Everest Group®

Global Business Services as the Backbone for Enterprise Procurement (S2P) and Supply Chain Management (SCM) Services

March 2022: Complimentary Abstract / Table of Contents

Our research offerings

This report is included in the following research program(s):
Global Business Services

- Application Services
- Banking and Financial Services Business Process
- Banking and Financial Services Information Technology
- Catalyst™
- Clinical Development Technology
- Cloud and Infrastructure
- Contingent Staffing
- Contingent Workforce Management
- Conversational AI
- Customer Experience Management Services
- Cybersecurity
- Data and Analytics
- Digital Adoption Platforms (DAP)
- Digital Engineering Services
- Digital Services
- Digital Workplace
- Engineering Services
- Enterprise Platform Services
- Finance and Accounting

- Financial Services Technology (FinTech)
- Global Business Services
- Healthcare Business Process
- Healthcare Information Technology
- Human Resources Outsourcing
- Insurance Business Process
- Insurance Information Technology
- Insurance Technology (InsurTech)
- Insurance Third-Party Administration (TPA) Services
- Intelligent Document Processing (IDP)
- Interactive Experience (IX) Services
- IT Services Executive Insights™
- Life Sciences Business Process
- Life Sciences Information Technology
- Locations Insider™
- Marketing Services
- Market Vista™
- Mortgage Operations
- Multi-country Payroll

- Network Services and 5G
- Outsourcing Excellence
- Pricing-as-a-Service
- Process Mining
- Procurement
- Recruitment
- Retirements Technologies
- Rewards and Recognition
- Service Optimization Technologies
- Software Product Engineering Services
- Supply Chain Management (SCM) Services
- Sustainability Technology and Services
- Talent Excellence GBS
- Talent Excellence ITS
- Technology Skills and Talent
- Trust and Safety
- Work at Home Agent (WAHA) Customer Experience Management (CXM)

If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at **info@everestgrp.com**

Learn more about our
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

Everest Group®

Contents

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

Rohitashwa Aggarwal, Vice President

Aditi Bansal, Practice Director

Meghna Thomas, Analyst

Background and scope of the research

Background of the research

- This report is a part of a multi-report series focused on corporate functions delivery from GBS organizations. Corporate functions include activities that deliver enterprise-wide support; their delivery is limited to internal customers

- Corporate functions comprise the following functions: Finance & Accounting (F&A), procurement, Human Resources (HR), marketing, legal, real estate, and SCM

- S2P and SCM include a set of processes that can be transactional, judgment-intensive, and strategic, which is explained further in the process map in the following pages

- There are multiple drivers for the adoption of these functions in GBS centers – leveraging cost advantage across locations, providing 24/7 support, process standardization, and access to additional talent pool. GBS organizations have been transforming themselves to act as the backbone to the ever-growing procurement and supply chain networks of the enterprises

Scope of the research

- The scope of delivery is limited to in-house centers and does not include any outsourced parts of the function

- The scope of this research includes:
  - Maturity of the S2P and SCM functions against other functions such HR,), marketing, legal, real estate, and supply chain since their inception
  - Key trends affecting different spheres such as talent, budgeting, and product portfolios in S2P and SCM GBS centers
  - Breakdown of GBS centers by onshore/offshore and the geographic share
  - Distribution of GBS centers delivering S2P and SCM services by functional capabilities to understand whether centers are multi-functional or pure-play in nature
  - GBS adoption maturity for S2P and SCM services across each of the processes
  - Comparison of GBS adoption maturity by verticals
  - Examples of GBS delivering S2P and SCM services across leading verticals that account for the highest shares in the GBS landscape
  - Delivery locations landscape highlighting the top delivery locations, growth in the recent past, and notable players
  - Challenges faced by the S2P and SCM GBS centers, their responses to the challenges, and key transformation levers driving the future growth
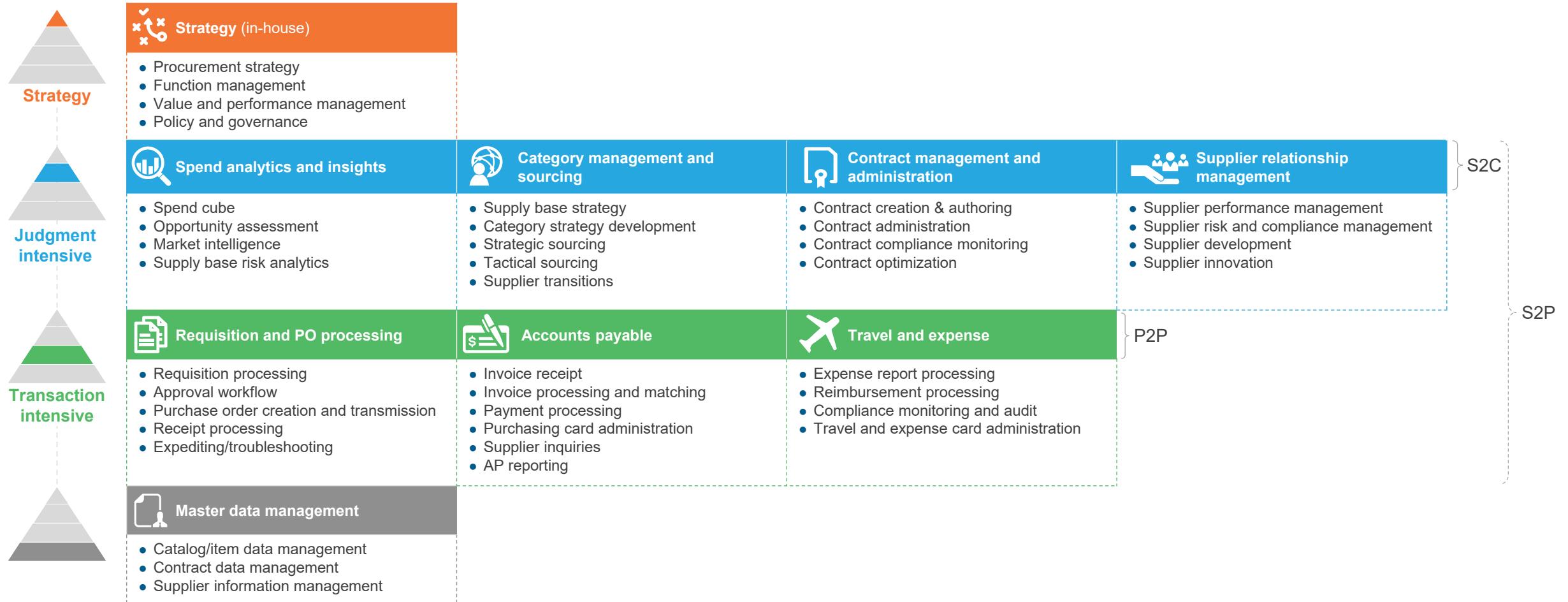
Methodology

This report is based on our ongoing tracking and interactions with

100+ GBS organizations delivering corporate functions from their in-house centers and Everest Group's proprietary GBC centers database with information on more than

6,000 GBS centers.

Everest Group procurement (S2P) process map

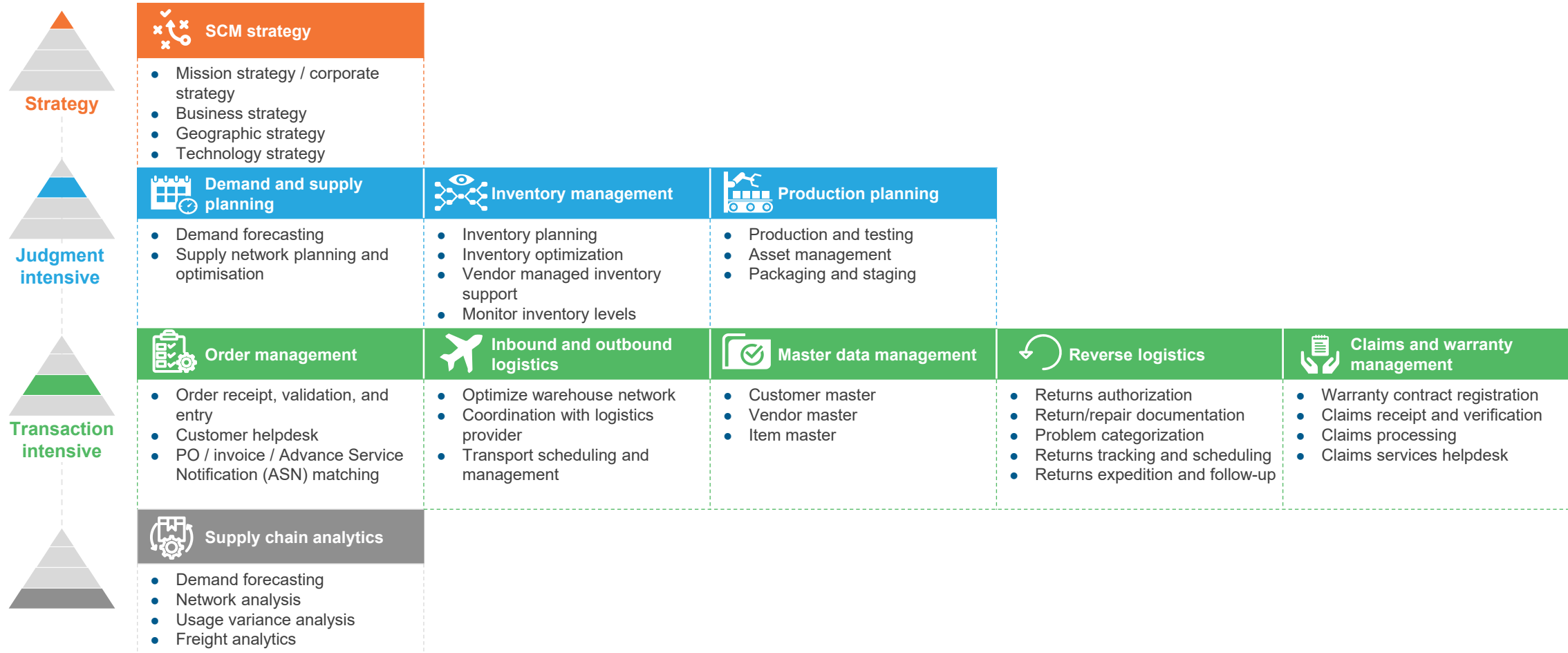**Procurement (S2P) pyramid**

Detailed description of processes within Procurement

Strategy

Strategy (in-house)
- Procurement strategy
- Function management
- Value and performance management
- Policy and governance

Judgment intensive

Spend analytics and insights
- Spend cube
- Opportunity assessment
- Market intelligence
- Supply base risk analytics

Category management and sourcing
- Supply base strategy
- Category strategy development
- Strategic sourcing
- Tactical sourcing
- Supplier transitions

Contract management and administration
- Contract creation & authoring
- Contract administration
- Contract compliance monitoring
- Contract optimization

Supplier relationship management
- Supplier performance management
- Supplier risk and compliance management
- Supplier development
- Supplier innovation

S2C

Transaction intensive

Requisition and PO processing
- Requisition processing
- Approval workflow
- Purchase order creation and transmission
- Receipt processing
- Expediting/troubleshooting

Accounts payable
- Invoice receipt
- Invoice processing and matching
- Payment processing
- Purchasing card administration
- Supplier inquiries
- AP reporting

Travel and expense
- Expense report processing
- Reimbursement processing
- Compliance monitoring and audit
- Travel and expense card administration

P2P

S2P

Master data management
- Catalog/item data management
- Contract data management
- Supplier information management

Everest Group supply chain management process map

Supply chain management (SCM) pyramid

Detailed description of processes within Supply chain management

Strategy

SCM strategy
- Mission strategy / corporate strategy
- Business strategy
- Geographic strategy
- Technology strategy

Judgment intensive

Demand and supply planning	Inventory management	Production planning
• Demand forecasting • Supply network planning and optimisation	• Inventory planning • Inventory optimization • Vendor managed inventory support • Monitor inventory levels	• Production and testing • Asset management • Packaging and staging

Transaction intensive

Order management	Inbound and outbound logistics	Master data management	Reverse logistics	Claims and warranty management
• Order receipt, validation, and entry • Customer helpdesk • PO / invoice / Advance Service Notification (ASN) matching	• Optimize warehouse network • Coordination with logistics provider • Transport scheduling and management	• Customer master • Vendor master • Item master	• Returns authorization • Return/repair documentation • Problem categorization • Returns tracking and scheduling • Returns expedition and follow-up	• Warranty contract registration • Claims receipt and verification • Claims processing • Claims services helpdesk

Supply chain analytics
- Demand forecasting
- Network analysis
- Usage variance analysis
- Freight analytics

Summary of key messages

- S2P and SCM processes carried out by GBS centers have been experiencing significant growth over the years, both in terms of adoption and penetration

- Offshore/nearshore GBS centers tend to handle a significant share of S2P and SCM processes, rather than the onshore centers, with over 20% of them in offshore/nearshore locations
  - While Nearshore Europe and APAC are the most favored regions for delivery, US remains the top choice for onshore delivery, followed by Continental Europe
  - The offshore/nearshore and onshore GBS centers are mostly multi-functional with less than 10% centers purely setup for S2P and SCM processes

- There is very high evidence of GBS centers being leveraged for transactional processes, such as AP, T&E, and master data management, while there is minimal evidence for GBS centers being leveraged for strategic and judgment-intensive processes such as demand-supply planning, inventory planning, and business strategy

- Among verticals, healthcare, manufacturing, technology and communications, and retail and CPG are more mature with respect to penetration and complexity of processes delivered

- GBS centers have been facing a set of common challenges in managing and scaling the S2P and SCM processes in the offshore and onshore centers, with centers responding to them with similar mitigation strategies
  - There has been a growth in the number of operational risks such as enterprise risks, engagement risks, and environment risks. This has led to the enterprises initiating extensive risk monitoring and mitigation plans
  - Offshoring risks posed by geography, supplier pool, service delivery etc. have driven enterprises to improve the choice of delivery locations and better manage the load of supplier pool
  - Repeated processes and cumbersome data management due to an extensive vendor network have led to large-scale automation across transactional processes

- GBS leaderships would also require to focus on transformation levers for sustaining a continuous future growth. The ABCDE levers focus on Ambition, Business Speed, Center Of Excellence (COEs), Data and digital-driven, and Employee Experience (EX) and culture

Everest Group®

The report offers a deep dive into key aspects of delivery of S2P and SCM through GBS; below are four charts to illustrate the depth of the report

Presence of onshore and offshore centers delivering S2P and SCM

Percentage of onshore GBS centers delivering S2P and SCM services by geography[1]
2021; Percentage

100% = 80–100

- Continental Europe 59%
- US 31%
- UK 8%
- Others[2] 1%
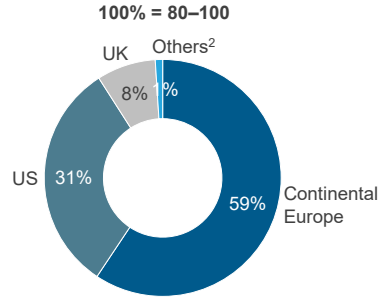
Percentage of offshore/nearshore GBS centers delivering S2P and SCM services by geography[1]
2021; Percentage

100% = 300–360

- APAC 42%
- Nearshore Europe 45%
- LAC 11%
- MEA 2%
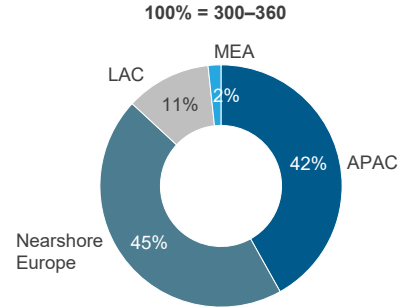
1 Count represents the total number as of December 2021
2 Others include Australia, Japan, and Canada

Delivery locations

Low → High

Location		Key cities with evidence of delivery	Growth trend in the last 12-18 months
India		Bangalore, Chennai, Mumbai, Gurgaon, Hyderabad	●●●○○
Poland		Wroclaw, Krakow, Warsaw, Poznan	●●○○○
Philippines		Metro Manila, Cebu City	○○○○○
Ireland		Dublin, Cork, Galway	●●●○○
Hungary		Budapest, Szeged	○○○○○

Examples of GBS delivering S2P and SCM services across leading verticals

xx% Share of top verticals in total number of GBS centers delivering services

Manufacturing 20-25%
BOSCH, Honeywell, FLEXTRONICS X, GM, Ford, SIEMENS, ABB, Rockwell, Whirlpool, AIRBUS, RENAULT

Technology & Communications 15-20%
acer, vodafone, SAP, vmware, intel, BT, salesforce, hp, AT&T, Apple, DELL, CISCO

Retail & CPG 15-20%
Unilever, ABInBev, General Mills, Walmart, Nestlé, P&G, Coca-Cola, amazon, Levi's, Kellogg's, Amway, TESCO

Healthcare 10-15%
Abbott, NOVARTIS, Medtronic, novo nordisk, AstraZeneca, Johnson & Johnson, gsk, BAYER, Roche, Pfizer

GBS adoption maturity for S2P and SCM services

○ Limited instances of delivery from GBS   ◑ Some instances of delivery from GBS   ● Multiple instances of delivery from GBS

Process	GBS adoption maturity	Comments
Inventory management	◑	• Inventory management has a relatively high offshore leverage among judgment-intensive processes • Some of the activities performed at GBS centers include review of inventory reports including excess and idle stock, inventory turnover, stock-out, suppliers' performance, and status of critical stock items
Production planning	◔	• Production planning is largely done in source/onshore locations • Some activities performed at GBS centers include tracking of man-hours and cycle times, monitoring of production activities, and follow up with sub-vendors • There is evidence of process improvement plans being prepared in GBS centers using six sigma principles

Note: GBS adoption maturity assessment is based on relative maturity of processes within a function.

Research calendar
Global Business Services

Flagship reports	Release date
Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises	May 2018
Global In-house Center (GIC) Landscape Annual Report 2019 – Enterprises Insourcing IT Services to their GICs	July 2019
GBS State of the Market Report: Evolving Operating and Governance Models to Build GBS of the Future	March 2020
US Global Business Services Market Report	March 2021
GBS State of the Market Report: Top 2021 priorities for GBS	March 2021
GBS CXO Insights: GBS Key Issues Report 2022	February 2022
GBS State of the Market Report: 2022	Q2 2022

Thematic reports	Release date
Banking, Financial Services, and Insurance GBS Market Landscape Report	September 2021
Playbook for Successful Business Relationship Management (BRM) for GBS Organizations	September 2021
Playbook for Building Global Centers of Excellence (CoEs) in GBS Organizations	November 2021
The Next Wave of Automation in Global Business Service (GBS) Organizations: What Lies Ahead?	December 2021
Global Business Services as the Nerve Center for Enterprise Finance and Accounting Services	March 2022
Global Business Services as the Enabler for Enterprise Hire-to-Retire Services	March 2022
Global Business Services as the Backbone for Enterprise Procurement (S2P) and Supply Chain Management (SCM) Services	**March 2022**
GBS 4.0: Reimagining GBS of the Future	March 2022
"How-to" Guide to Quantify Value Delivered by GBS Organizations	Q2 2022

Note: For a list of all our published GBS reports, please refer to our website page.

Everest Group®

Everest Group®

With you on the journey

Everest Group is a research firm focused on strategic IT, business services, engineering services, and sourcing. Our research also covers the technologies that power those processes and functions and the related talent trends and strategies. Our clients include leading global companies, service and technology providers, and investors. Clients use our services to guide their journeys to maximize operational and financial performance, transform experiences, and realize high-impact business outcomes. Details and in-depth content are available at **www.everestgrp.com**.

Stay connected

Website
everestgrp.com

Social Media

 @EverestGroup

 @Everest Group

 @Everest Group

 @Everest Group

Blog
everestgrp.com/blog

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto
canada@everestgrp.com
+1-647-557-3475