

Article originally published by Andrew Bartolini on CPORising.com - reprinted by permission

Big Trend: The Supply Management Solutions Market Will Be Strong in 2013 (Unless Europe Brings it Down)

Many of the Chief Procurement Officers and other procurement leaders that we spoke with in Q4 2012 expressed serious concern over the potential economic problems in Europe and noted that their companies were preparing for a tougher year as a result. At the same time, many more CPOs than in recent memory were discussing automation projects that had just begun or were planned for 2013. Throughout the recovery, procurement department budgets have remained tight – gaining headcount, in particular, without some type of offset has been very difficult – so the 2013 outlook for the supply management solutions is surprisingly robust and will remain so unless problems in Europe upend things.

Prediction #1: The Strategic Sourcing Market Will Be Hot in H1 – 2013

It appears that the stars have aligned in the analyst world around strategic sourcing as several analyst firms, Ardent Partners included, plan to publish research focused on this market. The analyst activity will not be the sole market catalyst but, it will help in general, and it will serve to help speed up the decision-making process for many groups which will mean that more deals will close sooner. Given the generally tight procurement department headcounts and large enterprises' longstanding hesitancy to staff up, we believe that the strategic sourcing solution providers who also offer strategic sourcing services that are closely coupled with their solutions will see stronger relative growth in the market and good expansion throughout the entire year. This leads to our next prediction...

Prediction #2: A Large Consultancy (or Outsourcing Firm) Will Acquire a Strategic Sourcing Solution Provider

While the prediction is self-explanatory, we should add that while having deep process, category, or industry expertise is valuable, more and more consultancies and outsourcers are also seeing the value in owning and controlling their own solutions. We expect at least one to take action this year.

Prediction #3: The Preference for "Solution Suites" Continues

The days of the single application (or point solution) provider in this space have past. Many best-of-breed providers have long realized that procurement departments prefer suites and have worked aggressively over the past five years to offer a broader offering of solutions. CombineNet is a great example of this trend. We also see this trend more broadly in the strategic sourcing arena as evidenced by providers like lasta and in the P2P market by providers like Puridium, and among other providers who have invested aggressively to offer a Source-to-Settle suite. Even newer companies are now entering the market with larger solution footprints than they might have done six or seven years ago. Interestingly the interest in suites today is as much driven by a desire to manage fewer vendors as it is for tight integration. During a long call yesterday with the procurement leadership team of a large financial services company, it was clear that working with a single provider was this team's top priority, ahead of any feature functionality discussions. More and more procurement teams will adopt this view in 2013 and beyond. The result is a market comprised of strategic sourcing solution providers, P2P players, and full source-to-settle suite providers. This leads to the next two predictions...

Article originally published by Andrew Bartolini on CPORising.com - reprinted by permission

Prediction #4: Several ePayables Providers Will Enter the P2P Fray in 2013

With the ePayables market long under attack from eProcurement providers like Ariba, Puridiom, and Hubwoo, we expect that several ePayables providers will seek to acquire or partner with eProcurement solution providers in 2013 in a quest to offer a true P2P solution. One or two ePayables providers may even look to acquire a strategic sourcing provider as a way to offer a full source-to-settle solution.

Prediction #5: 2013 Will Be the Year of Reckoning for Supplier Information Management Providers

While we will make the easy prediction that this still burgeoning market, which includes some strategic sourcing providers and supplier information management (“SIM”) specialists like Aravo and CVM Solutions, will continue to grow in 2013, this market has not reached its tipping point. And, while we do not believe that threshold will be reached in 2013, we do believe that something’s “got to give” and that at some point in the next 18 months, we will see a sizable market shift. The shift will likely be positive for the providers, but it could be negative. We believe that the shift will be driven by either (1) a broad change in the approach that companies take with vendor management, (2) a disruptive innovation by one of the current providers or a larger technology provider or (3) an external market force or acquisition that changes the landscape.

Prediction #6: Procurement Outsourcing Will Continue to Grow to the Chagrin of CPOs

The growth of procurement outsourcing – of categories and sub-process areas – will continue to grow in 2013 and many Chief Procurement Officers will remain luke-warm on the idea. Full procurement BPO will remain out of vogue.

Prediction #7: Services Procurement Rises in 2013

Complex categories will gain greater attention from CPOs in 2013 - more on this soon.

Prediction #8: The Dust Will Not Settle from SAP’s Ariba Acquisition until 2014

In the initial six-plus months since the deal was announced, virtually every solution provider we briefed has claimed some level of victory as a result of the deal. It is possible; for, as we discussed in the Ardent Partners’ report, [Acquisition in the Clouds: SAP to Buy Ariba for \\$4.3 Billion](#), many providers will have opportunities open up because of the deal (note that Ariba/SAP are at the top of the list). In 2013, there will be many deals that are impacted by the acquisition; but, we believe that the size and scope of this deal are such that it will take more time to see and understand a cause and effect relationship in market activity and be able to ultimately judge its overall market impact.

Sponsor:

Puridiom, a recognized leader in the Supply Chain, offers innovative technology solutions, industry-specific strategies, and best practice expertise to achieve best-in-class results. For 30 years, Puridiom has successfully transformed procurement and accounts payable operations and continues to deliver real savings, control, compliance, and accountability to spend activity. Puridiom serves many global organizations within diverse industries, including energy, insurance, financial, entertainment, government, healthcare, and non-profit. Solutions and services include stand-alone modules, a comprehensive procure-to-pay suite, cloud / SaaS and on-premise deployment platforms, and business process outsourcing options. Discover real savings and learn more at www.puridiom.com