



# **Procurement Services Delivery from GLCs: Gearing up for a Broader Mandate**

Global Sourcing

Market Report – September 2016 – Preview Deck

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<sup>1</sup> Banking, financial services, and insurance

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- Overview of procurement services delivery from GICs
- Evolution and maturity of procurement services delivery from GICs
- Key operating model elements for procurement services delivery from GICs
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# Overview and abbreviated summary of key messages

This report traces the development of procurement services delivery from global in-house centers (GICs). In particular, it highlights the pivotal evolution themes for procurement services delivery from GICs, the varying degrees of process maturity that GICs have achieved, and descriptions of key operating model elements.

The report also briefly describes the outlook for future procurement services delivery from GICs.

## Some of the findings of the report

### Overview of GIC market for procurement services delivery

- The global in-house center (GIC) market for delivery of procurement services is still nascent with less than 5% of the overall GIC market (in FTEs)
- The market has grown at a rate of 4% (CAGR) from 2011 to 2015, reaching a level of 112 setups
- India is the single largest country from where procurement services are being delivered through the GIC model. Other prominent regions are Central and Eastern Europe, and Rest of Asia

### Evolution and maturity of procurement services delivery from GICs

- Procurement services delivery from GICs has evolved across a variety of themes. One of the key themes is the increasing penetration of transactional processes (P2P) with the procurement function
- Additionally, The evidence of benefits of collaboration between procurement and finance are clear and many GICs have improved collaboration between P2P and accounts payable teams
- Mature GICs are going beyond the cost arbitrage proposition to demonstrate that they can deliver complex processes (e.g., spend analytics and vendor management). Enterprises in turn have responded favorably and made adjustments to equip GICs with talent (front-office roles) to manage indirect and direct (non-core) spend categories

### Key operating model elements for procurement services delivery

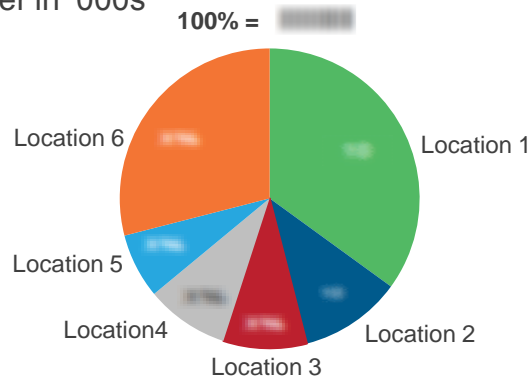
- The best-in-class GICs actively support parent entities in transformation projects that help achieve goals related to standardization, e-sourcing, increased process efficiency, and automation of Source-to-Pay (S2P) cycle wherever applicable
- GICs are also leveraging analytics to uncover significant opportunities of spend reduction, avoidance and consolidation across multiple spend categories

### Future outlook for procurement services delivery from GICs

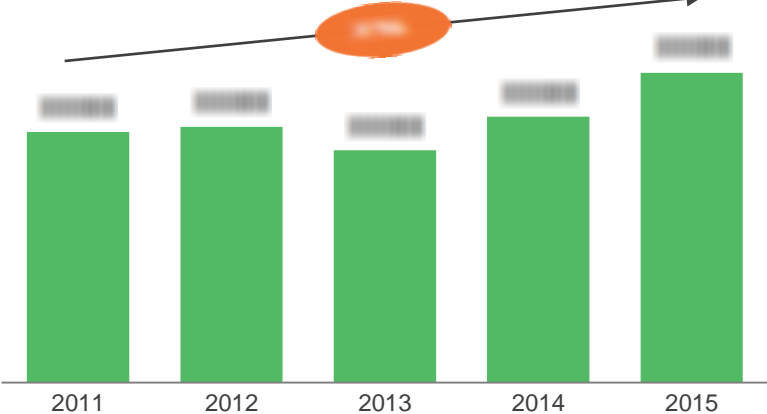
- Technology modernization will continue to push for adoption of the in-house model as a good via media for standardizing transactional procurement processes. Multi-functional GICs will benefit as opportunities for end-to-end process ownership become visible
- GICs are likely to play an increasing role in delivery of complex analytics services (e.g., predictive analytics) that will assist the enterprise identify local and regional supply risks

**This study offers four distinct chapters providing a deep dive into the various aspects of the GIC market for procurement services delivery; below are four charts to illustrate the depth of the report**

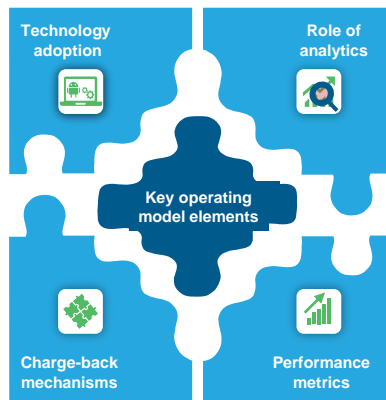
**Market size by location for procurement services delivery from GICs**  
2015; Number in '000s



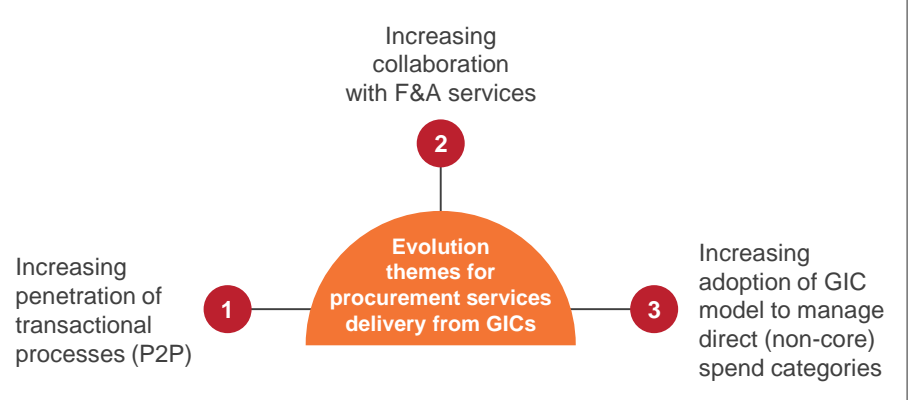
**Number of leading GICs delivering procurement services 2015**



**Key operating model elements for procurement services delivery from GICs**



**Key evolution themes in procurement services delivery from GICs**



Source: Everest Group (2016)

# GS research calendar

Topic	Release date
GICs Leading the Way for Digital Transformation of the Enterprise .....	January 2016
Viewpoint: Upshifting Value and Talent through Robotic Process Automation (RPA) .....	February 2016
Global In-house Center (GIC) Landscape Annual Report 2016 .....	March 2016
Finance & Accounting Delivery from GICs: Trusted Partner to Move F&A Beyond Delivery to Value Creation .....	April 2016
Thematic Report: GIC Talent Landscape in India for IT Services .....	April 2016
GIC Landscape Report: Delivery Landscape for Retail and Commercial Banking in GICs .....	June 2016
Collaboration between GICs and Start-ups: A Win-Win Situation .....	June 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers .....	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate .....	September 2016
Thematic Report: Future Readiness of Talent Model in GICs .....	Q3 2016
Location Focused Report - Philippines as Delivery Geography for GICs .....	Q4 2016
Viewpoint: Evolving Role of Global Sourcing CoE .....	Q4 2016
Global In-house Center (GIC) Landscape Annual Report 2017 .....	Q1 2017



# Additional research recommendations

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

1. **Finance & Accounting Delivery from GICs: Trusted Partner to Move F&A Beyond Delivery to Value Creation** ([EGR-2016-2-R-1733](#)); 2016. This report provides an assessment that covers the current landscape of F&A delivery from GICs, across various themes of evolution of F&A delivery and operating model elements along with a forward-looking view on the transformation of delivery
2. **Global In-house Center (GIC) Landscape Annual Report 2016** ([EGR-2016-2-R-1727](#)); 2016. This report provides an in-depth analysis of the GIC landscape and trends. It covers market size, growth, and distribution of GICs by buyer portfolio, scale, functions supported, and offshore delivery locations. The research also provides an overview of the trends witnessed in the overall GIC landscape in 2015. This has been compared with the GIC activity for the previous two years, to bring forth key areas of differences. It also analyzes the GIC market across key offshore delivery locations, industry verticals, and functions
3. **Upshifting Value and Talent through Robotic Process Automation** ([EGR-2016-2-R-1654](#)); 2016. This whitepaper analyzes the distinct position of GICs to provide leadership in the robotic automation journey for their enterprises. This whitepaper is based on Everest Group's extensive research examining the state of RPA and the broader topic of Service Delivery Automation (SDA). The whitepaper leverages Everest Group's ongoing primary and secondary research encompassing enterprises, technology vendors, GICs, and other relevant industry stakeholders

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