ISG Provider Lens™

Procurement Services

Strategic Sourcing and Category Management Services

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

HCLTech

QUADRANT REPORT | APRIL 2024 | GLOBAL

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Report Author: Bruce Guptill

Procurement transformation is underway, emphasizing enhanced interaction supported by functional focus

New and Better Ways to Assess Procurement Services

The differences between BPO and digital transformation services in procurement have become much less well-defined since ISG began assessing and analyzing markets and providers four years ago. Technologies that once facilitated business transformation have been integrated into combinations of BPO and platforms.

Clients that experienced initial transformations, often including implementation of new platforms and outsourcing of some operations, are re-examining their capabilities and working methods. Many find that the state-of-the-art solutions and approaches implemented before the COVID-19 pandemic are no longer adequate in the current and emerging environments.

Aligned with these and other market shifts, ISG has broadened the procurement market and provider research scope. Beginning with this 2024 report, we focus on three core aspects of procurement improvement and changes. These aspects are listed below:

- **Procurement Operations Modernization Services:** Modernization in enterprise procurement entails embracing technologies, data-driven decision-making and a strategic approach to procurement to progress beyond cost reduction. This approach enables a more agile, efficient and sustainable procurement ecosystem that seamlessly interoperates with finance and supply chain management (SCM) organizations, vendors and suppliers.
- **Strategic Sourcing and Category Management Services:** Key developments in strategic sourcing currently include an increased emphasis on sustainability within supplier networks. Rapidly evolving technologies play significant roles in these

Changes in service value and adoption drive shifts in assessment and guidance.

developments, including AI adoption for analytics and task optimization and blockchain for enhanced supplier visibility and risk management. Supplier and supply chain resilience also play a crucial role, involving the diversification of supplier bases, enhancement of contingency planning and maintenance of manageable supplier networks. Category management in strategic sourcing is a systematic approach that encompasses strategic analyses, procurement, optimization of goods, services acquisition and use within specific product or service categories. It aims to enhance supplier relationships, drive cost savings and improve overall performance by segmenting purchases into manageable categories, setting goals and strategies for each, and subsequently closely monitoring and adapting them. This process allows enterprises to maximize efficiency, minimize risks and align sourcing practices with broader business objectives, ultimately improving value and competitiveness.

- **Direct Procurement Enablement and Modernization Services:** Despite potential benefits, such as cost control and supplier relationships, direct procurement has witnessed limited adoption among enterprises due to several factors. Direct procurement requires substantial infrastructure and supply chain expertise, making it less attractive to many companies. Several businesses prefer to use industry-expert intermediaries, such as distributors or third-party procurement services, to streamline direct procurement processes, optimize costs, reduce administrative burden and access expertise. Complete descriptions of these topics, with details regarding key provider capabilities assessed, can be found in the introductory sections of the three quadrants included in this report.

With this expanded and refined focus, ISG hopes to deliver even greater value to clients that seek to assess market changes, build business advantage from resulting services and technology advances, and continue to transform and improve their systems, operations and organizations.

Six Disruptive and Impactful Developments for Procurement Through 2027

The consulting and outsourcing services landscape for enterprise procurement and sourcing organizations has undergone significant transformation since 2022. Several disruptive and impactful developments across technologies, strategies and talent drive this transformation. These developments shape the future of how businesses manage their procurement activities.

1. Rise of AI-powered Procurement Platforms

Disruption: Shifting from manual, rule-based processes to AI-powered procurement platforms represents a fundamental shift. These platforms leverage AI and ML to automate repetitive tasks, predict market trends and optimize supplier selection. Digital procurement platforms offer end-to-end solutions for sourcing, supplier management, contract management and procurement analytics.

Impact: This development significantly improves efficiency, reduces errors and enables procurement teams to focus on strategic initiatives. Through improved data analytics, AI-powered platforms enable better (and occasionally, near-autonomous) decision-making, leading to cost savings and improved supplier relationships.

2. Focus on Strategic Sourcing and Supplier Collaboration

Disruption: In addition to traditional procurement focus on cost reduction, a strategic shift toward strategic sourcing has emerged, emphasizing supplier collaboration and long-term partnerships. This approach prioritizes building trust, fostering innovation and mitigating supply chain risks.

Impact: Companies can unlock value beyond cost savings by fostering deeper collaboration with key suppliers. This collaboration includes improved product development, accelerated innovation and enhanced risk management capabilities, which are achieved through closer collaboration across the supply chain.

Supply chain resilience is an important aspect of this shift. Procurement organizations are more focused on building agile and resilient supply chains that are capable of responding to disruptions, diversifying sourcing strategies and implementing risk mitigation measures such as dual sourcing, inventory optimization and supplier collaboration.

Supplier relationship management (SRM) is another important aspect. Procurement organizations are shifting focus from transactional relationships with suppliers to strategic partnerships aimed at fostering collaboration, innovation and mutual growth. Supplier segmentation strategies have become more sophisticated, enabling organizations to prioritize supplier relationships based on strategic importance, risk and performance.

In addition to the above elements, procurement marketplaces have gained traction, offering buyers access to a wide range of suppliers, products and services in a centralized marketplace. These platforms facilitate efficient sourcing, comparison shopping and negotiation while offering suppliers opportunities to reach new customers and expand their market presence.

3. Talent Gap and Rise of Gig Economy Procurement

Disruption: The evolving procurement landscape demands a diverse skillset, including data analytics, digital expertise and strategic thinking. However, a significant talent gap exists in the procurement industry. As procurement becomes increasingly digital and strategic, a heightened demand emerges for talent with specialized skills in data analytics, SRM, sustainability and change management. Procurement organizations are investing in training and development programs to upskill existing talent and attract new talent with the capabilities required for future procurement roles.

Impact I: AI is the core of procurement operations. Training is most likely to be effective when adequate staff are hired and retained. Considering global hiring and population trends, ISG finds no compelling reason to think that hiring, training and retention challenges will diminish. Thus, automation will handle the majority of hourly, daily and weekly tasks, not just the most repetitive ones. Generative AI (GenAI) adaptation will facilitate the rapid expansion of autonomous operations.

Advances by traditional platform vendors, such as SAP Ariba and GEP, are already facilitating much of this transformation. Additionally, service providers are attempting to bridge gaps with their in-house modular platforms and AI tools in some areas where traditional platforms may not be adequate. Considering the pace of AI development, ISG anticipates that automated task apps coordinated by GenAI platforms will manage 75 – 90 percent of daily procurement tasks within the next five years.

Impact II: The rise of the gig economy in procurement suggests that there will always be gap opportunities suited to human involvement. Savvy outsourcers will focus their procurement services staff hiring and training on these areas. Enterprises will also engage experienced professionals on a project-based or interim basis to address specific needs. Utilizing gig economics enables companies to access specialized expertise without incurring the full costs of permanent hires. This flexibility empowers them to adapt to the changing needs and leverage diverse perspectives to solve complex procurement challenges.

4. Increased Focus on Sustainability and Ethical Sourcing

Disruption: Consumers and investors are increasingly emphasizing environmental, social and governance (ESG) factors. This emphasis has led to an increased focus on sustainable sourcing practices and ethical procurement standards. Consulting and outsourcing services are evolving to meet this growing demand.

Impact: Companies are implementing sustainable procurement practices to reduce their environmental footprint, improve social responsibility and maintain ethical sourcing practices throughout their supply chains. This approach aligns with the evolving stakeholder expectations and helps mitigate long-term risks associated with unsustainable practices.

5. Integration of Blockchain Technology

Disruption: Blockchain technology offers a secure, transparent and immutable record of transactions, making it highly relevant to the procurement and supply chain domain. Consulting and outsourcing service providers are exploring the integration of blockchain technology to enhance traceability and trust within the supply chain.

Impact: Blockchain can improve transparency in supplier relationships, combat counterfeit goods and ensure ethical sourcing practices. This approach benefits companies and offers greater visibility and trust for partners, customers and regulators.

6. Evolving Role of Consulting and Outsourcing Services.

Disruption: Consulting and outsourcing services are evolving beyond traditional cost-reduction or process optimization models. Service providers offer strategic sourcing, risk management and digital transformation support services, often facilitated by in-house software platforms. These platforms are intertwined with solutions and tools of traditional, leading procurement software vendors. ISG observes more procurement engagements involving multiple service providers addressing specialized areas of client needs and requiring more complex relationship management. Project and relationship management skills are likely to be as valuable to clients as procurement-specific offerings.

Impact I: This evolution is shifting and complicating provider-client relationships while empowering enterprise procurement teams to become more strategic business partners within their firms.

Impact II: ISG expects significant disruption among procurement platform and solution providers through at least 2027. Service providers will continue their efforts toward developing and expanding their platforms, whether modular or otherwise. Considering the above challenges, GenAI-enabled platforms will become the most outsourced service enablers. Moreover, relationships between providers and platform vendors will be disrupted and intensified.

A next big disruptor: Re-marketplaces for core sourcing Although the abovementioned disruptions shape the present and near-term future of procurement operations, other potentially market-disrupting factors are also emerging.

Development and inclusion of circular economies and circular procurement: ISG observes a nascent emphasis on circular economy principles within procurement, with organizations focusing on reducing waste, promoting reuse and recycling, and designing products and packaging for sustainability.

Circular procurement practices involve considering the entire product lifecycle, from design and sourcing to end-of-life disposal, to minimize environmental impact and maximize resource efficiency. These practices hold value across all industries and regions. Through at least 2027, they will influence the evolution of strategic sourcing, category management, direct sourcing, and platforms and services that will facilitate the delivery of these practices.

One industry being affected today by circular economy principles and practices is retail. Consumers and retailers alike are developing or advancing the use of re-marketplaces dedicated to selling and purchasing used goods and clothing. Although platforms for selling used industrial and commercial goods such as eBay and EquipNet have existed for decades, online re-market retailers such as Poshmark and Mercari are also flourishing. In most industries, consumer acceptance of buying or technological trends become a standard for conducting business.

As buy-side expectance and sellers grow, a wide array of goods become accessible, and quality control and certification of such goods become standardized and trusted, such marketplaces will become significant regular sources of business and industrial goods. This shift will introduce a new category of goods, sources, suppliers and market/supply chain adjustments for enterprise procurement organizations, along with the providers assisting them in navigating these changes.

> As operational and organizational transformations yield results, ISG observes increased interest and investment from clients in extending procurement change — and its value — more extensively into strategic sourcing and direct procurement.

Provider Positioning

	Procurement Operations Modernization Services	Strategic Sourcing and Category Management Services	Direct Procurement Enablement and Modernization Services
Accenture	Leader	Leader	Leader
Capgemini	Market Challenger	Leader	Market Challenger
Chain IQ	Product Challenger	Product Challenger	Product Challenger
Cognizant	Contender	Market Challenger	Not In
Conduent	Contender	Contender	Not In
Corbus	Product Challenger	Product Challenger	Product Challenger
Corcentric	Rising Star ★	Product Challenger	Product Challenger
Deloitte	Leader	Leader	Leader
Dragon Sourcing	Not In	Product Challenger	Product Challenger
EXL	Contender	Contender	Not In

Provider Positioning

	Procurement Operations Modernization Services	Strategic Sourcing and Category Management Services	Direct Procurement Enablement and Modernization Services
Genpact	Leader	Leader	Leader
GEP	Leader	Leader	Leader
HCLTech	Leader	Leader	Leader
IBM	Leader	Leader	Leader
Infosys	Leader	Leader	Leader
Insight Sourcing	Contender	Product Challenger	Product Challenger
Lifecycle Management	Product Challenger	Product Challenger	Contender
LogicSource	Contender	Not In	Not In
Nexdigm	Contender	Contender	Contender
Proxima Group	Product Challenger	Product Challenger	Contender

Provider Positioning

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	Procurement Operations Modernization Services	Strategic Sourcing and Category Management Services	Direct Procurement Enablement and Modernization Services
PwC	Market Challenger	Product Challenger	Rising Star ★
TCS	Leader	Leader	Rising Star ★
Tech Mahindra	Rising Star ★	Rising Star ★	Leader
Wipro	Leader	Leader	Leader
WNS Procurement	Leader	Leader	Leader
ZER	Contender	Contender	Contender

This study focuses on services that **enable and drive the strategic advancement** of enterprises' **procurement** functions and organizations.

Procurement Operations Modernization Services

Strategic Sourcing and Category Management Services

Direct Procurement Enablement and Modernization Services

Simplified Illustration Source: ISG 2024

Definition

The accelerated and widening business transformation is reshaping the scope and value of procurement services sought and used by client enterprises. This ISG study reflects those changes in the recreation of our provider and service assessment approach and the types of services included in three new comparative quadrants.

Pandemic-driven supply disruptions have prompted a global focus on diversifying and localizing suppliers to mitigate risks – while simplifying procurement overall. Sustainability and social responsibility have emerged as highly visible concerns, shaping supplier selection and supply chain transparency. Automation and AI have initiated the streamlining of certain procurement processes, although not all, while helping create silos of efficiency and cost savings. Furthermore, rapid advances in the capabilities and value of AI, including GenAI, have catalyzed the growth of analytics and the adoption of non-human, task-specific decision-making processes.

This 2024 ISG Procurement Services Provider Lens™ study reflects these disruptions and the business changes they have brought about.

This study now includes three quadrants to better represent clients' changing procurement business requirements: Procurement Operations Modernization Services, Strategic Sourcing and Category Management Services, and Direct Procurement Enablement and Modernization Services.

Each of these quadrants includes aspects of the BPO and Transformation Consulting Services assessments featured in ISG's past Procurement studies. These, with change management consulting and management services, remain key components in all types of procurement services outsourcing and consulting services engagements.

Scope of the Report

This ISG Provider Lens™ quadrant report covers the following three quadrants for services: Procurement Operations Modernization Services, Strategic Sourcing and Category Management Services, and Direct Procurement Enablement and Modernization Services.

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

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on Global market

Our study serves as the basis for important decision-making by covering providers' 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

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the 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 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.

Strategic Sourcing and Category Management Services

Who Should Read This Section

This quadrant report is relevant to enterprises evaluating providers of strategic sourcing and category management services. This report highlights the global market positioning of such BPO service providers and shows how they address enterprises' challenges. Enterprises can use this report to understand market dynamics, explore new capabilities with incumbent providers and evaluate new service providers that can support their sourcing activities.

Large enterprises often have established procurement strategies but operate in silos, seeking better efficiency and productivity gains through comprehensive procurement approaches. Small and midsize enterprises face resource and budget constraints that hinder procurement operations. However, they are advancing their procurement strategies with digital solutions and empowering procurement teams to operate more efficiently.

Currently, enterprises across the globe face common challenges, including cost pressures, supply risk management, ESG considerations, regulatory compliance, and the localization of supplies. However, procurement leaders see growing AI adoption for analytics and task optimization, the emphasis on ethical and sustainable operations, improved risk management and application of GenAI in strategic sourcing as key developments in the market. Therefore, they seek providers to help them navigate the challenges and enhance their strategic sourcing and category management initiatives.

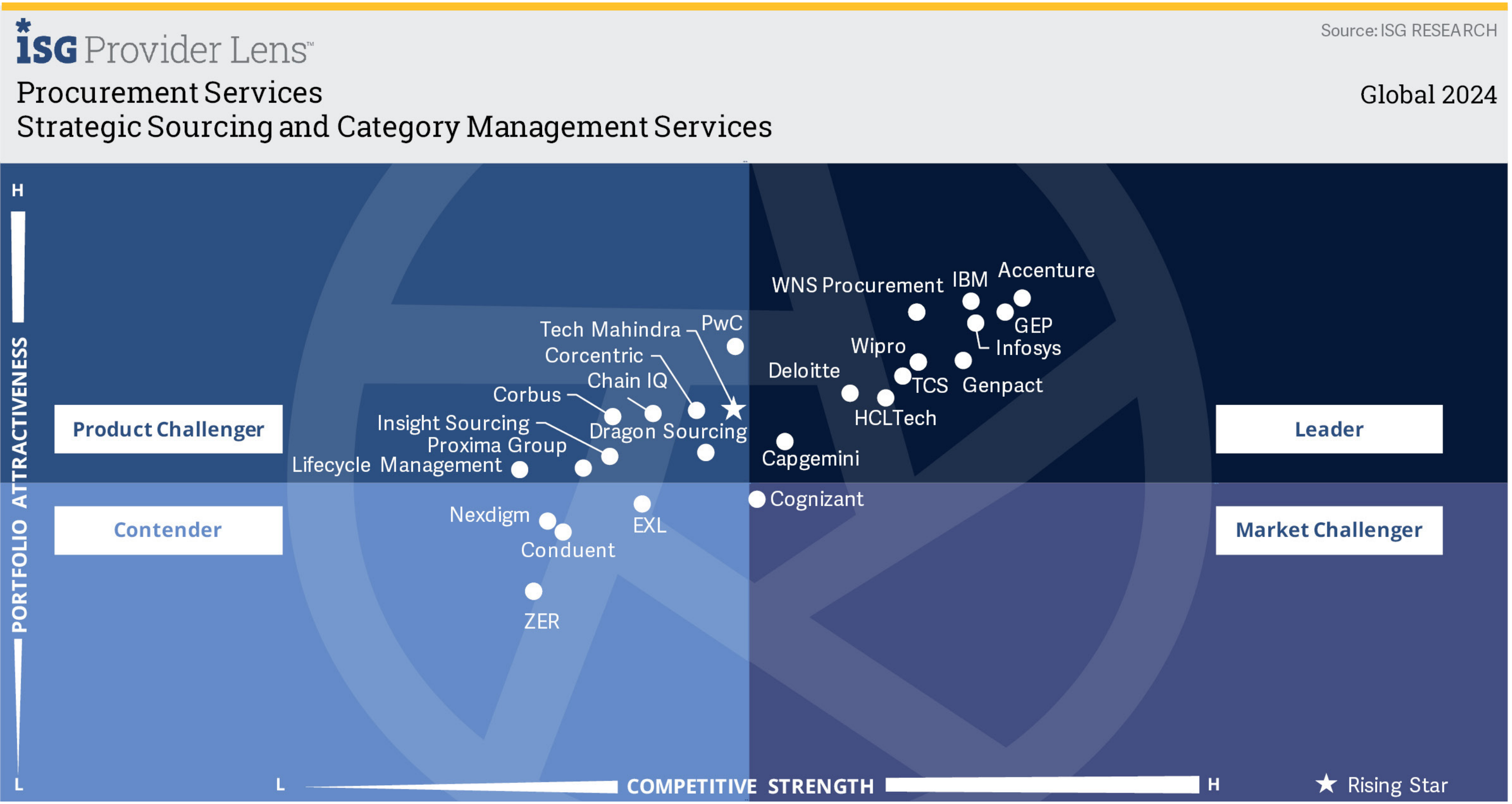
In line with the market dynamics and enterprise requirements, providers are striving to establish a robust procurement approach that combines the use of industry-leading procurement technologies, accelerated digitalization of procurement processes, improved data management and efficient supplier management.

Procurement professionals should read this report to understand providers' relative positioning and capabilities to help them effectively plan their strategic capabilities to increase efficiency.

Chief technology officers should read this report to understand the technology landscape in the procurement business and how technologies are used to improve process effectiveness.

Chief procurement officers should read this report to understand the global landscape of procurement BPO service providers and their capabilities to meet the market demands.

Digital professionals should read this report to get deeper insights into agile, data-driven digital solutions to meet strategic goals and prepare for dynamic market trends and demands.



Clients' **ongoing digital transformation** initiatives drive the ability and business value of **strategic sourcing and category management** capabilities. Yet, most enterprises lack clarity on how to **support and improve** these capabilities.

Bruce Guptill

Definition

Strategic sourcing is a comprehensive procurement approach that involves the systematic and long-term evaluation and management of suppliers to continually improve the acquisition of goods and services. Properly implemented and managed, strategic sourcing optimizes clients' supplier networks; improves relationships and leverage with suppliers; reduces overall and per-category goods and services costs; improves supplier service levels; and optimizes goods and services quality, inventory levels, supply continuity, net cash flows, payment terms, and diversity spending.

Key developments in strategic sourcing currently include a growing emphasis on sustainability within supplier networks. Rapidly developing technologies play significant roles in these developments, including the adoption of AI for analytics and task optimization and blockchain for enhanced supplier visibility and improved risk management.

Supplier and supply chain resilience also play an increasingly important role, with a greater emphasis on diversifying supplier bases and enhancing contingency planning while maintaining manageable supplier networks.

Category management in strategic sourcing is a systematic approach that covers strategic analyses, procurement, the optimization of goods and services acquisition, and use within specific product or service categories. It aims to enhance supplier relationships, drive cost savings, and improve overall performance by segmenting purchases into manageable categories, setting goals and strategies for each, and then closely monitoring and adapting them. This allows enterprises to maximize efficiency, minimize risks and align sourcing practices with their broader business objectives, ultimately leading to improved value and competitiveness.

Eligibility Criteria

1. **Agile and autonomous sourcing** capabilities to optimize supplier base and continuity, cost and quality of goods and services, inventory levels, and spend levels
2. **Demonstrated category management value** for clients' business and financial management and operations
3. **Spend management** excellence and adaptability
4. **Cross-functional collaboration and stakeholder engagement** to align sourcing strategies with clients' current and expected business objectives
5. **Continuous market intelligence** with AI-driven predictive analytics regarding supplier data, cost trends and industry dynamics
6. **Integration with ERP and SCM** platforms and data sources
7. **Advanced analytics and decision support** using ML, NLP and GenAI
8. **Change management consulting** to enable and support business adaptability with minimized disruption in sourcing and procurement

Observations

Effectively implemented and managed strategic sourcing, including category management, not only enhances more efficient procurement but also notably increases business value for procurement organizations, primarily because it improves enterprises' ability to conduct business and improve margins.

Significant needs for enterprise procurement organizations include the following:

- Data-driven decision-making with AI-driven data analytics for insights into market trends, supplier performance and risk factors
- SRM shifts from transactional relationships to collaborative partnerships with key suppliers
- Digital transformation via cloud, automated workflows, electronic sourcing platforms, and digital contract management and compliance solutions
- Sustainability and ESG considerations required by more regulatory entities and professional consortia
- Supply chain resilience by diversifying supplier bases, reshoring manufacturing operations and implementing risk mitigation strategies
- Strategic outsourcing and insourcing to balance cost efficiencies vs. greater control over critical functions and intellectual property
- Agile procurement practices that emphasize flexibility, collaboration and iterative improvement

To enable and sustain strategic sourcing excellence, leaders must excel at the following aspects:

1. Technology selection and implementation encompassing e-sourcing, SRM and contract management solutions that seamlessly integrate with other business management systems.
2. Talent acquisition and development, including professionals combining technology skills with strategic sourcing and category management expertise.

From the 42 companies assessed for this study, 25 qualified for this quadrant, with 11 being Leaders and one Rising Star.

Accenture offers consulting, transformation and managed services leveraging its strategic business consulting expertise. It offers a new, AI-enabled mySource Platform and tailored sourcing and procurement solutions for healthcare, manufacturing and financial services.

Capgemini exhibits a robust services portfolio built with procurement expertise and a broad software arsenal, including its iSourcing suite of modular solutions. It partners with Coupa, Ivalua, SAP Ariba, Oracle Procurement Cloud and BravoSolution.

Deloitte

Deloitte builds its services on decades of business strategy consulting and services expertise. Its broad expertise in all aspects of strategic sourcing and category management is augmented through strategic platforms and services.

Genpact capitalizes on its extensive industrial sourcing and procurement expertise, which has been developed over decades. Its modular Cora platform integrates key sourcing functions with automation, AI and analytics.

GEP has incorporated its deep sourcing enablement and optimization expertise into the following platforms: SMART, NEXXE, QUANTUM AI, and GREEN ESG tracking and reporting.

HCLTech is incorporating procurement as a service, robust managed services, including sourcing, category execution and management, with its EXACTO™, iMPACT, SCORP and Toscana tools to enable and improve strategic procurement for clients.

IBM has more than 500 procurement category experts and over 500 sourcing advisory consultants. Its extensive array of platforms and tools includes Maximo, Emptoris and Sterling offerings and solutions from leading and disruptive vendor partners.

Infosys sourcing and category management offerings combine core consulting and business process outsourcing with expert advisory communities. It offers a set of AI and analytics solutions, including its core Cobalt AI platform and the new Digital Cockpit AI platform.

TCS pursues a data-driven approach to identify and implement sourcing change and improvement opportunities. Its tools include AlgoStack for AI-powered solutions and CHROMA Marketplace, a B2B platform and network of prequalified suppliers.

Wipro offers sourcing and category management services that integrate its AI-enabled platforms and tools, such as CnNXT, Harmony and Holmes, with broad, multifaceted sourcing and procurement expertise.

WNS Procurement offers category management as a service, sourcing as a service, procurement transformation services, technology selection and implementation, and data analytics for market intelligence, spend analysis and cost optimization insights.

Tech Mahindra (Rising Star) offers a complete set of consulting, implementation and managed services that support clients' strategic sourcing and category management needs. It has an extensive network of software platforms and tools partners.

Leader

"Its focus on integrating comprehensive services portfolio with market-leading software partners for client business improvement positions HCLTech as a Leader in strategic sourcing and category management services."

Bruce Guptill

HCLTech

Overview

HCLTech is headquartered in Noida, India. It has more than 224,000 employees across 60 countries worldwide. In FY23, the company reported $12.6 billion in revenue, with IT and Business Services as its largest segment. As of January 2024, HCLTech has been supporting client procurement operations for over 20 years. It reports over 5,500 procurement FTEs globally, managing more than $80 billion in annual client spend. Its strategic sourcing and category management approach emphasizes spend management, BPO/BPM, intelligent tools and digital transformation, aligning clients' business and sourcing.

Strengths

AI and automation at the forefront: HCLTech's SmartBuy AI-powered solution framework constantly integrates and analyzes procurement data from internal and external sources. Its ML-based EXACTO™ contract management solution automatically extracts information from source materials, including paper-based and unstructured supplier contract documents. Sourcing automation includes digitized supplier recommendation and bidding from RFx creation through contracting. HCLTech estimates that its ML and automation result in an average of 40 percent cycle time reduction for clients on nonstrategic spend.

Comprehensive service portfolio: HCLTech's category management offerings include over 350 category managers with experience in direct and indirect sourcing and procurement. Its AI-supported category and market intelligence tools provide near real-time insights across all categories through interactive dashboards. Its Procurement Command Center provides insights and interactive dashboards with consolidated views for sourcing/category managers to improve and optimize spend management.

Risk and reward commitment model: HCLTech commits to delivering contracted and realized savings within the range of five to six percent of the total addressable spend.

Caution

While HCLTech demonstrates robust category management and sourcing capabilities, it has the scope to improve its pricing models to include more gainshare and improvement-based pricing. The company strives toward achieving 100 percent gainshare pricing.

Star of Excellence

A program, designed by ISG, to collect client feedback about providers' success in demonstrating the highest standards of client service excellence and customer centricity.

Source: ISG Star of Excellence™ research program, Insights till April 2024

In the ISG Star of Excellence™ research on enterprise customer experience (CX), clients have given feedback about their experience with service providers for their **Procurement Services.**

Based on the direct feedback of enterprise clients, below are the key highlights:

Client Business Role

▲ **Most satisfied**
Legal/Compliance

▼ **Least satisfied**
Shared Services Operations

Region

▲ **Most satisfied**
Africa

▼ **Least satisfied**
Western Europe

Industry

▲ **Most satisfied**
Chemicals

▼ **Least satisfied**
Insurance

Industry Average CX Score

▲ Highest CX: 85.7
▼ Lowest CX: 66.5

CX Score: 100 most satisfied, 0 least satisfied
Total responses (N) = 219

Most Important CX Pillar

Governance and Compliance

Service Delivery Models	Avg % of Work Done
Onsite	52.4%
Nearshore	22.3%
Offshore	25.3%

Appendix

The ISG Provider Lens 2024 – Procurement Services 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 March 2024, 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 Services 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

Author

Bruce Guptill
Principal Analyst

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 Analyst

Mukesh Ranjan
Research Specialist

Mukesh has over seven years of experience in the market and industry research. He currently serves as a research specialist with a key interest in emerging technologies. In his current role, he is responsible for supporting and co-authoring Provider Lens™ studies on intelligent automation, IoT, and others. His areas of expertise are automation, Internet of Things (IoT), procurement and emerging technologies. He is also involved in authoring enterprise context and the global summary report with market trends and insights.

Mukesh has been part of several custom research engagements in areas of automation, competitive intelligence and others. In his earlier roles, he was primarily conducting secondary and primary research on competitive benchmarking, SWOT analysis, industry assessment, vendor briefing decks, among others.

Study Sponsor

Namratha Dharshan

Chief Business Leader – India Research

Namratha brings over 19 years of market research experience, leading the ISG Provider Lens™ program focused on BPO and AI and Analytics. Namratha also leads the India Research team and is a speaker on ISG's flagship platform, the ISG Index. She leads the ISG Provider Lens BPO charter that includes coverage on AI, GenAI and analytics. The program includes more than 20 different reports. She is also responsible for delivering research on service provider intelligence. As part of her role, she heads a team of analysts and manages the delivery of research reports for the Provider Lens™ program.

She is principal analyst and is responsible for authoring thought leadership papers and service provider intelligence report in the areas of BPO focused on customer experience and contact center services. She has also authored other horizontal service line reports like finance and accounting and vertical focused reports for insurance.

She is also part of Senior Leadership Council for India Research and represents a team of over 100 research professionals.

IPL Product Owner

Jan Erik Aase

Partner and Global Head – ISG Provider Lens™

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 partner 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.]

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Founded in 2006, and based in Stamford, Conn., ISG employs 1,600 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.

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