

Companies are taking a cautious approach to outsourcing their procurement functions

Procurement Outsourcing or Business Process Outsourcing...

As a consequence of the downturn in the financial climate it comes as no surprise that there has been much talk about Procurement Outsourcing, commonly recognised as part of Business Process Outsourcing (BPO). For many organisations the idea of BPO is something that they may have had on the back burner but not pushed ahead with, given a) the plethora of other initiatives that they are diverted by; b) it wouldn't seem to be the best time to consider new strategic directions or investments and c) what would BPO do that's different from other investments in technology and Shared Services?

Back in April 2004, the Aberdeen Group described how a sample of 750 supply-chain executives showed that 43% outsource certain procurement processes or spend categories, with larger, more experienced enterprises showing a greater propensity for outsource. Another 15% said they planned to outsource procurement functions in the following three years. According to the report average benefits included an 18% reduction in prices paid for goods and services and a 25% decrease in procurement administration and automation costs.

At the start of 2008, a follow up benchmark study recognised that, from a cautious approach 4 years earlier, Procurement Outsourcing was becoming more accepted as a viable strategy for procurement performance improvement. Findings indicated that 40 percent of enterprises from a study of 260 were expected to engage in procurement outsourcing in the next two years.

[Procurement Outsourcing - The Complete Report](#)