

Procurement Services

Assessment of services for strategic sourcing,
procurement modernization, supplier and
contract management



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Accelerated business transformation and growing pressure from external factors such as recession and geopolitical unrest are reshaping the scope and value of procurement services that enterprises seek and use. Over the next two years, ISG expects procurement organizations to continue focusing on their core mission of driving significant cost reductions, aided by advances in intelligent automation, while emphasizing sustainability, operating business model innovation and optimized processes.

Events such as geopolitical unrest, stringent data and compliance requirements have resulted in supply chain disruptions, prompting a global focus on diversifying and localizing suppliers to mitigate risks and simplifying procurement. The recession threat propelled organizations to increase their focus on cost reductions, more than ever, in 2024. Rapid advances in the capabilities and value of AI, including GenAI, have catalyzed the growth of analytics. Adopting non-human, task-specific decision-making processes has accelerated cost-saving opportunities and expanded spend management for procurement organizations.

This 2025 ISG Procurement Services Provider Lens™ study includes three quadrants to better represent clients' changing procurement business requirements: Procurement Operations Modernization Services, Strategic Sourcing and Category Management Services, and Supplier Management and Contract Lifecycle Services.

Each of these quadrants includes aspects of BPO and transformation services featured in ISG's past Procurement studies. These, along with the ability to deliver cost savings, change management, risk management and targeted operating model transformation capabilities, remain key to procurement outsourcing engagements.



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



Simplified Illustration Source: ISG 2024

Definition

The ISG Provider Lens™ Procurement Services 2025 study offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments on their competitive strengths and portfolio attractiveness
- Focus on the global market

Our study serves as an important decision-making basis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.



Procurement Services Quadrants – 2025 (Coverage for 2025)

Strategy & Consulting	Procurement Operations & Modernization Services	Strategic Sourcing & Category Management Services	Supplier Management & Contract Lifecycle Services	Fundamentals
Strategy Design	Data-Driven Procurement Transformation	Strategic Purchase Segmentation & Core Services	Supplier QA	Innovation, Emerging Technology, Analytics (AI - ML – GenAI - Automation)
Strategy Management				Industry Solutions
Assessment, Readiness Check, Business Use Cases	Agile, Sustainable & Ethical Sourcing	Integrations with ERP, SCM & SRM	Supplier Contract Administration	Partnerships (Investment – Co Build – Co Innovate)
Digital Transformation				Consulting & Advisory (Digital Transformation – C-Level Advisory – Tech upgrade)
TOM Optimization/Roadmap	Digital Transformation, Cloud, AI and GenAI	Technology Selection & Implementation	Supplier ESG Reporting	Data Governance & Security (Regulations – Data Privacy)
Risk Management				Customer Experience (NPS – Client Retention – SoE Program)
Change Management	Integration with ERP, SCM, Finance	AI & Analytics-enabled services/solutions	Supplier Performance & Compliance Management	Employee Training & Certifications
Data Governance & Data Security				
Sustainability & Circularity	Technology Adoption & Data Management Strategy	Sustainability & ESG Requirements	TPRM Reporting	
Others				

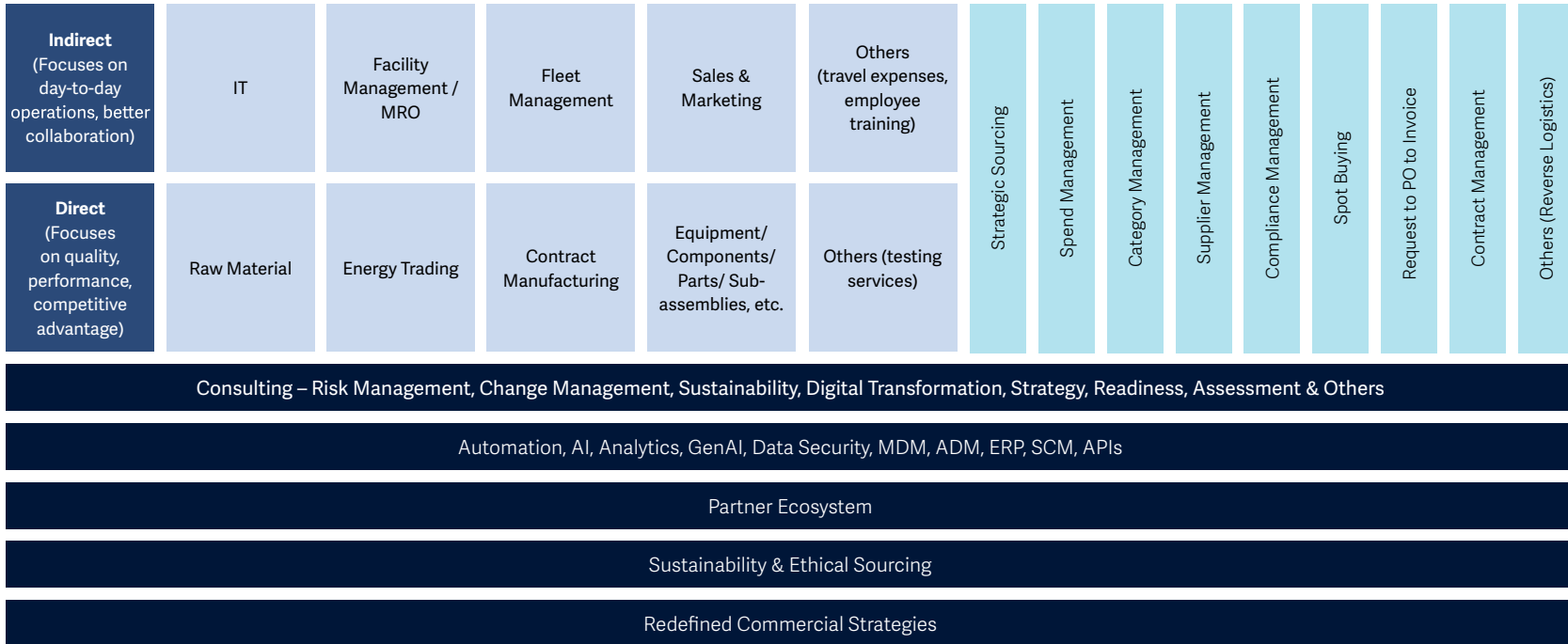
Note – This is not a comprehensive list of entire capabilities

Source = ISG 2024



Core Procurement Operations/Functionalities

With **Cost Savings** being at the heart of procurement, digital transformation, sustainability, better collaboration and process optimization are prominent trends shaping the procurement market dynamics.



Note – This is not a comprehensive list of entire capabilities

Source - ISG 2024



Procurement Operations Modernization Services

Definition

Modernizing enterprise procurement involves technology adoption, data-driven decisions and a strategic approach to procurement optimization, serving as a checkpoint for upstream processes, such as strategic sourcing and category management. This strategy enables a more agile, efficient and sustainable procurement ecosystem that seamlessly interoperates with supply chain management (SCM), ERP, finance and suppliers.

Providers integrate advanced end-to-end procurement BPO services and comprehensive consulting services to modernize procurement operations.

Key capabilities include automated procure-to-pay processes and spend management, effective category management, strategic sourcing, supplier management, compliance management and contract management.

Providers must respond to the following questions:

- How will modernization assist in building resilient supply chains?
- How will AI and automation enhance spend transparency, identify cost-saving opportunities and optimize procurement cost savings?
- How will they simplify procurement operations, promote sustainable procurement and achieve cost optimization?

Eligibility Criteria

1. **Core procurement BPO services** from requisition to payment (P2P)
2. **Ability to address and modernize direct and indirect spend**
3. **AI-enhanced process automation**, including autonomous sourcing
4. **Cloud migration and modernization services** optimized for procurement operations improvement
5. **Proven ability to generate savings (cost reduction and cost avoidance)**
6. **Core capabilities** such as integration and automation of procurement technologies, systems, solutions and services with advanced AI
7. **Tangible business improvement for clients**, including cost reduction and adaptability to current and changing business needs
8. **Market and operational intelligence integrating finance, SCM and procurement systems**, data and functions
9. **Deep domain expertise in technology and its application**, including automation, analytics, AI, ML and cloud
10. Strong **consulting portfolio** with design-thinking and alternative methodologies to involve customers in designing products, services and transformation roadmaps
11. **Vertical-specific solutions** and guidance on process optimization to deliver tangible benefits



Strategic Sourcing and Category Management Services

Definition

Strategic sourcing and category management are essential for generating and sustaining cost savings (cost reduction and avoidance) for effective procurement. Strategic sourcing focuses on optimizing the supply base, enhancing raw material quality and aligning procurement with business goals. Category management is a systematic approach that streamlines procurement processes by categorizing products or services, setting goals and strategies for each and monitoring market trends. ISG addresses this quadrant for indirect and direct spend.

Strategic sourcing and category management services help achieve cost savings, mitigate risks and drive value through strategic supplier relationships and efficient procurement practices. Key developments in strategic sourcing include an increasing emphasis on sustainability and ethical sourcing. Key capabilities include financial and operational risk analysis, spend analytics, spend management, strategic sourcing (indirect and direct), category strategy and management, spot buying and sustainability.

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. **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 on supplier data, cost trends and industry dynamics
6. **Advanced analytics and decision support** using ML, NLP and GenAI
7. Providers must have expertise in the following aspects for this year's assessment:
 - **Technology selection and implementation** encompassing e-sourcing, SRM and contract management solutions that **seamlessly integrate with other business management systems** such as SCM and finance
 - **Portfolio of referenceable case studies with demonstrable savings achieved for clients** through the integration of AI, analytics and GenAI
 - **Vision to enhance procurement practice** and offer end-to-end strategic sourcing and category management services
 - **Vertical-specific solutions** and guidance on process optimization to deliver tangible benefits



Supplier Management and Contract Lifecycle Services

Definition

This quadrant assesses providers' expertise in offering supplier management and contract lifecycle services, including supplier performance management, relationship management, onboarding and offboarding, contract administration, change order negotiation, centralized contract management, performance monitoring, technical QA, compliance and third-party risk management (TPRM), and diversity, equity and inclusion (DEI)/ESG tracking and reporting. They are crucial procurement components that optimize vendor savings, reduce risks and maximize value from supplier relationships and contracts.

Providers are expected to leverage advanced analytics and AI to provide valuable insights into contract performance, root cause analysis and supplier relationships, aiding in strategic decision-making. Using cloud-based contract lifecycle management (CLM)/VM/software resource management (SRM) platforms will streamline supplier management and contract lifecycle processes. This approach offers improved efficiency, collaboration, cost savings, regulatory compliance and data-driven insights for enhanced business performance. ISG addresses this quadrant for direct and indirect spend.

Eligibility Criteria

1. **Core and end-to-end capabilities** for supplier management and contract lifecycle management
2. **Robust risk management and compliance management**, addressing supplier performance risk, sourcing risk and compliance to monitor regulatory requirements
3. **Strong experience in integrating** other enterprise systems such as ERP, SCM, finance, procurement, QA and CLM/VM/SRM platforms to ensure **data consistency and streamline workflows**
4. **AI and ML to automate** various processes, reduce manual processes and identify patterns
5. **Proven deep domain expertise** in technology and its application, including cloud, blockchain and emerging technologies such as GenAI
6. **Portfolio of referenceable case studies** in assisting clients in optimizing and streamlining their supplier management and contract lifecycle management
7. **Experience in delivering benefits** such as enhanced cost savings, better collaboration, and improved performance, quality management and strategic decision-making



Quadrants by Region

As a part of this ISG Provider Lens™ quadrant study, we are introducing the following three quadrants on the Procurement Services 2025 study:

Quadrant	Global
Procurement Operations Modernization Services	✓
Strategic Sourcing and Category Management Services	✓
Supplier Management and Contract Lifecycle Services	✓



The research phase falls in the period between November and December 2024, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in April 2025.

Milestones	Beginning	End
Survey Launch	October 29, 2024	
Survey Phase	October 29, 2024	December 6, 2024
Sneak Preview	March 2025	April 2025
Press Release & Publication	April 2025	

Collecting client testimonials via the Star of Excellence Program requires early client referrals (no official reference needed) because CX scores have a direct influence on the provider's position in the IPL quadrant and the awards.

Please refer to the [link](#) to view/download the ISG Provider Lens™ 2025 research agenda..

Access to Online Portal

You can view/download the questionnaire from [here](#) using the credentials you have already created or refer to the instructions in the invitation email to generate a new password. We look forward to your participation!

Buyers Guide

ISG Software Research, formerly “Ventana Research,” offers market insights by evaluating technology providers and products through its Buyers Guides. The findings are drawn from the research-based analysis of product and customer experience categories, ranking and rating software providers and products to help facilitate informed decision-making and selection processes for technology.

In the course of the Salesforce Ecosystem Partners IPL launch, we want to take advantage of the opportunity to draw your attention to related research and insights that ISG Research will publish in 2025. For more information, refer to the [Buyers Guide research schedule](#).

Research Production Disclaimer:

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform their clients of the experience and qualifications of any applicable provider/vendor for outsourcing the work identified by clients. This data is collected as part of the ISG FutureSource™ process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by the lead analysts.



ISG Star of Excellence™ – Call for nominations

The Star of Excellence™ is an independent recognition of excellent service delivery based on the concept of “Voice of the Customer.”

The Star of Excellence™ is a program, designed by ISG, to collect client feedback about service providers’ success in demonstrating the highest standards of client service excellence and customer centricity.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG Analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.

Providers are invited to [nominate](#) their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence™ will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments.

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence™ [website](#).

We have set up an email where you can direct any questions or provide comments. This email will be checked daily, please allow up to 24 hours for a reply.

Here is the email address:

ISG.star@isg-one.com



ISG Star of Excellence



Methodology & Team

The ISG Provider Lens 2025 – Procurement Services research study analyzes the relevant 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.

Study Sponsor:

Namratha Dharshan

Lead Analyst:

Tarun Nathooram Vaid

Research Analyst:

Arnab Das

Data Analyst:

Anuj Sharma

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The research and analysis presented in this study will include data from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. ISG recognizes the time lapse and possible market developments between research and publishing, in terms of mergers and acquisitions, and acknowledges that those changes will not reflect in the reports for this study.

All revenue references are in U.S. dollars (\$US) unless noted.



Contacts For This Study

Study Sponsor



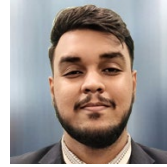
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**Arnab
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Research Analyst



**Anuj
Sharma**

Data Analyst



Abhilash M V

Project Manager



ISG Provider Lens Advisors Involvement Program

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context.

In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three consultant advisors participate as part of each study's quality and consistency review process.

The consultant advisors ensure each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the consultant advisors' group and contribute at different levels depending on their availability and expertise.

The consultant advisors:

- Help define and validate quadrants and questionnaires,
- Advise on service provider inclusion, participate in briefing calls,
- Give their perspectives on service provider ratings and review report drafts.

ISG Advisors to this study



Bill Huber

Partner, Digital Platforms and Solutions



Shahid Bhatta

Director



Invited Companies

If your company is listed on this page or you feel your company should be listed, please contact ISG to ensure we have the correct contact person(s) to actively participate in this research.

* Rated in previous iteration

4C Associates

Accenture*

Aquanima

ArcBlue

Birlasoft

Bristlecone

Capgemini*

Capita

CGI

Chain IQ*

Cognizant*

Conduent*

Corbus*

Corcentric*

Datamatics

Deloitte*

Dragon Sourcing*

Dryden Group

DSSI

DXC Technology

Efficio

Epsa

Exela Technologies

EXL*

EY

Genpact*

GEP*

Hawtrey Dene

HCLTech*

Hexaware

IBM*

Infosys*

JA Consulting

KPMG

Lifecycle Management*

LogicSource*

ModusLink

Nexdigm*

NTT DATA

Premier BPO

Procura Consulting

Proxima Group*

PwC*

Seventh Sense Consulting

TCS*

Tech Mahindra*

Velocity Procurement

Wipro*

WNS Procurement*

ZER*



*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](#).

*ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: [Public Sector](#).

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*ISG

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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.

For more information, visit isg-one.com.





NOVEMBER, 2024



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