Everest Group PEAK Matrix™ for SCM Service Providers

Focus on Accenture
July 2017
Introduction and scope

Everest Group recently released its report titled “Supply Chain Management (SCM) – Service Provider Landscape with PEAK Matrix™ Assessment 2017”. This report analyzes the changing dynamics of the SCM landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 11+ service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for SCM into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of SCM service providers based on their absolute market success and delivery capability.

Based on the analysis, Accenture emerged as a Leader. This document focuses on Accenture’s SCM experience and capabilities. It includes information on:

- Accenture’s position on the SCM PEAK Matrix in 2017
- Detailed SCM profile of Accenture

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service provider’s relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.
SCM has significant overlaps with Finance and Accounting (F&A) and procurement processes

<table>
<thead>
<tr>
<th>Finance &amp; accounting</th>
<th>Supply chain</th>
<th>Make/manufacture</th>
<th>Aftersales services</th>
<th>Reporting, Analytics, and Compliance (RAC) support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Source and procure</td>
<td>Make/manufacture</td>
<td>Aftersales services</td>
<td>Reporting, Analytics, and Compliance (RAC) support</td>
</tr>
<tr>
<td>Procure-to-Pay (P2P)</td>
<td>Source-to-Contract (S2C)</td>
<td>Production and testing</td>
<td>Claims/warranty management</td>
<td>Master Data Management (Vendor/client/item)</td>
</tr>
<tr>
<td>Record-to-Report (R2R)</td>
<td>Logistics and inventory management</td>
<td>Asset management</td>
<td>Service contract management</td>
<td></td>
</tr>
</tbody>
</table>
Everest Group PEAK Matrix™ for SCM

Market success
(Revenue, number of clients, and YoY revenue growth)

SCM delivery capability
(Scale, scope, technology & innovation, delivery footprint, and buyer satisfaction)

1 Assessment for Wipro excludes complete service provider inputs on this particular study and is based on Everest Group’s estimates which leverage Everest Group’s proprietary Transaction Intelligence (TI) database, ongoing coverage of Wipro’s public disclosures, and interaction with buyers.
2 Service providers scored using Everest Group’s proprietary scoring methodology described on page 17.

Source: Everest Group (2017)
Key SCM leaders
- Tushar Narsana, Managing Director, Supply Chain BPO
- Derek Deich, Capability Lead, Supply Chain BPO

SCM service suite
It provides comprehensive SCM services for every process across the supply chain:
- **Plan**: includes demand and supply planning, inventory optimization, and forecasting analytics
- **Deliver**: includes network optimization, customer order management, track & trace, logistics management, and compliance monitoring
- **Service**: includes warranty management, spare parts management, and returns management

Key SCM-related developments
- **Year 2016**: acquired OPS Rules to create supply chain and operations analytics solutions capabilities in inventory optimization, custom supply chain analytics, supply chain risk management, and dynamic pricing services
- **Year 2016**: acquired Maglan, which brought in skilled cybersecurity professionals to enable leveraging Israel as a cybersecurity innovation hub
- **Year 2016**: acquired CRMWaypoint, a cloud advisory and technology services supplier, specializing in Salesforce cloud solutions for sales, service and marketing
- **Year 2015**: acquired Javelin Group, thereby adding management and technology consulting capabilities in retail supply chain and logistics

Scale of operations
Number of SCM FTEs over time

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>NA</td>
<td>1,400+</td>
<td>2,500+</td>
</tr>
</tbody>
</table>

FTE mix by process scope

<table>
<thead>
<tr>
<th>Process Scope</th>
<th>&gt;500 FTEs</th>
<th>100-500 FTEs</th>
<th>&lt;100 FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make / Manufacture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliver</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Partnerships
- GTNexus, Kinaxis, Tableau, Revolution, and Qlik provide analytics and shipment visibility, management information, and scenario modeling
- Platforms partners are Alteryx, Amazon Web Services, Qlik, Revolution, and Tableau
- Control Tower alliance partners include JDA, Oracle, SAP, Llamasoft, Amber Road, SAS, Servigistics Transporeon, Transwide, QlikView, and Tableau
- Elite Total Logistics – to create a platform that sets up a network of stakeholders and brings in required capabilities for 4PL

Number of clients
Around 70

Note: Does not include order management (that is common to finance & accounting), source & procure, and MDM FTEs

Source: Everest Group (2017)
**Accenture (page 2 of 5)**

**SCM client portfolio**

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**Major SCM clients**
Food manufacturing company; industrial manufacturing company; communication & high tech company; consumer electronics corporation; mass media & telecommunications company; high tech company; and Indian multinational automotive manufacturing company.

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**Recently-announced multi-process SCM engagements**

<table>
<thead>
<tr>
<th>Time of signing</th>
<th>Client</th>
<th>Contract details</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2016</td>
<td>Large multinational retailer</td>
<td>Accenture is providing reporting and analytics services for the clients’ open-box business and creating multiple pricing elasticity models at a subclass brand level.</td>
</tr>
<tr>
<td>March 2016</td>
<td>Wholesale company</td>
<td>Accenture is providing an end-to-end service for sales management, logistics and distribution, order management, customer care &amp; analytics.</td>
</tr>
<tr>
<td>January 2016</td>
<td>Medical device company</td>
<td>Accenture is providing procurement &amp; supply chain outsourcing services, focusing on transactional &amp; tactical planning, including order &amp; invoice issues management, master data alignment, as well as inventory management &amp; asset management services.</td>
</tr>
</tbody>
</table>

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**SCM revenue geography mix**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>0-5%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>5-10%</td>
</tr>
<tr>
<td>Europe</td>
<td>30-35%</td>
</tr>
<tr>
<td>North America</td>
<td>50-55%</td>
</tr>
</tbody>
</table>

**SCM revenue buyer size mix**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small and Medium Businesses (SMBs)</td>
<td>0-5%</td>
</tr>
<tr>
<td>Mid-market</td>
<td>5-10%</td>
</tr>
<tr>
<td>Large buyers</td>
<td>85-90%</td>
</tr>
</tbody>
</table>

**SCM industry mix**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media</td>
<td>0-5%</td>
</tr>
<tr>
<td>Energy &amp; Utilities</td>
<td>5-10%</td>
</tr>
<tr>
<td>BFSI</td>
<td>0-5%</td>
</tr>
<tr>
<td>Hi-tech and telecom</td>
<td>10-15%</td>
</tr>
<tr>
<td>CPG and retail</td>
<td>30-35%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>40-45%</td>
</tr>
</tbody>
</table>

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Note: Data as of June 2016
Source: Everest Group (2017)
Accenture (page 3 of 5)
SCM delivery locations

Source: Everest Group (2017)
## Solution description

- It is a three-level framework that integrates data visibility with analytics and process execution across client’s supply chain.

## Process scope

- The primary goal is to enable dynamic operation and connect demand with supply to allow for an agile, streamlined, and responsive supply chain.

## Technology leveraged

- Accenture has formed alliances with GTNexus, Kinaxis, and JDA to support the control tower framework.

## Delivery model and pricing

<table>
<thead>
<tr>
<th>Accenture Supply Chain Control Tower</th>
<th>Accenture App Store</th>
<th>Accenture Operations Navigator</th>
<th>Accenture BPO Business Advisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

## Technology leveraged

- Enabled by the Accenture Insight Platform including cloud hosting, a rich data aggregation layer.

## Delivery model and pricing

- The advisors work to extract business insights from engagement data and generate new business outcomes to propel clients’ business.

## Technology leveraged

- Full integrated with Accenture’s Global Productivity Hub, it can pinpoint process bottlenecks automatically—and monitor real-time performance to identify where the process can be improved through automation.

## Delivery model and pricing

- Accenture has more than 7,400 BPO business advisors dedicated to clients across the globe.
### Accenture (page 5 of 5)

**Everest Group assessment**

<table>
<thead>
<tr>
<th>Measure of capability:</th>
<th>Delivery capability¹</th>
<th>Market success¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best-in-class</td>
<td></td>
<td>Leaders</td>
</tr>
<tr>
<td>Not matured</td>
<td></td>
<td>Major Contenders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scale</th>
<th>Scope</th>
<th>Technology and innovation</th>
<th>Delivery footprint</th>
<th>Buyer satisfaction</th>
<th>Overall</th>
<th>Market success¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="" /></td>
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#### Strengths

- Accenture has registered strong growth in the SCM space, and with one of the leading shares of revenue and contracts, it has successfully consolidated its position within the Leaders category.
- Significant experience and expertise in providing multi-tower solutions, especially by leveraging synergies from its market leading capabilities in F&A and PO functions.
- Primarily caters to the large buyer segment with a heavy dominance of clients from the developed markets of North America and Continental Europe.
- Strong industry expertise in the mature sectors of manufacturing, hi-tech & telecom, and Consumer Packaged Goods (CPG) & retail.
- Has one of the most balanced global delivery models with an optimal mix of FTEs and presence across all of the major geographies.
- Leverages its proprietary supply chain control tower framework to provide data visibility across the processes and integrated analytics solutions, enabled by the Accenture Insight Platform.
- Relatively lower attrition compared to its competition and a proactive approach to recommending ideas for improvement in business results are some of the key strengths highlighted by clients.

#### Areas of improvement

- Though Accenture has end-to-end SCM capabilities, there is still scope to further scale up its expertise within the make/ manufacture process.
- Accenture has strong focus on a few geographies and the large buyer segment. As the SCM market grows and evolves, Accenture should consider diversifying its client base.
- Similar to its wider range of BPO operations, Accenture typically relies on transformative solutions to deliver superior business outcomes, and therefore, might not suit the purpose of a client that is looking for a “plain vanilla lift-and-shift” kind of solution.
- Some of the areas of development, as cited by clients, include better training to entry-level recruits and enhancing the quality of its overall IT infrastructure and Centers of Excellence (COE’s).

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1. Based on contractual and operational information as of June 2016

Source: Everest Group (2017)
Appendix
However, Everest Group’s research is guided by a framework that clearly distinguishes supply chain from F&A and procurement processes.

Outsourcing of activities under the “Make” segment are primarily associated with contract manufacturing.

- **Make/manufacture**
  - Production and testing
  - Asset management
  - Packaging and staging

- **Supply chain**
  - Demand management
  - Outsourcing of activities associated with contract manufacturing
  - Spend analytics
  - Source and procure
  - Returns management
  - Service contract management
  - Category management
  - Claims/warranty management
  - Requisition to purchase order
  - Invoice processing
  - Accounts payable and Travel and expenses (T&E)
  - Vendor and contract management
  - Accounts receivable
  - Aging and collections
  - Dispute & deductions management
  - Inventory management
  - Logistics administration

- **After sales services**
  - Lead and quote management
  - Order management
  - Order fulfillment
  - Master data management (vendor/client/item)
  - Service contract management
  - Return management
  - Master data management (vendor/client/item)

- **Deliver**
  - Supply chain management

- **Manage**
  - Lead and quote management
  - Order management
  - Order fulfillment
  - Master data management (vendor/client/item)
  - RAC support
Detailed definitions of SCM segments

**Lead and quote management**
- Lead generation & management
- Obtain & respond to Request for Proposal (RFP) / Request for Quote (RFQ)
- Quote generation

**Order management**
- Install base & contract management
- Order receipt, validation, and entry
- Customer helpdesk
- Follow-up on overdue order
- PO / Invoice / Advanced Service Notification (ASN) matching

**Order fulfillment**
- Schedule product receipt
- Consolidate & ship order
- Shipping document management
- Track & trace shipment
- Receive & verify product receipt
- Expedite/substitute

**Logistics administration**
- Optimize warehouse network
- Coordination with logistics provider
- Transport scheduling/management
- Reverse logistics

**Inventory management**
- Inventory planning
- Inventory optimization
- Vendor Managed Inventory (VMI) support
- Monitor inventory levels
- Manage internal warehouse movement

**Master Data Management (MDM)**
- Vendor master
- Item master
- Customer master

**RAC Support**
- Reporting
- Supply chain analytics
- Compliance support

**Reporting**
- Weekly/monthly reporting
- Ad hoc reports
- Exception reports
- Dashboards

**Supply chain analytics**
- Demand forecasting
- Route/network analysis
- Supply variability
- Usage variance analysis
- Carrier sourcing analytics
- Freight analytics
- Root cause analysis

**Compliance support**
- Legal compliance
- Environmental/social compliance
- Trade compliance
- Financial compliance
- Product compliance
- Process/contractual compliance

**Deliver**
- Lead and quote management
- Order management
- Order fulfillment
- Logistics administration
- Inventory management

**After sales services**
- Claims/warranty management
- Service contract management
- Returns management

**Claims/warranty management**
- Warranty contract registration
- Claims receipt & verification
- Claims processing
- Claims service helpdesk

**Service contract management**
- Asset and contract management
- Partner and service network management
- Contract compliance assurance
- Service helpdesk

**Returns management**
- Returns authorization
- Return/repair documentation
- Problem assessment & categorization
- Returns tracking and scheduling
- Returns expedition & follow-up

**Vendor/item/customer master**
- Data cleansing
- Data migration
- Codification/classification
- Error resolution/reconciliation
Everest Group classifies the SCM service provider landscape into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix.

**Everest Group PEAK Matrix™ for SCM service line**

- **Leaders**: Top quartile performance across market success and capability.
- **Major Contenders**: 2nd or 3rd quartile performance across market success and capability.
- **Aspirants**: 4th quartile performance across market success and capability.

**SCM delivery capability**
(Scale, scope, technology & innovation, delivery footprint, and buyer satisfaction)

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1. Service providers scored using Everest Group’s proprietary scoring methodology described on page 17.

Source: Everest Group (2017)
Service providers are positioned on the Everest Group PEAK Matrix based on the evaluation of two key dimensions

Measures success, which is captured through SCM revenue, number of current SCM clients, and YoY revenue growth

Delivery capability

Measures ability to deliver services successfully. Captured through five subdimensions

Scale

Measures the scale of operations through:
- Overall company revenue
- SCM revenue as a percentage of the total company revenue

Scope

Measures the breadth and depth of the scope of services provided across:
- Processes
- Industries
- Geographies
- Buyer size

Technology and innovation

Measures the technological capabilities and innovation in SCM:
- Technology model adoption
- In-house suite of SCM technologies and investments
- Innovation in SCM – service delivery, offerings, and innovative tools

Delivery footprint

Measures the delivery footprint across regions and the global sourcing mix

Buyer satisfaction

Measures the satisfaction levels of buyers across:
- Goal realization
- Process delivery
- Implementation
- Relationship management

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1  Measured through the responses from two/three referenced buyers for each service provider

Source: Everest Group (2017)
Does the PEAK Matrix assessment incorporate any subjective criteria?
- Everest Group’s PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and Everest Group’s proprietary databases containing providers’ deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider briefings.

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?
- No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical services area. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition.

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?
- PEAK Matrix position is only one aspect of Everest Group’s overall assessment. In addition to assigning a “Leader”, “Major Contender” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric level assessment and associated commentary is helpful for buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas.

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment.
- Participation incentives for providers include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles.
What is the process for a service provider to leverage their PEAK Matrix positioning status?

- Providers can use their PEAK positioning rating in multiple ways including:
  - Issue a press release declaring their positioning/rating
  - Customized PEAK profile for circulation (with clients, prospects, etc.)
  - Quotes from Everest Group analysts could be disseminated to the media
  - Leverage PEAK branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)

- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group
About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-804-276-4533

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-647-557-3475

Stay connected

Website
www.everestgrp.com

Social Media
@EverestGroup
@Everest Group

Blog
www.sherpasinblueshirts.com