ISG Provider Lens™

Procurement BPO and Transformation Services

A research report comparing provider strengths, challenges and competitive differentiators

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Zer

GLOBAL | 2022 QUADRANT REPORT | MARCH 2022

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Global enterprise procurement goals today: Immediate improvement, future transformation.

Globally, the COVID-exacerbated disruption of business and supply chains continues to force large and midmarket enterprises to re-think, and re-invent, sourcing and procurement.

In most firms, procurement was already experiencing challenges due to nonstandard practices, inadequate controls, holes in compliance and controls, and increasingly-complex interconnections with a growing range of new and old, advanced and outdated, trading partner and supplier, finance and enterprise resource planning (ERP) systems.

With COVID-19, unpredictability of suppliers, goods and services expanded and intensified unauthorized or nonstandard "ghost-spend," and added complexities to the already-complex tail-spend activity. Relocation and dislocation of procurement, supply chain, finance organizations and individuals worsened these problems.

Therefore, it comes as no surprise that more than half of large and midmarket enterprises globally report that they are concerned about their ability to manage procurement and sourcing, to the point where they are considering outsourcing (business process outsourcing (BPO)) or complete transformation within the next 24 months – and for many, as soon as possible.

Disruption continues to force **enterprises to re-think sourcing** and procurement

Disruption is Delivering Growth for Providers

Disruption translates to tremendous opportunity and growth for procurement service providers. The average provider revenue growth reported for 2021 was 20 percent year-to-year. Several Leaders identified in this report reported revenue growth as greater than 30 percent for the said year. We expect 2022 to be another banner year for the demand for procurement services, but most providers are likely to see a reduced revenue growth rate because the market is attracting more players, thus increasing competition.

BPO as a Prelude to Transformation

ISG sees two camps of post-COVID-19 procurement improvement seekers: the ones seeking immediate improvement, with a long-term, sustainable improvement path; and the ones seeking to re-invent their procurement and sourcing organizations and operations as soon as possible to implement the procurement environment of the future.

While procurement re-invention/transformation is by far the most-discussed approach, ISG sees a more robust market interest and investment in procurement BPO. Data gathered from service providers for this report suggests a ratio of 10:1 for BPO versus transformation engagements.

Some of the largest and best-positioned providers reported just a handful of procurement transformation engagements through 2021, while the same providers report dozens of BPO engagements in the same timeframe.

This could mean that BPO engagements are being considered instead of long-term transformation initiatives. But ISG research into enterprises and procurement service providers indicates that for many, if not most, large enterprises, BPO is actually the first major step toward procurement transformation. Successful BPO engagements not only focus on improving efficiencies and reducing costs, but also on identifying, and repairing or preventing, current and potential future problems. We can see the foundation being laid for thousands of follow-on transformation engagements over the next few years and widespread improvement in procurement and sourcing.

This continuum, from procurement BPO through transformation, is reflected in the list and scope of providers that ISG sees as the most competitive, and which were assessed for this study. The rosters of providers for BPO and for transformation services are very similar; the primary differences are in the providers' approaches and results.

The ones recognized as Leaders are the providers that, most consistently, deliver business value – critical improvement in procurement – to enterprise clients.

The Midmarket's Compressed Continuum

As they tend to have less well-defined and less controlled procurement environments, midmarket firms frequently consider BPO as a part of procurement reinvention, and not just as a first step in the direction of transformation. The continuum is much the same as it is for large enterprises, but more compressed in terms of time. Midmarket firms need to make the same improvements as larger firms, but they often need to make those improvements within a shorter time frame due to greater economic pressures.

Caveat Venditor, Caveat Emptor: Disruption to Come

The surge in demand for services has been profitable for service providers. But it has also created problems for them that are beginning to affect clients. ISG expects the situation to worsen through 2022.

Even the most successful Leaders in our study are dealing with issues that affect their ability to deliver value to clients. The following challenges are the most significant:

- **Skill shortages** – Each provider reviewed in this study reports shortages of skilled staff, including challenges in hiring and retaining. This is spurring investment in automation and AI by Leaders and by a few Challengers as well, who are seeking to reduce dependence on human labor where and when possible. Buyers need to be aware of potential disruptions as providers scramble to automate and augment a massive range of projects and service management activities.
- **Partner and channel scrambles** – Providers are also scrambling to partner with more technology, software and services firms to address increased demand. With sales, implementation and support functions all seeing shortfalls, providers are seeking more channel partners to resolve them.
- **Waves of acquisitions** – Periods of significant growth with critical shortages tend to spur investment in acquisitions by large firms. They seek combinations of resource scale and additional capabilities, both of which often take time to build internally. Acquisitions benefit clients, but create disruptions that impede providers' ability to serve clients.

Provider Positioning

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	BPO Services – Large Accounts	BPO Services – Midmarket	Digital Transformation Services – Large Accounts	Digital Transformation Services – Midmarket
Accenture	Leader	Leader	Leader	Leader
Capgemini	Product Challenger	Not In	Product Challenger	Not In
Cognizant	Market Challenger	Market Challenger	Market Challenger	Market Challenger
Conduent	Market Challenger	Market Challenger	Market Challenger	Market Challenger
Corbus	Rising Star ★	Leader	Rising Star ★	Leader
Corcentric	Product Challenger	Rising Star ★	Product Challenger	Leader
Dragon Sourcing	Contender	Contender	Contender	Contender
DXC Technology	Market Challenger	Not In	Market Challenger	Not In
EXL	Product Challenger	Product Challenger	Product Challenger	Product Challenger
Genpact	Leader	Leader	Leader	Leader
GEP	Leader	Leader	Leader	Leader

Provider Positioning

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	BPO Services – Large Accounts	BPO Services – Midmarket	Digital Transformation Services – Large Accounts	Digital Transformation Services – Midmarket
HCL	Leader	Leader	Leader	Leader
IBM	Leader	Market Challenger	Leader	Market Challenger
Infosys	Leader	Leader	Leader	Leader
Insight Sourcing	Contender	Contender	Contender	Contender
Procura Consulting	Contender	Contender	Contender	Contender
Proxima Group	Contender	Contender	Contender	Contender
TCS	Leader	Product Challenger	Leader	Product Challenger
Tech Mahindra	Leader	Leader	Product Challenger	Leader
Wipro	Product Challenger	Product Challenger	Leader	Product Challenger
WNS Denali	Leader	Rising Star ★	Leader	Rising Star ★
ZER	Product Challenger	Product Challenger	Product Challenger	Product Challenger

This study assesses **enterprise procurement BPO and transformation services for 2022.**

- **BPO Services – Large Accounts**
- **BPO Services – Midmarket**
- **Digital Transformation Services – Large Accounts**
- **Digital Transformation Services – Midmarket**

Simplified Illustration Source: ISG 2022

Definition

For years, procurement organizations and operations have been transitioning from supply management and overseeing transactional activity to more holistic participation within businesses. However, as businesses struggle to adapt to still-developing, post-COVID-19 organizational, labor and economic realities, procurement (as a function and as an organization) is under increasing pressure to improve – and to do so at a rapid pace – while enabling transition to more integrative, digitally agile business environments.

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

This ISG Provider Lens™ study looks at services providers in two ways — provision of procurement BPO that enables more efficient and sustainable procurement functionality and operation, and provision of services that transform existing procurement organizations and operations into future-ready, digitally agile entities that enable substantially improved value to an enterprise.

This ISG Provider Lens™ study offers procurement decision-makers the following:

- Global and market-specific insights regarding top competitors in procurement business process and digital transformation outsourcing
- Differentiated positioning of providers by segments
- Transparency on the strengths and weaknesses of relevant providers

Definition

This study serves as an important decision-making basis 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 engagements.

Scope of the Report

In this ISG Provider Lens™ quadrant study, ISG includes the four quadrants on Procurement BPO Services and Procurement Transformation Services for large and midmarket enterprises.

This ISG Provider Lens™ study offers IT-decision makers:

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

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

Provider positioning reflects the suitability of services providers 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 customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the 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 $20 million and $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 $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 & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens quadrant may include a service provider(s) which 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 — Large Accounts

Who Should Read This

This report is relevant to large enterprises across industries globally for evaluating procurement BPO services services.

In this quadrant report, ISG highlights the current market positioning of procurement BPO service providers for large enterprises and how each provider addresses the key challenges faced globally.

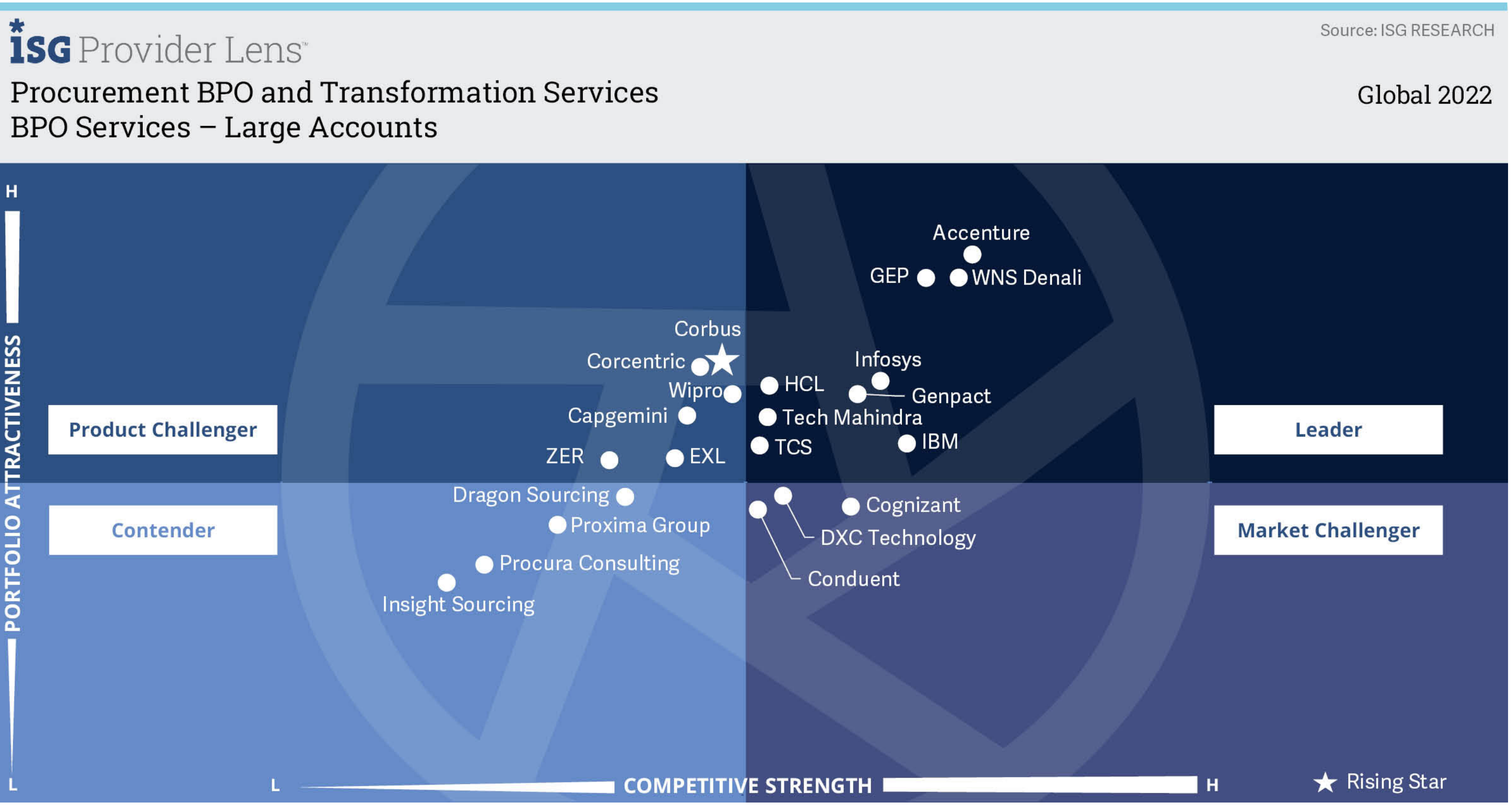
Large enterprises have decentralized procurement organizations with global and local category managers working in silos. They have a reactive approach to address high customer demands. Their transactional procurement processes are manual and slow due to the unavailability of suitable suppliers. This has led to a lack of synergies with other functions such as finance, resulting in extra efforts. They face a shortage of strategic category talent to drive business results, especially in complex functions such as marketing.

Enterprises across the globe want their procurement function to include comprehensive policies, processes, governance and metrics that are aligned to best practices, enabling them to become a trusted partner. They want to increase their savings through improvements in spend visibility, e-sourcing penetration and contract availability. This will produce transparency in operations, better control over project volumes, and the ability to track key metrics and drive KPIs to achieve efficiency.

Service providers are addressing these needs by implementing a middle office to drive improvements in system adoption, contract adherence and supplier screening. They are offering a content-driven category strategy to enable spend consolidation with preferred suppliers, ensure contract compliance and enhance the buying experience via catalogs.

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 global landscape of procurement BPO service providers.



This quadrant assesses services providers that offer BPO and related consulting services, supporting large enterprise procurement organizations and operations. Enterprises primarily seek **cost reduction with preparation for ongoing improvement.**

Bruce Guptill

Definition

Procurement BPO continues to grow in use and in value. The outsourcing of transactional procurement has been going on for years. However, recently, the outsourcing of strategic procurement activities such as supplier selection, contract negotiation or specification management has become increasingly common. 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 these quadrants 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. Catalog 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-purchase order, sourcing, supplier relationship management, contract management and intelligent automation such as robotic process automation (RPA), cognitive and AI)
18. Accounts payable processing support

Observations

From the more than 40 companies assessed for this study, 22 have qualified for this quadrant, with nine as Leaders and one as a Rising Star.

The procurement BPO services space typically exhibits little change, year to year, in terms of the number and relative competitive positions of key providers. It is rare for established providers to shift significantly and rapidly in competitive positioning.

However, 2021 did bring significant movement in this space. Interestingly, almost all providers moved in the same direction, with the majority of them reporting increases in engagements and revenue, averaging more than 20 percent, year-over-year.

As noted in the Executive Summary of this report, procurement BPO is being embraced by thousands of large enterprises worldwide as the first step in long-term, sustainable procurement transformation. The largest and most-established services providers are finding it difficult to stay apace with the surge of BPO business, thus creating opportunities for small providers (for example, Corbus) to carve out a market presence and potentially threaten the future status quo.

Accenture continues to refine its comprehensive procurement services portfolio, building around its procurement/supplier market intelligence data repository and its associated SynOps platform. However, providers more focused on procurement portfolio advancement and market positioning may threaten Accenture's leadership.

Genpact expanded its procurement BPO capabilities as a part of its larger mission to deliver procurement transformation to large enterprise clients. It reports more than 200 active BPO contracts globally, including more than 70 net-new deals in 2021, resulting in more than $200 billion in annual transaction spend under management.

GEP continues to refine its unique portfolio of software-platforms-with-services to strengthen its leadership position in sourcing and procurement. Long focused on combining its own software and services, the company has also expanded its service partnerships to include other Leaders in this study, including Tech Mahindra and HCL.

HCL – new to the procurement BPO Leader quadrant this year – leads in this space with its procurement BPO pricing flexibility, with more than one-third of clients leveraging its hybrid pricing models. HCL has also invested heavily in delivery center expansion and partner relationships to build its leadership foundation.

IBM

IBM, with its decades of partnerships with systems integrators, developers, enterprise software platform vendors and technology developers, has created one of the broadest and deepest procurement solution partner ecosystems, which it frequently leverages to deliver advanced offerings for clients, including joint offerings.

Infosys

Infosys reports winning engagements with its partner-leveraged approach. It has established market leadership, offering advisory, consulting, business process management (BPM) and transformation services with its own AI and machine learning native procurement solutions. But the firm also offers implementation and managed services for such important procurement platform leaders as SAP Ariba and Coupa.

TCS

TCS positions its procurement BPO approach not only as a means to reduce client costs and improve compliance, but also as a cornerstone for enabling next-gen procurement transformation – what ISG refers to as future-ready, future-proof procurement.

Tech Mahindra

Tech Mahindra invests heavily in business and organizational change management and risk management for clients. These areas are critical and enable sustainable procurement and sourcing improvement over time. Its procurement BPO portfolio and approach are built around stabilizing the client's organization, operations and systems to provide a solid foundation.

WNS Denali

WNS Denali has almost doubled the number of its procurement BPO clients since 2020, while improving revenues at a higher rate than its competitors. Continued high customer satisfaction rates suggest significant efficiencies in its service management.

CORBUS
A Soin Company

Corbus, the Rising Star, is one of the providers noted for aggressively working its way into large enterprise procurement and sourcing, from a strong base of midmarket firms. Corbus' portfolio of technologies and services compares favorably with any of the Leaders in this quadrant.

Product Challenger

"ZER focuses on business scale, category management and operational procurement."

Bruce Guptill

ZER

Overview

ZER, a part of the Koc Group, is headquartered in Istanbul, Turkey. ZER operates in 15 countries with over 170 employees providing procurement and supply chain consultancy, applications, and technology solutions, and managing procurement of more than $1B in annual spend across 131 categories. ZER procurement management services span strategic procurement, category management, and operational procurement, typically building on its Promena and ZerOnline platforms and services..

Strengths

Strategic partner for procurement transformation: The company can provide the full spectrum of procurement services, from strategic consulting to category management, and operational procurement. Also, it has partnerships with major consultancy firms such as KPMG and Deloitte to enhance its service offerings and stay apace with its competitors in the U.S. and Europe.

Specialist in category management: ZER offers a complete package of services in category management across sectors, including service, materials and logistics and for more than 130 categories, helping enterprises improve supplier performance and minimizing supply chain risks. It has delivered these services efficiently through multiple modes such as air, maritime, road and rail.

An established supplier ecosystem: ZER has access to more than 40,000 suppliers worldwide with expertise across 110 locations, allowing it to support more than 12 languages. This has enabled speed and faster time-to-market for enterprises at an annual transaction volume of $3 billion.

Caution

ZER has strong capabilities and scale in category management and operational procurement. However, it is yet to establish itself in the procurement services outsourcing function. In addition, ZER has primarily provided services as an entity within the Koc Group and needs to establish its individual credibility in providing services to clients.

BPO Services — Midmarket

Who Should Read This

In this quadrant report, ISG highlights the current market positioning of procurement BPO service providers for midmarket enterprises globally and how each provider addresses key challenges.

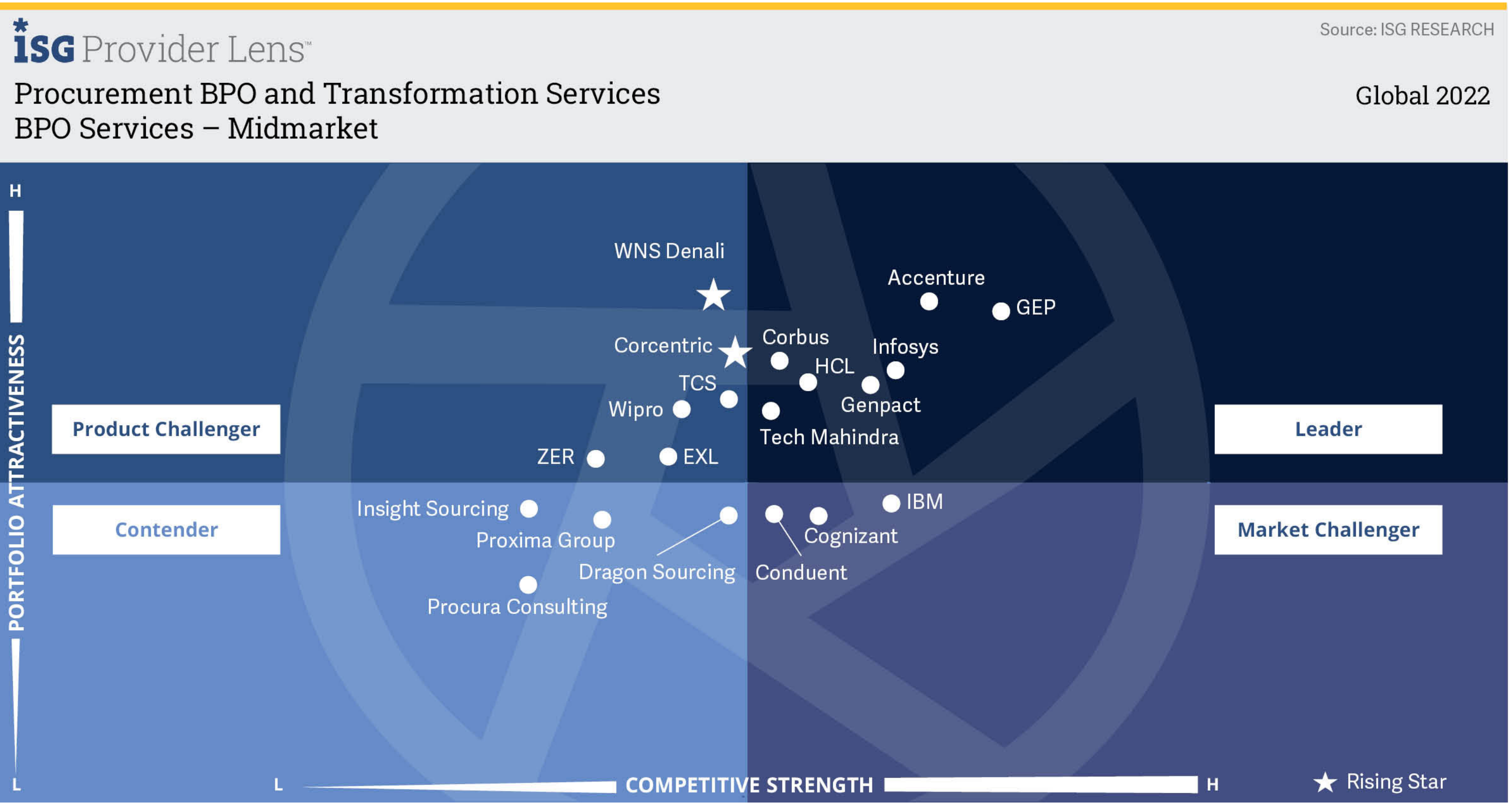
Typically, midmarket enterprises have limited processes for sourcing, contract and vendor management for the procurement function. As a result, they lack visibility into their supply chain and miss out on cost optimization opportunities. Other concerns include non-compliance due to buy channel issues, tail spend management and missed savings. These enterprises typically do not have supplier incentives to drive innovation are threatened by long-term market competition. They follow non-standardized reporting, which has impacted their efficiency to produce mandatory government reports.

Midmarket enterprises want to reduce procurement costs and the number of suppliers to increase savings and decrease the procurement cycle time. They also seek to create effective sourcing strategies by improving spend compliance, increasing sourcing savings, and driving sustainable procurement programs and process harmonization.

Service providers are deploying source-to-pay analytics solutions to identify opportunities in buy channel optimization, cost optimization and tail spend reduction while improving visibility across the procurement sub-processes. They are executing projects through multiple flexible pricing models with maximum ROI for clients.

Chief procurement officers should read this report to understand the relative positioning and capabilities of providers to help them effectively plan their strategic sourcing capabilities, optimize 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 global procurement BPO service providers.



This quadrant assesses services providers offering business process outsourcing (BPO) and related services supporting procurement organizations and operations for midmarket firms. **These firms seek large-enterprise outcomes, but tend to be growing faster, and with fewer resources,** and seek foundations for larger-scale transformation.

Bruce Guptill

Definition

Midmarket enterprises face very similar challenges as larger enterprises, but tend to require different concentrations of capabilities. Midsized firms typically have fewer resources available and smaller budgets, and often have relatively less-complex procurement environments. But they also tend to be more agile in business, and more aggressive in adopting and adapting emerging technologies and solutions.

Midmarket firms also tend to look for solutions that enable a different scale and pace of economic growth than larger firms do. So, while our core evaluation criteria remain the same as for providers serving large enterprises, ISG also weighs the relative importance of scale, concentration, cost-effectiveness and adaptability of services offered for midsized firms, and the levels of initiative shown by the services providers pursuing them.

Finally, while midmarket firms represent widespread opportunity, many of the best-positioned providers do not actively pursue them, or pursue only higher-value prospects with annual revenues close to $1 billion. We include these providers in this quadrant, but see them as having lower levels of competitive strength versus those that actively pursue the broader range of midmarket opportunities.

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
8. Strategic sourcing
9. Category management
10. Supplier management
11. Demand and specification management
12. Operational purchasing, including bid/spot buy management
13. Catalog 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, req-to-po, sourcing, supplier relationship management, contract management, and intelligent automation such as RPA, cognitive and AI)
18. Accounts payable processing support

Observations

The procurement BPO services required by midmarket enterprises tend to be very similar to the ones required by the large firms. The primary difference is in the delivery and scale of services.

Midmarket firms tend to be less formal in their procurement organization and structure, often with fewer controls in the process. Responsibilities are more likely to be shared than defined. As a result, visibility into processes, between processes and between firms may be less than that enjoyed by large enterprises.

Leaders, and the best-positioned challengers, in the midmarket usually provide the same scope of capabilities as they do for large enterprises, but using approaches better suited to firms with less experience, expertise and maturity. Frequently, there is much emphasis on pre-sales consulting with midmarket firms.

Accenture's strong portfolio positions it a Leader in procurement BPO services for larger midmarket client firms. Accenture enables end-to-end integration and unification of procurement operations and systems, including unified user experience and user interfaces (UX/UI) across all aspects of procurement. Unification significantly reduces error rates, labor requirements and support costs.

Corbus' core business focuses on procurement BPO services and transformation for midmarket enterprises. Clients report an intense focus on procurement optimization. Corbus strongly concentrates on client business strategy, and organizational and operational consulting as key to procurement improvement.

Genpact considers the procurement BPO needs of midmarket firms as very similar to those of large enterprises, but sees midmarket companies as having different levels of procurement maturity and capability. The firm therefore focuses on consulting for process assessment and business case development.

GEP identifies the midmarket as representing a "key expansion strategy for its business." In addition to building around its own comprehensive software platforms, GEP also differentiates itself with a strong focus on improving clients' supply chain resilience and procurement/sourcing sustainability – aspects vital in the post-COVID-19, disrupted global markets.

HCL stands out as it actively adapts sales efforts, solution design and support models (including delivery centers) to suit the unique business and ecosystem requirements/capabilities of the midmarket. It not only has a dedicated sales team for this segment, but also actively pursues opportunities to meet with associations serving this segment.

Infosys informs ISG that addressing midmarket clients is a key strategic sales initiative. Its offerings for this segment focus on small services scale, cloud-based consumption and delivery, and integrable point solutions addressing its business problems and challenges, including procurement advisory, spend diagnostics, strategic sourcing projects, category management and master data management (MDM).

Tech Mahindra, ISG notes, pursues an adaptive variety of sales, consulting, delivery and support approaches for the midmarket, based on client-specific requirements, where most large services firms tend to apply a one-size-fits-all approach.

Rising Star **Corcentric** builds BPO/ managed services offerings around an extensive sourcing, procurement, and payment software portfolio, similar to GEP in approach. But it also maintains a proprietary B2B payments network with accounts receivable (AR) and accounts payable (AP) automation, and a group purchasing organization.

Rising Star **WNS Denali** is one of two significant providers in this study solely dedicated to procurement software and services. An outstanding procurement BPO Leader in the Large Accounts market, WNS is positioned as a Rising Star here because it typically does not actively pursue midmarket accounts.

ZER

Product Challenger

"ZER has strategic vertical expertise and provides multi-platform support to midmarket clients."

Bruce Guptill

Overview

ZER, a part of the Koc Group, is headquartered in Istanbul, Turkey. ZER operates in 15 countries with over 170 employees providing procurement and supply chain consultancy, applications, and technology solutions, and managing procurement of more than $1B in annual spend across 131 categories. ZER procurement management services span strategic procurement, category management, and operational procurement, typically building on its Promena and ZerOnline platforms and services.

Strengths

Supplier strengths: ZER's robust cohort of suppliers enable it to support clients' improvement in quality and pricing of goods and services – and to help reduce supply-side risk. ZER indicates an average procurement cost reduction of 15 percent across clients.

Expertise in category management: ZER offers category management services for more than 130 categories across sectors including services, materials and logistics, helping clients improve supplier performance and minimize supply chain risks.

Strong material procurement services: ZER offers services in 41 categories with the support of a strong supplier network, an expert team and cost-improvement programs.

Wide array of technology solutions: ZER provides a good combination of tools for procurement, logistics management, order management, corporate car leasing, and smart transport management. Tools include Promena, Loji-Portal, ZerOnline, araçiste, and Zervis, all of which help in meeting the technology needs of midmarket and smaller clients.

Caution

While ZER has a solid foothold in procurement BPO services in Turkey and Western Europe, it should build out its strategic partnerships to first expand this presence, then extend into the U.S. and APAC.

Digital Transformation Services — Large Accounts

Who Should Read This Section

This report is relevant to large enterprises around the world across industries that are evaluating f procurement digital transformation services providers.

In this quadrant report, ISG highlights the current market positioning of providers offering procurement digital transformation service to large enterprises globally and how each provider addresses key challenges across regions.

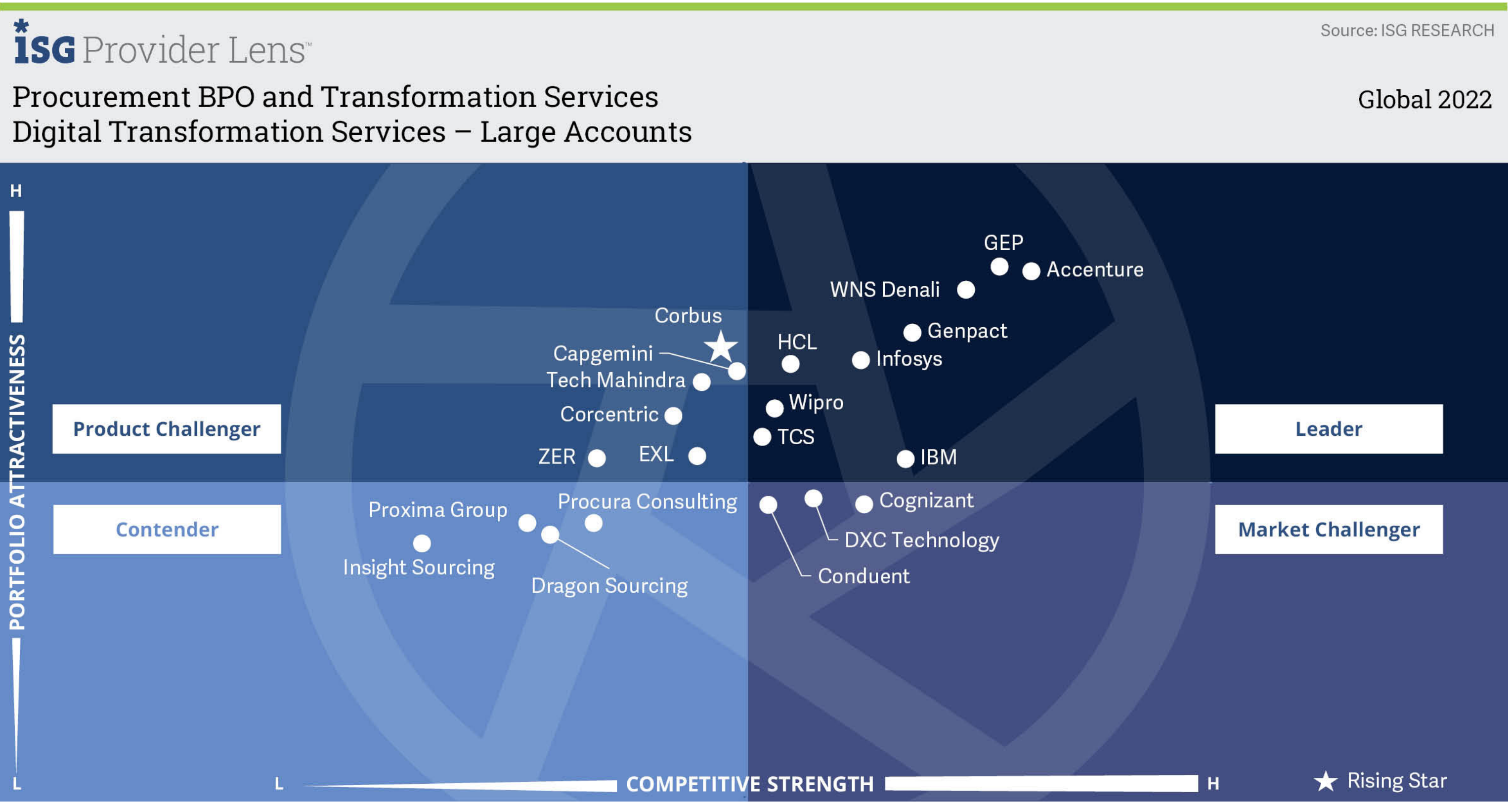
Many large enterprises have not completely optimized their procurement function, with sourcing and category teams operating in silos. Most of the procurement processes and activities are transactional in nature, and the roles and responsibilities are duplicated and not aligned with resource levels. Large companies also automate procurement sub-processes at a relatively low level. These enterprises lack a consistent procurement strategy, and the function does not have skillsets aligned with the current requirements.

Large enterprises want to go beyond simple automation of their end-to-end procurement process while reducing the total cost of operations. They have a strong need to improve the supplier experience, which involves reducing the cost of finding and bidding opportunities for suppliers, optimizing the procurement process, and ensuring compliance with local policies and security regulations. Achieving sustainable procurement is also part of their long-term roadmap.

Service providers are conducting detailed assessments of the enterprise's functional maturity in close alignment with the procurement function to suggest areas of improvement. This is implemented through process mining, design thinking methodologies, provision of a full suite of BPaaS solutions, process transition plans, integration of advanced analytics in processes and improvements in tail-spend visibility.

Chief procurement officers should read this report to understand the relative positioning and capabilities of providers to help them effectively plan their automation and transformation journey of the procurement process and increase tail-spend visibility.

Sourcing and vendor management professionals should read this report to develop a better understanding of the current landscape of providers that offer procurement digital transformation services globally.



This quadrant assesses **service providers offering digital business transformation and related services,** supporting procurement organizations and operations, to large enterprises. Most of these enterprises seek **sustainable increases in efficiency with adaptability** to unpredictable market conditions.

Bruce Guptill

Definition

Recent and ongoing global disruption of business organizations, relationships and supply chains have made digital transformation more of a requirement than a goal. Procurement leaders and organizations are seen as critical to an enterprise's ability to foresee, minimize and take advantage of market change and disruption and, therefore, are increasingly seen as candidates for digital transformation. Given the scope and nature of disruption, the ability to continue to adapt in more ways and enable a "procurement of the future" environment will be critical. To do so requires ever-improving, ever-expanding expertise in transformation models, strategic consulting, technologies and tools, software and services.

Eligibility Criteria

Eligibility and evaluation criteria for these quadrants include:

1. Future procurement positioning, planning and enablement
2. Roadmap development and adaptation
3. Procurement strategy development
4. Procurement strategy execution
5. Stakeholder engagement approaches
6. Organizational design and change management
7. Process optimization and management capability
8. Cognitive procurement enablement
9. RPA strategy, implementation and optimization approaches
10. Natural language processing (NLP) and machine learning integration across the source-to-pay cycle
11. Next-generation metrics and policies support
12. Advanced analytics offerings and capability
13. Training offerings and capability

Observations

From the more than 40 companies assessed for this study, 22 have qualified for this quadrant, with nine identified as Leaders and one as a Rising Star.

The market for procurement transformation services is basically populated by the same rank of providers that specialize in procurement BPO services (and often, software platforms).

As with BPO services, the digital transformation services marketplace is also an established environment with relatively few changes year-to-year.

The core shifts observed this year have been rapidly evolving providers closing in on longtime Leaders as the demand for procurement improvement accelerates due to COVID-19-induced supply chain and work-environment disruptions. An increasing number of enterprises are considering digital transformation of their procurement environments.

However, the hype so far outstrips the reality of paid engagements. Some of the largest and most established Leaders report fewer than 20 transformation clients overall, and fewer than 10 net-new clients in 2021. It is clearly a still-emerging, still-evolving market environment.

Accenture continues to refine what ISG sees as one of the most complete portfolios among procurement services providers. This refinement is built around the expansion and improvement of its procurement/supplier market intelligence data repository.

Genpact builds transformation engagements on Cora, its AI-based platform to automate, predict and prescribe actions. Additional AI-enabled procurement transformation tools include Cognitive Buying Assistant (CBA) and the cloud-based machine-learning-powered Tail Spend Optimizer (TSO). Genpact has over 100 current procurement AI and machine learning implementations for more than 50 Fortune 500 clients.

GEP reports more than 100 procurement transformation clients through 2021, up from approximately 50 in 2020, which are supported by more than 1,400 dedicated FTEs. The company has also expanded its service partnerships to include other Leaders in this study, including Tech Mahindra and HCL.

HCL's digitalCOLLEAGUE hyper-automation platform includes digital workflow optimization and automation within and across most aspects of sourcing and procurement. Analytics are integrated with HCL's SmartBuy cognitive procurement platform, Spend Forecasting System and EXACTO, its AI- and machine learning-based intelligent information extraction and document processing platform.

IBM

IBM, as one of the most experienced and well-established service providers, has the expertise to work with the typically complex and intertwined legacy procurement systems and operations, especially in areas linked with enterprise finance, supply chain management and business transaction processing.

Infosys

Infosys' procurement business-process-as-a-service (BpaaS) offering is a vertically integrated model of client-specific consulting, technology and domain expertise. Infosys initiates process transformation with simplification, followed by automation. The company broadly applies robotic process automation (RPA), point solutions and platforms, analytics and AI and cognitive platforms.

TCS

TCS's Machine First Delivery Model (MFDM) structures client-adaptable approaches to digital transformation. The model helps identify and advance business process automation and turn it into more adaptable, intelligent processes through a human-augmented approach.

wipro

Wipro pursues rapid and expanded automation of repetitive procurement tasks through development and refinement of pre-coded bots. Through 2021, Wipro had deployed more than 200 bots that have released 550 FTEs from procurement operations.

WNS Denali

WNS Denali is one of two (GEP being the other) significant and market-leading providers in this study solely dedicated to procurement software and services. Its stated mission is to "optimize and get the most value" from clients' existing technology investments in source-to-contract and procure-to-pay platforms.

CORBUS
A Soin Company

Corbus Rising Star, has hiring, training, customer relationship management (CRM) and compensation approaches focused on client satisfaction. Its clients and competitors indicate that the company enjoys strong relationships and high levels of satisfaction with clients, not only within procurement but also with C-level executives.

ZER

Product Challenger

"ZER has the right mix of strategic consulting expertise and associated technology levers."

Bruce Guptill

Overview

ZER, a part of the Koc Group, is headquartered in Istanbul, Turkey. ZER operates in 15 countries with over 170 employees providing procurement and supply chain consultancy, applications, and technology solutions, and managing procurement of more than $1B in annual spend across 131 categories. ZER procurement management services span strategic procurement, category management, and operational procurement, typically building on its Promena and ZerOnline platforms and services.

Strengths

Comprehensive portfolio of technology solutions for digital transformation: ZER's technology solutions include ZerOnline for B2B catalog; araçiste for vehicle requisition; Loji-Portal for logistics management; Zervis for smart transportation tracking; and Promena for e-procurement, RFX management and supplier relationship management.

Partnerships for strategic consulting: The company has partnered with major consulting firms, namely, KPMG and Deloitte to guide customers with optimal strategies to mitigate supply chain risks, and also advise them in achieving digital procurement transformation.

Strategic consulting expertise: ZER provides solutions for reliable sectoral and supplier behavior analysis and creates customized roadmaps for customers in the areas of sourcing and cost modelling, demand and supply planning, along with related analysis and reporting.

Caution

ZER has the right levers for supporting procurement digital transformation, however, it must enhance its ability to integrate its offerings with that offered by multiple ERP vendors.

Digital Transformation Services — Midmarket

Who Should Read This

This report is relevant to midmarket enterprises across industries globally for evaluating providers that offer digital transformation services.

In this quadrant report, ISG highlights the current market positioning of providers offering procurement digital transformation service to midmarket enterprises around the world and how each provider addresses the key challenges faced across regions.

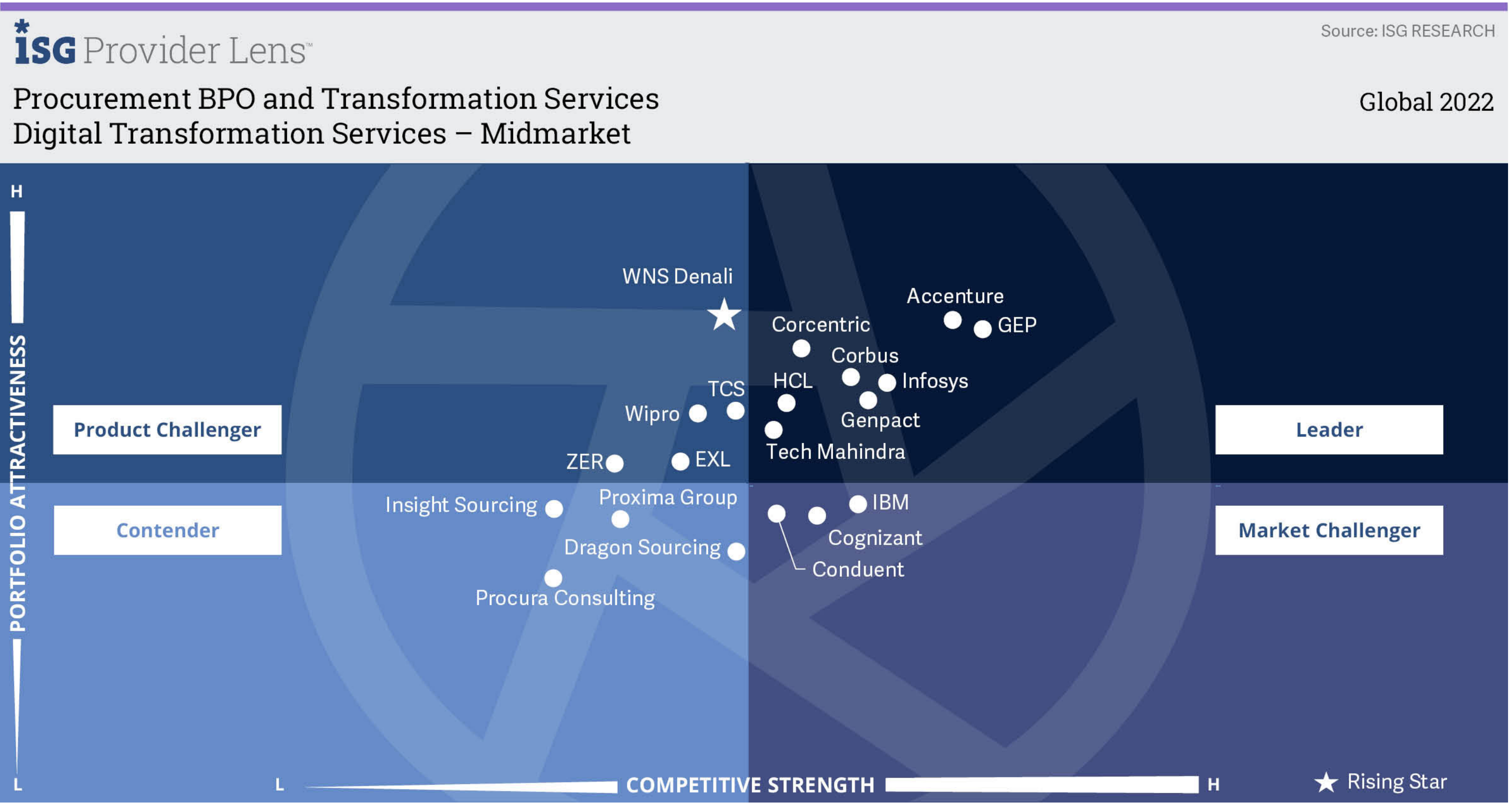
Midsized enterprises lack visibility over contract ageing and do not have a tracking mechanism for contract execution, leading to uneven allocation of high-risk contracts. The buyer function is time consuming as it uses desktop search to purchase products. These enterprises have no control over future spend and have limited established compliance to procurement strategies. They also lack skilled procurement professionals to sustain a successful digital transformation across processes.

Enterprise clients want to improve their end-user satisfaction rates and supplier strategies. They also want to establish a centralized procurement system to enhance the decision-making process. Other objectives include establishing strong program management guidelines and developing metrics for diligent reporting and process improvement.

Service providers support these enterprise clients by establishing a new operating model based on category complexity and linking it to the team member's tenure. They help enhance client applications and enable progress updates to active contracts every week. Purchasing is made easier through guided buying with the help of chatbots. Enterprises are further provided with project tracking tools to manage stakeholder engagements.

Procurement managers should read this report to understand the relative positioning and capabilities of providers to help them effectively manage their procurement process through agile sourcing and contracting and optimizing their tail-spend visibility

Sourcing and vendor management professionals should read this report to develop a better understanding of the current landscape of providers offering procurement transformation services to mid-sized enterprises globally.



This quadrant assesses **service providers offering digital business transformation and related services** to procurement organizations and operations in the midmarket. Most firms in the segment seek **rapid reinvention and formalization** of sourcing and procurement organizations and operations.

Bruce Guptill

Definition

As with Procurement BPO Services, midmarket enterprises face very similar challenges as large firms, but tend to require different concentrations of capabilities. Midsize firms typically have fewer resources and smaller budgets, and often have relatively less-complex procurement environments. But they also tend to be more agile in business and more aggressive in adopting and adapting to emerging technologies and solutions. Also, midsize firms tend to look for solutions enabling a different scale and pace of economic growth than larger firms. Therefore, while our core evaluation criteria remain the same as for large enterprises, ISG also looks at the relative importance of scale, concentration, cost-effectiveness and adaptability of services offered for midsize firms.

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
8. Strategic sourcing
9. Category management
10. Supplier management
11. Demand and specification management
12. Operational purchasing, including bid/spot buy management
13. Catalog 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-purchase order, sourcing, supplier relationship management, contract management and intelligent automation such as RPA, cognitive and AI)
18. Accounts payable processing support

Observations

Of the more than 40 companies considered for this study, 18 have qualified for this quadrant, with eight identified as Leaders and one as a Rising Star.

ISG research suggests that at least half of the midmarket clients are more interested in re-inventing their procurement organizations and operations rather than in implementing new software and BPO as a first step toward eventual transformation. Service providers note this, and are positioning themselves accordingly. This is reflected in the larger number and scope of providers included in this quadrant compared with the procurement BPO quadrant for the midmarket.

Midmarket procurement transformation is an evolving space. The greatest challenge for both procurement transformation service buyers and providers is that the readiness (or what several services providers call the "maturity level") of a typical midmarket firm is difficult to assess, without significant consulting efforts.

As noted throughout this market study, many firms have cobbled together sourcing and procurement over time without centralized, formalized controls and management. Meanwhile, midmarket and smaller firms have borne the brunt of the global business and supply chain disruption due to COVID-19, further disrupting sourcing and procurement abilities and practices. The result is a growing demand for rapid improvement of procurement organizations and operations, frequently combining BPO and transformation consulting.

As a result, much of what makes providers Leaders in procurement BPO is similar to, or the same, as what makes them leaders in procurement transformation.

There are some procurement transformation services providers that would be well-positioned to be Leaders in this study but for the fact that they prefer to focus on large enterprises (for example, WNS Denali). ISG believes that, assuming continued rapid demand growth, some of these firms will reconsider and more actively pursue midmarket engagements over the coming year.

Accenture procurement transformation portfolio remains one of the strongest, regardless of the client market segment, and especially for firms with relatively complex procurement environments. Its procurement toolset, including the human-plus-AI SynOps for Procurement platform, can help transform the most intricate operating environments into streamlined, efficient operations.

Corbus' procurement-only approach, emphasizing the midmarket, makes it a Leader in this quadrant. It provides clients with a detailed, playbook-centered, methodical approach focused on procurement as it relates to client' business structure and function. Organizational and operational improvement are of equal importance in Corbus' typical approach.

Corcentric's end-to-end-services-plus-platform portfolio offers significant advantages for the midmarket's procurement improvement. Its transformation offerings are built around its extensive sourcing, procurement and payment software portfolio, similar to GEP. Corcentric's expertise includes source-to-contract, procure-to-pay and analytics.

Genpact sees midmarket firms as an important client segment and has adapted its industrial-scale approach effectively for this market. It recognizes that midmarket firms need additional guidance with both solution design and process development or adaptation. Initial phases of sales to such firms are consultative in nature.

GEP, with deep expertise in proprietary software platforms and partner growth, is positioned as a procurement transformation Leader. The midmarket represents what the company calls a "key expansion strategy" for GEP. The company offers the same scope of services to large enterprises and midmarket enterprises

HCL is experiencing what it calls as a good traction in the midmarket for procurement transformation. It stands out from a few Leaders because it actively adapts solution design and support models (including delivery centers) to suit the midmarket's unique business and ecosystem requirements and capabilities.

Infosys' vision of next-gen procurement is key to its leadership in procurement transformation services for the midmarket. Infosys informs ISG that addressing midmarket clients is a key strategic sales initiative. The company is working to differentiate and focus on what would be advantageous for this segment in addition to large clients.

Tech Mahindra's significant advances in procurement services and capabilities position it as a midmarket transformation Leader for 2022. ISG sees TechM adapting sales, consulting, delivery, and support approaches to the midmarket, based on client-specific requirements, where most large service firms tend to take a one-size-fits-all approach.

WNS Denali, is a Rising Star in this quadrant due to the combination of its exceptional procurement services and tools portfolio, together with its avowed intent to pursue large-enterprise accounts. The company has midmarket clients and serves them well, but does not actively position itself as a midmarket services or solution provider.

Product Challenger

"ZER's partner network along with local expertise enables it to fulfil midmarket client needs"

Bruce Guptill

ZER

Overview

ZER, a part of the Koc Group, is headquartered in Istanbul, Turkey. ZER operates in 15 countries and has over 170 employees. ZER provides consultancy, application, and technology solutions in procurement and supply chain management managing procurement of more than $1B in annual volume across 131 categories. ZER also provides effective procurement management services through strategic procurement, category management, and operational procurement and provide the underlying technologies via its platforms such as Promena and ZerOnline.

Strengths

Proprietary solutions to enable digital transformation: ZER offers a wide variety of cloud-based solutions, including, ZerOnline for B2B catalog; araçiste for vehicle requisition; Loji-Portal for logistics management; Zervis for smart transportation tracking; and Promena for e-procurement, RFX management and supplier relationship management to enable procurement digital transformation.

Partner network and category expertise: The company has a partner and reseller network in 15 countries across the Americas, Europe, Asia and Africa, which enables it to have an effective go-to-market strategy with focused local support. It has the ability to enable category management, across more than 130 categories, to improve supplier performance and minimize risks.

Good consulting capabilities: Along with vertical expertise, ZER provides solutions for supplier behavior analysis and creates customized roadmaps for customers in the areas of sourcing and cost modelling, demand and supply planning, along with related analysis and reporting.

Caution

ZER has the right levers for digital transformation, however it must enhance its ability to integrate its solutions with that offered by multiple ERP vendors.

Appendix

The ISG Provider Lens™ 2022 – Procurement BPO and Transformation Services research study analyzes the relevant software vendors/service providers in the Global 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

Bruce Guptill
Distinguished Analyst and Executive Advisor

Bruce Guptill brings more than 30 years of technology business and markets experience and expertise to ISG clients.

Bruce has helped develop and lead ISG's enterprise research development and delivery, global ISG Research operations, and Research client support. His primary research and analysis for ISG clients has focused on IT services market development, disruption, adaptation and change. He currently leads U.S. Public Sector research for ISG's Provider Lens global research studies, and also leads IPL studies in procurement and software vendor partner ecosystems.

Bruce holds a Masters' degree in Marketing and Finance, and a B.A. combining business and mass media communication psychology. He also holds certifications in a wide range of software, hardware, and networking technologies, as well as in mechanical and electrical engineering disciplines.

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.

ISG Research™

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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.

ISG Provider Lens™

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