



SOVRA

Modernizing procurement funding

A new model for a new fiscal reality



Executive summary

Procurement leaders are facing a more constrained fiscal environment heading into fiscal 2026, with slowing growth in general fund revenue, heightened cost pressures, and increased uncertainty around federal funding streams. In this context, many states are looking for pragmatic ways to fund modernization and drive measurable cost savings without relying on new appropriations.

SOVRA's **Fee Optimization Program** offers a practical, demonstrated way to turn contract administrative fees into a sustainable funding engine. The program operationalizes a full lifecycle model to collect supplier sales data and fees, reconcile against available purchasing and payment signals, inspect variances where required, and visualize performance through role-based dashboards.

Expanded through collaboration with KPMG LLP (KPMG), the program moves beyond a fee applied primarily to statewide vehicles and enables an enterprise-wide approach that covers the full contract universe across a state, including statewide contracts, agency contracts, and one-to-one purchases. Together, we offer states a model to help unlock revenue, consolidate spend, and drive measurable savings.





Problem statement

Most existing fee programs were designed around a narrow set of statewide contracts. This legacy structure leaves substantial spending outside program visibility and creates multiple challenges:

- **Limited revenue capture** – Only a subset of contracts carries fees, leaving millions of dollars of spend untapped.
- **Fragmented purchasing patterns** – Agencies negotiate their own terms, diluting leverage and reducing sourcing savings.
- **Manual, inconsistent processes** – Reporting and reconciliation are handled manually, making programs difficult to scale and defend in audits.
- **Lack of transparency** – Leadership and agencies lack timely insights, undermining program credibility and adoption.
- **Lack of resources** – A solution and a set of contract and procurement resources that needs to be focused on managing the contract fees, collections, communications, expansion, among others.

These challenges are intensified in today's market, where states are navigating slowing revenue growth and tightening budget conditions, alongside shifting and uncertain federal support and rising program costs.



SOVRA Fee Optimization Program

- 1 Program setup & contract eligibility** – Define eligible contract types and establish standard fee terms across statewide, agency, and one-to-one contracts.
- 2 Supplier onboarding & reporting enablement** – Engage suppliers, enable secure sales reporting, and handle communications.
- 3 Contract marketing & local enablement** - Strategic marketing initiatives, which include targeted campaigns, webinars, newsletters, and supplier promotional materials, help increase the visibility of statewide contracts.
- 4 Sales report intake & fee collection** – Collect supplier sales data, calculate fees, and automate collections.
- 5 Reconciliation, exception handling & audit documentation** – Cross-check reported sales with purchasing and payment signals, manage variances, and maintain audit-grade records.
- 6 Performance dashboards & continuous optimization** – Provide role-based dashboards for agencies and leadership, analyze trends, and refine program rules.

These steps form a closed-loop lifecycle, that transforms a fee program into a governed, technology-enabled engine:





The innovation: Expanding fee coverage to the entire contract universe with KPMG

The SOVRA and KPMG collaboration expands fee optimization from a contract subset to an enterprise-wide model that is designed to cover every contract type across the state, including statewide vehicles, agency-specific contracts, and one-to-one purchases.

KPMG's role is centered on enabling enterprise-wide spend under management and fee expansion through a repeatable approach that includes:

- 1 Enterprise contract & spend discovery** – Identify purchasing across the entire contract universe, including agency-level and one-off spend.
- 2 Process & governance design** – Craft a repeatable framework to apply fees consistently across all eligible contracts.
- 3 Templated contract language & adoption support** – Develop templates and guide agencies to embed fee requirements into contracts.
- 4 Change management & stakeholder alignment** – Drive agency participation and sustained compliance through training and engagement.
- 5 Opportunity identification for cost savings** – Consolidate spend and uncover sourcing efficiencies alongside revenue generation.

SOVRA then operationalizes and scales that expanded coverage using technology and managed processes to collect, reconcile, inspect, and report on supplier reported sales and fees across the full contract footprint.

SOVRA's Fee Optimization Program has demonstrated to increase state program revenue by an average of **2x to 3x**. Through collaboration with KPMG, program expansion can help drive an additional **3x to 5x revenue uplift**.



Benefits and value proposition

Revenue potential on every eligible dollar of spend

By expanding fee enablement beyond statewide contracts to the entire contract universe, the program increases the addressable base from “some contract spend” to “all or significant / expanded contract spend,” creating the opportunity to generate substantial incremental revenue.

A practical response to tightening fiscal conditions

As states face slower revenue growth and tighter budgets, the program provides a sustainable mechanism to fund modernization.

Consolidated spend drives real savings

Bringing more spend under management improves purchasing discipline, increases leverage in sourcing events, and identifies opportunities for cost reductions.

Stronger compliance and audit readiness at scale

A standardized operating model, backed by a technology-enabled lifecycle for collection, reconciliation, inspection, and reporting, reduces leakage and strengthens controls across a much larger and more complex contract landscape.

Differentiation

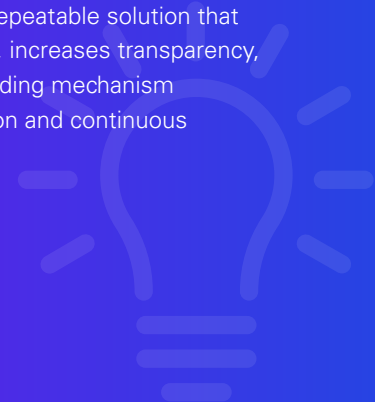
Unlike solutions that focus solely on fee collection or advisory, this program combines: A purpose-built compliance and revenue engine for states to run the program at scale using:

- 1 A managed service model to execute day-to-day operations
- 2 KPMG-led enterprise spend under management expansion that extends fee coverage to the full contract universe, unlocking revenue on every eligible dollar of spend and creating a parallel pathway to cost savings.

Conclusion

SOVRA's Fee Optimization Program, expanded through the collaboration with KPMG, is designed for the current fiscal reality: slower revenue growth, tighter budgets, and greater uncertainty about federal funding streams. It introduces an enterprise-wide model that expands fee enablement beyond statewide vehicles to the entire contract universe, unlocking revenue potential on every eligible dollar of spend while consolidating spend under management to drive measurable cost savings.

The result is a scalable, and repeatable solution that helps strengthen compliance, increases transparency, and creates a sustainable funding mechanism for procurement modernization and continuous improvement.



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