



Everest Group PEAK Matrix™ for PO Service Providers

Focus on Accenture
July 2017



Everest Group recently released its report titled “[Procurement Outsourcing \(PO\) – Service Provider Landscape with PEAK Matrix™ Assessment 2017](#)”. This report analyzes the changing dynamics of the PO landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 15 service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for PO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of PO service providers based on their absolute market success and delivery capability. Everest Group also identified three service providers as the “2017 PO Market Star Performers” based on the strongest Year-on-Year (YOY) forward movement demonstrated on the PEAK Matrix.

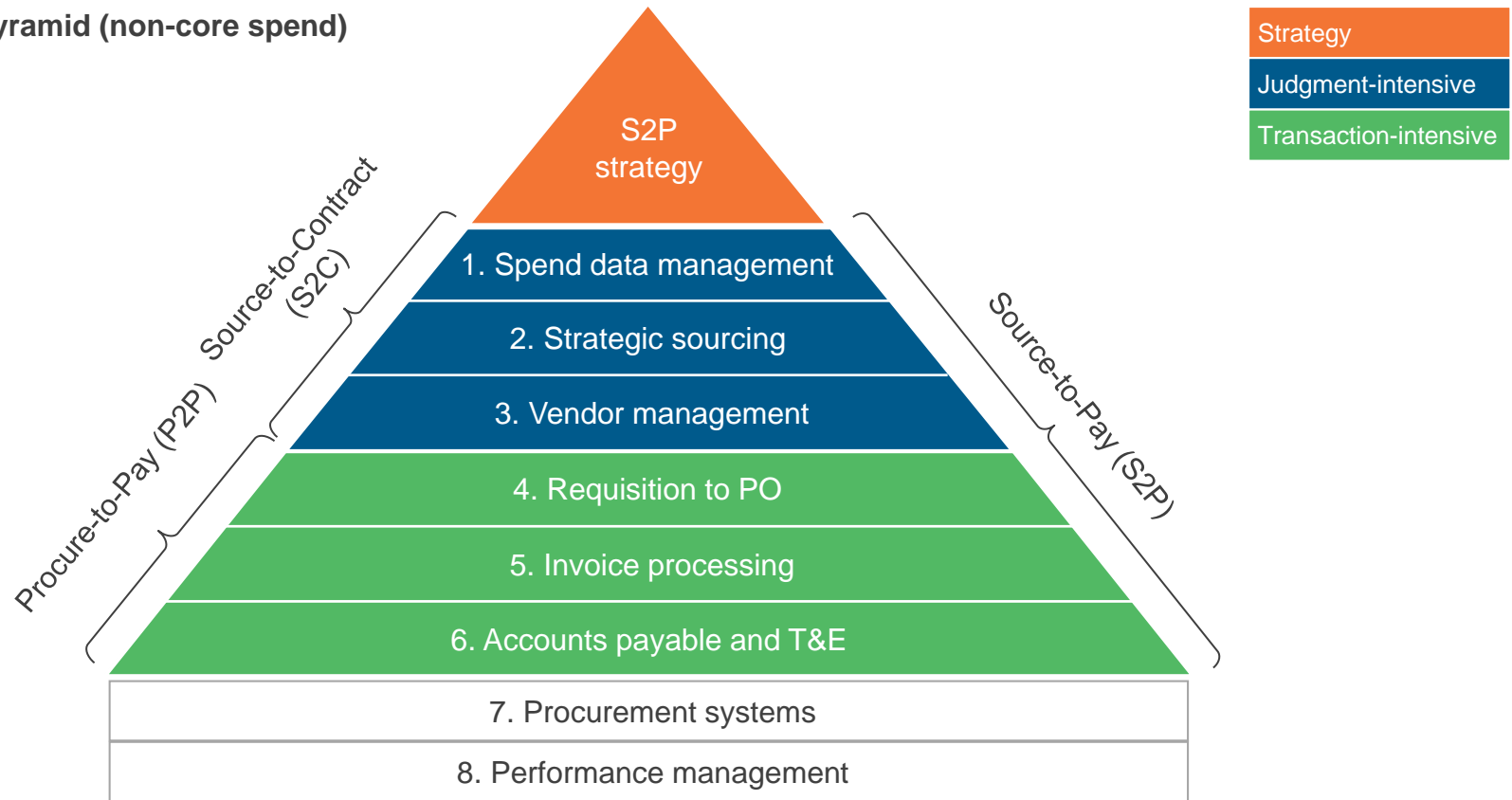
Based on the analysis, Accenture emerged both as a Leader and a Star Performer. This document focuses on Accenture’s PO experience and capabilities. It includes:

- Accenture’s position on the PO PEAK Matrix
- Accenture’s YOY movement on the PO PEAK Matrix
- Detailed PO profile of Accenture

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Everest Group distinguishes between the Source-to-Contract (S2C) and Procure-to-Pay (P2P) processes

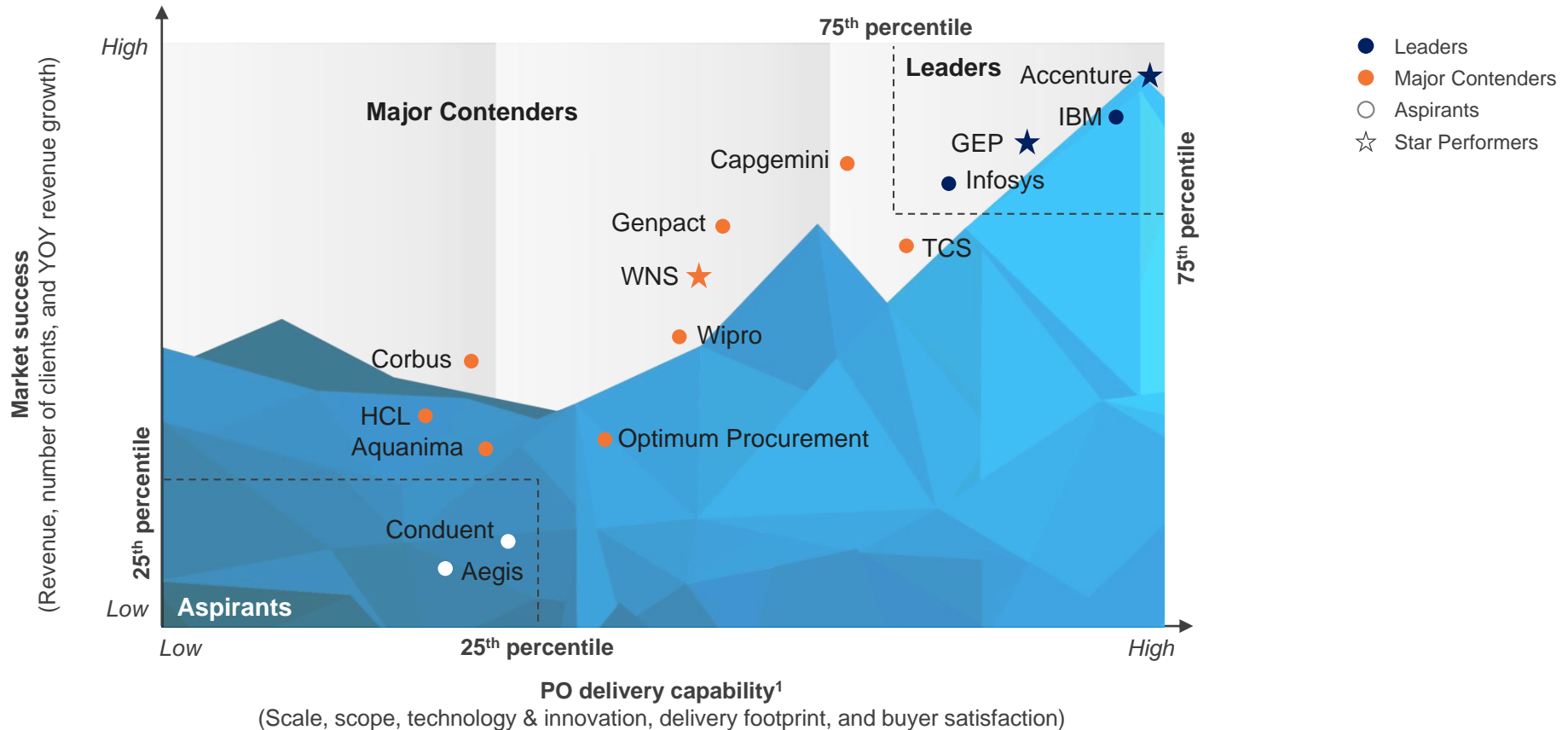
Procurement pyramid (non-core spend)



- Everest Group's analyses include multi-process PO contracts with a minimum of three procurement processes, over US\$1 million in ACV, and a minimum contract term of three years. Typically, the managed spend is greater than US\$50 million
- Everest Group's analyses include all multi-process PO contracts signed as of 2016

Everest Group PEAK Matrix – 2017 PO market standing

Everest Group PEAK Matrix™ for PO



1 Assessment for Conduent excludes service provider inputs on this particular study and is based on Everest Group's estimates which leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of Conduent's public disclosures, and interaction with buyers

2 Service providers scored using Everest Group's proprietary scoring methodology

Source: Everest Group (2017)

Accenture is a PO Star Performer based on the strong forward and upward movement over time on the Everest Group PEAK Matrix

Market success in 2016

- Accenture demonstrated an impressive 25% growth rate in terms of ACV
- It registered good traction in contractual activity with addition of more than 10 new clients globally and signed contracts worth more than US\$275 million in TCV
- Majority of the new clients in 2016 came from North America, followed by Europe
- In terms of buyer industries, Accenture witnessed the highest growth in CPG & retail. However, BFSI and energy & utilities industries also recorded significant revenue growth

Capability enhancements in 2016

- Accenture strengthened its analytics / market intelligence capabilities through its proprietary platform-RADIX and its mobile version
- It launched 50 new apps to cater to each part of the buying process including spend analytics and others
- It added two new delivery centers in the emerging markets of Brazil and Australia
- It appointed over 300 category experts for categories including healthcare, insurance, legal, and emerging IT areas

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PO service capabilities

Key PO leaders

- Keith Hausmann, Global Procurement Business Leader
- Michael Gaggiano, EMEA Procurement Delivery Leader
- Janice Johnston, North America Procurement Delivery Leader
- Chris Banschbach, Procurement CTO & Head of Product Strategy

PO service suite

S2P services across all categories of spend, including transformational change management, such as:

- **Sourcing & category management-related services:** Category strategy development & planning, strategic sourcing, contracting, supplier performance management, supplier risk management, compliance management, spend, savings, compliance analytics, category & market analytics, and continuous cost improvements
- **Transactional procurement services:** Buying channel strategy development, buyer portal development, P2P process design, payment strategy & vendor master data management, e-procurement technology deployment, supplier enablement, e-catalog & content management, payment strategy, requisition processing, spot buys / tail spend management, invoice processing, time & expense (T&E), payment accuracy & controls, compliance management, and performance analytics

Category expertise

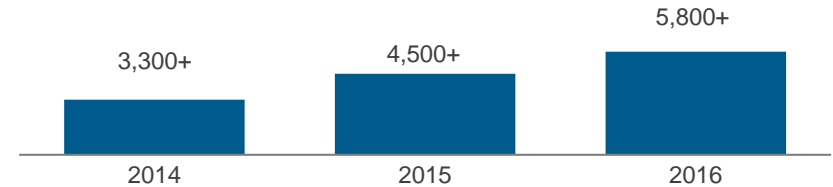
IT/telecom, logistics, marketing, media, energy, equipment, engineering & construction; basic materials & packaging, industrial & MRO, human resources, contingent labor, professional services, property & facilities management, and travel

Spend managed for external clients

More than US\$158 billion

Scale of operations

Number of PO FTEs¹ over time



FTE mix by process scope



Key PO-related developments

- Year 2016: Advances in analytics, market intelligence, and automation include: RPA in the cloud to accelerate requisition to payment processing by up to 75% and achieve 100% accuracy levels; hands-free review, identification, and cataloging of key terms in contract repositories; supplier and category modeling that automatically crawls public information sources to create structured category and supplier profiles; predictive spend categorization algorithm that increases speed 720% and accuracy 41.5%
- Year 2016: Modularized procurement analytics, category strategy development, supplier relationship/risk management, and P2P enablement services to provide clients with increased flexibility to access Accenture expertise in these areas
- Year 2016: Expanded global scale with growth in APAC and Latin America markets and enhancement here of S2C onshore delivery, including industry-specific, capabilities. Investments in all 31 delivery centers, plus focus on Australian, Latin American, and Eastern European centers and the Bangalore Analytics and Security Center of Excellence

¹ Does not include accounts payable and supply chain BPO FTEs

Source: Everest Group (2017)

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PO client portfolio

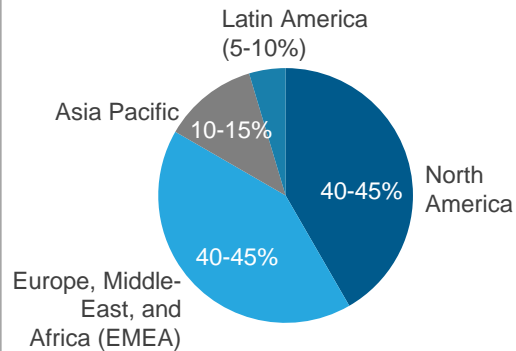
Major PO clients

Microsoft, Glencore, Givaudan, Danone, Airbus, Unilever, and one or more leading multinational corporations in the following industries: banking, insurance and financial services, consumer goods, energy, communications, electronics, pharmaceutical, food and beverage, chemical, healthcare, retail, mining, printing, aerospace and defense, semiconductor, and transportation

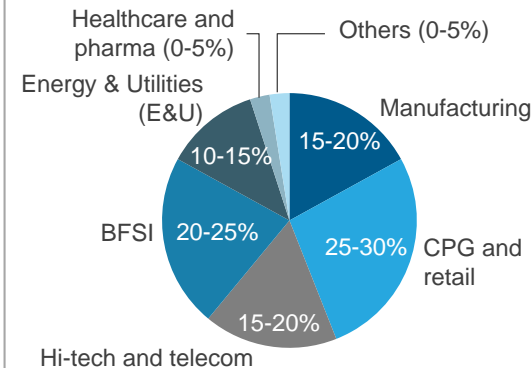
Recently-announced multi-process PO engagements

Time of signing	Client	Contract details
Jan 2016	Pharmaceutical Company	8-year global P2P program managing \$3B of transactions
Apr 2016	Printing Company	7-year S2P program managing over \$3.5B of spend in Asia Pacific
Mar 2016	Insurance Company	5-year S2P program managing ~\$1B of spend in North America
Apr 2016	Bank	5-year S2P program managing over \$500K of global spend
Feb 2016	Aerospace Company	4-year S2P program managing \$2.2B of spend in North America and Europe
July 2016	Electronics & Software Company	4-year TSM program managing \$1.3B of global transactional spend
Apr 2016	Public Sector / Educational Institution	3-year program managing \$1.5B of spend in Asia Pacific

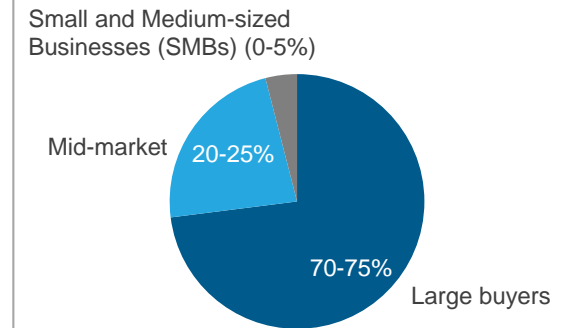
PO revenue geography mix (2016)



PO revenue industry mix (2016)



PO revenue buyer size mix (2016)



Source: Everest Group (2017)

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PO delivery locations



Source: Everest Group (2017)

Solution description

Source-to-pay solution

A **digital procurement infrastructure** that integrates market intelligence, analytics and intelligent automation to optimize source-to-pay projects and process. Drives savings, productivity, visibility, and control by **combining proprietary Accenture technology with third-party and client-owned tools and platforms**. A cloud-based, multi-tenant platform aggregates category information on a global scale to create a data repository necessary to capitalize on advanced analytics and RPA to build cognitive intelligence tools. Accelerates clients' ability to implement and use data and insights for business decisions.

- **Radix™** platform includes:
 - **Digital project & process management platform** (S2C and P2P),
 - **Multi-client market intelligence apps**, and
 - **Procurement performance management suite**

Process scope

- **Digital project & process management platform** – Automates and integrates activities and information throughout the source-to-pay process includes
 - **Radix S2C** – Workflow and project management; automation; document and content management; 1,000+ category strategy blueprints; embedded Ariba eRFx module; and contracting & contract management
 - **Radix P2P** – P2P process workflow (integrated with AP Tool Suite and Buyer Portal) drives touchless processing and exceptions management and complements (links to and enhances) client and third-party requisitioning systems
- **Multi-client market intelligence apps** – Suite of category-specific apps facilitates aggregate cross-client insights (supplier capabilities, price & performance benchmarks, compliance).
- **Procurement performance management suite** – Mobile app and web-based tools enable clients to see and act upon key spend information and events. Interactive views of market spend data and trends, savings, compliance, project status, and contracts, and ability to initiate and approve sourcing projects and contracts

Other solutions

- **Supplier relationship management platform** dashboards, scorecards, surveys, and workflow management tools for supplier data and outcomes
 - **Buyer portal** provides guidance to buyers that can substitute or augment functionality in eProcurement tools.
 - **AP tool suite** drives visibility, control, and efficiency in AP and the broader P2P process, leverages automation and analytics to improve process and outcomes
 - **Specialized technology expertise** with large teams for the **implementation of third-party eProcurement tools**, and optimization of **eCatalogs, master data management**, and **supplier enablement**
-
- **Supplier Relationship Management platform** (third-party) assists clients to manage supplier risk, performance, and contract obligations (SLAs)
 - **Buyer Portal** single portal provides clear guidance on what to buy, from whom, and directs buyers to the correct buying channel. Prebuilt with “last-mile” customization for each client
 - **AP Tool Suite** includes: **Accenture Transaction Compliance & Analytics Tool** (ATCAT) proactively prevent dupe payments; **Payables Optimizer** ideally times payments; **T&E Analytics Tool** identifies compliance and fraud risk; and **MySupplier Portal** supplier self-service for catalog updates, document submissions, and invoice tracking

Technology leveraged

Source-to-pay solution

Proprietary technology and integrated third-party tools (e.g., Ariba eRFX) that leverage a combination of digitization, natural language processing, rules-based automation, and robotic process automation, coupled with extensive data analytics and business intelligence engine

Other solutions

- Proprietary technology designed for cloud, integrated with Accenture P2P workflow platform
- Third-party e-procurement tools (such as Ariba and Coupa)

Delivery model and pricing

- Cloud-based, multi-client platform
- Embedded in total solution fees which are outcome-based (vs. FTE or purely transactional)

- Cloud-based technology
- Proprietary tools included in total solution fees
- Preferred pricing agreements in place for Ariba and Coupa

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Everest Group assessment | Leader

Measure of capability: ● Best-in-class ○ Not matured

Delivery capability ¹						Market success ¹
Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	
○	●	○	●	○	○	●

Strengths

- Accenture continues to be the leader in procurement outsourcing providing services across the Source-to-Pay (S2P) space through a blend of its strategy, consulting, technology, operations, and digital offerings
- With its deep procurement capabilities and a strong team of more than 1,400 category experts, it is capable of servicing clients with a variety of needs. Accenture has also developed capabilities in direct spend management to cater to the growing buyer demand for outsourcing direct spend
- Accenture continues to offer robust analytics / market intelligence capabilities bolstered by its proprietary platform – RADIX. It is one of the few players in the market that has deep insights into supplier performance and risk management
- Accenture’s move towards a more modular service offering – procurement analytics-as-a-service, stand-alone end-to-end contract lifecycle management, and supplier relationship management process as-a-service, speaks about its flexibility in meeting rapidly changing customer demands
- Along with a strong focus on current client needs, Accenture is aware of the evolving procurement space and is taking steps to meet the demands of the future. It is working to build a procurement ecosystem with better analytics, cloud, and automation capabilities, improved shopping experience, and an easier sourcing process (through virtual procurement agents)

Areas of improvement

- Although Accenture is moving towards a more modular and flexible service offering; it is still perceived as the go-to provider for “big companies.” It can focus on being a better fit for buyers looking to outsource a limited set of functions as well as a more approachable provider for Small and Medium Businesses (SMB) and mid-market buyers
- Accenture can focus on improving its communication with clients. Some clients have noted that due to the company’s large and matrixed structure, they find it hard to navigate the organization
- Clients have also noted that Accenture should enhance coordination of service delivery across different geographies for a more seamless experience
- Although Accenture is praised for being very responsive to clients’ issues and problems, some clients have mentioned the need for the company to be more proactive in addressing concerns rather than waiting for the client to highlight them

¹ Based on contractual and operational information as of 2016

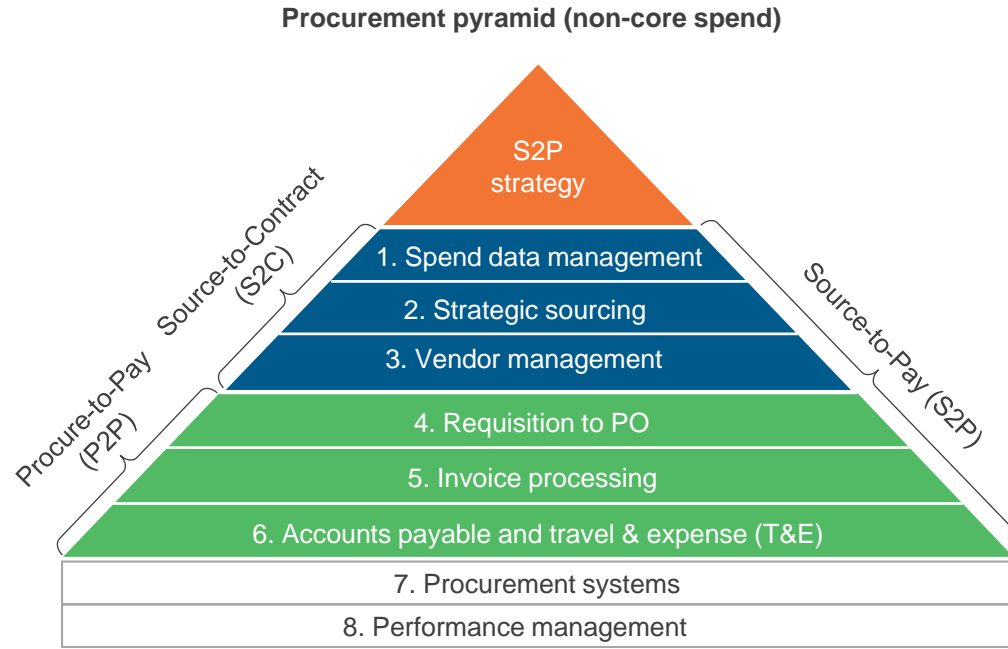
Source: Everest Group (2017)

Appendix

Traditionally, PO has been limited primarily to a function-focused definition

Strategy (implemented in-house)

- Mission strategy / corporate strategy
- Business strategy
- Geographic strategy
- Technology strategy



1 Spend data management

- Baseline analysis
- Data “cube” construct
- Opportunities’ definition

2 Strategic sourcing

- Sourcing strategy
- Vendor selection
- Contracting
- Sourcing implementation
- Category management

5 Invoice processing

- Material/invoice receipt
- Invoice payment

6 Accounts payable and T&E

- Master data maintenance
- Process payment request
- T&E claims processing
- EDI / P-card¹ administration
- Month-end closing
- Vendor inquiries
- Reporting

7 Procurement systems

- E-auctions
- Catalog management
- Solution hosting

8 Performance management

- Financial performance
- Compliance management
- Policies and procedures
- Performance and results reporting

Strategy

Judgment-intensive

Transaction-intensive

3 Vendor management

- Vendor relationship management
- Contract administration
- Service level/standards monitoring

4 Requisition to PO

- Approval workflow
- Material requisition
- Purchase order
- Expediting/troubleshooting

1 Refer to Appendix

Beyond the process dimension, PO contracts also have a “procurement-spend category” dimension

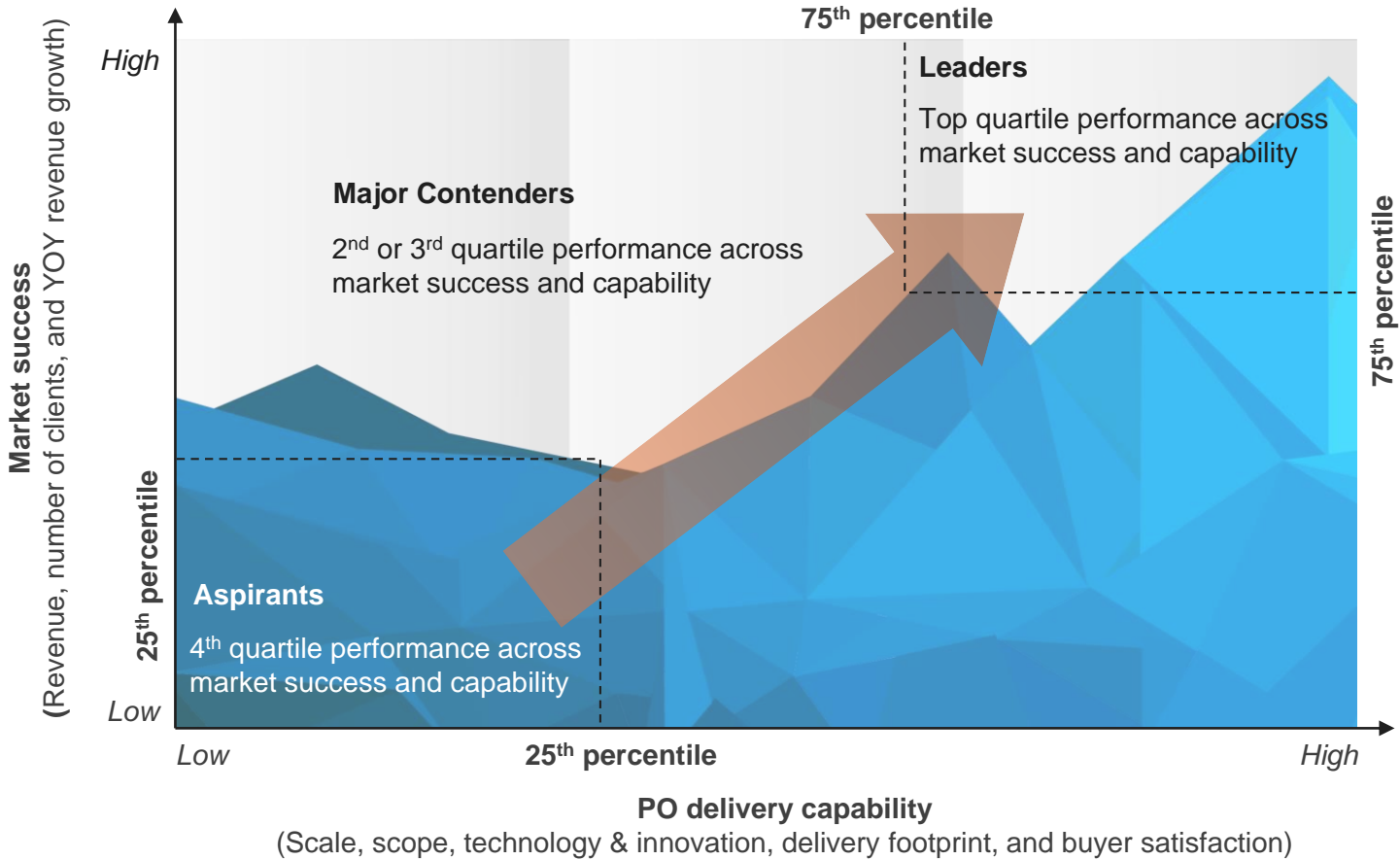
- High prevalence of third-party outsourcing
- Low prevalence of third-party outsourcing



			Source-to-Contract (S2C)	Procure-to-Pay (P2P)
Direct spend	Core spend	<ul style="list-style-type: none"> Goods and services that are key ingredients to manufacture/deliver the final product/service They are proprietary or specific to the organization For example: Iron-ore for a steel manufacturer and rubber for a tire manufacturer 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Non-core direct spend	<ul style="list-style-type: none"> Goods and services that are commonly required to manufacture/deliver the final product/service They are commodities in that industry For example: Lubricants, packaging, and Maintenance, Repair, & Overhaul (MRO) 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Indirect spend	Non-core spend	<ul style="list-style-type: none"> Non-production goods and services that are not required to manufacture/deliver the final product/service but are required to operate the organization For example: Spend categories such as facilities, office supplies, travel & logistics, marketing- / sales-related spend, and IT/telecom 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Everest Group classifies the PO service provider landscape into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix

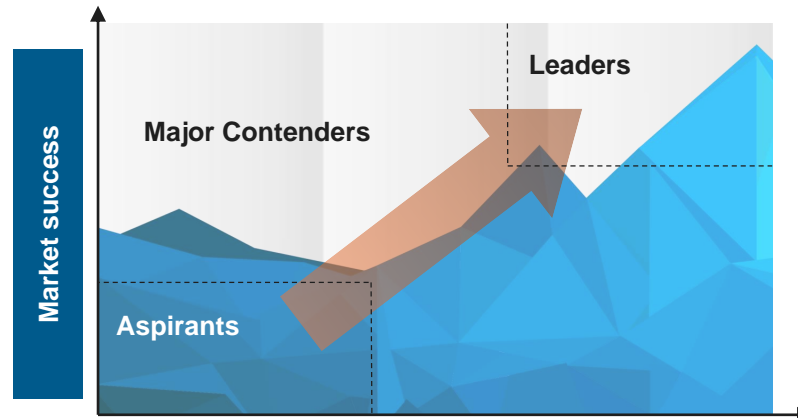
Everest Group PEAK MatrixTM for PO service line



1 Service providers scored using Everest Group's proprietary scoring methodology described on page 17
 Source: Everest Group (2017)

Service providers are positioned on the Everest Group PEAK Matrix based on the evaluation of two key dimensions

Measures success, which is captured through PO revenue, number of current PO clients, and YOY revenue growth



Measures the ability to deliver services successfully. Captured through five subdimensions

Delivery capability

Scale	Scope	Technology solutions and innovation	Delivery footprint	Buyer satisfaction
Measures the scale of operations through: <ul style="list-style-type: none"> • Overall company revenue • PO revenue as a percentage of the total company revenue 	Measures the breadth and depth of the scope of services provided across: <ul style="list-style-type: none"> • Processes • Industries • Geographies • Buyer size • Category 	Measures the technological capabilities and innovation in PO: <ul style="list-style-type: none"> • Technology model adoption • In-house suite of PO technologies and investments • Innovation in PO – service delivery, offerings, and innovative tools 	Measures the delivery footprint across regions and the global sourcing mix	Measures the satisfaction levels ¹ of buyers across: <ul style="list-style-type: none"> • Goal realization • Process delivery • Implementation • Relationship management

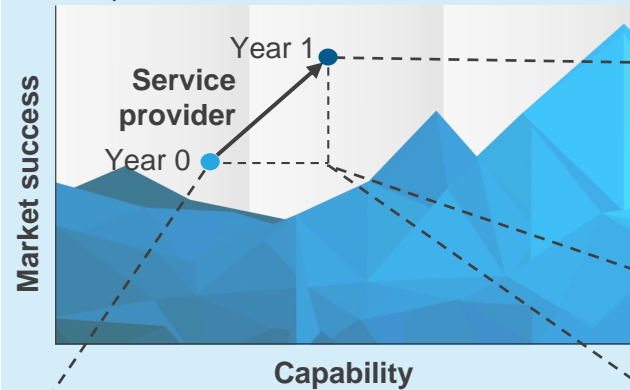
¹ Measured through the responses from two/three referenced buyers for each service provider

Source: Everest Group (2017)

Everest Group confers the “Star Performers” title to providers that demonstrate the strongest forward movement over time on the PEAK Matrix

Methodology

Everest Group selects Star Performers based on the relative YOY movement of each service provider on the PEAK Matrix



In order to assess advancements on market success, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:

- Yearly revenue growth
- Number of new clients added
- Number of contract extensions
- Value of new contract signings

In order to assess advancements on capability, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:

- Annual growth in scale
- Increase in scope of services
- Expansion of delivery footprint
- Technology- / domain-specific investments

The top quartile performers on each of the specified parameters are identified and the “Star Performer” rating is awarded to the service providers with:

- The maximum number of top quartile performances across all of the above parameters and
- At least one area of top quartile performance in both market success and capability advancement

2017 PO Star Performers

The “Star Performers” title relates to YOY performance for a given service provider and does not reflect the overall market leadership position. Those identified as “Star Performers” may include “Leaders,” “Major Contenders,” or “Aspirants.”

Does the PEAK Matrix assessment incorporate any subjective criteria?

- Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

- No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical services area. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

- PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all PEAK Matrix providers assessed in its report. The detailed metric level assessment and associated commentary is helpful for buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

What is the process for a service provider to leverage their PEAK Matrix positioning status ?

- Providers can use their PEAK Matrix positioning rating in multiple ways including:
 - Issue a press release declaring their positioning/rating
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- **The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group**



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

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