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**– NEWS ALERT –**

**Half of procurement executives expect procurement outsourcing to grow**

*Global research among procurement professionals reveals appetite for procurement outsourcing*

**Paris, London, – 16 December 2010: According to a study conducted by the Procurement Leaders Network and Capgemini, one of the world’s leading providers of consulting, technology and outsourcing services, procurement professionals are predicting that outsourcing activity will increase in the next year.**

The evolving maturity of the procurement outsourcing market was identified as a major driver for growth, with the increased range of services put forward by outsourcing providers offering companies more scope to use outsourced expertise. The report revealed that over a third of procurement professionals (37%) are planning to outsource in the next twelve months and 47% within two years.

One of the cited benefits of outsourcing procurement was that organizations are able to gain greater control of spend and improved visibility of both spend and supplier communities. Supplier relationship management (SRM) emerged as an area that CPOs are keen to address, with 70% of respondents claiming it to be a focus area. This trend could be explained by the heavy emphasis put on SRM as a consequence of the economic downturn, growing supply chain competition and the increased focus on supply chain improvements (57%).

Other key findings from the report reveal:

- **Increasing influence of procurement in decision-making** - 87% are now involved in negotiating outsourcing deals, 72% in contract management and 71% in supplier selection.
- **Need for supplier and internal collaboration** - 52% see improving spend visibility as important, which reinforces the need to better collaborate with suppliers and with the wider business to achieve greater efficiency (53% of respondents placed cross-functional collaboration among their top priorities).

- **Sustainability and CSR are growing issues** - High on procurement leaders' agendas are sustainable sourcing (49%) and CSR (41%) – areas seen as the future of procurement which will help to achieve competitive advantage.
- **Cost is still a major issue** - 94% of respondents view cost reduction as a major challenge currently, while 52% listed improved expenditure visibility and reduction of working capital (49%) as top procurements priorities.
- **Predicted growth of outsourcing** - 66% will be looking for an outsourcing provider for inventory management in the future, 58% would consider using procure-to-pay and 60% would consider using an outsourcing partner to leverage innovation (60%).
- **Capability is key when choosing outsourcing partners** – 86% ranked proven capability as highest in importance in outsourcing selection criteria while 84% ranked spend category expertise as important, followed by management capability (63%) and financial strength (60%).

*“Whatever the strategic imperatives, cost is still king and if that continues to be the case, and if procurement outsourcing can continue to prove its worth, then it will grow as we move through 2010 and beyond,”* said one CPO from a leading estate-management provider.

*“Category and process knowledge seem to be the key decision criteria for choosing an outsourcing provider”,* said Leif Bohlin, vice president, Capgemini Procurement Services. *“These are our focus areas as well. Another important dimension will be the integration of software-automation in the outsourcing offering. The question of the future won't be outsourcing vs. automation, but how to achieve both at the same time.”*

**To download the full report log onto:**

[www.capgemini.com/Procurement](http://www.capgemini.com/Procurement)

**About the research**

During April-May 2010 *Procurement Leaders* and Capgemini Procurement Services conducted joint research to identify the most important drivers in indirect spend and the outsourcing of indirect spend. The study was designed to understand the relationship between strategy and risk management. Over 170 CPOs and other senior procurement executives worldwide across a wide range of industries took part in the survey with the highest response rates from the UK, the US and Switzerland. Of those questioned, 85% named procurement as their core responsibility and 11% listed supply-chain management. Almost three-quarters (72%) came from companies with an annual turnover of more than €1bn. While over half of respondents look after a procurement volume of €1bn and 30% a volume of more than €5bn.

**About Capgemini**

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which

aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 35 countries, Capgemini reported 2009 global revenues of EUR 8.4 billion and employs over 100,000 people worldwide.

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Capgemini's expertise is recognized in **Business Process Outsourcing (BPO)** with a solution portfolio that spans Finance & Accounting, Customer Operations Management, Procurement and Supply Chain Management, Assurance Management, Human Resources and Knowledge Process Outsourcing services. As part of Capgemini's Rightshore® delivery network, BPO professionals provide services to clients worldwide 24 hours a day, seven days a week, in over 35 languages, from centers located in Australia, Brazil, Canada, Chile, China, Guatemala, India, Poland, Sweden and the United States.

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#### **About the Procurement Leaders Network**

The Procurement Leaders Network is an international membership-led community focused exclusively for executive-level procurement, sourcing and supply-chain professionals. The Network acts as a catalyst to spearhead innovation, leadership and strategy and has been developed in support of our members growing global remit. It delivers high-quality insight and perspective on today's most critical corporate issues, while providing members with new ideas, approaches and strategies to meet their current and future business challenges.

For more information or to become a member, visit [www.procurementleaders.com](http://www.procurementleaders.com) or contact Patricio Souza at [p.souzo@procurementleaders.com](mailto:p.souzo@procurementleaders.com) or 0044 20 7501 0548.