Cool Vendors in Strategic Sourcing Technology

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Hyperautomation, data and analytics and supplier enablement lead this year’s technology trends in sourcing and procurement. Application leaders can use this Cool Vendors research to identify promising software vendors that can help them make the most of these trends.

Overview

Key Findings

- Even though the average procurement organization achieved a cost savings goal of 4% in 2020, at least 60% of organizations are under pressure to increase cost savings even further.

- Top tactics to achieve cost savings include deploying technology to automate processes and collaborating with suppliers to identify opportunities.

- AI and analytics are popular topics in procurement, and vendors are incorporating machine learning and virtual assistants, with success in targeted use cases. Proofs-of-concept that incorporate AI-assisted and automated sourcing are in early testing.

Recommendations

Application leaders responsible for sourcing and procurement technology solutions should:

- Develop a business-led focus toward automation adoption by focusing on measurable improvements in business outcomes, rather than a tech-focused approach for process, architecture and technical debt reduction.
Reduce risk in hyperautomation initiatives by using Gartner’s frameworks to manage multiple concurrent hyperautomation initiatives throughout the enterprise in an iterative model. Gartner’s frameworks will help you map, prioritize, govern, adjust, iterate and shapeshift your concurrent hyperautomation initiatives to deliver business value.

Reduce the risk of a failed deployment by running pilots to assess the benefit and reliability of advanced solutions.

Develop a shortlist of supplier management vendors by matching the most impactful use cases and requirements with the right set of solution vendors in the market.

Augment your supplier management applications with third-party content providers to improve data quality and increase adoption.

**Strategic Planning Assumption(s)**

- By 2025, 80% of supplier management will be done outside core ERP systems in best-of-breed solutions.

- By 2025, the amount of manual effort for contract review will be reduced by 50% for those that adopt advanced contract analytics solutions.

**Analysis**

This research does not constitute an exhaustive list of vendors in any given technology area, but rather is designed to highlight interesting, new and innovative vendors, products and services. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

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What You Need to Know

During times of economic volatility, procurement serves a critical function in helping to unearth hidden cost savings, reduce supplier risk and ensure spending compliance. In times of economic growth, procurement helps scale the business by working with suppliers to innovate and ensure that supply meets the demands of the business. In today's business environment, which is characterized by both volatility and pockets of unprecedented growth, procurement is in more demand than ever.

The challenge is keeping up with it all, as most procurement teams are already spread too thin. While many teams have been successful in cutting costs and driving savings, the current processes don't scale well, are often manual, and rely heavily on siloed knowledge.

We've identified three technology trends that can help organizations build agility and resilience, as seen in Figure 1

**Figure 1: Top Trends in Sourcing and Procurement Technology 2021**

<table>
<thead>
<tr>
<th>Hyperautomation</th>
<th>Data and Analytics</th>
<th>Supplier Enablement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Process Mining</td>
<td>• Advanced Analytics</td>
<td>• Supplier Risk</td>
</tr>
<tr>
<td>• Tail Spend</td>
<td>• Network Intelligence</td>
<td>• Diversity</td>
</tr>
<tr>
<td>• Autonomous Sourcing</td>
<td>• Embedded AI</td>
<td>• Sustainability</td>
</tr>
</tbody>
</table>

Source: Gartner
Note: AI = artificial intelligence

Hyperautomation

Business-driven hyperautomation is a disciplined approach that organizations use to rapidly identify, vet and automate as many business and IT processes as possible.

For sourcing and procurement professionals, potential processes include:

- Supplier onboarding
- Supplier communication
Many companies start by automating transactional processes before moving on to more complex, decision-based processes.

Data and Analytics

Data and analytics have experienced a renewed focus in procurement across descriptive, prescriptive and predictive scenarios. Procurement software vendors have taken note of this trend and are investing heavily in ensuring that their solutions are as much data and analytics solutions for procurement as solutions focused just on streamlining the process. This is required as we enter into the next phase of the evolution of procurement technology. It is no longer just about making the core processes more efficient. It is now about how procurement can extract more value out of investments through better data insights, and free up time to innovate, rather than just managing day-to-day tasks. A combination of core, differentiated and innovative solutions, often from different vendors, will be required to meet all of the needs of procurement. Areas of coverage include contract analytics, sourcing optimization, purchasing recommendations, pricing and benchmarking, natural language search, supplier discovery and more.
Supplier Enablement

Effectively managing suppliers specifically is pivotal to organizational success and resilience. This is especially true today as we face increasing market volatility with disruptions caused by uncertain political environments, emerging risks such as changing regulations, climate change impact and, most recently, the COVID-19 pandemic. Software vendors have realized this and, as a result, there are now many applications in the market that can help buying organizations manage their suppliers.

Promising supplier management Cool Vendors, such as those covered here, offer solutions that augment an organization's ability to preserve and extract added value from new and existing supplier relationships. When considering vendors for this research, we looked for solutions that could fill specific use cases in a company's digital roadmap. These Cool Vendors target the need for better and more collaborative supplier management with faster and better decision making across increasingly complex and ever-expanding supply chain networks and supplier ecosystems.

SupplyHive

Chicago, Illinois (supplyhive.com)

*Analysis by William McNeill*

**Why Cool:** SupplyHive uses AI bots, which the company calls “digital bees,” to automatically analyze, rate and score suppliers based on supplier performance data and internal reviewer survey responses. The platform minimizes time on data collection exercises and allows the procurement team to spend more time on the strategic decisions and relationship building, thus addressing hyperautomation and supplier enablement use cases. The software comes with prebuilt dashboards and recommended KPIs that can be used as a starting point for data analysis. Dashboards measure performance against a variety of KPIs including quality, relationship and innovation. Users can benchmark supplier performance against similar companies in the SupplyHive ecosystem. The tool uses sentiment analysis and other machine learning methodologies to deliver nuanced insights at scale. The tool supports action plans and projects. Another cool feature of the platform is the HiveReport, which is an automated summary that provides business data that creates action to drive operating efficiency and improve supplier performance. The customizable Supplier Roster organizes supplier data and enables a robust search capability to source and evaluate suppliers. SupplyHive addresses all three of the trends highlighted in this research.
Gartner research shows that companies with automated supplier scorecard tools have more time and capabilities to engage in valued-added activities like extracting innovative ideas from their supply base at a lower functional cost. Additionally, automated scorecards can reduce the overall costs associated with supplier performance and relationship management. Automated scorecards can also increase sourcing efficiency and effectiveness.

**Challenges:** Supplier performance functionality is commonly included in sourcing and procurement suites so justifying a stand-alone application may be a challenge. Additionally, value is only as good as the data and size of the network. It also relies on your own internal performance data. On the positive side, the platform helps automate tasks and create action plans in a more timely fashion. SupplyHive will need to partner and integrate with other solutions without seeming to be overly competitive.

**Who Should Care:** Professionals in procurement, sourcing, supplier diversity, supplier management, supplier relationship management, contracting and risk can all benefit from the insights delivered by the SupplyHive platform. Companies looking to automate routine data collection tasks with the aim of spending more time on value-adding activities will find SupplyHive appealing.

**Graphite Systems**
Lehi, Utah ([graphiteconnect.com](http://graphiteconnect.com))

*Analysis by Koray Köse*
Why Cool: Graphite Systems supports collaboration on a single platform that offers supplier life cycle management from onboarding to phase out. It enables and sets up the collaboration and compliance framework that connects buyers and sellers in a secured network model to align and conduct business. It features fast supplier onboarding driven by a central connection and a two-way master data administration model that also supports governance, risk management and information sharing throughout a supplier life cycle. It covers supplier information from basic data to specific diversity and offers other professional certifications and licenses (including ethics, sustainability and other governance features). While all of these use cases are represented by best-of-breed solutions in the fragmented supplier management market, graphiteConnect offers all relevant use cases for low- to medium-complexity businesses. This enables a one-stop shop for organizations that do not have too complex supply chains and markets to handle. Using only one system comes with the ease of implementation and adoption, especially for companies that have limited time and resources to support and invest into complex implementations of a variety of best-of-breed solutions. However, this doesn't mean this isn't a powerful solution. It can also be integrated into complex business models as it connects to any system through a modern API framework, and supports existing subscriptions such as those that integrate financial risk solutions.

Challenges: GraphiteConnect is positioning itself in a fragmented market with more best-of-breed incumbents per use case focus (such as onboarding, compliance, contract management and others). While competing with each one on a functionality basis, it offers a unique advantage of having most relevant use cases included in its features. However, more complex requirements would need to be carefully assessed against the true extent of its capabilities and at times, when the business is more complex or specific in requirements, may require additional (or different) solutions. The implementation support is internal only with no external partners, which could lead to bottlenecks. Additional external data feeds are still growing, though limited at this point to items like Tax ID, company location and address checks.

Who Should Care: Procurement and sourcing technology leaders that are asked to enhance supplier information management and risk management broadly and quickly could find this vendor worth considering. The ability to cover many use cases within one solution is oddly unique in the fragmented supplier management market. If the business is at the low to middle end of the complexity scale, and time and resources are scarce, this could be the right choice to augment an organization’s supplier life cycle management capabilities. This could include risk management that can be extended by integrating further risk solutions. Organizations can benefit without committing numerous internal resources and high funding as an attractive, easy-to-maintain and scalable solution.
Bid Ops
San Francisco, California (bidops.com)

Analysis by Micky Keck

Why Cool: Bid Ops uses a combination of automation and predictive analytics to accelerate and automate the entire sourcing process. Bid Ops automates the sourcing process by simulating the entire sourcing cycle before it begins in order to suggest supplier options, determine a should-cost for each line item, execute the sourcing event, and finally manage the negotiation. Outcomes and supplier metrics are automatically summarized for executive visibility. The should-cost component is one of the key tenets of reducing the cycle times to execute a sourcing event by eliminating the need for suppliers to manually enter quotes, allowing procurement teams to manage more spend. Suppliers are given the opportunity to immediately agree to the should-cost to win the bid and end the event, or they can enter an alternative bid. Bid Ops will automatically provide feedback to suppliers on how strong their bid is and the likelihood that they will win the award. Bid Ops also learns suppliers’ negotiating strategies over time and uses that information to adjust sourcing events to maximize participation and drive savings.

Challenges: Bid Ops’ differentiation revolves around on-demand price simulations and source of supply suggestions to drive automated, competitive events. Should-cost price prediction needs to be accurate and cover a wide array of spend categories to provide maximum value. Customers should expect that items that Bid Ops has never seen before, and complex services, will have less-accurate price estimates. Currently, the primary class of products best addressed has been direct materials, spare parts, logistics, packaging, and managed service rate cards. Source of supply recommendations rely on having clean supplier master data. Bid Ops has functionality to help enrich supplier profiles and train the system to improve source identification, however suggestions early on may not be correct.

Customer trust is also important to a successful deployment. Bid Ops can operate as a standard e-sourcing and savings forecasting tool, however the real value is driven by letting the solution run autonomously. Customers will need to build trust that Bid Ops is providing accurate price predictions and supplier suggestions to allow full event automation.
Who Should Care: Procurement, sourcing, and category management leaders tasked with increasing the amount of spend running through formal sourcing events without adding staff should consider Bid Ops. Bid Ops can be viewed as a supplement to existing systems and processes as the early high-value use case is automating quick-turnaround sourcing events that would normally never get run. Bid Ops also fits well with lower capability procurement and sourcing organizations as it not only augments the sourcing process, but also includes supplier management capabilities.

Globality
Palo Alto, California (globality.com)

Analysis by Patrick Connaughton

Why Cool: Globality uses AI to automate and optimize the sourcing of complex services including marketing, consulting, legal, HR, IT, facilities management and more. The AI-powered platform and marketplace, with its AI advisor named “Glo,” replaces traditional RFX processes with an automated interactive dialogue using natural language processing to extract an accurate requirement description from the user’s intent and needs. The platform then uses algorithms to predict the best-fit suppliers, based on qualitative and quantitative merit measures from your preferred provider list (or Globality’s broader marketplace of diverse, sustainable suppliers). Glo uses machine learning to incorporate past results into the process and improve the results of future sourcing events. Additionally, the platform has built-in collaboration capabilities at each step of the process to allow stakeholders to communicate in real time with full visibility into supplier information and responses. Further, the platform uses natural language processing to “read” and organize supplier responses into side-by-side comparisons to improve the speed and accuracy of decision making.

Challenges: The traditional sourcing technology market is crowded, and companies that have already invested in other sourcing platforms may question the need for a stand-alone solution to address the sourcing of services. Globality addresses these concerns with prebuilt integrations to common ERP and sourcing platforms. Although Globality’s ability to help companies find new suppliers beyond their own supply base remains to be seen, early customer feedback is positive.
**Who Should Care:** Organizations that frequently use and contract for complex services, especially those that do not already have a sourcing solution in place, or are looking for a built-for-purpose, self-service buying channel. Globality can help augment and uplift understaffed sourcing and procurement teams that need to free up more time for other value-added activities through automation. Businesses looking to add governance and audit capabilities to the sourcing process will also benefit. Further, companies that have a stronger focus on ESG (diversity, inclusion, transparency, sustainable suppliers) will also be served well by Globality's platform.

**Evidence**

This research is based on insights and quantitative evidence gathered through a survey of procurement leaders from various industries and company sizes. Additional information was gathered via interviews with procurement leaders on cost management.

**Document Revision History**

Cool Vendors in Sourcing Technology - 25 September 2020

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**Recommended by the Authors**

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Infographic: Peer Insights on Cost Optimization

Infographic: Boost the Value and Success of Business-Driven Hyperautomation Initiatives