

New research says procurement professionals concerned by “alignment gap,” as leaders seek sync to business strategy

- Cost and risk reduction fall behind strategic alignment as top procurement priorities
- With skills shortage hampering team performance, study says procurement outsourcing at inflection point

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The alignment of procurement to overall business strategy is the top priority of procurement leaders in 2012, according to *GEP Value Trends: Procurement Strategy*, a new research study conducted by Information Services Group (ISG) (NASDAQ: III), a leading technology insights, market intelligence and advisory services company, and GEP, a leading global provider of procurement services and technology. The study is available for [download here](#).

While cost and risk reduction remain high priorities, the ISG Research study finds new areas of concern emerging among procurement professionals as well as openness to [new solutions](#).

Approximately one third of respondents say strategic alignment to the enterprise is a top priority. While 26 percent of respondents say delivery on cost reductions concerns them most, more than 10 percent now say driving support for procurement tops their agenda.

In a related finding, the study reported that achieving business unit support is among the procurement organization’s top challenges. Other headaches include deficiencies in analytical capabilities and tools, and like scarcity in other procurement skill sets, which tops the worries list.

These gaps help explain the finding that outsourced procurement service is set to grow and may very well be at an inflection point.

“Procurement organizations are increasingly looking for additional capacity, along with specialized skills, subject matter expertise and process best practices from procurement service providers, and have modest expectations for reductions in procurement operational costs,” said Michael Kushner, director, business advisory services at ISG. “Relationships with procurement-focused, expert service providers are clearly becoming a strategic priority.”

According to Neha Shah, executive vice president and co-founder at GEP, procurement organizations are increasingly being asked to play a broader role in meeting corporate business and financial objectives. Near tactical competencies are expected even though internal organizations are being challenged and there are shortages in specialized skill sets or commodity categories.

“The CPOs we work with tell us that tactical execution of procurement programs is not going to win them any medals, yet problems in program execution – such as slow ramp-up or lack of flexibility – are definitely big problems. GEP’s reputation for excellence across a broad range of [procurement competencies](#) has served us well, as our clients seek to infill gaps and extend their impact on overall spend,” Shah said.

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Research participants were primarily based in North America with 28 percent of respondents representing other geographies. They included leaders from the financial services, healthcare and pharmaceuticals, business services, manufacturing, energy, government and public sector, media and telecom, retail and travel and transportation sectors. Fifty-nine percent of participants were from businesses of more than \$5B in annual revenue and respondents were generally CFOs, CPOs or their direct reports.

The study, *GEP Value Trends: Procurement Strategy* is the first in a series of three research reports from ISG Research and GEP that together provide comprehensive insight into the challenges and opportunities encountered today by procurement professionals. *GEP Value Trends: Procurement Technology* and *GEP Value Trends: Procurement Outsourcing* will be released in upcoming weeks.

About Information Services Group

Information Services Group (ISG) (NASDAQ: III) is a leading technology insights, market intelligence and advisory services company, serving more than 500 clients around the world to help them achieve operational excellence. ISG supports private and public sector organizations to transform and optimize their operational environments through research, benchmarking, consulting and managed services, with a focus on information technology, business process transformation, program management services and enterprise resource planning. Clients look to ISG for unique insights and innovative solutions for leveraging technology, the deepest data source in the industry, and more than five decades of experience of global leadership in information and advisory services. Based in Stamford, Conn., the company has more than 700 employees and operates in 21 countries.

About GEP

GEP is a diverse, creative team of people passionate about procurement. We invest ourselves entirely in our client's success, creating strong collaborative relationships that deliver extraordinary value year after year. We deliver practical, effective procurement services and technology that enable procurement leaders to maximize their impact on business operations, strategy and financial performance. Named a category leader in procurement outsourcing by the Black Book of Outsourcing, a Star Performer in Everest Group's Peak Matrix of service providers, and to the Supply & Demand Chain Executive 100 for seven years, GEP is also ranked as one of the Fastest Growing Technology Companies in Deloitte's Technology Fast 500. Clark, NJ-based GEP has eight offices and operations in North and South America, Europe and Asia. To learn more, please visit www.gep.com.

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