Everest Group
RESEARCH

Procurement Outsourcing (PO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016

Procurement Outsourcing (PO)
Market Report: June 2016 – Preview Deck

EGR-2016-1-PD-1773

Our research offerings for global services

- **Market Vista™**
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available
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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
  - **Procurement Outsourcing (PO)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

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1 Banking, financial services, and insurance

Background and methodology of the research

Background of the research

The PO service provider landscape is evolving, as players continually enhance their capabilities to seize new opportunities. Service providers are focusing on a variety of innovative strategies to create differentiation in an increasingly competitive market, and are merging consulting, outsourcing, and technology capabilities to create more transformative solutions for clients. Numerous themes have emerged against this backdrop, such as advanced/cognitive analytics, RPA, and automation that will provide a competitive edge in the future.

In this research, we analyze the global PO service provider landscape in 2015. We focus on:

- 2016 PO PEAK Matrix and Star Performers
- Service provider delivery capability assessment
- Everest Group analysis on service providers

The scope and methodology of this report includes:

- Third-party PO deals; it does not include shared services or Global In-house Centers (GICs)
- Over 1,500 multi-process PO deals signed as of 2015, with a minimum of three procurement processes, over US$1 million in ACV, and a minimum contract term of three years. Typically, managed spend is greater than US$50 million
- Coverage across 18 PO service providers with multi-process capability, namely Accenture, Aegis, Aquanima, Capgemini, Corbus, Genpact, GEP, HCL, HPE, IBM, Infosys, Optimum Procurement, TCS, Tech Mahindra, Wipro, WNS, Xchanging, and Xerox

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Everest Group's PO research is based on various sources of proprietary information

1

- Everest Group's proprietary database of **1,500+ PO contracts** (updated annually)
- The database tracks the following elements of each multi-process PO contract:
  - Buyer details including industry, size, and signing region
  - Contract details including Total Contract Value (TCV), Annualized Contract Value (ACV), term, start date, managed spend, and pricing structure
  - Scope including coverage of buyer geography, process, and category
  - Technology including core procurement technology, service provider's add-on tools (if any), ownership, and maintenance
  - Global sourcing including delivery locations and level of offshoring

2

- Everest Group's proprietary database of **operational capability of 18+ PO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - Key leaders
  - Major PO clients and recent wins
  - Overall revenue, total managed spend, and PO employees
  - Recent PO-related developments
  - PO revenue-split by geography, industry, and client size
  - PO delivery locations
  - PO service suite
  - Quality certifications
  - Procurement-related technological capabilities

3

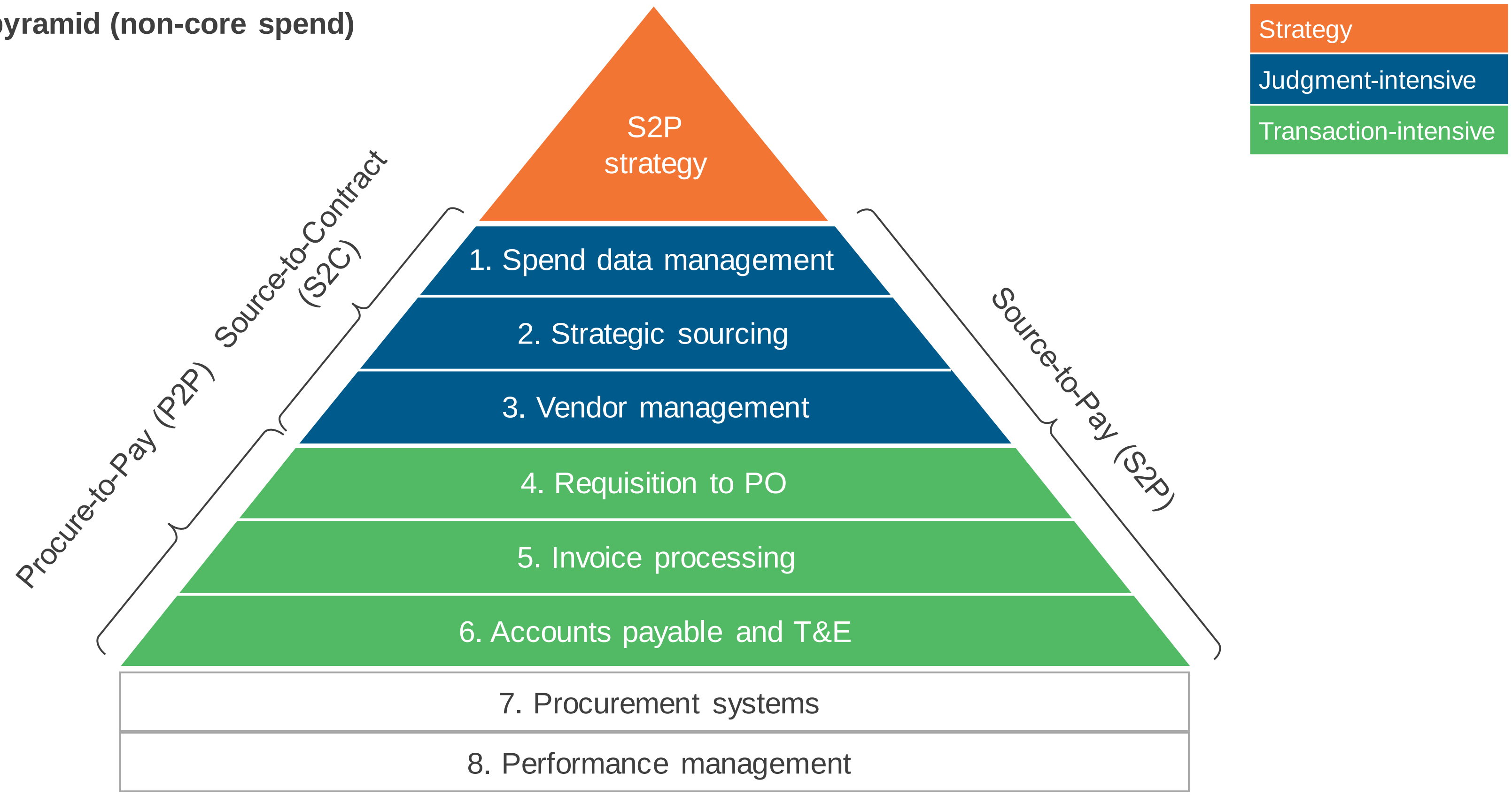
- **Ongoing buyer surveys and interactions**
  - Everest Group's **executive interviews and data collected** from **various buyers**
  - The data contains detailed buyer perspective about PO contracts, specifically on:
    - Drivers for adopting PO and assessment of service provider performance
    - The level of buyer satisfaction and the underlying reasons

Service providers covered in the analysis

accenture — High performance. Delivered.
AEGIS — Experience. We make it easy.
aquanima
Capgemini — Consulting. Technology. Outsourcing
CORBUS — A Soin Company
GENPACT
gep — saving is believing
HCL
Hewlett Packard Enterprise
IBM
Infosys
Optimum procurement
TATA CONSULTANCY SERVICES
Tech Mahindra
WIPRO — Applying Thought
WNS — Extending Your Enterprise
xerox
Xchanging — Inspiring Innovation

Everest Group distinguishes between the Source-to-Contract (S2C) and Procure-to-Pay (P2P) processes

Procurement pyramid (non-core spend)



- Everest Group's analyses include multi-process PO contracts with a minimum of three procurement processes, over US$1 million in ACV, and a minimum contract term of three years. Typically, the managed spend is greater than US$50 million
- Everest Group's analyses include all multi-process PO contracts signed as of 2015

Overview and abbreviated summary of key messages

This report examines the dynamics of the global PO service provider landscape and its impact on the PO market. Based on the comprehensive Everest Group PEAK Matrix, each of the 18 PO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also provides key insights on service provider position & growth in the market, changing market dynamics, and assessment of service provider delivery capabilities. It will assist key stakeholders (service providers, buyers, and technology providers) understand the current state of the PO service provider landscape

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

2016 PO PEAK Matrix and Star Performers

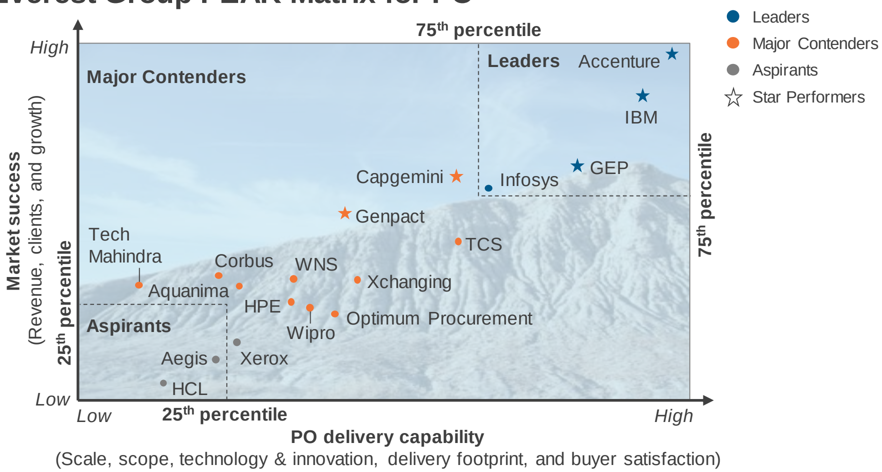
- Everest Group classified 18 PO service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into three categories of Leaders, Major Contenders, and Aspirants
- The 2016 PO PEAK Matrix positioning is as follows:
  – Leaders: Accenture, GEP, IBM, and Infosys
  – Major Contenders: Aquanima, Capgemini, Corbus, Genpact, HPE, Tech Mahindra, Optimum Procurement, TCS, Wipro, WNS, Xchanging, and Xerox
  – Aspirants: Aegis and HCL
- Based on YoY movement of different service providers on the PEAK Matrix, Everest Group identified five service providers as the "2016 PO Market Star Performers" – Accenture, Capgemini, Genpact, GEP, and IBM

Everest Group analysis on service providers

- We assessed the overall PO capability of service providers by evaluating them along six dimensions – market success, scale, scope, technology & innovation, delivery footprint, and buyer satisfaction levels

This study offers two distinct chapters providing a deep dive into key aspects of PO service provider landscape; below are four charts to illustrate the depth of the report

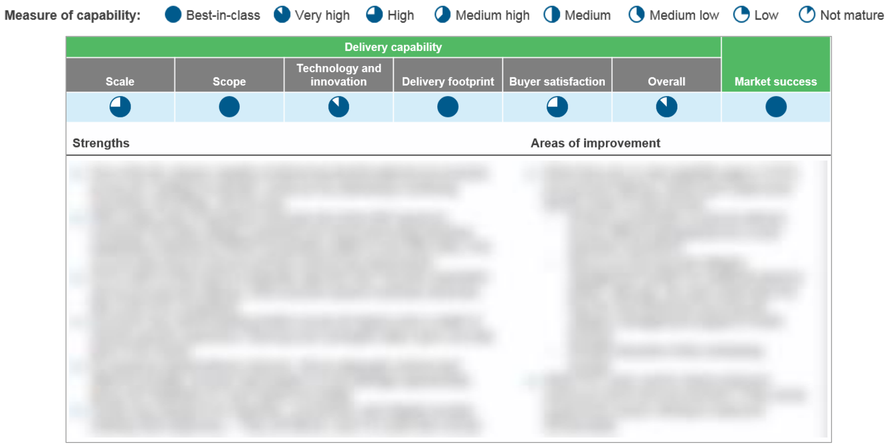
Everest Group PEAK Matrix for PO



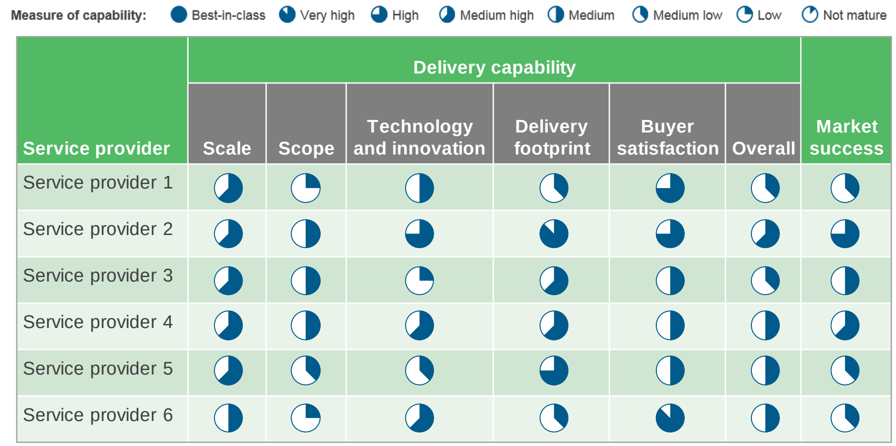
PO market success

2016 PO Star Performers	Distinguishing features in capability enhancement	Distinguishing features in market success	Change in PEAK Matrix position
Star Performer – X		• Added XX new contracts worth ~US$XX million in TCV	Consolidated its position as Major Contender
Star Performer – Y		• Added XX new contracts worth ~US$XX million in TCV • ACV grew by more than XX% in 2015	Consolidated its position as Leader
Star Performer – Z		• Signed XX new multi-process deals worth ~US$XXX million in TCV	Consolidated its position as Leader

PO Service provider market share



Capability assessment



Source: Everest Group (2015)

PO research calendar

Published / Current

Topic	Release date
PO – Service Provider Profile Compendium 2015	October-2015
Seizing the Robotic Process Automation (RPA) Market Opportunity	October-2015
SDA – The Story Beyond Marketing Messages and an Assessment of SDA Tools	December-2015
Service Delivery Automation (SDA) – Technology Provider Profile Compendium	December-2015
Category Management Outsourcing: The Bridge to Strategic Procurement	December-2015
Clever Machines at Your Service	February-2016
Analytics BPS – Analytics Goes Mainstream – Scope Expands Beyond Traditional Clients and Offerings	March-2016
Heralding a New Era of Transformative Business Process Services through Technology	April-2016
Driving Business Outcomes in Aftersales Supply Chain	May-2016
Procurement Outsourcing (PO) – Service Provider Landscape with PEAK Matrix™ Assessment	June-2016
Is the market gearing up for a 3PL revolution in SCM BPO?	Q2-2016
PO – Annual Report 2016	Q3-2016
PO – Service Provider Profile Compendium 2016	Q3-2016
Technology in BPS – Service Provider Compendium 2016	Q3-2016
SCM Service Provider Landscape with PEAK Matrix™ Assessment	Q3-2016

Additional PO research references

The following documents are recommended for additional insight into 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) – Driving Business Outcomes in Aftersales Supply Chain** (EGR-2016-1-R-1758); 2016. The next-generation of global business process services is being ushered in by drivers that extend beyond traditional metrics such as cost arbitrage. The primary ask of the buyers is now centered on driving business outcomes which are hard to achieve if not clearly defined, contracted for, and executed in that spirit

2. **Category Management Outsourcing: The Bridge to Strategic Procurement** (EGR-2015-1-R-1610); 2016. Procurement Outsourcing (PO) has emerged as an efficacious method to generate value for in-house procurement. It started out as an activity focused on cost and spend reduction, but has now evolved into a tool to harness strategic value as evident by the robust growth of this US$2.1 billion market

3. **Procurement Outsourcing (PO) – Annual Report 2015: The Dawn of a Transformational Era** (EGR-2015-1-R-1476); 2015. This report will assist key stakeholders (buyers, service providers, and technology providers) understand the changing dynamics of the PO market and help them identify the trends and outlook for 2014. In this backdrop, the report provides comprehensive coverage of the global PO market including detailed analysis of market size and growth, buyer adoption trends, PO value proposition, solution characteristics, and service provider landscape

For more information on this and other research published by Everest Group, please contact us:

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Everest Group

From **insight** to ***action***.

About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

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