ISG Provider Lens™

Procurement BPO and Transformation Services

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:
Infosys®

AUSTRALIA | 2022 QUADRANT REPORT | MARCH 2022

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Australian enterprises are now requiring service provider support to drive transformation of their procurement capabilities.

Procurement services in Australia are on the cusp of significant acceleration driven by the increased economic, logistical and procurement pressure on enterprises. Despite this traction being observed across all aspects of the procurement and supply chain market, organisations should consider the market impact of COVID-19. Repercussions such as lockdowns, state borders that are impossible to cross, remote working and the need for risk management have made the market virtually unrecognisable since the beginning of 2020. The impacts of the unpredictability of supply, demand and financial indicators will reverberate throughout the market in the foreseeable future. In addition, strategic planning has seemingly never been more difficult for many suppliers and customers alike. Organisations with poor execution capabilities in supply chain and procurement prior to the pandemic faced a major risk of business failure once it hit.

The balance between enterprise BPO and transformation services requirements in Australia is different than the global needs. ISG Research indicates that BPO dominated the global marketplace over transformation engagements. The Australian region is witnessing different trends. Due to the long-term indecision around the broad categories of BPO, procurement operates like other parallel processes. In contrast, transformation services have gained prominence given the need to optimise and digitise. Changing relationships with key

A flexible **approach to procurement is** paramount

sourcing markets such as China and the increasingly competitive environment for both skilled resources has led to market bubbles in certain sectors.

Whilst Australian organisations are still in the early phase of transformation and digitisation, procurement will undergo a natural migration towards BPO following other operational processes such as finance and HR.

Furthermore, key industry sectors are increasingly seeking sustainable solutions for the procurement business process, thus driving transformation in the region. Australia is currently more insulated from this requirement than Europe and the U.S. due to domestic and international factors. This scramble is particularly focused on offshore business and supply chains.

From a vendor perspective, Australian businesses are dominated by overseas-based vendors, and procurement is no exception in both transformation and BPO categories. This trend will continue, with the dearth of local providers spurring the dominance of overseas providers. At the same time, this concern is somewhat mitigated by the fact that the Australian marketplace is expansive with the right balance of maturity, growth and skills environment to ensure that investments are maintained. Small-sized service providers may end up the target of acquisition to meet niche market requirements.

Local organisations are scrambling to ensure sustainability compliance.

Provider Positioning

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	BPO Services	Digital Transformation Services
Accenture	Leader	Leader
ArcBlue	Contender	Rising Star ★
Canon Business Services	Rising Star ★	Market Challenger
Capgemini	Product Challenger	Product Challenger
Cognizant	Contender	Contender
Deloitte	Product Challenger	Product Challenger
DXC Technology	Contender	Market Challenger
EY	Not In	Product Challenger
Genpact	Leader	Product Challenger

Provider Positioning

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	BPO Services	Digital Transformation Services
GEP	Leader	Leader
HCL	Contender	Contender
IBM	Leader	Leader
Infosys	Leader	Leader
KPMG	Not In	Product Challenger
PwC	Contender	Leader
TCS	Contender	Contender
Wipro	Product Challenger	Contender
WNS Denali	Market Challenger	Not In

This study focuses on the **procurement BPO and transformation services market in Australia in 2022**

BPO Services

Digital Transformation Services

Simplified Illustration Source: ISG 2022

Definition

For years, procurement organisations and operations have been transitioning from supply management and overseeing transactional activities to more holistic participations within the business. However, as businesses struggle to adapt to the crisis, procurement services as a function and an organisation are under immense pressure to improve at a faster pace while enabling the transition to more integrated and digitally agile business environments.

Many enterprises address this need through engagements with providers of procurement BPO and digital transformation services. Such an approach enables optimisation (ideally, future proofing) of enterprise procurement, while minimising direct investments in new software, infrastructure, tools and skills.

This study looks at services providers in two ways: the provision of procurement BPO that enables more efficient and sustainable procurement functionality and operation and the provision of services that give existing procurement organisations and operations a future-ready, digitally agile status that enables significantly improved value.

Scope of the Report

The ISG Provider Lens™ quadrant study includes the following two quadrants on procurement BPO and procurement transformation services.

The study offers IT-decision makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments
- Focus on regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The position of service providers is based on their BPO services for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise clients differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

Midmarket: Companies with 100 to 4,999 employees or revenues between US$20 million and US$999 million with central headquarters in the respective country, usually privately owned.

Large Accounts: Multinational companies with more than 5,000 employees or revenue above US$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product and Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens quadrant may include service providers that ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

Number of providers in each quadrant: ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/services and a follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.

BPO Services

Who Should Read This

This report is relevant to enterprises across industries in Australia for evaluating providers of procurement BPO services.

In this quadrant report, ISG highlights the current market positioning of procurement BPO service providers for Australia-based enterprises and how each provider addresses the key challenges faced in the region.

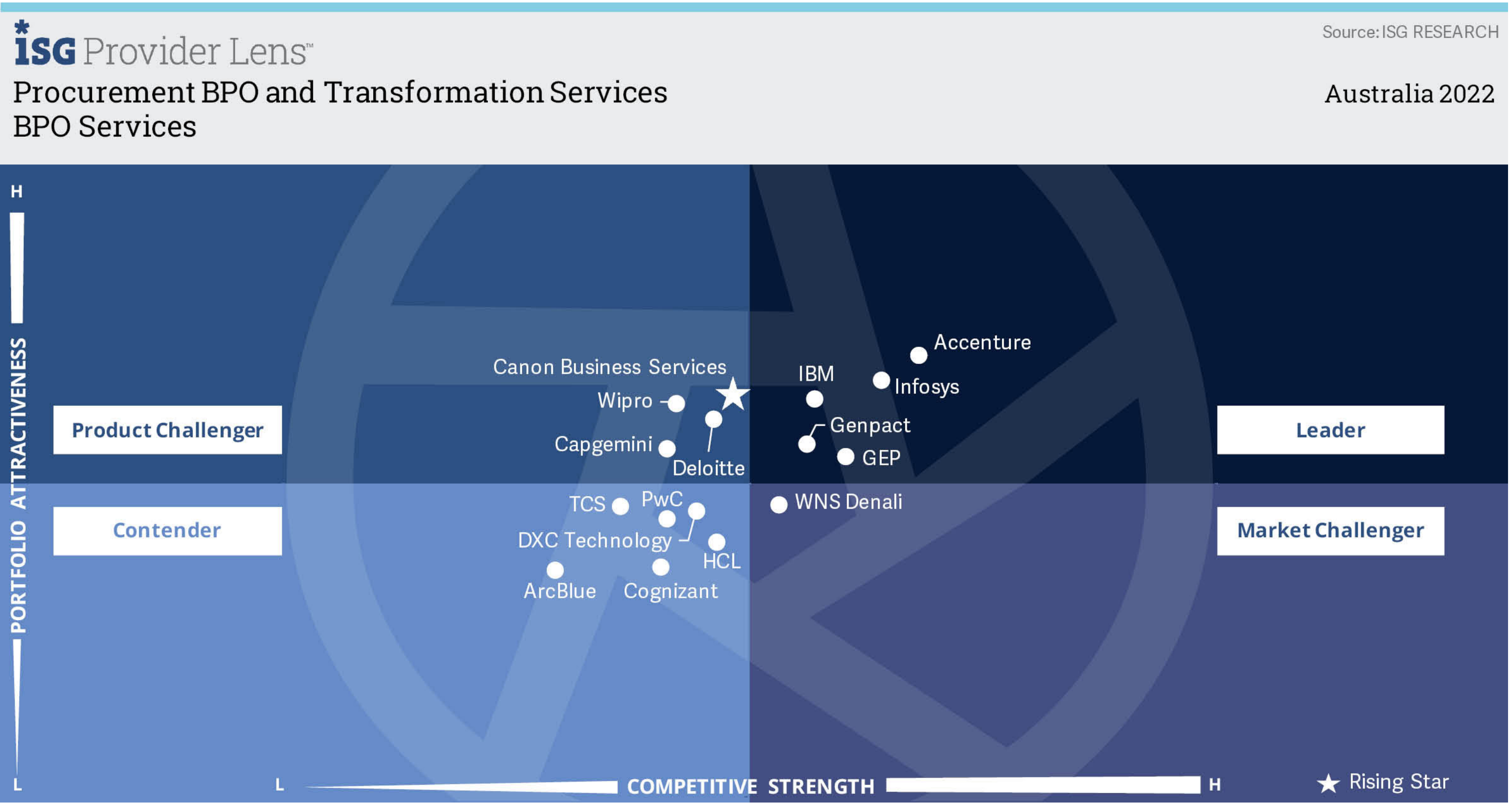
Enterprises in Australia have complex contracting models with suppliers, which has resulted in a loss of visibility in the contract status over time. Their pricing has been inconsistent and is lower than industry benchmarks. They do not have a standardized reporting mechanism, which affects decision-making. There is no prioritization for continuous improvement initiatives, and the supplier incentives for driving innovation are unavailable. Social procurement initiatives are rarely taken into consideration.

Enterprise clients want to ensure that their procurement functions are operating at an optimum level of cost, delivery of goods and services, and efficiency. They want to break the disruptions caused by COVID-19 and the subsequent nationwide lockdowns. They seek the support of service providers to maintain consistent activities.

Service providers are addressing clients' challenges through effective strategic sourcing projects and by co-designing the future category management model. They are defining project objectives to refine procurement strategies and are conducting internal solution design sessions to address process challenges. They are also providing advanced analytics and bespoke solutions to ensure quick turnaround through optimized pricing models.

Chief procurement officers should read this report to understand the relative positioning and capabilities of providers to help them effectively plan their strategic sourcing, optimize their transactional procurement and increase spend visibility.

Sourcing and vendor management professionals should read this report to develop a better understanding of the current landscape of procurement BPO service providers in Australia.



The Procurement BPO Services quadrant ranks key providers in this market that are **poised for acceleration** as enterprises seek to **maximise limited procurement resources.**

Phil Hassey

Definition

BPO continues to grow in terms of use and value. The outsourcing of transactional procurement has been ongoing for years. However, more recently, the outsourcing of strategic procurement activities such as supplier selection, contract negotiation and specification management has gained traction. Outsourcing procurement can help enterprises streamline operations and reduce costs while enabling business transformation that may not have been feasible when keeping procurement in-house.

Eligibility Criteria

Eligibility and evaluation criteria for providers in this quadrant include:

1. Tactical procurement optimisation
2. Core procurement capabilities linked to current business objectives
3. Improvement of current procurement efficiencies
4. Strategic procurement enablement
5. Procurement strategy development and execution
6. Roadmap development and adaptation
7. Business disruption minimisation
8. Strategic sourcing
9. Category management
10. Supplier management
11. Demand and specification management
12. Operational purchasing, including bid/spot buy management
13. Catalogue management
14. Procurement management scope
15. Technology and support capabilities and offerings
16. Help/buy desk capabilities and offerings
17. Procurement tools and technologies (analytics, requisition to PO, sourcing, supplier relationship management, contract management and intelligent automation such as RPA, cognitive and AI)
18. Accounts payable processing support

Observations

This is ISG's first version for the Australian Procurement BPO market. As a result, there is no previous benchmark study for comparison purposes. In recent years, the marketplace for procurement BPO services in Australia has been relatively consistent. With limited M&A activities on both local and global fronts, the market is yet to witness an anticipated level of acceleration

From the **40** companies assessed for this study, **16** have qualified for this quadrant with five being Leaders and one a Rising Star.

accenture

Accenture is a leader in the procurement BPO services space. The company is a benchmark for the industry and leverages a range of partners for optimising client outcomes as well as depth in direct and related procurement consulting solutions

Genpact

Genpact strengthened its local market presence following the signing of a procurement services contract with Suncorp Bank. It has leveraged this engagement to build its capabilities and position in Australia, aligning to the global success that it has enjoyed.

GEP

GEP is a leading independent procurement services provider globally. It has built BPO capability in the Australian market in recent years by leveraging global relationships and strengthening its focus on developing a locally sourced client base.

IBM

IBM, has the longest history of providing procurement services to enterprises in Australia. Although it is less focused on building its clientele for BPO contracts, it still has a legacy of demonstrating capabilities and a large presence in the marketplace.

Infosys

Infosys has enjoyed success in this market following the acquisition of the Portland Group in 2012. The company has been able to build a strong client base, which contributed to its market leadership.

Canon Business Services

Canon Business Services is a Rising Star in Australia's procurement BPO services space for its increased investments in the market. With further investments, it has potential to join the leadership ranks..

Infosys

Leader

"Infosys is a leader in Australia's procurement BPO services for its intellectual property and strong pool of local resources."

Phil Hassey

Overview

Infosys is a global digital transformation IT and services provider. In FY21, it reported revenue of $14 billion, with approximately 300,000 employees globally. Sourcing and procurement outsourcing services are provided through its subsidiary, Infosys BPM. Its portfolio includes category management and consulting services and strategic and operational sourcing. Infosys reports managing over $170 billion of spend through more than 20 delivery centers.

Strengths

AI as a focus: AI and robotics are increasingly driving procurement outcomes for clients in Australia and globally. The technologies leverage Nia™, a proprietary tool that is designed to increase productivity and process effectiveness.

Acquisition of Portland Group: The acquisition, which took place close to ten years ago, was a game changer for Infosys in the local market and across the company. It helped to establish long-term scale and respect, a noteworthy outcome for many acquisitions of this nature.

Procurement framework: Infosys offers the BPM Diamond Framework for procurement. This ensures that from a business perspective, operations and BPO capabilities are central for any transformation. It enables policy development and alignment with corporate support while identifying different types of spend such as strategic, complex and non-core.

Global delivery capabilities: Infosys is a pioneer of global delivery in the IT services context. With its investments in AI, the company provides the benefits of global delivery to clients in the procurement space.

Caution

Infosys is well established in the enterprise sector. However, its success is limited to midmarket clients and the public sector, especially the federal government. The company should alter its approach to meet other segment requirements.

Digital Transformation Services

Who Should Read This

This report is relevant to enterprises across industries in Australia for evaluating providers of procurement transformation services.

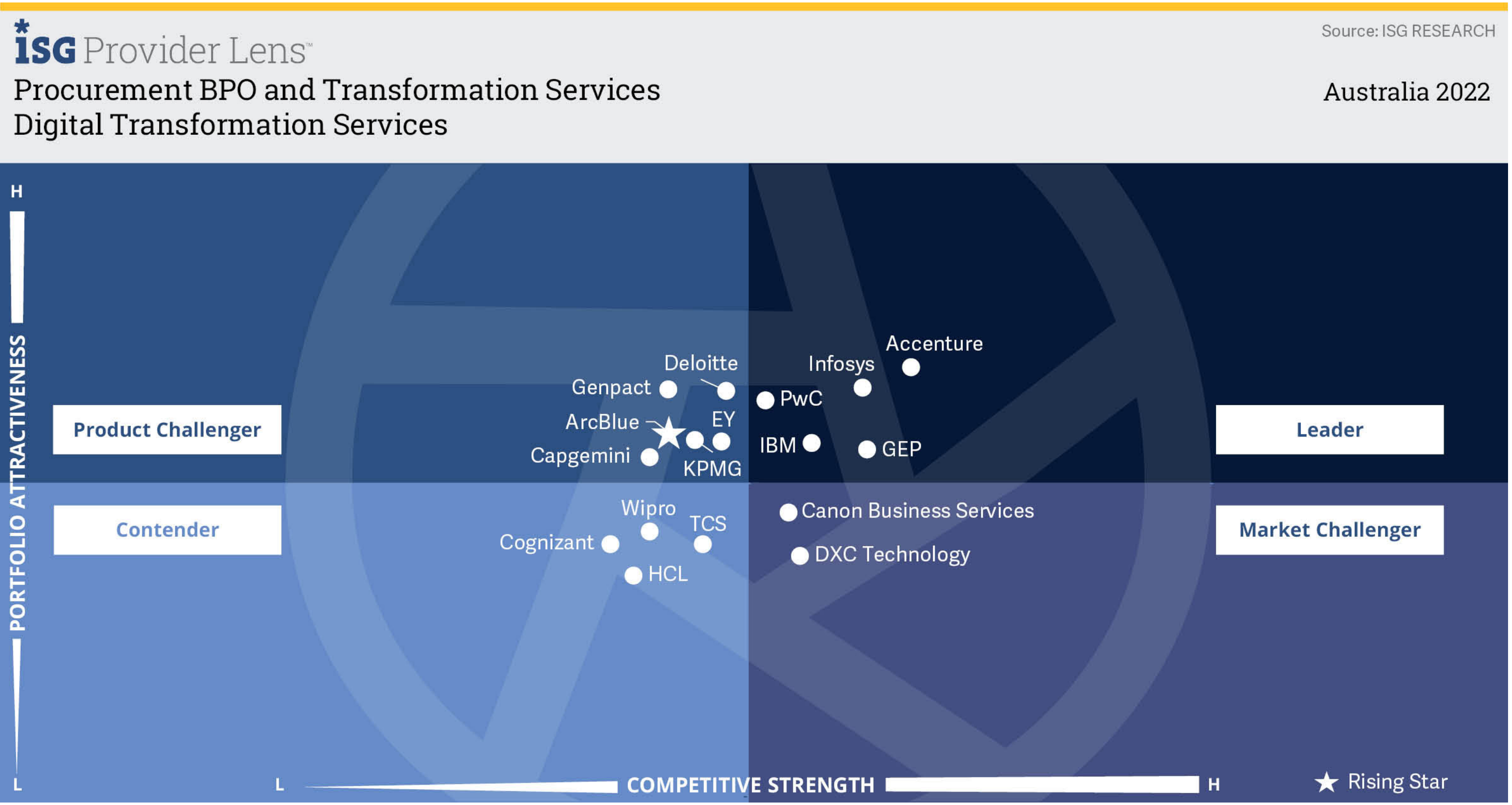
In this quadrant report, ISG highlights the current market positioning of providers offering procurement transformation services to Australia-based enterprises and how each provider addresses the key challenges faced in the region.

Enterprises in Australia are under significant pressure due to global supply chain constraints, leading to uncertainty in procurement delivery for players across industries. Given their limited expertise in driving the required transformation, they should understand how to optimize the function procurement and achieve business outcomes generated from available data.

Service providers in this space are increasingly investing in AI and automation-driven technologies to address the growing demand for solutions that can help achieve the sustainability and diversity goals of enterprises. They are incorporating more innovation through human-led cognitive intelligence capable solutions to optimize outcomes for clients that seek to digitize their capabilities.

Chief procurement officers should read this report to understand the relative positioning and capabilities of providers to help them effectively plan their digital transformation, optimize sourcing capabilities, and increase visibility over indirect procurement.

Sourcing and vendor management professionals should read this report to develop a better understanding of the current landscape of providers offering procurement transformation services in Australia.



The transformation services quadrant ranks key providers that are **poised for acceleration** as enterprises seek to **maximise their limited resources in this space.**

Phil Hassey

Definition

Recent and ongoing global disruption of business organisations, relationships and supply chains have made digital transformation essential now. Procurement leaders and organisations are critical for an enterprise's ability to foresee, minimise and benefit from the market change and disruption, As a result, the number digital transformation providers are on the rise. Also, given the scope and nature of disruption, the ability to continue to adapt in more ways and enable a "procurement-of-the-future" approach will be critical. This requires extensive expertise in transformation models, strategic consulting, technologies, tools, software and services.

Eligibility Criteria

Eligibility and evaluation criteria for these quadrants include:

1. Tactical procurement optimization
2. Core procurement capabilities linked to current business objectives
3. Improvement of current procurement efficiencies
4. Strategic procurement enablement
5. Procurement strategy development and execution
6. Roadmap development and adaptation
7. Business disruption minimization
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17. Procurement tools and technologies (analytics, req-to-po, sourcing, supplier relationship management, contract management, and intelligent automation such as RPA, cognitive and AI)
18. Accounts payable processing support

Observations

From the **40** companies assessed for this study, **17** have qualified for this quadrant with five being Leaders and one a Rising Star

accenture

Accenture is a leading provider of procurement transformation services in Australia. It is made a benchmark for the industry and leverages a range of partners to drive digital transformation across a range of business processes with respect to procurement.

GEP INSIGHT DRIVES INNOVATION

GEP is a leading independent provider of procurement services globally. It has built capabilities in Australia over recent years, leveraging global relationships and a focus on developing a locally sourced client base. In the short term, transformation is expected to be a priority for driving local growth.

IBM

IBM is a service provider with the longest history of providing procurement services to Australian clients. From a transformation perspective, it is seeking to leverage the consulting capabilities and Garage™ methodology to rapidly and successfully transform the procurement process for clients.

Infosys

Infosys has enjoyed success in Australia's procurement transformation services market with its continued investments in both procurement services and overall digital transformation for numerous clients in the region.

PwC

PwC has leadership in the Australian marketplace across a wide range of portfolio areas. Its strong position with Australian C-Suite ensures that it is at the front end of process transformation, particularly processes such as procurement that is driven by the finance functionality. .

ArcBlue

ArcBlue, a Rising Star in this quadrant, is a homegrown provider of procurement transformation services in Australia with deep local capabilities. The company is rapidly expanding across the region.

Infosys

Leader

"Infosys is a leader in Australia's transformational BPO services market for its Portland Group foundation."

Phil Hassey

Overview

Infosys is a global digital transformation IT and services provider. In FY21, it reported revenue of $14 billion, with approximately 300,000 employees globally. Sourcing and procurement outsourcing services are provided through its subsidiary, Infosys BPM. Its portfolio includes category management and consulting services and strategic and operational sourcing. Infosys reports managing over $170 billion of spend through more than 20 delivery centers.

Strengths

AI-driven approach: AI and robotics are increasingly driving procurement outcomes for clients in Australia and globally. The technologies leverage Nia™, a proprietary tool that is designed to increase productivity and process effectiveness. One of the key capabilities the company brings is a focus on simplification of processes prior to automation. With AI and machine learning, it provides a deep solution to the market.

Portland Group fundamental for Infosys: The acquisition of Portland Group has been a long-term success for Infosys in both procurement BPO and transformation markets. This provided the company with the capability, resources and vision that the industry is currently lacking on a broader perspective, as procurement function transformation is typically not considered from an enterprise perspective.

Large client base: Infosys has been successful in growing a loyal client base in the Australian marketplace for its range of portfolio-based solutions. It has a unique positioning in the local market, allowing it to recruit clients and employees alike by leveraging this Portland Group model.

Caution

In some ways, Infosys' success causes several challenges. As the labour market is tightening in Australia, it should remain focused on employee retention to continue keeping momentum with clients. A broader vision for an integrated role in procurement may also be required as the market enters the next phase in Australia.

Appendix

The ISG Provider Lens™ 2022 – Procurement BPO and Transformation Services research study analyzes the relevant software vendors/service providers in the Australia market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of February 2022, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars ($US) unless noted.

The study was divided into the following steps:

1. Definition of Procurement BPO and Transformation Services 2022 market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
   * Strategy & vision
   * Tech Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * CX and Recommendation

Lead Author

Phil Hassey
Strategic Advisory Analyst

Phil has an enviable reputation for understanding, assessing and communicating insight into the increasingly diverse and complex technology sector as it attempts to tightly integrate to business requirements. He is constantly "tilting the world view" with unique but grounded perspectives for clients.

He has worked for some of the largest, and smallest enterprises in the world to help them understand the role of the intersection of technology and business. At the same time, he has also worked with technology and business providers to help ensure they place the customer requirements at the centre of their business.

He has undertaken research and strategy projects on every continent, and for every possible application of technology and business.

Research Specialist

Venkatesh B
Research Specialist

Venkatesh is a Research Specialist with ISG Research. He is responsible for assessing the industry and technology trends and developments across multiple industries and providing key insights for business decision makers in the enterprise clients and service provider ecosystems. He supports the ISG Provider Lens studies related to Procurement BPO and transformation services, software platforms and solutions, Digital Finance and Accounting outsourcing, Contact Center studies and Payroll within the ISG Global Research team. He brings in more than 12 years of experience in market research, industry and competitive intelligence, marketing sizing , data analysis, report writing, co-authoring reports , primary and secondary research, SWOT analysis, client interaction, providing insights , presales and other related operational activities.

IPL Product Owner

Jan Erik Aase
Partner and Principal Analyst

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally. For more information about ISG Provider Lens research, please visit this webpage.

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ISG

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Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.

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