



# CHALLENGES OF GOVERNANCE

## TRENDS IN PROCUREMENT, CONTRACTING, AND VENDOR MANAGEMENT

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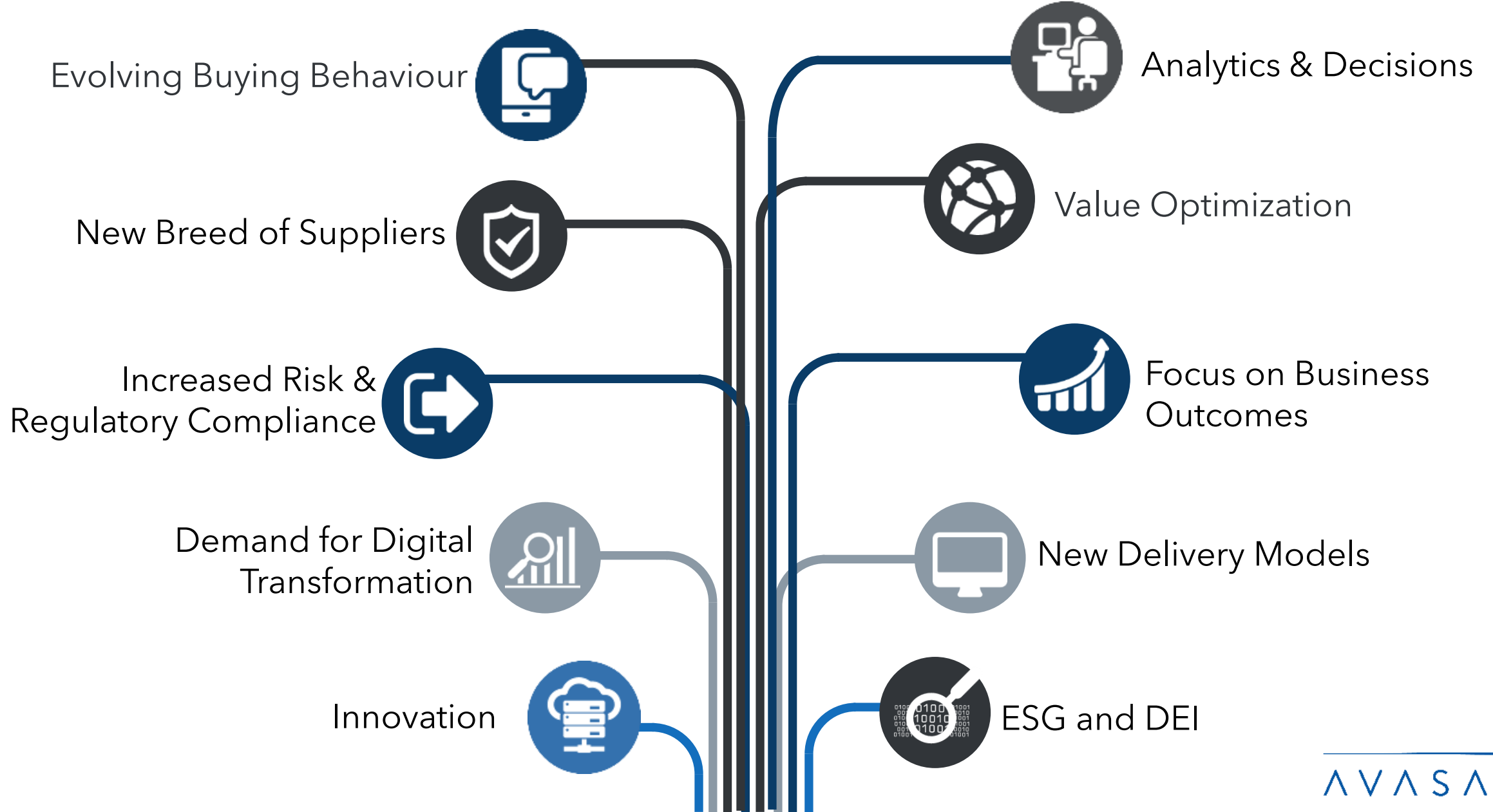


JAMES LEE

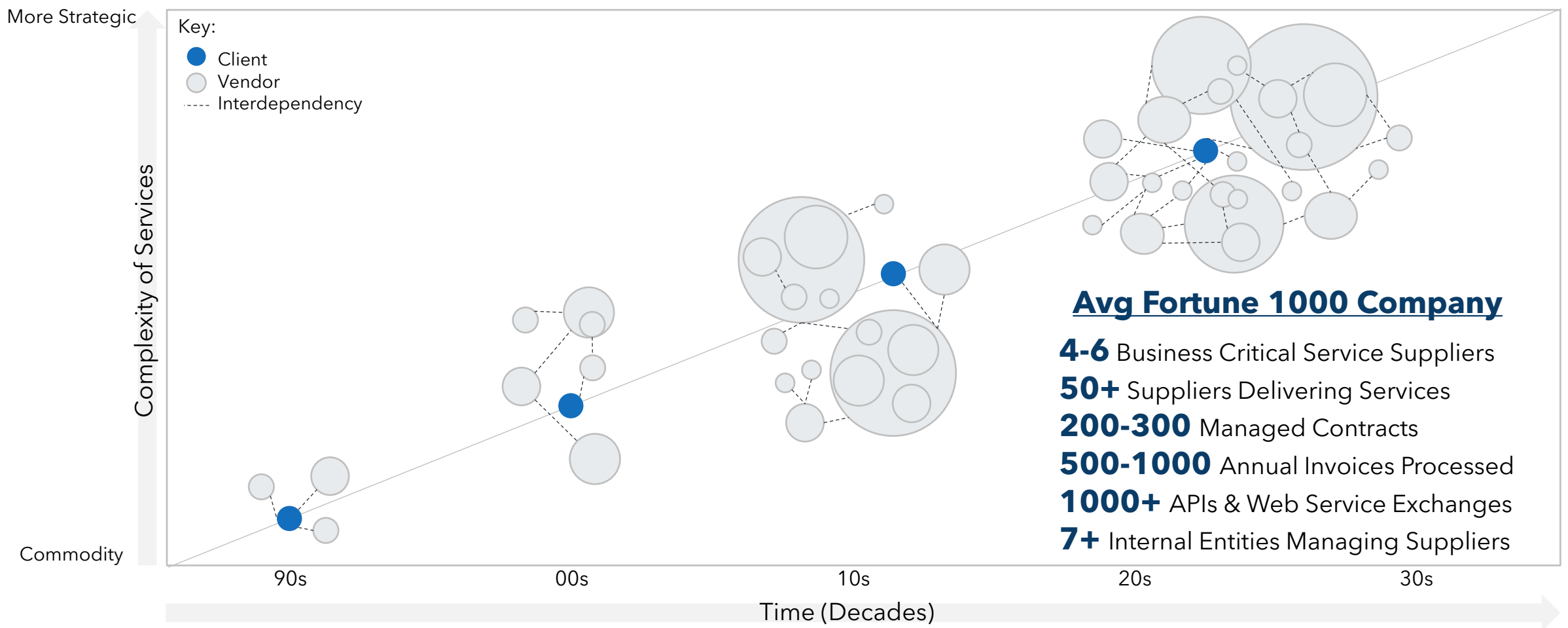
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GOVERNANCE CoE



# Procurement, Contracting, and Vendor Management trends



# Strategic partnerships are more critical than ever to stay competitive



The complexity of vendor ecosystems and the interdependencies among suppliers has become **THE KEY** to a competitive edge in many markets.

# Companies are re-thinking their vendor operating models to adapt

1

**Focusing Internal Human Capital** on initiatives that drive more impact to the organization

2

**Continuously Rationalizing** Internal Services vs. External Delivery to maximize value

3

**Creating Scalable Shared Services** & Vendor Services for Growth & Acquisition Readiness

4

**Consolidating Vendors for Scale**, elasticity & pricing terms for a competitive edge

# Changing business landscapes have made this more relevant now than ever



## THE GROWING COMPLEXITY OF THE VENDOR ECOSYSTEM

There have been massive **increases in technology** enablement and application **across all areas of the business** (Technology is no longer just in IT)

Consumers **demand more**, driving a need for **flexibility**, faster reactions, more **optimal performance**, new capabilities and intuitive interfaces

Non-digital companies are losing market share now more than ever, so an **effective digital strategy** is needed to simply stay alive

With technology comes **more specialty**, higher need for **specific skillsets**, etc. to effectively operate and understand how to deploy and leverage

There is a growing need for **innovation** - partnering with IT services providers not only frees up internal capacities but also gives IT access to expertise, experience, and ideas



# Interdependence of suppliers will require real time SLA, OLA, and KPI transparency



Increased  
Resiliency &  
Compliance

**75%** of organizations  
and providers are not  
in compliance with  
contract terms and  
conditions



Assured Business  
continuity &  
contingency  
management

**80%** of suppliers  
incorporating  
business continuity  
stipulations into  
contracts due to  
COVID-19



Increased  
service quality  
assurance

**80%** of organizations  
require real time SLA  
management due to  
remote workforce



Stronger data  
privacy &  
security and 3<sup>rd</sup>  
party risk

**Over 50%** of  
companies  
reported a data  
breach caused by  
a third party



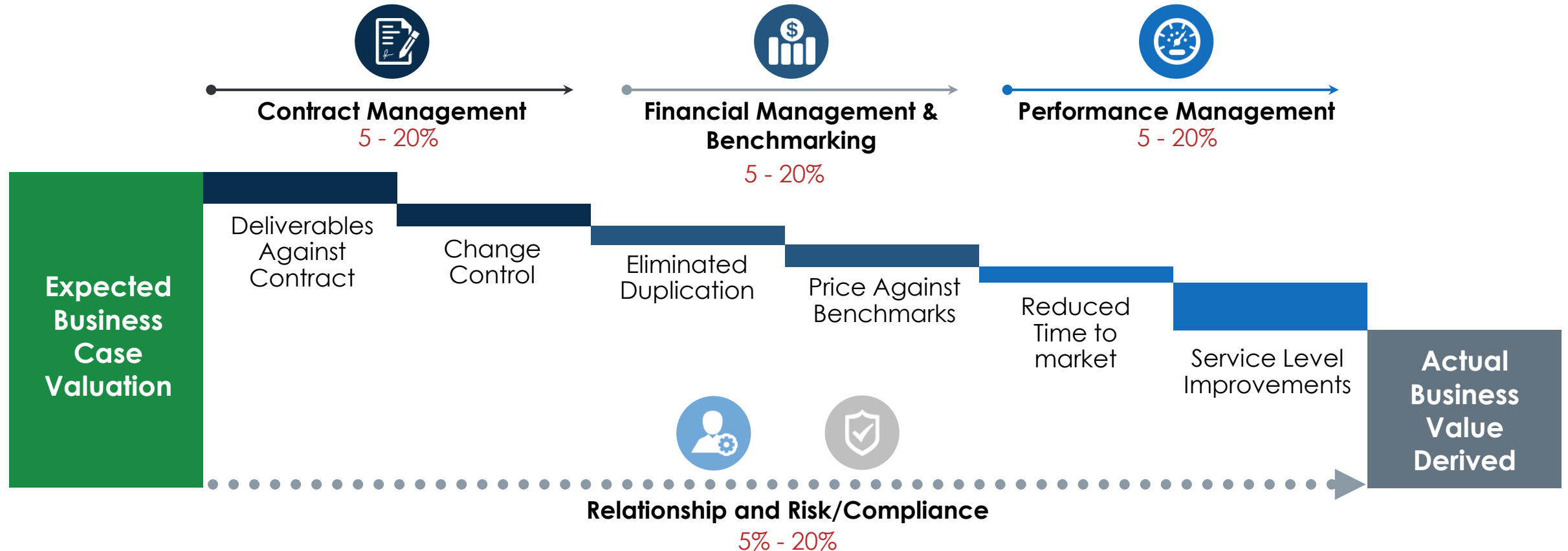
Increased  
service delivery  
transparency

**60%** of leaders say  
lack of  
transparency &  
limited view of  
supplier  
performance  
is a risk

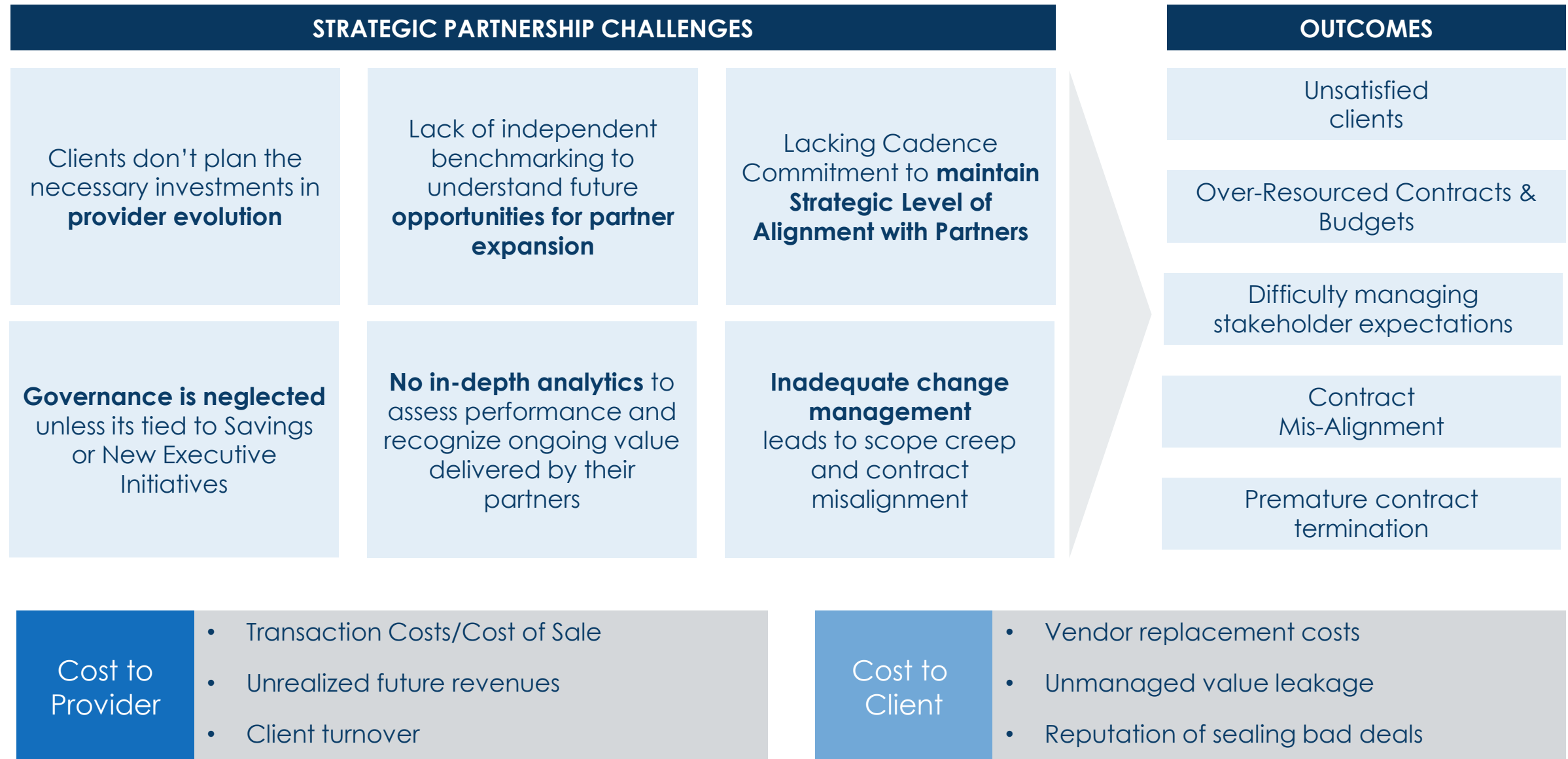
# Complex governance and increased automation requirements require better contract management solutions

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*Outsourcing relationships can **lose 20% - 60%+ of expected value** due to poor governance practices*

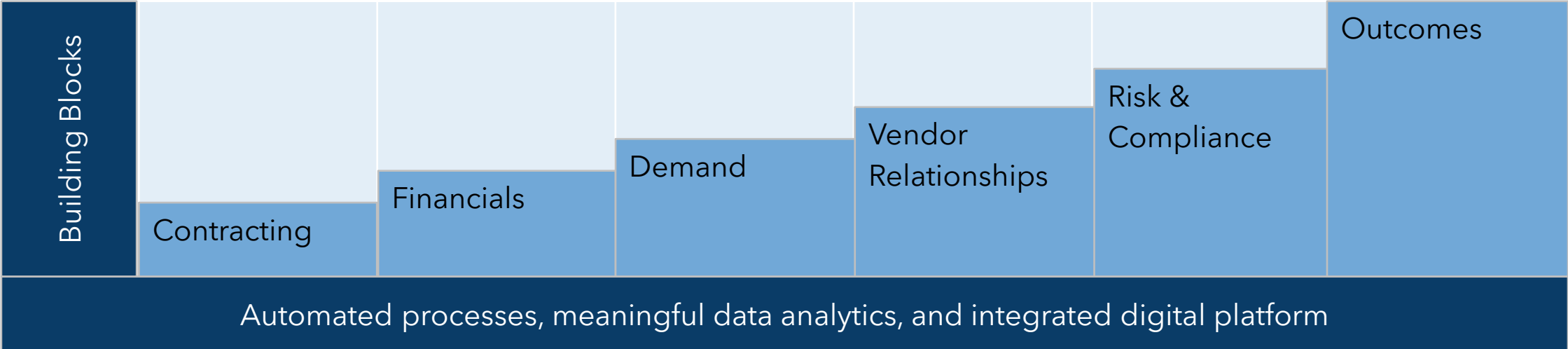


# Client-Provider Relationship Failure: Causes and Costs





Vendor Management must drive superior outcomes in a complex services environment thru real time data analytics and intelligent decision-making resulting in greater value to the business



Benefits	Efficiency	Control	Forecast	Leverage	Reliability	End Results
	Real time visibility of contracts, timely change management and renewals	Accuracy in Invoice and Chargebacks; control spend on projects/ suppliers; real time financial analysis	Proactively assess Demand by project/ supplier and manage spend allocations according to defined priorities	Streamline and strengthen supplier relationships through orchestration, monitoring, and real time reporting	Reduce service delivery risks and mitigate security and compliance risks	Enable business driven outcomes for contracted SLAs/KPIs in alignment with defined strategy



## Interactive Case Study

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