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BPM

Procurement is Uniquely Positioned as the Enterprise Ecosystem Builder

But is it ready to embrace the opportunity?

SEPTEMBER 2022

Foreword

CPOs – Enterprise Builders of tomorrow

With the recent global events impacting everything around us, the Procurement function is undergoing an interesting makeover. From simply delivering savings to emerging as an essential business enabler driving strategy and transformation for the organization, Procurement is uniquely positioned at the intersection of an organization and its external network. As the world adapts to several new paradigms such as hybrid model of working, transformation driven by insights and digitization and the rising importance of sustainability, the role of Procurement as an enabler of organizational value is becoming central.

At Infosys BPM, we believe this evolution requires a 360-degree perspective to build Procurement of the future as a board-level function. We are excited to collaborate with HFS to present a strategic view of the future trends for Procurement and our shared belief that Procurement is key to an organization's competitive advantage.

Drawing insights from 300 senior Procurement executives across the Global 2000 enterprises, this study reveals that Procurement is uniquely positioned to become the "Ecosystem Builder" for an enterprise. The path is challenging and requires a fundamental mindset shift within Procurement and its stakeholders. I am positive that this research will help in shaping the Procurement transformation journey in organizations across the globe.

I would be happy to hear from you on your views about the future of Procurement.

Kapil Jain

Executive Vice President & Global Head of
Enterprise Capabilities and Sales,
Infosys BPM

Don't undersell procurement

HFS envisions procurement as the "ecosystem builder" for the enterprise, not just a cost-focused back-office function. 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? I believe 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.

This research based on insights from 300 senior procurement executives across the global 2000 enterprises validated our hypothesis but also drove home the point that successful procurement executives of the future will not just need to be a "great buyer" but also a "great seller" to convince the internal enterprise stakeholders that procurement can and should be its "Ecosystem Builder."

Saurabh Gupta

President – Research and Advisory Services,
HFS Research

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Executive summary

While driving down costs continues to be a primary goal for procurement, the chief procurement officer's (CPO) expectations are changing based on their skills in managing third parties. Today, CPO's role includes new accountabilities in addition to spend management. What is the future of procurement's role in driving new value? What are the hurdles? And what are the lessons learned from Procurement Achievers?

To find out, HFS Research, in partnership with Infosys BPM, surveyed 300 senior procurement executives across the Global 2000 enterprises. Our study reveals that procurement is uniquely positioned to become the "ecosystem builder" for an enterprise. Still, the path is challenging and requires a fundamental mindset shift within procurement and its stakeholders.

Key findings

Ninety-five percent (95%) of procurement executives believe procurement organizations of the future should act as ecosystem builders that drive collaboration across multiple organizations to generate new sources of value.

However, the CPO's biggest challenge is to sell the value of the function within the enterprise as an enabler of business value, not just spend management.

Procurement faces five key challenges:

- **C-suite (in)visibility creating conflicting procurement goals.** Only one in four CPOs have direct visibility to the CEO. Lack of alignment between procurement goals (e.g., sustainability versus cost savings) emerges as a significant challenge.
- **Lack of internal collaboration creates multiple blind spots** in the organization. Supplier management continues to be decentralized in most organizations. Stronger organizational alignment and elevated budget planning across the business, procurement, finance, IT, and supply chain emerge as the #1 initiative to help procurement meet its goals.
- **An apathetic approach to the imbalance in the talent equation.** COVID highlighted existing capability gaps within procurement organizations, primarily people capabilities. Most procurement executives have limited resources or feel the need to overhaul their resource mix.
- **Antiquated legacy systems and processes adding to existing process debt across the S2P value chain.** HFS defines process debt as creating an awkward and often manual process to buttress aging technologies. Most participants reported the need for significant improvements across the S2P value chain.

- **Not realizing the full potential of digitized procurement.** Despite strong applicability across the S2P value chain, the adoption of digital technologies within procurement continues to lag. Digital is no longer some sci-fi that will happen in three to five years. It is essential for survival today.

Only 15% of respondents emerge as Procurement Achievers. These organizations self-rated themselves as “best-in-class” across the S2P value chain. Procurement Achievers are more confident than Procurement Aspirants in realizing their “ecosystem builder” aspiration. More Achievers than Aspirants expect to strategize board-level initiatives and become the primary conduit for all engagement with the outside ecosystem.

Comparing the Achievers to Aspirants provides a roadmap of recommendations for CPOs to become the ecosystem builders for their enterprise:

- **Drive leadership in areas of strategic importance to the business beyond spend management.** Achievers differ from Aspirants in how they deliver on working capital, sustainability, and risk management goals for the enterprises.
- **Build a fluid and resilient operating model to solve for talent gap and process debt.** Achievers have a higher propensity to leverage third parties. They are investing faster to digitize and modernize legacy technology and train and retain top talent.
- **Become the catalyst for enterprise transformation by building a digital core and leveraging data as an asset.** Procurement Achievers invest heavily in scaling and growing investments in cloudification, robotic process automation (RPA), and machine learning (ML) compared to Aspirants. A significantly higher number of Procurement Achievers are investing in data visualization, master data management, advanced analytics, and spend optimization analytics compared to Aspirants.

The Bottom Line: Procurement is uniquely positioned within an enterprise to unearth new sources of value beyond driving down costs. Nearly 90% of respondents agree that the CPO of the future will need to be both a great buyer and a great seller to convince the enterprise that procurement can and should be its ecosystem builder.

Forward-thinking organizations are championing their procurement function to become ecosystem builders

Ninety-five percent (95%) of procurement executives believe that procurement organizations of the future should act as ecosystem builders that drive collaboration across multiple organizations to generate new sources of value.

HFS defines an ecosystem as collaboration across multiple organizations with common objectives around driving completely new sources of value.

Procurement is uniquely positioned within any enterprise that has the skills or experience in building an ecosystem across the enterprise.

Ecosystem thinking is becoming an imperative in the next-generation operating model for today's business leaders. Organizations are constantly dealing with and navigating a web of connected employees, customers, suppliers, partners, and competitors. They realize that adopting an integrated ecosystem approach instead of a piecemeal application of individual methods enables enterprises to effectively differentiate and compete.

Procurement's unique position at the intersection of an organization and its external network makes it an ideal candidate for setting

the stage for an ecosystem mindset within an organization. Instituting the procurement transformation requires a paradigm shift in how procurement leaders and their teams see themselves and their role as ecosystem builders. It is less about being a master of purchasing techniques and more about the ability to persuade and influence to see the big picture and establish credibility with the business on the value Procurement can add to its enterprise.

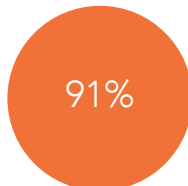
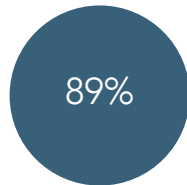
Exhibit 1: Ninety-five percent 95% of procurement executives believe that procurement organizations of the future should act as ecosystem builders

Q1. To what extent do you agree/disagree with the following statements?

% of respondents

Broker of competencies

89% of procurement executives agree that procurement should become the "broker" of competencies across ecosystem, required to make the ecosystem valuable for all, including risk, compliance, and software asset management

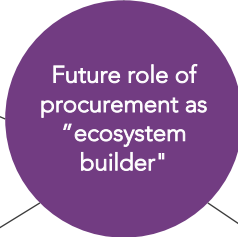
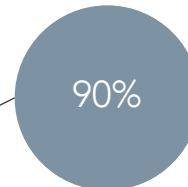


Link to external expertise

91% of procurement executives agree that procurement in the future should act as the link between external expertise and internal business functions

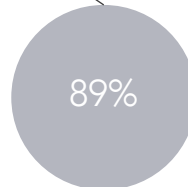
Enterprise and competitive intelligence

90% of procurement executives agree that beyond spend and category intelligence, procurement can become the home for collecting enterprise and competitive intelligence



Enterprise-level supplier governance

89% of procurement executives agree that procurement expands beyond the siloed view of individual supplier relationships to set strategy and policies for enterprise-level governance



Developing partnerships that drive innovation

90% of procurement executives agree that beyond negotiating the best deals, procurement focuses on developing partnerships that drive innovation and demand, end-customer experience, and business outcomes



Sample: 300 procurement executives across Global 2000 enterprises
Source: HFS Research in partnership with Infosys BPM, 2022

While driving down costs and reducing spending emerged as the #1 goal for procurement organizations, more than 90% of executives agree that the CPO's role is changing given its responsibilities in managing third parties and will include new accountabilities such as risk, diversity, sustainability, and social performance of third parties. There is a surge in the expectations that enterprises now must fully capture the benefits a portfolio of external partners may bring. Procurement happens to have been the in situ function at the gate to these firms and finds itself with this advantage to help enterprises build ecosystems that can drive new sources of value.

Procurement's traditional role has generally been narrow with a singular focus on cost and spending management. But there is no other function within an enterprise with the skills, experience, exposure, or placement to help build and strengthen the enterprise ecosystem. Procurement in the future should act as the bridge between external expertise and internal business functions to maximize their co-creation potential. Exhibit 1 outlines the traits for the future of procurement as the "ecosystem builder" for the enterprise.

Despite the grand ambitions, CPO's biggest challenge is to sell the value of the function as an enabler of business value, not just spend management

Eighty-seven percent (87%) of procurement executives cited that one of CPO's biggest challenges is to sell the value of the function as an enabler of business value, not just spend management.

Five key challenges impede procurement's transition to business value enablers:



Procurement has struggled for prominence within the enterprise. This may be attributed to disengagement with the broader organizational strategy and goals, lack of representation at the top table, approach to engaging with the business, nature of the organization, and hierarchy within. In many organizations, procurement has been seen as nothing more than a spend management function rather than a business value enabler. Procurement assembles the resources to create the services and products the enterprise brings to market, and it arguably has the closest lens on differentiated value proposition external stakeholders and partners can offer.

We recognize that the ambition is to unlock the next level of value for businesses. However, we identified five key challenges impeding procurement's transition to a business value enabler:

C-suite (in)visibility creating conflicting procurement goals: A lack of alignment between procurement goals (e.g., sustainability versus cost savings) emerges as a significant challenge. Only one in four CPOs in Exhibit 2 have direct visibility to the CEO. Three-quarters report to finance or operational leaders, where the focus is primarily on cost. The reporting hierarchy also has a significant bearing on procurement goals.

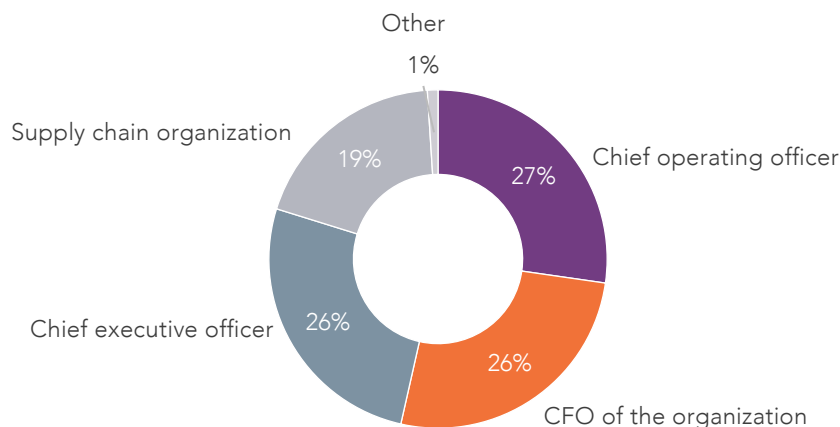
The conflicting goals also arrive from multiple sources. Legal, Third-Party risk management (TPRM), information security, compliance, and human resources are other business functions that “assign” work goals to procurement, typically outside the C-level suite. Multiplicity of variables overwhelm the strategic and operational priorities of the CPO as to which are the most essential and need for resource allocation. Procurement is already burdened with archaic processes and legacy systems, and the addition of lower-skilled staff trying to do forward-looking work without visibility of the C-level suite mandate is crushing the potential of procurement to unlock value for enterprises.

Lack of internal collaboration creates multiple blind spots in the organization: Supplier management remains decentralized in most organizations. More substantial organizational alignment and elevated budget planning across the business, procurement, finance, IT, and the supply chain emerged as the #1 initiative in Exhibit 3 to help procurement meet its goals. Internal alignment between departments becomes more so imperative in the post-pandemic world, which requires tighter orchestration across budgets and resource planning in the more complex procurement demand model.

Seventy-three percent (73%) of procurement executives stated that monitoring supplier code of conduct regarding legal, environmental, human rights, diversity and inclusion, and ethics is decentralized to individual functional areas.

Exhibit 2: Only 26% of CPOs report to the CEO

Q2. Where/Whom does procurement report to?
% of respondents

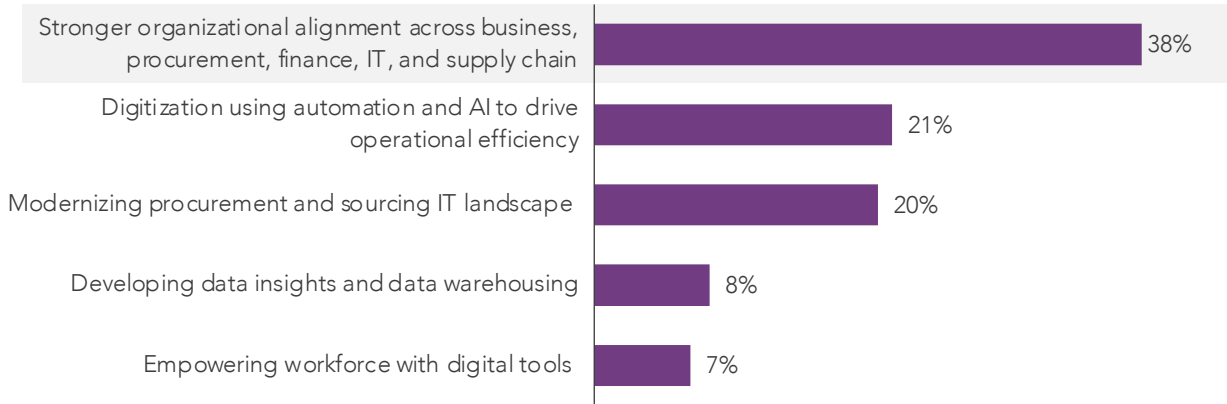


Sample: 300 procurement executives across Global 2000 enterprises
Source: HFS Research in partnership with Infosys BPM, 2022

Exhibit 3: 38% of participants have ranked strong organization alignment as the #1 requisite to meet their procurement goals

Q3. What are the Top 3 initiatives that you are undertaking to meet your current goals?

% of respondents



Sample: 300 procurement executives across Global 2000 enterprises
 Source: HFS Research in partnership with Infosys BPM, 2022

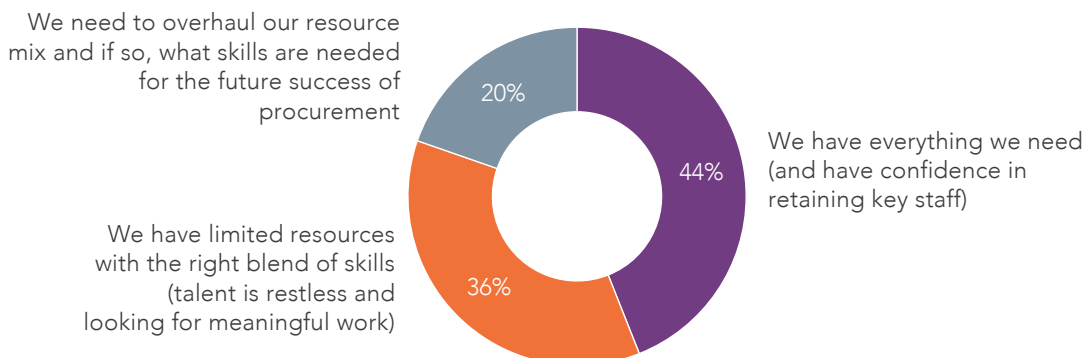
An apathetic approach to the imbalance in the talent equation: The COVID pandemic highlighted capability gaps within procurement organizations, primarily people capabilities. Most procurement executives in Exhibit 4 have limited resources or feel the need to overhaul their resource mix. Additionally, some of the broader talent gap procurement teams experience is attributed to teams being led by CPOs who have only grown up in the procurement realm, with a singular, myopic experience. The singular view of procurement function disables its competency in influencing its peers and elevating the function it leads.

Antiquated legacy systems and processes adding to existing process debt: HFS defines process debt as the creation of an awkward and often manual process designed to buttress aging technologies. Significant improvements are required across the S2P value chain as shown in Exhibit 5, resulting in a lack of bandwidth to focus on value-added work. CPOs are reacting to data instead of proactively looking ahead and making recommendations. The burden to address the process opportunity cost of not managing process debt grows over time as new entrants to the market capture the time advantage of more attractive digital engagement for customers.

Exhibit 4: 56% of procurement enterprises face a considerable talent crisis

Q4. How equipped is your current staff to move Procurement forward in meeting your goals?

% of respondents



Sample: 300 procurement executives across Global 2000 enterprises
 Source: HFS Research in partnership with Infosys BPM, 2022

In addition to these challenges, procurement's work effort in support of decentralized goals, such as diversity, ethics, risk, data security, and compliance, requires a dramatically different mindset to do more with the same resources. Advancing against these four challenges in isolation will likely not bring much movement toward procurement heaven. The way forward is to combine the operational capabilities of the CPO and its function with investments in emerging technology.

Not realizing the full potential of digitized procurement: The value proposition of digital technologies permeates the procurement value chain. Modern cloud-based solutions provide simple interfaces allowing any category manager to harness the power of deep analytics. However, less than a third of procurement organizations have adopted hybrid or multi-cloud technology at an

enterprise level. Transaction procurement activities are the ideal function for automation, automating activities from generating purchase orders to invoicing reconciliation. In category analytics, digital tools in price-variance analysis, forecasting, or logistics-cost analysis can have a tremendous impact. However, fewer than one in five procurement organizations have deployed automation at scale. The good news is that nearly 80% of procurement executives expect to increase spending on digital technologies in the next 12 months by more than 10% (weighted average). Cloud-based business applications, data visualization tools, advanced analytics, e-procurement, and master data management technologies emerge as the top five areas of technology investments in Exhibit 6. Digital is no longer some sci-fi that will happen in three to five years. It is essential for survival today. "Digital" is the stairway to procurement heaven.

Exhibit 5: Across the S2P value chain, respondents report the need for significant improvements

Q5. What are the processes within the S2P value chain that needs significant improvement?
% of respondents

■ Does not need significant improvement across G2000 enterprises ■ Needs significant improvement across a majority of G2000 enterprises

Strategic sourcing		Category management		Spend data management	
Demand management	61%	Category strategy	59%	Tail spend management	58%
Sourcing strategy	58%	Category planning	65%	Spend analysis	76%
Benefits realization	56%	Market intelligence	63%	Spend transparency	46%
Sourcing event management	52%	Ongoing category management	29%		
Sustainable sourcing	58%				
Sourcing governance	51%				
Contract management		Supplier management		Risk and compliance	
Contract repository	37%	Supplier enablement and onboarding	53%	Background checking and annual checking	46%
Contract administration	56%	Suppliers enquiry and help desk	60%	Data privacy and data security	61%
Contract template management	44%	SLA monitoring	45%	Operating controls	51%
Contract negotiation	45%	Vendor relationship management	33%	Environmental and governance standing	39%
Price fees negotiation		Purchase order management		Accounts payable	
Cost analysis	57%	Purchase requisition creation	43%	Vendor management	47%
Price comparison	60%	Purchase order issuance	49%	Invoice verification and processing	53%
Planning and budgeting	57%	Purchase order management	50%	Vendor payment	47%
Approvals and reporting	32%	Purchase order approval and payment	33%	Invoice reconciliation	29%

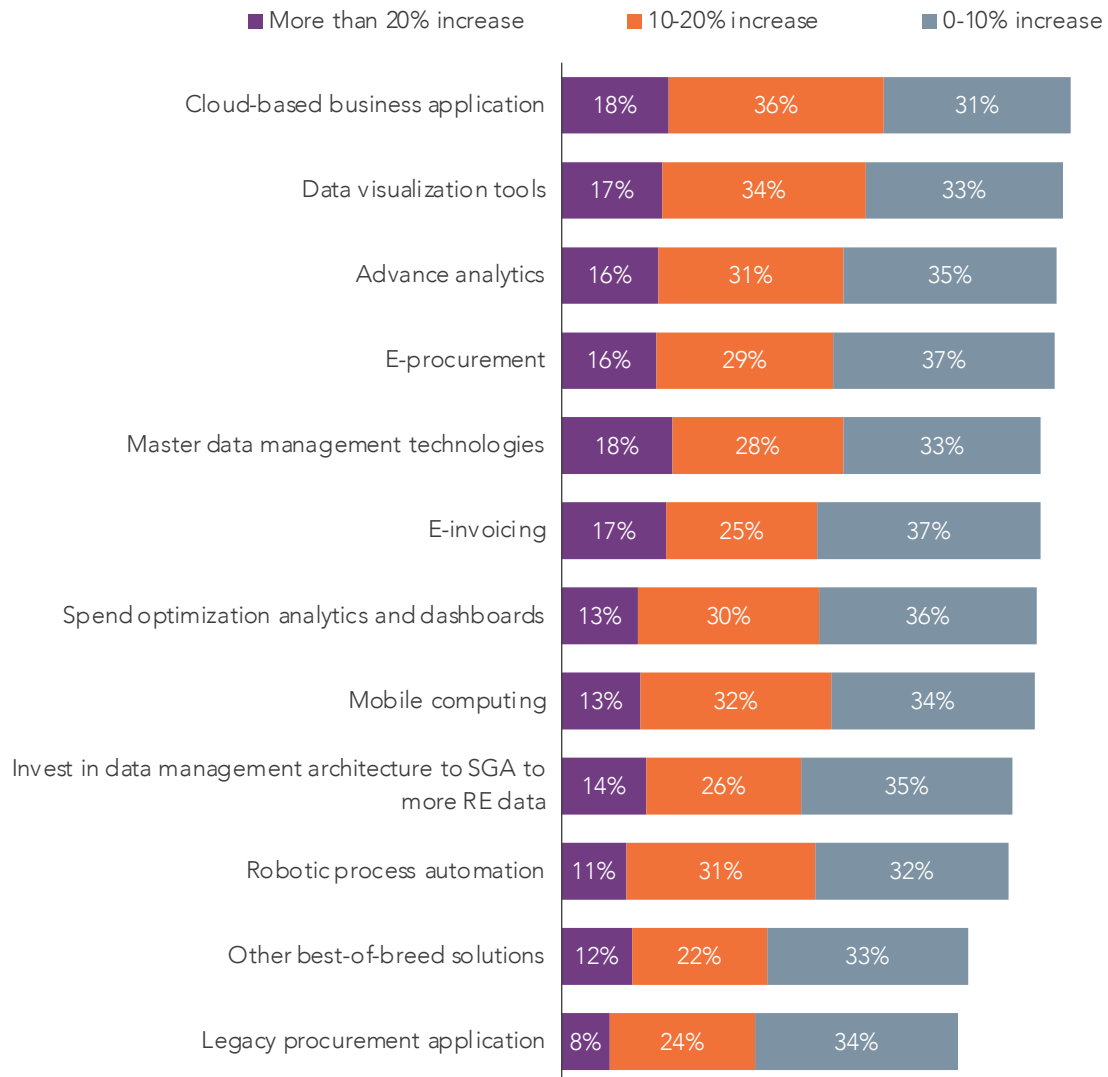
Sample: 300 procurement executives across Global 2000 enterprises
Source: HFS Research in partnership with Infosys BPM, 2022

Despite strong applicability across the S2P value chain, adoption of digital technologies within procurement continues to lag:

- Less than a third of procurement organizations have adopted hybrid/multi cloud at an enterprise level.
- Less than 20% of procurement organizations have deployed automation at scale.

Exhibit 6: Cloud-based business applications, data, and artificial intelligence (AI) analytics are the leading investment categories in emerging tech

Q6. Do you see budgets for the current year for Procurement increasing and to what extent?
% of respondents



Sample: 300 procurement executives across Global 2000 enterprises
Source: HFS Research in partnership with Infosys BPM, 2022

Only 15% of respondents self-rated themselves as best-in-class—these “Procurement Achievers” are more confident in meeting their ecosystem builder aspirations

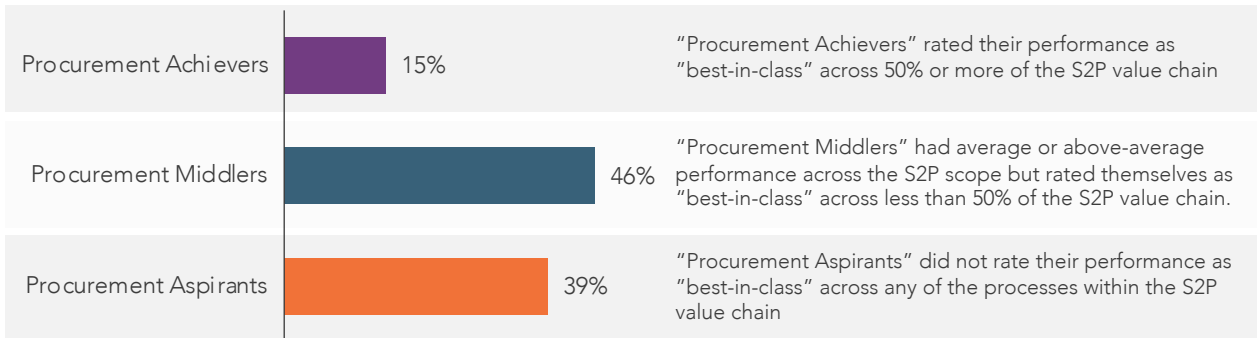
The HFS study has led to distinct groups of CPOs – Procurement Achievers who are a group of CPOs who have identified themselves as “best-in-class” across 50% or more of the S2P value chain, Procurement Middlers who have rated themselves as “best-in-class” across less than 50% of the S2P value chain and the last group, the Procurement Aspirant who did not rate their performance as “best-in-class” across any of the processes within the S2P value chain.

The Procurement Achievers are more confident than Aspirants in realizing their ecosystem builder goal.

- 26% of the Procurement Achievers see their role as strategizing for board-level initiatives in the next three years, compared to only 14% of the Procurement Aspirants.
- 48% of the Procurement Achievers expect to be charged with capturing meaningful differentiation from key providers (leading projects on innovation, design thinking, sourcing feasibility, and global business services enhancement) in the next three years, compared to 30% of the Procurement Aspirants.
- 33% of the Procurement Achievers expect to be the primary conduit for all engagement with the outside ecosystem within the next few years, compared to only 20% of the Procurement Aspirants.

Exhibit 7: Only 15% of respondents considered themselves best-in-class broadly across the S2P value chain; we classified them as “Procurement Achievers”

Q7. How would you rate your organization’s performance to effectively operate across the Procurement and Sourcing value chain? % of respondents



Sample: 300 procurement executives across Global 2000 enterprises; categorization of respondents based on performance across the source-to-pay (S2P) value
 Source: HFS Research in partnership with Infosys BPM, 2022

Comparing the Achievers to Aspirants provides a roadmap for CPOs to become the ecosystem builders for their enterprise

Comparing the Achievers to Aspirants provides a roadmap for CPOs to articulate and execute critical organizational and emerging technology decisions. The recommendations in Exhibit 8 will allow CPOs to improve the perception of others by demonstrating the ability to think at an enterprise and ecosystem level.

Exhibit 8: Roadmap for CPOs to become the ecosystem builders for their enterprise

		Aspirants	Achievers	
Recommendation	Metric	Procurement Achievers versus Aspirants		
1. Drive leadership in areas of strategic importance to the enterprise	1.1. Improving business outcomes (e.g., DPO, working capital)	21%	41%	41% of Achievers ranked improving business outcomes as their #1 goal, compared to 21% of Aspirants
	1.2. Leading the sustainability initiative for the organization	25%	39%	39% of Achievers ranked leading sustainability initiatives as their #1 goal, compared to 25% of Aspirants
	1.3. Stay on top of regulatory, compliance, and disclosure waves	32%	57%	Over 90% of Procurement Achievers perceive their risk and compliance processes to be above average, compared to only 47% of Aspirants
2. Address operating model to solve for talent gap and process debt	2.1. Leverage third parties to create an agile operating model	32%	57%	A majority of Procurement Achievers expect to increase spending on third-party service providers by more than 10%, compared to less than a third of Aspirants
	2.2. Invest in digital tools (e.g., e-procurement and e-invoicing) to address the process debt	31%	65%	65% of Procurement Achievers expect to increase spending on e-procurement by more than 10%, compared to only 31% of Aspirants
	2.3. Modernize legacy technology landscape	32%	50%	50% of Procurement Achievers are currently scaling their ERP modernization initiatives, compared to 32% Aspirants
	2.4. Increase budget for staff training and retention of top talent	35%	70%	70% of Procurement Achievers plan to increase their budget for training and retention by more than 10%, compared to 35% Aspirants
3. Be the catalyst for enterprise transformation	3.1. Build a digital core by scaling up adoption of cloud-based SaaS, automation, and AI	43%	83%	83% of Procurement Achievers currently scale their cloud-based SaaS investments, compared to 43% of Aspirants
		35%	59%	59% of Procurement Achievers currently scale their RPA investments, compared to 35% of Aspirants
		28%	50%	50% of Procurement Achievers currently scale their machine learning (ML) investments, compared to 28% of Aspirants
	3.2. Leverage data-as-an-asset to make decisions and find new sources of value	38%	60%	Nearly 60% of Procurement Achievers plan to increase their spending in MDM technologies by more than 10%, compared to 38% of Aspirants
		40%	67%	67% of Procurement Achievers plan to increase their spending in advanced analytics by more than 10%, compared to 40% of Aspirants

Sample: 300 procurement executives across Global 2000 enterprises
 Source: HFS Research in partnership with Infosys BPM, 2022

Drive leadership in areas of strategic importance to the business beyond spending management: working capital, sustainability, and risk management

While Achievers and Aspirants are equally focused on driving down costs, Achievers aggressively focus on driving business outcomes (such as daily payables outstanding and working capital) and sustainability initiatives beyond cost savings. Digital transformation is about getting faster, cheaper, and better. CPOs need to deliver on higher-value contributions such as cash flow improvement (not just cost) and increased margins (not just operating expense).

Effectively implementing the envisaged sustainability goals is an overarching organizational challenge, and it often means change for the product portfolio and the organization, including its culture. Achievers recognize that given the scope involved, it is not enough to launch individual initiatives sporadically and hope for success. Instead, they see sustainability as a transformation of company operations spanning the entire supply chain.

CPOs are also well positioned to provide a voice of reason on risk sharing and transfer questions with third parties and the broader ecosystem partners. Too often, organizations default (or bow) to a technical view of risk and react with an “over clubbed” response based on a singular or myopic view. Thinking through how you can share the risk responsibility matrix

with critical third parties is a perfect role for the CPO. The CPO intends to lead third-party alliances—relationships that shared goals and incentives can only initiate. Eighty-five percent (85%) of CPOs agree or strongly agree that procurement should expand beyond the siloed view of individual supplier relationships to set strategy and policies for enterprise-level governance.

Initiate upward discussion on the budget forecasting and business case for new areas of work needed to deliver end-to-end alignment. Like many functional leaders, CPOs have taken some steps to modernize legacy application stacks and centralize data for areas such as inventory repositories, contract repositories, third-party risk registers, and data classification, but just as multiple functions across the enterprise harvest the benefit of these changes, the funding to realize these benefits should be spread across multiple budget areas and not borne just by procurement. Demonstrate a forward-thinking mindset by working with other budget owners to drive efficient operating expense planning in the enterprise.

Although your responsibility is supply management, spend equal time on demand management. Ninety percent (90%) of CPOs agree or strongly agree that procurement should focus on developing partnerships that drive innovation and demand, not just the best economical deal. Yet, more than 60% of CPOs see the demand management process as needing significant improvement. Test your understanding of “the demand equation,” where your maxim of procuring to need, not want, is central.

Enterprise-wide strategic initiatives that procurement organizations can drive beyond spend management include

- Delivering on higher-value contributions such as cash flow improvement (not just cost) and increased margins (not just operating expense)
- Effectively implementing sustainability goals
- Providing a voice of reason on the questions of risk sharing and risk transfer with third parties and broader ecosystem partners
- Working in conjunction with other enterprise leaders to drive efficient operating expense planning and budget forecasting
- Developing partnerships that drive innovation and demand, not just the best economical deal

Build a fluid and resilient operating model to solve for talent gap and process debt

Procurement Achievers embrace an agile resource model with a greater propensity to engage third-party service providers. This allows Achievers to have the talent at their disposal to hinge and unhinge third parties seamlessly, a feature that enhances strong alignment across business, IT, and finance. Leveraging third parties to run procurement operations allows procurement organizations to focus on strategic and value-added work.

Linked to your operating model review and the engagement with third parties, CPOs should infuse their functions with emerging talent from your organization's other functions. Push on the revolving door of a talent exchange between your function, procurement or sourcing, and all other organizational groups. Change any mindset that looks to handcuff people to your organization. Your role is to enhance your career; your part is to land in the best spot. If you do your job well, people will stay or return in the long term. Foster a culture of lifelong learning to encourage new skill development. Leverage third parties to build a resilient workforce across the board, from low-level to anchor hires. Procurement Achievers have significantly more aggressive spending plans around procurement hiring, training, and retention compared to Aspirants.

Procurement Achievers invest much more in leveraging e-procurement and e-invoicing than Aspirants to address the process debt. Successful digital transformation also requires CPOs to make data ubiquitously available, accessible, and mineable—and these aspirations need to be shared with critical third parties who in any way touch either the employee or customer in the delivery of goods or services. Sixty percent (60%) of CPOs foresee productivity improvements by leveraging technology to improve spend data management. While productivity improvements increase to 76%, where the CPO sees its function as the primary conduit to the ecosystem. If too many CPOs neglect investing in longer-term, strategic digital initiatives, the lost opportunity costs will be irrecoverable. There is a strong need for action to engage third-party service providers to unload a large portion of the debt.

Why Achievers have a higher propensity to leverage third-party service providers?

- Build a fluid operating model workforce by embracing an agile resource model
- Drive speed to value with an external partner versus managing everything in-house or shared service
- Complement internal teams with hard to find skills and capabilities
- Implement best-practice and digitally-enabled processes across the S2P value chain
- Allow internal procurement organization to focus on strategic and value-added work

Become the catalyst for enterprise transformation by building a digital core and leveraging data as an asset

Procurement Achievers invest heavily in scaling and growing investments in cloudification, RPA, and ML compared to Aspirants. CPOs must move toward touchless/frictionless technologies and away from legacy high-maintenance technologies. The combination of championing process mining and modular solutions, as evident in e-procurement and e-invoicing, is much more common in Procurement Achievers than Aspirants. Purchasing teams can rely on data-analysis tools to quickly generate dashboards and heatmaps highlighting opportunities across various categories. Natural-language-processing systems can extract hundreds of service-level requirements and performance indicators from complex contracts, convert

them into benchmark conditions, and match them against purchase orders, invoices, or usage data. E-sourcing tools can facilitate competitive sourcing events, and AI and advanced analytics can be leveraged for bid analysis and negotiation. Strategic procurement greatly benefits from data management technologies that pull data automatically from external sources, such as databases on labor rates or material and process costs.

Leverage data as an asset to make decisions and find new sources of value. If not already doing so, CPOs should consider data as an asset measured by its value to others. Include in this thinking the notion of immediacy and the leveragability of data by other functions beyond procurement. A significantly higher number of Procurement Achievers are investing in data visualization, master data management, advanced analytics, and spend optimization analytics compared to Aspirants.

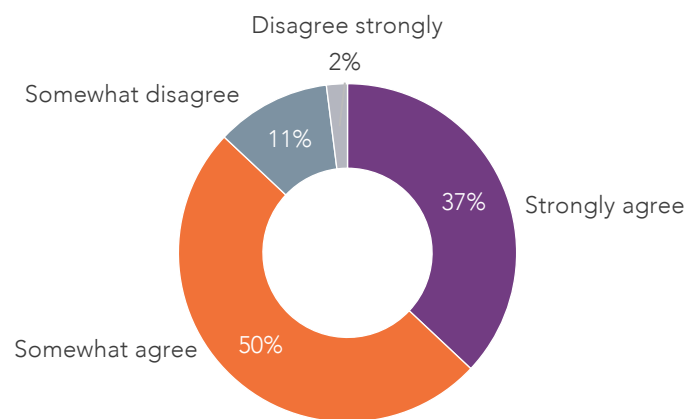
The Bottom Line: The CPO of the future will need to be both a great buyer and a great seller to convince the enterprise that procurement can and should be its ecosystem builder.

Procurement is uniquely positioned within an enterprise to unearth new sources of value beyond driving down costs. But nearly 90% of procurement executives in Exhibit 9 agree that successful CPOs will need to demonstrate the exact opposite competencies of those skills that have historically served them: The need to move from buyer to seller to influencing internal stakeholders that procurement is best suited to capture value from the ecosystem.

Exhibit 9: 90% of procurement executives agree that CPOs will need to reimagine their skills to capture value from the ecosystem

Q8. To what extent do you agree/disagree with the following statement:
Successful CPOs will need to demonstrate the exact opposite competencies of those skills that have historically served them: The need to move from buyer to seller.

% of respondents



Sample: 300 procurement executives across Global 2000 enterprises
Source: HFS Research in partnership with Infosys BPM, 2022

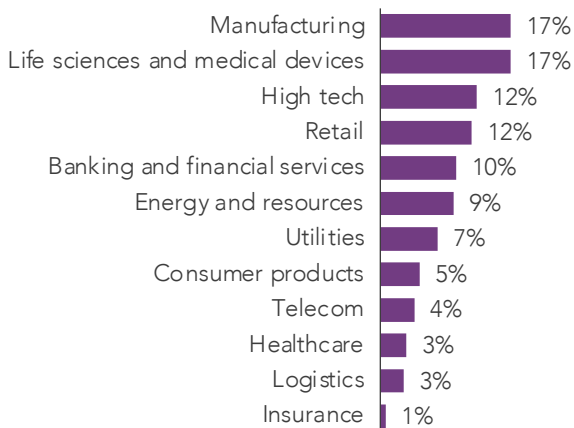
Research approach and survey demographics

HFS and Infosys BPM collaboratively designed a survey and fielded it to 300 senior procurement leaders across the Global 2000 enterprises. HFS also led a series of in-depth, phone-based interviews with senior CPO and S2P execs across industries to understand the future role of procurement. The key themes included were as follows:

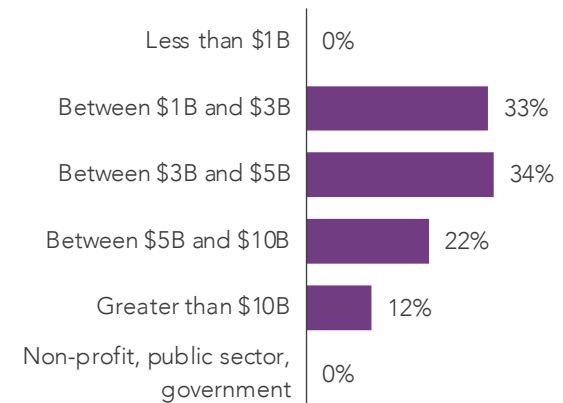
- The foundation of how the procurement and sourcing leaders see their roles today;
- Changing goals in the next 18 to 24 months and how well-suited organizations are as they lead to meet these new goals;
- A handful of powerful, front-of-mind questions to try and uncover how procurement and sourcing leaders feel about their roles 18 to 24 months from now;
- Understand how procurement and sourcing leaders plan to meet the challenges in front of them.

Survey demographics

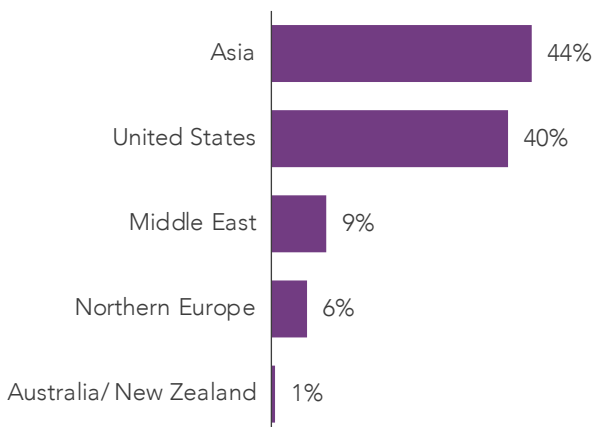
By industry



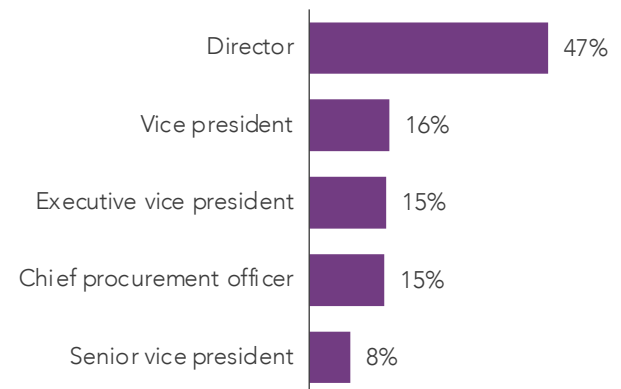
By company's annual revenue



By company's region



By respondent's job title



HFS Research authors



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Saurabh Gupta is President, Research and Advisory Services at HFS. He oversees HFS' global research function managing the global team of analysts and operations 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.



Ian Maher

OneOffice Council Leader and Sourcing Advisor

Ian is OneOffice Council Leader and Sourcing Advisor at HFS, overseeing the HFS OneCouncil and providing clients with practical 'hands on' advice and guidance in order to realize the benefits of Sourcing as a business imperative.

He brings a unique insight into sourcing, having led functions on both the sell side and for the past 15 years, on the buy side. His principle of "achieving relevancy" with key external organizations has contributed to highly recognized Sourcing organizations in Financial Services in both the US and UK.



Divya Iyer

Associate Practice Leader

Divya Iyer is a Research Director at HFS Research, covering the IT and business services sectors, researching emerging and established digital business models and technologies, start-ups and business solutions suppliers. She has over 13 years of experience in the financial services industry, in the areas of capital markets, equity research, financial modeling, data analysis, client management, and strategic project development.

About Infosys BPM

Infosys BPM Limited, an enterprise capabilities subsidiary of Infosys Limited (NYSE: INFY), was established in April 2002. Infosys BPM offers integrated end-to-end transformative business process management (BPM) services and have journeyed through the table stakes of effectiveness and efficiency with an ever-increasing focus on enhancing stakeholder experience and empathy. Enabling clients to navigate their digital journey, operating from 35 delivery centers across 14 countries, with over 53,500 people from 125 nationalities. Infosys BPM is also a global leader in providing Procurement centric consulting, operational and technology solutions to more than 200 clients. With a 5000+ experts strong practice, it offers complete spectrum of services i.e. Category consulting, Strategic sourcing, tactical sourcing and purchase & payment operations with embedded advanced digital and AI-based and analytical capabilities. Infosys BPM envisions being the No1 trusted transformation partner to clients in their journey's in shaping procurement as ecosystem builders of future.



About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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