



# Procurement Outsourcing (PO) – Service Provider Landscape with PEAK Matrix™ Assessment 2015

Procurement Outsourcing (PO)  
Market Report: September 2015 – Preview Deck

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- 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)**
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<sup>1</sup> Banking, financial services, and insurance

# Background and methodology of the research

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## Background of the research

The global multi-process PO market continued its robust growth of 12% in 2014. The year witnessed significant contractual activity with 98 new contracts. The PO service provider landscape is evolving, as players continue to invest in technological tools and new-age technology. With the increasing focus on innovation, technologies such as advanced/cognitive analytics, RPA, mobile solutions, and automation will provide a competitive edge in the future.

## In this research, we analyze the PO service provider landscape across various dimensions

- PO service provider landscape overview
- 2015 PO PEAK Matrix and Star Performers
- Service provider delivery capability assessment
- Emerging service provider trends

## 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 1,100 multi-process PO deals signed as of 2014, 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, Genpact, GEP, HCL, HCMWorks, HP, IBM, Infosys, Optimum Procurement, Proxima, TCS, Tech Mahindra, Wipro, WNS, and Xchanging

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

1

- Everest Group's proprietary database of **1,100+ 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

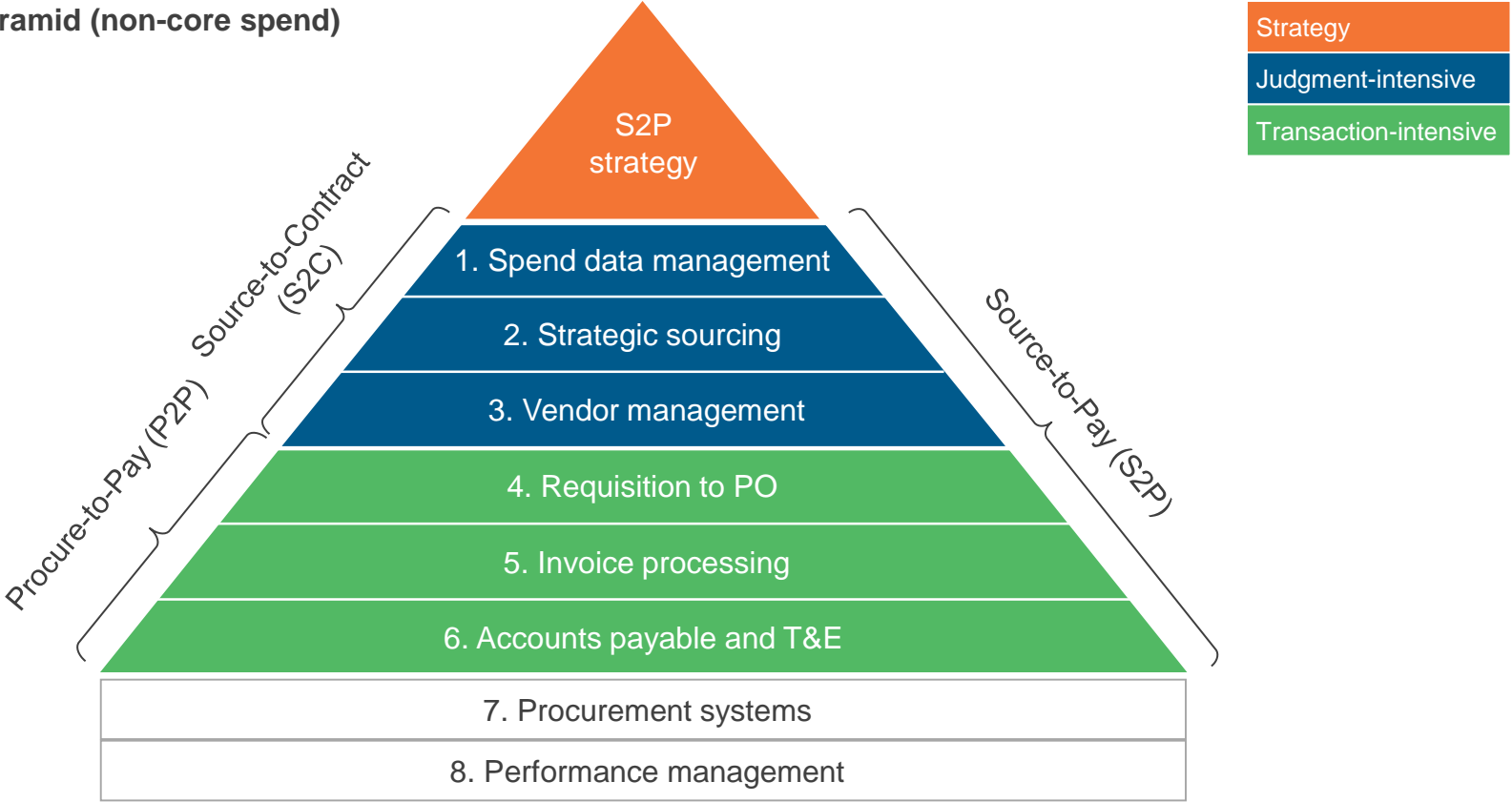
- **Ongoing buyer surveys and interactions**
  - Everest Group's **executive interviews and data collected** from **various buyers**
  - The data contains detailed buyer perspective about PO contracts, specifically on:
    - ◆ Drivers for adopting PO and assessment of service provider performance
  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

## Service providers covered in the analysis



# 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 2014

# 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 are:

### 2015 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 2015 PO PEAK Matrix positioning is as follows:
  - Leaders: Accenture, GEP, IBM, and Infosys
  - Major Contenders: Aquanima, Capgemini, Genpact, HCMWorks, HP, Proxima, Tech Mahindra, Optimum Procurement, TCS, Wipro, WNS, and Xchanging
  - Aspirants: Aegis and HCL
- Based on YoY movement of different service providers on the PEAK Matrix, Everest Group identified three service providers as the “2015 PO Market Star Performers” – Accenture, 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 and innovation, delivery footprint, and buyer satisfaction levels

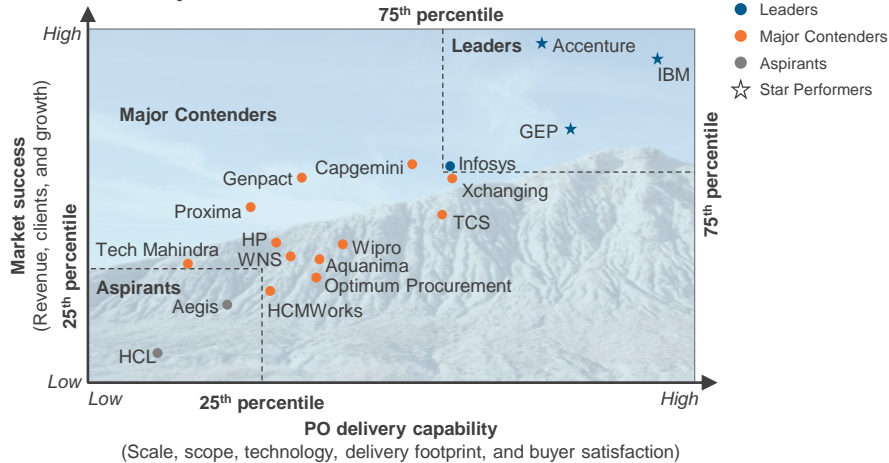
### PO market share analysis

- The PO market is concentrated in the hands of a few large players. IBM and Accenture are invariably the top two players in almost all segments and control almost 50% of the market share
- The top players have exposure to a wider array of buyer segments, while the other players focus largely on the large- or mid-market segment
- IBM, Accenture, and Xchanging accounted for more than 65% of the new contracts signed in 2014



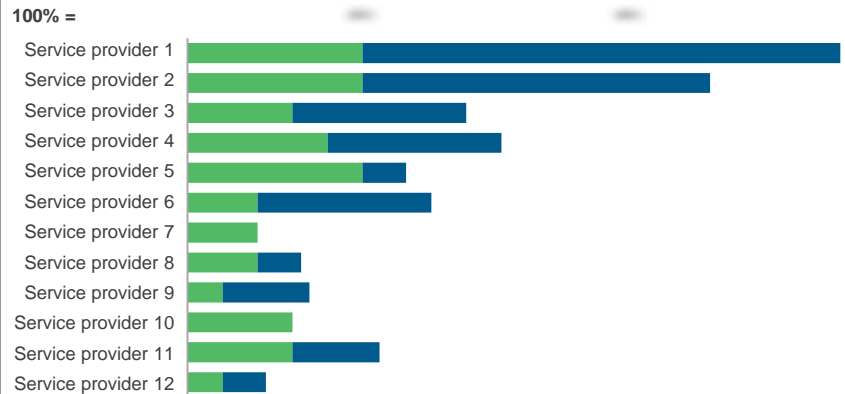
# This study offers three distinct chapters providing a deep dive into key aspects of PO service provider landscape; below are four charts to illustrate the depth of the report

## Everest Group PEAK Matrix for PO



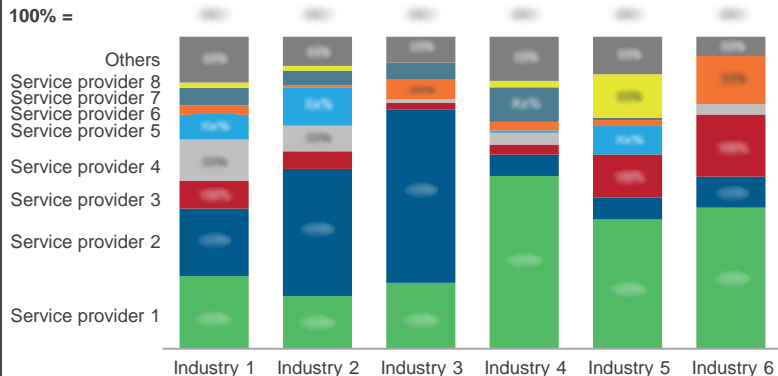
## PO market success

**Multi-process PO contract signings in 2014**  
Percentage of contracts



## PO Service provider market share

**PO market share by buyer industry**  
ACV in US\$ million



## Capability assessment

Service provider	Delivery capability						Market success
	Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	
Service provider 1	High	High	High	High	High	High	High
Service provider 2	High	High	High	High	High	High	High
Service provider 3	High	High	High	High	High	High	High
Service provider 4	High	High	High	High	High	High	High
Service provider 5	High	High	High	High	High	High	High
Service provider 6	High	High	High	High	High	High	High
Service provider 7	High	High	High	High	High	High	High
Service provider 8	High	High	High	High	High	High	High
Service provider 9	High	High	High	High	High	High	High
Service provider 10	High	High	High	High	High	High	High
Service provider 11	High	High	High	High	High	High	High
Service provider 12	High	High	High	High	High	High	High

Source: Everest Group (2015)

# PO research calendar

■ Published
 ■ Current

Topic	Release date
Procurement Outsourcing (PO) – PO Service Provider Landscape for Europe with PEAK Matrix™ Assessment	February-2015
Convergence of Finance & Accounting, Procurement, and Supply Chain Management Functions	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
Aftersales services BPO: Tapping into the Strategic Value of Service After the Sale	June-2015
Procurement Outsourcing (PO) Annual Report 2015 – The Dawn of a Transformational Era	July-2015
Technology in Procurement Outsourcing (PO) Through the Lens of Tomorrow	August-2015
Technology in Business Process Services (BPS) – The Pecking Order	August-2015
PO – Service Provider Landscape with PEAK Matrix™ Assessment 2015	September-2015
PO – Service Provider Profile Compendium 2015	Q3-2015
PO – Market report – Focus on procurement categories	Q4-2015
PO – Market report – Technology innovation in PO	Q4-2015

# 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) – PO Service Provider Landscape for Europe with PEAK Matrix™ Assessment** ([EGR-2015-1-R-1369](#)); 2015. 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 – Annual Report 2015 SCM BPO: An Idea Whose Time Has Come** ([EGR-2015-1-R-1425](#)); 2015. 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 & growth, buyer adoption trends, solution characteristics, and service provider landscape.
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.

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## About Everest Group

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