

# Strategic Sourcing & Vendor Consolidation

Giovanna Henny : 5-6 minutes : 3/28/2024



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"The journey towards better business outcomes, efficiency and growth"

## SYNOPSIS OF THE OFFER

### Why Connected Marketing?

- As per Gartner's latest press release: 75% of organizations are pursuing vendor consolidation in 2022, up from around 29% in 2020. This offer has grown significantly in the last 2 years. If clients haven't embarked on this journey yet, they most certainly will get onto it in the next 1 year or so. So all accounts should be proactively thinking about this offer.

## Offer Summary:

- Strategic Sourcing is a large umbrella offer and can have many flavors. Vendor Consolidation is an important flavor of the Strategic Sourcing offer – often initiated by clients. However, sometimes it may be prudent to use ‘Strategic Sourcing’ instead of ‘Vendor Consolidation’ especially in the cases where we proactively take the offer to our clients.
- At Capgemini FS have a robust, industrialized capability and expertise in this offer. We have done 30+ deals over the last 3-4 years and these come in various shapes, sizes and forms. We have been successful at existing accounts as well as getting into new logos, often winning against strong competitors.
- Strategic Sourcing is all about transforming the Operating Model and Vendor Model to drive higher cost savings, business value, agility and growth through various levers such as:
  - Offshoring to lesser known locations such as LATAM, Canada, Japan etc.
  - Build-Operate-Transfer Model (BOT)
  - Captive enablement
  - Changing the existing offshore-onsite ratio
  - Consolidation of multiple vendors into fewer, strategic vendors
  - Driving a product-centric model with agility
  - Digital Transformation
  - Building or growing talent capabilities in specific technology areas or geographies
  - Leveraging the advanced capabilities of India facilities
  - Driving efficiencies through Next Gen ADM, Gen AI or some other cost saving lever
  - Being an incumbent, ensuring we are selected as a strategic partner in the vendor consolidation process
  - These deals are typically long drawn over 6-18 months and need patience and resilience. However, the patience is worth it, because they can translate into very large deal sizes (range of 10 Mn to 200 Mn Euros) and bring revenue over 2-5 years.

## Client Benefits:

- Cost Reduction, Greater Business Agility and Value, Higher Efficiency and Productivity, Product Centricity, BOT (Build-Operate-Transfer) Models, Digital Transformation, Vendor Consolidation to a smaller manageable number of vendors, Access to world-class talent which may not be easily available

## The Success Recipe for this offer:

- First and foremost, we bring together all our end-to-end solutions with solid multi-tower capabilities. These deals are typically price-sensitive so we bring competitive pricing. Our global geographic coverage and ability to cater to lesser known offshore countries such as Canada, Japan, LATAM etc. are a big advantage. Large pool of talent is definitely a big plus when doing Build-Operate-Transfer or Captive kind of deals. But the biggest differentiator and Winning Mantra for us is our Client Connect & Intimacy. Wherever the account brings deep client relationship and knowledge, we tend to outshine our competitors.

**Different routes to get to this offer:**

- We can respond to client-initiated RFPs and this is the most common route.
- The TPAs also play a role in bringing us such deals.
- Alternatively, we can also use the Cost Transformation Offer with its Flywheel Framework to start small conversations and gradually move to Strategic Sourcing and Vendor Consolidation deals. Please refer to the Client Deck and Webinar in the Cost Transformation Offer for the Flywheel Framework.
- The Gen AI conversations can also eventually lead to Cost Transformation, Strategic Sourcing conversations.
- If there are India Visits by Clients, or if our Senior Executive Leadership is having conversations with our Clients – Strategic Sourcing and Cost Transformation discussions can be embedded, demonstrated and amplified.

**Key documents**

SALES DECK – Strategic Sourcing & Vendor Consolidation – September 2023

Strategic Sourcing & Vendor Consolidation Webinar Recording – September 2023

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