

Supplier Governance Services

December 2016

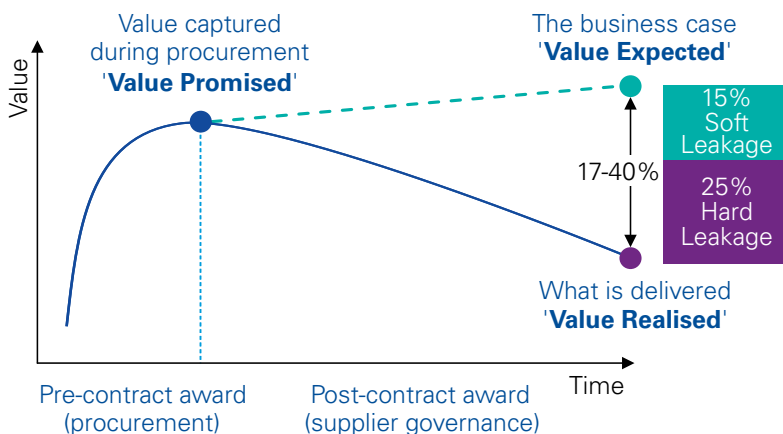


For organisations with annual outsourcing spend in the tens of millions of dollars, it is surprising how little investment there is in the people, processes and technology to secure the expected value of those contracts. Up to 40 percent of the expected benefits are often eroded over the contract life, due to a lack of controls, capacity and actionable and timely data. KPMG’s Supplier Governance Services can help transform how contract management is delivered enhancing return on investment.

Existing approaches to contract management don’t usually deliver the value anticipated

Private and public sector organisations will recognise the story told by the chart below. The loss of value can be attributed to:

- over-payment
- un-checked consumption
- unclaimed credits and discounts
- scope creep
- loss of focus on improvement and innovation
- unclear accountabilities
- no holistic view of supplier performance
- transactional relationships.

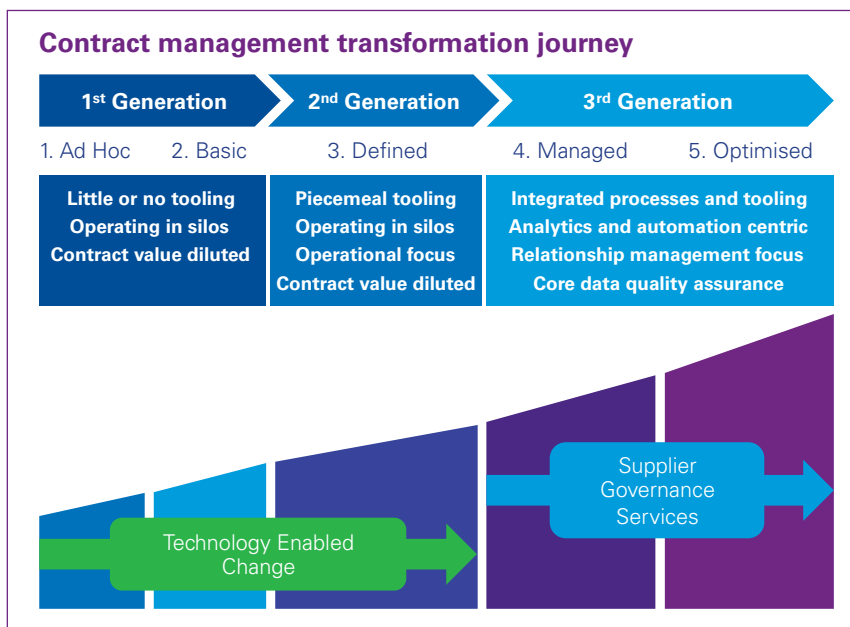


What is Supplier Governance Services?

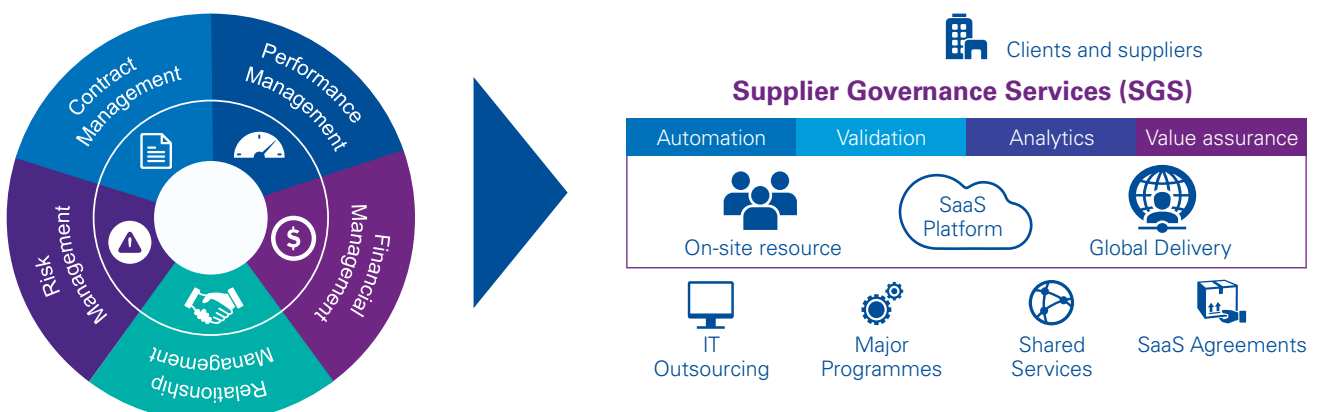
Supplier Governance Services (SGS) helps organisations address the loss of value by transforming contract management through technology enabled change.



SGS achieves this by:

- designing and implementing an enterprise governance delivery model based on leading practice governance processes, automation, collaboration, data analytics, search and source system interfaces that combine to answer the question 'how did we get here?'
- providing a holistic single view to evaluate service provider performance across nine contract management processes and maintaining a 'single version of the truth' to increase governance effectiveness
- reviewing client and service provider compliance to ensure that regulation and audit obligations are being executed
- providing back office core data management to ensure ongoing data quality
- providing back office invoice, consumption and performance validation.



SGS helps you to transform your contract management operating model through technology selection and operating model design. SGS also offers a managed service model to reduce your operating costs and to release capacity to focus on achieving the 'value expected'.



How we deliver Supplier Governance Services (SGS)			
	Evaluate and Design	Transition	Operate
Duration [Typical]	2 – 4 months	3 – 6 months	24 – 60 months
Service Description 	<p>Development of contract management transformation strategy.</p> <p>Key activities:</p> <ul style="list-style-type: none"> • Current state assessment • Automation opportunity identification • Target operating model design • Technology proof of value • Data model design • Transition planning 	<p>Transition of the governance function into the SGS service delivery model.</p> <p>Key activities:</p> <ul style="list-style-type: none"> • Knowledge transfer • SGS tool-set configuration • System interfaces developed • Contract and performance data migration • Process optimisation • Client and Service Provider training and communications 	<p>The on-going running of the SGS service for in-scope third party contracts.</p> <p>Key activities:</p> <ul style="list-style-type: none"> • Consumption validation • Invoice validation • Obligation tracking • Service risk and issue tracking • Service level validation • Co-ordination of payments • Governance dashboard reporting
Key Outputs 	<ul style="list-style-type: none"> • Current contract landscape register • Current operating model play back • Target operating model design • People, process, technology quick wins • Proof of value results assessment • Data and configuration specification • Transition plan 	<ul style="list-style-type: none"> • SGS service mobilisation • SGS tool configuration and testing • Stakeholder engagement, training and communication completed • Cross party system workflows enabled 	<ul style="list-style-type: none"> • Usage and spend transparency • Facilitation of governance meetings • Consolidated governance reporting • Contract change administration • Complete contract change history • Obligation compliance status report • Accessible and current audit data

Case study

KPMG created a scalable centralised governance model for a leading US-based media enterprise. We provided governance services across; HR, Finance, IT and Procurement functions. The managed solution included a hosted platform and near & off-shore delivered services. The benefits from the service have been:

- avoidance of missed service credits
- avoidance of over-payment due to incorrect invoices
- correct appliace of FOREX and Indexation terms saving in excess of \$600,000 USD.

INDICATIVE BENEFITS of Supplier Governance Services		
 10%	How we deliver Supplier Governance Services (SGS)	 Zero email solution creating an easily auditable, living 'single version of the truth' to manage the performance of both strategic and the long-tail of contracts. Contract authoring, recording reliable interpretations and change management are regulated through workflow
 30-40%	How we deliver Supplier Governance Services (SGS)	 Comprehensive tracking of passive and active contract obligations mitigating audit risk and inadvertent supplier reliefs
 100%	How we deliver Supplier Governance Services (SGS)	 Extracts scarce senior management capacity from operational and administrative governance, supporting focus on strategic decision making and continuous service improvement

Contact us

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