

Procurement BPO and Transformation Services

Foundations for immediate and continuous
improvement and innovation



Introduction	3	Advisor Involvement	
		Advisor Involvement – Program Description	13
		Advisory Team	13
About the Study		Invited Companies	14
Quadrants Research	4		
Definition	5	About our Company & Research	15
Quadrants by Region	9		
Schedule	10		
Client Feedback Nominations	11		
Contacts for this Study	12		

Procurement organizations and operations have been transitioning for years from supply management and overseeing transactional activity to more holistic participating in businesses.

However, still-developing, post-pandemic economic realities are pushing procurement to improve at a faster pace while enabling enterprise transition to more integrative, digitally agile business environments.

This pressure is pushing more enterprises to engage providers of procurement business process outsourcing (BPO) and digital transformation services. Such engagements typically enable substantial operational improvements and cost savings – as much as 30 percent in the first year. Over the long term, procurement can be transformed to enable sustainable, continuous improvement while providing clear strategic value to the enterprise's ability to do business.

This ISG Provider Lens™ study looks at procurement services providers that support large and midmarket enterprises in two ways:

- Provision of procurement BPO that enables more efficient and sustainable procurement functionality and operation.
- Provision of services that transform existing procurement organizations and operations toward a future-ready, digitally agile status that enables substantially improved, sustainable, and quantifiable business value to the enterprise.



Key focus areas of Procurement BPO and Transformation Services for 2023

Simplified Illustration Source: ISG 2022

BPO Services – Large Accounts

BPO Services – Midmarket

**Transformation Consulting
Services – Large Accounts**

**Transformation Consulting
Services – Midmarket**

This ISG Provider Lens™ Procurement BPO and Transformation Services study offers procurement decision makers the following:

- Global and market-specific insights regarding Leaders, Rising Stars and Contenders in procurement business process and digital transformation outsourcing
- Differentiated positioning of providers by segments
- Transparency on the strengths and weaknesses of relevant providers

This study provides decision makers with insights and comparative analysis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential new engagements.



Definition

Disruptions in global and local production, supply and labor over the past few years have not only led to a re-examination of enterprise procurement, but also a rapid acceleration and expansion of procurement outsourcing. Organizations that never consider outsourcing any procurement operations are now investing in procurement BPO as a cornerstone for long-term, strategic business transformation.

Managed procurement BPO services that are well engineered can reduce operational costs significantly. Both clients and providers report first-year operational savings of 20 to 35 percent. Continuing supply chain disruptions make ongoing savings more difficult to quantify, but it is not unusual to see annual operational cost reductions averaging 5 to 10 percent for the first two years after the initial implementation of procurement BPO.

Beyond operational cost savings, procurement BPO also enables significant changes in the procurement structure and management. It has now become a strategic nexus for enterprise finance, supply chain, production, sales, partnership and support organizations.

BPO enables these multiple levels of procurement optimization over the near and long term by identifying, enabling and often enforcing uniformity of operation, interfaces and data. This first takes place within procurement itself and then between procurement, finance, SCM and other critical areas that enable the business function. Hence, data management, integration with other key systems, and AI-driven analytics are as important as traditional capabilities (strategic sourcing, category management, account payable support, etc.).

Eligibility Criteria

1. Tactical procurement optimization

- * Core procurement capabilities linked to, and adaptable for, current and changing business objectives and outcomes
- * **Improvement of current procurement efficiencies, including integration of AI with operations and analytics**
- * Foundation for long-term improvement and optimization

2. Business disruption management and minimization

3. Enablement of procurement operations as managed services

4. Advanced analytics with intelligent automation, including RPA and AI

5. Immediate implementation and availability of core traditional tools and capabilities, including:

- * Strategic sourcing
- * Category management
- * Supplier management
- * Demand and specification management
- * Operational purchasing, including bid/spot buy management
- * Catalog management
- * Procurement management scope
- * Technology and support capabilities and offerings
- * Help/buy desk capabilities and offerings
- * Accounts payable processing support



Definition

Midmarket enterprises face similar challenges as large firms but tend to have different concentrations of capabilities. Such firms typically have fewer resources available and smaller budgets and often have relatively less complex procurement environments.

However, they tend to change more rapidly and demonstrate increased agility in business planning, operation and management. They are also more aggressive in adopting and adapting emerging technologies and solutions. These firms look for solutions that enable a different scale and pace of economic growth compared to larger firms.

The core procurement BPO evaluation criteria in this quadrant remains the same as for large enterprises. As an addition, ISG weighs the relative importance of

an adaptable services mix, plus cost effectiveness and client business partnership approaches, while assessing core transformational capabilities with a focus on more rapid business disruptions.

Operational procurement cost savings remain a critical BPO need for midmarket firms. The providers' ability to mitigate and minimize business, finance and supply chain disruption are also pertinent. AI and automation become more important in this segment than for larger enterprises as the pace and impact of procurement accelerate and grow. As with large accounts, data management, integration with other key systems, and AI-driven analytics are key competencies in addition to traditional capabilities such as strategic sourcing, category management, account payable support, etc.

Eligibility Criteria

1. Tactical procurement optimization

- * Core procurement capabilities linked to, and adaptable for, current and changing business objectives and outcomes
- * **Improvement of current procurement efficiencies, including integration of AI with operations and analytics**
- * Foundation for long-term improvement and optimization

2. Business disruption management and minimization

3. Enablement of procurement operations as managed services

4. Advanced analytics with intelligent automation, including RPA and AI

5. Immediate implementation and availability of core traditional tools and capabilities, including:

- * Strategic sourcing
- * Category management
- * Supplier management
- * Demand and specification management
- * Operational purchasing, including bid/spot buy management
- * Catalog management
- * Procurement management scope
- * Technology and support capabilities and offerings
- * Help/buy desk capabilities and offerings
- * Accounts payable processing support



Transformation Consulting Services – Large Accounts

Definition

Digital transformation of procurement is not just about improving procurement operations and organizations to reduce costs and increase efficiencies. Real transformation should be thought of as a reconfiguration, or even reconceptualization, of what procurement's function is and should be.

The organizational and operational structures in use today were conceived around and built for previous-generation financial environments, supplier types, supply chain styles and capabilities, and political and social environments. They can't be optimized to work in an integrated, non-disrupted and cost-effective manner like the latest generation of solutions. Workable patches can be developed and applied to current systems and organizations. However, without transformation, the best possible result will be a well-patched procurement environment rather than one that fluidly

adapts to minimize disruption while maximizing financial return. The most robust procurement environments will adapt to the scope and pace of generational business, technological, and economic and political changes.

Procurement transformation service providers build and continuously adapt their portfolios to enable the best possible results over the longest predictable timeframes. By building on top of longstanding and current organization and management knowledge – including procurement, finance, supply chain, production, and all linked operations – they continually integrate new and emerging digital technologies with strategic insights and creative problem-solving skills. The best services providers partner with leading platform vendors to enable the most adaptable, reliable and secure environments over time. However, the true leaders deliver business value that is aligned with a working vision of what procurement is and will be.

Eligibility Criteria

1. Procurement and business strategy development and adaptation
2. Strategic roadmap development, implementation and adaptation, including transitioning from current to future procurement structure and operations
3. Partnerships with leading and disruptive procurement solution and tools developers
4. **Advanced analytics capabilities and utilization**
5. Stakeholder engagement and involvement
6. Organizational design and change management
7. Continuous process optimization and management
8. Cognitive procurement enablement
9. **Automation strategy, implementation and optimization approaches**
10. **NLP and machine learning integration across the source-to-pay cycle**
11. Next-generation metrics and policies support
12. Training offerings and capability



Transformation Consulting Services – Midmarket

Definition

As in the case of procurement BPO, midmarket firms face procurement transformation challenges similar to those faced by large enterprises. They also tend to require different concentrations of capabilities. Such firms typically have fewer resources available and smaller budgets and often have relatively less complex procurement environments. Therefore, they often require a more defined, standardized and controlled procurement environment to sustain compliance and efficiency.

Furthermore, midmarket firms tend to be more agile and aggressive in adopting and adapting emerging technologies and solutions. As a result, they frequently encounter more business and technology changes (and disruptions) at a quicker rate than larger enterprises. They also look for solutions that enable a different scale and pace of economic growth.

The core evaluation criteria thus remain the same as for large enterprises; As an addition, ISG also looks at the relative importance of scale, concentration, cost effectiveness and adaptability of services offered for midmarket firms.

At the bottom line, ISG's assessments of providers offering procurement digital transformation services focus less on technologies and functions, and more on forward thinking, strategic vision, and the actual value delivered to clients in line with that vision. Transformation is about change and improvement with technology – not technology itself.

Eligibility Criteria

1. Procurement and business strategy development, which is easily adaptable to rapidly changing business environments, and to less predictable client resource availability
2. Strategic roadmap development, implementation and adaptation, including transitioning from current to future procurement structure and operations
3. Partnerships with leading and disruptive procurement solution and tool developers
4. **Advanced analytics capabilities and utilization**
5. Stakeholder engagement and involvement
6. Organizational design and change management
7. Continuous process optimization and management
8. **Cognitive procurement enablement**
9. **Automation strategy, implementation and optimization approaches**
10. **NLP and machine learning integration across the source-to-pay cycle**
11. Next-generation metrics and policies support
12. Training offerings and capability



Quadrants By Region

As part of this ISG Provider Lens™ quadrant study, we are introducing the following quadrants on the Procurement BPO and Transformation Services 2023 study:

Quadrant	Global
BPO Services – Large Accounts	✓
BPO Services – Midmarket	✓
Transformation Consulting Services – Large Accounts	✓
Transformation Consulting Services – Midmarket	✓



The research phase occurs in the period between November and December 2022 during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in March 2023.

Milestones	Beginning	End
Survey Launch	November 07, 2022	
Survey Phase	November 07, 2022	December 09, 2022
Sneak Preview	February 2023	
Press Release & Publication	March 2023	

Please refer to the [link](#) to view/download the ISG Provider Lens™ 2022 research agenda.

Access to Online Portal

You can view/download the questionnaire from [here](#) using the credentials you have already created or refer to instructions provided in the invitation email to generate a new password. We look forward to your participation!

Research Production Disclaimer:

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform our clients of the experience and qualifications of any applicable provider/vendor for outsourcing the work identified by clients. This data is collected as part of the ISG FutureSource process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by the lead analysts.



ISG Star of Excellence™ – Call for nominations

The Star of Excellence is an independent recognition of excellent service delivery based on the concept of “Voice of the Customer.” Designed by ISG, the program collects client feedback about service providers’ success in demonstrating the highest standards of client service excellence and customer centrality.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.

Providers are invited to [nominate](#) their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments. To ensure your selected clients complete the feedback for your nominated engagement please use the Client Nomination section on the Star of Excellence [website](#).

We have set up an email where you can direct any questions or provide comments. This email will be checked daily; please allow up to 24 hours for a reply. Here is the email address: ISG.star@isg-one.com



Contacts For This Study



**Bruce
Guptill**
Lead Analyst



Abhilash M V
Project Manager



**Sneha
Jayanth**
Research Analyst



ISG Provider Lens™ Advisors Involvement Program

ISG Provider Lens™ offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context.

In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three advisors participate as part of each study's quality and consistency review team (QCRT).

The QCRT ensures each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct.

ISG advisors participate in each study as part of the QCRT group and contribute at different levels depending on their availability and expertise.

The QCRT advisors:

- Help define and validate quadrants and questionnaires,
- Advise on service provider inclusion, participate in briefing calls,
- Give their perspectives on service provider ratings and review report drafts.

ISG Advisors to this study



**Shahid
Bhatti**

Director



Invited Companies

If your company is not listed on this page or you feel your company should be listed, please contact ISG to ensure we have the correct contact person(s) to actively participate in this research.

* Rated in previous iteration

4C Associates

Accenture*

Aquanima

Bain & Company

Capgemini*

CGI

Chain IQ

Cognizant*

Conduent

Corbus*

Corcentric*

Deloitte

Dragon Sourcing*

DXC Technology*

Efficio

EXL*

EY

Genpact*

GEP*

HCL*

Hexaware

IBM*

Infosys*

Insight Sourcing Group*

Kearney

KPMG

Procura Consulting*

Prokuria

Proxima Group*

PwC

TCS*

Tech Mahindra*

Wax Digital

Wipro*

WNS Denali*

ZER*



*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](#).

*ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: [Public Sector](#).

For more information about ISG Research subscriptions, please email contact@isg-one.com, call +1.203.454.3900, or visit research.isg-one.com.

*ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 800 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

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.





NOVEMBER, 2022

REPORT: PROCUREMENT BPO AND TRANSFORMATION SERVICES