HfS Blueprint Report:
Procurement As-a-Service
Excerpt for Infosys
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Executive Summary

Introduction to the HfS Blueprint Report: Procurement As-a-Service

- The HfS Research Blueprint Report for Procurement As-a-Service provides a unique overview of the rapidly changing market for procurement outsourcing services. This Blueprint places as much emphasis on innovation as on execution across the Procurement As-a-Service Value Chain: strategic sourcing, supplier management, transactional procurement, technology management, and contract management.

- This report analyzes and reviews how the market is evolving toward more business outcome-focused, flexible, on-demand, and collaborative services.

- The HfS Blueprint includes profiles and assessments of **13** service providers of Procurement As-a-Service services.

- The main changes from the 2016 Blueprint are: WNS acquired Denali, now profiled in this Blueprint as WNS; Xchanging is part of DXC; LTI is not part of this Blueprint.

- Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across a number of facets in two main categories: innovation and execution. The assessment of the **13** service providers is reflected on the HfS Blueprint Grid.

- The HfS Blueprint Grid recognizes up-and-coming service providers (High Potentials) that are scoring higher on innovation criteria than on execution criteria as the providers build these practices. The Grid includes a group of established, high-execution service providers (Execution Powerhouses) that have built effective delivery operations but need to innovate capabilities and offerings further. They are in addition to the rankings for highest overall performance (Winner's Circle), and strong combined innovation and execution performance (High Performers).

Procurement As-a-Service Value Chain

Category Management	Strategic Sourcing	Supplier Management	Contract Management	Technology Management	Transactional Procurement
• Category strategy • Category planning • External marketplace analysis • Spend data management • Spend analytics • Ongoing category	• Demand management • Sourcing strategy • Sourcing event management • Proposal evaluation • Contract negotiation • Sourcing governance	• Supplier enablement • Supplier help desk • Supplier accreditation • SLA monitoring • Vendor relationship management	• Contract repository • Contract administration • Contract template management • Contract negotiation	• Initial technology solutions • Ongoing technology innovation • Platform implementation • Platform management	• Procurement help desk • Accounts payable • Invoice and receipt match reconciliation • Asset management • Purchase order creation and management

Analytics

• Finance Analytics   • Spend Analytics   • Working Capital Analytics   • Risk and Compliance Analytics

Enabling Technologies

Digitization and Robotic Automation • Analytics • Mobility • Social Media • Cognitive Computing • Artificial Intelligence
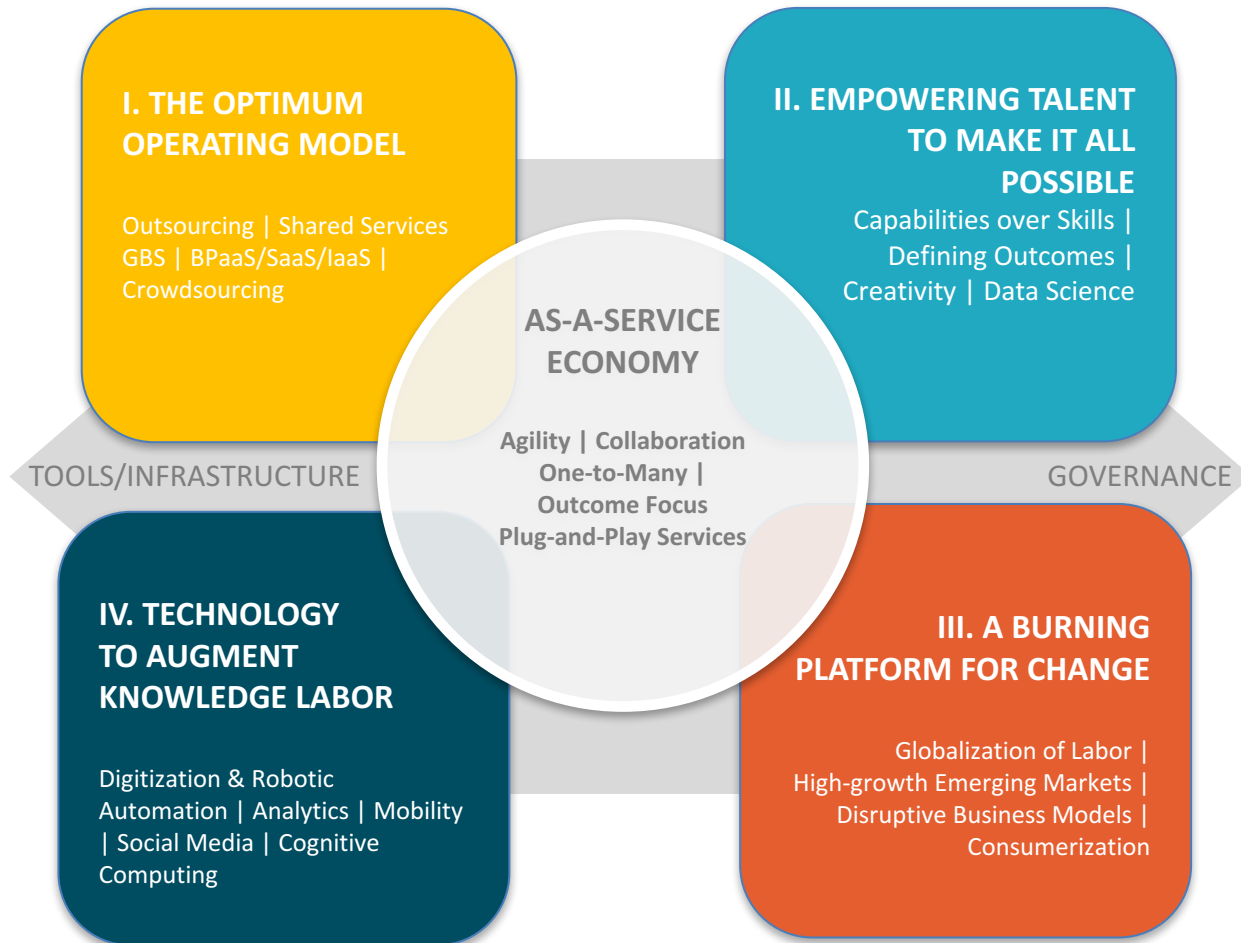
Operating Models, Methodologies, and Platforms

Outsourcing • Shared Services • GBS • COEs • BPaaS/SaaS/IaaS • Design Thinking

HfS Value Chain Definition: Value chain refers to the business units that carry out value-creating activities to design, produce, market, deliver, and support a company's product or service. In this usage, we refer to the range of primary processes and support services that providers offer to their clients.

Welcome to the As-a-Service Economy

HfS uses the word "economy" to emphasize that the emerging next phase of outsourcing is a more flexible, outcome-focused way of engaging and managing resources to deliver services. Operating in the As-a-Service Economy means architecting use of increasingly mature operating models, enabling technologies and talent to drive targeted business outcomes. The focus is on value to the consumer.

I. THE OPTIMUM OPERATING MODEL

Outsourcing | Shared Services | GBS | BPaaS/SaaS/IaaS | Crowdsourcing

II. EMPOWERING TALENT TO MAKE IT ALL POSSIBLE

Capabilities over Skills | Defining Outcomes | Creativity | Data Science

AS-A-SERVICE ECONOMY

Agility | Collaboration One-to-Many | Outcome Focus Plug-and-Play Services

TOOLS/INFRASTRUCTURE

GOVERNANCE

IV. TECHNOLOGY TO AUGMENT KNOWLEDGE LABOR

Digitization & Robotic Automation | Analytics | Mobility | Social Media | Cognitive Computing

III. A BURNING PLATFORM FOR CHANGE

Globalization of Labor | High-growth Emerging Markets | Disruptive Business Models | Consumerization

HfS BLUEPRINT REPORTS

Key Highlights – State of the Procurement As-a-Service Market

■ **The Name of the Game: Focus, Partnerships, and Innovation.** Since the 2016 Blueprint, we have seen a number of interesting developments. WNS and Denali, long time partners, became one organization. Wipro announced a strategic partnership with Tradeshift as well as an investment by Wipro Ventures. Capgemini sold its procurement platform IBX to Tradeshift. IBM and SAP Ariba announced a major strategic partnership that will see IBM adopting SAP Ariba as its procurement platform that underpins its BPaaS service delivery. Emptoris, IBM's current platform, will be sunsetted. As part of the partnership, SAP Ariba and IBM are setting up Cognitive Procurement Centers of Excellence.

■ **Still a Lot of Room for Providers Helping Clients to Fix the Basics.** While the conversations among procurement professionals often focus on "the future of procurement" and all the innovative technologies that have started to shape the direction of procurement and many transformation journeys, the reality is that lots of procurement organizations are still struggling with transactional procurement processes, getting invoices processed with intelligent character recognition (ICR) and optical character recognition (OCR), and matching invoices and purchase orders correctly in one go. They simply don't have the time or bandwidth to focus on "the future." Providers with strong transactional procurement outsourcing capabilities can help these organizations tremendously. By putting to work staff augmentation, automation, technology management, and data management, procurement functions can fix the basics while freeing up internal staff to focus on more value adding tasks and planning the future of their department.

Key Highlights – State of the Procurement As-a-Service Market

- **New Contracts and Service Offerings Show As-a-Service Ideals.** Elements of As-a-Service Ideals are becoming pervasive in new contracts. Clients that renew engagements with service providers are very interested in more flexible, modular services and delivery and commercial models that facilitate collaboration. Design Thinking, Intelligent Automation, Actionable and Accessible Data, and Plug-and-Play Digital Services are rapidly becoming table stakes in Procurement As-a-Service.

- **Service Providers Rigorously Moving to As-a-Service.** There is still a lot of room for further adoption, but service providers have made extensive efforts to incorporate As-a-Service into their delivery model. Pure "lift and shift" transactional procurement has further reduced and gives way to consulting-led sourcing, more modular, integrated, technology-based As-a-Service solutions, with more and more Business Process As-a-Service (BPaaS) solutions being offered.

- **Commercial Model Innovation.** Since the last Blueprint, service providers have continued to introduce more innovation in commercial models. The amount of fees at risk against outcomes is growing. Gain share has lost its appeal to a lot of buyers and service providers, as determining the causality between intervention and saving has proven very difficult and distracting for both parties. Subscriptions pricing and putting skin in the game to achieve outcomes gain in popularity, as providers experience the impact of platforms and automation on procurement services and price points. Service providers show a willingness to innovate and cannibalize revenues. However, new contracts predominantly start with FTE pricing.

Key Highlights – State of the Procurement As-a-Service Market

■ **Transactional Procurement Continues to Change.** Transactional procurement for the last decade has often looked like a "lift and shift" model supplemented by post-transition process excellence projects by service providers. Since 2015, robotic process automation and later cognitive computing drive a move away from the labor arbitrage heavy model of the past and to improve overall delivery speed and quality. The 2016 Blueprint saw service providers put RPA at the fore of transactional procurement, diligently reworking their delivery processes. In 2017, automation is the key component providers deploy to transform downstream procurement. Clients, however, still have a different perception of the pervasiveness of RPA in their processes, with many still internally evaluating the potential and piloting RPA deployments.

■ **Paradox in Client Expectations and Provider Offerings.** There is a significant gap between the level of innovation clients feel is right and suitable for their organization and the leading-edge innovations providers are offering, particularly in areas like cognitive procurement. Clients indicate time and again they don't blame their provider for a lack of innovation in the engagement, rather pointing at their own organization as holding back progress. Culture plays a significant role, as do organizational complexity, legacy technology and processes, a too narrow focus on short-term cost savings, and a lack of resources and skills in the procurement function to plan and execute a future oriented strategy.

■ **Procurement Technology and Technology Management Are at Center Stage.** Service provider technology has always played a role in procurement delivery but in the present market it has increased again in importance. Providers' proprietary technology platforms have a bigger role in delivery and buyers are investing in SaaS based procurement platforms like Ariba, Coupa, SMART by GEP, and Tradeshift. Technology management is a growing part of procurement outsourcing.

Key Highlights – State of the Procurement As-a-Service Market

■ **New Entrants in the Winner's Circle.** There has been significant change in the market since the first Blueprint in 2013, but the market is still dominated in size by Accenture, Capgemini, GEP, IBM, and Infosys. Genpact has successfully grown the procurement practice and moved into the As-a-Service Winner's Circle in 2016. This year the new Winner's Circle entrant is WNS-Denali, on account of the acquisition of its longtime partner Denali, the full value chain services the new organization now offers, and the added value its clients have reported by the combining of forces.

■ **Proactive Innovation.** Service buyers HfS interviewed during the Blueprint research process expressed a desire for more proactive innovation from their service provider. Clients want their service providers to be innovation partners, driving new ideas and engaging on all levels of the client organization to bring modernization in procurement. Currently providers are seen as execution engines.

■ **Client Communities.** Service providers organize communities for clients, aimed at knowledge sharing, peer connections, cross-client learnings, and generating new ideas. Clients value these communities tremendously and say they help improve their relationship with the provider and deepen the engagement. Service providers have an opportunity to cater to these needs even more and make themselves more indispensable to clients, who are often struggling with questions around procurement technology, automation, creating new value, and the future of procurement.

Key Highlights – State of the Procurement As-a-Service Market: Deal Size and Growth

- **The Mega Deal Is Disappearing.** The procurement outsourcing market was believed to grow through mega deals. In reality it has been the contrary: the total contract value (TCV) and annual contract value (ACV) have declined further over the past two years. Mega deals valued grater than $50 million have become a rarity over the last three years. HfS recorded one deal over $100 million signed in 2017.

- **Procurement Outsourcing Deals Are Getting Smaller and Shorter.** Driven by As-a-Service and platform adoption at the core of procurement, the role of manual labor has decreased, automation has introduced new efficiencies in processes, and buyers have had new alternatives for large scale outsourcing. This is reflected in the average length and value of procurement outsourcing contracts. TCV has dropped from $15 million in the October 2014 to September 2015 timeframe to $10 million between October 2015 and September 2016. ACV decreased from $4.3 million to $2 million in the same period. This trend continued last year; TCS is now $4.6 million and ACV is slightly up to $2.5 million per year. Seventy-three percent of new contracts is awarded for a period of five years or less, 28% is for two to three years, and 13% is for engagements shorter than two years, up from 7% last year.

- **Growth Has Slowed.** Procurement outsourcing has grown into a substantial multi-billion dollar market. At the same time, growth has slowed from over 10% to around 6% in 2015. HfS estimates an average compound annual growth of 7.6% for the 2016 to 2021 period for the procurement services market. Opportunities for growth are regional; North America, Latin America, and Asia Pacific (excluding Japan) have growth rates of over 8%. HfS sees Source-to-Pay services growing quicker than Procure-to-Pay processes. The strongest industries for procurement outsourcing growth are telecom, software and hi-tech, followed by media, publishing and transportation and logistics.

Key Highlights – State of the Procurement As-a-Service Market: Category Management

- **Sourcing and Category Management in High Demand and Growing.** Client value creation and service provider differentiation often depend on the breadth and depth of the available sourcing staff in the service provider. The battle to hire and retain sourcing expertise is significant, especially as clients in both North America and Europe are looking for the on-site availability of consultants from their service providers. Many of the strategic actions undertaken over the last several years by the service providers, including acquisitions and partnerships, have been made in order to address gaps in organic indirect sourcing category coverage.

- **Leading Providers Manage over $530 Billion of Spend for Clients.** The amount of spend under management by the providers covered by this report is in excess of $530 billion. The spend under management has grown 13% per year on average since 2015.

- **Top 10 Categories by Spend Under Management.** The largest categories managed by Procurement As-a-Service providers based on spend under management are:

1. IT
2. Professional services
3. Marketing and sales
4. Utilities
5. Human resources
6. Maintenance, repair, and operations
7. Raw materials
8. Logistics
9. Facility management
10. Manufacturing

Key Highlights – State of the Procurement As-a-Service Market: Category Management

■ **The Leading Procurement As-a-Service Providers in this Blueprint Employ over 5,000 Category Experts.** Through category management services, enterprises have access to over 5,000 experts in 16 categories ranging from travel, office supplies, and logistics to IT, professional services, and raw materials.

■ **Top 10 Categories by Category Experts.** The largest categories managed by Procurement As-a-Service providers based on the number of category experts are:

1. IT

2. Professional services

3. Utilities

4. Maintenance, repair, and operations

5. Marketing and sales

6. Logistics

7. Raw materials

8. Human resources

9. Manufacturing

10. Facility management

Key Highlights – State of the Procurement As-a-Service Market: Change Agents

■ **Intelligent Automation in Transactional Procurement.** Intelligent Automation, from robotic process automation (RPA) to Artificial Intelligence and Cognitive Computing, is playing a central role in the evolution and innovation of Procurement As-a-Service delivery and core procurement platforms. Across the board, service provider make tremendous investments to deeply embed Intelligent Automation into service delivery and create a wide variety of solutions leveraging cognitive and advanced analytics capabilities. The solutions aim to tackle some of the key challenges of procurement such as compliance, procurement experience, rogue spending, tail spend, supply risk, data and information, and closing the loop from theoretical to achieved savings – all of which are standing in the way of cost savings and value creation for the enterprise.

■ **Cognitive Procurement Hitting Adolescence.** Many buyers see cognitive procurement as the next frontier but don't have a clear understanding of, or plan for, how to make it work for their organizations; the majority of procurement organizations perceive themselves as far removed from advanced innovative procurement capabilities. They are fixing the basics, getting procurement technology to work, digitizing invoices, and pondering the opportunities RPA could bring the procurement function. The gap between cognitive procurement and the (perceived) level of maturity and change readiness of procurement is the hurdle service providers like IBM need to take to make its cognitive ambitions reality or be at risk of running too far ahead of the game.

Key Highlights – State of the Procurement As-a-Service Market: Change Agents

- **Amazonification of Procurement – the Move to Simple, Seamless, Digital Buying Experiences.** Amazon is relevant to procurement in a number of ways. Firstly, it has created a de facto standard for purchasing experiences: simple, easy, and accommodating to the user. "Why should buying at work be so different than buying as a consumer?" many people wonder. Secondly, with behavioral algorithm-based recommendations and simple evaluating criteria, it reshaped "requisitioning." Thirdly, Amazon Business is setting a new norm for external marketplaces. Procurement functions and service providers are challenged to follow suit and harness the power of digital procurement experience, changed buying behavior and consumer expectations. Efforts to create Amazon-like experiences by providers include:

  - Cognitive buying assistants, using front-end technology that allows stakeholders to interact with procurement in natural language – text, speech and images – then directing them to what they need within about 90 seconds.

  - Intuitive catalogs (including punch-outs), comprehensive search capabilities, shopping carts, and all the convenient consumer shopping features buyers are familiar with, delivered on one platform.

  - Artificial Intelligence advisors (cognitive computing applications) such as a procurement market intelligence advisor to perform primary and secondary market research on suppliers and categories and prepare a holistic report.

  - Implementing chatbots to ensure that at any stage of the process the user can receive help quickly and be direct to the most optimal outcome.

  - Some providers are focused on bringing value from blockchain solutions to the procurement process.

Key Highlights – State of the Procurement As-a-Service Market: Change Agents

■ **Blockchain.** To a fault, service providers identify blockchain as both a game changing technology for procurement and for its potential to become the fabric of global B2B transactions. The implications of blockchain to procurement, supply chain, and supplier management are highly significant. Use cases that are currently explored:

- ■ The rapid transaction time and low processing cost (transaction fees) of blockchain can add incremental productivity to downstream P2P activities.

- ■ "Smart contract" functionality can bundle contractual elements directly into payments such as volume discounts, payment terms discounts, and service level agreements.

- ■ The nature of the RFx can change, allowing suppliers to upload private information and answers onto a blockchain and reveal those by sharing a public key with the buyer, thereby streamlining, standardizing, and automating the inefficient RFx process.

- ■ Eliminate two-way and three-way checks in invoice payments and audits.

- ■ Real-time settlement.

- ■ Transforming purchase order (PO) management and supplier risk management.

- ■ Single source of truth for POs, goods receipts, and invoices, creating greater trust and visibility.

- ■ Supplier can access the PO from blockchain, use it as sales order, and take steps to initiate delivery.

Key Market Dynamics
in Procurement As-a-Service

The Current Maturity of Procurement As-a-Service Offerings

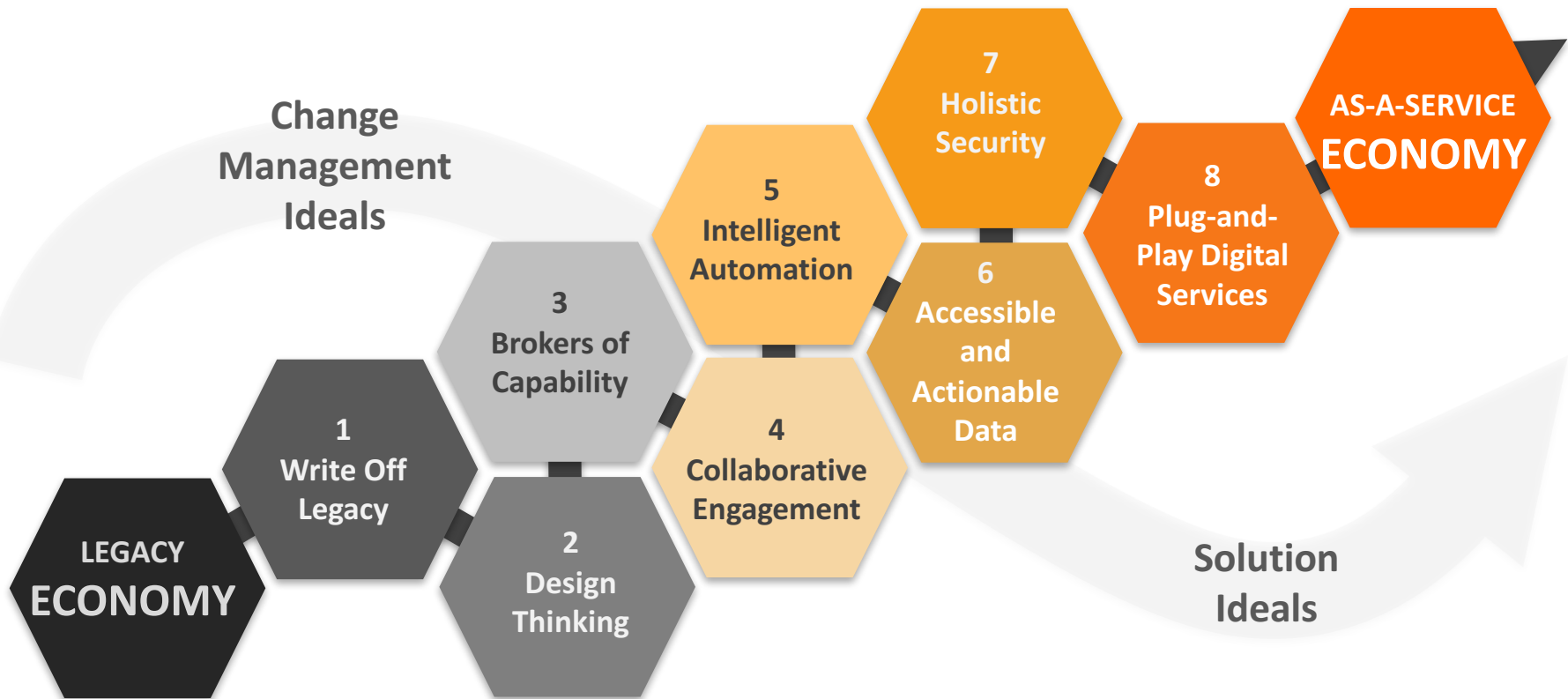|	Mature	Competitive market with examples of service offerings and customer case studies from large number of service providers
	Nascent	Market in development with fewer examples of service offerings and customer case studies

Category Management	Strategic Sourcing	Supplier Management	Contract Management	Technology Management	Transactional Procurement
Category strategy	Demand management	Supplier enablement	Contract repository	Initial technology solutions	Procurement help desk
Category planning	Sourcing strategy	Supplier help desk	Contract administration	Ongoing technology innovation	Accounts payable
External marketplace analysis	Sourcing event management	Supplier accreditation	Contract template management	Platform implementation	Invoice and receipt match reconciliation
Spend data management	Proposal evaluation	SLA monitoring	Ongoing contractual negotiation support	Platform management	Asset management
Spend analytics	Contract negotiation	Vendor relationship management			Purchase order creation and management
Ongoing category management	Sourcing governance				

Journey to the As-a-Service Economy

- Moving into the As-a-Service Economy means changing the nature and focus of engagement between enterprise buyers, service providers, and advisors
- "As-a-Service" unleashes people talent to drive new value through smarter technology and automation

Fixed Assets → *Leveraged Assets*

Change Management Ideals

Solution Ideals

- LEGACY ECONOMY
- 1 Write Off Legacy
- 2 Design Thinking
- 3 Brokers of Capability
- 4 Collaborative Engagement
- 5 Intelligent Automation
- 6 Accessible and Actionable Data
- 7 Holistic Security
- 8 Plug-and-Play Digital Services
- AS-A-SERVICE ECONOMY

Moving to the Eight Ideals of the As-a-Service Economy

Legacy Outsourcing	Intelligent Simplification	As-a-Service Economy
Legacy technology investments that limit agility and create masses of exceptions addressed through adding internal and external FTEs	**1. Write Off Legacy**	Using platform-based solutions, DevOps, and API ecosystems for more agile, less exception-oriented systems
Resolving problems by looking first at the process as the source of the solution	**2. Design Thinking**	Understanding the business context to reimagine processes aligned with meeting client needs
Focusing governance staff on managing to the letter of the contract and the decimal points of service levels	**3. Brokers of Capability**	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps
Evaluating relationships on baselines of cost, effort, and labor	**4. Collaborative Engagement**	Ensuring relationships are contracted to drive sustained expertise and defined outcomes
Operating fragmented processes across multiple technologies with significant manual interventions	**5. Intelligent Automation**	Use of automation and cognitive computing to blend analytics, talent, and technology
Performing ad-hoc analysis on unstructured data with little integration or business context	**6. Actionable and Accessible Data**	Applying analytics technologies, processes, and resources on relevant data sets to derive insights that can help improve an enterprise
Responding with post-event fixes; little focus on end-to-end process value chains	**7. Holistic Security**	Proactively managing digital data across service chain of people, systems, and processes
Undertaking complex, painful technology transitions to reach steady state	**8. Plug-and-Play Digital Business Services**	Plugging into "ready to go" business-outcome-focused people, process, and technology solutions with security measures

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With Automation and Data Most Pervasive, the Procurement Market is Increasingly Adopting the Ideals of the As-a-Service Economy

Ideal	As-a-Service Ideal Definition	Non-existent	Initial	Expansive	Extensive	All Pervasive
Write Off Legacy	Using platform-based solutions, DevOps and API ecosystems for more agile, less exception-oriented systems			2017		
Design Thinking	Understanding the business context to reimagine processes aligned with meeting client needs				2017	
Brokers of Capability	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps				2017	
Collaborative Engagement	Ensuring relationships are contracted to drive sustained expertise and defined outcomes				2017	
Intelligent Automation	Using automation and cognitive computing to blend analytics, talent, and technology					2017
Accessible and Actionable Data	Applying analytics technologies, processes, and resources on relevant data sets to derive insights that can help improve an enterprise					2017
Holistic Security	Proactively managing digital data across service chain of people, systems, and processes			2017		
Plug-and-Play Digital Business Services	Plugging into "ready to go" business outcome–focused, people, process and technology solutions with security measures				2017	

How As-a-Service Is Taking Shape in Procurement As-a-Service: Writing Off Legacy

Legacy technology and physical distribution investments that limit agility and create exceptions addressed through adding internal and external FTEs

→ Using platform-based solutions, DevOps, and API ecosystems for more agile, less exception-oriented systems

1 Write Off Legacy

- Writing Off Legacy for enterprises and service providers in Procurement As-a-Service reached the "Expansive" phase. Enterprises have invested heavily in ERP systems and brought procurement processes into these ERPs. ERP systems have not delivered the customer experience, process simplicity, and compliance procurement organizations aim for. Writing Off Legacy is not about abandoning ERP or legacy procurement systems but about exploring and using platform-based solutions that integrate with the system of record, making the data more accessible and extensible, and interfacing and integrating with other technologies. Procurement has been a preeminent area for modern, cloud-based platforms and networks like Ariba, SMART by GEP, and Coupa, able to function on their own and interface with existing ERP systems. Service providers have recognized this and forged partnerships with procurement technology vendors, building proprietary platforms, providing expertise and methodologies, and leveraging third-party platforms in their services to enable both technological and change management capabilities and expand their ability to help clients change.

- Bringing as much suppliers onto a platform is critical to the value of such a network. Procurement technology vendors like SAP/Ariba, Tradeshift, GEP, and Coupa have been building very significant networks of suppliers, e-procurement, and procure-to-pay solutions leveraging API ecosystems and external apps to integrate suppliers and services.
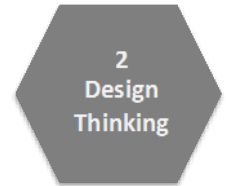
Examples:

- IBM continues to build its partner ecosystem across the Procurement As-a-Service offerings with the likes of SAP Ariba, Oracle, Coupa, and BuyersQuest for cloud-based platform support in S2C, P2P. To deliver Procurement As-a-Service IBM currently uses its single, global multi-client IBM Emptoris S2C cloud-based platform, executing across clients in a standardised manner with program management, multi-tenant spend analysis, contract management, and supplier lifecycle management. Dashboards are presented mobile apps. As part of its strategic partnership with SAP Ariba, IBM is transitioning from Emptoris to SAP Ariba as its BPaaS.

- Genpact's Lean Digital approach focused on a high degree of As-a-Service standardization, bypassing legacy constraints through the provision of lean, digitally enabled, analytics-driven, and domain-led processes and activities.

- Accenture aims to enable clients to leverage existing eProcurement systems, bolting on proprietary Radix platform and AP tool suite to streamline the P2P process. Radix allows Accenture to operate and optimize process unencumbered by clients' legacy systems.

How As-a-Service Is Taking Shape in Procurement As-a-Service: Design Thinking

Resolving problems by looking first at the process as the source of the solution

Understanding the business context to reimagine processes aligned with meeting client needs

2 Design Thinking

- Design Thinking provides a new way to think and engage as partners. It helps shift the focus of work and engagement from "inside out" to "outside in", starting from the end consumer. Design Thinking can be applied to new engagements, existing engagements, or in search of next level value. Most service providers have adopted Design Thinking in some way, shape, or form and have introduced clients to the concept. We believe this ideal is starting to become "Extensive" in Procurement As-a-Service engagements. Service providers and buyers can still work together to make Design Thinking an integral part of their relationship and day-to-day operations, beyond the initial stage of a new engagement or a intervention type project during the ongoing engagement. Design Thinking can be used to establish joint initiatives and change the fundamental nature of engagements, implementing Design Thinking as an new frame of reference for innovative thinking and development, shaping the future of procurement.
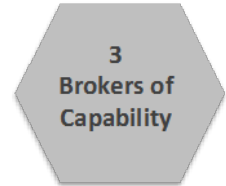
Examples:

- "Capgemini has an excellent Design Thinking group," said one client during the Blueprint interview. Capgemini applies Design Thinking from the early stages of client relationships, particularly to develop deep understanding of challenges and as part of process transformation services. Design Thinking helped Capgemini to come up with new, variable commercial constructs for its procurement services.

- The Lean DigitalSM Innovation Center is Genpact's Design Thinking facility that helps clients drive digital transformation across the customer journey. A procurement example shows Design Thinking applied to redesign the procurement experience resulting in a working prototype for an approver and requestor solution for a pharmaceutical client, resulting in better procurement experiences and enhanced compliance.

- IBM and Accenture have adopted Design Thinking as the primary methodology, "infusing Design Thinking into the DNA of the BPO business," in consulting-led Procurement As-a-Service, applying it to their own organizational development and client engagements.

How As-a-Service Is Taking Shape in Procurement As-a-Service: Brokers of Capability

Focusing governance and operations staff on managing to the letter of the contract and the decimal points of service levels → Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps

3 Brokers of Capability

- Being a Broker of Capability is about articulating a business problem or opportunity, the desired outcomes, and then coordinating and facilitating across internal and external entities to reach those results. This ability helps service providers to identify current and anticipated needs to deliver business results and to manage capability effectively to deliver those outcomes. Given the internal procurement expertise and ecosystems of partners the service providers have build over the last decade and their ability and willingness to leverage their networks for clients, this ideal is "Extensive" in the current market.

Examples:
- GEP shares category specific knowledge across the organization via its Category Advisory Group, enabling resource development, sharing best practices, and adopting the latest technologies and expanding capabilities. It also has build a comprehensive repository of best practices, S2P processes, benchmarks, and supplier lists.
- Similarly, Accenture uses its Liquid Workforce concept to enable a fine level skill engagement. Employees in the procurement market domain register skills and respond to one-off project request. Accenture taps into potentially hidden sources of expertise and offers employees opportunities to put their talents to work beyond their day to day activities.
- Genpact leverages its pool of select global freelance experts, GenIE, to bring in additional expertise, thought leadership, and fresh ideas. This is a single platform for fulfilling Genpact's external resources requirements to fill capability gaps – a scalable "virtual" bench. For a procurement client, GenIE was used to bring in senior experts with deep knowledge of the client's industry to inform the transformation efforts and develop industry assessments and competitive benchmarks for the client.

How As-a-Service Is Taking Shape in Procurement As-a-Service: Collaborative Engagement

Evaluating relationships on baselines of cost, effort, and labor ➡ Ensuring relationships are contracted to drive sustained expertise and outcomes

4 Collaborative Engagement

- The key to a sustainable outsourcing engagement is collaboration, working together to produce a result. Traditionally, outsourcing work has been directive from service buyers to service providers and managed strictly by procurement organizations. As more business units and global shared services centers take responsibility for relationships, HfS is seeing a move over time to more collaboration where trust and experience are in place, often through shared outcomes and results. The adoption of practices of collaborative engagement is "Extensive" in Procurement As-a-Service today as a response to the orientation of the market on finding new ways of working, both in service delivery and commercial models.

Examples:
- Proxima and WNS-Denali have both built their engagement model to augment the client's existing capabilities in procurement, making the engagement truly collaborative and aimed at extending and sustaining capacity and expertise beyond the engagement. WNS-Denali offers training and coaching in category management to develop talent at the client. Proxima offers truly on-demand outcome-focused services, such as prepaid, "all you can eat" event management and support, which act as an extension of the client's capabilities and can be switched on and off at will.

- IBM offers a variety of commercial structures to clients and finds subscription based services, such as BPaaS offerings for Supplier Payments Terms Optimization and Spend Analysis, brings them closer to the client, opening up opportunities for deeper collaboration and broaden IBM's revenue streams.

- Enablement of collaboration between client stakeholders and with Accenture procurement specialists a the key objective of Accenture's approach to day to day collaborative engagement, for instance through Radix Mobile.

How As-a-Service Is Taking Shape in Procurement As-a-Service: Intelligent Automation

Operating fragmented processes across multiple technologies with significant manual interventions

→

Using of automation and cognitive computing to blend analytics, talent, and technology

5 Intelligent Automation

- Automation has become "Pervasive" in Procurement As-a-Service. Many service buyers we interviewed view automation and RPA in particular as an "next frontier" for their enterprise and procurement function. Service providers, however, have used automation in the delivery of services and their workflow platforms. In transactional support for accounts payable and invoice processing, RPA has been implemented by most service providers. Procurement platforms like Ariba and Coupa have automated many procurement processes. The use cases for RPA now typically lie in further automating exceptions that have not been effectively managed by platforms.

- What HfS calls Intelligent Automation—software and technology doing routine tasks, enhanced through machine learning and natural language processing, and moving up the curve with artificial intelligence, is beginning to play an important role in procurement. Progress is made in areas like low-touch and no-touch procurement (straight-through processing) and assisted buying by applying Artificial Intelligence and cognitive computing to procurement processes, and the list of opportunities is much longer.

Examples:

- IBM has made a huge bet on Intelligent Automation. IA is the next step in the procurement transformation journey, delivering value beyond efficiency and improved experience, digitizing, reinventing processes to reach new levels of service excellence in a digital procurement operating model. A good example of the interplay of supplier management, process automation skills, cognitive computing, and advanced analytics is the Global Catalogue Facility. This is a global multi-tenant catalogue repository with advanced data optimization, transaction automation, and behavioral analytics, acting as a punch-out catalogue for clients, allowing a high level of automation. Buyers get recommendations about best value choices based on behavioral analyses and constant improved category content.

- Accenture's Procurement As-a-Service clients benefit from intelligent automation through its standardized, cloud-based source-to-pay platform Radix, in which intelligent automation is embedded. Rules-driven automation, robotic processing automation (RPA), and automation-enabled analytics play a key role in increasing the speed, accuracy, and effectiveness of the workflow to accelerate outcomes. Rather than simply automate sub-par processes for individual clients, Accenture designed a singular, optimized Source-to-Pay process and executes it within a multi-tenant platform across all clients. Radix captures intelligence and performance metrics from all of the projects and programs, facilitating accessibility to actionable data. Data is imported from clients, digitized, and used to inform the process. Relevant data, analysis, and outcomes are funneled back to the client.

HfS BLUEPRINT REPORTS

How As-a-Service Is Taking Shape in Procurement As-a-Service: Accessible and Actionable Data

Performing ad-hoc analysis on unstructured data with little integration or business context

→

Applying analytics technologies, processes and resources to relevant data sets to derive insights that can help improve an enterprise

6 Accessible & Actionable Data

- Advanced Analytics and Accessible and Actionable Data are fundamental for procurement; data is the lifeblood and new superpower for procurement functions. A crucial capability of procurement is intelligence; decision-making processes are fueled by data and insights. Analytics capabilities are consuming raw structured and unstructured data quicker and turning data to insight-driven actions. Effective analytics depend on standardized, cleansed, and aggregated data derived from multiple sources. Analytics are used to create feedback loops, driving savings and performance.

- In modern procurement processes, predictions are made based on user behavior, creating better user experiences and improving compliance with procurement policy. New development areas for analytics are mining of network data and building value propositions around the insights. Predictive analytics are more prevalent, such as predictive supply analytics, and drastically impact procurement going forward.

Examples:

- Wipro's Apollo is a big data AI platform that detects patterns based anomalies and fraudulent transactions across P2P processes. Apollo detects process violations and fraud through correlating data feeds from multiple sources. It applies a combination of predefined rules and predictive machine learning algorithms to identify outliers in data. It is a continuous monitoring platform that is near real time.

- IBM's Intuitive Buying Assistant – a cognitive mobile-enabled, smart, digital buying assistant that recommends appropriate and preferred products and suppliers to business users "on the go" – allows users to specify their procurement needs through natural language, unstructured text, and digital imagery, including active dialogue. This improves compliance – requestors use preferred suppliers and users get a highly personalized, easy to use experience that learns over time.

- GEP offers a wide variety of analytics services for sourcing, category management, opportunity assessment, performance management, risk management, supplier relationship management, and tail-spend management spanning sourcing analytics, category management analytics and performance analytics.

- Advanced Analytics is at the heart of the solution stack for Genpact's integrated Procurement-as-a-Service offering, addressing not just spend analytics but compliance, supplier performance, zero-based budgeting, dynamic expense modelling, market intelligence and DPO optimization. Provision of "actionable insight" based on analytics and market intelligence runs across Genpact's Operating Model, supporting different elements of the value chain.

How As-a-Service Is Taking Shape in Procurement As-a-Service: Holistic Security

Responding reactively with post-event fixes. Little focus on end-to-end process value chains

→

Proactively managing digital data across service chain of people, systems, and processes

7 Holistic Security

- In an outsourcing relationship, Holistic Security is the proactive management across internal and external people, process, and technology. Often the focus is on the systems, but in business process outsourcing engagements, people and process become a significant factor in managing and securing data. With more services taking the shape of cloud-based BPaaS solutions and service providers putting the necessary measures in place to manage the digital data across the service stack, Holistic Security is at an expansive state in Procurement As-a-Service. There is however still progress to be made in this area, not all service providers have a comprehensive vision and strategy for Holistic Security, a critical component of cloud enabled, platform based services.

Examples:

- IBM sees data as a fundamental necessity to implementing digitized procurement, so much so that it established a global Chief Data Officer within the procurement practice, responsible for ensuring core data is modelled, migrated, enriched and available for all digitized platforms across IBM's process. The CDO manages a global team of procurement data SMEs who focus on managing a global data model supporting all processes, execution technology platforms, analytics, and cognitive applications. IBM established a global Center of Excellence for procurement data. This team manages the extraction, cleansing, enrichment, and migration of all data associated with the procurement process.
- Accenture's Procurement As-a-Service services run on an infrastructure with Holistic Security built-in at all levels. Accenture's focus on business resilience and a 360-degree approach that addresses the spectrum of security issues across people, processes, and technology helps establish comprehensive threat protection that takes into account customers, employees, contractors, vendors, applications and systems. Accenture has invested 800,000 hours of security R&D in the past four years—with 350 security-specific patents and patents pending.
- TCS implemented a cloud-based procurement platform for a large Japanese client with strict security measures across "Human Security" (including information security training and awareness, employee antecedent checks), physical security (including biometric access to sensitive areas, restricted entry and exit of storage media, no cell phones and photography equipment on production floor) and IT security (separated networks).

How As-a-Service Is Taking Shape in Procurement As-a-Service: Plug-and-Play Digital Business Services

Undertaking complex and often painful technology transitions to reach a steady state

→

Plugging into "ready to go" business outcome–focused, people, process, and technology with security measures

8 Plug & Play Digital Services

- Many processes in procurement are traditionally supported by ERP systems. Plug and Play can unlock value by interfacing with these systems, making them more extensible and valuable and using data from disparate sources. Plug-and-play also is well positioned for smaller but growing companies, and in support of replacing systems for companies going through mergers. Plug-and-Play Digital services have been steadily building momentum in Procurement As-a-Service to the current extensive state. Especially many of the point solutions, like Spend Analytics As-a-Service, are offered on a Plug-and-Play basis. Procurement platforms are offered as cloud solutions and services bundling these platforms, processes and people are on the rise. Several service providers leverage their proprietary procurement platform as the basis for Business Process As-a-Service (BPaaS) offerings underpinning their Procurement As-a-Service.
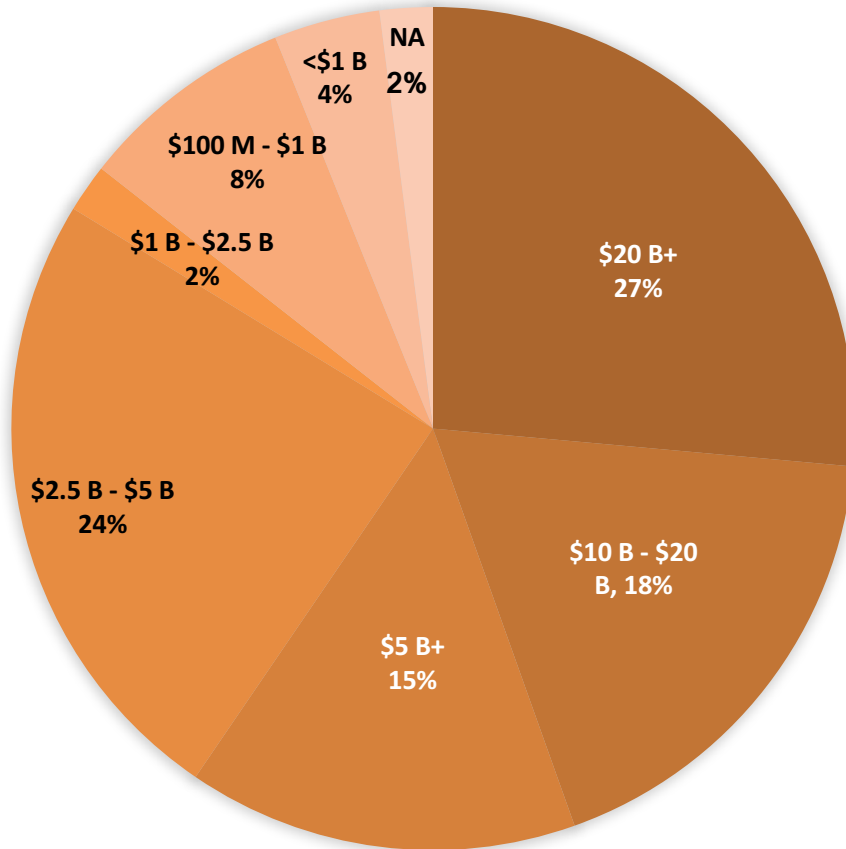
Examples:

- A good example of a plug-and-play service that isn't mainly digital is GEP's SWAT – an on-demand special procurement project execution team equipped with tools and resources for handling high-value or high-risk projects, the equivalent of "boots on the ground."
- IBM offers several plug-and-play BPaaS solutions combining its Consult-to-Operate by Industry model with Intelligent Automation in composable, modular solutions. An illustration is local category sourcing and management skills from near the client, with regional hub-based delivery center, on a single global multi-client Source-to-Contract platform with cognitive tools and dashboards.
- Accenture has built its specialized procurement infrastructure to be engaged by the client when needed. The infrastructure consists of people (including ~1,400 category experts), closed-loop process to drive outcomes, market intelligence and analytics (real-time market information from ~20,000 annual projects and inter- and intra-client insights) and technology in the form of proprietary, cloud-based platform and tools driving automation, visibility, and control.
- Proxima offers services clients can plug into on a subscription basis. Supplier Management is a service aimed at what Proxima sees as the the underserved market for supplier, risk, performance, and value management, build on top of Proxima's Catalytics technology platform, offered as a SaaS solution.
- Genpact offers a number of platform based solutions including category management and sourcing, spend analytics, TPRM, and supplier performance management and is in the process of building out further solutions in tail spend and supplier segmentation and management. These are complemented by Genpact's Lean Digital assets and tools across the middle and back office, for instance the Cognitive Buying Assistant.

Contract Data Analysis

Procurement Outsourcing Contracts by Company Size

Client Organizations' Revenue as a Percentage of Deals

Percentage of Deals

Pie chart segments:
- $20 B+ — 27%
- $10 B - $20 B — 18%
- $5 B+ — 15%
- $2.5 B - $5 B — 24%
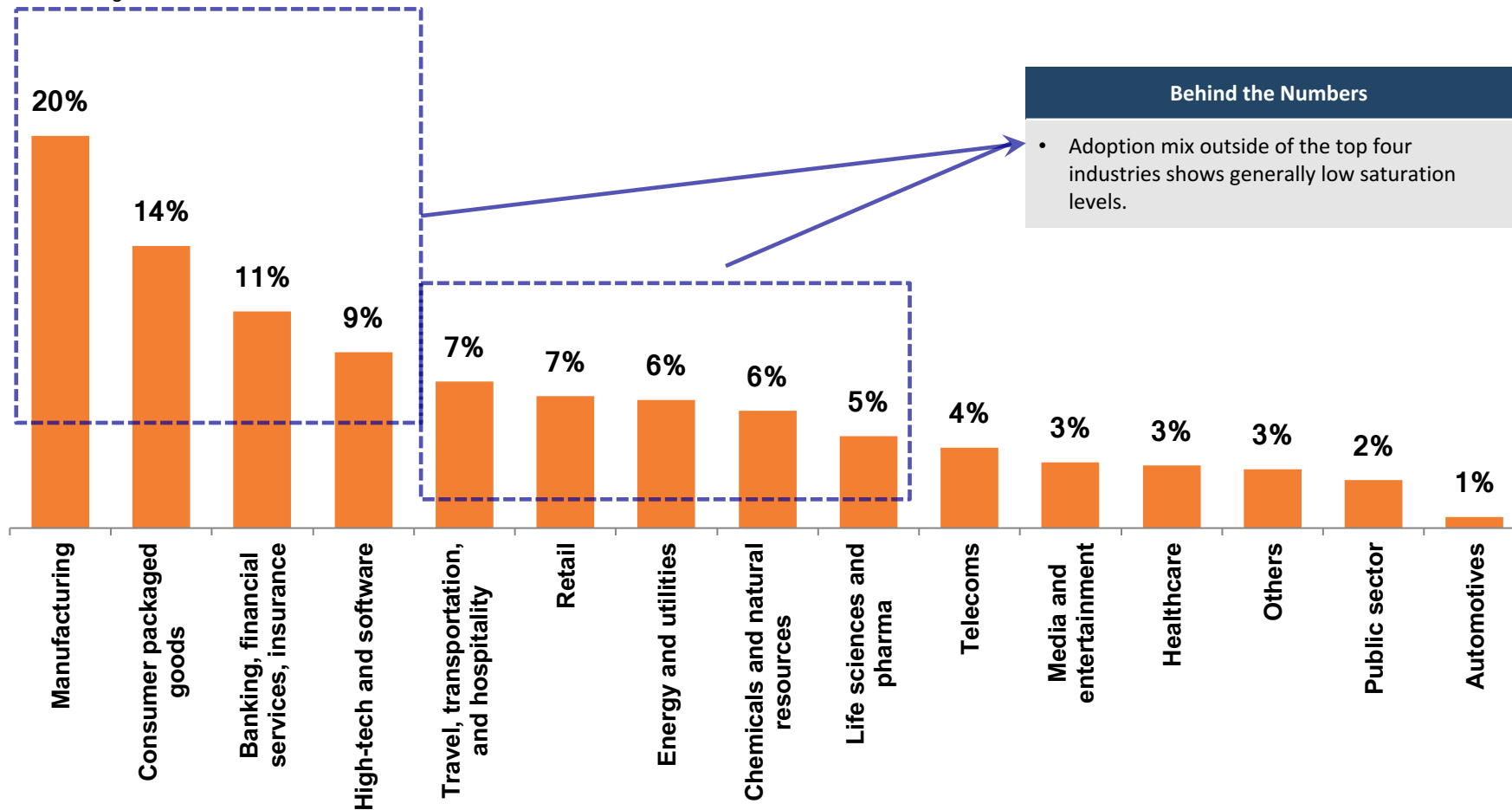- $1 B - $2.5 B — 2%
- $100 M - $1 B — 8%
- <$1 B — 4%
- NA — 2%

- Procurement outsourcing is still dominated by large enterprise buyers:
  - 90% of contracts having the TCV of less than $25M are driven by large enterprises with revenue of $5B and above.
  - During 2015 to H1 2017, large enterprises contributed 56% to contract renewals and/or extensions.
- The size of contracts is related to the length of contract. Larger contracts have an average length of 4.9 years, down one year on average compared to last year.
- Midmarket service buyers continue to outsource smaller deals for shorter periods and are more experimental with the As-a-Service model with the technology platform playing an important role.

Source: HfS Research, 2017; n = 548 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

Manufacturing, CPG, Telecom and High Tech, and Banking, Financial Services, and Insurance Companies Continue to Dominate Procurement Outsourcing

Percentage of Procurement As-a-Service Delivered by Industry
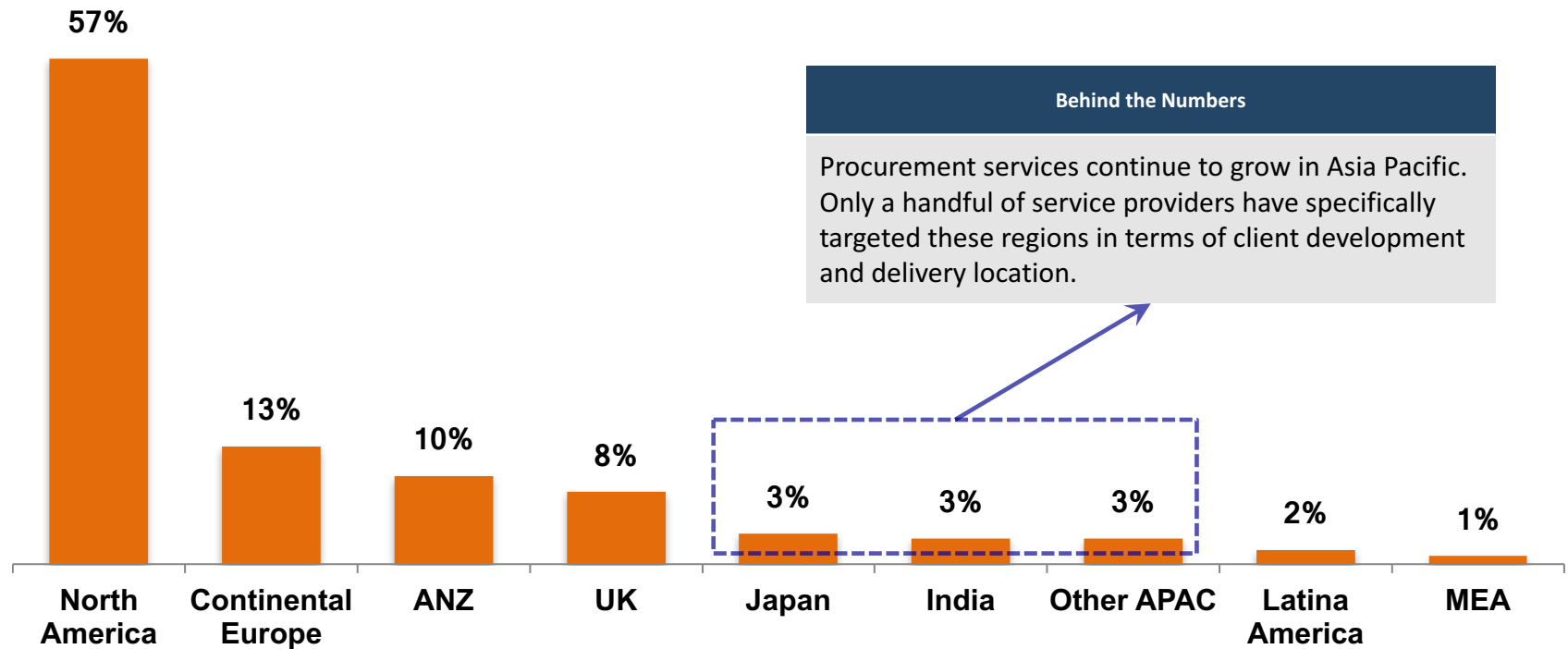Percentage of Deal Count

Behind the Numbers

- Adoption mix outside of the top four industries shows generally low saturation levels.

Industry	Percentage
Manufacturing	20%
Consumer packaged goods	14%
Banking, financial services, insurance	11%
High-tech and software	9%
Travel, transportation, and hospitality	7%
Retail	7%
Energy and utilities	6%
Chemicals and natural resources	6%
Life sciences and pharma	5%
Telecoms	4%
Media and entertainment	3%
Healthcare	3%
Others	3%
Public sector	2%
Automotives	1%

Source: HfS Research, 2017; n = 548 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

North America Continues to Be the Most Active Market for Procurement Services, Followed by Europe, ANZ, and UK

Percentage of Procurement As-a-Service contracts by geography
Percentage of Deals

	Behind the Numbers
	Procurement services continue to grow in Asia Pacific. Only a handful of service providers have specifically targeted these regions in terms of client development and delivery location.

Chart data (Percentage of Deals):
- North America: 57%
- Continental Europe: 13%
- ANZ: 10%
- UK: 8%
- Japan: 3%
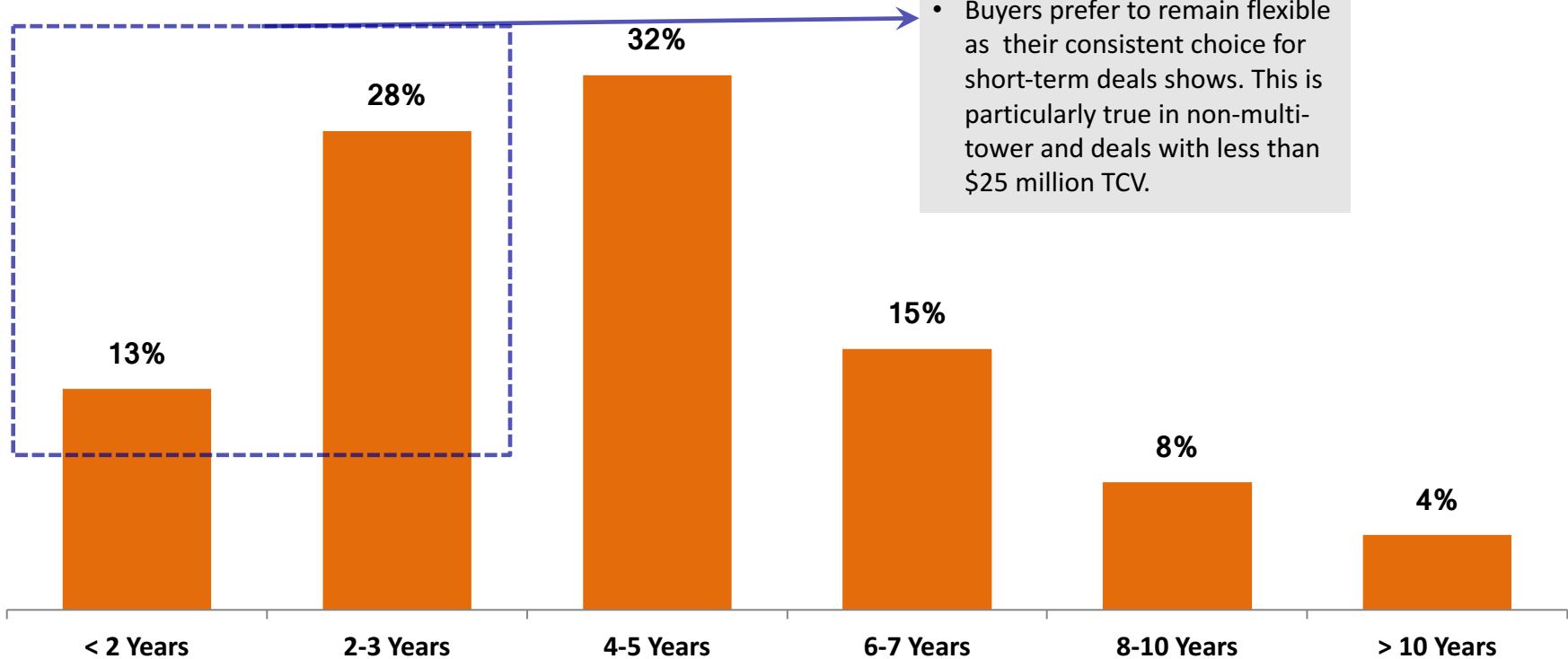- India: 3%
- Other APAC: 3%
- Latina America: 2%
- MEA: 1%

Source: HfS Research, 2017; n = 548 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

Procurement Outsourcing Deal Length Consistently Trends Toward Five Years or Less

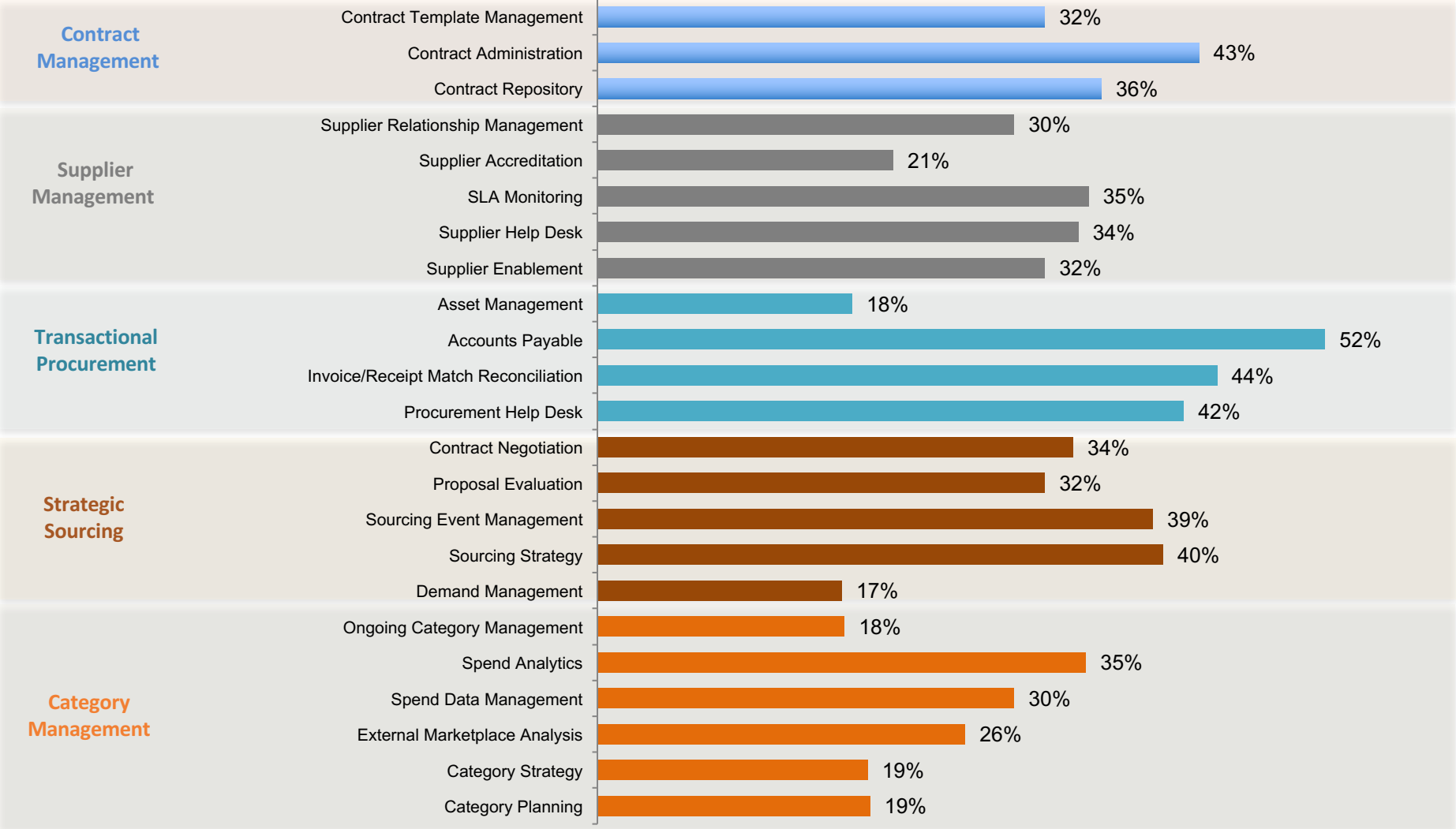**Length of Procurement As-a-Service Contract Term**
Number of Contracts

Behind the Numbers	

- Deals less than two years have almost doubled since the 2016 Blueprint (13% vs 7%).
- Buyers prefer to remain flexible as their consistent choice for short-term deals shows. This is particularly true in non-multi-tower and deals with less than $25 million TCV.

Chart values:
- < 2 Years: 13%
- 2-3 Years: 28%
- 4-5 Years: 32%
- 6-7 Years: 15%
- 8-10 Years: 8%
- > 10 Years: 4%

Source: HfS Research, 2017; n = 548 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

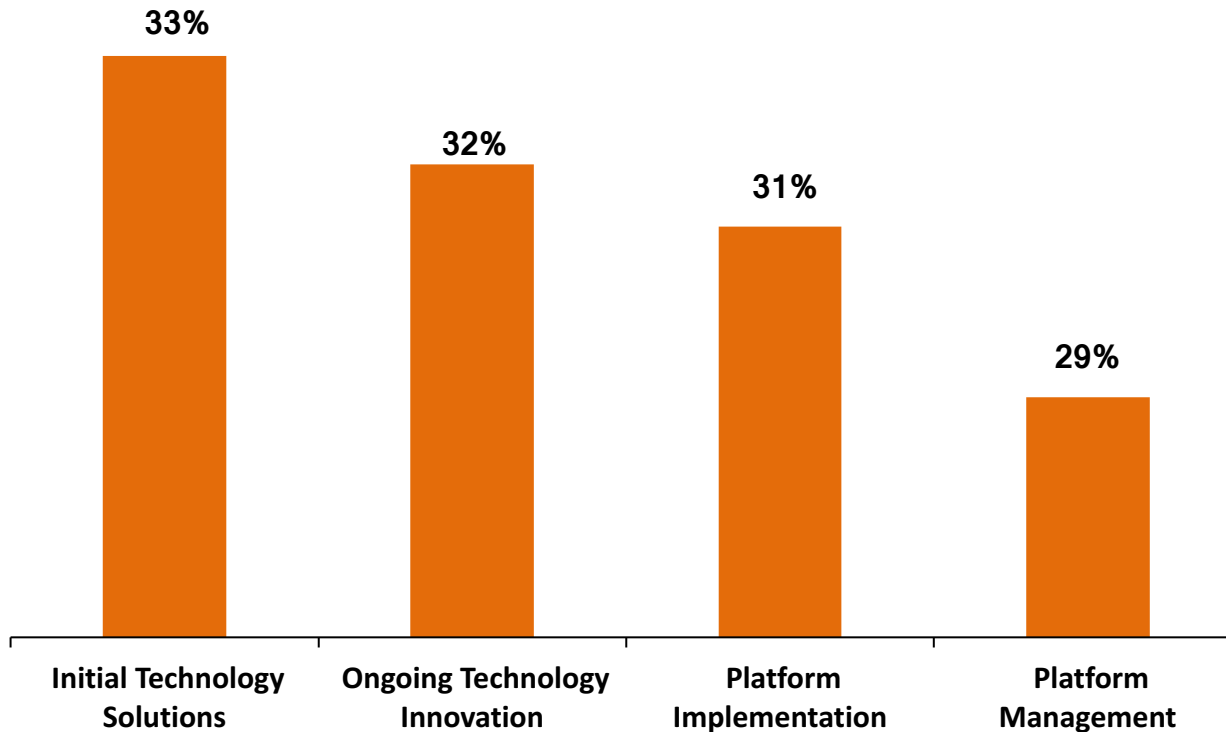# Procurement As-a-Service Engagements Show a Mix of Transactional and Strategic Procurement Processes

Services per value chain area; e.g. 40% of contracts for strategic sourcing includes a sourcing strategy service

Value Chain Area	Process	Percentage
Contract Management	Contract Template Management	32%
	Contract Administration	43%
	Contract Repository	36%
Supplier Management	Supplier Relationship Management	30%
	Supplier Accreditation	21%
	SLA Monitoring	35%
	Supplier Help Desk	34%
	Supplier Enablement	32%
Transactional Procurement	Asset Management	18%
	Accounts Payable	52%
	Invoice/Receipt Match Reconciliation	44%
	Procurement Help Desk	42%
Strategic Sourcing	Contract Negotiation	34%
	Proposal Evaluation	32%
	Sourcing Event Management	39%
	Sourcing Strategy	40%
	Demand Management	17%
Category Management	Ongoing Category Management	18%
	Spend Analytics	35%
	Spend Data Management	30%
	External Marketplace Analysis	26%
	Category Strategy	19%
	Category Planning	19%

Source: HfS Research, 2017; n = 548 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

Technology Platforms and Tools Play an Important Role as Service Buyers Increasingly Move Toward Using a Combination of Tools

Technology Element in the Procurement Outsourcing Contract
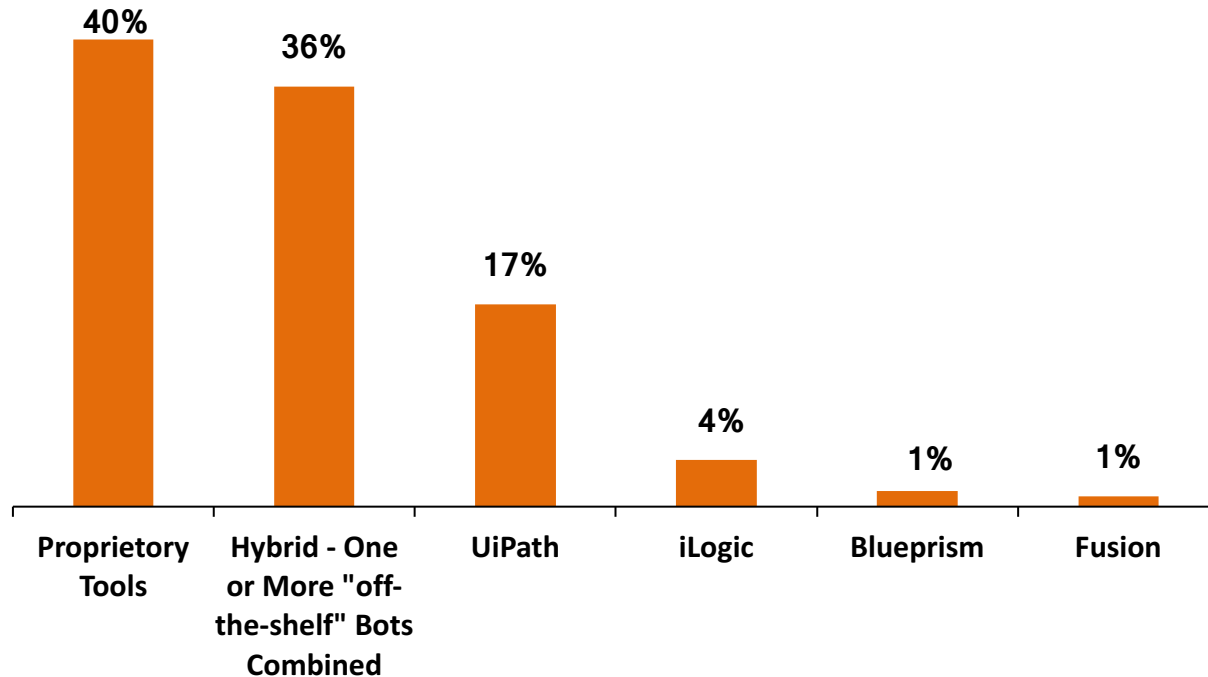Percentage of Contracts

- Service buyers continue to engage providers for initial technology solutions in procurement processes and procurement outsourcing.

- One in three contracts include an element of ongoing technology innovation as part of the transformation to Procurement As-a-Service.

- Platforms such as Ariba, Coupa, and Tradeshift, and proprietary platforms are increasingly being deployed and managed by Service Providers

Source: HfS Research, 2017; n = 548 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

RPA Technology and Tools Gaining Acceptance – As Many As Half of the Contracts Had a One or More Than One Component of RPA Tool

RPA Technology Deployed in Procurement Outsourcing Contract
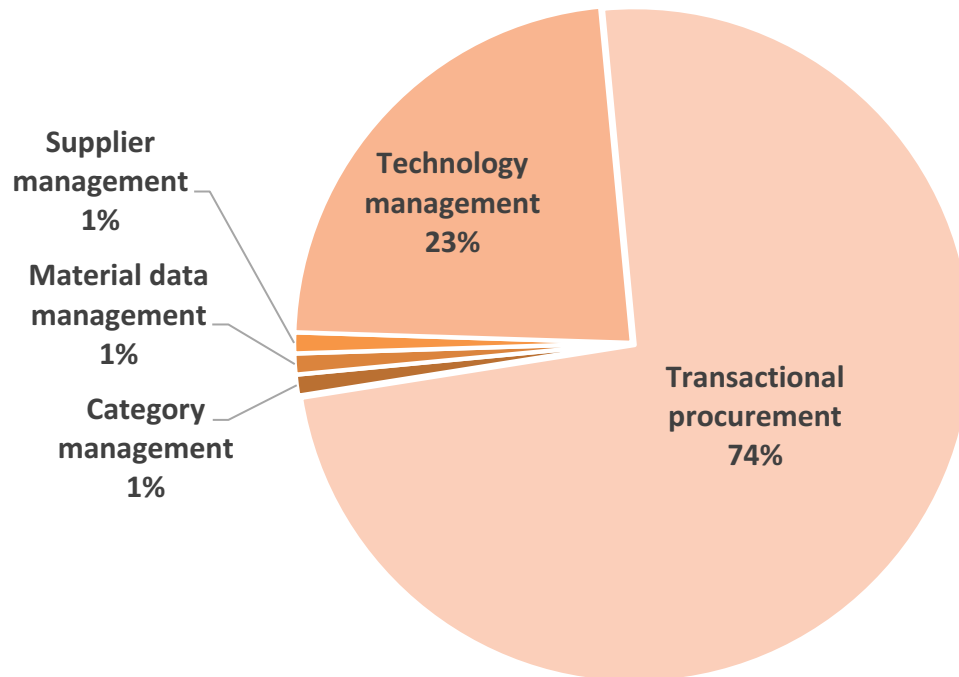Percentage of Contracts

- Service providers have a tendency to incorporate proprietary tools for automation of procurement processes or to use a combination of several bots in engagements.

- Standalone implementations of RPA tools are less common.

- UiPath has a strong position among RPA providers as a standalone tool. Others, such as Automation Anywhere, are often used as part of the delivery by the provider. For instance, Automation Anywhere is used by Accenture in its BPaaS platform Radix to automate tasks.

Source: HfS Research, 2017; n = 248 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

Robotic Process Automation Technology Used Primarily in Transactional Procurement and Procurement Technology Management

RPA Technology Deployed in Procurement Outsourcing Contract by Type of Work
Percentage of Contracts containing RPA technology

- Three in four deployments of Robotic Process Automation focus on transactional procurement processes.

- This underscores the pervasive move away from manual processes to processes run on platforms or automated through RPA.

- As procurement technology platforms have become prevalent in procurement, and providers are taking a larger role in the implementation and management of these platforms, automation plays a key role in the management and maintenance of applications. Almost a quarter of automation tools are deployed in technology management.

Source: HfS Research, 2017; n = 248 live multi-process PO Contracts; based on live PO contracts over $0.5M in TCV with a minimum of two core PO processes bundled

Market Forecast Through 2021

Projected Procurement Outsourcing Market Forecast Shows Continued Opportunity Through 2021 with 7.6% Compound Annual Growth
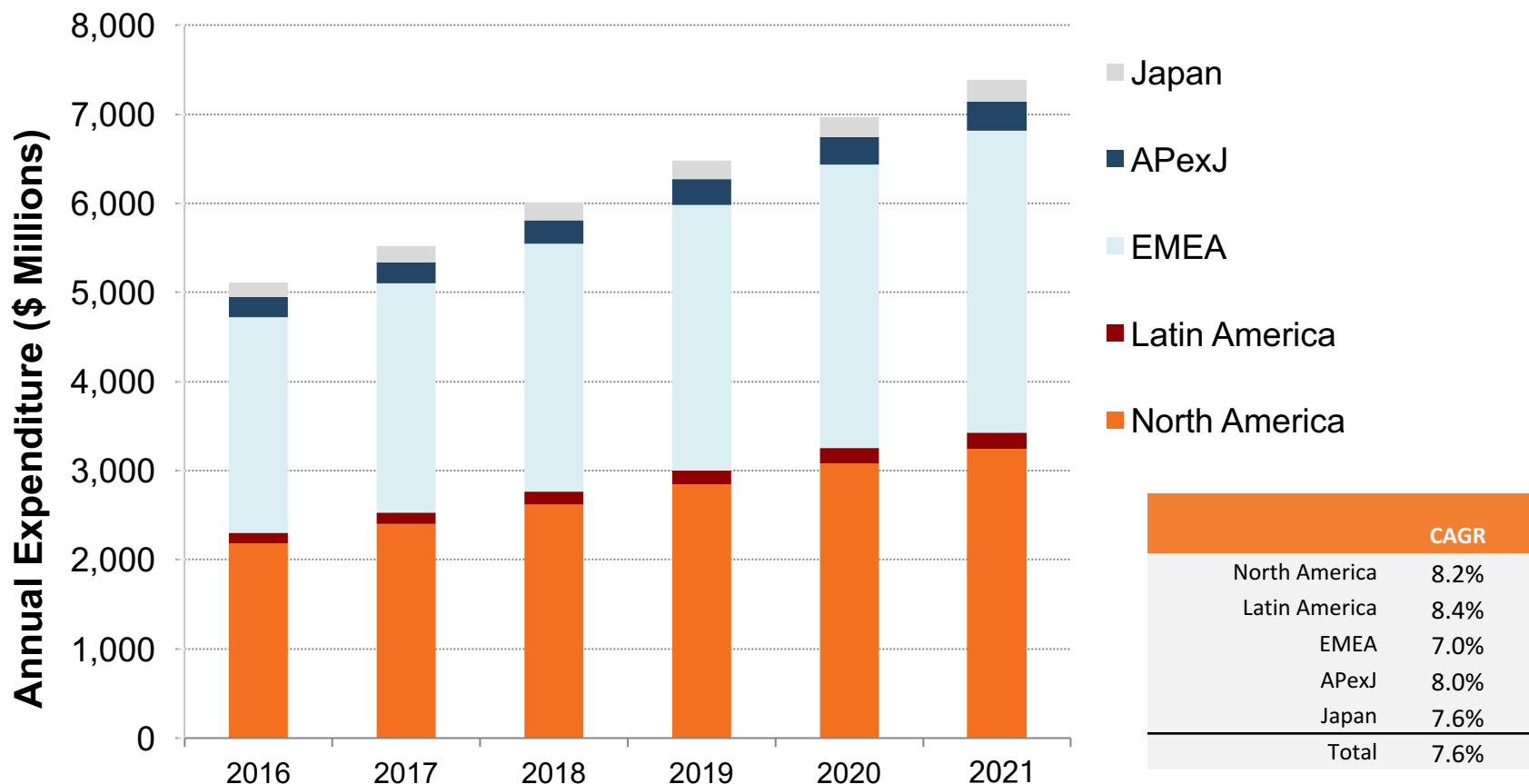
2016–2021 PO Market Forecast ($M)

	2016	2017	2018	2019	2020	2021	CAGR
Procure-to-Pay Outsourcing	1.633	1.734	1.897	2.039	2.186	2.310	**7.2%**
Source-to-Pay Outsourcing	2.267	2.445	2.681	2.899	3.125	3.299	**7.8%**
Standalone Procurement BPO (P2P, S2P)	3.900	4.179	4.578	4.938	5.311	5.610	**7.5%**
Part of Multi-Process F&A	1.212	1.341	1.429	1.541	1.657	1.774	**7.9%**
Total	5.112	5.520	6.007	6.480	6.969	7.384	**7.6%**

Projected Procurement Outsourcing Market Forecast Shows Continued Opportunity Through 2021 with EMEA As the Largest Market, Closely Followed by North America

2016–2021 PO Market Forecast ($M)

	2016	2017	2018	2019	2020	2021
North America	2.186	2.400	2.619	2.849	3.086	3.247
Latin America	121	131	143	156	168	180
EMEA	2.416	2.568	2.784	2.977	3.177	3.388
APexJ	223	242	264	286	309	329
Japan	166	180	196	212	228	239
Total	5.112	5.520	6.007	6.480	6.969	7.384

Procurement Services Market Regional Outlook: EMEA Economic Uncertainty; North America, LATAM, and APAC in Growth Mode

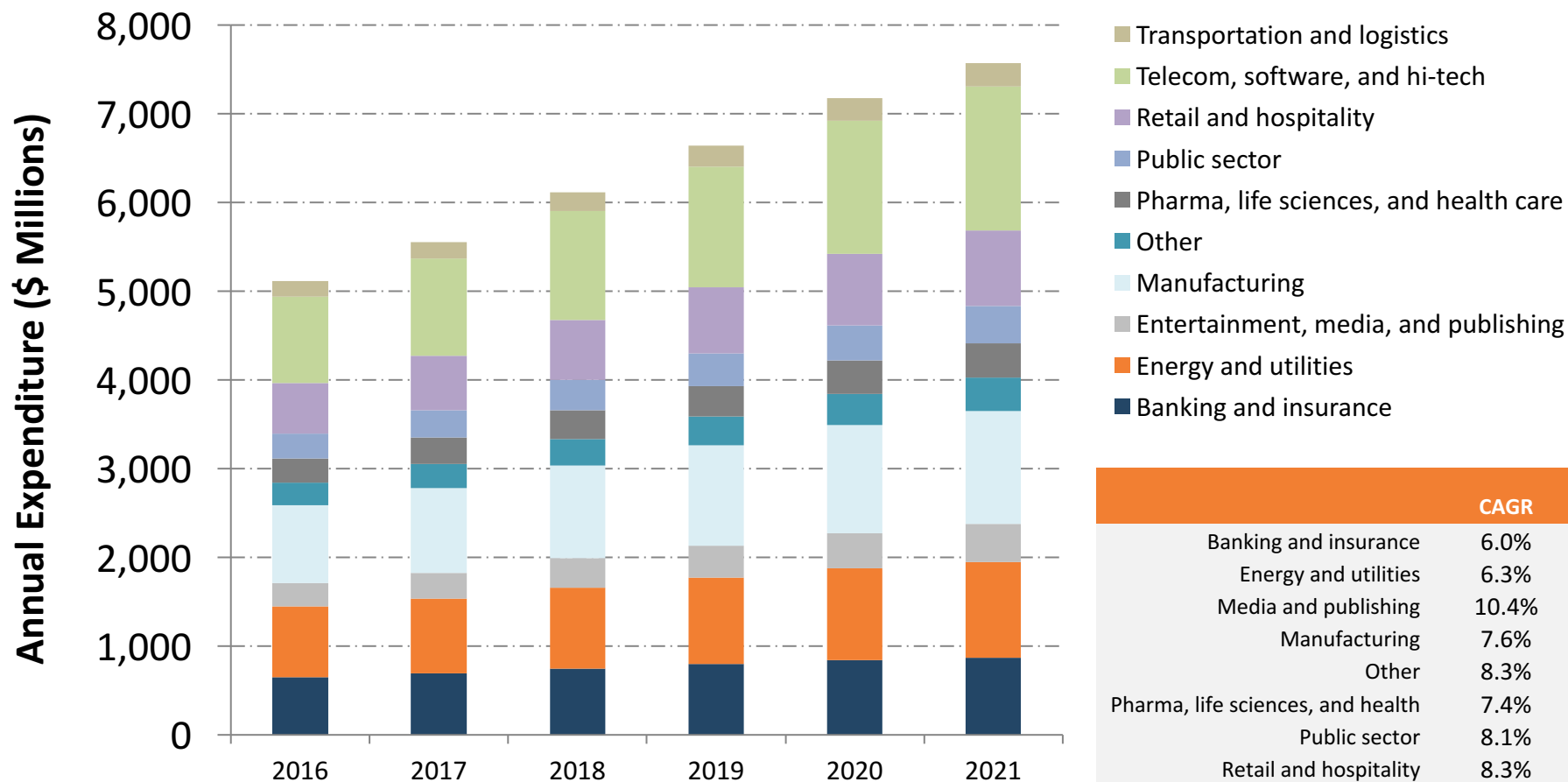|	CAGR
North America	8.2%
Latin America	8.4%
EMEA	7.0%
APexJ	8.0%
Japan	7.6%
Total	7.6%

Projected Procurement Outsourcing Industry Forecast Shows Continued Opportunity Through 2021 with the Energy and Utilities and Retail Industries

2016–2021 PO Market Forecast ($M)

	2016	2017	2018	2019	2020	2021
Banking and insurance	653	692	748	795	843	873
Energy and utilities	792	844	914	974	1.034	1.074
Entertainment, media, and publishing	262	292	327	362	399	429
Manufacturing	884	956	1.049	1.133	1.219	1.278
Other	248	270	297	323	350	369
Pharma, life sciences, and health care	273	295	322	346	372	390
Public sector	282	308	340	369	398	417
Retail and hospitality	571	619	683	743	804	851
Telecom, software, and hi-tech	974	1.089	1.225	1.362	1.506	1.623
Transportation and logistics	175	192	212	231	250	265
Total	5.112	5.520	6.007	6.480	6.969	7.384

Procurement Services Market Industry Outlook 2016-2021

	CAGR
Banking and insurance	6.0%
Energy and utilities	6.3%
Media and publishing	10.4%
Manufacturing	7.6%
Other	8.3%
Pharma, life sciences, and health	7.4%
Public sector	8.1%
Retail and hospitality	8.3%
Telecom, software, and hi-tech	10.8%
Transportation and logistics	8.6%
Total	7.6%

Research Methodology

Blueprint Research Methodology

Data Summary

- Data was collected in Q3 and Q4 2017, covering buyers, providers and advisors/influencers of Procurement As-a-Service services.

Participating Service Providers

accenture   Infosys   genpact
Transformation Happens Here

GEP   TATA CONSULTANCY SERVICES   Capgemini

Proxima   AEGIS
Experience. We make it easy.   IBM

wipro   WNS
Extending Your Enterprise   HCL

DXC.technology

HfS Blueprint Scoring Percentage Breakdown

Execution	100%
Quality of service provider's account management team	15%
Integration of customer feedback and collaborative models of engagement	10%
Models for continuous improvement	5%
Actual delivery of services in each of the sub processes	25%
Flexibility to deliver end-to-end and point solutions and integration of supporting technology	15%
Talent development and ability to attract and retain key procurement skills	10%
How is the service provider becoming a Broker of Capability for the client?	15%
Geographic footprint and scale	5%

Innovation	100%
Vision for the evolution of procurement As-a-Service	20%
Models for co-innovation and collaboration for solution design	15%
Innovation in commercial models to help clients Write Off Legacy	15%
Use of partnerships, alliances and joint ventures	15%
Strategy for the deployment of intelligent automation (RPA, autonomic platforms, cognitive computing)	10%
Investment in procurement as-a-service related plug-and-play digital services	10%
Ability to leverage external value drivers	10%
Programs for developing procurement talent	5%

Execution Definitions

Execution	How well does the service provider execute on its contractual agreement, and how well does the provider manage the client/provider relationship?
Quality of service provider's account management team	How engaged is the executive and management team in defining and managing the delivery of services?
Integration of customer feedback and collaborative models of engagement	How has the service provider taken feedback and incorporated it into the solution and delivery? How was the service provider maintained a collaborative engagement?
Models for continuous improvement	What methodologies and processes are implemented to continously improve service delivery? How effective are these models? Do clients notice the existence of these models in the day to day delivery?
Actual delivery of services in each of the sub processes	What are the clients' and market's overall impression of the quality of service across the value chain from this service provider?
Flexibility to deliver end-to-end and point solutions and integration of supporting technology	When looking at a client's procurement issues, can the service provider offer various solutions (point and end to end) to create a flexible and configurable (or customized) response? Does the service provider integrate supporting technology such as procurement platforms into the engagement?
Talent development and ability to attract and retain key procurement skills	Does the service provider employ talent with procurement specific skills and experience? What is the service provider's vision and strategy to attract and retain industry talent?
Becoming Brokers of Capability for clients	Is the service provider able to act as a deep partner in meeting clients' specific and varied talent and technology requirements over time?
Geographic footprint and scale	How does this service provider use a global delivery footprint to meet clients' needs? Does service provider have scale to make investments in the delivery? Specific to the category, to what degree do service providers have geographic locations that offer strategic value and do they have scale?

Innovation Definitions

Innovation	How well does the service provider innovate its offering(s) in response to market demand, client requirements and its own vision for how the Procurement As-a-Service market will evolve?
Vision for the evolution of procurement as-a-service	What is the service provider's vision for the evolution of Procurement As-a-Service? Is there a clear strategy for delivering Procurement As-a-Service, and are there identifiable investments in place to realize this strategy today?
Models for co-innovation and collaboration for solution design	What are the main areas of innovation customers are asking from service providers? What models are service providers experimenting with?
Innovation in commercial models to help clients Write Off Legacy	How does the service provider use and introduce new commercial models to give clients new ways of working with the service provider? How are new commercial models used to help clients write off legacy, provide flexibility or less capital requirements up front?
Use of partnerships, alliances and joint ventures	What partnerships, alliances and joint ventures does the service provider have with providers of technology, tools, platforms, or domain expertise in procurement? How does the service provider use partnerships, alliances and joint ventures to build and expand capabilities for service delivery?
Strategy for the deployment of intelligent automation (RPA, autonomic platforms, cognitive computing)	What is the service provider's approach to using intelligent automation platforms (RPA, autonomics and cognitive) to improve the efficiency and effectiveness of delivering Procurement As-a-Service processes? How mature is the service provider's strategy for intelligent automation?
Investment in procurement as-a-service related plug-and-play digital services	What digital platforms does the service provider use to deliver Procurement As-a-Service? Are they integral to the service provider's offering(s) or add-ons? How pervasive is the uptake of these digital platforms by clients today? What is the service provider's future digital platform strategy?
Ability to leverage external value drivers	How well have service providers integrated external value drivers into their services? How well are emerging new technologies integrated into the delivery of the procurement process? How well does the provider respond to specific regulatory requirements by industry or cross-industry?
Programs for developing procurement talent	What does the service provider do to attract and develop procurement talent? Are there identifiable investments made to develop procurement talent, expand expertise in the Procurement As-a-Service practice?

Service Provider Grid

Guide to the Blueprint Grid

To distinguish service providers that show competitive differentiation in a particular line of delivery with progress in realizing the As-a-Service Economy of business outcome-oriented, on-demand, talent + technology services, HfS awards these providers the As-a-Service Winner's Circle designation.

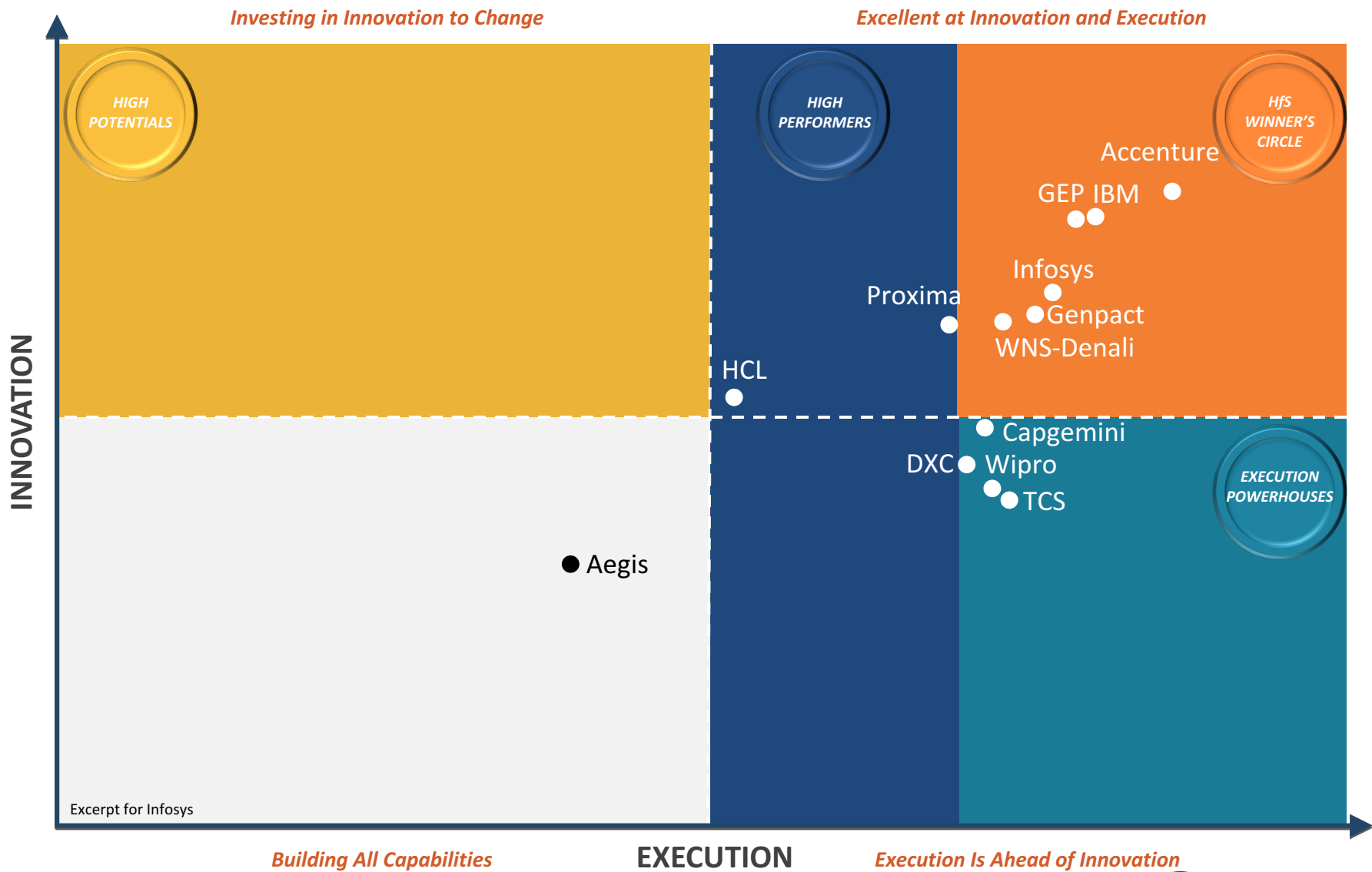|	Execution	Innovation
HfS Winner's Circle shows excellence recognized by clients in the Eight Ideals in both execution and innovation	Collaborative relationships with clients, services executed with a combination of talent and technology as appropriate, and flexible arrangements.	Articulates vision and a "new way of thinking," has recognizable investments in future capabilities and strong client feedback, and is driving new insights and models.
High Performers demonstrate strong capabilities yet lack an innovative vision or momentum in execution against the vision	Execute some of the following areas with excellence: worthwhile relationships with clients, services executed with "green lights," and flexibility when meeting clients' needs.	Typically, describe a vision and plans to invest in future capabilities and partnerships for As-a-Service and illustrate an ability to leverage digital technologies or develop new insights with clients.
High Potentials demonstrate vision and strategy but have yet to gain momentum in the execution of it	Early results and proof points from examples in new service areas or innovative service models, yet lack scale, broad impact, and momentum in the capability under review.	Well-plotted strategy and thought leadership, showcased use of newer technologies or roadmap, and talent development plans.
Execution Powerhouses demonstrate solid, reliable execution, but have yet to show significant innovation or vision	Evidence of operational excellence; however, still more of a directive engagement between a service provider and its clients.	Less evident vision and investment in future-oriented capability, such as skills development, "intelligent operations," or digital technologies.

HfS Blueprint Grid: Procurement As-a-Service 2017

Investing in Innovation to Change

Excellent at Innovation and Execution

HIGH POTENTIALS

HIGH PERFORMERS

HfS WINNER'S CIRCLE

Accenture

GEP IBM

Infosys

Proxima

Genpact

WNS-Denali

HCL

Capgemini

DXC Wipro

TCS

EXECUTION POWERHOUSES

● Aegis

INNOVATION

Excerpt for Infosys

Building All Capabilities

EXECUTION

Execution Is Ahead of Innovation

Major Service Provider Dynamics: Highlights

Execution

- **Brokers of Capability:** Enterprise clients are becoming much more demanding in the type of capabilities, roles, and skills they want to acquire from service providers in Procurement As-a-Service processes. The days of large transactional procurement outsourcing are over and have been replaced by higher skill activities, more strategic procurement and category expertise. Service providers, including **Accenture**, **Genpact**, **Infosys** and **IBM**, the combination of **WNS** and **Denali** and pure plays like **GEP** and **Proxima** have led the way by diversifying their skills offering, including procurement consulting capabilities, technology, and expertise from their partner ecosystem, and building more flexible commercial structures to provide access to talent to clients.

- **Actual Delivery of Services:** This Blueprint places a lot of value on excellent service delivery. Feedback from clients and the market on delivery excellence was especially positive for the service providers in **the As-a-Service Winner's Circle** and **Execution Powerhouses**. Highlights in feedback are they have introduced more flexibility in service delivery and contractual arrangements and they combine industry expertise, consultative capabilities, technology leadership and consistent delivery.

- **Quality of Account Management:** Mature client relationships and the ability to be an innovation partner to clients, the quality of the account management is of paramount importance. Providers need to have deep relationships with clients that go beyond the regular governance, day to day delivery and stakeholder engagement. **WNS-Denali**, **GEP**, **Genpact**, **TCS,** and **Accenture** lead the way here.

- **Technology Integration:** The ability to integrate supporting technology such as proprietary tools and platforms and third party platforms and point solutions is an important ingredient for success in procurement outsourcing. **Accenture** and **GEP** have traditionally strong capabilities and led this trend, **IBM**, **Infosys**, **DXC** made (proprietary) technology a significant part of procurement services over the past few years.

Innovation

- **Vision for the Evolution of Procurement As-a-Service:** Creating a strong vision for Procurement As-a-Service is critical for a market that is rapidly evolving and deploying new levers for value creation. Clients expect much more than just cost savings by labor arbitrage. Multiple providers stand out with their vision for the future of procurement and Procurement As-a-Service offerings, especially the providers in the **As-a-Service Winners Circle** and **Proxima**.

- **Expanding use of Intelligent Automation in Procurement:** Artificial Intelligence and Cognitive Computing based services are quickly becoming more tangible and viable in Procurement As-a-Service. HfS has seen encouraging use cases and commitment to Intelligent Automation from service providers. We expect Intelligent Automation capabilities to become much more mainstream in the next few years. Efforts from **IBM**, **Accenture, Infosys**, **TCS, Genpact,** and **GEP** stand out in this Blueprint.

- **Ability to Leverage External Value Drivers:** Technology platforms have taken center stage in procurement. Service providers have a clear understanding that the deployment of platforms in their services is a critical component of the future of procurement outsourcing, as is technology management for clients' own procurement technology. This translates into investments in technology partnerships and technology management capabilities by almost all service providers in this Blueprint. The breadth of partner ecosystems and alliances of **Accenture**, **IBM**, **Genpact** and **Infosys** stand out.

The Current Maturity of Service Provider Procurement As-a-Service Offerings

- **Service Maturity Analysis:** The analysis of Procurement As-a-Service scope and maturity by service is based on the full set of weighting criteria for operations, including time in the market, capability, vision and strategy, use of technology to deliver, client feedback, and proven results. The boxes represent the value chain.

	Category Management	Strategic Sourcing	Supplier Management	Contract Management	Technology Management	Transactional Procurement
Accenture	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
Aegis	Less Mature	Less Mature	Less Mature	Less Mature	Less Mature	Less Mature
Capgemini	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
DXC	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
Genpact	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
GEP	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
HCL	Less Mature	Less Mature	More Mature	More Mature	More Mature	More Mature
IBM	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
Infosys	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
Proxima	More Mature	More Mature	More Mature	More Mature	Less Mature	Less Mature
TCS	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature
Wipro	Less Mature	Less Mature	More Mature	Less Mature	More Mature	More Mature
WNS-Denali	More Mature	More Mature	More Mature	More Mature	More Mature	More Mature

Key to Services Maturity on the Service Provider Profile Pages

No Services offered	Less Mature Services	More Mature Services

HfS BLUEPRINT REPORTS

Service Provider Profile

HfS Procurement As-a-Service: Key to Profiles

- Value Chain coverage is indicated in the profiles, with full coverage in blue shading. A light-orange shading indicates the service provider partially offers this service today or it is in growth stage. A white box with black lettering indicates that the service provider does not offer this service today.

Full Value Chain Offered

Category Management
Strategic Sourcing
Contract Management
Supplier Management
Technology Management
Transactional Procurement

Key

Fully Offered Today
Partially Offered Today/In Development/Growth Area
Not Offered Today

- All profiles include some facts and statistics about each service provider's Procurement As-a-Service practice.

- The list of partnerships is not comprehensive, as some service providers have many partnership arrangements.

- The number of clients and engagements are guidelines for buyers, as service providers may count these differently. For example, some are more strict about only counting client numbers rather than separating out each, individual engagement with each client.

Infosys
Winner's Circle

An end-to-end procurement leader continually expanding category management capabilities globally and driving platform innovation and automation form clients

Blueprint Leading Highlights	Strengths	Challenges
• Actual Delivery Of Services • Geographic Footprint and Scale • Vision For The Evolution of Procurement As-a-Service • Models for Co-innovation and Collaboration • Investment in Procurement Related Plug & Play Digital Services • Quality of Account Management	• **Sourcing and Category Management.** Infosys has continued investment in experienced talent and capabilities in sourcing and market intelligence. Clients still mention Infosys Portland's impact on the practice's consulting capabilities and upstream procurement expertise. • **Cutting Edge Technology Management in Combination with Procurement Knowhow.** Clients cite strong technology management capabilities that enable Infosys and the client to make big strides in leveraging procurement technology, analytics and platforms, a key capability in platform enabled Procurement As-a-Service. Infosys stands out for its ability to integrate procurement technology, consulting and business services. • **Transactional Procurement.** Clients and competitors alike have noted the depth of delivery strength that Infosys brings to Transactional Procurement, which has been a mainstay of the offering since its inception. It introduced consortium buying As-a-Service, with current projects in hotels and office supplies. • **Automation Central to Vision For Procurement Outsourcing Delivery.** Infosys has been actively developing and applying process automation solutions that can be deployed within transactional procurement processes. It has both the vision for process automation and the ability to continue to transform its delivery model for transactional procurement over the next several years. • **Infosys ProcureEdge.** HfS has seen a continued commitment to invest in this proprietary platform over the last several years with particular focus on automation, self-service tools and cognitive buying guidance.	• **Infosys Leadership Turmoil.** Although beyond the control of Infosys' Procurement practice, the well documented turmoil in Infosys' executive leadership is concerning to clients. Concerns focus on the stability of Infosys, uncertainty about the direction and what will become of the strategic pillars set out by the previous CEO and many of his hires that brought a product focus and Design Thinking centric approach that resonated with the clients HfS talked to. • **More Proactive Innovation.** HfS heard from clients who encourage Infosys to become more of an innovation driver in the relationship. A consultative approach coupled with Design Thinking to provide forward looking thinking could bring clients additional value and establish Infosys as an innovation partner in procurement, leading to new opportunities in accounts. • **Further Commercial Model Innovation.** Infosys has been flexible with delivery models and now commercial models have to follow changes in those delivery models. Clients mention an appetite for commercial models that support flexibility, specifically with outcome-based commercial constructs. Infosys has success in introducing those models specifically with existing customers, some new clients have lacked internal maturity to make it work.

Value Chain Services Maturity

Category Management
Strategic Sourcing
Contract Management
Supplier Management
Technology Management
Transactional Procurement

Acquisitions and Partnerships	Key Clients	Global Operations	Proprietary Technologies
Acquisitions: 2017: Brilliant Basics, Skytree; 2015: Noah Consulting, Skava, Panaya **Investments**: 2016: Cloudyn, Trifacta, Waterline, UNSILO **Partnerships:** • **Coupa** - Contracts, Supplier Management, Analytics, Storefront, Sourcing and Inventory • **Determine** - Analytics, Sourcing (RFx Management), Contract Management, Procure to Pay (PR, PO, Catalog Management, Dispute Management), Financial Management(e-invoicing, AP Automation, Cost Management), Supplier Portal • **Tradeshift** - Procurement, Supplier Management, Invoicing and Payment • **iCertis** - contract authoring, authorization, contract administration, compliance & governance and Risk management	133 clients in procurement outsourcing including: • US based leading telecom company • Leading mining giant • 5th largest automobile manufacturing company in the world • US based Leading Gold Mining Company • British Multinational Pharmaceuticals and Consumer Healthcare Company • Leading aerospace manufacturer • Leading earth moving equipment manufacturer • Global IT company • American Multinational consumer goods company • European Global banking and financial services company • US Based leading mining company	• Headcount: 2200+ • Locations: • North America - 2% (Atlanta. Georgia and client locations) • LATAM - 6% (Mexico, Brazil) • UK - 1% (client locations) • EMEA - 14% (Poland, Ireland, Netherland) • India - 62% (Gurgaon, Bangalore, Pune, Hyderabad, Chennai) • Philippines - 3% (Manila) • Other APAC - 12% (Singapore, China and Australia)	• **NIA**- knowledge-based AI platform to drive cognitive & predictive procurement in addition to Robotics process automation. • **ProcureEdge** - sourcing and procurement technology on fully hosted and managed enterprise SaaS model. Includes pre-built, preconfigured, and best-in-class tools and services to manage procurement requirements across the Source to pay lifecycle. • **Procure Cloud** – tool that enables Amazon like guided buying experiences. • **Should Cost Model - Product Cost Optimization platform:** one stop solution for Cost Optimization of the complete product portfolio. User-friendly interface with graphical representations which helps in estimating costs, spot trends of suppliers, supplier capabilities, benefits of alternate sourcing and design optimization opportunities. • **Category control tower:** control tower for categories with modules including Market Intelligence, Spend analytics, Risk, SPM

Market Wrap-Up and Recommendations

Where to Next for Procurement As-a-Service

We see the following as the major trends that will foster the future evolution of Procurement As-a-Service over the next two to three years:

- Buyer organizations catch up to level of innovation that providers are able to bring to the table.

- Procurement As-a-Service providers continue to invest in procurement outsourcing capabilities, innovative technologies, and commercial constructs to facilitate the changing needs of clients.

- Predictive and prescriptive analytics will enable more real-time decision making and this will have a huge impact on the procurement operating models.

- Blockchain will become an integral part of the future of procurement. Use cases and the impact of Blockchain and smart contracts on procurement will become clear very rapidly. Trust and transparency are two important tenets for procurement and Blockchain increases both.

- Intelligent automation, and particularly Machine Leaning, Deep Learning, and Cognitive Computing are deeply integrated in service delivery, reducing the size of current labor arbitrage–centric contracts further. Cognitive will take center stage in many new services across the value chain. Intelligent Automation will become a bigger part of upstream procurement.

- No touch, straight-through processing will become the norm in transactional procurement enabled by platforms, automation, and analytics.

Where to Next for Procurement As-a-Service

We see the following as the major trends that will foster the future evolution of Procurement As-a-Service over the next 2–3 years:

- Sourcing and category management expertise remains in high demand, competition for these talents and skills like creativity, complex problem solving and critical thinking – right brain thinking - will heat up further.

- Buyers and providers prepare for the millennial workforce, further driving the "Amazonification" of procurement and investment in seamless procurement experiences.

- Voice-based interfaces (e.g. Echo, Siri) and IoT-based devices (e.g. Dash button) will change the way stakeholders interact with procurement.

- Mobility in combination with other digital technologies like social, Virtual Reality and Augmented Reality will further change the interfaces of procurement with its stakeholders.

- Core technology in procurement will continue its ascent, writing off legacy remains a challenge for enterprises but service providers continue to invest in circumventing the burden of legacy systems.

- Uptake of Procurement As-a-Service in small and medium enterprises will further drive service provider investment and innovation in flexible, modular, subscription-based, on-demand services.

- The (Industrial) Internet of Things holds tremendous promise for many industries. As we expect adoption to accelerate, the impact of IoT derived data, insights and services on procurement will be pronounced and far-reaching.

HfS Expects to See Even Greater Adoption of the Ideals of As-a-Service by Procurement Service Providers by 2020

Ideal	As-a-service Ideal Definition	Non Existent	Initial	Expansive	Extensive	All Pervasive
Write Off Legacy	Using platform-based solutions, DevOps, and API ecosystems for more agile, fewer exception-oriented systems			2017		2020
Design Thinking	Understanding the business context to reimagine processes aligned with meeting client needs				2017	2020
Brokers of Capability	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps				2017	2020
Collaborative Engagement	Ensuring relationships are contracted to drive sustained expertise and defined outcomes				2017	2020
Intelligent Automation	Using automation and cognitive computing to blend analytics, talent and technology					2017 2020
Accessible and Actionable Data	Applying analytics technologies, processes and resources on relevant data sets to derive insights that can help improve an enterprise					2017 2020
Holistic Security	Proactively managing digital data across service chain of people, systems, and processes			2017		2020
Plug-and-Play Digital Business Services	Plugging into "ready to go" business outcome–focused, people, process and technology solutions with security measures				2017	2020

2018-2019 Recommendations: Enterprise Buyers

- **Adopt the Broker of Capability Role in Procurement.** To stay relevant to the enterprise, Procurement needs be more aligned with the business. The future of the Procurement function lies in transforming into Brokers of Capability, the spider in the web, coordinating the sourcing of external and internal resources to solve business challenges. Use your service provider as a Broker of Capability as well, look at their alliances and partner ecosystem and leverage those.

- **Use Your Service Provider to Get Access to Scarce Sourcing and Category Talent.** The competition for talent in category management and strategic sourcing continues to heat up. Most service providers and buyers are competing for experienced professionals. Where the business case for internal capacity doesn't add up, leverage your service providers' ability to attract and deliver the needed expertise.

- **Prepare for Radical Change.** If you thought your world changed significantly over the past years, you are in for a ride. Radical change is on the horizon; IoT adoption is about to accelerate and deeply change processes in your organization. Blockchain will fundamentally transform relationships between buyers and suppliers and manage secure, transparent and open value chains. Supplier or business networks will become collaboration hubs and procurement becomes more user focused, driven by more technology and supercharged user expectations (e.g., the Amazon Effect). Choose a service provider that can support you to understand and embrace these radical changes, that helps innovate internal processes and provide external plug-and-play services that address the impacts of digital procurement, finding a new balance and interplay between internal and external capabilities.

2018-2019 Recommendations: Enterprise Buyers

- **Articulate Innovation Ambitions.** Be clear about what you expect for your service provider(s) when it comes to innovation. Many buyers expect service providers to help them innovate. Put this innovation ambition at the center of the engagement and select providers based on their innovation merits with other Procurement As-a-Service clients and other relevant areas. Position Procurement as a driver of innovation, by self-funding innovation for instance, and take your provider along on this path.

- **Embrace Design Thinking.** Don't dismiss Design Thinking as something that is a fad with little benefit for your procurement operations. The opportunities to sit down with your service provider(s) to better understand the business context in which your current processes operate and what can be done to realign or reimagine these processes to achieve different or better results is always an exercise worth undertaking.

- **Increase the Trust.** Push your service provider(s) to be more collaborative, more visionary, more inclusive, and share with you. In turn, provide that same approach to the service provider(s). Discuss the business challenges you have like close partners and invite a proactive role from your service provider to come up with ideas to create the business outcomes you need.

2018-2019 Recommendations: Enterprise Buyers

- **Move Faster and Deeper to As-a-Service Offerings from Service Providers.** As an enterprise buyer keep pushing your service provider(s) to move to an As-a-Service model that goes beyond labor arbitrage to include and offer you a broader set of choices for what solutions you adopt and how they interact with your own retained organization. Push your service provider(s) to be flexible and agile so that future services offerings better align to your own potential future needs. As part of the As-a-Service push, opt for plug-and-play digital services like BPaaS where you can, especially for standardized, transactional, commoditized services.

- **Push the Automation Envelope.** Make clear you expect service providers to pull every lever available to achieve more simplicity, cost savings, greater quality, flexibility, accuracy, and speed in procurement processes, and balance it with a joint automation strategy.

- **Truly Focus on Making Data Work for Your Organization.** Data and more specifically the insights you are able to derive from your data will hugely impact your future ability to compete. Select service providers based on their ability to provide you with deep expertise and capabilities in data and information management, advanced analytics, and ability to translate your data into actionable and accessible insights supporting your entire organization.

2018-2019 Recommendations: Service Providers

- **Be on the Leading Edge of Blockchain.** Blockchain technology and smart contracts have the ability to fundamentally change purchasing and supply chains. Invest in experiments, expertise, use case development, proof of concepts, education and thought leadership around Blockchain, its impact on the future of procurement, procurement processes, and platforms and your Procurement As-a-Service capability stack.

- **Seize the Opportunities of the Amazon Effect.** We have used the term "Amazon Effect" to describe a move to simple, seamless, digital buying experiences. Many buyers feel this is still miles away and their organization has to become more mature, but at the same time realize this is a trend to reckon with and prepare for now. As the Millennial workforce becomes a bigger part of organizations, the need for digital procurement will be exacerbated. You need to have a Procurement As-a-Service story that caters to the diffuse mindset of buyers.

- **Put Platforms at the Center of Your Strategy.** Underpinning As-a-Service delivery are full-stack platforms that enable end-to-end services combining people, technology and processes. Many providers in this Blueprint already utilize a platform for service delivery to standardize and scale one to many services and insights. Continue to invest in the development of proprietary platforms with embedded advanced analytics capabilities to position your practice to seize opportunities from digital technologies and the wave of data enabled transformation in procurement.

- **Continue to Invest in Procurement Technology Management.** Procurement platforms will continue to gain momentum in the market and adoption will soar. Invest in capabilities and expertise for implementation and management of proprietary and third party procurement technology. Forge deeper, more strategic partnerships with the procurement tech vendors. Keep an eye out for "the next big thing" in the startup community.

2018-2019 Recommendations: Service Providers

- **Category Talent Is Key.** Experienced category experts are scarce and in high demand. They also are the key to additional value you can create for clients. Shore up the investment in attracting, developing and retaining people with deep category expertise and experience. Leverage these professionals to develop new cognitive and artificial intelligence capabilities for strategic sourcing and category management. You can't scale a person, but you can scale their knowledge.

- **Move Further to As-a-Service Offering Design and Execution.** At HfS, we are strong believers in the rapid move of BPO away from legacy "lift and shift" models toward an As-a-Service solution design and delivery world. We have seen significant progress from service providers in this Blueprint in their move to As-a-Service as well as rising demand for new engagement models from buyers. But there is still significant opportunity to move this further forward and bring a more modular yet end-to-end solution stack to Procurement As-a-Service and bring more integration, innovation, flexibility and agility into the engagement.

- **Put Your Money Where Your Mouth Is.** Be prepared to back up your claims of being an innovation powerhouse with the willingness to co-invest in innovation. Pro-actively and aggressively push the innovation agenda around process automation, predictive analytics, cognitive and AI, core procurement platforms and Blockchain.

- **Continue to Integrate the Consulting and Business Services Silos.** A lack of clarity and turf wars between consulting groups and BPO groups has plagued procurement outsourcing for years. It is time to put this age-old battle to rest for good. Buyers expect consulting grade capabilities as part of Procurement As-a-Service, especially in the upstream part of the value chain. Providing flexible and scalable access to consulting skills and expertise has to be an integral part of As-a-Service offerings.

2018-2019 Recommendations: Service Providers

- **Look for Growth Opportunities in Midmarket.** As the price of procurement services continues to drop, the business case and return on investment profile changes. This opens up opportunities for buyers in the midmarket, for whom traditional procurement outsourcing was out of reach. Modular, on-demand services aimed at areas like tail spend, indirect categories, or enhancement of buying experience with for instance cognitive buying assistants can help a new set of enterprises.

- **Differentiate with Subscription Services and Cognitive Value Drivers.** The procurement outsourcing market has become very competitive over the last few years and this will persist. You need a big, bold vision for the future of procurement to differentiate. Along the lines of As-a-Service delivery and commercial models, truly on-demand and subscription-based services leveraging the opportunities cognitive computing and artificial intelligence present. And don't forget; robotic process automation is not a real differentiator anymore. But continue to automate transactional processes wherever you can.

- **Move from Total Contract Value to Annual Recurring Revenue**. Part of moving to As-a-Service delivery and commercial models is changing the way you measure and steer the business, sales, and financial performance. With more uncertainty at the start of engagements – you and your clients simply cannot know what the world looks like in three or five years nor the business needs at that time – contracts are more open ended when you sign them. This is a big shift in measuring the health of your business and outlook. The "born in the cloud" Silicon Valley companies operating in the Subscription Economy have developed metrics that reflect the more fluctuating, on-demand services business better than TCV and ACV, like Annual Recurring Revenue (ARR) and Monthly Recurring Revenue (MRR). Experiment with these SaaS inspired metrics to support your move to As-a-Service.

About the Author

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Overview

- Derk Erbé is Research Vice President, Sourcing and Procurement, Energy and Industry Research. Erbé is responsible for a compelling, leading-edge research agenda covering the core topics of interest for buyer and vendor communities in the areas of digital business transformation services and business operations, with a specific emphasis on key vertical markets, namely Energy, Utilities and Resource Industries.

- He works with the HfS research team on key research areas that are impacting HfS clients, such as automation, SaaS and workforce transformation.

- Derk has a keen interest in Business Transformations, new business models, Digital, Mobile and IoT from a technology and change management perspective.

Previous Experience

- Most recently, Derk was Co-Founder and CEO of Kea Company. He held several roles at Kea Company, serving as EVP Strategy and leading business advisory and consultancy. He was part of the team behind the annual global Analyst Relations Forum.

- Throughout his career Derk had a wide variety of leadership, consultancy and advisory roles with emphasis on business processes, operations, enterprise architecture, change management and crisis management. He was a management consultant and interim manager at energy companies like RWE/Essent and a natural gas giant, NGO's, government agencies, tech startups, large technology vendors and service providers.

- Derk is known for his ability to rapidly distill the top priorities in difficult circumstances and fluid, complex situations and executing on these priorities with his "getting things done" mentality.

Education

- Derk holds a Master's of Science in Sociology from the University of Amsterdam.

The HfS Mission: Revolutionizing the Industry

HfS' mission is to provide visionary insight into the major innovations impacting business operations: automation, artificial intelligence, blockchain, digital business models and smart analytics. We focus on the future of operations across key industries. We influence the strategies of enterprise customers to develop operational backbones to stay competitive and partner with capable services providers, technology suppliers, and third party advisors.

HfS is the changing face of the analyst industry combining knowledge with impact:

- ThinkTank model to collaborate with enterprise customers and other industry stakeholders.
- 3000 enterprise customer interviews annually across the Global 2000.
- A highly experienced analyst team.
- Unrivalled industry summits.
- Comprehensive data products on the future of operations and IT services across industries.
- A growing readership of over one million annually.

"The As-a-Service Economy" and "OneOffice™" are revolutionizing the industry.