



# Supply Chain Management (SCM) BPO – Annual Report 2018: Moving Toward a Digital Supply Chain Ecosystem

Procurement Outsourcing (PO)

Annual Report – July 2018: Complimentary Abstract / Table of Contents

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# Background and methodology of the research

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## Background of the research

The relatively nascent global SCM BPO market grew by over 15% to reach approximately US\$1.45 billion in 2017. The market witnessed growing demand from enterprises, most of whom are looking to cut cost, manage risk, and meet evolving customer requirements. Analytics, cloud computing, control tower, IoT, and MDM solutions are emerging as key drivers for success in this market. Enterprises adopting these digital solutions have been able to achieve better supply chain efficiency at a lower cost.

## In this research, we analyze the global SCM BPO market in 2017. We focus on:

- State of the market
- SCM BPO market size and adoption trends
- Service provider landscape in the SCM BPO market

## The scope and methodology of this report includes:

- Approximately 500 third-party SCM BPO deals signed as of 2017; it does not include shared services or Global In-house Centers (GICs)
- Coverage across 11 SCM BPO service providers, namely Accenture, Capgemini, EXL, Genpact, GEP, HCL, Infosys, OnProcess Technology, TCS, Wipro, and WNS
- Global survey and one-on-one executive-level buyer interviews to understand how organizations perceive their PO engagements

# Overview and abbreviated summary of key messages

This report examines the global 2017 SCM BPO market. It will assist key stakeholders (buyers, service providers, and technology providers) understand the changing dynamics of the SCM BPO market and help them identify the trends and outlook for 2017-2018. The report provides comprehensive coverage of the global SCM BPO market including detailed analysis of state of the market, SCM BPO market size and adoption trends, and service provider landscape

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

### State of the market

- Key challenges in the SCM market are – pressure to meet high operating cost, meet uncertain customer demands, and manage risk and compliance
  - Several process-, people-, and technology-related reasons are the cause for these challenges
- Analytics, cloud computing, control tower, IoT, and MDM solutions address several of these challenges

### SCM BPO market size and adoption trends

- The SCM BPO market registered a healthy growth rate of more than 15% to reach ~US\$1.5 billion, and is expected to grow at a similar pace in the future
- North America is the key geography in terms of SCM market share, followed by Europe; Asia Pacific registered the highest revenue growth in the market
- While manufacturing still leads the adoption in SCM outsourcing, newer industries such as travel & logistics have seen an uptick in adoption
- Although large buyers still form the majority, SMBs and mid-market buyers have awakened to the benefits of outsourcing
- FTE-based pricing witnessed the maximum inclusion, very closely followed by hybrid pricing
- Although onshoring has seen an uptick from past years, offshore/nearshore delivery still forms the major chunk of the SCM BPO market

### Service provider landscape in the SCM BPO market

- Everest Group classifies 11 SCM service providers on the Everest Group PEAK Matrix into the three categories of Leaders, Major Contenders, and Aspirants
  - **Leaders:** Accenture and Genpact
  - **Major Contenders:** Capgemini, GEP, HCL, Infosys, OnProcess, TCS, and Wipro
  - **Aspirants:** EXL and WNS
- While Accenture, TCS, and Genpact continue to lead the SCM market, others including HCL and Wipro depicted good growth
- The provider landscape demonstrates significant variations across geographies
- Leadership across buyer industries remains fragmented with service providers' varied focus
- Although large businesses still form the majority, SCM adoption by the SMB segment continues to grow each year

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

## Key market challenges



### High cost of operations

Increasing cost of labor, commodity, fuel/energy, and freight charges, further burdened by pressure due to global competition and inventory shrinkage

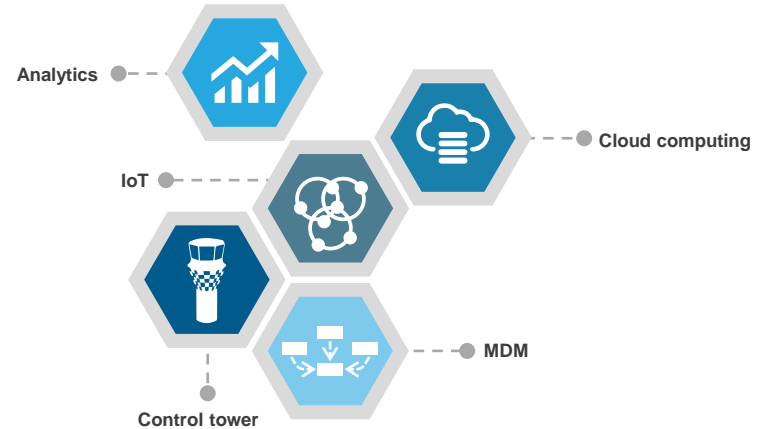
### Managing customer preference

Pressure to provide the right product in the right quantity at the right place and time with the ever-changing customer expectation and volatile customer demand

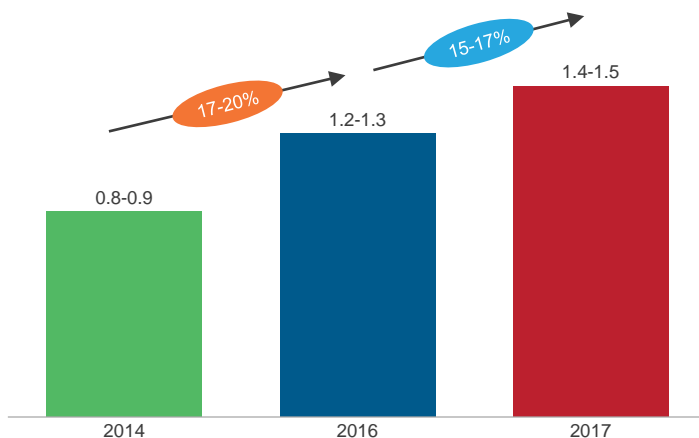
### Risk and compliance management

Follow stringent regulatory environment and maintain business continuity under changing market conditions and financial volatility, while protecting intellectual property

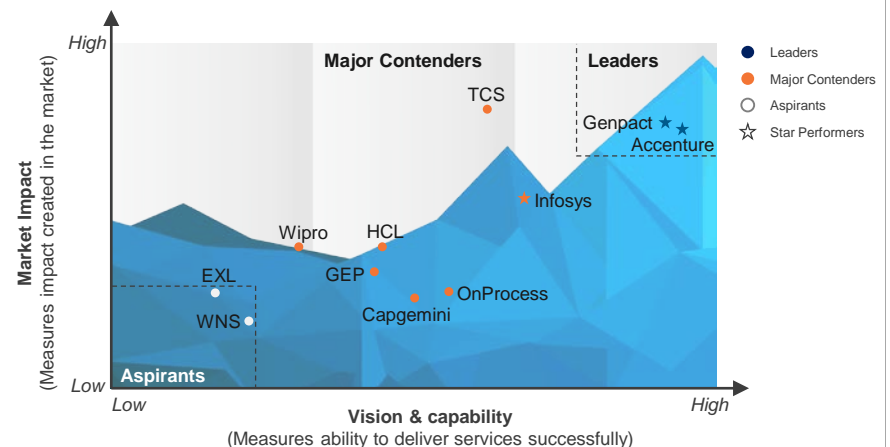
## Digital levers within SCM BPO



## SCM BPO market size and growth



## Everest Group PEAK Matrix™ for SCM BPO



# Research calendar – Procurement Outsourcing (PO)

Published
  Planned
  Current release

## Flagship PO reports

Release date

BPS Delivery Automation (BPSDA) – Service Provider Landscape with PEAK Matrix™ Assessment 2017 .....	July 2017
Procurement Outsourcing (PO) Annual Report – 2017: Leap towards Digital Transformation .....	July 2017
SCM BPO Service Provider Landscape with Services PEAK Matrix™ Assessment 2018 .....	December 2017
PO BPO Service Provider Landscape with Services PEAK Matrix™ Assessment 2018 .....	March 2018
Supply Chain Management (SCM) BPO – Service Provider Profile Compendium 2018 .....	May 2018
Procurement Outsourcing (PO) BPO – Service Provider Profile Compendium 2018 .....	May 2018
<b>Supply Chain Management (SCM) BPO – Annual Report 2018: Moving Toward a Digital Supply Chain Ecosystem .....</b>	<b>July 2018</b>
PO BPO Annual Report – Annual Report 2018 .....	Q3 2018

## Thematic PO reports

Driving Business Outcomes in After Sales Supply Chain .....	May 2016
Unlocking Next-Generation Value through Technology-Embedded Business Process Services .....	July 2016
PO – Viewpoint – Procurement Analytics 3.0 .....	February 2017
3PL or 4PL: An Increasingly Complex Decision .....	June 2017
The Future of Procurement in the Digital Age .....	March 2018
The Growing Importance of Supplier Management for Perfect Harmony of Ying (Buyer) and Yang (Supplier) .....	June 2018
Looking beyond the savings – Emerging Value Levers for CPOs .....	Q3 2018

Note: For a list of all of our PO reports, please visit [PO](#) on our reports portal



# Additional PO research references

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

- 1. Procurement Outsourcing (PO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018** ([EGR-2018-22-R-2588](#)); 2018. This report examines the global PO service provider landscape and its impact on the PO market. It focuses on service provider positions and growth in the PO market, changing market dynamics & emerging service provider trends, and assessment of service provider delivery capabilities
- 2. The Future of Procurement in the Digital Age** ([EGR-2018-22-V-2416](#)); 2018. This paper is intended for enterprise operations executives who are looking to understand the changing procurement ecosystem, its potential implications, and the challenges they must overcome to truly transform the function
- 3. Supply Chain Management (SCM) BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018** ([EGR-2017-10-R-2496](#)); 2017. This report examines the global SCM service provider landscape and its impact on the SCM market. It focuses on service provider positions and growth in the SCM market, changing market dynamics & emerging service provider trends, and assessment of service provider delivery capabilities

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## 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 empower 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](http://www.everestgrp.com).

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