

Leadership Vision for 2019: Sourcing, Procurement and Vendor Management Leader

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Leadership Vision for 2019: Sourcing, Procurement & Vendor Management Leaders

How to Use This Presentation

This slide contains audio instructions. Please use “Slide Show” mode to listen to the instructions or go to the “Notes” view to read the transcript of the instructions.



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Hello and welcome! I'm Frances Karamouzis, chief of research for Gartner's Sourcing, Procurement and Vendor Management research team. This Leadership Vision presentation presents the highlights of Gartner's advice to leaders who work within the sourcing, procurement or vendor management function focused specifically on indirect procurement and, within that, the category of spend specific to technology products and services. It is one of eight similar role presentations that will help IT leaders to be successful in the digital age.

A few of those other IT leader roles include applications, infrastructure and operations, data and analytics, and enterprise architecture. These are all internal customers and stakeholders for sourcing, procurement or vendor management. Thus, sourcing, procurement or vendor management leader research is unique in being inextricably linked to all other IT leader roles.

I'm going to cover two things with you in this brief audio overview. The first is a summary of how to use this PowerPoint presentation titled: “Leadership Vision for 2019: Sourcing, Procurement and Vendor Management Leaders.” The second is a summary of what's actually *in* the presentation. So let's talk about *how* to use this material.

This research is in the form of a presentation deck published and updated on gartner.com at least annually since 2016. It provides Gartner's overall point of view on the important things you, as a leader, *must* do over the next year. This deck is designed for you to download and use with your peers, your team or others who might benefit from it. You can also integrate it into your own materials. It is meant to provide input into your strategy or plans for the upcoming 12 to 18 months. Moreover, this deck is an invitation for you to engage with our research team to dive deeper into each of these areas of advice. This material is meant to be a starting point. It's not meant to be comprehensive or all encompassing.

For example, sourcing and procuring IT products and services to enable digital initiatives are central to the executive suite strategies of an overwhelming majority of enterprises. Moreover, scaling digital in any enterprise is a team sport; that means you, as a sourcing, procurement or vendor management leader, will have to work with other IT leaders, business unit leaders and your CIO to deliver the key business capabilities your organization needs to be successful.

A picture is worth a thousand words. But sometimes it also helps to have a narrative guide to provide extra color for the presentation's visuals. To help you interpret the material and make it your own, this presentation includes some useful information in the Notes section of the slides. At its end, there are also links to Gartner research, so you can dig deeper on each topic outlined on the slides. This presentation is a critical tool to ensure corporate and personal success for sourcing, procurement and vendor management leaders.

Now let me talk about the content included in this deck. This presentation begins by highlighting some of the most significant challenges facing sourcing, procurement and vendor management leaders — namely customer experience, technology/automation, and the dual mandate of cost and speed.

Each of these challenges has an internal and external component. This means you, as sourcing, procurement and vendor management leader, are charged with internally optimizing and transforming your own business function while concurrently working externally, enabling your stakeholders *to scale digital initiatives throughout the enterprise*.

If there's one thing you should take away from this material, it's this: Sourcing, procurement and vendor management leaders often defined their value proposition by showing cost savings after getting a better price for an IT product or service. This is no longer the case. While cost optimization is still important and will not dissipate any time soon, it's equally if not more important to source and procure at a new velocity while managing vendor risk. This means reinventing your role within the organization, transforming how you deliver by using technology and intelligent automation, and — finally — embracing new enterprise business models and SPVM operating models.

The material in this deck provides the fact base for our thinking, as well as actionable advice. I hope you find this presentation helpful on your digital journey. And please seek out one or more of the 50-plus Gartner analysts who contribute to this research.

Thank you!

Key Issues

- What is leadership in the digital age for the SPVM leader?
- What are the major trends and challenges affecting the SPVM leader?
- What actions and next practices should the SPVM leader and their team implement?

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The first element of success is to recognize there are three disciplines — sourcing, procurement and vendor management — that must come together to enable the business. This presentation is a critical tool to ensure corporate and personal success. It highlights major trends affecting the sourcing, procurement and vendor management (SPVM) role and major related challenges. It provides practical advice and best practices to overcome these challenges and successfully deliver the expected business outcomes.

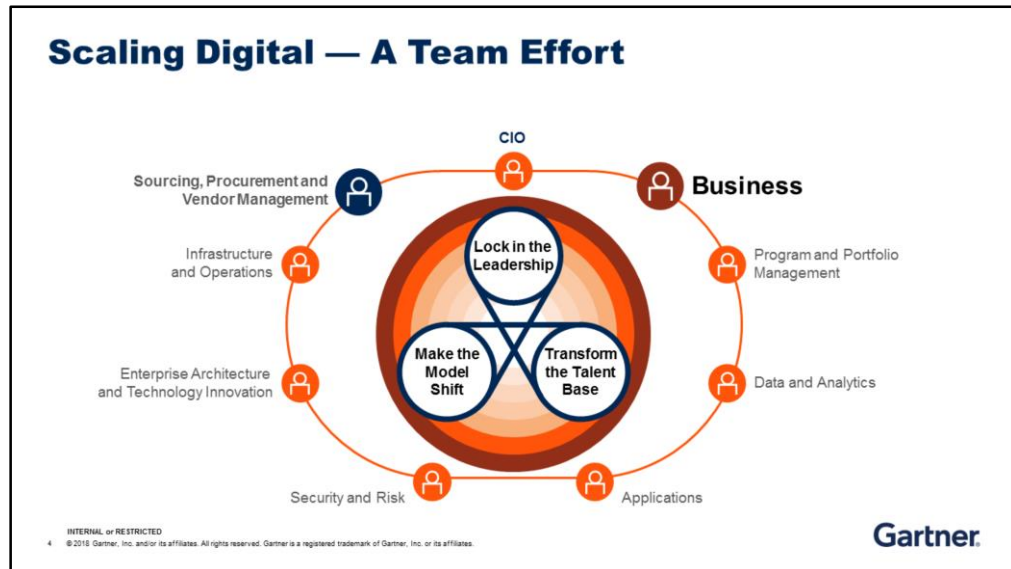
This scenario is part of a series of eight covering the whole set of Gartner IT leaders, namely:

- "Leadership Vision for 2019: Infrastructure and Operations Leader"
- "Leadership Vision for 2019: Application Leader"
- "Leadership Vision for 2019: Data and Analytics Leader"
- "Leadership Vision for 2019: Enterprise Architecture and Technology Innovation Leader"
- "Leadership Vision for 2019: Midsize Enterprise CIO"
- "Leadership Vision for 2019: Program and Portfolio Management Leader"
- "Leadership Vision for 2019: Security and Risk Leader"

SPVM leaders can leverage this research and the PowerPoint presentation to understand and act on:

- What are the major trends and challenges affecting the SPVM leader?
- What is leadership in the digital age for the SPVM leader?
- What actions and next practices should the SPVM leader and their team implement?
- How do leading organizations deliver the highest value using SPVM?

You as SPVM leader can leverage such research material, or part of it, to raise the quality of your own teams, better influence the other IT leaders, and communicate the value of the SPVM organization to the higher ranks of the organization and other stakeholders. This also involves working collaboratively with other roles, such as enterprise architecture, security and application leaders, as well as others.



This slide depicts the seven key roles within the Gartner IT Leaders team. Each of these seven roles must work collaboratively with the office of the CIO and the key stakeholders in the business units.

The seven key roles include:

1. Sourcing, procurement and vendor management
2. Infrastructure and operations
3. Enterprise architecture and technology innovation
4. Security and risk
5. Applications
6. Data and analytics
7. Program and portfolio management

All seven roles come together to enable the business units.


Key Issues

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Significant Challenges Face SPVM Leaders



Customer Experience



Technology/Automation



Dual Mandate: Cost *and* Speed

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SPVM leaders face a number of challenges that converge with major trends. Three of the most significant items include:

- Customer experience
- Technology/automation
- Dual mandate of cost and speed

In the next few slides, we will take a closer look at one of these. In summary, each one of these challenges is often triggered by major trends in the market.

Customer experience — This has internal and external components. Externally, a digitally enable highly dynamic, always available, anytime, anywhere experience is the goal. All the technology to make this a reality must be sourced, procured and managed. Thus, it falls on the SPVM team to enable the enterprise to make this a reality at digital speed. Internally, the SPVM team must create a highly transparent customer experience to ensure they are not bypassed.

Technology/automation — This is the single largest area of IT investment across all sectors. Here again, SPVM teams must help the business through a large array of new intelligent automation product and services vendors, as well as leverage automation within the functional delivery of the team.

Dual mandate of cost and speed — SPVM leaders are tasked with a dual mandate of cost optimization and speed for business agility.

Real-Life Example

Customer Experience

CEO: We have requested business units begin partnering with specific companies to pilot 20-plus digital business proof-of-concept initiatives.

CPO: My single biggest problem [highly visible to the CEO level] is that our procurement team takes six to nine months to onboard suppliers. Absolutely unacceptable in the digital business age. These 20-plus pilots cannot be done in the current structure.

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Here we depict a real-life example of the challenges with customer experience. In a large global insurance company, the CEO and COO call the CPO into a meeting to share the enterprisewide plan for THE biggest strategic initiative of the organization – namely, its digital business strategy.

The strategy entails 21 pilot programs with a myriad of vendors in an effort to evaluate the three to five options where the enterprise will place their bets for the future.

For the CPO, the single biggest problem that is impeding the enterprisewide digital initiative is the supplier onboarding process. It currently takes six to nine months. For the CEO, this is absolutely unacceptable.

The SPVM leaders had together very quickly to reduce this cycle to less than three months.

Uphill Battle for SPVM Teams

Customer Experience

Some of our most straightforward transactions have an average cycle time of 23 days, but only seven of those days are in our control.

CPO

A Big Contributing Factor to 23 Days Is Assurance Functions:

- Legal
- Compliance
- Audit and/or Accounting
- Quality
- Information Technology
- Data Privacy/Information Security
- ERM — Enterprise Risk Management
- EH&S (Environmental Health and Safety)
- **GDPR**

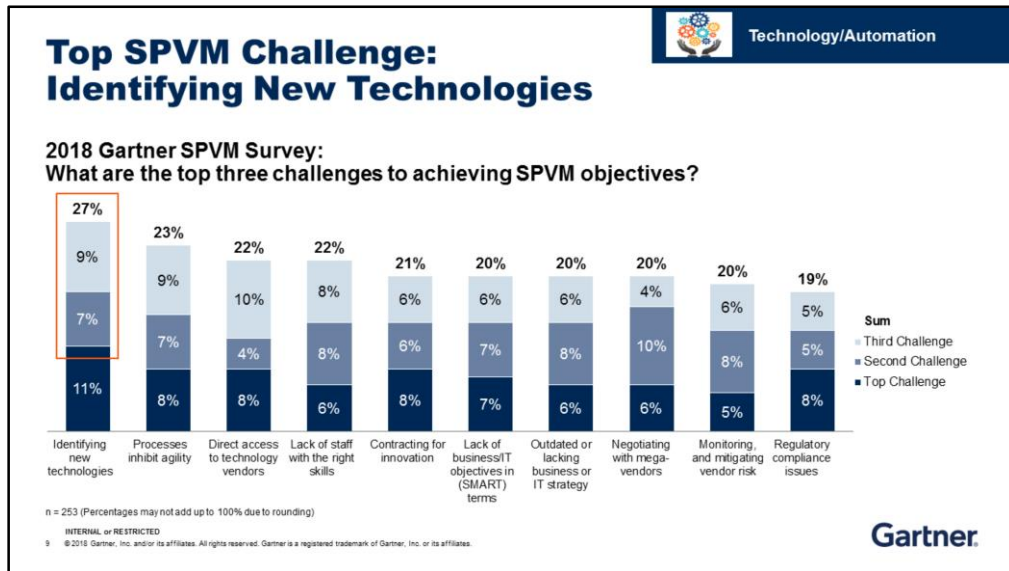
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Another example of the uphill battle that SPVM teams have with the “customer experience” of the function is best-captured by a quote from the CPO of a large U.S.-based manufacturer. The CPO embarked an extensive workflow process tracking and analysis project. The finding revealed that some select transactions that customer perceive should take a few days or hours, instead were experiencing cycle times of 23 days.

Further analysis revealed that only seven of the 23 days were within the control of the sourcing or procurement personnel reporting to the CPO. The biggest factor contributing to the long cycle time was all of the various assurance functions.

It’s a typical example of how perceptions of poor customer experience are formed. There is a lack of information on the workflow and a lack of transparency.

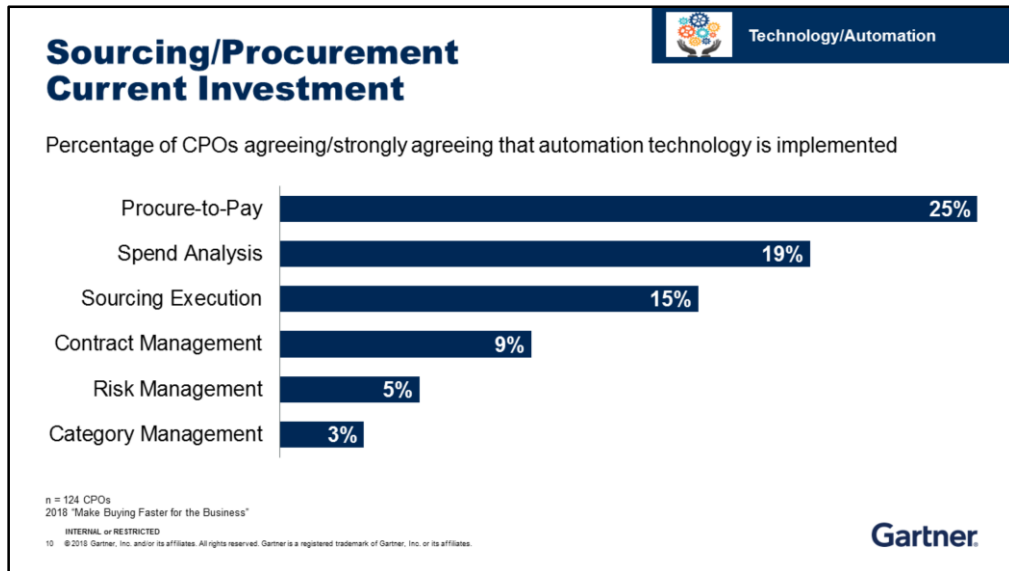


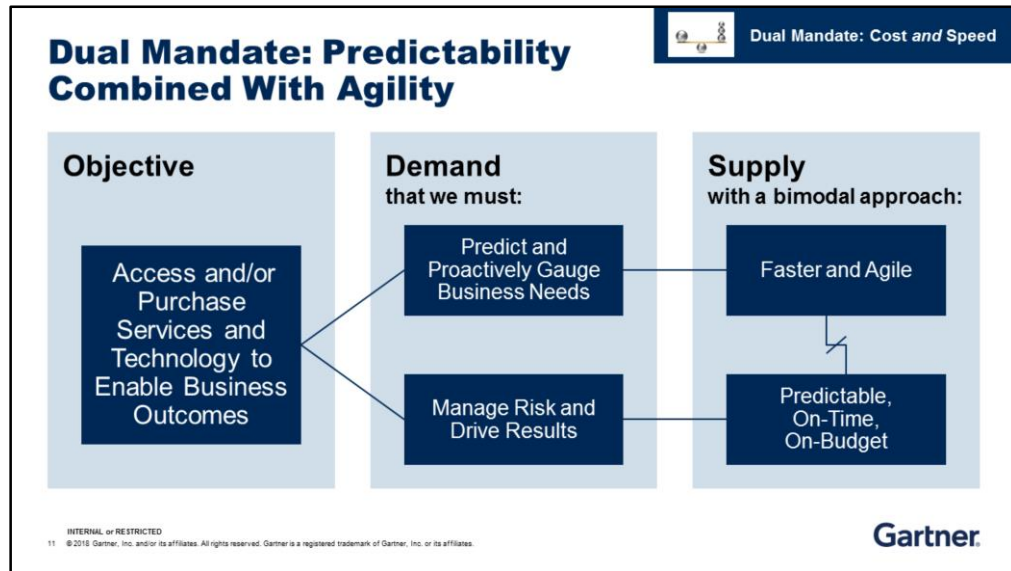
One of the most significant findings in Gartner’s 2018 SPVM Survey was that identification of new technologies was one of the top challenges. More specifically, SPVM leaders were struggling with new technologies in two important ways.

Firstly, the need for speed to process transactions faster, coupled with need for more analytics (i.e., contract life cycle management or vendor performance) to get more depth on issues, was demanding new technologies. Some of the core procurement systems of record do not have this kind of functional depth. As such, SPVM teams are struggling to find cost-efficient solutions that provide speedy results for the function.

Secondly, when internal stakeholders from business units were working with SPVM teams, they needed assistance with tackling three critical areas:

1. Addressing new demands stemming from the significant number of technology disruptions, including but not limited to blockchain, intelligent automation (IA), IoT and cloud.
2. The exponential growth of new types of vendors, including but not limited to startups offering new technology options.
3. Established vendors investing heavily to shift from products to platforms.

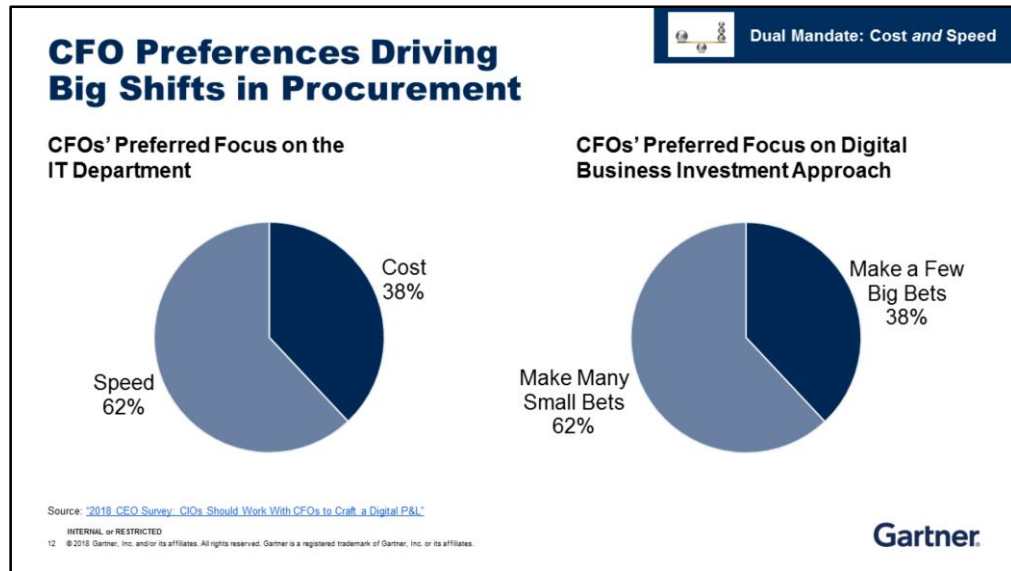




SPVM leaders are tasked with a dual mandate of cost optimization and speed for business agility. This graphic depicts three key areas:

1. **The objective** — to access and/or purchase products and services for the enterprise's ability to drive business outcomes.
2. **The demand cycle** — this requires predictive analytics to proactively gauge business needs as well as manage risk for business results.
3. **The supply side** — this needs to be bimodal — namely, faster and agile as well as predictable, on time and on budget.

The challenge is that these two different modes are concurrent but operating at different velocities with highly diverse vendors. Therefore, it is critical for IT leaders to realize that multiple approaches are required to balance cost and speed in support of business outcomes.



Gartner has surveyed a number of CEOs as well as CFOs. One interesting analysis of these surveys has been published in ["2018 CEO Survey: CIOs Should Work With CFOs to Craft a Digital P&L."](#) More specifically, two of the survey questioned that will have a significant impact on SPVM leaders probed into the preferences of CFOs, revealing the following:

- Firstly, CFOs preferred "speed" (62%) over "cost" (38%) when asked to choose the focus of the IT department. Over the last two decades, many SPVM leaders and their teams defined the value proposition on delivering back cost savings as part of the CFO's main priority. Now CFOs are making a significant shift, creating a new focus for SPVM leaders to demonstrate to executive leadership how technology can help create a high-velocity decision-making culture.
- Secondly, the investment strategy of CFOs favored making many "small bets" (62%) over a few "big bets" (38%) when approaching digital business investments. In delivering successful outcomes, much like a venture capitalist firm, SPVM will need to brace for increases in transaction volumes, with many investments across lots of vendors with limited track records.

These findings may seem a strange choice from CFOs to prioritize speed over cost, but "speed is becoming the new currency of business." The ability to adapt quickly to changing market conditions, creating new products and services and pivoting into new markets, all require speed and agility that organizations were not used to previously.

Key Issues

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- What are the major trends and challenges affecting the SPVM leader?
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The graphic is a dark blue rectangle with white and orange text and icons. At the top, it reads 'Recommendations for SPVM Leaders'. Below this are three columns. The first column has an orange starburst icon, the word 'Reinvent', and the subtitle 'your role within the organization'. The second column has an orange parallelogram icon, the word 'Transform', and the subtitle 'how you deliver by leveraging technology and intelligent automation'. The third column has a white plus sign icon, the word 'Embrace', and the subtitle 'new enterprise business models and SPVM operating models'. At the bottom left, there is small text: 'INTERNAL or RESTRICTED 14 © 2018 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. or its affiliates.' At the bottom right is the Gartner logo.

Recommendations for SPVM Leaders

Reinvent
your role within the organization

Transform
how you deliver by leveraging technology and intelligent automation

Embrace
new enterprise business models and SPVM operating models


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Based on all the key challenges facing SPVM teams, here we present Gartner's recommendations:


- **Reinvent** your role (as a SPVM leader) within the organization.
- **Transform** how you deliver by leveraging technology and intelligent automation.
- **Embrace** new enterprise business models and SPVM operating models.

Recommendations for SPVM Leaders




Reinvent

your role within the organization



Transform

how you deliver by leveraging technology and intelligent automation



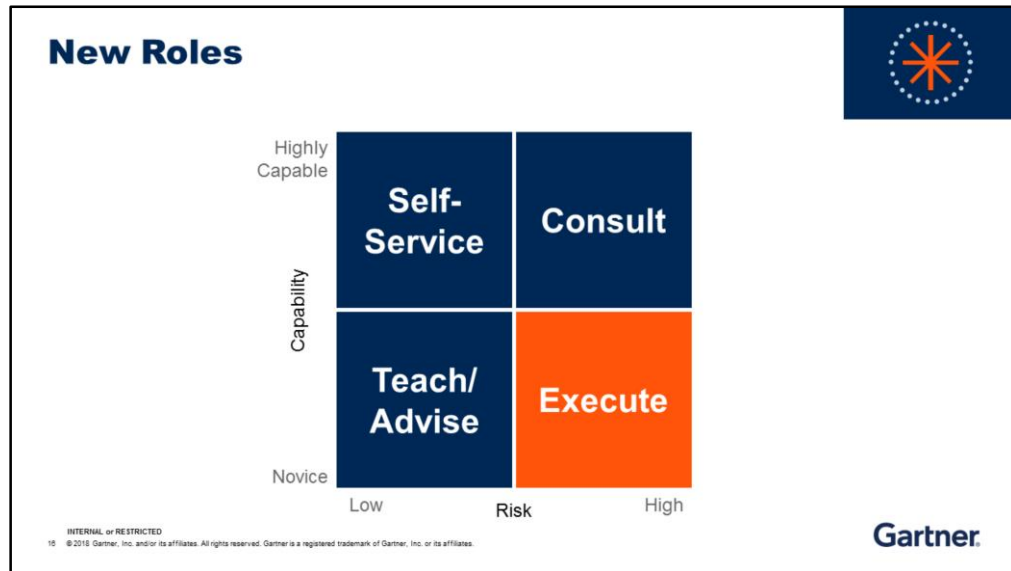
Embrace

new enterprise business models and SPVM operating models

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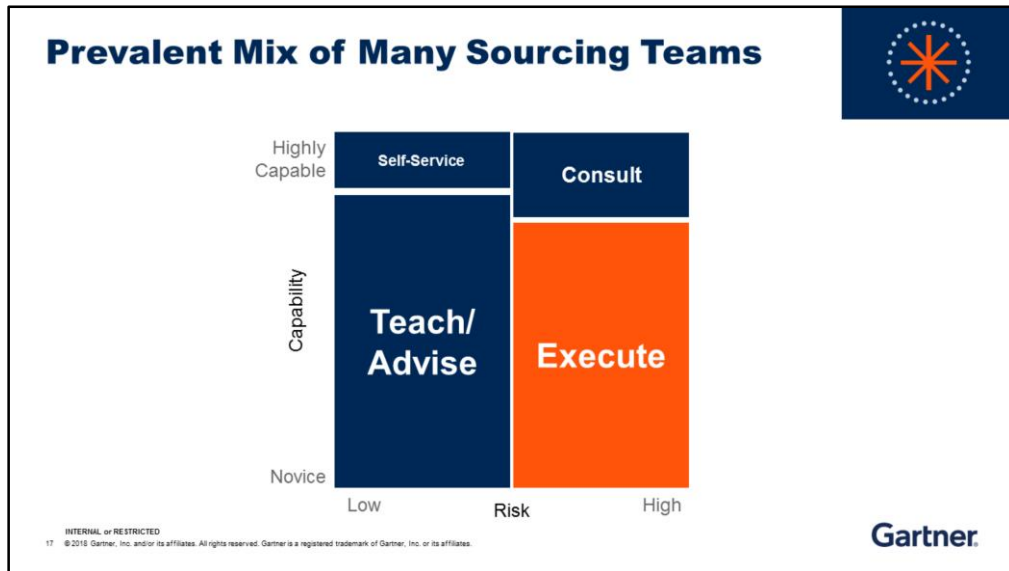
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In the next few slides, we will explore the first recommendation: Reinvent your role as a SPVM leader within the organization.



The starting point for reinvention is to understand the various roles that SPVM teams play when enabling the business. Here we depict a two-by-two matrix juxtaposing risk and capability. This structure results in four types of roles that SPVM teams can take on when enabling the business, namely:

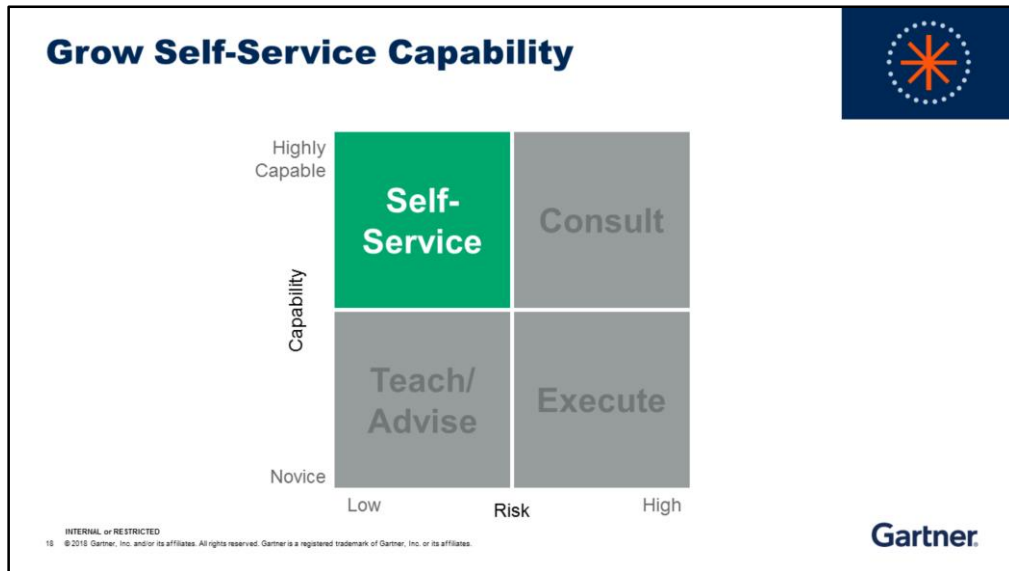
- **Self-service** — Allows business personnel to complete activities and achieve results without the SPVM team getting involved.
- **Consult** — Where the SPVM team acts as a subject matter expert to highly enabled and capable business unit personnel.
- **Teach/advise** — A role that takes the form of an apprentice structure. It still requires high touch and active use of SPVM personnel, with a long-term view of shifting to business unit personnel to higher levels of capability.
- **Execute** — The most hands-on role requiring the largest resource levels for the SPVM team. Everything is executed by the SPVM on behalf of the business partner.



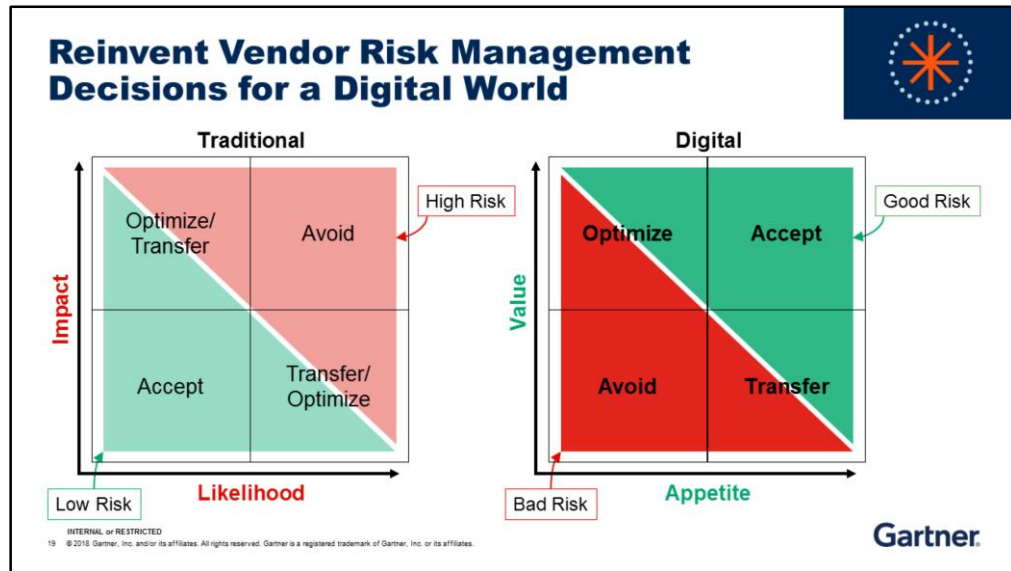
Using this framework, we must first evaluate the role our teams are playing, how often, and with what degree of success.

This graphic depicts where a large percentage (over 70%) of SPVM leaders report that they operate today. The operation is often perceived as “order takers” who are defined by executing purchasing and beating down vendors on price.

This is the biggest area where SPVM teams must reinvent themselves. They must change the customer experience. They must reinvent their value proposition.



Gartner recommends setting an audacious goal of growing self-service in as many areas as possible. Some SPVM leaders are scared of this goal as they feel it will reduce jobs or minimize the value proposition. Its quite the opposite — the new value proposition will be rooted in much more than tactical elements of transaction processing.




The traditional approach to assessing risk (depicted in the matrix on the left) is evaluating the likelihood of a risk event occurring, and the impact of that risk event on operations and the business. Increasingly, SPVM teams are asked to assist stakeholders in evaluating vendors that fall into the following categories:

1. Startups offering a new or unique technology.
2. Established vendors investing heavily to shift from products to platforms or somehow changing their core offering.
3. Less-established vendors addressing new demands stemming from the significant number of technology disruptions, including but not limited to blockchain, IA, IoT and cloud.

Given the changes in the vendor landscape, Gartner recommends reinventing the way SPVM teams evaluate vendor risk in a digital world. More specifically, we recommend shifting the evaluation toward differentiating between “good” risk and “bad” risk vs. a two-dimensional analysis between “high” risk and “low” risk.


See “Formalize Vendor Risk Management Practices to Lessen the Probability of Business Disruption.” A summary of this new view is depicted in the matrix on the right, where the axes shift to the value or opportunity that the risk may offer, and to appetite for risk.

Recommendations for SPVM Leaders




Reinvent

*your role within
the organization*



Transform

*how you deliver by
leveraging technology and
intelligent automation*



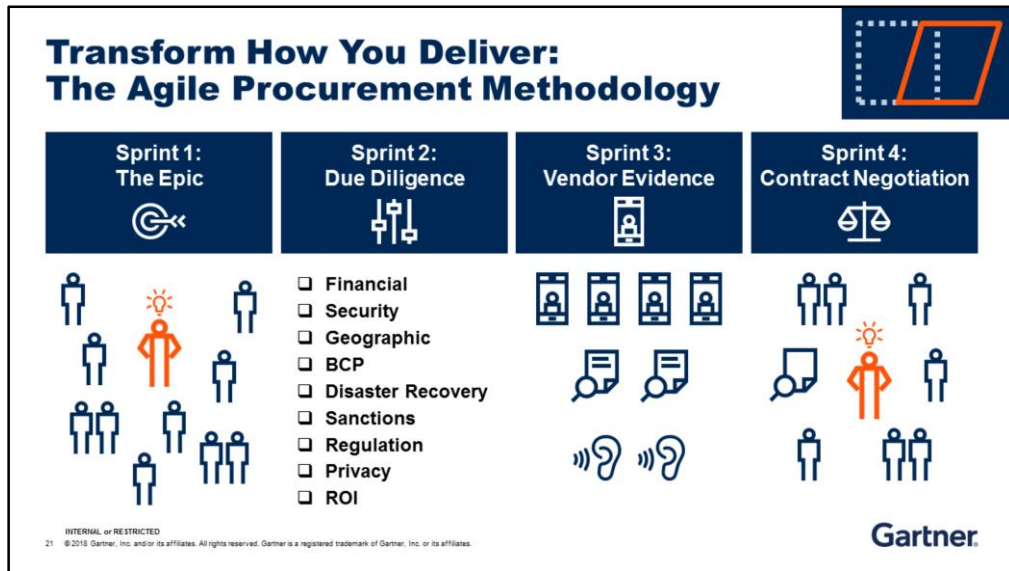
Embrace

*new enterprise business
models and SPVM
operating models*

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In the next few slides, we will explore the second recommendation: Transform how you deliver by leveraging technology and intelligent automation.



One recommendation to transform how you deliver is to use Gartner’s Agile Procurement Methodology. This methodology is published in [“Toolkit: Adapt Agile Development Methodologies to Technology Procurement Processes to Enable Digital Business”](#)

Agile methodologies are people-centric, based on leadership and collaboration instead of rigid command and control. The agile method involves incremental, iterative work sequences that are commonly known as "sprints," which typically run for a one- or two-week duration. A sprint focuses the work effort to a definitive scope and purpose that is achievable within the set time period. The team that makes up the sprint includes all the people necessary to achieve that task. For procurement, that would typically include the business stakeholders, procurement, legal, risk representatives and others who have a particular interest and investment in the specific technology being acquired. The sprint facilitates a collaborative and focused environment where all participants work together in a dynamic way to achieve its objective. So, where a Mode 1 approach follows a rigid workflow — documenting and then emailing requirements between several divisions within the organization and approving each step — agile focuses on real-time collaboration to achieve the objectives. In this way, the sprint team can clarify and iterate scope early, rightsize the work effort, evaluate the options and negotiate contracts to address the most important risks, given the particular scenario.

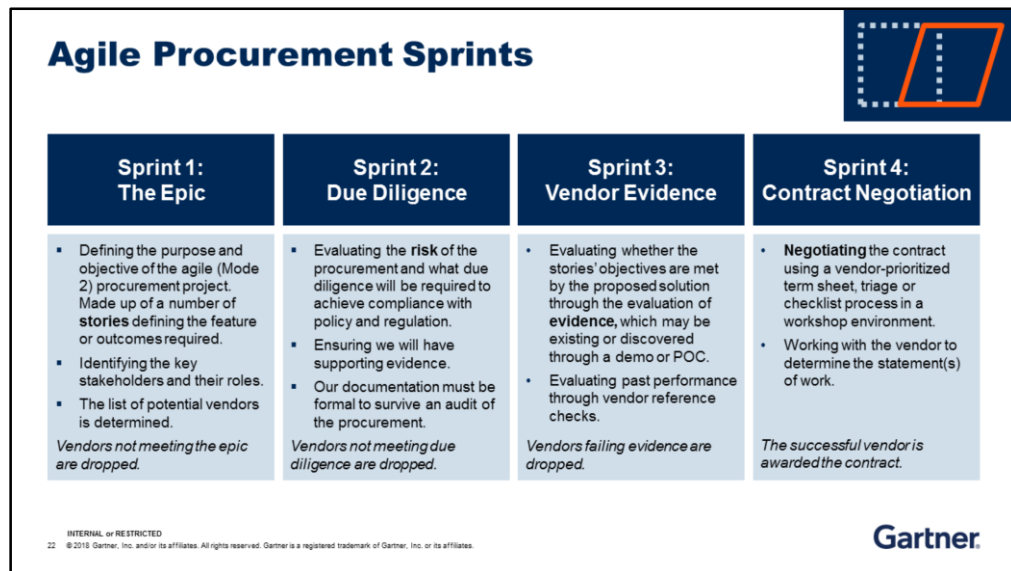
The four sprints are:

Sprint 1 — The Epic: This defines the specific acquisition at hand, including the scope, success criteria and any constraints. The objective of the epic is to collaborate with stakeholders to understand the requirements of the acquisition and agree on what procurement-related activities need to occur. User requirements are captured as “stories” in which the stakeholder requests the expected functionality to achieve a specific goal expressed in the user’s own words. For example, "As HR manager, I want to view employee performance history so I can identify our top employees."

Sprint 2 — Due Diligence: This provides the governance oversight and ensures that the procurement meets policy, regulatory and legal requirements. It is important to start with a robust set of due diligence requirements and the criteria for when they apply. Due diligence ensures that the agile (Mode 2) procurement is robust enough to survive an audit or challenge from a vendor.

Sprint 3 — Vendor Evidence: This provides the evidence from internal evaluation, reference checks, POCs, vendor demonstration and review of vendor documentation, to evaluate whether the stories are answered by the vendor product or solution. The emphasis is on existing materials and demonstration over thousands of requirements in spreadsheets.

Sprint 4 — Contract Negotiation: The contract is negotiated following from the due diligence sprint, ensuring that the risks are addressed using a triage process.

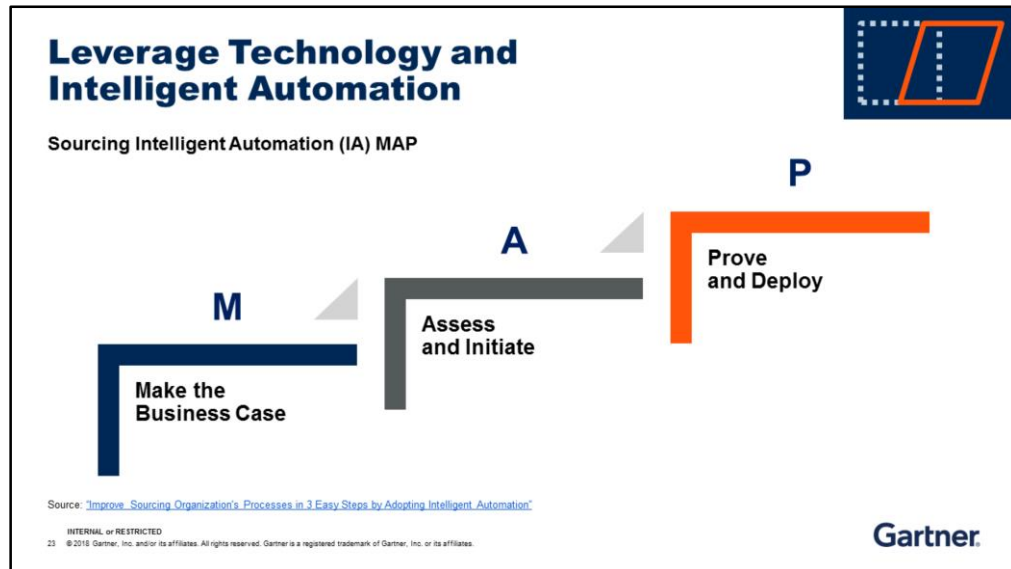


In a procurement context, we have the same four sprints:

1. The epic
2. Due diligence
3. Vendor evidence
4. Contract negotiation

The efficiency of the Mode 2 procurement approach is based on the following:

- Collaboration is key — workshops with stakeholders over lengthy documentation, and lengthy approval processes between each step.
- Rightsize the procurement activities, selecting which activities are required in a procurement as determined by the nature of the procurement and risk appetite — not taking a one-size-fits-all or overly complicated process.
- Agile (Mode 2) procurement is driven by existing evidence or demonstration, as opposed to evaluation against detailed requirements documented in lengthy spreadsheets.
- Not all projects are suitable for an agile approach — it is part of a bimodal model.



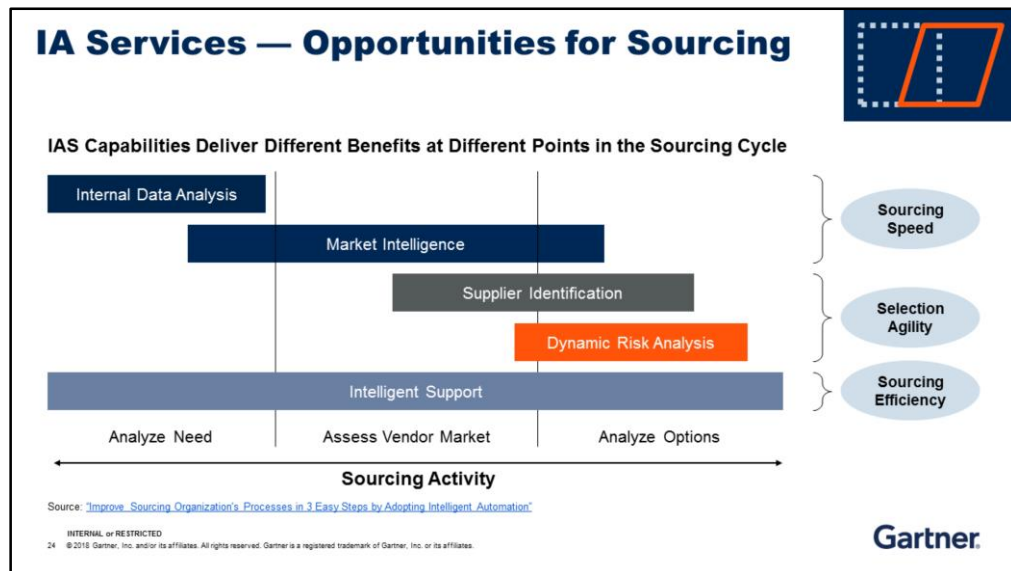
SPVM leaders are progressing in their pursuit of leveraging new technologies and sourcing models to consolidate manual and repetitive tasks by, for example, crowd sourcing, automated RFPs, templated contracts and tracking metrics. However, they have yet to successfully adopt and integrate intelligent automation services (IAS) capabilities into the sourcing process. In order to leverage technology and intelligent automation, Gartner has put together an approach for SPVM leaders to utilize when they are seeking to transform as well as promote business agility. The Intelligent Automation MAP model for SPVM leaders is published in ["Improve Sourcing Organization's Processes in 3 Easy Steps by Adopting Intelligent Automation."](#) It involves three key steps.

- 1. Make the business case for using IAS within the sourcing organization.** Make the business case for the use of IAS within the sourcing organization. Highlight the potential to reduce time when implementing IT solutions, and a further reduction of operational costs through increased flexibility in delivery and contracting for IT solutions.
- 2. Assess the sourcing organization's maturity and initiate the process toward automation.** Assess the sourcing organization's maturity level and initiate the process toward automation by streamlining current tools, processes, templates and data to achieve business outcomes and create a foundation for future initiatives.
- 3. Prove and deploy.** Confirm your strategy by evaluating IAS opportunities through Proves of Concept (POCs) and then deploy the most appropriate use cases.

IAS solutions suitable to enhance the performance of sourcing and vendor management are in an embryonic development phase. As a result of this, POCs are required to assess the capabilities and determine the readiness of the organization. This is especially true in terms of capabilities used to evaluate vast amounts of sourcing data (both internally and externally), tracking provider changes and creating information that can inform sourcing strategies.

Continue to develop use cases while working with technology to integrate IAS functionality. Start with low-hanging fruit, such as standardized and repetitive processes or areas with the greatest amount of impact. For example, by automating answers with a virtual assistant to answer internal users' sourcing questions, this provides the sourcing team with additional time to work on complex negotiations.

Analyze the business model, the gaps and whether the efficiencies gained merit at the expense of implementation. AI and cognitive sourcing charges by pay-for-use or pay-for-performance, and it may not be a viable model or the best solution for your sourcing organization at this time. Benchmark your current metrics and the POC results, so that you can use this information to create a business case for moving forward. Keep the POC process ongoing; as the IAS market will evolve quickly, bringing new opportunities to the forefront, and by doing so, your sourcing organization will be ready to take advantage of new developments.




Gartner's long-standing sourcing cycle has several phases. Gartner analysts utilized the sourcing cycle framework to depict five opportunity areas for leveraging intelligent automation services (IAS). The five areas depicted above include:

- 1. Internal data analytics** — Involves leveraging intelligent automation when SPVM teams are analyzing needs (or requirements) with stakeholders.
- 2. Market intelligence** — SPVM teams either analyzing needs or conducting market scans or evaluations of vendors can leverage intelligent automation for speed, depth and wider range of options.
- 3. Supplier identification** — SPVM teams can leverage IAS for process mining or process discovery to create interactive proof of concepts with specific suppliers.
- 4. Dynamic risk analysis** — For SPVM teams with stable service requirements, but with a need to manage supplier risk while transitioning between established providers, IAS can assist in reducing risk and enabling greater agility of sourcing.
- 5. Intelligent support** — For SPVM teams with significant workloads, which cannot be fully resourced from existing staffing levels, IAS can drive greater productivity to allow for faster cycle times or more production per person.

Each of these five opportunities for leveraging intelligent automation comes with specific examples that can be found in ["Improve Sourcing Organization's Processes in 3 Easy Steps by Adopting Intelligent Automation."](#)


To determine the need for IAS support within their function, SPVM leaders should examine which phases of the sourcing cycle are likely to cause the biggest issues for their organization, and where the removal of bottlenecks will create greatest benefit.

Recommendations for SPVM Leaders



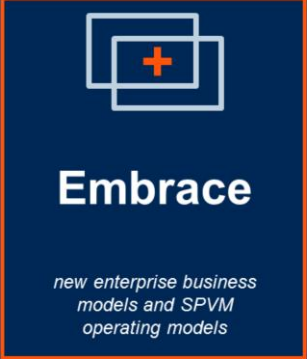
Reinvent

*your role within
the organization*



Transform

*how you deliver by
leveraging technology and
intelligent automation*



Embrace

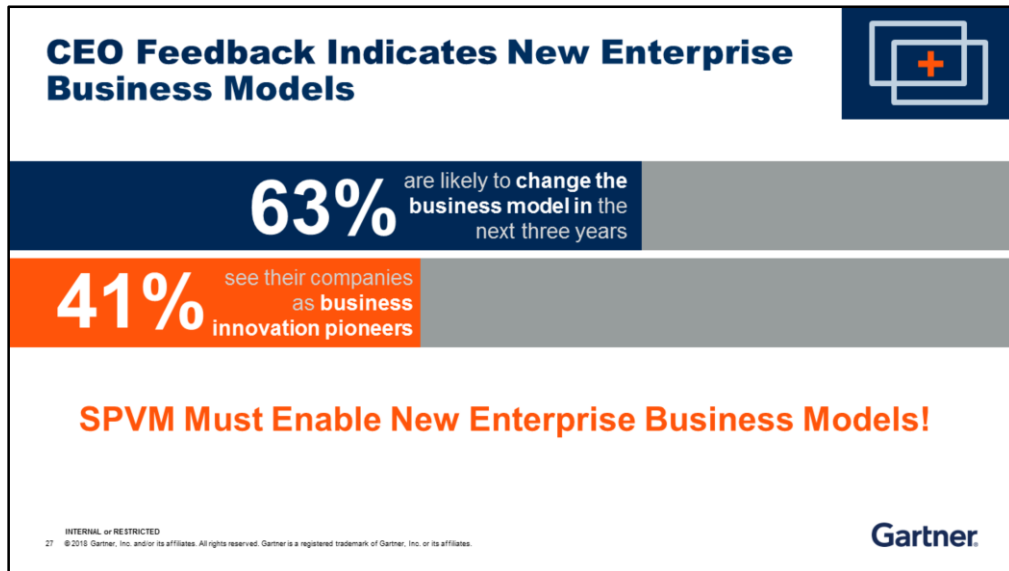
*new enterprise business
models and SPVM
operating models*

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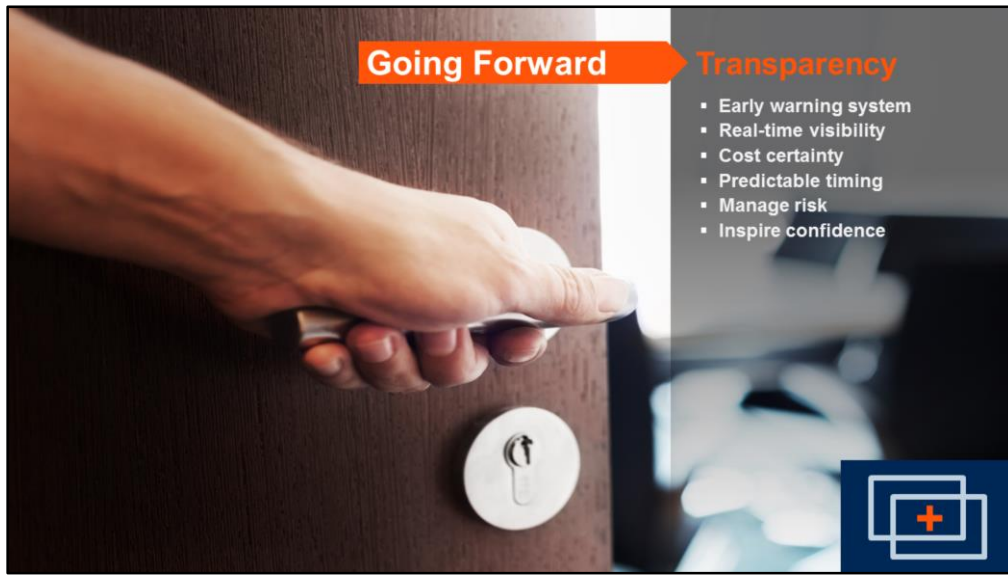
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In the next few slides, we will explore the third recommendation: Embrace new enterprise business models and SPVM operating models.





An analysis of our 2018 CEO Survey has been published in [“2018 CEO Survey: CIOs Should Work With CFOs to Craft a Digital P&L.”](#) Here we depict two important statistics that emphasize why SPVM must enable new enterprise business models.



Going forward, it's important to focus on transparency. It's not just that the process is slow or rigid; it's that your business partner does not know what happens when they hand over their project to you. They just know that they have relinquished all control and at some point, hopefully, it will pop out the other end and they can continue forward.


- They don't know when that will happen.
- They don't know what could cause the process to stop.
- They don't know what they can do to change it — they cross their fingers and hope for the best.

And what do you think that makes them want to do? One of two things — either:

- Set false deadlines for you to deliver on, to build in some cushion in case things go awry; or
- Keep control and do it themselves.

Increasing transparency into how you work is key to embracing new operating models for SPVM. Your engagement will only be effective if your business partners understand how the work happens, how it will unfold from their perspective and how long it will take. It is arguably more important than changing the work itself.

Client Example of Increasing Transparency



Challenge

- Huge number of disparate data sources creating delays and different views of global demand analysis
- Sourcing decisions often delayed due to manual efforts


Approach Taken

- Procurement team built analytic model (100 million data points)
 - *Descriptive*: What is happening in business now?
 - *Diagnostic*: Why is it happening?
 - *Predictive/insight*: Next best actions


Results

- Significant reduction in manual data efforts
- Enabled BUs *and* procurement to make better decisions based on far more accurate prediction of demand and trends across the business
- **Increase in partnering (“culture of collaboration”) due to transparency**

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Here we depict a client example that seemingly began as an analytics project. However, it turned out that the biggest benefit was increased culture of collaboration due to the transparency that was created in the workflow of a primary procurement process.



Embrace New Ways to Manage Your Vendors — Key Factors to Consider

Industry Different degrees of: <ul style="list-style-type: none">▪ Complexity▪ Breadth and depth▪ Compliance requirements	Size Opportunity for: <ul style="list-style-type: none">▪ Diversity of solutions/services▪ Diversity of vendors▪ Economies of scale
Geographics Different local: <ul style="list-style-type: none">▪ Business, legal and cultural requirements▪ Delivery centers increase complexity	Governance Style Different styles result in different: <ul style="list-style-type: none">▪ Degrees of centralization▪ Sourcing strategies

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A number of factors affect how vendor management should be organized:

- **Industry** factors will affect the complexity of the organizational structure and may also affect the scope of vendor management. Highly regulated industries will tend to have a focus on managing vendor risks with vendor management organizations chartered to help eliminate or reduce residual vendor risks.
- **Size** of the company will affect the scope, governance and structure of a vendor management organization. Many vendor management offices are staffed relatively lightly and within midsize enterprise may be just a set of activities within a broader set of IT activities of a role.
- **Geography** affects how vendor management will be structured and may require a hybrid model, with regional or business-specific vendor management offices and functions.
- **Governance style** (how decisions are made) will vary depending on the degree of autonomy that exists between a centralized corporate culture and one where decisions and accountability exists at a business unit level.

Source: “Leverage Authority to Determine the Proper Reporting and Organizational Structure for Technology Vendor Management”



You can reinvent your role to add significantly more value.

You can transform the way you **engage** with colleagues and business partners.

You can embrace a significant increase in your ability to **influence change** within your organization.

You can be a true business **enabler**.

Today is the beginning of **your** journey.

Recommended Gartner Research

- ▶ [“Deliver Value and Enable Business Growth by Embracing Four Enhanced Roles for Procurement Leaders”](#)
Christopher Dixon
- ▶ [“Toolkit: Adapt Agile Development Methodologies to Technology Procurement Processes to Enable Digital Business”](#)
Luke Ellery
- ▶ [“Improve Sourcing Organization’s Processes in 3 Easy Steps by Adopting Intelligent Automation”](#)
Stephanie Stoudt-Hansen, Gilbert van der Heiden and others
- ▶ [“Technology Procurement: Become a Trusted Advisor to the Business With Gartner’s Bimodal Engagement Model”](#)
Luke Ellery and Christopher Dixon
- ▶ [“Use Gartner’s Technology Procurement Transformation Framework to Balance Cost, Risk and Speed”](#)
Melanie Alexander, Luke Ellery and others

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