



Procurement value creation

How Private Equity firms can drive significant cost savings through rapid price benchmarking and contract analysis

Pressure for Private Equity

Private equity funds and their portfolio companies are increasingly pressured to deliver measurable EBITDA improvements amidst the backdrop of decreasing deal volume, staffing capacity challenges, price inflation, and supply chain risks.

Procurement can help

In leading organizations, procurement is charged not only with management of spend transactions, but with helping realize maximum value from the external spend and supply base. This role typically includes proactive identification of opportunities to generate value, execution of initiatives to realize that value, and development of mechanisms to sustain that value over time. However, all too often, procurement lacks the spend insight that is a prerequisite for success in this role. In fact, despite seemingly modern information technology systems and processes, most procurement organizations lack the basic spend visibility needed to understand their supply base, to know how much was spent, and on what commodities or services.

TYPICAL SPEND VISIBILITY CHALLENGES



Disparate data sources



Inaccurate or incomplete data



Labor intensive data cleansing and classification processes



Insufficient commodity expertise



Limited analytics capabilities and toolsets

SIZING THE OPPORTUNITY

Leading procurement functions can drive measurably superior performance levels – and savings – when compared to organizations with average maturity.

Percentage of spend controlled by procurement



92% Leading

85.5% Average

Procurement contract compliance



78% Leading

30% Average

DELIVERING RESULTS QUICKLY

KPMG can help deliver cost improvement opportunities, through rapid price benchmarking and contract analysis across IT, telecom, and contingent labor spend categories

You provide



Spend data



Supplier contracts

KPMG provides

Spend visibility

consolidated, cleansed, and categorized

Product level price benchmark analysis

as compared against 15,000+ unique suppliers and 600M+ unique data points

Contract terms and condition analysis

with a focus on optimal terms

Action plans to capture savings

CASE STUDY

A major corporation was facing a significant cost increase in their customer relationship management (CRM) agreement, creating a need to optimize cost while maintaining service levels

Value delivered

36 hours Turnaround time

<2 weeks Negotiation timeline

21% Negotiated savings

What we do



Procurement strategy and diagnostics



Source-to-pay technology enablement



Category management and sourcing excellence



Procurement in mergers and acquisitions



Supplier risk and relationship management



Master data management/ procurement business intelligence

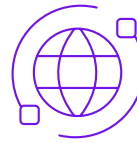


Organizational effectiveness and talent management

Who we are

300+

U.S. Procurement and Operations professionals



3,000+

Global Procurement and Operations professionals

What we deliver



75,000

Savings initiatives delivered



\$430 Bn

Spend analyzed



\$26 Bn

Savings generated

What we are recognized for



Spend Matters "50/50 Providers to Know", 6 years running



ALM Vanguard Leader Sourcing & Procurement Consulting



ALM Vanguard Leader in Supply Chain Risk Consulting

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