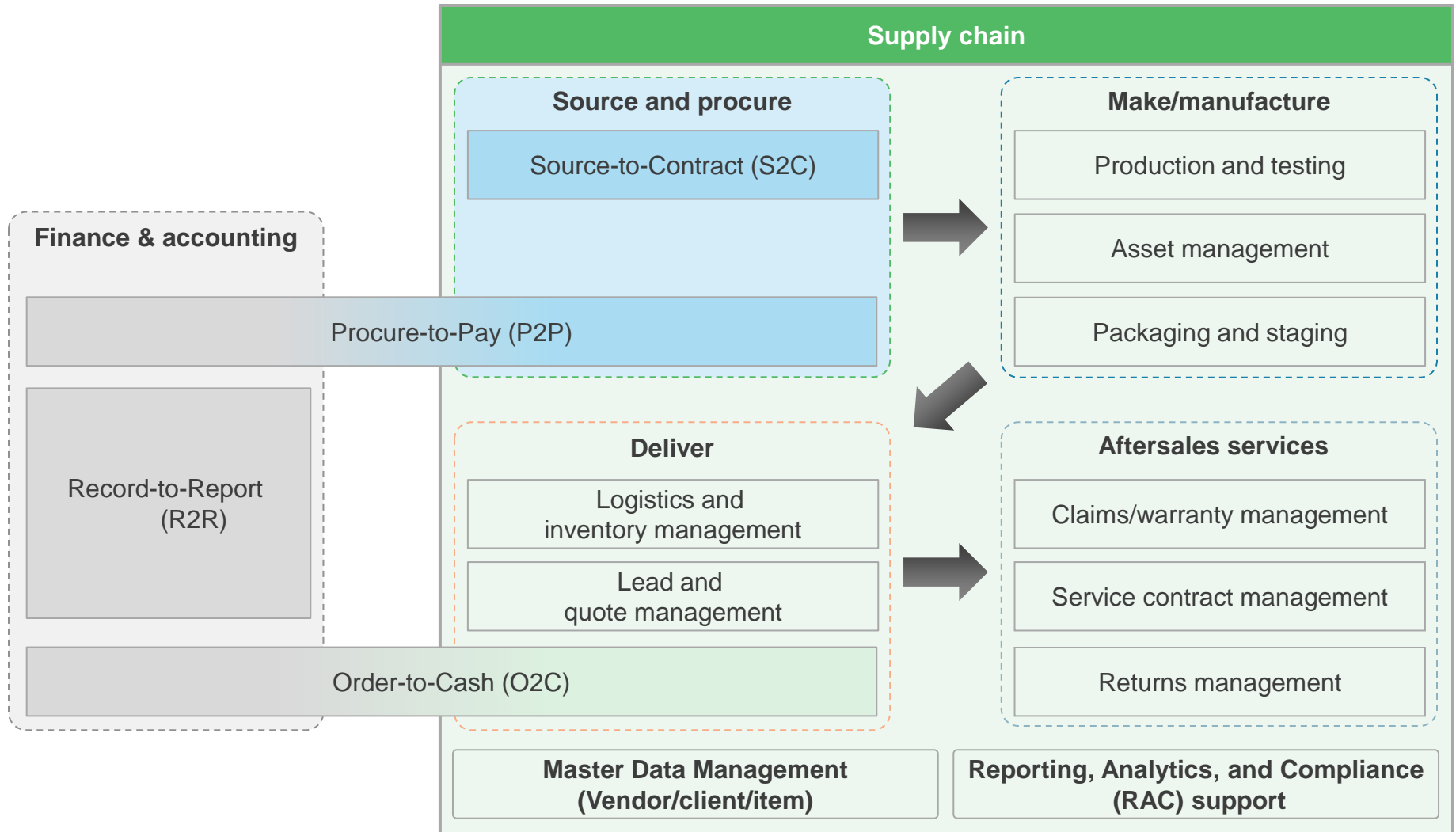
Solution characteristics and emerging trends

- | Core SCM BPO processes focusing on delivery are the most frequently included, while end-to-end scope inclusion is rare
- | Technology play in SCM BPO is mostly point-focused solution with limited end-to-end platform play
- | Supply chain analytics is becoming more complex, breakthrough in big-data analytics will be a potentially disruptive force

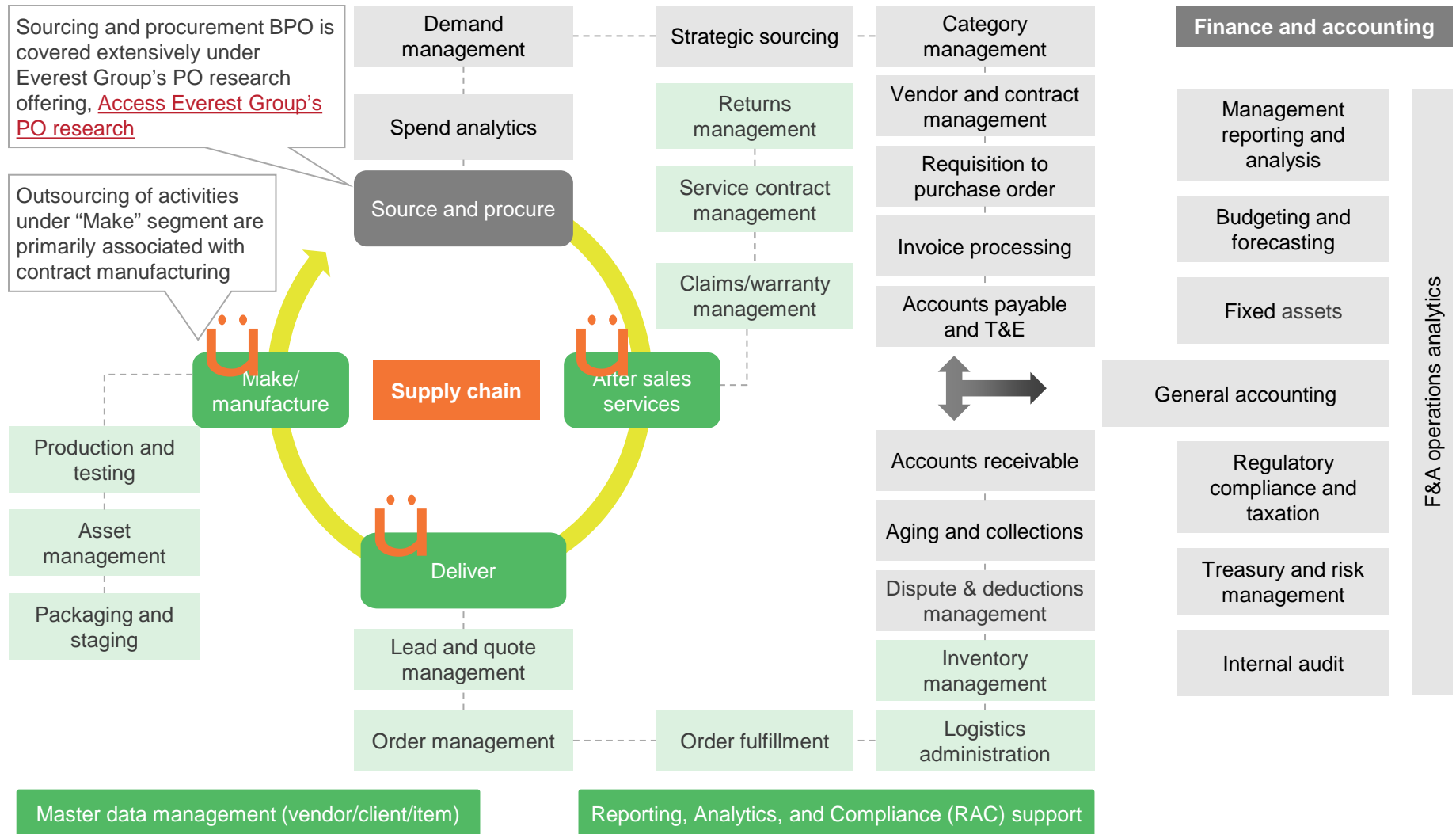
Service provider landscape

- | TCS, Genpact, and Accenture lead the SCM BPO market with a combined share of over 40%
- | The SCM BPO service provider landscape is fragmented both in terms of geography-wise adoption and industry-wise adoption

SCM has significant overlaps with F&A and procurement processes



However, Everest Group's research is guided by a framework that clearly distinguishes supply chain from F&A and procurement processes



Detailed definitions of SCM segments in the scope of this report

Lead and quote management

- | Lead generation & management
- | Obtain & respond to Request for Proposal (RFP) / Request for Quote (RFQ)
- | Quote generation

Order management

- | Install base & contract mgmt.
- | Order receipt, validation, and entry
- | Customer helpdesk
- | Follow-up on overdue order
- | PO / Invoice / Advanced Service Notification (ASN) matching

Order fulfillment

- | Schedule product receipt
- | Consolidate & ship order
- | Shipping document management
- | Track and trace shipment
- | Receive & verify product receipt
- | Expedite/substitute

Logistics administration

- | Optimize warehouse network
- | Co-ordination with logistics provider
- | Transport scheduling/mgmt.
- | Reverse logistics

Inventory management

- | Inventory planning
- | Inventory optimization
- | Vendor Managed Inventory (VMI) support
- | Monitor inventory levels
- | Manage internal warehouse movement

Deliver

Lead and quote management

Order management

Order fulfillment

Logistics administration

Inventory management

After sales services

Claims/warranty management

Service contract management

Returns management

Claims/warranty management

- | Warranty contract registration
- | Claims receipt & verification
- | Claims processing
- | Claims service helpdesk

Service contract management

- | Asset and contract management
- | Partner and service network management
- | Contract compliance assurance
- | Service helpdesk

Returns management

- | Returns authorization
- | Return/repair documentation
- | Problem assessment & categorization
- | Returns tracking and scheduling
- | Returns expedition & follow-up

Master Data Management (MDM)

Vendor master

Item master

Customer master

Vendor/item/customer master

- | Data cleansing
- | Data migration
- | Codification/classification
- | Error resolution/reconciliation

Reporting, Analytics & Compliance (RAC) support

Reporting

Supply chain analytics

Compliance support

Reporting

- | Weekly/monthly reporting
- | Ad-hoc reports
- | Exception reports
- | Dashboards

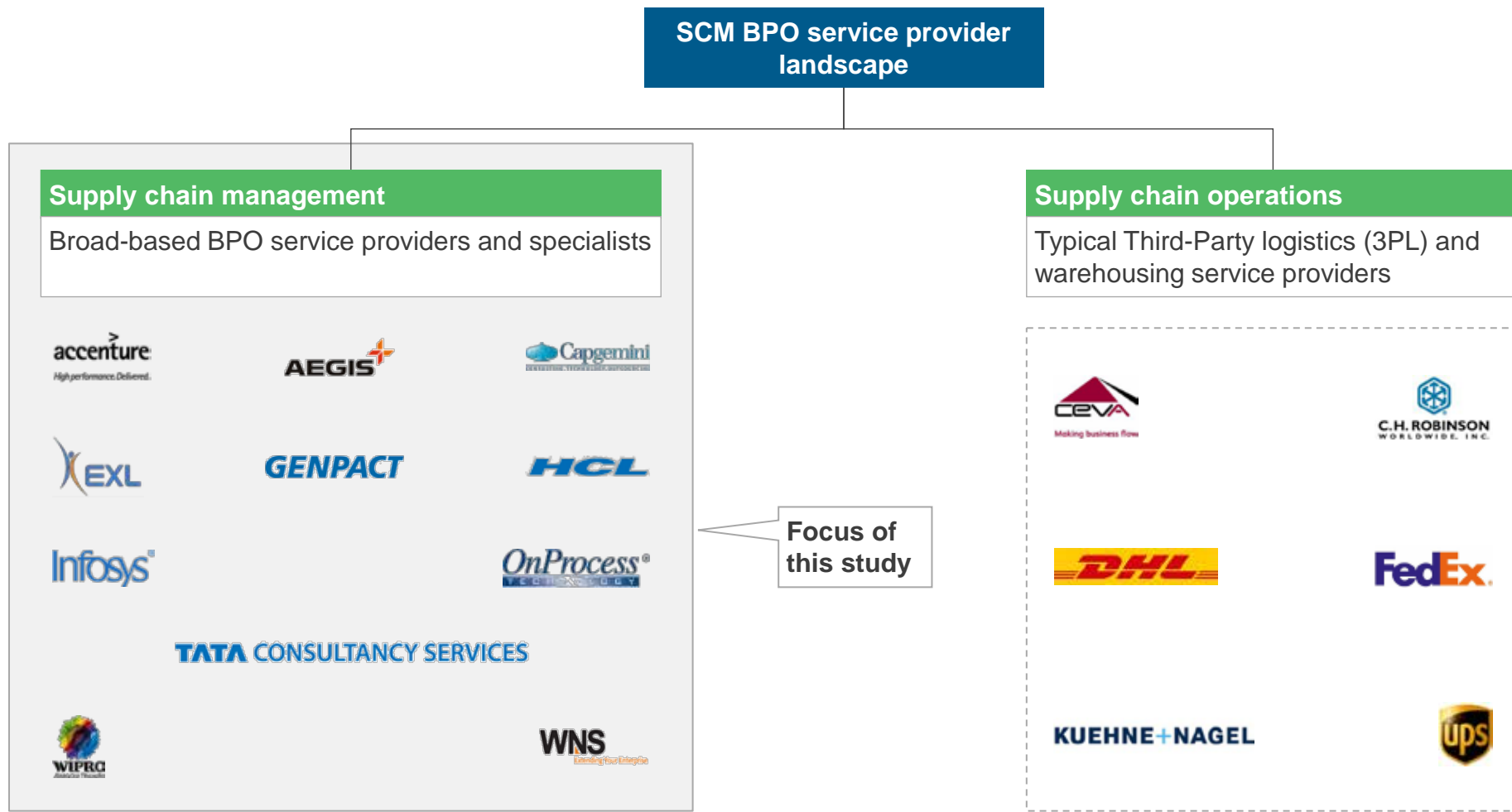
Supply chain analytics

- | Demand forecasting
- | Route/network analysis
- | Supply variability
- | Usage variance analysis
- | Carrier sourcing analytics
- | Freight analytics
- | Root cause analysis

Compliance support

- | Legal compliance
- | Environmental/social compliance
- | Trade compliance
- | Financial compliance
- | Product compliance
- | Process/contractual compliance

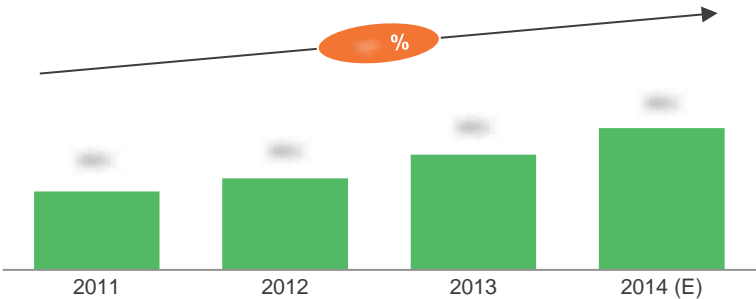
This report focuses on broad-based BPO service providers and SCM BPO specialists



This study offers four distinct chapters providing a deep dive into key aspects of the SCM BPO market; below are four charts to illustrate the depth of the report

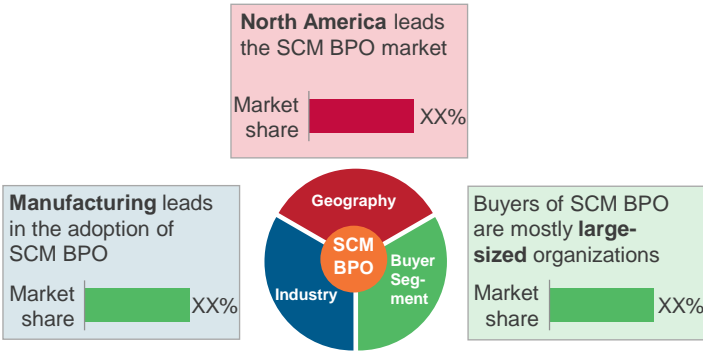
Market overview & growth

SCM BPO market growth
Estimated market size (US\$ million)



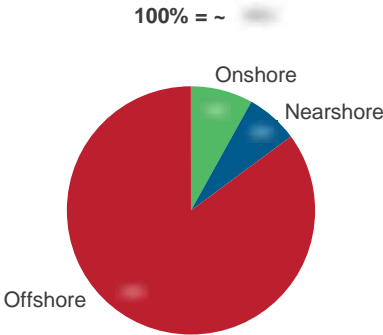
SCM BPO adoption trends

The overall adoption trends are similar to most of the established outsourced business functions



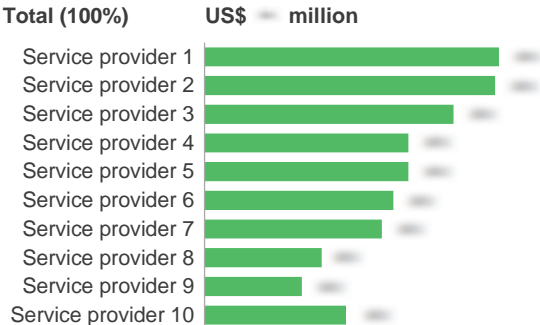
Solution characteristics

Locations of SCM BPO FTEs
Number of FTEs



Service provider landscape

SCM BPO service provider market share in 2013
ACV of active contracts in 2013



Source: Everest Group (2015)

PO research calendar

Topic	Release date
BPS Code of Conduct: A Shared Solution for Protecting Confidential Information	October 2014
Procure-to-Pay (P2P) Outsourcing – Service Provider Landscape with PEAK Matrix Assessment 2014	October 2014
Rising Anti-Incumbency in Outsourcing: Breaking Up Is Not Hard to Do	October 2014
Service Delivery Automation (SDA) Market in 2014 – Moving Business Process Services Beyond Labor Arbitrage	October 2014
PO – Service Provider Profiles Compendium 2014	November 2014
Procurement Transformation – Driving Performance & Results Beyond the Limits of Leverage	November 2014
Supply Chain Management (SCM) BPO – Service Provider Landscape with PEAK Matrix Assessment 2014	November 2014
Procurement Outsourcing (PO) – PO Service Provider Landscape for Europe with PEAK Matrix Assessment	February 2015
Creating a Leaner Accounts Payable (AP) Organization	February 2015
Convergence of Finance & Accounting, Procurement, and Supply Chain Management Functions	February 2015
Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix Assessment 2015	February 2015
Reinventing Business Process Services (BPS) – Leveraging Technology to Deliver on New Expectations	March 2015
Supply Chain Management (SCM) BPO – Annual Report 2015: SCM BPO: An Idea Whose Time Has Come	March 2015
Service Provider Technology Landscape – The Pecking Order	Q2 2015
PO – Annual Report 2015	Q2 2015
PO – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015
PO – Service Provider Profile Compendium 2015	Q3 2015
PO market report – Focus on Procurement categories	Q4 2015
Technology innovation in PO	Q4 2015

Additional research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Procurement Outsourcing (PO) – PO Service Provider Landscape for Europe with PEAK Matrix™ Assessment** ([EGR-2015-1-R-1369](#)); 2014. This report examines the European PO market and its service provider landscape. It focuses on the growth and adoption trends in Europe, service provider positioning, and solution characteristics of Europe-focused PO contracts. The PEAK Matrix analysis presented in this report gauges the relative performance of service providers in Europe.
2. **Supply Chain Management (SCM) BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2014** ([EGR-2014-1-R-1274](#)); 2014. This report focuses on classification of the service providers into Leaders, Major Contenders, and Emerging Players on Everest Group PEAK Matrix™. The report includes a detailed assessment of the delivery capabilities, and estimation of the market success of each of these categories. The report also incorporates market overview, service provider landscape, and commentary on the capability of each of the service providers individually.

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At a glance

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