ISG Provider Lens™

Procurement Services

Direct Procurement Enablement and Modernization 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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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

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	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

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	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.

Direct Procurement Enablement and Modernization Services

Who Should Read This Section

This quadrant report is relevant to enterprises evaluating providers that offer direct procurement enablement and modernization 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.

Direct procurement offers benefits such as increased spend visibility, greater centralization, better cost savings and enhanced supplier relationships. However, its adoption is primarily seen in large enterprises with well-established procurement functions, where its effectiveness significantly impacts the bottom line. Nevertheless, the evolving business landscape, characterized by complex supply chains and volatility, requires global firms to prioritize and modernize their direct procurement practices.

Enterprise challenges in the current market include cost pressures, limited visibility, supply chain risks, talent scarcity, regulatory compliance and digital transformation. The growing adoption of cloud computing and AI and ML, an emphasis on ethical and sustainable operations, and the use of risk mitigation tools and GenAI applications are driving the demand for direct procurement services. Hence, enterprises seek providers that can help them achieve impactful outcomes through the right strategies and technologies.

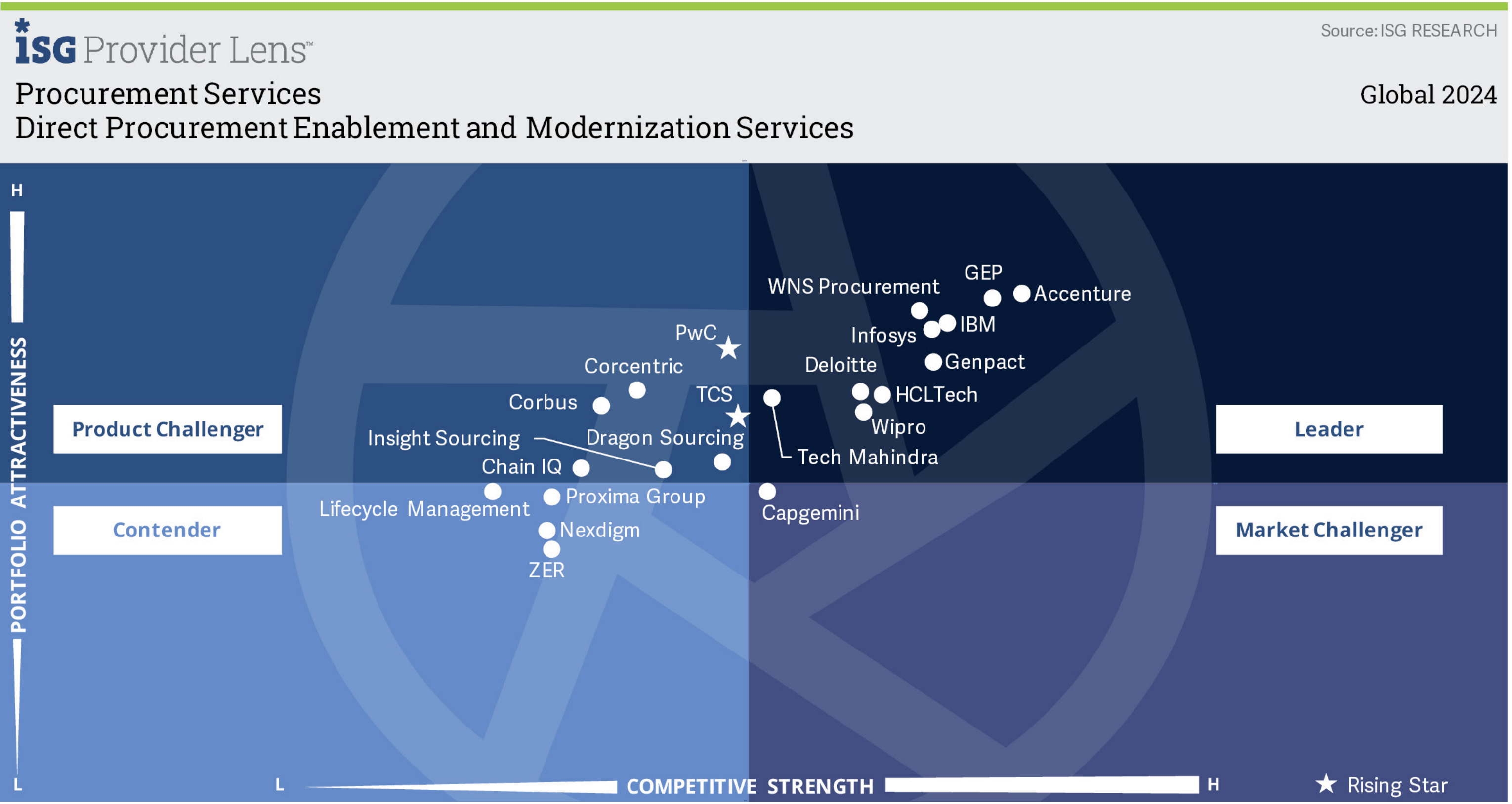
Providers are using emerging digital technologies to address the constraints of direct procurement. They enable businesses to build adequate infrastructure and expertise to bring cost efficiency, supply chain resilience and improved supplier relationships.

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.



Direct sourcing and procurement play a pivotal role in **unlocking enterprise business value** through expanded efficiencies and more control over critical supply chain relationships.

Bruce Guptill

Definition

Direct procurement is the process by which businesses directly acquire goods, materials and services essential for their operations from suppliers. This method streamlines the purchasing of core resources, eliminating intermediaries and ensuring a secure supply chain. Its growing importance to enterprises lies in cost efficiency, supply chain resilience and improved supplier relationships.
Direct procurement optimizes expenses by negotiating favorable terms with suppliers and bulk purchasing, ultimately reducing operational costs. Furthermore, it enhances resilience by allowing businesses to maintain tighter control over essential supplies, particularly during disruptive events like the COVID-19 pandemic. Ultimately, it fosters better collaboration and innovation within the supply chain, creating a competitive edge for enterprises.

Despite its potential benefits, such as cost control and supplier relationships, direct procurement has had limited adoption to date due to several factors. Direct procurement requires substantial infrastructure and supply chain expertise, making it less attractive to many companies. Many 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.

Eligibility Criteria

1. Sourcing and contracting management within and across clients' industry **materials management practices** and supply chains
2. **Production and inventory optimization** planning, implementation, management and adaptation
3. **Supplier relationship management**, including identification, qualification, diversification, QA, risk management and compliance
4. Facilitation of cross-functional business CoEs to improve TCO and **optimize revenue opportunities**
5. **Market intelligence optimizable for client verticals**, especially with regard to costs and logistics
6. **Compliance and risk management** addressing sourcing security and diversification requirements
7. **Staff training and upskilling** addressing operational, organizational, technological and cultural transitions and transformation

Observations

Progress toward enabling direct procurement is another outcome of digital transformation in clients' organizations and operations. They collaborate with service providers to facilitate and profit from indirect sourcing as part of core operations. Procurement leaders should prioritize the following goals:

- Better use of AI, ML and RPA enabling greater efficiency, accuracy and transparency throughout the procurement lifecycle
- Predictive analytics and forecasting enabling more accurate business and demand integration
- SRM advancing with collaboration tools, performance-tracking mechanisms and risk assessment features
- Supply chain resilience and risk management enhancing supply chain visibility with agile and responsive supply ecosystems
- Procurement automation and self-service improving process efficiency while empowering users to make guided purchase decisions
- Integration of IoT and smart technologies for real-time tracking and monitoring of inventory levels, equipment performance and supplier shipments
- Adoption of cloud-based procurement solutions for continually increasing scalability, flexibility, security and accessibility

Procurement leaders enabling direct sourcing must meticulously balance cost savings with risk management. While direct sourcing aims to reduce costs, expanding the supplier base can introduce quality, disruption and ethical risks. Robust supplier qualification, comprehensive due diligence and a diverse supplier network are essential to mitigate these risks while optimizing costs.

From the 42 companies assessed for this study, 22 qualified for this quadrant, with 10 being Leaders and two Rising Stars.

accenture

Accenture continues to expand its capabilities, including through acquisitions. Its most recent sourcing-related acquisitions include The Shelby Group, Impendi and, in January 2024, Insight Sourcing.

Deloitte

Deloitte is among the providers most likely to partner with software vendors and service providers to address client-specific needs. In its most recent direct sourcing announcement, Deloitte partnered with IBM to leverage IBM's Procurement Optimization Suite.

Genpact offers IT, consulting and technology solutions to optimize direct procurement through process transformation, AI-powered sourcing, category management, and partnerships with other industry leaders in software and cloud services.

GEP INSIGHT DRIVES INNOVATION

GEP approaches direct procurement in a manner that emphasizes clients' costs of goods sold (COGS). It identifies key drivers of COGS with advanced cost-modeling tools and offers visibility into client value chains, balancing cost efficiency and supply continuity.

HCLTech

HCLTech offers IT and managed services for direct sourcing, including sourcing and procurement strategy, and supplier management, including onboarding new suppliers, managing performance and resolving disputes. Its DRYiCE AI portfolio augments many of these services.

IBM lists more than 100 service and software partners supporting its direct procurement consulting and managed services. It employs tools, including the Buy@IBM digital procurement platform hosted by SAP Ariba for e-procurement, sourcing and contract management.

Infosys' key offerings include digital transformation, sourcing strategy consulting, supplier management, category management, and procurement and sourcing sustainability strategy and design. Its extensive AI tools and platforms complement these offerings.

Tech Mahindra's approach to direct procurement builds from its Digital Procurement Competency Practice, which includes consultants experienced in operations strategy and technology and solution implementation and management.

Wipro, in addition to its core services and AI tools, offers tools developed in collaboration with software partners, including the Sourcing Pro SaaS tool built on SAP Ariba and client-bespoke procurement and supply chain management solutions built with Oracle Supply Chain.

WNS Procurement offers a comprehensive suite of consulting and managed services covering all aspects of direct sourcing and procurement. Its approach also includes the use of its CPOTRAC suite of procurement and sourcing solutions.

PwC (Rising Star) offers consulting, IT and managed services for direct procurement, including strategic sourcing development, operational optimization and digital procurement process improvement. Strong partnerships will help PwC advance to the Leader position.

TCS (Rising Star) is enhancing its direct procurement portfolio through key partnerships, including Denodo for category intelligence, Prokura for its e-sourcing platform and Oracle for procurement transformation as a service.

Leader

"HCLTech is positioned as a Leader in direct procurement enablement and modernization due to its core services portfolio, aggressive in-house solution development and value-enabling relationships with both market-leading and disruptive solution partners."

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 direct sourcing enablement and modernization offerings include BPO, spend management, process optimization, supplier management, touchless procurement, advanced data analytics and complete digital business transformation.

Strengths

Key services to support direct sourcing: HCLTech offers IT and managed services for direct sourcing. These services encompass sourcing and procurement strategy; supplier management, including onboarding new suppliers, managing performance and resolving disputes; procurement technology implementation and optimization; data analytics; and sustainability enactment and compliance.

Solution partner ecosystem: Some of HCLTech's solution partners are key influential brands such as SAP Ariba, Coupa, Oracle Procurement Cloud, Ivalua and JAGGAER. More disruptive solution partners include Workday Procurement, Basware, Rosslyn and OpenText for P2P.

In-house solution enhancement: HCLTech has been expanding and enhancing its digital procurement capabilities. Throughout 2023, it enhanced SmartBuy, its digital procurement transformation framework, to help businesses optimize procurement processes using AI. It has developed additional resources for direct sourcing and procurement, which include DRYiCE, its cloud-based AI platform, for supplier risk management. This platform helps clients identify and mitigate risks associated with direct materials suppliers.

Caution

HCLTech has been experiencing substantial and rapid growth with relatively high attrition rates, particularly among mid-level employees. These factors can affect HCLTech's engagement length, continuity and knowledge retention.

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

79.1

▲ 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.

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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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