HFS Top 10 Source-to-Pay (S2P) Service Providers

Excerpt for Infosys

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HFS envisions procurement as the 'ecosystem builder' for the enterprise, not just a cost-focused, back-office function. As the role of procurement radically transforms, the client expectations from third-party source-to-pay (S2P) services are also rapidly evolving.

—*Saurabh Gupta, Chief Research Officer*

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Introduction, methodology, and definitions

Introduction

- HFS envisions procurement as the "ecosystem builder" for the enterprise, not just a cost-focused, back-office function. As the role of procurement radically transforms, expectations from third-party source-to-pay (S2P) services are also rapidly evolving.

- The HFS Top 10 S2P service providers report examines 12 service providers across a defined series of innovation, execution, and voice of the customer criteria. The report highlights the overall ratings for all participants and the top five leaders for each sub-category. The report looks at S2P capabilities as defined by our value chain. It focuses on ongoing third-party services (outsourcing and managed services) and does not include short-term sourcing or procurement projects.

- This report also includes detailed profiles of each service provider, outlining their overall and sub-category rankings, provider facts, and detailed strength and development opportunities.

- The Top 10 S2P service providers report assessed and scored service provider participants across execution, innovation, and voice of the customer criteria. The inputs to this process were detailed RFIs we conducted with 12 service providers, briefings with the leaders within service providers in procurement area, interviews and surveys with reference and non-reference clients, and publicly available information sources.

Research methodology

The Top 10 S2P service providers report assessed and scored service provider participants across execution, innovation, and voice of the customer criteria. The inputs to this process were detailed RFIs we conducted with 12 service providers, briefings with service provider leaders of sourcing and procurement practices within service providers, analyst interviews and surveys with reference and non-reference S2P clients, and publicly available information sources. Specific assessment criteria and weighting include:

33%

33%

33%

Ability to execute

- **Size, growth, and experience**: Spend under management, number of clients, and revenue growth
- **Category expertise** based on number of category experts and client feedback
- **Geographic presence** of clients served and delivery mix
- **Delivery excellence**: Quality of account management and talent management

Innovation capability

- **Vision and strategy**: Vision for sourcing, procurement, and go-to-market strategy
- **Investments, IP, and ecosystem**: Mergers and acquisitions, proprietary tools and frameworks, and partnership ecosystem
- **Leveraging emerging technologies** across RPA, AI, smart analytics, and blockchain
- **Creative client engagement**: Co-innovation with clients, collaborative engagement (consultative sales, problem solving), and outcome-driven commercial models

Voice of the customer

- Client reference-ability, quality of client references, and number of references provided
- Average satisfaction from reference clients
- Average satisfaction from non-reference clients
- Innovation and business impact of client case studies presented

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Providers covered in this report

Source-to-pay (S2P) value chain

Functional area-specific

Strategic sourcing

- Demand management
- Sourcing strategy
- Sourcing event management
- Proposal evaluation
- Contract negotiation
- Sourcing governance

Category management

- Category strategy
- Category planning
- Market intelligence
- Spend data management
- Ongoing category management

Contract management

- Contract repository
- Contract administration
- Contract template management
- Contract negotiation

Supplier management

- Supplier enablement
- Supplier help desk
- SLA monitoring
- Vendor relationship management

Transactional procurement

- Master data management
- Asset management
- Purchase order creation and management
- Invoice and receipt matching and reconciliations
- Accounts payable

Technology management

- Ongoing technology innovation
- Platform implementation
- Platform management

Other aspects

Enabling technologies

• System of records • Systems of engagement • Workflows • Robotic automation • Smart analytics • Artificial intelligence • Cognitive assistants • Data visualization • Mobility • Blockchain • AR and VR

Analytics based functions

Spend analytics • Risk and compliance analytics • Working capital analytics • Finance analytics • Reporting and dashboards

Operating models and methodologies

• Centralization • Outsourcing and offshoring • Shared services and captives • GBS • Hybrid and virtual captives • Lean and Six Sigma • COEs • BPaaS, SaaS, IaaS • Design thinking
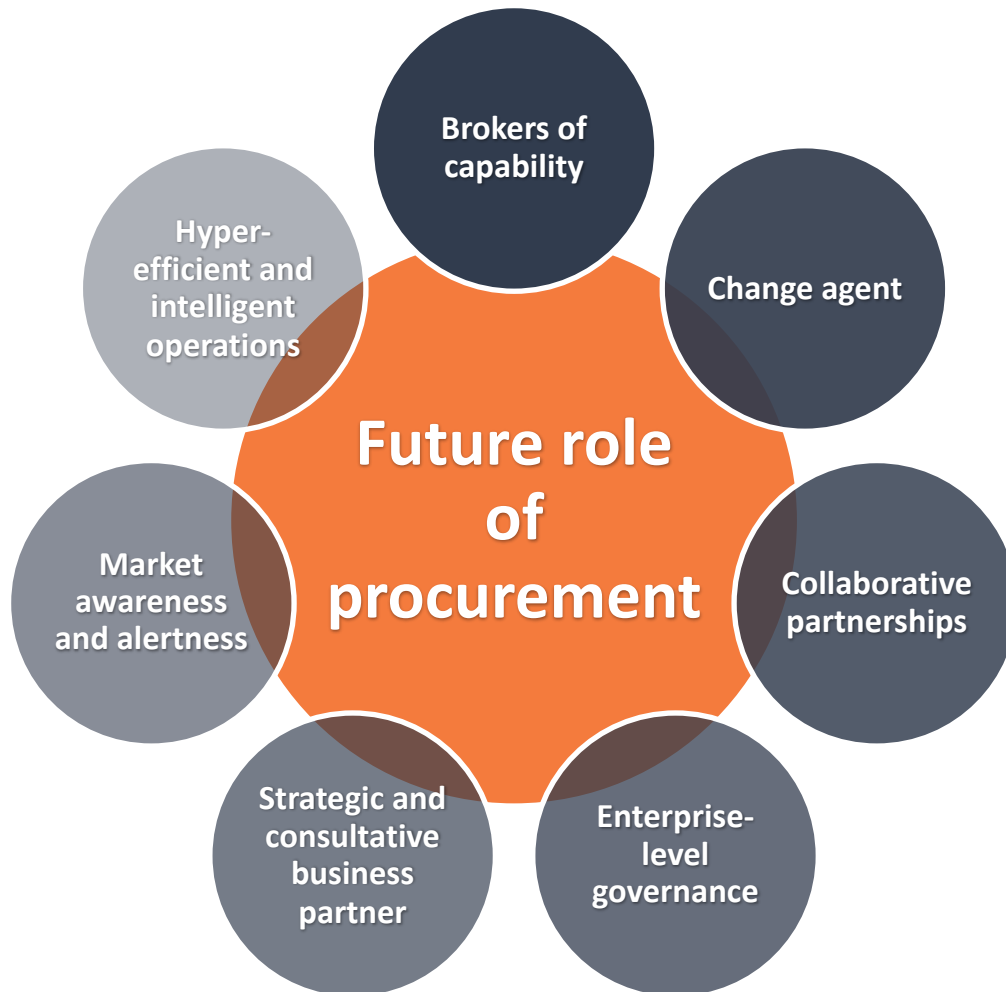
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Executive summary

Executive summary

- HFS envisions procurement as the "ecosystem builder" for the enterprise, not just a cost-focused back-office function. Successful third-party S2P service providers will need to help procurement organizations elevate their strategic role to become a valued business partner beyond managing costs and ensuring compliance.

- Enabling digital transformation while driving down costs is the primary reason why enterprises are leveraging third-party sourcing and procurement services. The scope of third-party procurement services spans the entire source-to-pay (S2P) value chain, primarily focused on indirect categories.

- While clients are relatively satisfied with service delivery, there is significant room for improvement in the use of emerging technologies. Adoption of RPA in sourcing and procurement has expanded, but other emerging technologies remains limited. Despite promising use-cases, less than 10% of predictive analytics and less than 5% of AI and blockchain initiatives have scaled and industrialized.

- Over 60% of procurement executives believe that COVID-19 has had a bigger impact than the 2008 downturn. Cost estimates, supplier availability, and employee availability were significantly impacted. A majority of procurement organizations are hunkering down and planning cost-saving measures and other appropriate contingencies. But nearly 80% of enterprises do not anticipate major changes to their third-party BPM services.

- We assessed 12 S2P service providers across a defined series of innovation, execution, and voice of the customer criteria. The top five ranked service providers are 1) Accenture, 2) GEP, 3) IBM, 4) Infosys, and 5) WNS.

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HFS envisions procurement as the "ecosystem builder" for the enterprise, not just a cost-focused back-office function
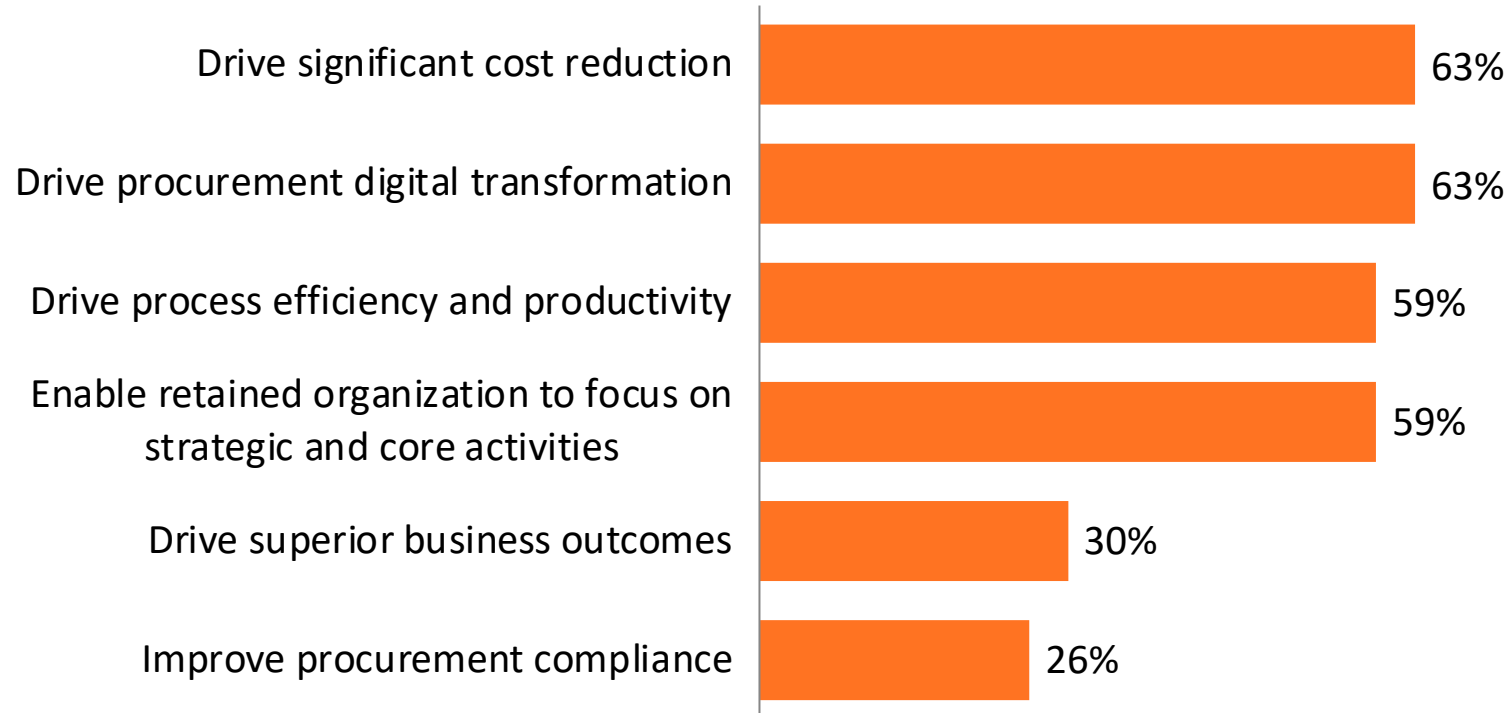
Future of procurement = ecosystem builder

Future role of procurement

- Brokers of capability
- Change agent
- Collaborative partnerships
- Enterprise-level governance
- Strategic and consultative business partner
- Market awareness and alertness
- Hyper-efficient and intelligent operations

- Procurement continues to play an important role in managing costs and ensuring compliance, but it also plays a strategic role.

- There is no function other than procurement within any enterprise that has the skills or experience in building a complete ecosystem across the enterprise. Given this situation, why should procurement be restricted to the vendor ecosystem?

- HFS believes that successful procurement organizations of the future will act as ecosystem builders for the enterprise to become a valued business partner that enables overall enterprise-wide strategic goals.

- Successful third-party S2P service providers will need to help procurement organizations elevate their strategic role to become a valued business partner, offering more than managing costs and ensuring compliance.

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Enabling digital transformation while driving down costs is the primary reason enterprises are leveraging third-party sourcing and procurement services

Primary goals for outsourcing sourcing and procurement activities
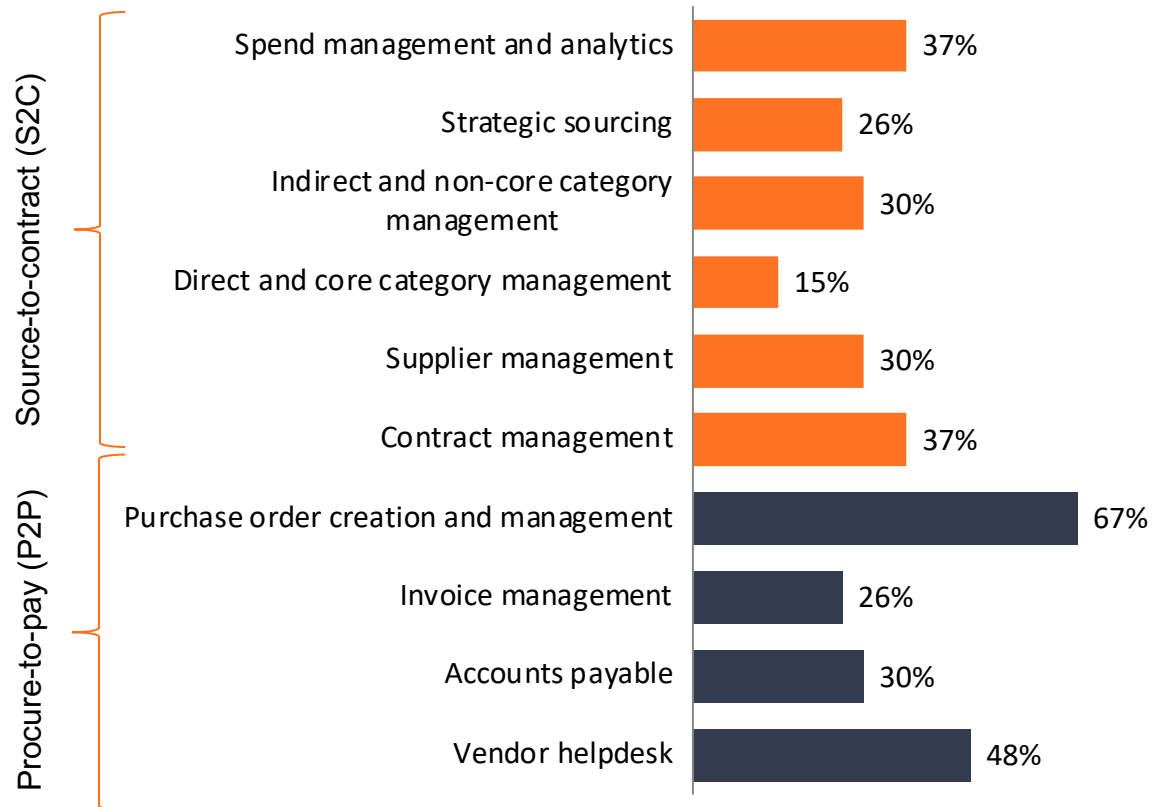
Percentage of respondents

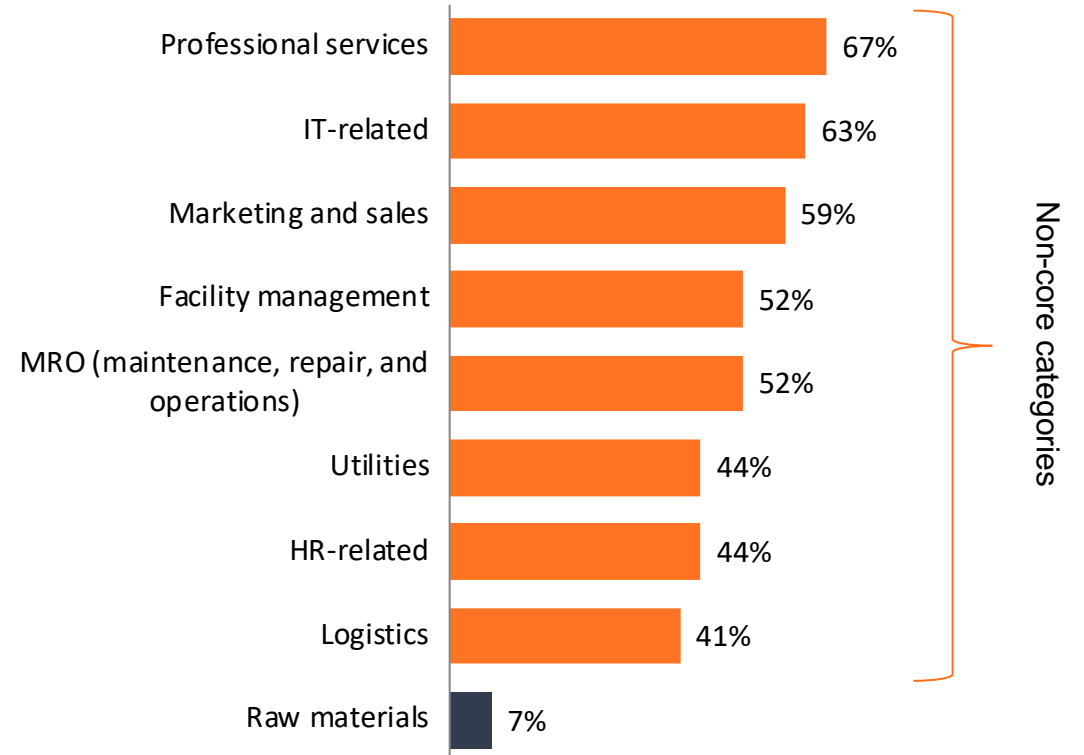| Goal	Percentage
Drive significant cost reduction	63%
Drive procurement digital transformation	63%
Drive process efficiency and productivity	59%
Enable retained organization to focus on strategic and core activities	59%
Drive superior business outcomes	30%
Improve procurement compliance	26%

- The mandate for procurement organizations is clear. Cost reduction alone no longer ensures success; creating value is equally important. Procurement needs speed, innovation, and analytics to make it happen—there is a dire need to accelerate digital transformation of sourcing and procurement organizations.

- A recent HFS Survey of 590 business leaders around the globe found these top three strategic goals for procurement:

  - Improve customer and stakeholder service quality and interactions (56% of procurement executives cited this as a top-three operational goal).

  - Improve product and service speed to market (51% of procurement executives cited this as a top-three strategic priority).

  - Improve back-office and middle-office alignment with the front office (51% of procurement executives cited this as a top-three operational goal).

The scope of third-party procurement services spans the entire source-to-pay value chain, primarily focused on non-core categories

Process scope of S2P outsourcing engagements
Percentage of clients

Source-to-contract (S2C)

- Spend management and analytics — 37%
- Strategic sourcing — 26%
- Indirect and non-core category management — 30%
- Direct and core category management — 15%
- Supplier management — 30%
- Contract management — 37%

Procure-to-pay (P2P)

- Purchase order creation and management — 67%
- Invoice management — 26%
- Accounts payable — 30%
- Vendor helpdesk — 48%

Category scope of S2P outsourcing engagements
Percentage of clients

Non-core categories

- Professional services — 67%
- IT-related — 63%
- Marketing and sales — 59%
- Facility management — 52%
- MRO (maintenance, repair, and operations) — 52%
- Utilities — 44%
- HR-related — 44%
- Logistics — 41%

- Raw materials — 7%

While clients are relatively satisfied with service delivery, there is significant room for improvement in the use of emerging technologies

Client satisfaction with S2P services
Average score on a scale of 1-10 where 1=poor and 10=excellent
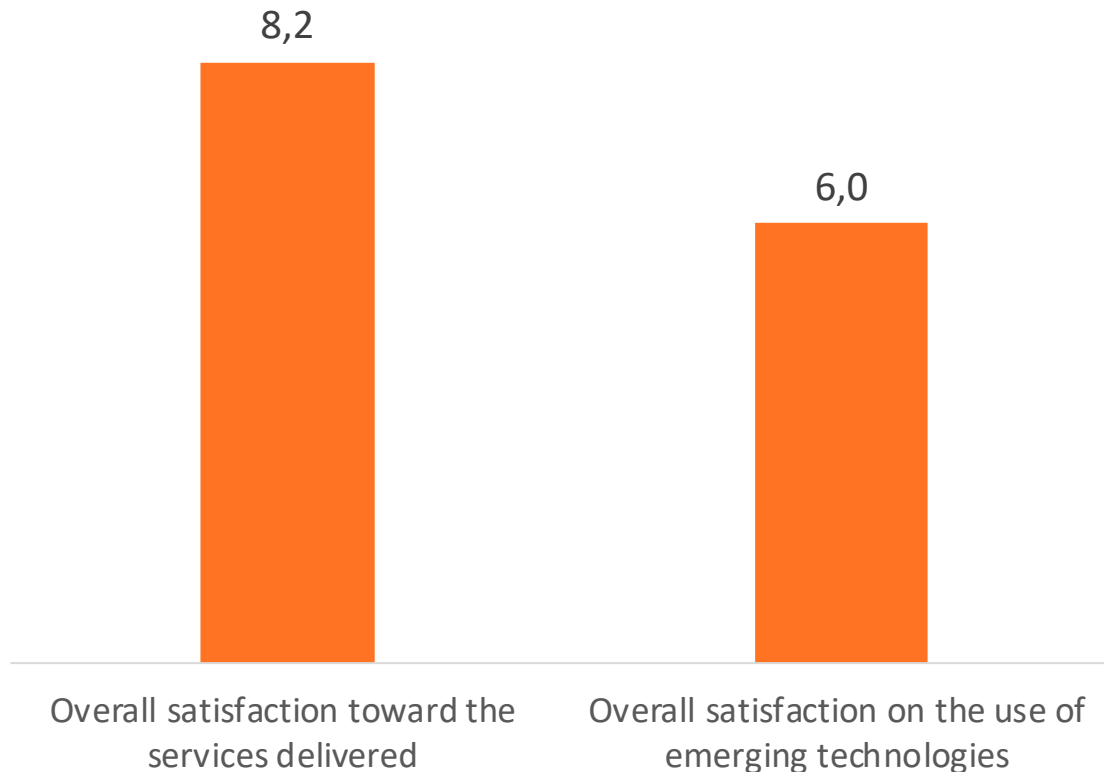
8,2 — Overall satisfaction toward the services delivered

6,0 — Overall satisfaction on the use of emerging technologies

Client feedback on key themes for third-party services improvement:

- **Aggressively pushing the innovation agenda**
  - "Bring ideas into reality"
  - "Bringing and then leveraging best-in-class practices to the account"
  - "Strength to push back on [Client] inflexibility"
  - "Pro-active continuous improvement"
  - "Innovation proposals"
  - "Drive faster innovation"
  - "Push harder on value added services"
  - "Pro-active addressing of issues and ideas"
  - "Tail spend management"
- **Flawless execution**
  - "Hitting deadlines"
  - "Service management and overall end-to-end process understanding"

- "Strategic project support"
- "Team development and retention"
- "Performance plans for agents"
- "Find new sourcing opportunities with global experts in categories such as energy"
- **Implementing emerging technologies**
  - "Proactive data-based solutions and recommendations"
  - "Technology process integration"
  - "RPA, IA, machine learning"
  - "Reporting automation and BI"
  - "Analytics, trending"
  - "Automation of manual activities in ERP"
  - "Implementation of additional emerging technologies"

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Adoption of RPA in sourcing and procurement has expanded, but adoption of most other emerging technologies remains limited. Despite promising use-cases, "scale" remains elusive

What are the emerging technologies that you are leveraging as a part of your procurement outsourcing engagement? Please provide the current stage of implementation.
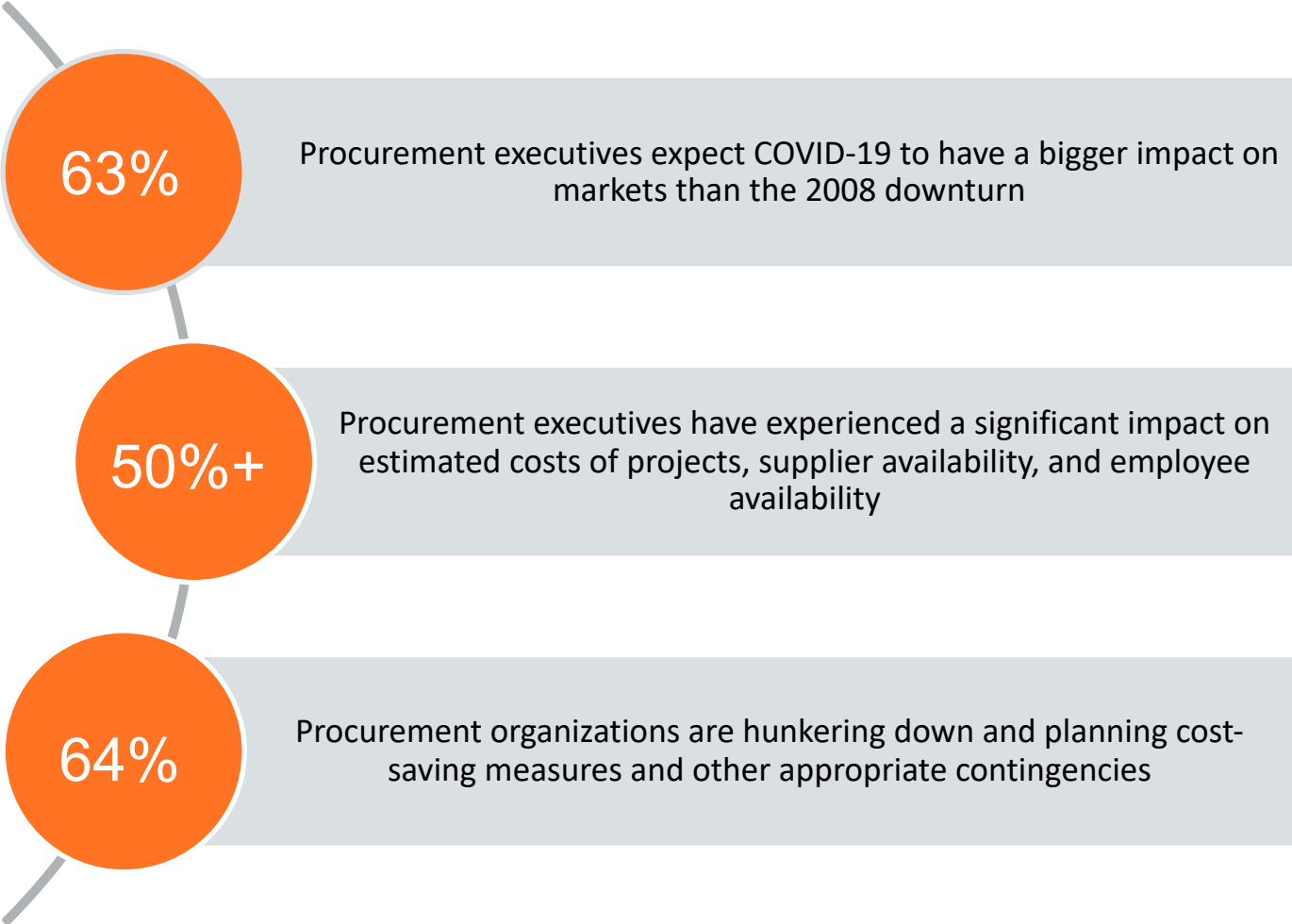
Percentage of respondents

	Not leveraging	Proof of concept	Pilot	Limited in-production	Scaled and industrialized
Robotic Process Automation (RPA)	15%	23%	19%	27%	15%
Predictive analytics	54%	25%	8%	4%	8%
Machine learning	60%	12%	20%	4%	4%
Cognitive assistants	63%	21%	8%	4%	4%
IoT	0,68	20%	4%	4%	4%
NLP	70%	9%	9%	9%	4%
Computer vision	83%	4%	4%	4%	4%
Blockchain	88%	8%	4%		
Augmented and virtual reality	92%	4%	4%		

Legend: ■ Not leveraging ■ Proof of concept ■ Pilot ■ Limited in-production ■ Scaled and industrialized
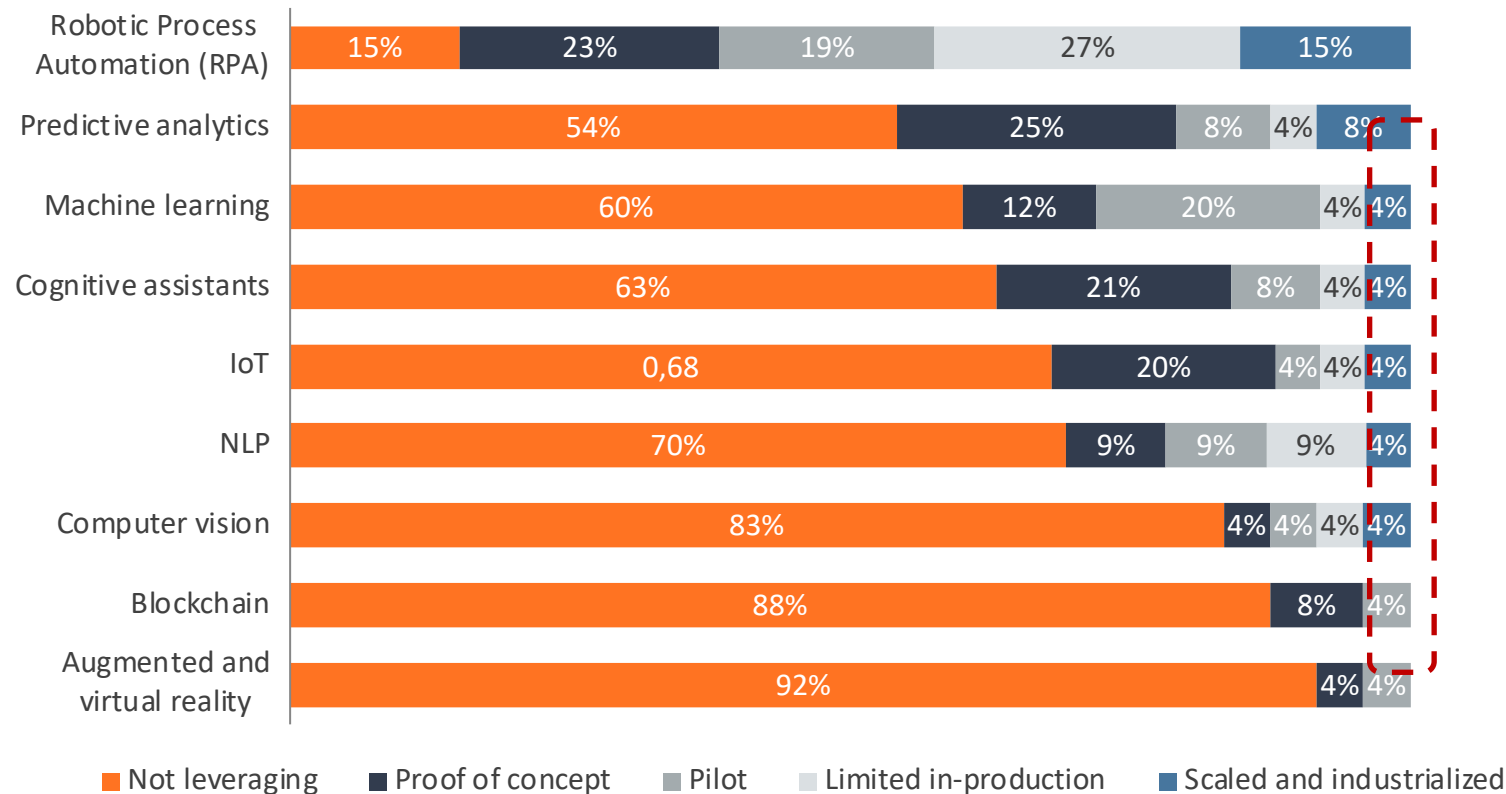
Sample: 28 analyst interviews with clients of procurement outsourcing
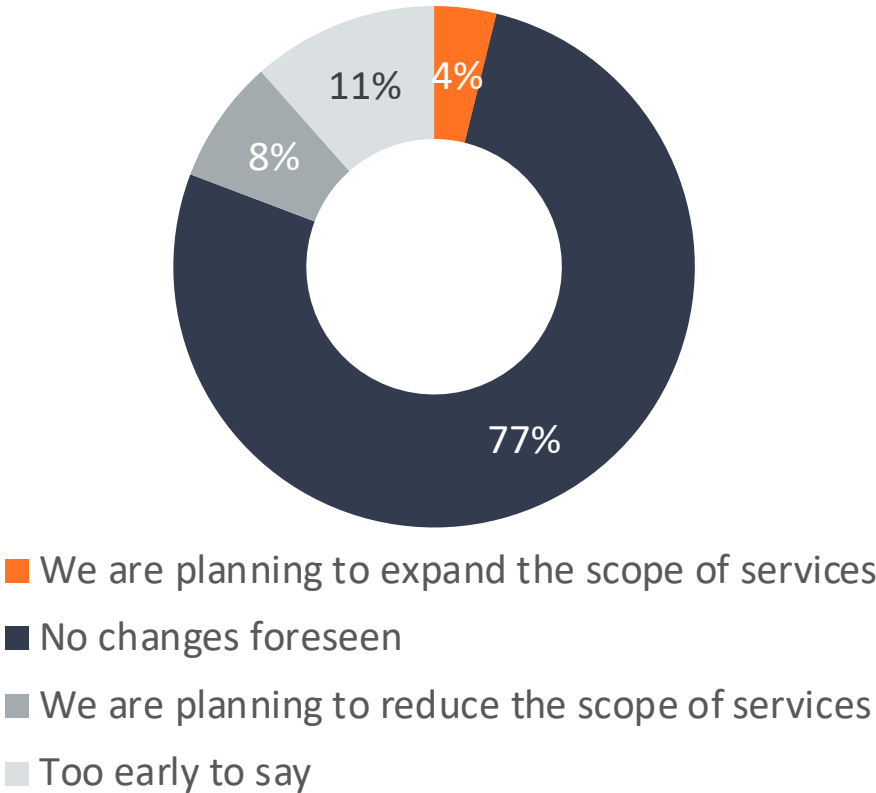Source: HFS Research, 2020

- **Predominant use-cases for emerging technologies in sourcing and procurement** *(illustrative, not exhaustive)*
  - **Automation:** Touchless payables process; PR to PO triage; invoice matching; and expediting goods and services
  - **Artificial intelligence (AI):** Assisted buying using digital associates to answer queries, provide updates, and resolve issues; extracting meaningful metadata from unstructured documents (Text/PDF/Word) using NLP and deep learning; KYV (know your vendor) for supplier risk management
  - **Smart analytics:** CPO dashboards for savings opportunity identification and tracking; dynamic category intelligence driving near-real-time decisions; advanced spend analytics leveraging NLP, semantic and text analytics to read and extract relevant information; fraud detection leveraging AI to identify malicious activity
  - **Blockchain:** Blockchain- and IoT-based track-and-trace; supplier onboarding and contract management leveraging smart contracts; trust and transparency in the P2P process across invoicing, 3-way matching, payments, and cash application
- **Despite promising use cases, less than 5% of procurement and sourcing initiatives across most emerging technologies have scaled and industrialized.**

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Over 60% of procurement executives believe that COVID-19 has had a bigger impact than the 2008 downturn. But nearly 80% of enterprises do not anticipate major changes to their third-party BPM services.

63% — Procurement executives expect COVID-19 to have a bigger impact on markets than the 2008 downturn

50%+ — Procurement executives have experienced a significant impact on estimated costs of projects, supplier availability, and employee availability

64% — Procurement organizations are hunkering down and planning cost-saving measures and other appropriate contingencies

Are you planning to make any changes to this engagement because of the COVID-19 crisis?
Percentage of respondents

- 4%
- 77%
- 8%
- 11%

■ We are planning to expand the scope of services
■ No changes foreseen
■ We are planning to reduce the scope of services
■ Too early to say

Sample: 75 procurement and supply chain executives across global 2000 enterprises
Source: HFS Research, 2020

Sample: 28 analyst interviews with clients of procurement outsourcing

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The HFS Top 10 source-to-pay (S2P) service providers ranking

Summary of service providers assessed in the report

Service providers (alphabetical order)	HFS point of view
Accenture	Unmatched scale of procurement strategy, technology, and execution capability across the end-to-end source-to-pay process
Capgemini	"Automation-first" approach across F&A, procurement, and supply chain
Cognizant	Technology-led procurement transformation approach with an integrated supply chain and F&A play
DXC	Ecosystem-led approach to deliver S2P and F&A services
GEP	Pure-play supply chain provider with comprehensive source-to-pay services that integrate consulting, software, and managed services
Genpact	Driving the "procurement OneOffice" by integrating process expertise, Triple-A Trifecta, consulting, and managed services
HCL	Expanded consult-to-operate S2P offering backed by multi-tower BPO capabilities and technology-led solutions
IBM	Building a cognitive S2P process through intelligent workflows powered by the Triple-A Trifecta (automation, analytics, AI), blockchain, and internal IBM procurement horsepower
Infosys	"One-stop shop" for sourcing and procurement consulting, managed services, and digital solutions
TCS	Modernizing the procurement function guided by the "Business 4.0" philosophy and "machine first delivery model (MFDM)"
Wipro	Smart S2P operations by focusing on customer experience, process re-imagination, and hyper-automation
WNS	Sourcing and procurement "ecosystem builder" bringing digital innovation through best-of-breed technology, market intelligence, and well-informed sourcing and category experts

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HFS Top 10 S2P service providers ranking

| Rank | Overall HFS Top 10 position | Execution | | | | Overall execution | Innovation | | | | | Overall innovation | Voice of the customer |
		Size, experience, and growth	Geographic capability	Category expertise	Delivery excellence		Vision and value proposition	Platforms and proprietary tools	Creative client engagement	Use of emerging technologies	Investments and ecosystem		
#1	accenture	accenture	accenture	accenture	accenture	accenture	accenture	GEP	accenture	accenture	accenture	accenture	IBM
#2	GEP	GEP	GEP	GEP	HCL	GEP	WNS	accenture	IBM	IBM	Infosys	Infosys	GEP
#3	IBM	TATA CONSULTANCY SERVICES	IBM	Infosys	GEP	IBM	GEP	IBM	Infosys	TATA CONSULTANCY SERVICES	IBM	GEP	accenture
#4	Infosys	genpact	WNS	IBM	IBM	Infosys	IBM	genpact	GEP	genpact	GEP	IBM	wipro
#5	WNS	Infosys	Cognizant	TATA CONSULTANCY SERVICES	WNS	TATA CONSULTANCY SERVICES	Infosys	Infosys	WNS	WNS	WNS	genpact	WNS
#6	genpact	IBM	Infosys	WNS	wipro	WNS	TATA CONSULTANCY SERVICES	wipro	HCL	Infosys	genpact	WNS	Infosys
#7	TATA CONSULTANCY SERVICES	HCL	TATA CONSULTANCY SERVICES	wipro	Infosys	genpact	genpact	Cognizant	Capgemini	GEP	TATA CONSULTANCY SERVICES	TATA CONSULTANCY SERVICES	genpact
#8	wipro	wipro	genpact	HCL	genpact	HCL	wipro	TATA CONSULTANCY SERVICES	wipro	Cognizant	HCL	wipro	HCL
#9	HCL	WNS	HCL	genpact	TATA CONSULTANCY SERVICES	wipro	Capgemini	WNS	genpact	HCL	wipro	HCL	TATA CONSULTANCY SERVICES
#10	Cognizant	Cognizant	wipro	Capgemini	Cognizant	Cognizant	HCL	HCL	TATA CONSULTANCY SERVICES	Capgemini	Cognizant	Cognizant	Cognizant

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Notable performances in S2P services

HFS Podium Winners Top three providers overall across execution, innovation, and voice of the customer criteria		
#1.	#2.	#3.
accenture	⊙GEP	IBM
Execution powerhouses Top three providers on execution criteria			**Innovation champions** Top three providers on innovation criteria			**Outstanding voice of the customer** Top three providers on voice of the customer criteria		
#1	#2	#3	#1	#2	#3	#1	#2	#3
accenture	⊙GEP	IBM	accenture	Infosys	⊙GEP	IBM	⊙GEP	accenture

Other notable performances

- **HCL** ranked #2 for delivery excellence
- **WNS** ranked #2 for vision and value proposition
- **TCS** ranked #3 for size, experience, and growth and use of emerging technologies
- **Infosys** ranked #3 for category expertise and creative client engagement

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S2P service providers profile

"One-stop shop" for sourcing and procurement consulting, managed services, and digital solutions

Dimension	Rank
HFS Top 10 position	**#4**
Ability to execute #4	
Size, experience, and growth	#5
Geographic capability	#6
Category expertise	#3
Delivery excellence	#7
Innovation capability #2	
Vision and value proposition	#5
Platforms and proprietary tools	#5
Creative client engagement	#3
Use of emerging technologies	#6
Investments and ecosystem	#2
Voice of the customer	**#6**

Strengths

- **Robust growth** of 25% in 2019-20, adding 25+ new clients in 2019. Also added 400+ Consulting, Field services and B2B clients added as part of HIPUS relationship—Infosys' joint venture with Hitachi, Panasonic, and Pasona to offer a larger boutique of services including buy/sell trading model, aggregated buying, and e-marketplace.
- **"One Infosys" S2P services** offering integrated solution spanning strategy consulting, managed services, and digital solutions supporting the entire end-to-end source-to-pay value chain
- **Strong suite of proprietary tools and platforms** including ProcureEdge, AP on cloud, Infosys NIA platform, Infosys AssisteEdge RPA solution, supply chain resilience, and supply chain blockchain.
- **Flexibility** in approach and high commitment to client success cited as strengths by most client references.

Development opportunities

- **Opportunity to expand digital adoption in existing relationships:** Adoption of Triple-A Trifecta (automation, AI, and analytics) within existing clients emerged as a common feedback by Infosys procurement clients
- **Footprint expansion:** Strong market opportunity to expand consulting services and offerings from its HIPUS JV in APAC to Europe and Americas in addition to recent global expansion of Infosys Portland (consulting division). Infosys has already started taking concrete steps in this direction.
- **As-a-service:** Potential to expand portfolio of as-a-service and outcome-based commercial models, especially in the post-COVID economy where cash is king.

Capabilities across the S2P value chain (FTE distribution)

12%	20%	10%	8%	5%	45%

■ Category management ■ Strategic sourcing ■ Supplier management ■ Contract management ■ Technology management ■ Transactional processes

Managed spend and key clients

Managed spend of US $150+ billion
Key clients:
- Global FMCG giant
- Leading US telecom company
- Leading automotive major
- Leading mining giant
- US-based leading gold mining company
- Leading aerospace manufacturer
- Global banking and financial services company

Global headcount and delivery centers

S2P delivery headcount: 5,700+ S2P professionals, 650+ category experts
Key delivery locations (21+):
- **Americas**: North America, Brazil, Mexico, Costa Rica, and Puerto Rico
- **EMEA**: Ireland, Poland, the Netherlands, Czech Republic, and the UK
- **APAC**: India, China, the Philippines, Japan, Australia
- Sourcing Center of Excellence in India and Poland

Proprietary tools and technologies

- **ProcureEdge:** AI/ML-based data, intelligence and digital hub, category control tower, MDM solutions, contract analytics, risk management and cognitive procurement assistant
- **AP on Cloud**
- **Infosys NIA:** AI/ML platform
- **Analytics based solutions:** CPO dashboard, buy channel optimization, contract and compliance, tail spend analytics, blocked invoice analysis, price optimization, payment on time analysis, DPO
- **Infosys AssistEdge solution**: RPA
- **Supply chain resilience platform on Pega**
- **Supply chain blockchain**

Acquisitions and partnerships

Recent acquisitions/JVs:
- Joint venture with Hitachi, Panasonic, and Pasona (Japan)
- Brilliant Basics: Design thinking
Key S2P partnerships:
- SAP Ariba, Oracle, Jaggaer, Pega, Hitachi, Bulk MRO, Data Pred, Tableau, Fairmarkit, Celonis, Creatives Data, Sievo, BvD, D&B, LexisNexis, Equifax, EMIS, Solux R, Crafts Circle, Globality, Spot Buy Center, SAP Concur, Cimmra, Humanity Corp, iCertis APTTUS, AppZen, TradeShift, Zycus

About the authors

# HFS Research authors (sample profiles)

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Saurabh oversees HFS' global research function managing the global team of analysts across US, Europe, and Asia-Pac. He works closely with the CEO to set the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry, and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.

As an analyst, Saurabh leads our coverage for horizon 3 change agents such as blockchain, business services (such as finance & accounting, sourcing & procurement, and supply chain), as well as overarching and cross-cutting themes under the OneOffice concept and Hyperconnected Enterprise.
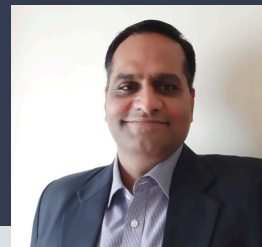
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Ram has over 18 years of experience that spans strategy consulting, business development, and market research. In his current role in HFS, Ram works on custom research projects and syndicated research studies across various technologies and functional areas. Ram is passionate about strategy consulting. He has worked on both the opportunity growth consulting and issue-based consulting with clients in Europe, North America, Japan, and India in the high-tech industry.

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