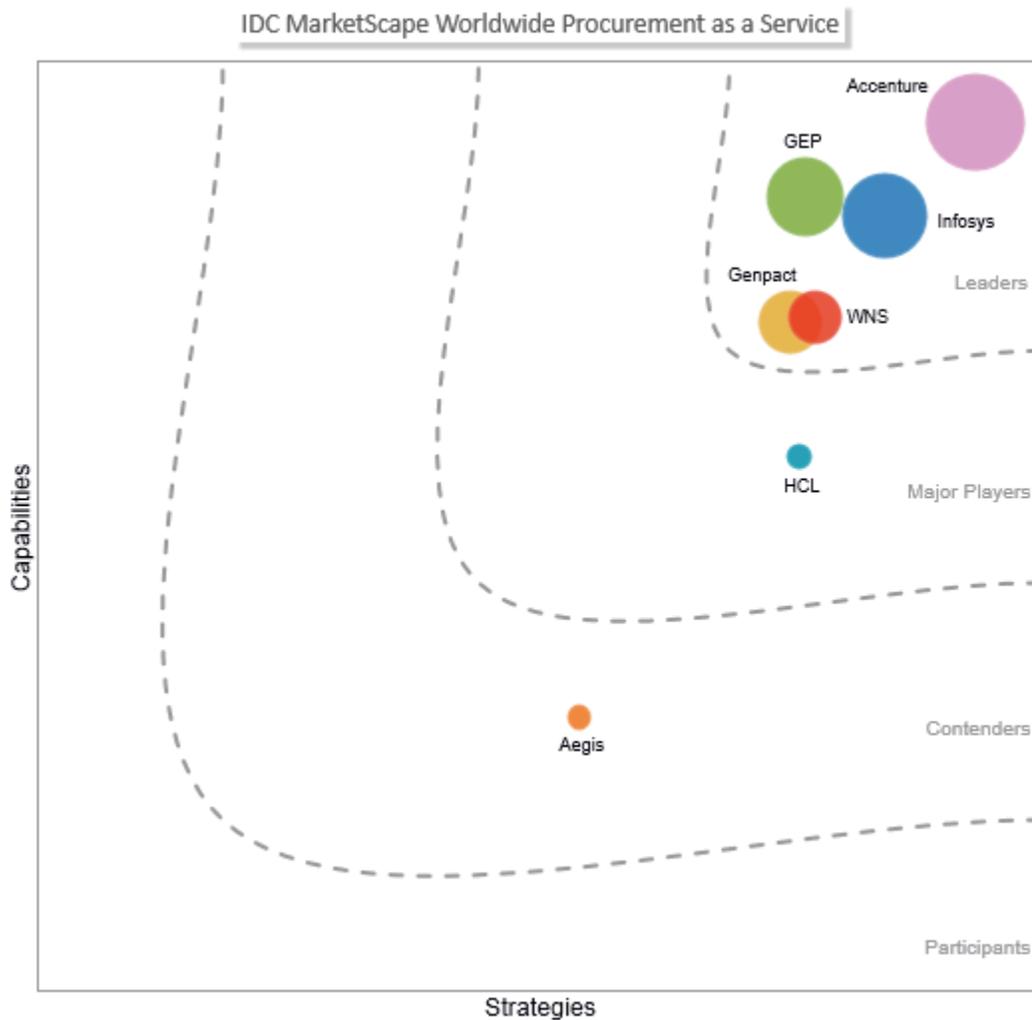# IDC MarketScape: Worldwide Procurement as a Service 2018 Vendor Assessment

Alison Close

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Procurement as a Service Vendor Assessment

Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IDC OPINION

This IDC study presents a worldwide vendor assessment of firms offering procurement as a service (PaaS) through the IDC MarketScape model. Procurement as a service is a combination of technology, people, and expertise to takeover part, or all, of an enterprise's procurement operations. The goal is to form a collaborative and strategic partnership with clients and drive value with an end-to-end domain-centric proposition, plug-and-play solutions, variable pricing models and modern technologies from cloud-based technologies and platforms, embedded transformation levers, and analytics to deliver business outcomes. This assessment discusses and evaluates both quantitative and qualitative characteristics that define success in the procurement-as-a-service market. The evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to the criteria and to one another. Findings from this IDC MarketScape indicate the following:

- While providers offer the full gamut of procurement capabilities and have similar distribution of resources globally, they differ in their approach to platforms as some focus primarily on partnership-based business process-as-a-service (BPaaS) solutions and others have their own proprietary technology (and some both). Also, the extent to which providers enter into contracts using alternative pricing models varies, with most still primarily starting with FTE-based pricing models and evolving to more hybrid models.

- Some providers are also further along in their ability to implement intelligent automation across the procurement value chain; however, key areas of investment and R&D moving forward, across all providers, is further development and enhancement of their own IP and building on advanced analytics and automation capabilities. Interestingly, customers indicate they are in the discussion/planning phase with their providers on where to implement RPA within the procurement-as-a-service value chain.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

To be included in this vendor evaluation, vendors had to meet the following criteria:

- Each BPO provider required to complete an RFI questionnaire covering capabilities and strategies criteria
- Generated procurement-as-a-service worldwide revenue for the year ending 2016
- Procurement-as-a-service geographic delivery across the Americas, EMEA, and APAC regions
- Worldwide procurement BPO practice size of at least 200 resources
- Provide two to three customer names as references for telephone interview

ADVICE FOR TECHNOLOGY BUYERS

The following are areas of consideration for IT buyers when evaluating procurement-as-a-service providers:

- **Does the provider understand your business model and business values?** Buyers are not solely choosing procurement-as-a-service providers based on brand name, reputation, or cost competitive prices. Client interviews suggest having a shared vision, solid understanding of

the business model, and an ability to grow and change as they do are the most critical components of a successful relationship.

▪ **Does the provider have expertise to fill gaps and address unmet capabilities?** Most customers suggest the provider they chose for procurement as a service fills the gap in an area where they consider themselves to be more generalists. For example, expertise in specific functions or verticals and experience with similar companies of the same size within their industry. Buyers look to providers for capabilities in areas they are trying to grow.

▪ **What level of management support can you expect?** Having a leadership team ingrained in a clients' operations, daily support from sales teams, co-located resources, and the ability to leverage resources globally as needed are key to successful deployments and maintaining a "high touch" relationship. Several customers interviewed for this evaluation said their firms are "relationship driven" and find true value in the alignment of teams and their providers' ability to engage with stakeholders across the enterprise.

▪ **How flexible is the provider?** Clients referenced gravitating toward providers that could tailor and customize solutions versus adhering to a rigid approach in finding a solution that fits. Being platform and technology agnostic and managing changes in scope play a huge role in providing flexibility.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Accenture

Accenture is a Leader in this IDC MarketScape for procurement as a service. Accenture has a comprehensive procurement business process services (BPS) offering, assisting clients throughout the entire source-to-pay (STP) process for both direct and indirect goods and services. Accenture supports more than 380 clients and over 40 languages with a global delivery network of over 30 regional procurement BPS delivery centers. The focus of Accenture's procurement BPS business is to help clients elevate the role and impact of procurement on an accelerated basis, helping clients achieve improved sourcing outcomes, increased control and compliance, and lower risk and to support strategic initiatives.

Strengths

Accenture manages $168 billion in spend on behalf of clients, outpacing others in terms of spend managed. Accenture rated highly for its proprietary and industry-specific cloud/platform-based solutions including Radix (and its associated suite of tools) and more specifically because it is designed to work cross-industry and is the primary data capture tool fueling market intelligence, capturing and distributing real-time market intel from more than 23,400 projects managed annually as well as external data.

Accenture performed well for its ability to implement/embed RPA (in Radix, for example) and more elements of cognitive and artificial intelligence (AI). Accenture has developed and implemented automation solutions across the entire intelligent automation spectrum including a procurement market intelligence advisor to perform primary/secondary market research and reporting on suppliers and

categories. Clients feel their commitment to RPA, including RPA as a service and the use of RPA and AI for specific procurement processes, to be a key strength.

Accenture's 18+ years of experience in offering procurement-managed services, with category expertise and best practices developed over four decades, also contributed to its position in this IDC MarketScape. Accenture's clients specifically called out the company's keen ability to provide benchmark data, knowledge, and industry expertise as a key strength and deciding factor in choosing to work with the provider. Other areas were clients felt Accenture excelled were meeting SLAs, being proactive in improving operations, and having the ability to grow their business geographically with strong global presences in specific markets.

Another key differentiator for Accenture is the number of full-time dedicated resources designated for the worldwide procurement BPO services practice and the percentage of those resources available in the Americas and EMEA. Accenture's clients noted the day-to-day presence of the Accenture teams, including the co-located tower leads and client delivery leads, was key to the relationship. Their on-demand availability of talent, especially onshore resources, and access to strong marketing leads and talent in more niche areas where clients have less expertise (e.g., real estate, technology, storage, and professional services) also contributed to Accenture's strong caliber of resources, according to their clients.

Challenges

One area where clients felt Accenture could improve was the company's flexibility with contracting. Clients noted the contracting process at times was cumbersome or long. Some clients also felt Accenture could improve its market insights in specific markets within Latin America and sectors within those markets, like financial services. Accenture has made additional investments in Latin America over the past year and continued investments is a key business focus moving forward.

Aegis

Aegis is a Contender in this IDC MarketScape for procurement as a service. Aegis Spend Management encompasses procurement outsourcing solutions, source to contact, procure to pay, and invoice automation. Under Aegis Spend, Aegis helps customers by improving the effectiveness of its strategic sourcing processes and operational efficiency in transactional and tactical activities, as well as providing value-added support services. Aegis offers overseeing and overtaking of client procurement operations in the areas of strategic sourcing including conducting eRFPs and eAuctions, P2P, savings compliance, tactical spot buying, and vendor and contract data management.

Strengths

Aegis has strong partnerships to enhance and extend the procurement services it brings to the market. Aegis partners with technology platforms deployed on the cloud including Xeeva for transactional activities, spend analysis, eSourcing, eTendering, contract management, savings compliance, and project management (Virtual Sourcing Manager). As Aegis continues to develop its own sourcing suite, the marriage of its own IP and key partnerships could help build its competency and portfolio of capabilities. As Aegis looks ahead, its balanced approach to penetrate underserved regions (Middle East, Africa, and Southeast Asia) and sectors (healthcare and SMBs) may help further build its capabilities and drive growth. Currently, Aegis has a strong presence delivering procurement as a service in the petrochemical and energy/utilities industries.

Challenges

While Aegis has end-to-end procurement capabilities across sourcing and category management, sourcing support, consulting, and operations, Aegis' procurement resources primarily reside in India and the Middle East, and the company has fewer industry-specific procurement-as-a-service solutions compared with other providers. In addition, Aegis is currently in the process of evaluating process and intelligent automation with a few clients while other vendors are further along the intelligent automation continuum and embedding elements of machine learning and artificial intelligence.

Genpact

Genpact is a Leader in this IDC MarketScape for procurement as a service. Genpact offers services and solutions across the entire procurement operating model to help clients deliver EBIT/EPS improvement, working capital optimization, risk mitigation, operational efficiencies, user experience uplift, and top-line growth. These services and solutions are underpinned by Genpact Cora, a single AI-based platform for digital transformation, featuring a modular, interconnected mesh of technologies (RPA, dynamic workflow, mobility, advanced analytics, IoT, machine learning, and AI) that tackles specific business challenges from beginning to end.

Genpact differentiates itself with its "total expense management" approach to deliver optimal results for procurement-as-a-service clients. This recognizes that at least 50% of savings are realized through more effective demand management, ensuring buying compliance and driving strategic business change rather than pure unit cost reductions. Moving the dial on these elements requires much more effective business partnering from procurement, advanced analytics to drive actionable insights/real-time intelligence, and digital solutions to drive compliance, efficiencies, and transformation. Genpact helps clients develop robust category strategies that deliver not only savings but improvements in assurance of supply, quality, service, innovation, and effective third-party risk management.

Strengths

Genpact stands out in the amount and types of partnerships leveraged to deploy procurement-as-a-service capabilities in addition to the number of live deployments per partnership. Genpact also rates well on the percentage of procurement-as-a-service solutions delivered using outcomes-based pricing.

Genpact acquired a majority stake in Strategic Sourcing (SSE) in 2016 to support key growth areas and build bench. SSE has deep, broad-based procurement leadership and transformation experience, having delivered significant business impact through procurement transformation and strategic sourcing initiatives at a range of blue chip global organizations. This move bodes well for Genpact as it indicates the support procurement receives at a corporate level to help drive growth.

Genpact has a breadth of S2P offerings and functionality, most specifically for S2P analytics, which rates highly with customers. This is also highly supported by Cora, which was introduced in 2017. Procurement services are now underpinned by this AI-based platform for digital transformation, featuring a modular, interconnected mesh of technologies from RPA, dynamic workflow, advanced analytics, and AI that tackle specific business challenges across the procurement-as-a-service value chain. Clients echo similar sentiments and noted that Genpact's analytics COE is very good, with solid tools and capabilities to support it.

Genpact also stands out amongst its peers specifically for full-time dedicated resources and dedicated sales people designated for worldwide procurement BPO services practice. From its clients' perspective, Genpact also got positive feedback regarding resources and talent. Genpact's transition management capabilities, staff selection and retention, and communication skills are areas were clients feel Genpact is particularly strong. Clients noted Genpact is well aligned and versed in its

business objectives and challenges, and Genpact has good global coverage to support the markets. From a cost standpoint, clients feel Genpact provides value beyond cost savings and has so far exceeded expectations in its relationship.

Challenges

An area where Genpact could improve is in the number of industry-specific BPaaS solutions and percentage of procurement as a service delivered using transaction-based pricing models. In addition, while the company's sales and distribution strategy is very vertically focused, it could benefit from exploration of underserved verticals or specific market segments more proactively then reactively.

Areas of improvement based on Genpact's client feedback include improving industry expertise and showcasing the company's depth more. They would also like to see cases of newer solutions and services leveraged by other clients. Clients mentioned Genpact could be better at sharing what other Genpact's clients are doing in strategic sourcing and contract management and other areas.

GEP

Global E-Procurement (GEP) is a Leader in this IDC MarketScape for procurement as a service. GEP is a global end-to-end provider of strategy, managed services, and technology with their SMART by GEP platform. GEP has more than 2,500 people focused exclusively on procurement including hundreds of category experts who strive to deliver innovative, expertise-driven strategies that drive sustainable procurement value. GEP's offices and operations centers span across Europe, Asia, and the Americas, supporting multiple languages.

Strengths

GEP was touted highly for the amount of spend managed on behalf of clients and for the number of new global procurement-as-a-service deals added for the year ending 2016, which are above average.

GEP performed well in this analysis primarily for their proprietary cloud-based S2P solutions and best-in-class technology SMART by GEP. Smart by GEP is industry diagnostic, generating revenue from more than 15 verticals, with strong presences in CPG, insurance, manufacturing, and pharma. GEP has significant experience in providing data analytics services focused on category performance as clients leverage their research and analytics capabilities to support their category managers on negotiating better deals, effectively collaborating with business stakeholders and managing key supplier relationships. SMART by GEP enables the processing of high volumes of data in real time, advanced analytics and forecasting in category management, sourcing, spend, and performance analytics.

GEP also has a high percentage of procurement-as-a-service resources deployed in the United States and percentage of resources co-located with clients, for which it gained high marks. Similarly, customers noted GEP as being very customer service oriented, with the ability to interact with multiple stakeholders across the organization, quickly able to address issues if they arise, and provide flexibility in terms of changes in project scope. Clients noted the other vendors considered for their procurement services were more rigid in their approaches, while GEP was willing to do more customized pieces and tailored solutions. Clients value GEP's strong expertise and insights into the marketplace, noting that the company's ability to provide a point of view, best practices, and benchmarking is extremely strong in addition to its contracting abilities and ability to deliver value for the cost. Another element of the delivery model capability that can be attributed to GEP's strong position is having successfully

implemented intelligent automation technologies for various tasks in processes, such as invoice processing, purchase order management, and contract management, over the past three years.

Challenges

An area where GEP could improve is in the number of partnership BPaaS solutions. Currently the company partners for global risk management solutions for supplier risk management; however, other providers in this evaluation leverage numerous partnerships to bring different solutions to market.

HCL

HCL is a Major Player in this IDC MarketScape for procurement as a service. HCL has experience in handling end-to-end transactional-oriented, judgment, and strategy intensive processes across the procurement-as-a-service value chain with expertise in high tech and industrial manufacturing, among other industries. HCL has approximately 1,450 dedicated resources globally, with a strong presence of resources in India to support procurement-as-a-service clients.

Strengths

The percentage of procurement-as-a-service revenue generated across multiple verticals is one of HCL's strengths with a focus on high tech, banking, and capital markets and industrial manufacturing. HCL's relative percentage of procurement-as-a-service engagements delivered using transaction-based pricing models is also a key strength for the company. HCL is moving up the value chain by focusing on strategic sourcing and category management space supported by various revenue models including contingent pricing. One client noted a key strength for HCL was its willingness to invest in a risk-reward relationship.

In addition, HCL's high percentage of repeat clients and positive customer feedback regarding its resources can also be attributed as a key strength. Client feedback indicated HCL had a strong ability to resource talent as needed (ability to ramp up or down), and clients appreciated procurement talent being embedded in the implementation team and domain experts being embedded in the sales teams, in addition to the involvement of senior management. They also appreciated HCL's ability to manage attrition effectively.

HCL has also invested in technological innovations for its existing clients by providing them solutions in spend analytics, business process management, and robotics process automation. Clients appreciate HCL's ability to communicate new offerings and innovative ideas in contracting, analytics, engineering, and sourcing and noted HCL was cost competitive and very flexible during the negotiation process and in managing changes in scope.

Challenges

HCL could improve upon the availability of local offices and resources to support procurement-as-a-service clients, as the majority right now are located in India and Poland. The relative number of new employees added to support procurement as a service was also smaller than other providers and could be considered an area of improvement.

From the clients' perspective, HCL could improve its benchmarking and industry perspective and share more best practices and industry SLAs so clients have an understanding of how they're performing in comparison to the market. Some clients also feel they could drive and initiate further process improvements, efficiencies, and improvements in operations.

Infosys

Infosys is a Leader in this IDC MarketScape for procurement as a service. Infosys' sourcing and procurement practice has a track record of delivering transformational benefits to more than 130 global organizations and Fortune 500 companies through their integrated source-to-pay solutions that combine a practitioner-driven approach to service delivery, best-in-class consulting, strategic sourcing, category management, purchase order management, and technology solutions.

Strengths

Infosys rates highly for the amount of spend managed and specifically its breadth of offerings across the S2P value chain and expertise in processes across business functions. Infosys' ProcureEdge proprietary S2P solution is also a key component in driving a strong assessment. ProcureEdge is prebuilt and preconfigured with industry best practices, a top-rated benefit among buyers, and key modules for spend classification and analysis, e-sourcing, contract and supplier management, catalogs and requisitions, and invoicing to name a few. It also offers high levels of automation, eliminating process inefficiencies and leveraging cognitive procurement for better decision making. Infosys Nia, which can integrate with ProcureEdge, is also used to support analytics, cognitive procurement, and automation. This contributed to Infosys' strong performance across IDC's delivery model metrics. Design thinking is also infused across each of these areas and across all of procurement-as-a-service engagements, aiding Infosys' strong rating in design thinking. Infosys extensively uses design thinking during solution development, transition, and current state operations to better understand and define what its' clients ask. For example, a sourcing and procurement client was looking for a multistakeholder reporting dashboard, with only relevant visibility and access for each stakeholder. Infosys conducted design thinking-led workshops to create persona journeys and information maps. Customized and targeted reporting was created for CPO's, buyers, and the accounts payable team using appropriate reporting tools. An advanced analytics layer was added to provide actionable insights. This resulted in persona-based dashboards with data compartmentalization for various business groups.

Infosys also rated highly for the percentage of procurement-as-a-service resources deployed in Europe and for co-locating account executives or engagement managers with procurement-as-a-service clients. For most of their large and complex engagements, one or more onsite engagement mangers are based out of the client's location. Infosys also had a high percentage of procurement-as-a-service solutions delivered using a risk/reward pricing model, which attributed to the company's strong performance in IDC's portfolio benefits delivered metrics.

Challenges

Two areas where Infosys could consider proactively exploring are influencing clients to improve percentage of procurement as a service engagements delivered via transaction-based pricing models and fast-track investments in Americas to increase the onsite resource pool further. Infosys already embraces a partnership, customer-first approach with its clients and improving these areas could further support that.

WNS

WNS is a Leader in this IDC MarketScape for procurement as a service.

According to WNS, nearly 10 years ago, the company in partnership with Denali pioneered the procurement-as-a-service model with a technology company. Together, they launched a long-term engagement where they centralized, consolidated, and out-tasked 100% of sourcing execution to their global delivery centers. Since then and with the 2017 acquisition of Denali, WNS-Denali has been able to enhance and expand the procurement-as-a-service model to category management, contracting, supplier management, and compliance (procure-to-pay), taking a unique approach to the utilization of technology solutions in serving their clients. It also adds a strategic procurement capability and brings in expertise from new verticals including CPG, high tech, and financial services. WNS-Denali's enablement focus is unique among providers, with each of their "as a service" designed to be delivered effectively, but also to improve and expand these competencies, tools, and processes of their clients and their staff. WNS-Denali maintains a strong focus and outstanding capabilities across all elements of strategic upstream procurement. Their depth of expertise in category management, strategic sourcing, complex contracting, and high-impact supplier management separates them from competitors that focus strictly on creating efficiencies through transactional improvements.

Strengths

The acquisition of Denali indicates the support procurement receives at the corporate level to carry out growth initiatives and thus contributed to WNS's strong rating for its growth strategy execution. Furthermore, WNS performed well in terms of functionality because of its end-to-end technology stack on one unified technology platform, scalable and plug n' play solutions that are customizable, and ability to leverage more intelligent solutions with point solutions in spend/contracting/sourcing analytics and RPA to name a few. WNS also rated highly for the number of live BPaaS deployments across numerous source-to-pay platform partners. The relative percentage of procurement delivery engagements to be enabled through RPA and automation over the next three years also helped drive WNS's strong performance in terms of cost management.

WNS also demonstrated strength in the number of salespeople dedicated to growing procurement sales and support services and the dedicated presales and solutions team who carve out niche solutions for the procurement market. From a talent and resources perspective, clients noted WNS has a very good understanding of processes and best practices, and they appreciate WNS' flexibility with business models. Clients feel they are not "locked into" a business model and instead, WNS enables growth and allows for changes as they mature. Clients also feel WNS' management being closely aligned for successful deployment is a key benefit to their relationship.

Challenges

An area WNS could improve upon is the percentage of engagements that entered into using outcomes-based and risk reward pricing models. From the client's perspective, areas of improvement include employee attrition and bench strength. For example, after employee turnover the cycle time can be long, but clients suggest Denali will benefit from being part of WNS in these instances with gaining access to their resources.

Vendors to Watch

Additional players that contribute to the procurement-as-a-service market include Capgemini, DXC, EXL Services, IBM, Proxima, TCS, and Wipro. For this evaluation, vendors did not meet one or more of the selection criteria.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Client Reference Interviews

As part of the evaluation, and as a required element of the IDC MarketScape research process, vendors were asked to provide customer references that could offer qualitative insights into the performance of their chosen vendor. From September through November 2017, one-on-one telephone interviews were conducted to gauge clients on vendor selection criteria, vendor strengths/weaknesses, ratings of capabilities (RPA, analytics, platform, and benchmarking), and ability to deliver on business outcomes and drive tangible results. Due to the small sample size, insights obtained from the interviews should only be used directionally.

Note: All numbers in this document may not be exact due to rounding.

Market Definition

Procurement Business Process Outsourcing Services

IDC defines procurement BPO services as the process of managing activities associated with a company's need to obtain the goods and services required either to manufacture a product (direct) or to operate the organization (indirect). Specific activities in procurement may involve determining which commodities or services are best, choosing the right suppliers, negotiating the best prices, and awarding contracts to ensure that the correct amount of the product or service is received at the appropriate time. Procurement BPO services can involve the transfer of single or multiple processes.

To conduct these tasks successfully, purchasing managers, buyers, and purchasing agents study sales records and inventory levels of current stock, identify domestic and foreign suppliers, and keep abreast of changes affecting both the supply of and the demand for the products and materials for which they are responsible.

The following four segments make up the relevant procurement subprocesses:

- **Strategic sourcing.** Strategic sourcing involves the ongoing, long-term procurement of materials (goods) and services. These materials (goods) and services may be used as part of the company's supply chain (direct goods) or they may be intended for the business' end use (indirect goods). Strategic sourcing involves the following activities:
  - Understanding a company's external spend
  - Using external spend information to come up with an overall strategy for the company's purchases of goods and services
  - Conducting the request for proposal (RFP)/request for quotation (RFQ) process
  - Negotiating prices with suppliers and setting up contracts
- **Spend management.** Spend management is a holistic approach to planning and managing all of a company's spending budget. It involves analyzing a company's spending patterns and ensuring that resources are allocated optimally among the various categories of spend. Effective spend management helps a company ensure that supplier data is kept up to date so that procurement executives are empowered with the right information, and supplier databases throughout a company are integrated to avoid duplication of suppliers. It also involves identifying where procurement inefficiencies exist and correcting these inefficiencies. Key activities within spend management include spend monitoring and analysis, spend planning and disbursement, and buyer management.
- **Category management.** Category management involves the direct management of each category of a company's spend. It involves managing the contracts governing procurement for each category, ensuring company compliance to these contracts, monitoring supplier performance, and resolving any problems that arise with suppliers. It also involves regular reporting of spend patterns within each category so that the company can maintain up-to-date information on spending by category.
- **Process management.** Process management involves the management of the underlying procurement process. It involves managing orders and invoices, executing orders, managing the payment process, and managing questions and concerns that come up from buyers within the company. It also involves tying together all of the procurement subprocesses and ensuring the smooth and efficient conduct of a company's procurement function.

Business Process as a Service

Business process as a service is a delivery model that enables horizontal and vertical business processes to be deployed using a cloud services model, acting as a substitute for the traditional BPO model. Unlike the traditional BPO model, BPaaS offers a multitenant environment utilizing significant levels of automation and standardization to reduce labor costs. It drives a shift from a high fixed cost, high up-front capital model to a variable, consumption-based cost structure (capex to opex).

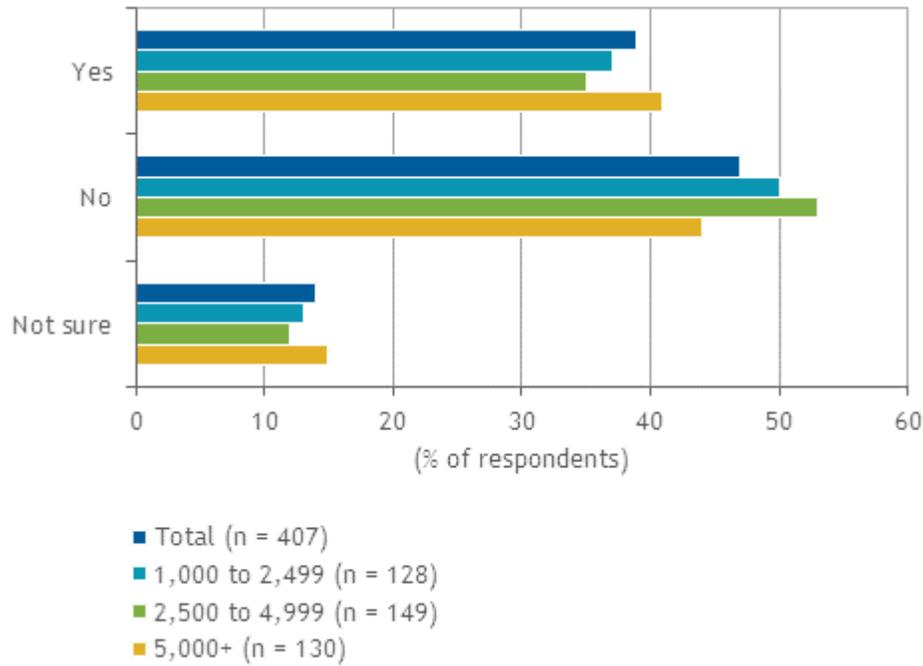## Procurement-as-a-Service Buyer Adoption Trends

IDC's *2017 Worldwide Finance and Accounting, BPaaS, and Analytics Services Buyer Survey* assessed adoption trends of procurement as a service among F&A and procurement BPO buyers. This data was not a part of this vendor evaluation, yet provides insights into the market, buyer usage,

and perceptions. According to the data, almost 40% of finance and accounting and procurement BPO buyers indicate they are currently adopting a BPaaS model to deploy their business process, with the highest adoption stemming from the professional services and retail industries (see Figures 2 and 3).

FIGURE 2

Procurement-as-a-Service Adoption by Number of Employees

Q.   *Are you currently adopting a BPaaS solution to manage/deploy your procurement business process service?*

- Total (n = 407)
- 1,000 to 2,499 (n = 128)
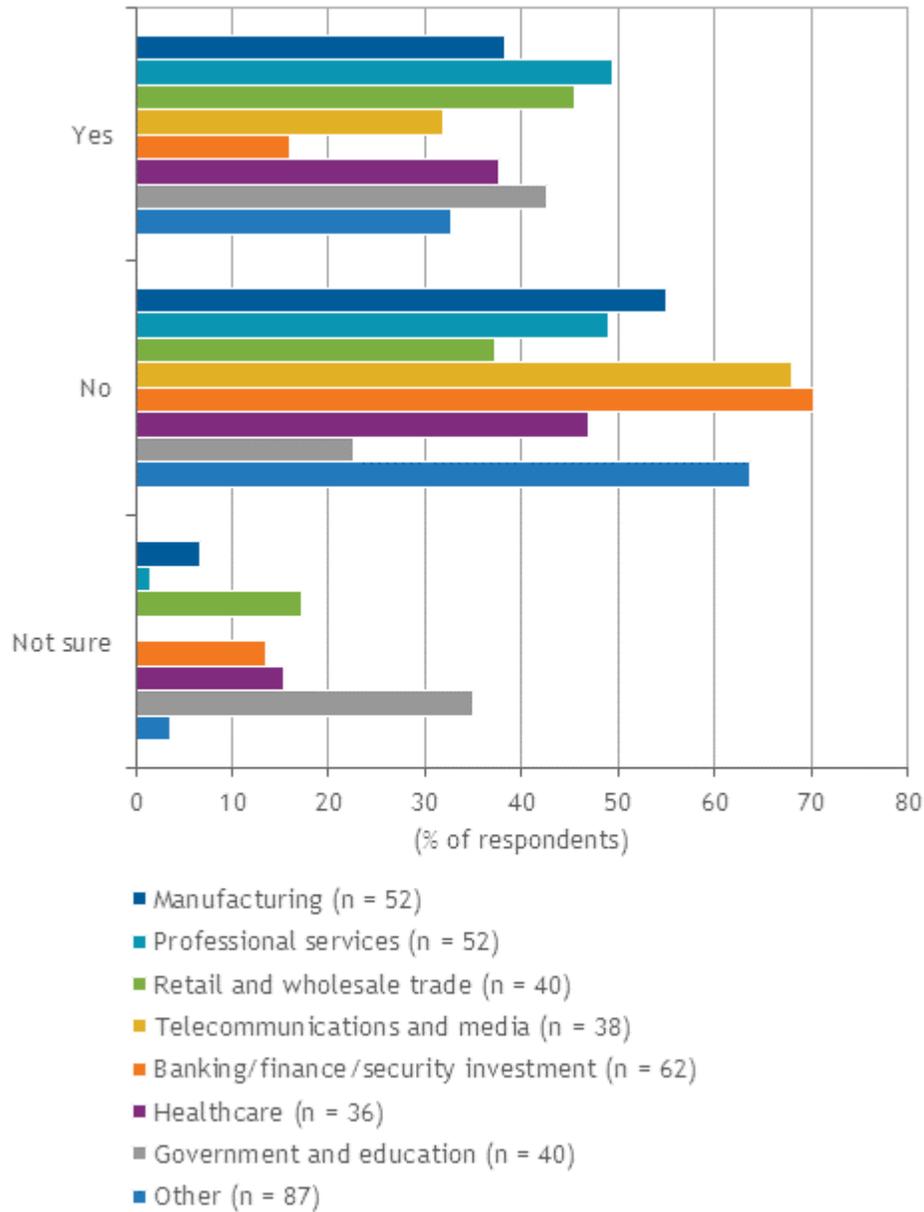- 2,500 to 4,999 (n = 149)
- 5,000+ (n = 130)

Source: IDC's *Worldwide Finance and Accounting, BPaaS, and Analytics Services Buyer Survey,* 2017

FIGURE 3

Procurement-as-a-Service Adoption by Industry

Q. *Are you currently adopting a BPaaS solution to manage/deploy your procurement business process service?*

Source: IDC's *Worldwide Finance and Accounting, BPaaS, and Analytics Services Buyer Survey,* 2017

Strategies and Capabilities Criteria

This section includes an overview of market-specific weighting definitions and weighting values (see Tables 1 and 2).

TABLE 1

Key Strategy Measures and Weights: Worldwide Procurement as a Service

Strategies Criteria	Definition	Weight (%)
Cost management	Development of techniques/tools (for example, ROI and cost-benefit analysis) to facilitate an increased adoption of your end-to-end procurement services	12.0
	Expectations for procurement-as-a-service delivery delivered through automation	
Customer service strategy	Organizations approach to providing an exceptional customer experience through the delivery of end-to-end procurement services	7.0
Delivery model	Evolution of procurement BPO tools and methodologies in 12-18 months to support procurement as a service	13.0
	Strategy to ensure timely delivery of procurement services in the future	
Employee strategy	Strategy to attract and retain top talent in procurement as a service over the next three years	5.0
Financial/funding	Strategy for growing revenue/employee	10.0
	Support received at corporate or division level to carry out growth initiatives (alliance, R&D, global expansion, etc.)	
Functionality or offering strategy	Investments for procurement-as-a-service offerings (head count and new offerings) in the next 12-18 months	14.0
	Investments in the next 12-18 months in the area of analytics, RPA, and cognitive/intelligent automation/AI to differentiate end-to-end procurement offerings	
Growth strategy	Organic growth strategy for the next 12-18 months	18.0
	Inorganic growth strategy for the next 12-18 months	
	Expected areas of growths in next 12-18 months (combination of geographic, functional and industry expansion, and midmarket)	
	Strategy for partnerships for procurement as a service in the future	
Innovation/R&D pace/productivity	Strategy to improve current R&D processes and initiatives to meet the market demand in the next 12-18 months/IP creation strategy	6.0
Portfolio strategy	Strategies in place to develop new offerings either horizontal or vertical to support the current portfolio of procurement-as-a-service offerings	5.0
Pricing model	Plans to shift clients toward using more innovative pricing models to increase adoption of procurement as a service	5.0
Sales/distribution channel strategy	Plans to pursue new or underserved verticals or market segments for end-to-end procurement BPO services	5.0
Total		100.0

Source: IDC, 2018

TABLE 2

Key Capability Measures and Weights: Worldwide Procurement as a Service

Capabilities Criteria	Definition	Weight (%)
Functionality/offering delivered	Procurement BPO offerings that are delivered as a service (differentiators that enhance your value proposition)	23.0
	Review of proprietary platforms/procurement-as-a-service platforms/solutions	
	Review of partnership solutions/procurement-as-a-service platforms/solutions	
	Review of industry-specific solutions/procurement-as-a-service platforms/solutions	
	Ability to embed analytics as part of the procurement-as-a-service offering (tools, reporting, and analytics platforms) in support of procurement BPO subprocesses	
	Review of the types of analytics used as part of end-to-end procurement service offerings	
Delivery model	Number of full-time dedicated resources designated for your worldwide procurement BPO services practice	22.0
	Regions/countries where procurement-as-a-service services are delivered, and the approximate percentage of resources deployed in each region	
	Verticals where procurement-as-a-service services are delivered, and the approximate percentage of revenue generated from each vertical	
	Approximate percentage of procurement revenue on average is automated (non-labor based)	
	Reviews to what extent RPA versus AI is implemented/embedded in procurement-as-a-service offerings	
	Reviews partner-led procurement BPaaS solutions and approximate number of live deployments with each partner	
Portfolio benefits delivered	Reviews the approximate percentage of procurement-as-a-service solutions delivered using a transaction-based pricing model	6.0
	Reviews the approximate percentage of procurement-as-a-service solutions delivered using an outcomes-based pricing model	
	Reviews the approximate percentage of procurement-as-a-service solutions delivered using a risk/reward-based pricing model	
	Reviews the approximate percentage of procurement-as-a-service solutions delivered using a FTE-based pricing model	

TABLE 2

Key Capability Measures and Weights: Worldwide Procurement as a Service

Capabilities Criteria	Definition	Weight (%)
Sales distribution channel	Approximate number of dedicated/direct procurement BPO sales people (other than delivery consultants who also sell) deployed worldwide	5.0
	Years certified with each BPaaS partner	
	Part of BPaaS partners BPO partner program (i.e., Coupa partner connect program, NetSuite BPO partner program, and blackline partner program)	
Customer service strategy	Approximate number of deals signed for end-to-end procurement services by quarter, geography, and industry	13.0
	Details on local offices and resources in the United States, Canada, Latin America, Western Europe (WE), CEMA, Japan, and APEJ to support procurement-as-a-service clients	
	Reviews to what extent the provider has added account executives or engagement managers that are co-located with procurement-as-a-service clients	
	Spend managed on behalf of clients	
Growth strategy execution	Approximate percentage of FY worldwide procurement BPO revenues delivered as a service	11.0
	Approximate percentage of procurement BPaaS revenues generated from each macroregion	
	Acquisitions made to support your procurement-as-a-service solutions	
Innovation/R&D strategy	Reviews to what extent design thinking is being leveraged in end-to-end procurement services	4.0
	Investment plans (budgets) to create new procurement-as-a-service solutions/intellectual property (IP)	
Financial funding management	Approximate client growth rate (i.e., percentage growth) for procurement-as-a-service engagements	4.0
	Approximate percentage of procurement-as-a-service customer portfolio that re-engages (percentage of repeat clients)	
Employee management	Approximate number of new employees added to support procurement-as-a-service offerings	6.0
	Strategy to attract and hire talent to support end-to-end procurement services	

TABLE 2

Key Capability Measures and Weights: Worldwide Procurement as a Service

Capabilities Criteria	Definition	Weight (%)
Customer satisfaction	Clients view of vendors ability to bring forth innovative ideas and solutions proactively	6.0
	Clients view of overall customer service levels	
	Analysts' judgement of clients' satisfaction weighing both strengths and weaknesses as shared by the client	
	Clients view of quality of service delivered	
	Clients' views on vendor's ability to meet project SLAs and changes in scope and manage day-to-day tasks/internal teams	
Total		100.0

Source: IDC, 2018

LEARN MORE

Related Research

- *Worldwide Business Analytics Services Forecast, 2017-2021* (IDC #US43145317, November 2017)
- *The Strategic Role of Services in Realizing Business Value with Robotic Process Automation* (IDC #US43169117, November 2017)
- *IDC FutureScape: Worldwide Services 2018 Predictions* (IDC #US43155017, October 2017)
- *Analysis of U.S. Finance, Accounting, and Procurement BPO Spend* (IDC #US41237517, August 2017)
- *IDC MarketScape: Worldwide Finance and Accounting BPO Services 2017 Vendor Assessment* (IDC #US41237717, June 2017)

Synopsis

This IDC study presents a vendor assessment of procurement as a service through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in the ecosystem. This IDC MarketScape covers a variety of vendors participating in the procurement-as-a-service space. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and to one another and highlights the factors expected to be the most influential for success in the market during both the short term and the long term.

"The key to a successful procurement-as-a-service engagement stems from the flexibility of the engagement (including modular services, talent and resource allocation, and strategic partnerships based on collaboration) in combination with industry and benchmarking expertise," says Ali Close, senior analyst, Finance, Accounting, BPaaS, and Analytics Services.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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