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# MANAGED PROCUREMENT SERVICES

HOW IT CAN TAKE YOUR  
BUSINESS TO THE  
NEXT LEVEL

*Prepared by:*



ETCH Sourcing





# INTRODUCTION

Managed Procurement Services (MPS) is a fully managed service to support your procurement function by providing end-to-end support for setting and executing procurement, strategic sourcing and category management strategies.

True managed procurement service providers act as a partner to your organization as a direct extension of your procurement teams, including collaborating with you through procurement planning and strategy building.

## WHY THE INDUSTRY IS SHIFTING TOWARDS IT

MPS provides a hybrid between traditional consulting and staffing agencies. It provides you with the benefits of both in addition to enhancing your procurement function's capability to address cost, compliance, quality and risk, allowing you to focus on your core operations and moving your business strategy forward.

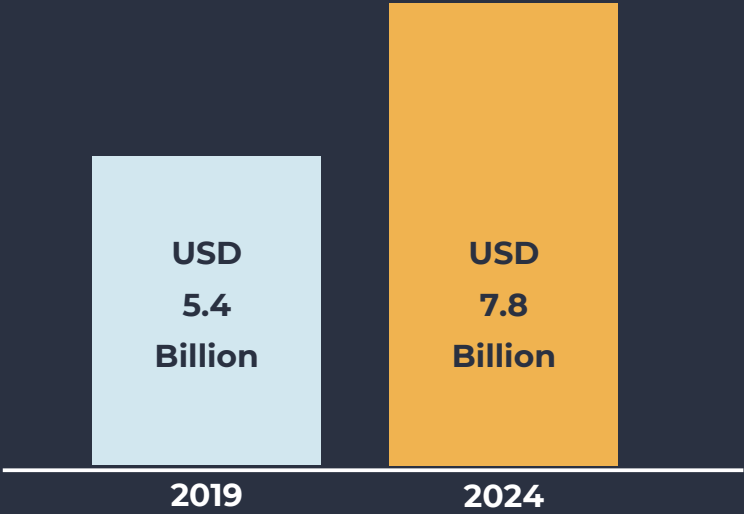
Managed Procurement Services includes:

- Contract Renewals and Negotiations
- Build and Execute Sourcing Strategies
- Contract to Purchase Activity
- Build and Execute Category Management Strategies
- Procurement Planning and Strategy
- Performance Management and Governance



# CURRENT STATS

The MPS market is a growing market, set to grow to \$7.8 Million USD by 2024. Numerous large organizations are taking advantage of this unique service model's flexibility, expertise, and ease of deployment.

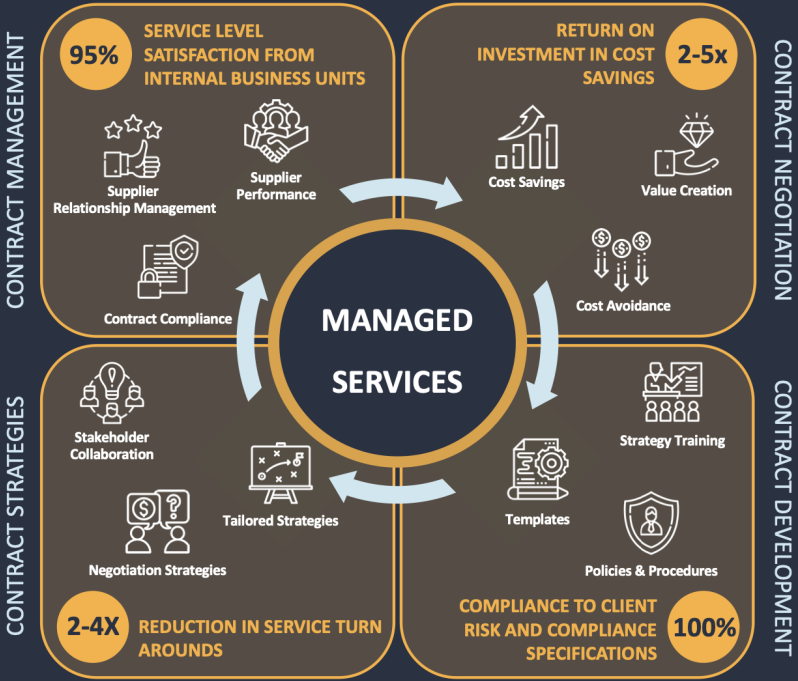


# BENEFITS

Managed Procurement Services (MPS)'s fully supports your procurement function while adding value through enhanced industry expertise.

Some of the top proven benefits of MPS for clients have been:

- 95% Service Level Satisfaction from Internal Business Units
- 2 to 5 times return on service investment in the form of cost savings
- 2 to 4 times reduction in service turnaround times to the business
- Compliance improvement to 100% for client risk and compliance specifications





Many top organizations operate today with a lean, efficiency-based supply chain and procurement function. However, this structure presents challenges when organizations need to adjust and adapt rapidly to spikes in workload volume, a shortage in expertise due to staff turnover, or a general inability to focus on strategic decisions due to tedious day-to-day operations.

Managed procurement services provides a flexible model with highly trained, experienced procurement professionals to address these challenges for an organization, allowing procurement leadership to focus their energy on strategic procurement and organizational direction. MPS brings together the best consulting strategies and expertise with a strong execution workforce to identify new value creation opportunities, supplier risk mitigation strategies and ensure your procurement compliance.

Whether it's peak load shaving of high-volume work to dedicated project sourcing support or full supply chain transformation support, MPS will provide your supply chain with the necessary resources to collaborate with you to solve your procurement challenges.

## RISK MANAGEMENT

Managed procurement services provides your organization with experienced and trained procurement resources backed by industry-leading practices to help you identify and address the various potential procurement challenges in your organization.

Additionally, MPS ensures that your procurement function will always be supplied by an independent third party, protecting your organization from any procurement non-compliance risk.

Now, more than ever before, the importance of having a resilient supplier base is essential to the success of an organization. Procurement is evolving as a function. MPS helps your organization stay on top of industry transformations by providing expert resources with industry-leading practices in supplier diversity, sustainable procurement, supplier risk management, digital procurement, and remote service delivery.

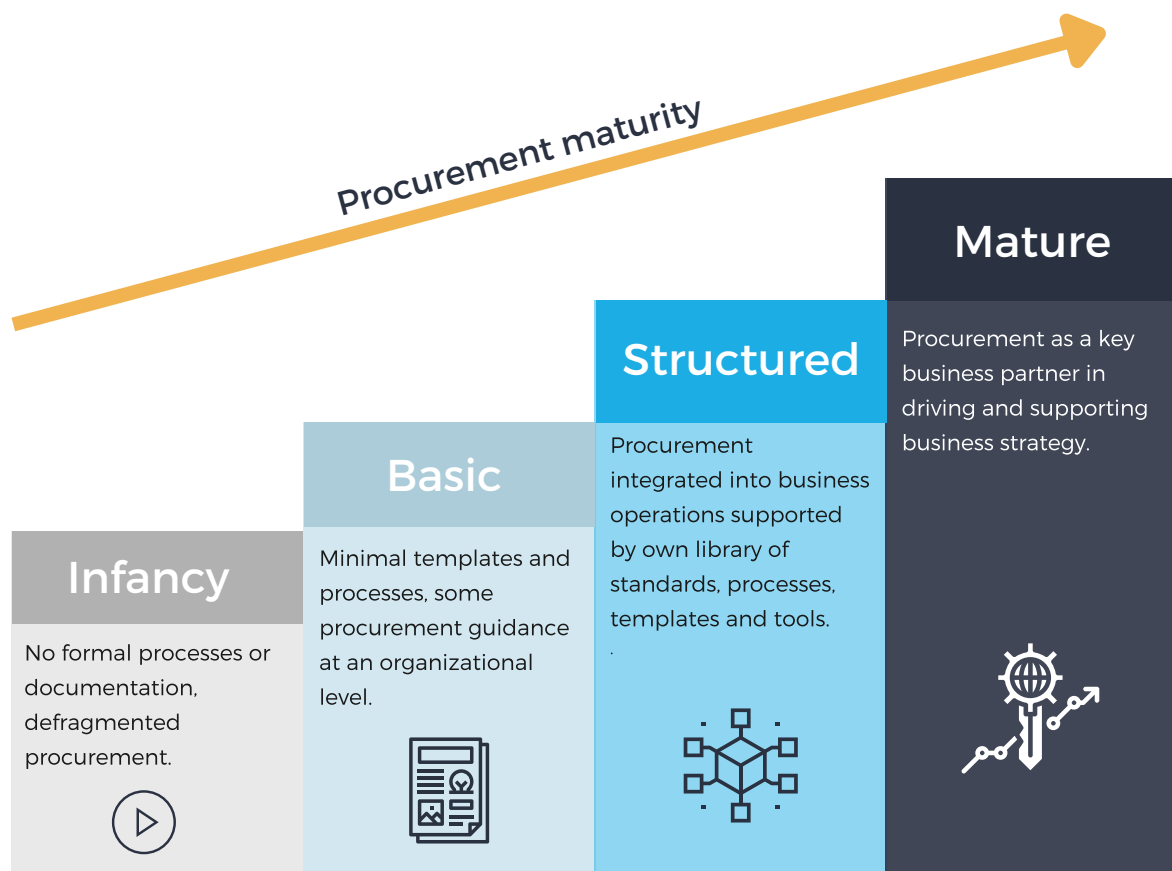




# TOOLS & STRATEGY

Is there a specific procurement tool that a business needs to have for Managed Procurement Services to be successful?

No, MPS provides a highly flexible and adaptable service model that adjusts based on your organization's existing policies and tools. No matter what stage of procurement maturity your organization is in, MPS will provide services that support your organization's procurement journey.



# BEST PRACTICES

A global oil and gas operation with headquarters out of China and global operations outsourced the complete management of its indirects category, including all IT, Corporate Services, and Non-Operations spending as part of MPS.

## Delivered Program Results:



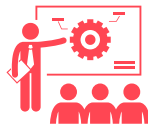
Built and actioned annual procurement plans for reducing the total IT and Indirect costs and enhancing procurement operations



Delivered enhanced process improvements where opportunities were identified through building and issuances of standard operating procedures



Delivered and reported consistent cost savings per initiative (multi-million dollars of savings year over year)



Significantly improved internal business unit services and relationships by providing a balanced resource mix for the workload to reduce procurement turnaround times



Drastically improved and maintained procurement compliance through development of enhanced compliance checks and programs

## ADVICE FROM (ETCH)PERTS

“Managed Procurement Services exists as an alternative to traditional staffing agencies and consulting. Don't think of our team as an outside party; in fact, most of our clients will tell us that we are not seen as "Suppliers" but rather the procurement team that supports the organization's operations and enables the overall success of an organization's strategy.

In fact, your MPS supplier is just like any other procurement team. We want to support your organization and collaborate with you to understand your strategic goals so we can plan to achieve the best possible value for your teams.





# WHY INDUSTRY LEADERS ADOPT MPS

"We wanted to hire professionals that were ready to hit the ground running. There are various degrees of outsourcing and the model we are using is allowing the MPS provider to manage and report on a given scope. The value-add the MPS provider provides is not only conducting the category assessment, and developing a category strategy and execution plan, but also the self-governance and tracking of these activities"

- Global Oil and Gas Company

## HOW TO GET STARTED

**Start with your Pain Point** – Consider what the immediate needs of your team are and how MPS can help relieve some of the resource-load stresses that you are currently seeing.

**Start Small and Treat MPS like a Proof of Value** – If you are unsure of the value that an MPS team or resource would provide your team, start with one resource or a small project where this/these resources can showcase to you the value and knowledge MPS would bring to your team.

**Scale-up Scale-down** – MPS offers you a lot more flexibility than permanent resources. Consider scaling up your MPS resources during busy periods such as your end-of-year renewal spike. In slower months, consider finding data integrity projects this extra resource can work on or use them as vacation coverage to relieve stress from your existing workforce.

**Leverage different level of resource experience** – One great cost-saving technique to consider in MPS is hiring a mix of senior, intermediate, and junior resources. With the oversight, mentoring role that more experienced MPS resources provide, you have the ability to save money by knowing that junior resources have the support to succeed in more complex roles.

**Determine your MPS Goals** – Consider what the key performance indicators you have for your MPS team – is it cost savings, compliance, data integrity, improved stakeholder engagement? Add these KPIs into the supplier evaluation and bonus structure so you can ensure your MPS provider is getting paid and rewarded for meeting and exceeding your goals.

# ABOUT US

ETCH Sourcing is a Canadian managed procurement services provider that specializes in strategic sourcing, category management, processes, and tools. In addition to our core services, ETCH provides specialized services for sustainable procurement, digital tool implementations, and managed services.

ETCH was founded based on the realization that many business problems in today's market can be solved with a strong foundation of supplier contracts that are well balanced and set clear expectations while delivering lasting value to all parties.

## Get in touch with us:

[contact@etchsourcing.com](mailto:contact@etchsourcing.com)

[www.etchsourcing.com](http://www.etchsourcing.com)



[linkedin.com/company/etchsourcing](https://www.linkedin.com/company/etchsourcing)



**JANE ZHANG**

Co-CEO, Co-Founder



**MADISON BARTON**

Strategic Sourcing Specialist



**NAZIFA RAHMAN**

Strategic Sourcing Specialist



**DAVID EVANS**

Strategic Sourcing Specialist





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