

# Procurement Outsourcing (PO) State of the Market 2023 – Modern Sourcing and Outsourcing in Uncertain Times

January 2023: Complimentary Abstract / Table of Contents



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## Background and scope of the research

With increasing uncertainty in the business environment, especially with challenges around cost pressures, business compliance requirements such as ESG, the impact of the recession, need for digital transformation, and supply chain disruptions, the functioning of crucial procurement subprocess-sourcing is getting disrupted. Coping with both internal and external factors requires sourcing to be agile and resilient. This is possible with the adoption of evolved practices across people, processes, and technology which are part of modern sourcing. To help sourcing teams expedite the transition from traditional to modern sourcing, service providers are constantly innovating and investing in capability development across upstream procurement areas on the back of their strong downstream procurement expertise. These solutions help sourcing teams drive efficiency, improve visibility, and support sourcing decisions through holistic insights along with improving supplier collaboration and encouraging co-innovation. Increased willingness among buyers to engage with service providers to support sourcing operations is one of the key drivers of the PO market.

This research also provides a comprehensive coverage of the PO market during 2021-22 and analyzes it across various aspects including regional variations, buyer adoption trends, growth drivers, and the PO service provider landscape.

In this research, we focus on:

- Evolution of sourcing in uncertain times
- Role of outsourcing to enable modern sourcing
- PO market overview and adoption trends
- Key buyer adoption trends
- Service provider landscape

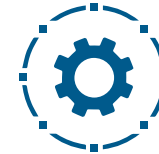
### Scope of this report



**Geography**  
Global



**Service providers**  
Information about 21+ leading PO service providers across the globe has been leveraged for this study.



**Services**  
Procurement

## Overview and abbreviated summary of key messages

This research provides comprehensive coverage of the PO market during 2021-22 and analyzes it across various aspects including regional variations, buyer adoption trends, and growth drivers.

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

### Evolution of sourcing in uncertain times

- Sourcing teams are faced with multiple challenges, as organizations continue to face risks and pressures due to evolving global and economic factors such as cost pressures/inflation, talent shortages, and recessionary concerns
- Overcoming challenges requires sourcing to move away from its traditional cost-saving-mindset and embrace a modern, digital-driven, and value-focused approach aligned to evolving environmental and organizational goals

### Role of outsourcing to enable modern sourcing

- With an increased willingness to outsource upstream procurement processes, service providers are helping organizations transform their sourcing operations in terms of talent, process optimization, and digital enablement
- Service providers have access to category and industry experience, with sourcing specialists strongly focused on delivering customer satisfaction

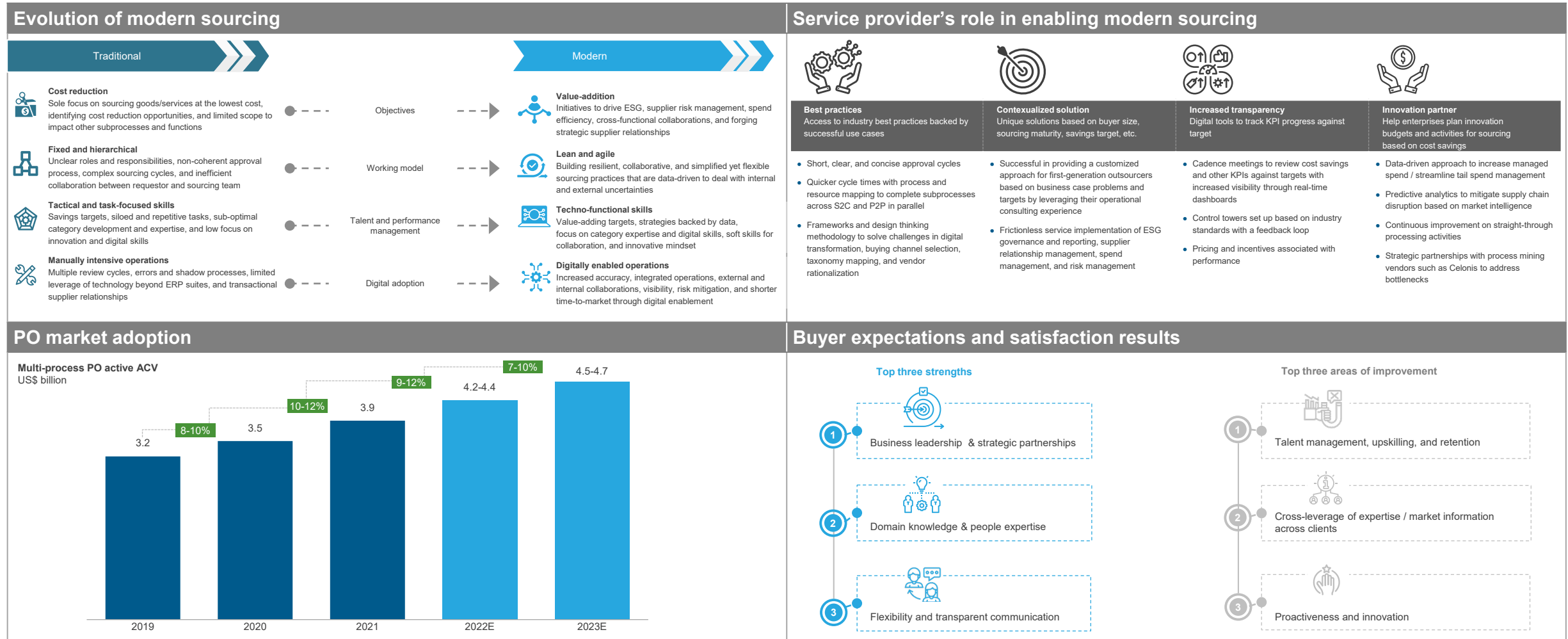
### PO market overview & buyer trends

- The PO market grew at a healthy rate of 10-12% to reach US\$3.9 billion in 2021; the market is expected to continue the momentum despite recessionary headwinds
- Manufacturing and CPG & retail industries registered high growth in 2021 and constitute the majority share of the PO market; growth in these industries may be impacted in 2023 due to recessionary headwinds
- Buyers prefer leveraging a competitive bidding process to select the right partner for outsourcing their procurement operations
- In accordance with new deals and expanding scope in existing contracts, the overall managed spend by PO providers is growing strongly

### PO service provider landscape

- The top three providers – Accenture, GEP, and IBM - contributed more than 50% of the market share in terms of ACV
- Significant gaps exist between Leaders and others in all the assessment dimensions; the largest gaps are in the scope of services offered, delivery footprint, and market adoption

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



# Research calendar

## Procurement and Supply Chain

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Procurement Outsourcing (PO) – Service Provider Compendium 2021	September 2021
Achieving Sustainable Cost Reduction through Digital Technologies	September 2021
Supplier Management Toolkit: Risk Management in Outsourcing	December 2021
Supply Chain Management (SCM) BPS – Service Provider Landscape with PEAK Matrix® Assessment 2022	December 2021
Procurement Outsourcing (PO) State of the Market Report 2022 – Accelerating Value through Strategic PO Engagements	January 2022
Supply Chain Management (SCM) BPS – Service Provider Compendium 2022	February 2022
Supply Chain Management (SCM) BPS State of the Market Report 2022 – Increasing Role of Third-party Providers in Reimagining Supply Chain Operations	April 2022
PO PEAK Matrix® Assessment with Service Provider Landscape 2022	August 2022
Procurement Outsourcing (PO) Service Provider Compendium 2022	November 2022
Leveraging Data Analytics to Build a Truly Connected and Collaborative Supply Chain	November 2022
<b>Procurement Outsourcing (PO) State of the Market 2023 – Modern Sourcing and Outsourcing in Uncertain Times</b>	<b>January 2023</b>
Environment, Social, Governance (ESG) in Procurement	Q1 2023
Evolution of the Procure-to-Pay (P2P) Technology Landscape	Q1 2023
Logistics of the Future	Q2 2023

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