SUPPLIER MANAGEMENT – MARKET INSIGHT

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EXECUTIVE SUMMARY

Driven by the imperative requirements to mitigate supplier risk and create value through increased innovation and competitiveness, investment in Supplier Management has extended beyond Financial Management, Contract, Spend Analysis and Sourcing to the areas of Supplier Information Management ('SIM'), Supplier Risk Management ('Risk') and Supplier Relationship Management ('SRM'), Sustainability and Social Supply Enterprise Collaboration ('SSEC'). Resulting from an increasingly global and complex marketplace, the financial costs, reputational and competitive damage resulting from inefficiencies in Supplier Management are well documented – for example:

- **Lloyds’ £2.5m fraud** resulting from false invoicing conducted during the financial crisis by the former Head of Online Security who was jailed in September 2012 for 5 years;
- **Alibaba’s bogus storefront supplier fraud** (uncovered in 2011) involving **over 2,000 suppliers and 100 Alibaba sales staff** - resulting in the resignation of the CEO and COO;
- **Vodafone Ireland’s** case (in 2009) where the former Head of Corporate Finance Services requisitioned €2.3 million worth of services fraudulently;
- **Apple’s continuing brand challenges** as a result of Foxconn’s labour violations;
- **Sainsbury’s** potato scam where a director of a supplier firm bribed a buyer to the tune of **£9m** out of a fund created by artificially inflating prices;
- The London 2012 G4S Olympics **security shambles** leading to the UK government’s review of outsourcing services to private firms.

At a regulatory level, under the ever-present themes of Corporate Social Responsibility ('CSR') and Sustainability, various financial and anti-corruption initiatives have been introduced globally. These include Basel III, Solvency II, the UK Bribery Act (2011) legislation, the US’s Foreign Corrupt Practices Act ('FCPA') and the Dodd-Frank Act relating to disclosure of the presence of conflict minerals in products. This regulatory theme has also helped to bring the topic of Supplier Management firmly to the attention of senior executives and boards of directors.

While providers in the traditionally named ‘e-procurement’ industry have built very successful business models (most recently SAP paid $4.3bn for e-commerce provider Ariba), no provider has yet successfully developed holistic solutions and services that address today’s complete spectrum of Supplier Management challenges. Providers are currently vying for success in siloed areas, often using varying, conflicting language in efforts to differentiate.

This paper, with reference to various case studies, proves the financial value of investment in ‘Supplier Management’, defines the typical ‘Customer Challenge’ and market trends and analyses the Supplier Management market (‘The Market’, comprising Technology and Services,) across each of the PESTEL factors, i.e. Political, Economic, Social, Technological and Environmental/Legal/Regulatory. The paper also provides a snapshot of the market provider landscape, a more detailed look at the segments of SIM, Risk, SRM and Supply Sustainability and the emerging segment of Social Supply Enterprise Collaboration and provides context in the related markets of ‘Supply Chain Software & Services’, ‘Governance, Risk and Compliance’ and ‘Procurement Outsourcing’.

Whether you are a **C-level executive** or **director of a function** with Risk, Governance and Supplier Management responsibilities, directly **practicing Supplier Management** in an Operational, Category Management or SRM context or a **solution provider seeking direction**, the paper is intended to provide practical, valuable insights in support of your strategy execution.
SUPPLIER MANAGEMENT – CONTEXT

While the savings agenda remains paramount to the procurement function, increasingly the themes of SIM, Risk and SRM, Sustainability and Social Supply Enterprise Collaboration have made their way onto the agenda, not only from the perspective of mitigating risk but also from the perspective of gaining competitive advantage.

Through extensive research and collaboration between independent bodies and senior executives (mostly Chief Procurement Officers (‘CPO’s)), it has been estimated that financial value of up to four times the average savings target can be secured through ‘pro-active management of suppliers’ (Ref: International Procurement Leadership Forum– Business Relationship Management survey in 2009/2010). As a result of solution providers working closely with customers, various case studies also support the business case for investment in Supplier Management.

Supplier Management, unlike traditional ‘Procurement’, is entirely cross-functional – a broad range of business functions from Operations, IT/ Technology, Finance, Legal, Marketing and Supply Chain Management/ Procurement interact with suppliers and hence initiatives and investment in each discipline must include collaboration and engagement between stakeholders in each function.

In a recent Gartner research report (‘CPO Agenda and Beyond’, published in October 2012), the CPO’s role is highlighted as having the potential of being a “corporate hero” by “aligning procurement initiatives and strategies with the overall goals and objectives of the greater organisation.” Where a CPO has the power and executive support, Supplier Management is the ideal business discipline for the CPO to drive such cross-functional collaboration and strategic value. As referenced in this market insight, other C-level functional leaders will also inevitably play important roles.

The Customer Challenge

For mid to large corporations, the level of spend on purchased products and services averages over 47% of Sales/Revenue (ref CAPS Research July 2012). The number of suppliers to a customer organisation can extend to hundreds of thousands, ranging in profile from truly strategic (i.e. typically high spend and of strategic importance) to tactical (i.e. one-off providers of commodity goods and services). Efficiencies and controls in each of the areas of SIM, Risk, SRM, Sustainability and SSEC are essential to solving the challenges of managing suppliers, creating tangible financial value and delivering the all-elusive ‘360° view of the supplier’.

Over the past 20 years, organisations have successfully invested in financial management systems to streamline the financial and procurement administrative and management processes associated with managing suppliers. To realise aggressive savings targets, organisations have focused their investments on Spend Analysis, Strategic Sourcing (e-RFx/ Tender Management) and Contract Management technologies, Category Management and enabling skills and processes.

While the savings agenda continues to dominate, more complete analysis and insight into a far broader range of supplier-related activities is now required. Supplier Management now extends far beyond the historical focus on transaction-related activities to incorporate increased supplier intelligence (including third party insight), commercial and financial risk analysis, improved relationship management and innovative methods of social enterprise collaboration. Key to addressing the challenge is that the output is actionable, i.e. that data and dashboards deliver
insight that can be directly leveraged for improved decision-making and mutual (customer/supplier) collaboration.

As noted above, supplier-related events that either have already impacted or have the potential of having a material impact on companies are frequently publicised – a recent example (Sept 2012) being Samsung’s discovery of unsafe work practices and inadequate management at a supplier’s factory in China resulting in Samsung’s launch of on-site inspections of 105 of its suppliers in China – a hugely time, resource and hence cost-intensive exercise.

**Key drivers** that are influencing the fast-evolving Supplier Management market include:

- **Regulatory requirements** – as described in detail under the PESTEL analysis, financial, environmental, legal, ethical and other regulations are driving increased investment in tighter Supplier Management controls and standards;
- **The need to create value** – further to the concerted demands on suppliers to reduce prices over the past 5 years, often at the cost of service quality, progressive organisations realise that a more strategic approach to managing suppliers both creates mutual value and will enable suppliers to survive and continue to invest in their businesses;
- **Increased adoption of Supplier Management as a cross-functional discipline** - Supplier Management is recognised as a discipline that extends beyond cost-cutting to take on a strategic role – where the procurement function is not positioned as a strategic function with commercial Supplier Management skills, then the discipline of Supplier Management will be led by other functions. Over 50% of large organisations have established Vendor Management Offices (‘VMO’s’) – however, not all VMO’s are empowered with Supplier Management responsibilities across the complete spectrum of categories of spend;
- **Increasingly complex business environment** - driven by increased global complexity (requiring multi-tier supply chain transparency), regional austerity measures (most evident across the Eurozone) and changing economic policies – in turn, driving solution providers to continue to innovate;
- **Outsourcing/ Managed Services**: There continues to be a high level of outsourcing of what are often deemed as ‘non-core functions’ including Strategic Sourcing and other procurement-related functions, such as Zurich Group’s outsourcing of ‘Source to Pay’ activities to Procurian and Genpact during 2012. Considering the specialist skills and expertise required, the discipline of Supplier Management (with the likely exception of Supplier Relationship Management of strategic suppliers) could potentially also be outsourced to specialist providers in the future;
- **Market consolidation**: SAP acquired Ariba in October 2012 and IBM acquired Emptoris in February 2012. As the only two providers with strong Supplier Management capabilities turning over $100m (Ariba circa $400m pre-acquisition and Emptoris circa $100m), this has created a significant void to be filled by competitive providers;
- **Potential convergence with the Governance, Risk & Compliance (‘e-GRC’) market** – With the common theme of ‘Supplier Governance’, as expanded under ‘Related markets - GRC’, there is continuing convergence between the e-GRC and Supplier Management markets.
Market growth
A number of industry commentators are predicting significant market growth rates – for example:

- **ISG Research** (Sept 2012): Supplier Management will be the “hottest segment” of the procurement technology market in 2013. 81% percent of respondents are considering implementing Supplier Management platforms/ solutions over the next 18 months;
- **Spend Matters** estimates up to 35% CAGR in the Supplier Management technology market;
- **GEP Research**: According to GEP’s research ‘GEP Value Trends - Procurement Technology’ (published September 2012), only 14% of companies surveyed had implemented a Vendor/Supplier Management platform while 27% were in the process of doing so. Nearly 40% of respondents are considering implementing a vendor management platform for the first time.
PESTEL ANALYSIS

Political, Economic, Social, Technology, Environmental and Legal/Regulatory/Environmental (‘PESTEL’) factors relative to Supplier Management combine to create an exceptionally strong business case for continued and increased corporate investment in Supplier Management structure, processes and technologies.

Political context
Given the international scope of the business operations of many mid to large organisations, the business environment and culture resulting from the politics of countries outside of the headquarter’s country location play an influencing factor on both the risks and opportunities facing business.

The key political factors of relevance to Supplier Management include the quality of legal and regulatory systems, the efficiencies of the business infrastructure, accessibility to capital markets, the effectiveness of government economic policies such as Small to Mid-size Enterprises (‘SME’) participation in business, foreign direct investment (‘FDI’), international trade agreements, regional stability and embargos and government decisions on economic factors such as maintaining low corporate tax rates to compete with neighbouring countries for inward investment.

Related social factors such as compliance to human rights obligations directly impact economic investment – for example, it is cited that “Complicity in the violation of human rights constitute the most significant environmental, social and governance (‘ESG’) risk” faced by investors in the fast growing BRIC economies of Brazil, Russia, India and China (Reference: Maplecroft’s 2012 findings of the ESG Atlas and Risk).

According to PWC, there are two fundamental ways in which managing political risk improves global business performance:
1. Protecting new and existing global investments and operations;
2. Capitalising on opportunities resulting from political change.

Politics has already played a notable role in creating standards for international business, as referred to below in the context of the OECD Guidelines on Multinational Enterprises.

Procurement and Supplier Management behavior of corporations such as Bayer, a €40 billion Healthcare enterprise, and Boeing have a real impact on international relations and hence on political factors. On Bayer’s website, their ‘Supplier Management’ is portrayed as “setting standards for good relations”. In 2011, Bayer purchased goods and services from about 98,000 suppliers in more than 115 countries for approximately €15.7 billion. Among OECD countries, Germany, the United States and Japan accounted for just under 70 percent of these expenditures. Three of the BRIC countries – China, Brazil and India – accounted for 11 percent of total expenditures, or more than 70 percent of total spending among the non-OECD countries.

Boeing recently encouraged its suppliers to attend a workshop in Chicago to learn how to outsource business to Mexico. “Several of our suppliers have successfully set up factories in Mexico because of the numerous advantages that Mexico offers to aerospace suppliers,” McKenna wrote in a letter dated Oct. 17, 2012. Tom Wroblewski, president of District 751 of the International Association of Machinists, reacted to the letter in political terms. “We’d think that Boeing CEO Jim McNerney, as chairman of President Obama’s council on exports, would be particularly sensitive to the
importance of exporting American products, not jobs,” said Wroblewski. “We believe it is counterproductive to what we are trying to accomplish here.”

Large-scale investment in and subsequent management of suppliers outside of the head office base of the customer cause constant issues to governments worldwide. For example, Apple’s sourcing of 1 million manufacturing jobs across China is a frequently debated political concern.

A country’s approach to implementation of financial regulations and to anti-corruption/ fraud/ bribery has a material impact on the stability of suppliers operating in-country. In the US, failure to comply with the anti-bribery standards, integral to the Foreign Corrupt Practices Act (‘FCPA’), can result in prosecution.

Organisations such as the *IMF*, *D&B*, *Swiss Re*, *AMB*, *Euromoney* and *Business Monitor International* (‘BMI’) deliver Country Risk reports and technology to enable customers to understand and mitigate risk factors relative to a country. Aside from political and social factors, Country Risk services typically deliver insight into key economic (e.g. GDP growth, exchange rates, inflation, local trade investment) and environmental factors such as the potential economic impact of natural catastrophes. As the level of insight and expert economic and political analysis improves, increasingly such providers are providing forecasts of events and resulting impacts, a powerful support to Supplier Risk Management efforts.

Increased investment in managing and mitigating political risk protects companies’ operational performance and enables an organisation to react faster to economic disasters. While not as difficult as predicting environmental disasters, prediction of and business continuity recovery planning to mitigate political factors are not easily implemented. Political risk factors will continue to feature high on the corporate agenda, particularly as companies continue to seek to do business in international markets to exploit lower costs, new business opportunities and access skilled, competitive resources.

**Non-partisan anti-corruption:** *Transparency International* (‘TI’) is an organisation that is dedicated to combatting corruption, often with political and industry effect. Described as “the global civil society organisation leading the fight against corruption”, the organisation constantly publicises the apparent wrongdoings of governments worldwide. TI also applies pressure on the world’s largest listed companies (i.e. the top 105 companies - valued at more than US$11 trillion) through its ‘Transparency in Corporate Reporting’ assessment of anti-corruption steps being taken. TI is funded by a range of donors including government agencies, multilateral institutions, foundations, the private sector and individuals.
Economic

As referenced in the executive summary and throughout the PESTEL analysis, there are multiple economic factors that impact and are influenced by Supplier Management activities. C-level executives are not only driving increased Supplier Management investment for compliance purposes but, resulting from continuous case studies citing material impact on the operations and hence financial performance of large organisations, also for direct competitive and operational performance purposes.

In the current economy, visibility and control of Supplier Management processes that directly impact a company’s cash and bottom line performance have never been more critical. The imperative requirement to continue to invest in Supplier Management efficiencies has therefore never been stronger. As a result, companies are taking the opportunity now to improve processes and invest in skills and enabling technologies. The most progressive and successful of these companies are making a significant contribution to the bottom line – according to 2009 research conducted by the International Procurement Leadership Forum (ref ‘Business Relationship Management – the Four Faces of Building Value with Strategic Suppliers’), the financial value of ‘Strategic Supplier Management’ activities can deliver financial value of over 5 times the typical annual, cost-driven savings targets.

The most prominent economic impacts relative to supply disruption over the past couple of years undoubtedly resulted from the natural disasters in Japan and Thailand in March 2011. Sample direct economic impacts include:

- In the Semiconductor industry, Japan represented the source of 40% of flash memory chips used in smartphones and computers. The disaster cost the electronics industry hundreds of millions in lost revenue;
- Qualcomm’s reduced 2012 revenues due to insufficient supply of its advanced mobile phone chips – in turn impacting the launch of Apple’s iPhone 4S.
- In the Automotive industry, each day of lost production cost Nissan $25m in profit;

At a macro level, regional and country approaches to Supplier Management, such as a country’s enforcement of Supplier Management regulations and legislation play an influencing factor over a company’s investment decisions in areas such as Foreign Direct Investment (‘FDI’). Where FDI is successful, the establishment of multinational corporations in competitive economic country locations delivers, aside from more capital to the host country, leading edge R&D practice and management expertise, in turn improving the skills and practices in the country. For example, in the Irish economy, resulting from significant direct inward investment from corporations such as Intel, Microsoft, Pfizer, Citi, Apple, EMC, Google, IBM, Symantec and Xilinx, the market has benefited from improved Supplier Management practice and an increased level of expertise.

Given the material investment (‘expenditure’) of public sector organisations globally, initiatives beyond the typical ‘tender, negotiate, let and forget’ cycle are essential to ensure that the long over-used cliché of ‘Value For Money’ is realised. ‘Value’ is defined at the contract negotiation stage while value is realised post-contract where Supplier Management should be at its strongest.

The Supplier Management practice of leading practitioners directly impacts the competitiveness and professionalism of providers in the market of supply, particularly given the focus on creating value and collaboration as opposed to the traditional focus on price – directly benefiting national industry as standards of supply (delivery, quality, innovation etc.) improve.
Social – CSR and Social Media

Corporate Social Responsibility (‘CSR’)

In the context of Supplier Management, CSR has fundamental implications. Defined as “a form of corporate self-regulation integrated into a business model” (Wikipedia), CSR dictates much of a company’s corporate values and modus operandi. Compliance to legal, ethical, environmental and regulatory standards is core to CSR. Given the critical role of suppliers in the operations and compliance of a company’s business, CSR obligations are inherent to the discipline of Supplier Management. Mid and large organisations are focusing their CSR investment on the areas of Risk Management and Value Creation.

From a Risk Management perspective, CSR within Supplier Management addresses themes such as visibility of supplier compliance to regulatory, legal and industry standards and mitigation of operational impact(s) directly resulting from supplier performance. In October 2012, an Idaho dairy farm linked to Burger King, In-N-Out and other food companies was accused by an animal rights group of “some of the most abusive treatment of animals” it had ever seen. Burger King immediately suspended business with Bettencourt Dairies and are currently introducing new, revised animal welfare guidelines. Other consideration factors include brand damage limitation and mitigation of risk of suppliers (and sub-tier suppliers) going out of business.

In terms of Value Creation, closer supplier relationships lead to increased innovation and in turn enhancement of core value propositions. A key CSR element of such value is that such innovation and collaboration is carried out with the optimum social and sustainability awareness. Where CSR is embraced to its maximum, those corporations that invest effectively in CSR programs realise true competitive advantage. While clearly investment must be made, the return and value created far outweighs the cost of investment.

In the case of Bayer, “Sustainability-based Supplier Management is strategically important for Bayer’s success as a company.” Probably the most prominent CSR scandal that motivated Apple’s CEO, Tim Cook, to increase investment in supply base transparency and controls has been the numerous labour employment scandals resulting in “worker” suicides at the plants of one of Apple’s largest suppliers, Foxconn. While initially reactive, Apple is now regarded as becoming as transparent as any multinational corporation. However, despite this accolade, innovative providers such as ‘Mine the Gap’ (‘MTG’) are promoting the extension of supplier auditing to go beyond site visits and to leverage social media and HR best practice (termed by MTG as ‘Supply Chain Mining’) to access all staff in supplier organisations to gain the complete picture of ethical standards.

Social Media & Enterprise Collaboration

In a recent study commissioned by Google with Millward Brown, it was found that 80% of high growth companies across Western Europe cited improved collaboration and knowledge sharing leveraging social media tools. According to a study conducted by eMarketer in August 2012, “93% of US corporates will use Facebook, Twitter, YouTube for Social Marketing by 2014”. Corporations are rapidly adopting Social Media, often through company intranets, and online enterprise collaboration – largely focused on Marketing/ CRM Business to Consumer (‘B2C’) purposes and internal employee collaboration. International Data Corporation (‘IDC’), the global market intelligence firm, estimates that investment in enterprise social software will increase more than 500% over the next 4 years — scaling to a US$4.5 billion market in 2016.
**Supplier Management context:** Social Networking and leverage of Social Media sources and platforms are starting to emerge within the Supplier Management industry – however, in the same way that SRM lags CRM by a number of years in terms of business adoption, successful application of Social Media in a Supplier Management context is in its infancy. In the CRM industry, social media can be effective in an unstructured B2C ‘get the message out at all costs’ manner. The key to successful leverage of Social Media within Supplier Management, given the B2B nature of the medium, is the concise, effective aggregation of intelligence from multiple sources combined with formal, structured processes.

**SoMoClo™** (see footnote [1]): *Aberdeen Group’s* comprehensive research initiative analysing the merger of the worlds of ‘Social, Mobile and Cloud’ provides further context relevant to the market. While not unique in the three components, this combination of innovation has the following context: Based on the importance of social intelligence (‘So’) sources such as LinkedIn, Facebook and Twitter, delivered dynamically to supplier-facing staff over mobile devices (‘Mo’) over the ‘cloud’ (‘Clo’) through Software and Platform as a Service offerings, Supplier Management requirements encapsulate much of the context represented by SoMoClo. Extending the sources and scope of intelligence relative to suppliers (and, increasingly critically, tier 2 and further sub-tier levels of suppliers), SoMoClo represents a real opportunity for Supplier Management innovation.

Footnote [1] - SoMoClo™ is a trademark of Aberdeen Group, a Harte-Hanks Company.

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**Technology**

**SaaS** – Software as a Service (‘SaaS’) is the standard new business model for all leading innovators in the industry. Based on highly secure, web-based delivery models, customers now have access to truly scalable, dynamically enhanced functionality. In terms of the goal of bringing ‘all things supplier-related’ together, a key factor is the ability for these SaaS solutions to integrate seamlessly with other ERP/P2P and further complementary systems.

One of a number of providers pursuing the ‘single view’ is *lasta* – the *lasta* ‘Executive Analytics Suite’ claims to deliver “a one-stop spend and SRM intelligence center” that “provides a single source of truth”. The components that lasta states are included in the delivery are: SIM, third party data enrichment, Spend, Sourcing, Contract and Performance Management. The intelligence is reported in *lasta’s* proprietary Business Intelligence tool.

**PaaS** - In the related area of Supply Chain Management (focused on logistics, inventory management and distribution), there has been a notable move to the principle of ‘Platform as a service’ (‘PaaS’). Over the past few years companies such as *Manhattan Associates* have successfully developed innovative platforms that bring together proprietary capabilities with integration capabilities in order to deliver a holistic view of Supply Chains. In the related GRC market (see below), *MetricStream’s* business model is based on a core ‘web-based enterprise platform’ that enables Social Compliance and Audit Management.

Key elements of a platform infrastructure include Optimisation, Presentation, Core Services, Service Oriented Architecture (interoperability such as Web services), Mobility and Scalability. This platform principle can certainly be applied in the Supplier Management industry where innovative technology (in areas such as SIM, Risk, SRM and Environmental/ Sustainability Supply) can be brought together with the ability to integrate with financial management (ERP and P2P), Sourcing, Contract and Spend Analysis solutions – delivering complete, actionable output. Cloud-based technology has been
established as being not only finally acceptable to the majority of organisations but as being deemed more secure, scalable and flexible than traditional technologies. Secure, cloud and platform-based offerings with enterprise-standard security, resilience and interoperability will form the basis of leading Supplier Management offerings in the future.

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**Environmental/ Legal/ Regulatory**

Under the overall supplier compliance agenda, Environmental, Legal and Regulatory factors are now a close second to savings on the CPO’s agenda and increasingly in the top 3 agenda items for CEO’s, COO’s and CIO’s. Overlapping somewhat with factors already referenced under ‘Political’ and ‘CSR’, such factors are driving not only more ethical, fair corporate business environments but, as with Supplier Management itself, are seen as delivering a competitive advantage for more progressive organisations. While certain regulations and standards do not relate directly to Supplier Management, an integral component of Supplier Management is the knowledge of the end customer of their suppliers’ compliance to standards and regulations relative the business operations of their suppliers. Standards and regulations have been introduced by government, voluntary and regulatory bodies as well as by large corporations themselves.

European environmental, legal and regulatory standards and regulations include:

- **REACH Directive** - The European Community Regulation on chemicals and their safe use (EC 1907/2006);
- **UK Bribery Act** (2010, effective July 2011) - A modern legal framework to combat bribery in the UK and internationally;
- **Restriction of Hazardous Substance (‘ROHS’)** – A directive which aims to restrict certain dangerous substances commonly used in electronics and electronic equipment;
- **Waste Electrical and Electronic Equipment (‘WEEE’) directive** - Originally introduced in January 2007 with newly adopted standards introduced in June 2012;
- **European Corporate Governance Codes** – Corporate governance codes issued by an international scientific non-profit association;
- **Basel III** – Applicable to the global banking industry, a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk agreed upon by the members of the Basel Committee on Banking Supervision in 2010-11;
- **Solvency II directive** - An EU Directive that codifies and harmonises EU insurance industry regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency.

US and other international standards include:

- **Sarbanes Oxley (‘SOX’)** – Introduced by US Congress in 2002 and applicable to publicly traded companies, SOX addresses the regulation of financial practice and corporate governance. In the context of Purchasing and Supplier Management, SOX 404 relates to controls and compliance around purchasing processes, risk assessment associated with Vendor Sourcing and Outsourcing and supplier identification, qualification and selection;
- **US Foreign Corrupt Practices Act (‘FCPA’)** - enacted for the purpose of making it unlawful to make payments to foreign government officials to assist in obtaining or retaining business;
• **Dodd-Frank Act (2010)** relating to disclosure of the presence of conflict minerals in products. *Microsoft’s* actions in compliance with the Act include teaching vendors to examine each component used in products that contain tin, gold, tantalum and tungsten, and to verify that the minerals in these components are not from conflict mineral areas (such as certain regions of the *Democratic Republic of Congo*);

• **Physician Payments Sunshine Act (‘PPSA’)** - The Act will require companies to record any physician payments or benefits provided in 2012 and to annually report this information to the Secretary of Health and Human Services (‘HHS’) beginning on March 31, 2013. All US manufacturers of drug, device, biologics and medical supplies covered under Medicare, Medicaid, or SCHIP are required to comply with this new legislation. The Act also requires manufacturers and group purchasing organisations to disclose ownership and investment interests of physicians/HCPs;

• **Conflict-Free Gold Standard** – Launched by the World Gold Council in October 2012, a new standard to limit the opportunity for the valuable commodity to be used as a means to fund armed conflicts in countries where it is mined;

• **International Organisation for Standardisation (‘ISO’)** – of most relevance to Supplier Management:
  
  o **ISO 31000** – provides a standard on the implementation of risk management based on best practice structure and guidance relating to all operations concerned with risk management;
  
  o **ISO 28002:2011** specifies the requirement for a resilience management system in the supply chain.

In the US, regional standards (such as the **California Transparency in Supply Chains Act** (effective Jan 1st, 2012)) have emerged – this particular Act requires companies to report on specific actions taken to eradicate slavery and human trafficking in their supply chain.

Sample voluntary standards include:

• **The Carbon Disclosure Project** - An independent not-for-profit organisation working to drive greenhouse gas emissions reduction and sustainable water use by business and cities;

• **Global Reporting Initiative (‘GRI’)** - A non-profit organisation that promotes economic, environmental and social sustainability;

• **OECD Guidelines on Multinational Enterprises** - Far reaching recommendations for responsible business conduct that 44 adhering governments (representing all regions of the world and accounting for 85% of foreign direct investment) encourage their enterprises to observe wherever they operate;

• **UN Guiding principles on Business and Human Rights** - Designed to provide a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity;

• **UN Global Compact** - A strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The UN Global Compact is supported by the UN General Assembly and recognised by a number of inter-government organisations including the G8.
Aside from the above environmental standards and regulations, a company’s ability to react to natural disasters such as the devastating Japanese Tohoku earthquake and tsunami of March 2011, is integral to Supplier Management strategies. The Japanese disaster cost multinational corporations billions of dollars and cost Japan in the region of $235 billion (4% of GDP). Aside from the obvious Supply Chain impact, the management of supplier information, risk, compliance and intelligence relative to both active and prospective suppliers all play critical roles in the business continuity and disaster recovery planning relative to environmental events.

The impact of Hurricane Sandy on the US economy is estimated at over $50bn, impacting the nation’s GDP in the fourth quarter of 2012. Wall Street’s temporary closure, the first unscheduled market shut-down since the events of September 2001, impacted various trades that would not be executed at later dates. Given the fact that the hurricane shut down businesses in New York City and other large East Coast cities for days, the business interruption was greater than normal. A certain amount of lost business will be recovered through the stimulus of increased spending prior to and after the hurricane, e.g. home improvement retailers such as The Home Depot and Lowe’s experienced a surge in business prior to the event. The re-building activity will create an element of a stimulus, as occurred after Katrina. The ability for customers to rapidly identify alternative sources of supply (for goods and services sourced from the effected regions of the US) will directly affect operations while for small to mid-sized companies, lack of this level of intelligence and potential in-ability to leverage such relationships may even affect their ability to survive.

Considering the brand damage, the massive financial penalties that can be imposed due to lack of compliance to regulatory and legal standards and the material impact of environmental events, investment in Legal, Regulatory and Environmental standards is now integral to Supplier Management strategies. Multinational corporations continue to prove their intent to increase Supplier Management investment as illustrated by corporations such as Intel who audited 5 times the number of suppliers in 2012 compared to prior years.
MARKET PROVIDER LANDSCAPE – snapshot

Scope: The scope of this overview includes Supplier Information Management (‘SIM’), Supplier Risk Management (‘Risk’), Supplier Relationship Management (‘SRM’, including ‘Performance’), Spend Analysis (‘Spend’), Sourcing, Contract Management (‘Contract’) and Networks (i.e. buyer/ supplier business to business networks). The snapshot does not include commentary on transactional elements of the commonly referred to ‘e-procurement’ market, i.e. P2P, e-Invoicing etc.

The Supplier Management market includes a number of providers offering either standalone technology or services or combinations of technology and services. Many of the current providers have evolved from ERP/ financial management and Supply Chain/ Logistics backgrounds and hence seek to address the challenges from an overly financial/ transactional and manufacturing/ logistics perspective respectively. Equally, there are many strong niche providers that are addressing specific, often industry-focused challenges. While these smaller, niche providers are illustrating strong domain expertise and product innovation, they are struggling to establish positions of scale.

The current Supplier Management competitive landscape is represented by approximately 30 credible solution providers offering services and/or technology solutions across a range of industries. These providers are typically generating annual revenues of between $5m and $50m with the exception of Ariba/SAP, Oracle, SAP, Emptoris/IBM, Achilles, Bravo Solutions and Dun & Bradstreet (‘D&B’) whose revenues, attributable to Supplier Management, range from $50m to $200m. Figure 1 below provides a high level snapshot of provider capabilities.

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>Snapshot - key capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achilles</td>
<td>Focused on a ‘SIM community network’ model delivered as professional services. Also offer a SIM &amp; Risk Management product, ‘TSMS’.</td>
</tr>
<tr>
<td>Ariba</td>
<td>Claims capabilities in all areas – key strengths in Networks, Sourcing, Contract &amp; Spend.</td>
</tr>
<tr>
<td>ARAVO</td>
<td>One of the original ‘SIM’ providers – core offering is ‘Supplier Lifecycle Management’ – key strengths in SIM, Risk &amp; Compliance/ Regulatory.</td>
</tr>
<tr>
<td>BravoSolution</td>
<td>Focus on ‘Spend Analysis &amp; Strategic Sourcing’ – including Spend, Sourcing, Performance &amp; Contract Management.</td>
</tr>
<tr>
<td>IBX/ CapGemini</td>
<td>IBX/ CapGemini offer ‘Source-to-contract’ solutions and an independent Supplier Network. Capabilities include Spend, Sourcing, Category &amp; Contract.</td>
</tr>
<tr>
<td>COMBINE.NET</td>
<td>‘e-Sourcing technology provider’ – focus on Spend, Sourcing &amp; Contract Management.</td>
</tr>
<tr>
<td>Coupa</td>
<td>Core ‘Procure to Pay’ offering includes Sourcing, Contract &amp; Networks. Markets a ‘Google-like’ interface delivering increased intuitiveness.</td>
</tr>
<tr>
<td>CVMsolutions</td>
<td>‘Provider of supplier screening solutions’. Core offerings in ‘Enterprise Supplier Management’ (including SIM), Supplier Diversity Management and Supplier Data Enrichment.</td>
</tr>
</tbody>
</table>

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| **decideware** | ‘SaaS Developer’ - offers SRM (including Performance Mgt) product, Relationship Optimizer. |
| **D&B** | Global business information provider. Specialist in Supplier Commercial Risk & Information Management technology. |
| **Epicor** | *Epicor*® provides a full solution portfolio of ERP software and business software solutions, including Supply Chain and SRM software (main focus on Sourcing). |
| **Emptoris** | ‘Strategic Supply Management solution provider’ with capabilities across the complete Supplier Management spectrum/ owned by IBM. |
| **fp** | Specialist procurement consultancy firm with niche Category Management technology. |
| **HICX SOLUTIONS** | Provider of a “Supply Base Management (SBM) suite”. Specialists in SIM, Risk/Compliance & SRM. |
| **hiperos** | SIM, Risk & Governance with a broad focus on ‘3rd party Management’ solutions. |
| **Hubwoo** | Core offering is a collaborative B2B network that leverages social enterprise platforms. |
| **iastas** | Sourcing and spend management software and services provider. SIM, Spend, Sourcing, Contract & SRM. Recently launched Executive Analytics Suite. |
| **iValua** | ‘Spend Management software vendor’. Capabilities in SIM, Spend, Sourcing, Contract, Risk and SRM. |
| **INTELEX** | Provider of ‘web-based management systems’ focused on business performance, regulatory compliance and streamlining ISO initiatives. Supplier Management offerings focused on SIM and SRM. |
| **Ketera** | The ‘Ketera Network’ combines a Spend Management platform with a network-based business community. Capabilities in SIM, Spend, Sourcing, Contract & Supplier Enablement. |
| **Kinaxis** | Provider of Supply & Capacity Management solution, RapidResponse®. Capabilities in SIM (Supplier Collaboration), Risk & SRM. |
| **LAVANTE** | Provider of On-Demand Supplier Management solutions. Core offerings in Audit Recovery services, SIM, TIN (Tax ID Number management) and Connect, an online supplier communications platform. |
| **ORACLE** | Claims capabilities in all areas – strongest in financial management, Sourcing & Contract. |
| **PROACTIS** | Provider of e-procurement and P2P software. Capabilities in SIM, Spend, Sourcing, Contract & SRM. |
A few notes regarding evaluation and selection of Supplier Management providers:

- The market is quite geographically diverse with the majority of providers being quite US-centric. Presence in the form of direct or partner delivery and support and executive sponsorship in your particular region should be considered;
- Given the broad range of functionality offered by many providers, reference checks of proven use of specific functionality should be requested. However, don’t expect all new functionality to have multiple customer references as the market is moving fast and innovative functionality will have limited referencability;
- Given the move towards more holistic solutions, strategic roadmaps (including details of interoperability with complementary systems) of potential providers should be evaluated.

For more detailed provider information, contact info@360supplierview.com.
MARKET SELECTIONS – SIM, Risk, SRM, Sustainability and Social Enterprise Collaboration

Market segment – Supplier Information Management (‘SIM’)

Supplier Information Management is the business discipline associated with identifying, gathering and maintaining a complete set of supplier information (from financial, operational, CSR/sustainability, multi-tier supply chain insight, diversity and compliance information) and communications and streamlining related processes (such as the New Vendor set-up process) in a shared, controlled and collaborative environment. Acronyms for SIM range from SIM to SLM (Supplier Lifecycle Management) to SBM (Supply Base Management) - all variations of essentially similar propositions.

According to Aberdeen Group’s recent SLM report (‘Measuring Performance while Mitigating Risk’ – published August 2012), the top pressure cited by 43% of respondents (across procurement, finance and supply chain professionals) is “Incomplete information on corporate vendors/ supplier relationships”.

Supplier Information has finally been recognised as extending far beyond the parameters of traditionally limited, transactional/ financial data. SIM now encompasses Corporate Social Responsibility, Operational, Quality & Accreditations, Security, Resilience and multi-tier level supplier visibility and intelligence. The scope of information required relative to an organisation’s supply base depends on the criticality of suppliers, the category of business and the level of potential collaboration with suppliers. Effective supply-related decisions cannot be made without a complete view of supplier information.

Various scandals have occurred over recent years involving the bogus setting up of supplier records in ERP/ financial management systems and resulting fraudulent payments to members of staff – for example, the former Head of Online Security of Lloyds bank was last year found guilty of defrauding the bank to the tune of £2.5m through such bogus payments. When considering the cost and return on investment in SIM, the most pertinent investment question is ‘What is the cost of not investing in SIM controls, processes and enabling technologies?’.

There are various case studies to support investment in SIM initiatives, for example:

• **General Electric (‘GE’)** – leveraging Aravo’s SIM solution, GE has automated the company’s supplier lifecycle management processes, citing supplier admin savings of circa 70% (off an average cost estimated by Gartner Group of managing information of $1,000 per annum per supplier). GE is also Aravo’s “anchor tenant” of ‘Aravo Assure’, a ‘many-to-many SIM network designed to “drive growth opportunities for small and diversity businesses, power corporate risk management and sustainability initiatives”;

• **Top 5 pharmaceutical company:** A ‘Top 5 pharma’ company with 30 ERP systems and 800,000 suppliers has leveraged Hix Solutions capabilities to “centralise and enrich their supplier and spend data, run risk assessments, and ensure compliance” – in the process recovering over $1m in savings annually;

• **First Greater Western Ltd (FGW)** – FGW, a large train operator and of one of the largest rail networks in the UK, has implemented a single supplier management system with Achilles. The Total Supplier Management Solution (‘TSMS’) system enables the “management of risks in an increasingly complex supply chain and the accuracy of supplier data across the entire organisation”.

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While a number of providers have proven the value of direct process automation savings, the real benefits of investment in SIM are those of risk mitigation (internal and external), improved visibility towards the complete picture and enablement of large organisations to better leverage commercial relationships with their suppliers for competitive gains.

*Headline SIM provider details are provided in the Market Provider landscape snapshot.*

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**Market segment – Supplier Risk Management (‘Risk’)**

**Supplier Risk Management** is business discipline associated with the proactive identification, assessment and resulting management of supplier-related risk, particularly warranted where there is high dependence on suppliers to achieve business objectives. Over the past five years, organisations have suffered from the experience of seeing certain strategic suppliers rapidly move from stability to insolvency, causing significant financial, operational and competitive issues. Given increasingly global and complex supply chains, materially impacting events are often far removed from the controls and visibility of the end customer.

While the majority of businesses are aware of the threat of supplier-related risks, only the minority have successfully invested in Supplier Risk Management solutions, supported by business processes. *Aberdeen Group* research suggests good risk management can reduce the risk of “supplier crises” by 30% for best in class organisations. The cost of getting it wrong, or ignoring supply chain risk, can be catastrophic up to and including the survival of the entire organisation.

**Risk framework:** Regulators are increasingly mandating standards for and investigating the transparency of Supplier Risk Management practices. Defining a risk framework and related internal controls is proven territory for most organisations. However the interpretation of risk controls and how to apply them to suppliers (and other third parties) is quite complex and unchartered territory for many organisations. Attributes of a Supplier Risk Management framework vary by company and by industry. The common attributes to consider include Commercial/ business intelligence (provided by companies such as D&B), supplier auditing (including visits to supplier sites/ facilities), safety and security, supply dependency, multi-tier (primary, secondary, tertiary etc.) supplier visibility, economic & political risk at a country level, environmental risk, anti-bribery, Anti Money Laundering (‘AML’), government blacklists, reputational/ brand and social media (rumours/ speculation).

Once supplier-related risks, specific to the operations and industry of the end customer, have been fully evaluated and processes and systems are in place to pro-actively monitor defined risks, the next step involves implementation of a seamless, collaborative process to enable speedy issue resolution and constantly improving business continuity planning.

**Merger of SIM and Risk:** From a process perspective, SIM and Risk are closely aligned. Information and risk–related factors start at the point of engaging with prospective suppliers where the level of pre-contract due diligence activity and the use of shared user groups for supplier validation continue to increase. Given that intelligence is integral to Risk Management and mitigation, dynamically maintained information continues to play a role throughout the Risk Management cycle from pre-contract to supplier engagement and ongoing relationship management.

Consistent with SIM, multi-tier Supplier Risk Management processes are required to ensure that risk is mitigated to the right levels.
From a technology perspective, SIM and Risk offerings have begun to merge as many SIM providers expand beyond the fundamentals of supplier on-boarding process automation, repositories and communications portals. Risk (including a strong Compliance theme which incorporates elements of the Sustainability market segment) and SRM are the obvious areas for such additional investment. Equally, Risk and SRM providers have added SIM capabilities to their roadmaps.

Within Gartner's ‘Top Predictions’ for global logistics organisations (‘Predicts 2012: Global Logistics’, published June 2012), Gartner comment that “As supply chain complexity and risk grow, only 14 percent of companies are positioned to effectively exploit risk” – applied across all industries, the level of readiness and capability is likely to be below 10%. Underpinning the challenge is the slow pace of appointments of ‘Chief Compliance and Risk Management Officers’.

**ISO standards** have been created in recognition of some of the more obvious common threats, for example Information Security - ISO27001. While ISO includes references to third party risk (i.e. A.6.2 External Party Security and A.10.2 Third Party Service Delivery Management), there is increasing demand for more comprehensive, specific third party risk standards required by large organisations.

**CRO agenda:** While the remit of Chief Risk Officers (‘CRO’) extends across all business-impacting risk factors, supply-related risks have become paramount on the CRO’s agenda, often driven by the need to protect brand equity. Senior procurement executives are being asked to present to executive boards on a frequent (often quarterly) basis on the current status of risk relative to the supply base. This level of transparency and importance positions Procurement’s risk-related role at the forefront of business continuity and Business Continuity/ Disaster Recovery planning.

The level of reporting required extends beyond the automation capabilities of almost all large organisations due to the disparate nature of Information and risk factors across their supply chain. Currently, in many organisations, multiple staff (often in low-cost shared center locations) spend inordinate amounts of time preparing summary statuses by manually aggregating information from multiple systems and sources.

**Sample case studies** supporting the value of Supplier Risk Management initiatives include:

- **$10bn North American bank** – This major bank leverages the Hiperos 3PM solution to “help mitigate company risk and monitor compliance...” – focus is on segmentation, performance and compliance;

- **International Monetary Fund (‘IMF’):** Other organisations are showing their own initiatives in addressing supplier risk – for example, at the heart of the IMF supplier qualification programs, the IMF developed their own ‘supplier observation database’. Existing providers could fulfill the IMF’s requirements – however, the IMF deemed an internal route the optimal one at the time of investment decisions (early 2011);

- **2011 Great East Japanese earthquake and tsunami:** According to The World Bank, the disaster of March 2011 resulted in economic losses of approximately **$235 billion**. The electronics and aerospace industries had notable supply chain presence in Japan and learnt many lessons from the crisis. This event has also resulted in increased investment in SIM, Risk and SRM given the multitude of supporting case studies, such as Toyota’s statement that the disaster reduced 2012 operating income by **$880m**. Shortage of parts due to production stoppages was the main impact on Toyota and other car manufacturers with heavy dependence on Japan.
Sample innovation: As an indication of the investment strategy of solution providers:

- **D&B**, acknowledged as the world’s largest source of business information, has developed a Country Risk technology solution (‘Global Data Intelligence platform’) that provides real-time data analysis merging D&B business information with customer-specific risk factors ultimately enabling risk scenario analysis;
- **Zurich Group** offers ‘Supply chain insurance’ to “help protect your [the customer’s] profits against... failure in your supply chain”. Zurich Group’s insurance offering incorporates sophisticated assessment and analysis solutions which factor in a broad range of PESTEL factors referenced in our PESTEL analysis.

Aligned with each of the market segments, in particular SIM, effective Supplier Risk Management delivers a range of operational efficiencies and competitive advantages essential in today’s business world. The unpredictable business environment, from the continuing Eurozone crisis to increasingly frequent international conflicts, continues to highlight the imperative need for investment in mitigating risk.

*Headline Risk provider details are provided in the Market Provider landscape snapshot.*

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**Market segment – Supplier Relationship Management (‘SRM’)***

**Supplier Relationship Management** (‘SRM’) is the business discipline associated with the management of key interactions, performance and related business processes between an organisation’s supplier-facing staff and strategic suppliers – enabling effective collaboration for the benefit of both customers and suppliers.

SRM entails the enablement of open supplier communications through collaboration between key supplier-facing functions (predominantly Operations/ IT, Procurement/ Supply Chain, Legal and Finance) and suppliers defined and segmented as being of strategic importance to the customer. As with SIM and Risk, there are diverse interpretations of the beginning and end points of SRM. In particular, there are varying opinions as to whether Supplier Performance Management (‘SPM’) complements or is inherent to SRM – the latter in our view.

An integral component of the challenge facing many large organisations is that a coherent Supplier Management vision, framework and resulting requirements have not been fully developed. It is not uncommon for SRM to have become a lead innovation introduced by a CPO while in practice, without effective Information and Risk Management, coordinated across the business, SRM continues to be taking immense time, effort and executive patience to be deployed and proven to deliver benefits across early adopter companies.

There are various players in the market professing to offer ‘SRM’ solutions – however, very few exhibit the true domain expertise of companies such as, from a US perspective, *Hiperos, Zycus* and *Intelex* and from a European perspective, *Future Purchasing* (a specialist procurement consultancy that has conducted valuable research into the financial value of SRM and offers an innovative hosted solution for the management of sourcing projects and supplier management activities) and *State of Flux* (also a highly regarded consultancy that specialises in SRM and has launched an innovative hosted SRM solution).
Within the definition of their SRM offering, SAP state “With our Supplier Relationship Management software, you can automate, simplify and accelerate your business’ procure-to-pay processes for goods and services”. Each of SAP’s headline SRM points refer to “Purchases” and “Procurement”. SRM is a cross-functional business discipline that extends far beyond procurement processes and entails not just ‘software’ but solutions, often with supporting professional services. While SAP recently announced increased mobility options (i.e. ‘Going mobile with SAP SRM’), the offering remains heavily ‘purchasing’ focused. Sample functionality includes mobilising the purchasing functions associated with Capex workflow approvals, long term services agreements and RFQ’s.

There is a gulf in scale of business, brand awareness and market presence between the ERP players and niche providers – however, there appears to be an equally large gap, in favour of niche providers, in domain knowledge and practical application of SRM technologies.

The ultimate reciprocal business relationships are achieved when the supplier’s CRM strategy (supported by ‘customer preferencing’) is aligned to the customer’s SRM strategy, in particular when both parties place equivalent strategic importance and respect on the relationship. The goals of becoming the ‘customer of choice’ and gaining access to the best account and executive support are increasingly prevalent.

**Case studies:** Encouragingly, European-based firms *Future Purchasing* and *State of Flux* have published powerful case studies of improving strategic SRM practice and tangible resulting benefits, including increased competitiveness. *Future Purchasing* has identified eight specific benefits resulting from effective SRM practice, including ‘Cost reduction and value improvement’, ‘Increased control of outsourced deals’ and ‘supplier innovation capture strengthened’. However, given the immaturity of adoption, only the most leading, innovative organisations are realising these benefits.

Fittingly, *Hackett Group* refers to SRM as “the next frontier in tapping supply market power”.

*State of Flux* have published four annual global SRM surveys, including case studies proving tangible financial value realised by companies such as *Alliance Boots, Unilever, United Utilities, Nationwide Building Society* and *McLaren Automotive*.

During 2011 / 2012, through improved collaboration and investment in joint improvement processes, *United Utilities* and their suppliers achieved **joint savings of £4.5 million** and an increase in supplier performance ratings by 60%.

**Headline SRM provider details are provided in the Market Provider landscape snapshot.**

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**Market segment - Supply Sustainability**

*Supply Sustainability* relates to the inclusion of ‘sustainability’ considerations, such as environmental, risk and reduction of waste, into a company’s Supplier Management and Supply Chain strategies. There are therefore certain Compliance themes common to the GRC market. Large organisations commonly include Supplier Sustainability compliance standards to be adhered to by their suppliers. For example, *Walmart* announced in 2009 an initiative to investigate its 100,000 plus suppliers with a Sustainability Index. *IBM* subsequently asked its 28,000 suppliers in 60 countries to establish environmental goals and measure energy conservation, greenhouse gas emissions and waste management/recycling practices.
In September 2012, analysts Verdantix reported that Enablon, IHS and SAP lead the environmental management software market. Four other suppliers — BSI, Enviance, Locus Technologies and MetricStream — offer “a compelling feature/function set and have large-scale deployments”, according to the study. Other credible providers include: Amee, CRedit360, Ecovadis, FirstCarbon Solutions, Gensuite, Intelex and PE International.

According to a report published in August 2012 by ASQ, the Institute for Supply Management (‘ISM’) and Deloitte, the top three management practices that deliver sustainable value chain effectiveness and prove the Return on Investment on Sustainability initiatives are evident where organisations:

1. Engaged with suppliers at any tier – resulting in a 38% increase in their effectiveness;
2. Had sustainability embedded into their culture – resulting in a 24% increase in effectiveness;
3. Had worked with suppliers and others (such as distributors) as part of quality programs in the past experienced – resulting in a 22% increase in effectiveness.

The following table provides a snapshot of Sustainability providers:

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="#" alt="Enablon" /></td>
<td><strong>Sustainability Performance Management Software</strong> with solutions for Corporate Responsibility, Energy &amp; Carbon Management, QEHS Performance and Governance, Risk &amp; Compliance.” Over 300 global companies and 300,000 users worldwide.</td>
</tr>
<tr>
<td><img src="#" alt="IHS" /></td>
<td><strong>Environmental, Health and Safety &amp; Sustainability.</strong> “IHS enables unified information strategies for Enterprise Sustainability Management (ESM) by providing proven, best-in-class software, content and expert services. The IHS <strong>Operational Risk Solution™</strong> provides visibility into your risk profile, prevents losses and increases shareholder value through continuous improvement”.</td>
</tr>
<tr>
<td><img src="#" alt="SAP" /></td>
<td>“Our <strong>environmental compliance software</strong> (‘SAP EHS Management’) can transform how you meet environmental requirements in day-to-day operations. Ensure full compliance with growing and changing environmental regulations across all regions at both the plant and corporate levels – effectively and efficiently.”</td>
</tr>
<tr>
<td><img src="#" alt="Ecovadis" /></td>
<td><strong>Ecovadis</strong> offers a <strong>“collaborative platform,”</strong> allowing companies to assess the environmental and social performance of their suppliers on a global basis.”</td>
</tr>
<tr>
<td><img src="#" alt="Amee" /></td>
<td>Amee leverage a proprietary ‘<strong>Platform as a Service</strong>’ to “aggregate and automate access to the world’s environmental and energy information”.</td>
</tr>
</tbody>
</table>
Sample case studies supporting investment in supply sustainability include:

- **Asda** announced in October 2012 that it is planning to expand its sustainability collaboration programme, ‘Sustain & Save Exchange’, for its suppliers, after saving **£13m through sustainability innovations** over the past year;
- **Nestlé** have delivered ‘Share Value’ through its Cocoa program which involves investment of £67m between 2010 and 2020 – improving the environment to foster success for its cocoa farmers while ensuring sustainable and high quality of cocoa for Nestlé in the long term;
- **HSBC/Disclosure** – the majority of multinational organisations openly disclose their sustainability programs and performance. For example, HSBC set a range of targets between 2008 and 2012 to reduce energy, water, waste and carbon dioxide emissions from energy and business air travel and reduce paper usage. HSBC discloses its performance, including under and over-achievements versus targets, on its website.

**Nike & Llamasoft** - The area is attracting interesting partnerships – on October 23rd 2012, Nike announced a strategic partnership with Michigan-based LLamasoft to co-develop supply chain solutions that offer both logistics and environmental sustainable supply chain benefits.

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**Emerging market segment - Social Supply Enterprise Collaboration**

The Social Media & Enterprise Collaboration market segments will undoubtedly experience dramatic growth over the next 5 to 10 years. As referred to within the PESTEL Analysis, improved collaboration and knowledge sharing leveraging social media tools are delivering tangible results for the most progressive corporations.

**Supplier Management context:** Emerging enterprise social networking technologies have a leading role in bringing Supplier Management to a dynamic, real-time level. Originally leveraged as a form of social networking, such technologies are now incorporated into most sales, marketing and CRM strategies. The extensive level of information available through online sources such as Twitter, LinkedIn, Google+, Facebook and ‘Chatter on Salesforce.com’ can provide valuable insight into supplier activities that have a material effect on a customer’s business. Insight such as takeover, insolvency and change of ownership rumours can directly impact strategic sourcing and Supplier Management decisions. Functionality as simple as Google Alerts can deliver instant news and corporate activity, relative to supplier entities of interest, to supplier-facing staff.

While such comprehensive, real-time insight is being effectively leveraged in the context of CRM, application within a Supplier Management/ SRM context requires a far higher degree of structure and filtering of ‘intangible, unverified’ information into real, accurate insight. Given the importance of delivering actionable intelligence to the end customer, such structure and filtering is critical to avoiding the pitfalls of interpreting intelligence in an inaccurate and potentially materially damaging way. Applied effectively, Social Intelligence can deliver value from an internal company perspective but also as a platform for collaboration between industry peers and between customers and suppliers directly.
In *Aberdeen Group*’s Supplier Lifecycle Management research research (published August 2012), respondents were asked if their organisations were looking to improve their Supplier Management efforts with social networks and social media. Of 132 survey respondents, the results show that 35% of Best-in-Class (the top performing 20% of the group) are currently leveraging supplier B2B social efforts to improve intelligence and supply chain operations, while only 13% of Industry Average (the middle 50% of the group) and 10% (the bottom 30% of the group) of Laggards were doing the same.

In research published in October 2012 by *Logistics Viewpoints*, 40% of supply chain executives believe social media “will make supply chain processes more efficient, responsive and cost effective,” while close to 43 percent believe the technology “will transform supply chain processes (for the better) in ways we can’t imagine today.” The principles of software and services delivered by *Manhattan Associates*, while currently focused more on Supply Chain Management challenges, apply in a parallel context to Supplier Management challenges.

Sample prominent Social Media Management software (‘SMMS’) providers, operating mainly in the CRM and Employee Collaboration marketplaces, include *Salesforce.com, Chatter, Jive Software, Telligent* and *Artesian Solutions*. Further niche providers include *Alterian, Buddy Media, Lithium* and *Vitruel*.

Sample Supplier Management and Supply Chain providers currently applying Social Media and ‘Enterprise Collaboration and Networking’ in a Supplier Management context include:

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>Social Media context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manhattan Associates</td>
<td>Manhattan’s SCOPE® Social is an engagement framework that enables companies to connect social networking capabilities and supply chain solutions. Manhattan ‘SCOPE Social’ “integrates actionable operational data with public and/or enterprise social networking tools such as Facebook, Twitter, Yammer, Moxie, Rypple and others to engage the workforce in achieving superior operational results.”</td>
</tr>
<tr>
<td>ARAVO</td>
<td>Aravo Assure is claimed by Aravo to be the first true many-to-many B2B Social Network for managing supplier relationships with a focus on risk, compliance, performance and sustainability.</td>
</tr>
<tr>
<td>GXS RollStream</td>
<td>Enterprise Community Management solutions. A hosted service to facilitate B2B collaboration between your employees and business parties. Core offerings: Information Management, Registration, Community Performance and Compliance. Rollstream have access to leverage the GXS Trading Network.</td>
</tr>
</tbody>
</table>

*SAP* partners with social media analytics firm, *NetBase*, to deliver ‘Social Media Analytics’, an on-demand subscription-based solution that can gauge net sentiment. *SAP* also announced, in August 2012, the release of the "Rapid-Deployment Solution (RDS) for Sentiment Intelligence with SAP Hana" that promises to help companies gain insights from social media and Web site comments and respond to market trends discussed on social networks "in less than six weeks."
In September 2012, Oracle announced its proprietary Social Relationship Management (‘SRM’) platform – depicted below. While not yet proven in a Supplier Management context, the principle of aggregating social interactions “social interactions with all of its constituents across the enterprise” could potentially apply to Supplier Management activities. To reach this position, Oracle acquired three SMMS players Vitru, Collective Intellect and Involver.

Volerro - Another provider that has received commentary relating to innovative applications in a Supplier Management context is Volerro. According to an Aberdeen Group analyst research blog posting, ‘B2B Social Media and Supplier Management’ (published July 2012), Volerro is leveraging “customer and supplier B2B social media efforts to improve collaboration and intelligence in a social network”. According to the posting, Volerro is providing “an extension of supplier profile data that goes beyond static supplier data, essentially creating a direct link into the corporation related to the topics of the day”. While Volerro also views the Social CRM market as a massive opportunity, as Supplier Management practice evolves, in 360° Supplier View’s opinion Volerro is well positioned to exploit Supply Social Enterprise Collaboration opportunities.

As mid to large organisations embark on grasping and deploying the basics of Supplier Information, Risk and Relationship Management, application of Social Media & Enterprise Collaboration in a Supplier Management context has a few years to go before it is commonly applied. However, sources such as trusted blogs (e.g. blogs of Analysts such as Aberdeen Group, Gartner, IDC, Spend Matters, and credible solution providers operating in the market) and business-initiated networks are forming a starting point for aggregation of reliable intelligence to support Supplier Management.

A recent article in CFO magazine cites the following cases where companies have successfully leveraged social media, within a Supplier Management context, to innovate:

- **Wal-Mart** has developed its Supplier Greenhouse Gas Innovation Program to reduce GHGs across its supply chain;
- **Intercontinental Hotels** engages its suppliers to develop sustainable food-resource chains in order to reduce cost, improve quality, and support local communities;
- **Network Rail** launched an Innovation and Supplier Engagement Program in 2011 to improve customer-service levels and reduce cost.

The CFO article also states that “early adopters of dedicated [Social Media] platforms for real-time communications within the supply chain, such as Home Depot and Teva Pharmaceuticals, have developed and are evolving solutions to not only improve communications but also build a valuable knowledge repository”.

**360° Vision:** The role of Social Media & Enterprise Collaboration will evolve to be central to realising the vision of complete Supplier Management visibility and optimum efficiencies.
**Related market – Supply Chain Software and Services**

Supplier Management has emerged as a standalone business discipline. However, given various common themes and given the role of suppliers as being integral to the success of the Supply Chain, it is important to understand the context and development of the Supply Chain market.

The Supplier Management market is sometimes viewed as a subset of Supply Chain Management. However, as illustrated in the below provider snapshot, Supplier Management and SRM language used by supply chain software providers is predominantly referring to the classic supply chain lifecycle across sourcing, production, logistics/ inventory management, order and demand management, warehousing, transportation and distribution. The areas that are common between Supply Chain and Supplier Management are typically Sourcing and Contract Management – however, the output and reporting is linked to supply chain events rather than the broader range of effects of Supplier Management events and activities respectively.

In the Supply Chain market, the five dominant players are **Manhattan Associates, JDA Software, RedPrairie, Oracle Corporation** and **SAP** – profiles as follows:

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>Supply Chain Software &amp; Services provider – Supplier Management context</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="Image" alt="Manhattan Associates" /></td>
<td>“Supply chain process platform - helps to optimize the supply chains of more than 1,200 global customers, from planning through execution”. <strong>Platform Thinking™</strong> is the driving force behind the company’s supply chain leadership and innovation. Manhattan’s <strong>SCOPE®</strong> brings together Distribution Management, Inventory Optimization, Order Lifecycle Management, Planning and Forecasting and Transportation Lifecycle Management suites.</td>
</tr>
<tr>
<td><img src="Image" alt="JDA" /></td>
<td>Planning, optimisation and execution solutions that span the entire supply chain from materials to the consumer, leveraging the capital of acquired providers including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. <strong>JDA’s SRM offering</strong> ensure that guidelines for preferred parts, material reuse and suppliers are incorporated into the product design process – includes <strong>Sourcing and Contract Management</strong> capabilities.</td>
</tr>
<tr>
<td><img src="Image" alt="RedPrairie" /></td>
<td>A portfolio of best-of-breed Supply chain, workforce, and all-channel retail solutions. Installed in over 60,000 customer sites across more than 50 countries. <strong>RedPrairie Supplier Management</strong> is a “web-based collaboration tool that provides a low cost, easily deployable vehicle for communicating with suppliers, co-packers, and remote manufacturing or distribution facilities”.</td>
</tr>
<tr>
<td><img src="Image" alt="Oracle" /></td>
<td><strong>Oracle e-Business Suite Supply Chain Management (R12)</strong> family of applications integrates and automates all key supply chain processes, from design, planning and procurement to manufacturing and fulfillment. <em>(Oracle’s SRM offering</em> is based on their acquired <strong>Peoplesoft SRM</strong> product described as an “integrated suite of procurement applications” includes elements of <strong>SIM, Spend, Sourcing and Contract Management</strong>.)</td>
</tr>
</tbody>
</table>
SAP offers a complete range of Supply Chain software solutions ranging from Integrated Sales & Operations Planning to Manufacturing and Supply Planning, Collaborative Response Management and Supply Chain Sustainability.

JDA/ RedPrairie merger: On November 1st, 2012, JDA and RedPrairie announced a definitive merger agreement. The merger, completed on December 21st, 2012, created a global software company with combined revenues of over $1 billion. The combined entity will offer a broad portfolio of solutions and services to manage global supply chains – “from raw materials to finished products, into the hands of consumers - through any channel”.

Supply chain practitioners: In Gartner’s annual Supply Chain Top 25 leadership report (‘The Gartner Supply Chain Top 25’, published May 2012), the following companies are listed as the top 10 practitioners: Apple, Amazon, McDonalds, Dell, P&G, Coca-Cola, Intel, Cisco, Wal-Mart and Unilever. These leaders are described by Gartner as companies “that best exemplify the demand-driven ideal for today's supply chain and document their best practices, which can help all companies move closer to their demand-driven goals”.

Related market – Governance, Risk and Compliance (‘e-GRC’/ ‘GRC’)
According to Gartner (‘Magic Quadrant for Enterprise Governance, Risk and Compliance Platforms’, published October 2012), “The enterprise governance, risk and compliance platform market has matured to a strategic focus on enterprise risk management”. Based on the core principle of the ‘platform’ play, “Reporting and managing through a single platform potentially give executives, auditors and managers a holistic view of the enterprise's risk and compliance postures, as well as views sorted by requirement, entity and geography”. The key functions of importance to company GRC stakeholders are Risk Management, Audit Management, Compliance and policy management and Regulatory change management.
Further themes common to Supplier Management include Environmental, Health & Safety (‘EH&S’) Compliance and Quality Management.

Provider snapshot - The following table provides a snapshot of sample GRC providers:

<table>
<thead>
<tr>
<th>GRC PROVIDER</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>MetricStream</td>
<td>Enterprise-wide GRC and Quality Solutions for global corporations. Presence across multiple industries with a broad range of Solutions from Risk Management, EH&amp;S, IT GRC, Legal GRC, Quality Management, Corporate Governance, Regulatory Compliance and ‘Supplier Governance’ – see below regarding convergence with Supplier Management.</td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>Description</td>
</tr>
<tr>
<td>---------------</td>
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</tr>
<tr>
<td><strong>IBM</strong></td>
<td>Acquired by <strong>IBM</strong> in October 2012, OpenPages Risk Management and Compliance solutions “enable customers to manage risk and compliance initiatives across the enterprise, helping businesses to reduce loss, improve decision-making about resource allocation, and optimise business performance.”</td>
</tr>
<tr>
<td><strong>RSA Archer</strong></td>
<td>Acquired by <strong>EMC</strong> in January 2012, RSA Archer enterprise governance, risk, and compliance (e-GRC) “allows you to manage the lifecycle of corporate policies, assess and respond to risks, and report compliance with internal controls and regulatory requirements across your enterprise.”</td>
</tr>
<tr>
<td><strong>Mega</strong></td>
<td>“Mega combines architecture and system design expertise and methodologies with risk management and governance practices”. Well established GRC presence in the Financial Services marketplace.</td>
</tr>
<tr>
<td><strong>Protiviti</strong></td>
<td><strong>A global consulting firm</strong> that helps companies solve problems in finance, technology, operations, governance, risk and internal audit. Protiviti also offers an <strong>e-GRC platform</strong> that “integrates content and commonly accepted frameworks with expert consulting experience”.</td>
</tr>
</tbody>
</table>

**FIS acquisitions:** Indicating the growing interest in the GRC market, in April 2012 **FIS** (*NYSE:FIS*), the world’s largest provider of banking and payments technology, acquired **ICS Risk Advisors and Memento**, two firms in the compliance market.

**Convergence with Supplier Management:** As one of the indicators of convergence of the GRC and Supplier Management markets, MetricStream announced in June 2012 a new contract with a Fortune 500 Retailer that selected MetricStream to “Strengthen Social Compliance and Supplier Audits”. Driven by CSR initiatives, the selected solution will include automation of “supplier on-boarding and information management processes, communication of internal compliance policies or the code of conduct, scheduling and execution of third-party inspections, compliance audits, issue tracking and collaboration with suppliers to implement corrective action.”

MetricStream markets ‘Supplier Governance’ as “enabling customers to adopt best practices to improve accountability and communication.” As a further indicator of convergence, many market commentators are stressing the importance of Vendor Risk Management within GRC solutions – proving the importance and cross-application of GRC and Vendor/ Supplier Risk Management.

While the goal of most organisations is to standardise GRC on a single platform, many large organisations have ended up with multiple GRC platforms. This has evolved due to the customer initiatives coming from the need to solve specific challenges as opposed to implementing a standard GRC process and governance across the organisation.
Given the complementary nature of the offerings of GRC providers, it is likely that the Supplier Management and GRC markets, with shared themes of risk mitigation, control and transparency, will continue to converge over coming years.

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**Related Market - Procurement Services/ Outsourcing**

There are many firms globally offering professional and outsourcing procurement services, a market estimated (by Everest Group in May 2012) to be valued at approximately $11bn. While Supplier Management is always going to be associated with the procurement function, as noted, the discipline of managing suppliers extends across multiple functions.

Certain segments of Supplier Management are successfully outsourced, such as supplier on-boarding, Sourcing, Spend Analysis and Contract Management. Outsourcing the Supplier Management segments of Supplier Relationship Management (where SRM is focused on suppliers of strategic importance to the customer) and Social Enterprise Collaboration is certainly questionable. The importance of the customer-supplier relationship in enabling the building of trust, the creation of the ‘customer of choice’ and collaboration for mutual gain is such that an intermediary could prevent the fundamental elements from working.

From a social collaboration perspective, it will be years before this segment becomes outsourced given that the most progressive of organisations are only now defining how best to collaborate with suppliers leveraging social media.

The following is a sample of organisations, with varying expertise in the area of Supplier Management, offering professional and outsourcing procurement services:

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>Profile – Supplier Management context</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.T. Kearney</td>
<td><strong>A.T. Kearney</strong> leverages its global team of partners to advise on CEO-agenda issues. A.T. Kearney “helps companies improve procurement performance, transform supply management processes, develop in-depth analytics and understand how collaboration technology can be used to achieve strategic objectives”.</td>
</tr>
<tr>
<td><em>Xerox Procurement Solutions</em></td>
<td><em>Xerox Procurement Solutions</em> offer complete procurement outsourcing services. Offering: “Full cycle Source-to-Pay solutions to clients worldwide with needs that range from cost savings and strategic sourcing to internal transformation”.</td>
</tr>
<tr>
<td>Capgemini</td>
<td><strong>Capgemini’s Procurement as a Service</strong> solution “seamlessly integrates on-demand procurement tools, strategic and operational outsourcing services and consulting”. IBX “Procurement Cloud” capabilities include Sourcing, Spend and Contract Management. CapGemini also offer <strong>Social Media Management</strong> services.</td>
</tr>
<tr>
<td>Deloitte</td>
<td><strong>Deloitte Procurement Solutions</strong> include: Category expertise, Procurement strategy, Procurement organisation design, “Source to Contract” and “Procure to Pay” process design and technology enablement, Low cost country sourcing, Supplier risk assessments, Benchmarking and KPI capabilities.</td>
</tr>
<tr>
<td><strong>Efficio</strong> is a “niche management consultancy” focused on procurement and supply chain optimisation and cost reduction. Services include Procurement Opportunity Assessment, Strategic Sourcing Execution, People &amp; Process Development, Procurement Transformation, Managed Procurement Services.</td>
<td></td>
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<tr>
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</tr>
<tr>
<td><strong>GEP</strong> is a global procurement technology, procurement outsourcing and procurement consulting company.</td>
<td></td>
</tr>
<tr>
<td><strong>Infosys BPO’s Sourcing and Procurement solutions</strong> across the entire “source-to-procure and payment value cycle”. Services include e-Sourcing, Vendor Master Management, Spend, Supplier Adoption &amp; Collaboration, Contract &amp; Supplier Scorecard.</td>
<td></td>
</tr>
<tr>
<td><strong>Procurian’s Comprehensive Procurement Solutions</strong> can address the complete end-to-end procurement process – services include outsourced Contract Management and SRM (based on supplier performance measurement, management).</td>
<td></td>
</tr>
<tr>
<td><strong>Wipro’s Procurement Outsourcing</strong> services include spend analysis, source to pay, customised solutions across the source-to-pay cycle, material master data management – includes elements of SIM (e.g. Supplier on-boarding) and Performance Management.</td>
<td></td>
</tr>
<tr>
<td><strong>Xchanging Procurement Services</strong> include Strategic Sourcing, Category Management, Spend Management, Tail Spend Management, Spend Analytics, e-Procurement Services, Stakeholder and Supplier Management, Contract Management, Procure to Pay Systems (P2P).</td>
<td></td>
</tr>
</tbody>
</table>
SUMMARY

A holistic approach to Supplier Management is now firmly established on the agenda of the majority of mid to large organisations. The key market drivers include regulatory requirements, an increasingly complex and turbulent business environment and the need to mitigate risk and deliver enhanced financial value through the supply base. Customers and solution providers are therefore increasingly striving towards achieving a ‘single view’ of suppliers through the optimum combination of governance, processes, skills and supporting technologies.

In order to realise the benefits of Supplier Management, customers are expanding beyond the traditional areas of Spend Analysis, Sourcing, Category and Contract Management into the market segments of Supplier Information Management, Supplier Risk Management, Supplier Relationship Management, Sustainability and Social Supply Enterprise Collaboration.

As proven by the PESTEL analysis, Supplier Management touches each of the PESTEL factors from Political through to Legal. As businesses execute strategies around an increasing level of such influencing factors, the discipline of Supplier Management will therefore continue to experience an increasing level of investment, as predicted by various commentators, over coming years.

The solution provider market is quite complex, contributed to largely by varying language of providers of Supplier Management and associated markets and by rapidly changing, emerging solution provider capabilities. While specialist providers are delivering strong solutions that address specific challenges, more global providers of a myriad of solutions are claiming similar capabilities yet are sometimes confusing the market with conflicting and varying terminology – ‘SIM’ and SRM’ probably being the most misrepresented terms.

The C-level vision of aggregating all supplier-related activities into an intelligent 360° platform from which strategic decisions can be made is possibly not as elusive as has traditionally been deemed. From an internal adoption perspective, the fundamentals of formal definition of requirements, C-level buy-in, cross-functional introduction, skills and resources are required.

From a technology perspective, potential paths to realising the vision include:

1. A notable amalgamation of existing solution providers (across the complete spectrum of required technologies) with a coherent strategy to bring all components together as a seamless single solution for customers or
2. Data analytics and related business intelligence solutions whereby data, process automation, activity and reporting from multiple systems are brought together to deliver the ultimate 360° view.

In an evolving market that will be influenced by new, innovative thinking, consistent with one of the core themes of Supplier Management, it will take collaboration between customers (who share the vision) and solution providers (who share the passion, skills and goals) to clearly define the ultimate solutions to meet the requirements.

In reality, the ‘360° Supplier View’ will take many years for most organisations to realise. However, a phased, structured approach that leverages current and new skills, effective governance, processes and enabling technologies will deliver phased benefits and ultimately deliver the required outcomes.
About 360° Supplier View

360° Supplier View is a specialist, independent Supplier Management consulting firm. Our proposition is 'To help organisations increase efficiencies and competitiveness and reduce risk through expert Supplier Management consulting services.' Our holistic approach to Supplier Management is intended to deliver on the vision of 'complete, 360° visibility of supplier activity and intelligence' - without which, decisions lack foundation and opportunities are missed.

We leverage a wealth of domain knowledge and existing business relationships to help both companies and solution providers to realise benefits from the rapidly evolving Supplier Management technology and services market.

360° Supplier View services are focused on the following core areas:

**DEFINE:** Definition of Supplier Management strategy, vision and goals. Based on the business goals and strategy of your business, we will support the definition of your Supplier Management strategy. The alignment of this definition phase is essential to set the foundation for further assessment and execution of the right strategy for your business.

**AUDIT:** Audit of current capabilities. This process includes thorough evaluation and assessment of the following elements required for effective Supplier Management: current skills, processes, stakeholder engagement, technologies and services.

**EXECUTE:** Technology and services strategy execution. This process includes the definition of the scope of technology and services required to execute the most effective strategy for your business. We will then identify capable providers and support, as appropriate, the processes of selection and implementation of the required technology and services.

**MARKET INTELLIGENCE:** Based on a high level of pro-actively maintained intelligence, we will discuss and share comprehensive market details with your company’s stakeholders. Details will include market trends, solution provider capabilities (such as functionality, technology and services) and other strategic factors (such as financial stability, corporate strategy, geographic coverage, customer references and investment roadmaps) of relevance to your decisions.

**BUSINESS RELATIONSHIP MANAGEMENT ANALYSIS:** Realising a return on investment in BRM requires a structured approach comprising the following key factors: Executive sponsorship, governance, skills, stakeholder engagement, processes, enabling technologies and the right level of collaborative communication with all stakeholders. 360° Supplier View delivers relationship perception analysis services, including survey-based and 1:1 stakeholder engagement analyses. Addressing the perception and views of internal and supplier/ partner/ customer stakeholders, the output enables your business to execute a formal relationship management strategy.