Introduction and scope

Everest Group recently released its report titled “Procurement Outsourcing (PO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016”. 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 18+ 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 five service providers as the “2016 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 provider’s 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 2015.

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Everest Group PEAK Matrix – 2016 PO market standing

Performance | Experience | Ability | Knowledge

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for PO

Market success (Revenue, clients, and growth)
- High
- 75th percentile
- Low
- 25th percentile

PO delivery capability¹
(Scale, scope, technology & innovation, delivery footprint, and buyer satisfaction)

Leaders
- Accenture
- IBM
- GEP

Major Contenders
- Capgemini
- Genpact
- TCS

Aspirants
- Tech Mahindra
- Corbus
- Wipro
- Xchanging
- Optimum Procurement
- HPE
- WNS

Star Performers
- Genpact

Service providers scored using Everest Group’s proprietary scoring methodology

Source: Everest Group (2016)

¹ Service providers scored using Everest Group’s proprietary scoring methodology
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 2015

- Accenture registered significant contractual activity in 2015 with YOY ACV growth of more than 15%
- It had the highest number of new contract wins in 2015. In total, it signed more than 20 new multi-process contracts worth ~US$500 million in TCV
- In addition to North America and Europe, it witnessed high traction in Latin America
- Among buyer industries, hi-tech & telecom and energy & utilities were the key contributors to growth with more than 40% increase in revenue. CPG and retail also registered significant revenue growth

Capability enhancements in 2015

- Accenture strengthened its energy procurement capabilities by acquiring EnergyQuote JHA, a London-based energy management and procurement services provider
- It developed and launched mobile applications such as Radix™ Mobile and SpendTrends™
- With a strong focus on improving its analytics capabilities, Accenture built an Analytics-as-a-Service business to augment its Global Data Management team
- It opened new delivery centers in Romania, Australia, Costa Rico, and Brazil
**Accenture (page 1 of 5)**

**PO service capabilities**

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**Key PO leaders**
- Mike McDaniel, Global procurement operations leader
- Keith Hausmann, Global procurement delivery leader

**PO service suite**
S2P services across all indirect spend categories, including transformational change management, such as:

- **Sourcing & category management-related services**: Category strategy development & planning; strategic sourcing; contracting; supplier performance management; compliance management; spend, savings, and compliance analytics; and continuous cost improvements
- **Transactional procurement services**: Buying channel strategy development; buyer portal development; P2P process design; payment strategy and vendor master data management; e-procurement technology deployment; supplier enablement; e-catalog and 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

**Scale of operations**
Number of PO FTEs\(^1\) over time

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>2,900+</td>
<td>3,300+</td>
<td>4,500+</td>
</tr>
</tbody>
</table>

**FTE mix by process scope**

- **Source-to-Contract (S2C)**
- **Procure-to-Pay (P2P)**

**Key PO-related developments**
- Year 2015: Acquired EnergyQuote JHA – an energy management and procurement services provider
- Year 2015: Developed 50+ Accenture Insights apps, category-specific business, and market intelligence (e.g., price benchmark)
- Year 2015: Launched mobile version of proprietary S2P Radix™ platform
- Year 2015: Launched SpendTrends™ app to provide access to extensive spending and supply market trends (also accessible through Radix™ Mobile)
- Year 2015: Opened new delivery centers in Romania, Australia, Costa Rica, and Brazil

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**Category expertise**
IT/telecom; logistics; marketing; energy; equipment, engineering, & construction; basic materials & packaging; industrial & MRO; HR; contractors; professional services; property & facilities management; and travel

**Spend managed for external clients**
More than US$137 billion

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\(^1\) Does not include accounts payable and supply chain BPO FTEs

Source: Everest Group (2016)
**Accenture (page 2 of 5)**

**PO client portfolio**

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**Major PO clients**
Microsoft, Glencore, a diversified chemical company, a leading international food and beverage company, a global banking and financial services company, an aerospace manufacturer, a leading global financial services group, an automotive parts company, a large APAC bank, and a multinational pharmaceutical company.

**Recently-announced multi-process PO engagements**

<table>
<thead>
<tr>
<th>Time of signing</th>
<th>Client</th>
<th>Contract details</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2015</td>
<td>Global food &amp; beverage company</td>
<td>S2P program managing more than US$5 billion of global spend over four years</td>
</tr>
<tr>
<td>Aug 2015</td>
<td>Large global resources company</td>
<td>Six-year S2P program managing over US$2 billion of spend in Asia Pacific</td>
</tr>
<tr>
<td>Aug 2015</td>
<td>Leading chemical manufacturer</td>
<td>Seven-year S2P program managing over US$2 billion of spend in North America</td>
</tr>
<tr>
<td>July 2015</td>
<td>High-tech company</td>
<td>S2P program managing more than US$1 billion in global spend over five years</td>
</tr>
<tr>
<td>Oct 2015</td>
<td>Industrial energy services company</td>
<td>Global P2P services in a four-year program</td>
</tr>
<tr>
<td>July 2015</td>
<td>Leading insurer</td>
<td>S2C program managing over US$1 billion of spend in North America over three years</td>
</tr>
<tr>
<td>Aug 2015</td>
<td>Personal care CPG company</td>
<td>Four-year S2O program managing US$3 billion of spend in North America and Europe</td>
</tr>
</tbody>
</table>

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**PO revenue geography mix (2015)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>40-45%</td>
</tr>
<tr>
<td>South America</td>
<td>10-15%</td>
</tr>
<tr>
<td>Asia</td>
<td>30-35%</td>
</tr>
<tr>
<td>Europe</td>
<td>10-15%</td>
</tr>
<tr>
<td>Middle East and Africa (MEA)</td>
<td>0-5%</td>
</tr>
</tbody>
</table>

**PO revenue industry mix (2015)**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>15-20%</td>
</tr>
<tr>
<td>BFSI</td>
<td>20-25%</td>
</tr>
<tr>
<td>Hi-tech and telecom</td>
<td>25-30%</td>
</tr>
<tr>
<td>CPG and retail</td>
<td>15-20%</td>
</tr>
<tr>
<td>Others (E&amp;U)</td>
<td>10-15%</td>
</tr>
<tr>
<td>Energy &amp; utilities</td>
<td>20-25%</td>
</tr>
<tr>
<td>Healthcare and pharma</td>
<td>0-5%</td>
</tr>
</tbody>
</table>

**PO revenue buyer size mix (2015)**

<table>
<thead>
<tr>
<th>Segment (SMBs)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large buyers</td>
<td>70-75%</td>
</tr>
<tr>
<td>Mid-market</td>
<td>20-25%</td>
</tr>
</tbody>
</table>

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Source: Everest Group (2016)
Accenture (page 3 of 5)
PO delivery locations

Source: Everest Group (2016)
## Accenture (page 4 of 5)
### PO technology solutions

<table>
<thead>
<tr>
<th>Solution description</th>
<th>Other solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source-to-Pay solution</strong></td>
<td><strong>Accenture Operations Navigator</strong>: Portal provides visibility to performance across multiple business process outsourcing programs</td>
</tr>
<tr>
<td>- <em>Radix™</em>: Proprietary cloud-based source-to-pay platform that works with and augments any client e-procurement/procurement solution. Key layers include:</td>
<td></td>
</tr>
<tr>
<td>- <em>Radix Workflow</em> – S2P integration, automation, and management</td>
<td>- Extensive team of e-procurement implementation, e-Catalog, and supplier enablement specialists</td>
</tr>
<tr>
<td>- <em>Radix Insights</em> – Cross-client market intelligence and analytics (infused into workflow)</td>
<td>- <strong>AP Suite</strong>: Tools leveraging automation and analytics to optimize AP and T&amp;E</td>
</tr>
<tr>
<td>- <em>Radix Access</em> – Mobile app giving clients ability to see what is happening in supply markets and with their spend</td>
<td></td>
</tr>
<tr>
<td><strong>Process scope</strong></td>
<td></td>
</tr>
<tr>
<td>- <em>Radix Workflow</em>: Automates and integrates the source-to-pay process</td>
<td></td>
</tr>
<tr>
<td>- <em>Radix S2C</em> – Workflow management (automation/RPA + natural language processing + rules engines); document/content management; 1,000+ category strategies/templates; embedded Ariba eRFX module; and contracting &amp; contract management</td>
<td></td>
</tr>
<tr>
<td>- <em>Radix P2P</em> – Buyer portal, P2P workflow, and AP technology suite. This solution can link to and enhance any client requisitioning system. For clients looking for additional e-procurement functionality, Accenture leverages partnerships and implementation capabilities with e-procurement providers</td>
<td></td>
</tr>
<tr>
<td>- <em>Radix Insights</em>: Suite of category-specific apps providing aggregate cross-client insights (e.g., supplier capabilities, price benchmarks, and compliance)</td>
<td></td>
</tr>
<tr>
<td>- <em>Radix Access</em>: Mobile app giving clients the ability to act upon key spending information and events (e.g., view market spend data and trends; initiate/approve sourcing project; view/approve contract; and view spend, savings, and compliance data)</td>
<td></td>
</tr>
<tr>
<td><strong>Technology leveraged</strong></td>
<td><strong>Proprietary technology designed for cloud, integrated with Accenture P2P workflow platform</strong></td>
</tr>
<tr>
<td>- Proprietary technology and integrated third-party tools (e.g., Ariba eRFX) that leverage a combination of digitization; natural language processing; rules-based automation; robotic process automation; coupled with extensive data analytics and business intelligence engine</td>
<td><strong>Third-party e-procurement tools (i.e., Ariba, Coupa)</strong></td>
</tr>
<tr>
<td><strong>Delivery model and pricing</strong></td>
<td><strong>Cloud-based technology</strong></td>
</tr>
<tr>
<td>- Cloud-based, multi-client platform</td>
<td><strong>Proprietary tools included in total solution fees</strong></td>
</tr>
<tr>
<td>- Embedded in total solution fees which is outcome-based (vs. FTE or purely transactional)</td>
<td><strong>Preferred pricing agreements in place for Ariba and Coupa</strong></td>
</tr>
</tbody>
</table>
### Accenture (page 5 of 5)

**Everest Group assessment**

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#### Measure of capability:
- **Best-in-class**
- **Not matured**

#### Delivery capability

<table>
<thead>
<tr>
<th>Scale</th>
<th>Scope</th>
<th>Technology and innovation</th>
<th>Delivery footprint</th>
<th>Buyer satisfaction</th>
<th>Overall</th>
<th>Market success</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</table>

#### Strengths

- One of the few players capable of delivering transformational procurement across the “strategy-to-operate” continuum by seamlessly combining consulting, technology, and services
- With a large scale of operations that span the entire S2P spectrum, combined with deep category expertise and robust technology/analytics capabilities bolstered by RADIX (proprietary platform) and other tools, Accenture is a one-stop shop for all procurement outsourcing requirements
- Accenture is able to finely blend a pragmatic approach and futuristic proposition into its procurement offering, which ensures superior business outcomes than most of its competitors
- Accenture has market-leading position across all regions and a wealth of industry-specific experience. Drawing such synergies helps it grow at a fast pace in the market
- An expansive global delivery network, with an adequate onshore and offshore leverage, ensures maximization of cost arbitrage opportunities along with integration of local market knowledge
- Clients have lauded Accenture’s flexibility, commitment, and integrity towards meeting client objectives – “They will deliver, even if it costs them money”

#### Areas of improvement

- While there are no real capability gaps in Accenture’s procurement offering, clients have noted some specific areas of improvement:
  - Enhance coordination of service delivery across different geographies for a more seamless experience
  - Spruce up sourcing and category management solution for scattered spend in EMEA. Although, the client noted that Accenture has the most advanced sourcing and category management program in North America
  - Simplify execution of the contracting process
- While Accenture works well for clients looking to outsource end-to-end procurement, it may not be a good fit for buyers wishing to outsource minimal tasks

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1 Based on contractual and operational information as of 2015
Source: Everest Group (2016)
Appendix
Traditionally, PO has been limited primarily to a function-focused definition

**Procurement pyramid (non-core spend)**

1. **Spend data management**
   - Baseline analysis
   - Data "cube" construct
   - Opportunities' definition

2. **Strategic sourcing**
   - Sourcing strategy
   - Vendor selection
   - Contracting
   - Sourcing implementation
   - Category management

3. **Vendor management**
   - Vendor relationship management
   - Contract administration
   - Service level/standards monitoring

4. **Requisition to PO**
   - Approval workflow
   - Material requisition
   - Purchase order
   - Expediting/troubleshooting

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-card 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 (Implemented in-house)**
- Mission strategy / corporate strategy
- Business strategy
- Geographic strategy
- Technology strategy
Beyond the process dimension, PO contracts also have a “procurement-spend category” dimension

- **Core spend**
  - 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

- **Non-core direct spend**
  - 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)

- **Non-core spend**
  - 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

- **Source-to-Pay (S2P) cycle**
  - High prevalence of third-party outsourcing
  - Low prevalence of third-party outsourcing

- **Source-to-Contract (S2C)**
  - Procure-to-Pay (P2P)
Everest Group classifies the PO service provider landscape into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix.

**Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix**

- **Leaders**: Top quartile performance across market success and capability.
- **Major Contenders**: 2nd or 3rd quartile performance across market success and capability.
- **Aspirants**: 4th quartile performance across market success and capability.

**PO delivery capability**: (Scale, scope, technology & innovation, delivery footprint, and buyer satisfaction)

1. Service providers scored using Everest Group’s proprietary scoring methodology described on the following page.

Source: Everest Group (2016)
Service providers are positioned on the PEAK Matrix based on evaluation across two key dimensions

Measures success achieved in the market. Captured through revenue, number of clients, and growth rate as of December 2015

Measures delivery footprint across regions and the global sourcing mix

Measures ability to deliver services successfully. Captured through five subdimensions

Measures the scale of operations through:
- Overall company revenue
- PO revenue as a percentage of total company revenue

Measures the breadth and depth of scope of services provided across:
- Processes
- Industries
- Geographies
- Categories
- Buyer size

Measures the technological capabilities and innovation in PO:
- 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 of buyers across:
- Goal realization
- Process delivery
- Implementation
- Relationship management

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

Source: Everest Group (2016)
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 Market 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 ACV growth
- Number of new contract signings
- 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:
- Increase in scope of services
- Expansion of delivery footprint
- Technology-/domain-specific investments

The top quartile performers on each of the identified parameters are selected 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
- At least one area of top quartile performance in both market success and capability advancement

The “Star Performers” title relates to YOY performance for a given service provider and does not reflect the overall market leadership positions. Those identified as Star Performers may include “Leaders”, “Major Contenders”, or “Aspirants”
FAQs (page 1 of 2)

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 the 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.
FAQs (page 2 of 2)

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

- Providers can use their PEAK positioning rating in multiple ways including:
  - Issue a press release declaring their positioning/rating
  - Customized PEAK profile for circulation (with clients, prospects, etc.)
  - Quotes from Everest Group analysts could be disseminated to the media
  - Leverage PEAK 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 empowers 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 and research.everestgrp.com.

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