



**Procurement Outsourcing (PO)  
Annual Report: April 2009 – Preview Deck**

**Topic: Shifting Buyer Preferences Dictate New  
Engagement Models**

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## Background of the research

Latest research from Everest Research Institute reveals that the Procurement Outsourcing (PO) market witnessed 30% YoY growth in 2008, primarily driven by organic growth and continued buyer interest. Last year also saw the emergence of a more granular process and category scope in PO contracts, and most contracts started with a P2P focus and an S2P vision. As 2009 unfolds, PO presents multiple opportunities for buyers and suppliers in terms of an expanding value proposition and an active period for contract renewals. In this backdrop, this report provides comprehensive coverage of the global PO market including detailed analyses on:

- Market size and buyer adoption patterns
- Changing PO value proposition and contract characteristics
- Supplier landscape

## The scope and methodology of this report includes:

- Third-party PO contracts and does not include shared services or captives
- Multi-process PO contracts that involves outsourcing of three or more activities from the Source-to-Pay (S2P) process, with at least US\$1 million of Annual contract value, and has a contract length of at least three years
- Suppliers with multi-process PO capability including Accenture, buyingTeam, Capgemini, Corbus, DSSI, EDS-HP, Genpact, Global eProcure, HCL, IBM , ICG Commerce, Infosys BPO, TCS, Vertex, Wipro, WNS, and Xchanging

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# Overview and abbreviated summary of key messages

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This report will assist key stakeholders (i.e., buyers and suppliers) understand the changing dynamics of the PO market and will help them identify value creation opportunities as well as identify potential risks involved. In this backdrop, this report provides comprehensive coverage of the global PO market including detailed analyses on market size and buyer adoption, transaction characteristics, and supplier landscape.

## Some of the findings in this report, among others, are:

### Market size and buyer adoption

- The multi-process PO market witnessed 30% YoY growth in 2008 driven by continued interest and organic growth, and crossed US\$1 billion in ACV. Everest estimates that 30 multi-process contracts were signed in 2008. While net new spending was considerably lower, there was significant renewal activity in the market
- Large manufacturing organizations based out of the USA dominated the PO market in 2008

### Value proposition & contract characteristics

- 2008 saw the emergence of a more granular process and category scope in PO contracts. Most contracts are starting from a P2P focus with an S2P vision
- Global sourcing in PO is playing a much more invasive role as P2P, analytics, and parts of the sourcing process are being successfully delivered from offshore locations

# Overview and abbreviated summary of key messages

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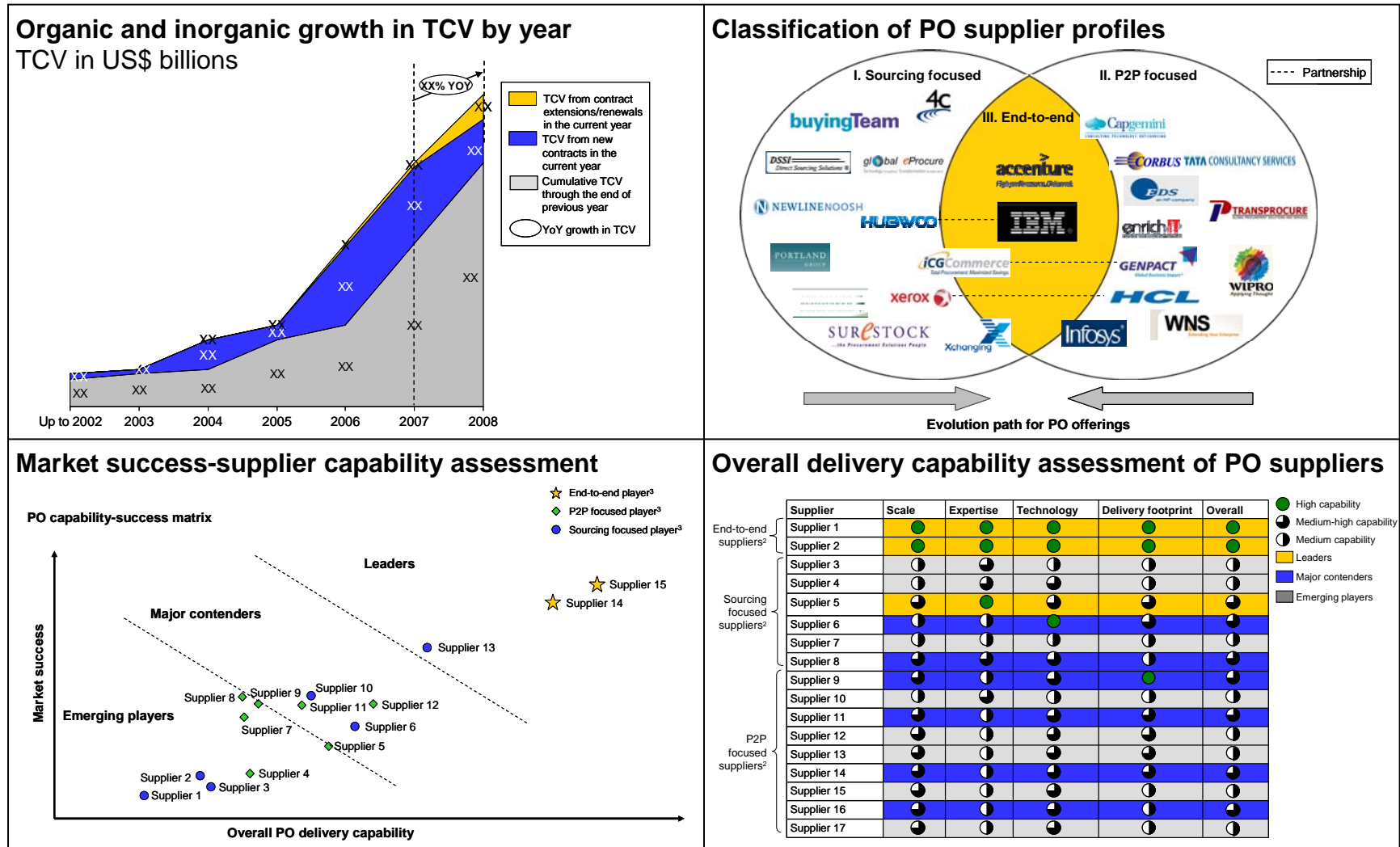


## Supplier landscape

- The end-to-end suppliers (Accenture and IBM) along with ICG Commerce have emerged as the clear leaders in the PO market
- IBM was the leading PO supplier in 2008. P2P focused suppliers together accounted for the maximum new contract signings in 2008
- While end-to-end suppliers have strong capability across the S2P process, P2P and sourcing focused suppliers have pockets of strengths

This study offers four distinct chapters providing a deep dive into key aspects of the PO market; below are four charts to illustrate the depth of the report

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Source: Everest Research Institute (2009)

# Appendix: Additional PO research recommendations



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The following documents are recommended for additional insight on the topic covered in this Research Report. The recommended documents either provide additional details on the topic or complementary content which may be of interest

- 1. PO Technology Models: Creating Solutions That Deliver Value** (ERI-2009-1-R-0305); 2009. Investigates the role of procurement technology in PO and analyze the current technology landscape in the PO market
- 2. Global PO Supplier Landscape** (ERI-2008-1-R-0265); 2008. Analyzes the fast-changing global PO supplier landscape, investigate the changing market dynamics and emerging supplier trends, assesses supplier delivery capability across scale, scope, technology, and delivery footprint. It also provides an insight into the typical characteristics of the supplier groups
- 3. PO Supplier Profile Compendium** (ERI-2008-1-R-0273); 2008. Provides accurate, comprehensive, fact-based snapshots of 16 PO suppliers. Also analyzes the fast-changing global PO supplier landscape and emerging supplier trends
- 4. Outsourcing the Procure-to-Pay (P2P) Process** (ERI-2008-1-R-0224); 2008. This report examines the expanding market opportunity around the outsourcing of Procure-to-Pay (P2P) processes. It focuses on identifying the emerging value proposition of an end-to-end approach in addressing converging buyer requirements between the F&A and procurement processes. Based on extensive primary research, including a buyer survey and in-depth supplier interviews, the study explores perspectives on adoption trends, solution components, supplier capabilities, and the supplier landscape of the present market
- 5. Roadmap for Realizing the Savings in PO** (ERI-2007-1-W-0212); 2007. This whitepaper discusses the issues with definition and realization of savings in PO, key features of different mechanisms that exist in the market to address the issues, and best practices to consider

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