



PWC PROCUREMENT ON DEMAND SERVICES: MAKING PROCUREMENT LESS PAINFUL

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► A PROVEN STRATEGY: START, TEST, BUILD, EVOLVE INTERNALLY

In early November, TBR spoke with PwC's Procurement on Demand Services team, including Scott Boruff, Becky Mackin, Michael Giguere and John Fafian, to better understand how their offering has evolved and what challenges they are facing as 2022 approaches. According to Boruff, PwC's internal procurement professionals implemented a version of the firm's procurement solution over five years ago, then continually refined it before rolling the solution out to clients over the last 18 months. In TBR's view, numerous PwC peers have successfully deployed this customer zero approach, particularly as consultancies and IT services vendors have drifted into the software space. When pressed if implementing a solution internally resonates with clients, Boruff, Giguere and Fafian confirmed that PwC's clients appreciate this approach and that the firm included former PwC procurement professionals in the Procurement on Demand Services team. Fafian noted that the range of spend categories within PwC's procurement team — for example professional services, facilities management, software and hardware — reassured clients PwC's solution could withstand massively scaled deployments.

In explaining why PwC launched Procurement on Demand Services, Boruff noted that the COVID-19 pandemic highlighted long-standing tensions between procurement officers seeking the best quality and conditions and internal customers, who often bring different priorities to a procurement process. Solving the people problem — the dissatisfaction with each other and with the process — requires developing, cementing and sustaining trust across an entire enterprise, a theme that resonates with PwC's overall strategic shift. In addition, by leveraging PwC's products and accelerators for its clients, Boruff said his team has "the people and the technology" to help clients "jump the line" on turning around their procurement processes, improve outcomes and satisfaction, and drive hard value to the bottom line. An enterprise trying to transform its procurement function, in Boruff's assessment, would need 12 months to find qualified staff and 12 more months to build the technology, before finally realizing the value — an overall timeline Boruff said PwC could reduce to three months. In TBR's view, the combination of a pandemic-induced appreciation for procurement challenges and a robust, tested solution currently operated globally by PwC made for excellent timing. As we discuss below, execution becomes the new challenge.



Meeting the vast variety of clients' needs requires PwC flexibility

Detailing the PwC offering, Boruff explained that PwC's clients look for three kinds of services: 1) curated tech enabled -services in a specific functional area that support upskilling and progression of maturity of the entire procurement function; 2) managed services, with PwC taking full responsibility for category management, analytics and any ongoing procurement issues; and, 3) enhanced staff augmentation, typically around a specific spend category, an acquisition assimilation or a major sourcing event. Across those three areas, according to Boruff, PwC can bring the right procurement subject matter experts, particularly for specific spend categories, and scale up to meet clients' demands. In addition, PwC's flexibility around the consulting business model allows the firm to bring a blend of services, including procurement strategy, project management, contract negotiations, metrics and reporting, risk management, and even a SaaS procurement platform. In TBR's view, while this offering does not sit within PwC Products, the evolution through internal development and deployment and the approach to bringing this to clients reflect the firm's commitment to PwC Products and to a full pivot to business models that more fully support their clients' transformation needs.

While PwC's Procurement on Demand Services offering currently exists in the "walk" stage across the crawl-walk-run spectrum, the firm has begun exploring what comes next, beyond simply greater scale. Mackin noted the current procurement analytics package within some clients' deployments allows PwC to anticipate and explore opportunities for additional client savings through enhanced procurement strategies and services. In TBR's view, as more managed services clients permit PwC to monitor existing deployments and analyze trends, the firm will develop an increasingly robust procurement offering, accelerating the flywheels of value to clients and revenue for PwC. Looking further ahead, Boruff called blockchain "aspirational" in the procurement space, noting that too many client contracts have not been digitized from paper. Boruff also acknowledged the firm may need to complement existing talent and capabilities with acquisitions of both intellectual property and procurement-trained professionals to meet PwC's internal growth targets over the next few years.

➤ HELPING CLIENTS 'JUMP THE LINE' THROUGH SATISFACTION, EXECUTION AND GLOBAL REACH

Repeatedly, Boruff and his team used the phrase "jump the line" when describing why their Procurement on Demand Services offering resonates with clients, explaining PwC had identified three key elements that, when pulled together, allow clients to rapidly transform their procurement people and processes. First, PwC recognized procurement cannot be tied only to traditional metrics, such as return on investment or overall cost savings. Instead, PwC incorporates what it calls "stakeholder satisfaction," cutting across both procurement professionals and their internal clients, as a key measure of the impact on a client's business. Second, as every PwC client has a unique set of needs, the firm has to balance outsourcing solutions, managed services platforms, staff augmentation and strategy consulting, all executed with the right balance of resources deployed either for the long term or for limited, but critical, periods of time. Clients expect seamless delivery across all these components and value PwC's ability to pull together various procurement capabilities and wide-ranging expertise. Third, PwC can sell its own experience as a massive global firm deploying procurement solutions for years as part of clients' internal business case and risk management: if PwC can do it for themselves and others, PwC can do it for us too. PwC believes recognizing and combining these three key elements — stakeholder satisfaction, seamless execution across a range of services, and proven global deployment and capabilities — form a compelling argument for the firm's ability to help clients jump the line to accelerate procurement transformation. In TBR's view, Procurement on Demand Services aligns well with PwC's ongoing evolution: a technology-driven offering, targeted at a transforming area within many clients, proven internally at PwC,



and rolled out globally, supported by multiple capabilities across the firm. Provided the firm adeptly manages the usual challenges around talent, permission, and competitive pressures, TBR anticipates this offering will become a solid component of PwC's sustained efforts to be deeply entrenched in clients' digital transformations. Further, if enhanced analytics and blockchain capabilities begin to permeate Procurement on Demand Services, TBR expects this offering could become critical to expanding the firm's client base, increasingly tying together partners, suppliers, clients and clients' customers into broad multienterprise business networks.

For more about PwC, see TBR's extensive catalog of special reports detailing the firm's recent evolution around PwC Products and The New Equation. In addition, TBR publishes semiannual assessments of PwC's management consulting business as part of TBR's Management Consulting Benchmark.

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