

Supply Chain Management (SCM) Business Process Services (BPS) State of the Market 2023: Investing to Alleviate Supply Chains under Pressure

December 2023: Complimentary Abstract / Table of Contents



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- ▶ Amazon Web Services (AWS)
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- ▶ Insurance Third-Party Administration (TPA) Services
- ▶ Intelligent Document Processing
- ▶ Interactive Experience (IX) Services
- ▶ IT Services Excellence
- ▶ IT Talent Excellence
- ▶ Life Sciences Business Process
- ▶ Life Sciences Commercial Technologies
- ▶ Life Sciences Information Technology
- ▶ Locations Insider™
- ▶ Marketing Services
- ▶ Market Vista™
- ▶ Microsoft Azure
- ▶ Microsoft Business Application Services
- ▶ Modern Application Development (MAD)
- ▶ Mortgage Operations
- ▶ Multi-country Payroll
- ▶ Network Services and 5G
- ▶ Oracle Services
- ▶ Outsourcing Excellence
- ▶ Payer and Provider Business Process
- ▶ Payer and Provider Information Technology
- ▶ Pricing Analytics as a Service
- ▶ Process Intelligence
- ▶ Process Orchestration
- ▶ Procurement and Supply Chain
- ▶ Recruitment
- ▶ Retail and CPG Information Technology
- ▶ Retirement Technologies
- ▶ Revenue Cycle Management
- ▶ Rewards and Recognition
- ▶ SAP Services
- ▶ Service Optimization Technologies
- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
- ▶ Sustainability Technology and Services
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Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations,
risk, technologies

Locations: costs, skills,
sustainability, portfolios

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Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

01

Robust definitions and frameworks

Function specific pyramid, Total Value Equation (TVE), PEAK Matrix®, and market maturity

02

Primary sources of information

Annual contractual and operational RFIs, provider briefings and buyer interviews, web-based surveys

03

Diverse set of market touchpoints

Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership

04

Fact-based research

Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and providers

Proprietary contractual database of over 900 SCM contracts (updated annually)

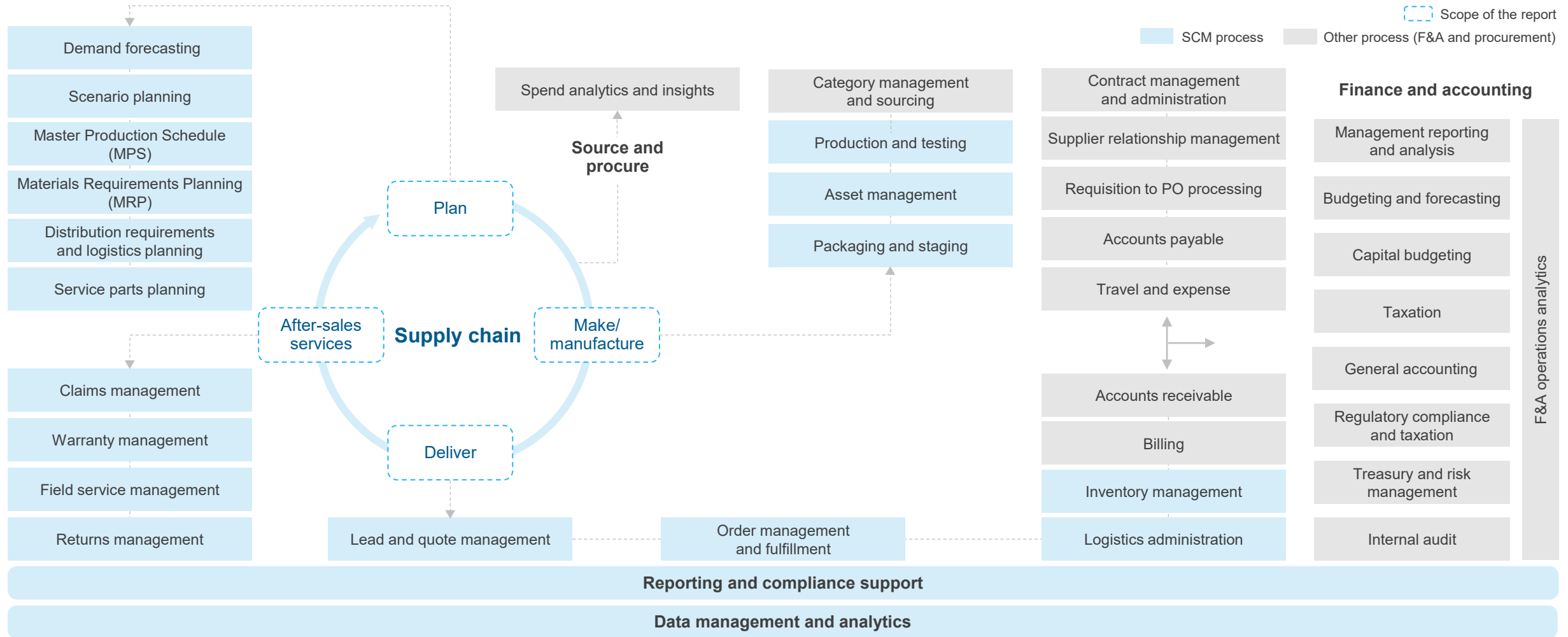
Year-round tracking of 14+ SCM providers

Large repository of existing research in SCM

Over 30 years of experience advising clients on strategic IT, business services, engineering services, and sourcing

Executive-level relationships with buyers, providers, technology providers, and industry associations

The SCM value chain is a combination of four key subfunctions – plan, make/manufacture, deliver, and after-sales services



Everest Group's SCM process map breaks each element of the value chain into subprocesses

Lead and quote management

- Lead generation and management
- Obtain and respond to Request for Proposal (RFP) / Request for Quote (RFQ)
- Quote generation

Order management and fulfillment

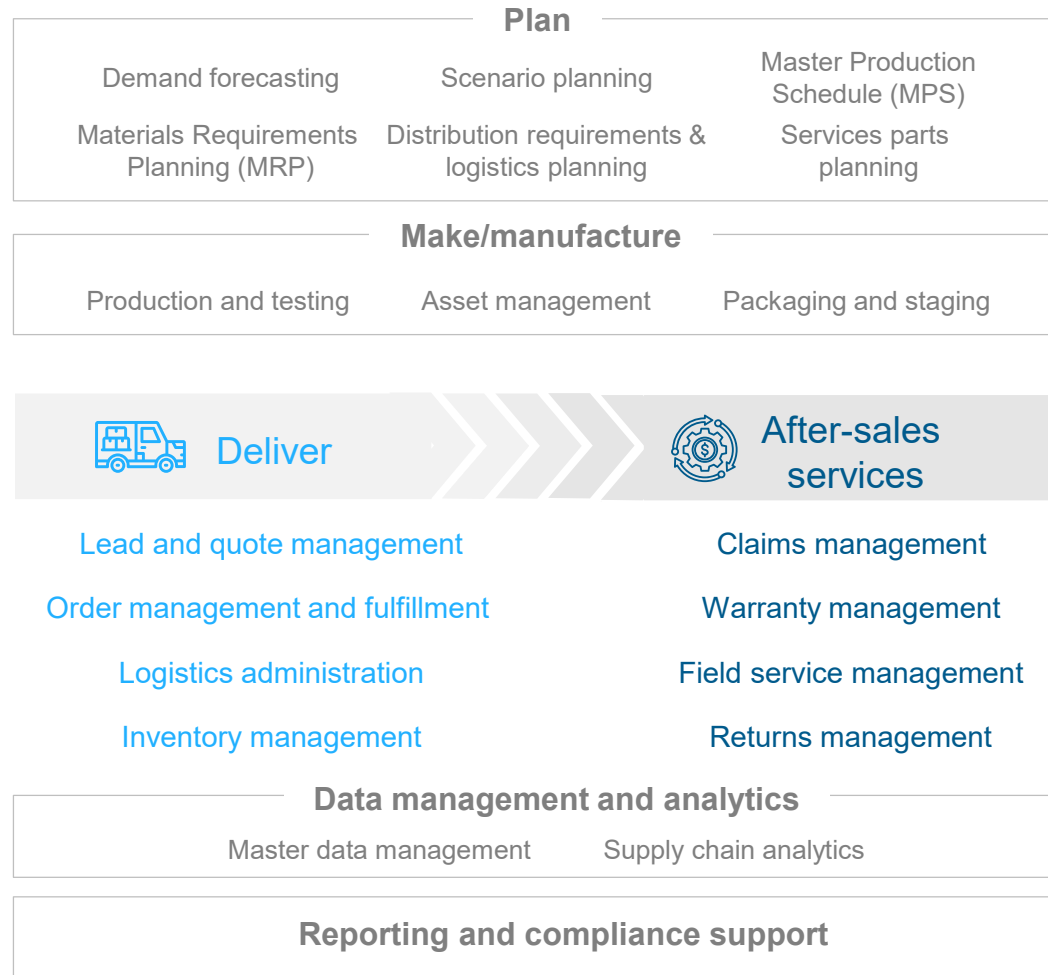
- Install base and contract management
- Schedule product receipt
- Consolidate and ship order
- Shipping document management
- Track and trace shipment
- Receive and verify product receipt
- Expedite/Substitute

Logistics administration

- Optimize the warehouse network
- Coordination with the logistics provider
- Transport scheduling/management

Inventory management

- Inventory planning
- Inventory optimization
- Vendor Managed Inventory (VMI) support
- Monitor inventory levels
- Manage internal warehouse movement



Claims management

- Claims receipt and verification
- Claims processing and settlement
- Claims service helpdesk

Warranty management

- Warranty contract registration
- Defect investigation
- Warranty processing
- Service helpdesk

Field service management

- Workforce management
- Distribution management
- Partner and service network management

Returns management

- Returns authorization
- Return/Repair documentation
- Problem assessment and categorization
- Returns tracking and scheduling
- Reverse logistics

Background and scope of the research

Enterprises grapple with a variety of supply chain challenges, including evolving customer demands, planning constraints, and disruptions in production and distribution. In the face of recessionary pressures and geopolitical tensions, businesses are increasingly turning to third-party assistance. Rather than simply seeking cost reduction, enterprises collaborate with service providers to elevate value across the entire supply chain – from procurement to efficient returns management. The success of such partnerships is attributable to adept utilization of technology, domain expertise, and specialized talent.

To meet evolving demands, service providers are enhancing their capabilities by cultivating domain-specific expertise, forming strategic technological and consulting partnerships, and creating cutting-edge solutions. The goal of these efforts is to help enterprises navigate challenges while simultaneously reducing environmental impact and achieving sustainability goals

In this research, we focus on:

- Challenges organizations face
- Key emerging SCM trends that will impact the future of the SCM BPS market
- SCM BPS market overview and adoption trends
- SCM buyer trends
- SCM BPS service provider landscape

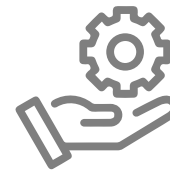
Scope of this report



Geography
Global



Industry
All



Services
SCM BPS

Overview and abbreviated summary of key messages

Enterprises face supply chain challenges due to evolving customer demands, planning constraints, and disruptions. Amid economic and geopolitical pressures, businesses are turning to third-party providers, collaborating for enhanced value across the supply chain. In response, providers cultivate domain-specific expertise and form strategic alliances to help enterprises navigate challenges and achieve sustainability goals. In this report, we examine the 2022-23 Supply Chain Management (SCM) market, analyzing regional variations, buyer trends, growth drivers, and key investment themes for stakeholders.

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

Key emerging SCM trends that will impact the future of the SCM BPS market

- As we moved into 2023, macroeconomic uncertainty reigned; inflation, soaring interest rates, and probable recession concerned organizations across the globe
- Enterprises are focusing on a few key areas given recent supply chain disruptions and macroeconomic conditions in a quest to make their supply chains agile and resilient

SCM market overview and adoption trends

- The SCM BPS market grew at a robust 17-19%, reaching US\$2.9-3.1 billion in 2022; we expect a slight slowing of market growth in 2023 due to recessionary headwinds
- While the overall SCM BPS market is likely to grow rapidly, supply chain planning and after-sales services will grow faster than other subfunctions
- While North America and Europe continue to lead the market in terms of adoption, LATAM and the Middle East and Africa (MEA) have notably high growth

SCM buyer trends

- While current SCM outsourcing penetration remains low, bundled SCM deals (deals with the inclusion of other functional processes) represent almost one-third of new SCM BPS contracts
- The adoption of hybrid, managed fee, and outcome-based commercial constructs in SCM BPS is increasing

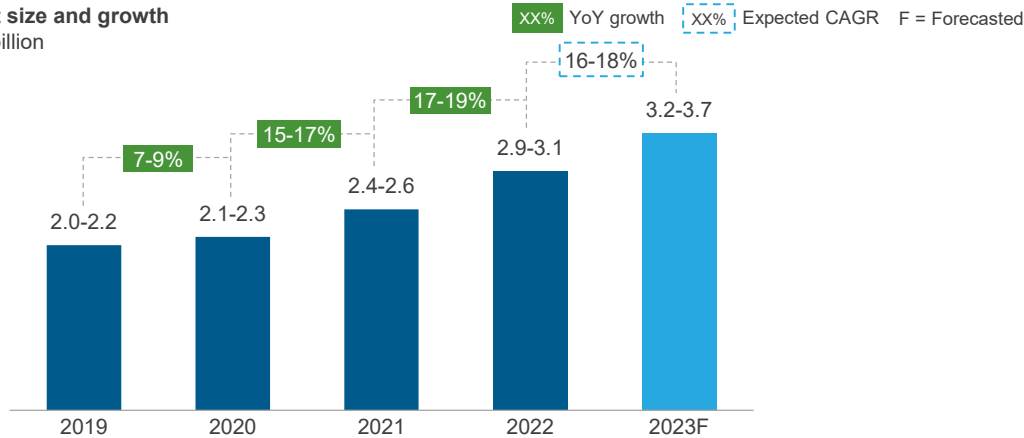
Outlook for 2024

- While sectors such as fast retail and manufacturing are more susceptible to economic slowdown, healthcare and energy & utilities is likely to be resilient
- The future growth of the outsourced SCM market will come through delivery innovation, technology acceleration, and access to specialized talent in forging strategic partnerships between enterprises and service providers

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

SCM BPS market overview

SCM BPS market size and growth
Revenue in US\$ billion



Top SCM BPS priorities for enterprises



Sustainability offerings

Most enterprises are focusing on **Foundational** offerings.

- Includes highly penetrated D&A use cases that help in accomplishing ESG goals related to ESG data reporting, auditing, and compliance
- ESG monitoring and reporting
- ESG data management
- Ensuring data quality

Many service providers are offering **Advanced** offerings.

- Involves the use of advanced analytics, AI, and domain expertise to take a proactive approach to realizing ESG goals
- Traceable supply chains
- RPA for efficiency and waste reduction
- Sustainable fulfillment and resource recovery

Reimagined offerings.

- Focusing on Environmental, Social and Governance (ESG) goals to use as a strategic lever to reimagine and realign organizational objectives
- Sustainable design and engineering
- Product footprint management
- Net-zero Strategy
- Integrated business planning capturing cost, service, and sustainability trade offs

SCM future outlook | key value levers for future growth

- Delivery innovation**
- Technology acceleration**
- Access to specialized skills**
- Strategic partnerships**

Research calendar

Procurement and Supply Chain

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
PO PEAK Matrix® Assessment with Service Provider Landscape 2022	September 2022
Procurement Outsourcing (PO) – Service Provider Compendium 2022	November 2022
Leveraging Data Analytics to Build a Truly Connected and Collaborative Supply Chain	November 2022
Procurement Outsourcing (PO) State of the Market Report 2023 – Modern Sourcing and Outsourcing in Uncertain Times	January 2022
Sourcing for Sustainability: Driving Environmental, Social, and Governance (ESG) Initiatives through Procurement	June 2023
Supply Chain Management (SCM) BPS – Service Provider Landscape with PEAK Matrix® Assessment 2023	June 2023
Supply Chain Management (SCM) BPS – Service Provider Compendium 2023	August 2023
Evolution of the Procure-to-Pay (P2P) Technology Landscape in the Digital Age	September 2023
Procurement Outsourcing (PO) – Service Provider Landscape with Services PEAK Matrix® Assessment 2023	November 2023
Supply Chain Management (SCM) Business Process Services (BPS) State of the Market 2023: Investing to Alleviate Supply Chains under Pressure	December 2023
The Transformation of Procurement in the Generative AI Age	Q4 2023
Procurement Outsourcing (PO) – Service Provider Compendium 2023	Q4 2023
Procurement Outsourcing (PO) State of the Market 2023	Q4 2023
Logistics of the Future	Q1 2024
Procurement Outsourcing (PO) – Service Provider Landscape with Services PEAK Matrix® Assessment 2024	Q3 2024

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