



Business Process Outsourcing
Accenture Procurement
BPO Services

Generating value, reducing costs and driving high performance through procurement outsourcing

>
accenture

High performance. Delivered.

• Consulting • Technology • Outsourcing



Research shows that companies that are mastering procurement to drive business value are increasingly relying on outsourcing solutions.

A leader in procurement BPO services, Accenture helps clients across a wide range of industries on their journey to high performance in procurement. By supplementing their procurement capabilities with our full suite of source-to-pay BPO services—supported by leading practices, innovative tools and our Global Delivery Network—organizations can increase their control, generate savings, lower risk and improve their speed to value.

Procurement outsourcing that drives high performance

In the quest for greater business value, cost savings and high performance through business process outsourcing, senior executives from nearly every industry are turning their attention to their procurement function.

Why? Because for the typical company, procurement costs can represent anywhere from 50 percent to 70 percent of annual revenues. So even small percentage reductions in that cost base can have a big impact on profitability.

At the same time, because procurement connects so many functions of an organization—generating a unique, enterprise-wide perspective—procurement has a strategic power that is often not sufficiently leveraged by companies to generate value and drive high performance. Delivering savings as well as additional business value and high performance is Accenture's goal with every procurement BPO client.

Outsourcing: The choice of procurement masters

Chief procurement officers (CPOs) face a host of challenges today: acquiring the necessary procurement skills, reducing risks, improving compliance, optimizing processes, lowering transactional costs and increasing control over spend at scale.

The question all organizations must ask themselves is if they have or can acquire the internal organization and capabilities to maximize the value-generating potential of their procurement function. As one Accenture procurement BPO client puts it, "You can do it yourself ... Or, you can turn to an organization that has already made the investment in time, effort, money and experience

in developing advanced procurement capabilities."

Accenture's research into how the procurement function can drive high performance has found that procurement masters realize that they cannot acquire all the capabilities needed to manage the procurement function cost effectively, nor to generate maximum value in the least possible time. These masters of procurement are increasingly turning to outsourcing solutions across the range of procurement activities—from order management to help desk to catalog management and goods receiving. (For more information on the Accenture research initiative, see page 6.)

" The swift and smooth implementation of the program was of high importance. In our case, it took less than 4 weeks after signing the contract to allow the first purchase orders to be placed."

- Tossan Souchon, Head of Global Procurement, HOCHTIEF

Accenture: A leader in procurement BPO services

Accenture is a leader in developing and delivering procurement BPO services that can drive high performance for organizations through increased transparency and control, reduced risk, more favorable contracts, improved compliance, deeper category mining and industry-leading intelligence capabilities.

Flexible end-to-end services

Our end-to-end, source-to-pay suite of procurement BPO services (see figure 1) includes:

Sourcing & Category Management

Accenture puts the depth of its multinational network and expertise into action to identify and manage

the best supplier relationships on the market. By evaluating pricing and trends, uncovering areas of additional savings, and executing on its proven seven step sourcing methodology, Accenture delivers negotiated contracts that quickly yield real and measurable benefits.

And such negotiated contracts are just the beginning. To achieve the full benefit of their agreements, CPOs must ensure their suppliers remain compliant with the established terms. Accenture performs meticulous contract management and identifies opportunities to continuously improve relationships.

Specific components include:

- Developing strategic sourcing plan
- Identifying and evaluating sourcing opportunities
- Developing category strategy
- Screening suppliers and selection factors
- Negotiating and developing sourcing recommendations
- Implementing agreements
- Analyzing and forecasting demand
- Monitoring and evaluating supplier relationships and performance

Sourcing Support

Companies that enjoy reliable price points with suppliers can still improve on their advantage. Accenture helps to identify better opportunities by analyzing internal spending trends and market information that point to additional savings. Accenture combines this extensive analysis with fast, reliable buying strategies to leverage competition and negotiate the best achievable price.

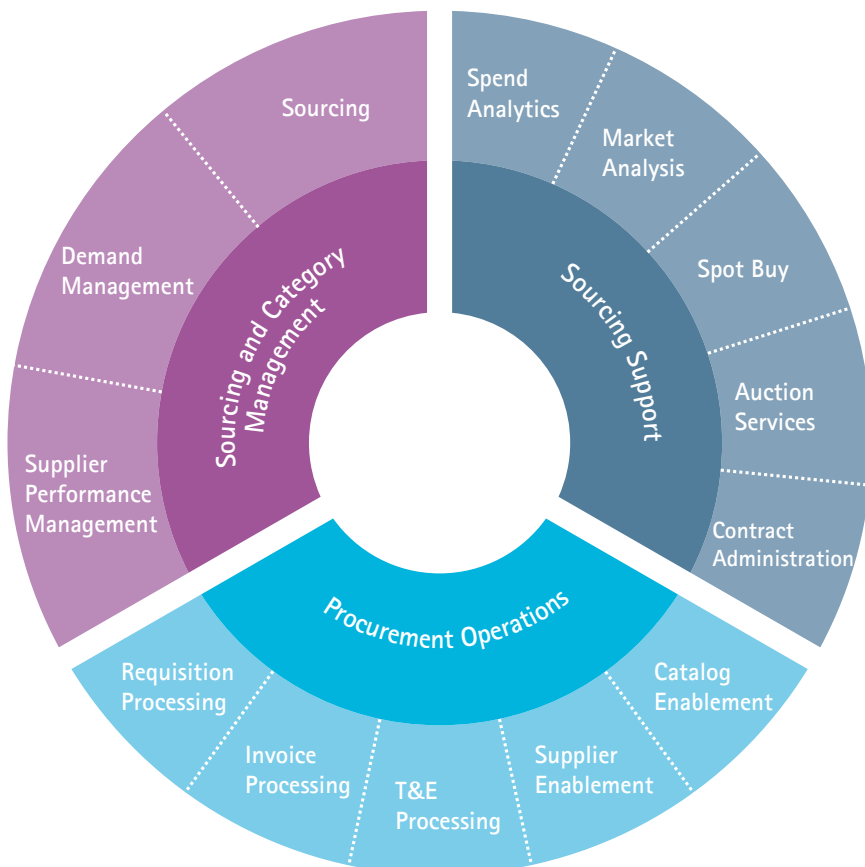
Specific components include:

- Spend analytics
- Market analytics
- Spot buy
- Auction services
- Contract administration

Procurement Operations

Even the best contract savings can be enhanced by improved internal efficiencies. Accenture therefore provides the support that CPOs need in order to achieve high performance operations that help companies

Figure 1. Our suite of source-to-pay BPO services





reduce cycle time, lower procurement costs, and make the most out of capital investments.

Service components include:

- Requisition processing
- Invoice processing
- T&E processing
- Supplier enablement
- Catalog enablement

For companies looking beyond smaller-scale operational cost reductions to value-generating procurement transformation, Accenture offers compelling solutions, deeply skilled resources and a track record of innovation, measurable results and game-changing implementations.

Extensive, cross-industry experience

Accenture has proven sourcing experience in more than 1,000 goods and service categories on behalf of hundreds of clients in more than 30

countries. Our clients represent a wide range of industries including financial services, high-tech, retail, pharmaceuticals, industrial equipment, utilities, real estate and government.

Technology and alliances

We design and deliver our services based on a true one-to-many technology platform that can deliver business process excellence cost effectively, starting with sourcing and contracting, right through to transaction processing of payables. Accenture's strong alliances with leading procurement software vendors help us deliver leading-edge solutions faster, with less risk.

Delivery excellence

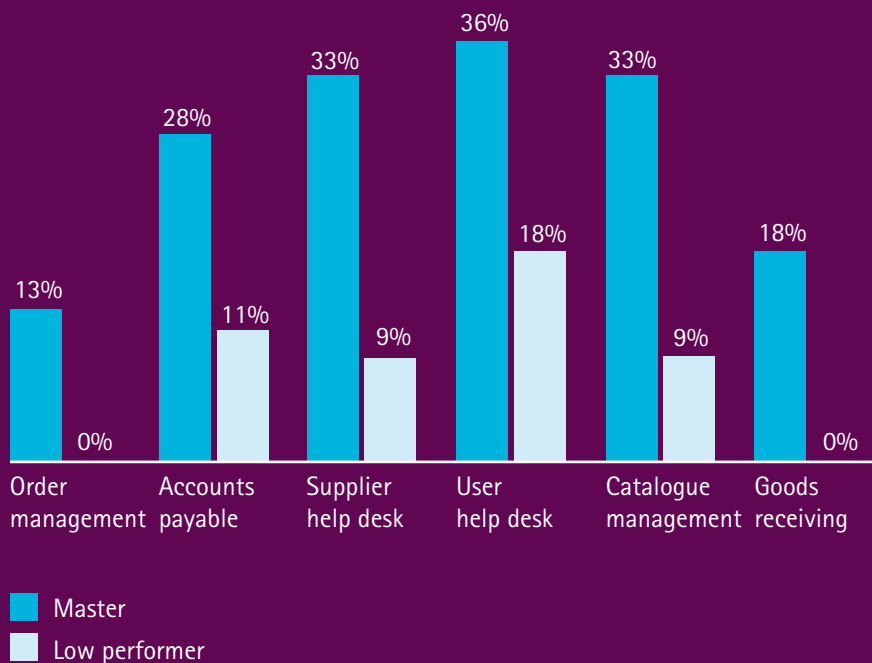
One of our most important and distinctive assets is the Accenture Global Delivery Network, with more than 50 centers in more than 40 cities across the globe —including Centers of Excellence focused on procurement—which enables an industrialized, high-quality, global

procure-to-pay platform in a multiclient environment. Advanced business analytics capabilities and tools, also available through the Centers of Excellence, help drive additional savings. These assets enable Accenture to deliver efficiency and cost savings, as well as innovation and consulting guidance.

High performance through procurement: An exclusive Accenture research program

Accenture's "High Performance through Procurement" research to date has spanned 11 industry segments and covered nearly 600 companies including an extensive analysis of 225 respondents. In our ongoing research into the characteristics of high performance through procurement, we defined "procurement masters" as those companies that consistently outperform their peers over the long term. We found that companies that master procurement generate significantly higher savings and have far lower costs than companies with average- or low-performing procurement functions.

The evidence is compelling. Across the board of procurement activities, procurement masters use outsourcing business models more than low performers.



Comparing masters and low performers in their use of procurement outsourcing service providers

Driving measurable benefits with Accenture Procurement BPO Services

Procurement outsourcing with Accenture is a powerful lever that CPOs and their executive teams can use to achieve high performance through increased profitability and improved shareholder value. Accenture helps companies make money, through sustained savings and compliance not merely source it.

Working with Accenture gives companies and their procurement organizations access to market-leading practices, knowledge, tools and skills that are generally too expensive or too specialized for CPOs to invest in developing within their organizations. The most notable benefits delivered by Accenture include:

Sustained spend savings

Accenture has a proven track record in driving high performance for clients based on deep sourcing savings. For European construction services company HOCHTIEF, for example, Accenture has enabled the procurement organization to generate net savings of 23 percent across seven of the purchasing categories being outsourced, with double-digit savings for the entire project.

Improved transparency and increased control over procurement expenses

Accenture offers a unique set of tools to help business and government entities gain maximum control over spend. One of the challenges CPOs face today is achieving the necessary visibility, at scale, over global spending. With Accenture's end-to-end capabilities combined with our analytic tools, clients gain a more comprehensive view of who is buying what from whom, leading to better contract management and control over greater percentages of spend.

For example, at global financial giant Deutsche Bank, its procurement outsourcing arrangement with Accenture—currently the world's largest—provides purchasing operations (sourcing, requisitioning and payment) for 40,000 users. This arrangement is advancing Deutsche Bank toward high performance in several ways, including increased visibility and management control across the enterprise, reductions in indirect spend and lower procurement operating costs.

Better compliance

Accenture's High Performance through Procurement research found that procurement masters excel in the area of category spend compliance—the share of spending managed through a formal process. An increase in category spend compliance to as much as 95 percent across the entire enterprise can reduce internal costs by as much as 3 to 5 percent. Accenture helps companies improve compliance by increasing management control over spend. For example, we helped a major UK clearing bank increase contract and channel compliance from 50 percent to 95 percent.

Access to expertise

Access to broad and deep procurement knowledge is a key benefit of the outsourcing relationship with Accenture. As one Accenture procurement BPO client puts it, "With an outsourcing solution, we look to maximize the advantages of having access to intellectual capital, supply market information, sourcing techniques and tools."



End-to-end process excellence and innovation

As a critical subset of an organization's overall supply chain, procurement is made up of a set of core processes that must be optimized if an organization is to achieve high performance through procurement.

In fact, the Accenture Procurement Innovation Forum—a peer group of leading procurement executives convened by Accenture—identified process optimization as a key to generating and sustaining value through procurement. (For more information on the Innovation Forum page, see page 9.) According to Forum members, CPOs must go beyond a transactional understanding of core requisition processes and move more into downstream processes.

Accenture procurement BPO services reflect this advanced and innovative thinking, with end-to-end business process management. Accenture's

commitment to continuous improvement and innovation is demonstrated by our operational excellence discipline. This continuous improvement culture, centered on total quality improvement, aligns processes, tools, people and business strategies to drive optimal business results, making process outcomes consistent and predictable each time, every time.

Lower risk

Accenture's Sourcing and Category Management Centers of Excellence deliver measurable, repeatable and predictable processes that can reduce risk. An innovative Accenture asset—the Accenture Delivery Suite—contains methods, tools, architectures and metrics that enable us to deliver reliable and high-quality outsourced services on time and at a lower cost. We also have significant experience in the risk mitigation aspects of global procurement outsourcing, as well as extensive global disaster recovery capabilities.

Procurement masters are different. They approach the function more strategically and holistically and are thus more likely to explore the benefits of working with an outsourcing provider.

What's on the minds of today's most innovative procurement executives?

At their inaugural meeting, members of the Accenture Procurement Innovation Forum identified seven key themes and trends when it comes to generating value from procurement:

1. Business focus: Achieving and sustaining the broader business focus needed if procurement is to generate greater value.
2. Business intelligence: Developing the broader access to timely data needed to generate insights about the present and future states of the business.
3. Communication: Extending the reach of procurement through better internal marketing and communications.
4. Process transformation: Transforming core processes essential to procurement and expanding into downstream processes.
5. Supplier relationships: Enlisting suppliers in the broader quest to generate value.
6. Procurement talent: Sourcing, developing and retaining the skills needed to reinvent procurement.
7. Innovation: Identifying and leveraging innovation and insight to transform procurement.

According to the renowned purchasing and supply chain expert Dave Nelson—the former Chief Procurement Officer of Deere & Company and Honda Motor Co.'s American manufacturing division and a member of the Innovation Forum—outsourcing is now a significant tool available to companies to generate greater value from procurement. “For companies that have \$500 million or more in direct spend,” Nelson says, “the opportunities today to leverage the capabilities of a procurement outsourcing provider are something to be closely considered.”

Why Accenture for procurement BPO services?

"The alliance with Accenture supports our strategic objective of implementing dramatic improvements in our utility business. This collaboration will help us to balance more effectively our efforts to provide enhanced services, manage our operating expenses and continue providing safe, reliable natural gas service to customers at a reasonable cost."

- James H. DeGraffenreidt, Jr.,
Chairman and Chief Executive Officer,
Washington Gas

Our commitment to innovation on behalf of our clients is backed by methods, tools, architectures and metrics that enable us to deliver reliable, predictable and high-quality procurement solutions on time and at a lower cost than companies can typically achieve themselves. Accenture believes outsourcing isn't about what you can subtract from a business. It's about what you can add.

Accenture has a proven ability to deliver measurable improvements in business performance through procurement outsourcing. What sets Accenture apart?

A history of successful procurement BPO delivery

- Hundreds of sourcing and procurement clients across a broad range of industries and geographies.
- We source and contract-manage more than \$30 billion in annual spend for our clients and transact more than \$38 billion.
- Outstanding performance: For a leading bank, Accenture has developed a centralized procurement capability that is delivering substantial savings, improved compliance and demand management, more efficient sourcing operations and lower procure-to-pay operating costs.

Deeply-skilled and experienced resources

- More than 2,300 procurement specialists in our outsourcing and consulting businesses worldwide, and an even larger number of professionals with broader supply chain expertise.
- A culture that is results-driven, flexible and responsive to clients' needs.

- Extensive implementation and change management capabilities based on our years of experience managing large, complex, global technology and outsourcing initiatives.

The Accenture Global Delivery Network

- The Accenture Global Delivery Network enables industrial-strength solutions that leverage common assets, tools and people, resulting in greater cost savings and efficiencies, optimized labor rates, lower risks and proven knowledge transfer and transition. Because of our delivery network, our clients can leverage our investments in innovation and continuous improvement.
- Our Global Delivery Network holds many industry-wide external certifications that embody Accenture's singular focus to achieve the highest available standards in our delivery methods and workforce practices. Further, key delivery centers undergo Statement on Auditing Standards (SAS) 70 Type II audits on an annual basis that assess our internal control environment and confirm that controls are operating effectively.
- The Accenture Global Delivery Network provides procurement BPO services from locations including Bangalore, India; Dalian, China; Bratislava, Slovakia; and San Antonio, Texas.



Distinctive technologies and capabilities

- A true one-to-many platform based on a standardized, global source-to-pay technology, regional sourcing centers and multilingual Procurement Centers of Excellence.
- Fully electronic integration with our worldwide supplier network. Clients use one standard global buying portal that supports high degrees of compliance against contracts.
- In-depth profit recovery and analytics capability to prevent, detect and recover lost profits due to overpayments and under-recoveries.
- A market-leading supply chain consulting practice to complement the capabilities of our procurement professionals.

Commitment to innovation and market leadership

- Game-changing innovations guided by initiatives such as our proprietary research program into procurement mastery and high performance; our Executive Action Group comprised of retired CPOs and highly regarded procurement leaders; and our Accenture Procurement BPO Services Innovation Forum.
- The financial strength to make continued investments in leading procurement capabilities, technologies and in our Global Delivery Network.

" Procurement outsourcing is an industry game-changer. It is inevitable that CPOs will have to go down this path. There will be a tidal wave of activity and you need to get in early, as we did, to get the most value."

- Jeff Baer, Global Head of Sourcing, Deutsche Bank

Contact us

Accenture stands for high performance, built on innovation, research-based knowledge and unparalleled experience. Ask us how we can help your organization become a procurement master and achieve high performance.

Visit us at www.accenture.com/procurementBPO

Copyright © 2010 Accenture
All rights reserved.

Accenture, its logo, and
High Performance Delivered
are trademarks of Accenture.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 181,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com.

