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TCS
Sourcing & Procurement

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's Sourcing & Procurement Outsourcing Vendor Assessment for TCS is a comprehensive assessment of TCS' sourcing and procurement offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of sourcing and procurement and identifying vendor suitability for outsourcing services

- Vendor marketing, sales and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the F&A BPO sector.

Key Findings & Highlights

Tata Consultancy Services (TCS) sourcing and procurement BPO offerings were largely built on the back of its F&A BPO capabilities and clients, and are offered as complementary services to F&A. TCS' first SCM BPO contract, awarded in 2006 by a Fortune 500 Manufacturer, included direct materials PO processing in additional to other SCM BPO services. To support the contract, TCS had set up a service center in Midland, NJ from which it provides invoicing and data management. TCS also provides P2P support services for Dow from Mumbai. In 2009, TCS started providing S2P services to Dow for indirect categories and in 2010, TCS added supplier relationship management services to its S2P portfolio. Until 2010, Dow was TCS' largest client.

In 2010, TCS expanded from procurement processing services, adding master data management (MDM) and sales order processing. It then started offering sourcing support services. The addition of sourcing can again be traced back to Dow, initially in a hybrid model. The resources (people and knowledge) providing these services are 'borrowed' from TCS' "Project Prune" group. Project Prune's focus is to reduce the cost of products and services that Tata buys as a group with total spend estimated to be $90 bn. In one recent project, the Project Prune team analyzed $30bn in Tata Group spend in office supplies, air travel and hotels and generated a cost savings of $1.5 bn. In addition to the Project Prune resources, TCS is expanding with individual hiring to support new clients.

Between 2012 and 2015, TCS won around 24 S&P BPO contracts, of which nearly two thirds bundle in other BPO offerings as well. The S&P portion of these contract represented around half of TCS' S&P revenues. TCS now has ~125 clients supported by some part of its S&P offering.

In 2013, GM, a longstanding IT services client of TCS, put a procurement outsourcing tender out to market. GM ultimately decided to keep procurement in-house, but based on TCS' tender response, GM decided to look further into TCS' MDM capabilities and in 2017 moved MDM work from an incumbent to TCS. The GM product master consists of 1.5m master item SKUs the incumbent had 120 FTEs managing the master manually. TCS automated a majority of the MDM and reduced the FTEs need to manage it by 40%. TCS is now rolling this model out to Europe for GM and will follow with the APAC region.

TCS' stand-alone MDM offering has driven its growth into S&P. It has expanded its MDM services from the manufacturing sector into healthcare, pharma and retail.

Scope of the Report

The report provides a comprehensive and objective analysis of TCS' sourcing and procurement offerings, capabilities, and market and financial strength, including:

- Analysis of the company's offering and key service components

- Revenue estimates

- Identification of the company's strategy emphasis and new developments

- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts

- Analysis of the company's strengths, weaknesses and outlook.

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