

AberdeenGroup

**Services Spend
Management:
Addressing the Total
Cost Lifecycle**

An Executive White Paper

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Aberdeen Group, Inc.
260 Franklin Street
Boston, Massachusetts 02110-3112 USA
Telephone: 617 723 7890
Fax: 617 723 7897
www.aberdeen.com

Services Spend Management: Addressing the Total Cost Lifecycle

Executive Summary

Aberdeen research shows that companies are increasingly targeting business services as an area for cost cutting, following early successes in automating the sourcing and purchasing of indirect goods. Services in general represent more of an opportunity for time and money savings than materials, but their variability and complexity have precluded existing automation technologies' support for them as a general category to date.

Thus, companies have taken a variety of approaches to addressing services spend management: customizing existing e-sourcing and e-procurement tools, adopting point solutions for particular service categories such as contract labor and print, or, most often, leaving a comprehensive approach to services on the back burner as the enterprise software industry and economy shake out.

Regardless of the steps that companies have taken to optimize services, Aberdeen research shows that they need a more holistic approach to spend management in general to reap the full benefits of automation across all spend categories, goods and services alike. Aberdeen dubs this strategy total cost management (TCM), and companies using this business process framework can ensure a better return on investment (ROI) in existing technologies, as well as facilitate a better approach to optimizing business services moving forward.

This *White Paper* discusses the opportunities and particular challenges of automating services spend management, outlining how TCM provides a compelling framework for approaching the complexity of business services alongside all enterprise spend. Aberdeen's findings are the culmination of extensive primary research, including spending data analysis, surveys, and interviews with companies participating in Ariba, Inc.'s Benchmark Program, a quarterly assessment of their customers' e-procurement deployments. In the first quarter of 2003, the Benchmark Program comprised nearly 150 companies spending \$26 billion across 350,000 buyers, 1,000 suppliers, and more than 60 currencies.

Leveraging this research, the paper discusses the particular approaches that companies using Ariba Buyer for e-procurement have taken to automate business services to provide a benchmark of options — and limitations — of solutions available to enterprises considering automation today. The paper also examines the Ariba Spend Management solution's support of services and the value an integrated solution provides in supporting a comprehensive services spend management strategy.

Services Are Savings Target

Business services — from facilities and printing, to temporary and contract labor, to information technology (IT) support and consulting services — currently account for 30% to 50% of every purchasing dollar that companies spend. In professional service industries, the fastest growing sector of the economy, business services can be more than 80% of all expenditures.

Despite the amount spent on services, however, a significant portion of services purchases — typically, 25% to 40% — have not been controlled by the purchasing department. This suggests that few companies have developed standard procedures and disciplined strategies for acquiring and managing services, and, thus, pay premium rates.

These industry statistics were corroborated by Aberdeen's research into the experiences of the Ariba customer base. Almost half the companies we surveyed reported having services spending that exceeds 30% of total spend, including one instance of more than 80%.

Of this spend, less than one-third is currently addressed by the Ariba Buyer e-procurement solution today. Yet almost half of the companies said they are targeting at least 50% of it for the system eventually.

Such findings lead Aberdeen to conclude that services purchases represent one of the largest — and largely untapped — opportunities for cost savings at organizations. By far, services such as contracting, consulting, marketing, printing, and travel and entertainment (T&E) make up a larger percentage of indirect spend than office supplies and other goods, and companies' lack of disciplined procurement in the past makes more room for considerable optimization savings.

In fact, Aberdeen's recent assessment of the success of e-sourcing in the services sector reveals that companies using electronic sourcing tools (reverse auction, RFx, online negotiations) are seeing 17.7% savings on average from sourcing services online, even more than the 13.2% average savings in spend categories overall. Services e-sourcing savings reached as high as 36.5% for one organization — evidence of a tremendous opportunity for cost cutting in the \$1.5 trillion annual spend that business services represent in the U.S. alone.

Furthermore, with the economy forcing companies back to core, mission-critical business activities and pared down full-time staff, companies need to turn to more external service providers to support nonessential business activities. This makes optimizing and managing services spend more imperative than ever.

Services Spend Issues

In spite of the opportunity for cutting costs in business services, however, Aberdeen research shows that gaining and maintaining savings throughout a service

engagement is a real challenge. In fact, business services are complex purchases in terms of configuration, pricing, and availability, and they require multiple activities and parties to be involved in their procurement and ongoing management.

For these reasons, Aberdeen research has shown that the cycle time and cost savings benefits achievable in automating the purchase of operational goods through e-procurement systems does not translate well to services. The reason is primarily because indirect materials — such as office supplies; maintenance, repair, and operations (MRO) materials; and computers and peripheral devices — have universally understood attributes and pricing structures that can be effectively represented in a Web-based catalog format. The catalog helps restrict purchases to authorized products and suppliers in order to ensure compliance.

Conversely, business services have multiple and variable attributes and require a high level of product and pricing configuration, as well as collaboration across departments and outside the organization with third-party providers. As a result, service purchases cannot be easily controlled by a catalog and purchase order (PO) paradigm, and, hence, have not been supported by traditional e-procurement applications without significant modifications or customization.

Services E-procurement Is All over the Map

For example, Aberdeen's research into the Ariba Benchmark community shows that 88% of these companies' purchases are for non-catalog items, but companies had to get creative to address services spend with their existing e-procurement mechanisms. Moreover, most of the measures these companies use to address services are simply to get a better understanding of the services spend in place.

In the print service category, for example, some firms have created "pseudo-catalogs" that describe the variable print service options as separate catalog entries in Ariba Buyer. Others have created Ariba eForms that describe the print variables that the procurement department needs for ordering, or they have added bForms to POs to send additional requirements directly to suppliers.

Still others have opted to "punch out" of Ariba into dedicated online service procurement (OSP) point solutions, such as Print Café, or into single-sourced vendor sites that provide print job configuration functionality. Finally, one company interviewed has completely outsourced print management to Xerox.

The customization requirements and limited capabilities of the former two approaches led to the rise of new applications, such as Print Café, that speak to the variable elements and complexities of specific services. These applications also provide competitive access to multiple suppliers. They have been built on the widespread acceptance of traditional e-procurement systems, such as Ariba Buyer, as well as the latest Internet-based collaboration technologies, such as workflow, threaded discussions, and document versioning.

Aberdeen defined OSP as a subset of e-procurement to recognize the specific dedication of solutions to the automated selection, purchase, and management of business services through collaborative Web-based systems. Specifically, these solutions address the shared inputs and processes involved in services procurement that fall outside the capabilities of catalog and purchase order-driven e-procurement transaction systems.

The OSP Occurrence

In their niches, OSP systems have helped businesses understand and take advantage of the pricing components and fluctuations involved in purchasing specific services to achieve both hard and soft cost savings. Aberdeen has seen early successes in service category areas in which dedicated solutions can solve real pain:

- *Print* — This complex, commodity-driven industry has multiple touchpoints within and outside of companies.
- *Travel* — This highly variable, time-sensitive indirect expense area has very specific requirements and regulations, as well as recent economic change (namely, the airlines' reductions and eventual elimination of commissions to agents, which has resulted in costly manual booking fees to companies that rely on agent support by phone).
- *Contract labor* — A growing spend category that was originally centered on high IT contractor spend, this area is evolving to address more generalized services project spend management.

Aberdeen research shows that early adopters of OSP solutions have seen similar benefits to traditional e-procurement systems. Hard-dollar costs drop through the support of better sourcing of contracts and increased contract compliance. Soft-dollar costs shrink by reducing the number of suppliers, shortening delivery times, and improving order and/or job accuracy through online information capture and consistent processing of data.

Overall, companies that deploy OSP report improved spend visibility, better supplier intelligence, and enhanced decision-making capabilities. Consequently, many companies are able to strategically source these service categories for the first time.

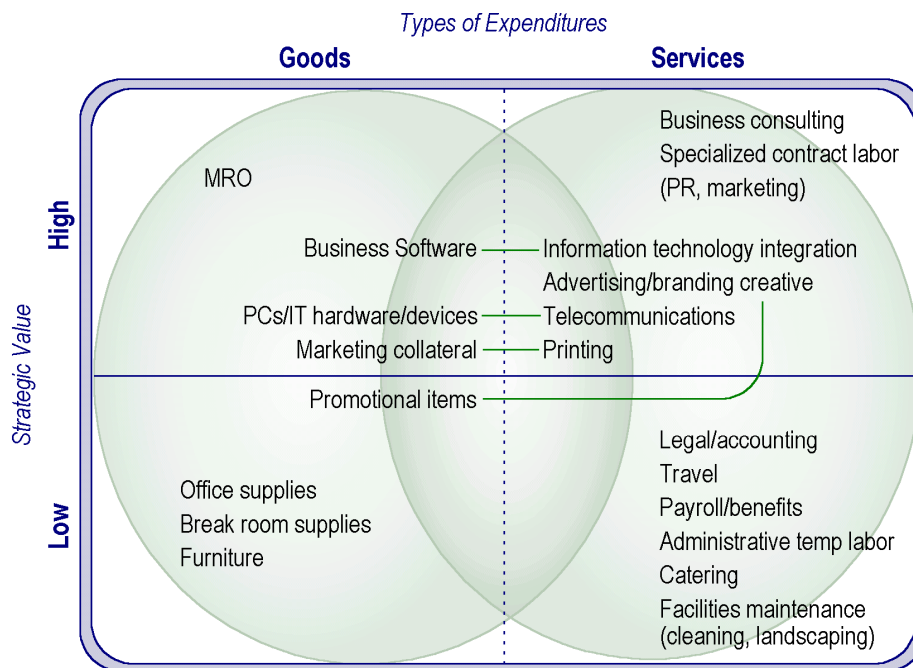
Thus, Aberdeen is seeing OSP vendors begin to address some of the ancillary steps required for fully optimized procurement; namely, sourcing, contract management, spend analysis, and payment. However, Aberdeen research suggests that companies with existing enterprise spend management (ESM) applications in place or those considering ESM as a cost-containment strategy should be wary of implementing too many "siloes" solutions with redundant capabilities.

Furthermore, each of these solutions requires integration with enterprise applications, such as human resources for workflow hierarchies and finance for payment, which can become costly to initiate and maintain. Also, few of these solutions ad-

dress the fact that business services are often associated with indirect materials or assets either created or distributed through the service engagement that need to be tracked as well (Figure 1).

Thus, Aberdeen research suggests that isolating service engagements from existing mechanisms to track materials purchases can expose a company to compliance and complete cost-containment concerns. To avoid these issues, Aberdeen recommends that companies considering services automation as part of an enterprise spend management initiative address services as they would any indirect spend category optimization opportunity: holistically.

Figure 1: Business Service Engagements Vary in Value and Deliverables



Source: Aberdeen Group, May 2003

Taking a Holistic Approach to Spend

In discussions with enterprises that have deployed e-procurement solutions, Aberdeen found that companies are at many different stages of automation when it comes to the ancillary process steps like sourcing. This disparity is even more true when it comes to tackling services, and it stands in the way of true enterprise spend management.

For example, some companies have deployed functional point solutions to electronically source service contracts, but rely on traditional manual means — e-mails, notices, and alerts to employees — to enforce them. Others are still manually sourcing service engagements, arguing that the multiple-year and complex nature of many services contracts is not efficiently addressed in the online auction or RFX environment.

In the Ariba Buyer survey pool, contract labor is a good example of the variety of approaches to services sourcing. Some companies used electronic sourcing tools to identify preferred temporary agencies and then used the labor vendors' online tools for day-to-day contractor requisitions. Others manually identified preferred supplier candidates but used a contract labor OSP solution to requisition individual candidates.

Companies also used disparate approaches when it came time to enforce sourced service contract compliance as well. A good example of this is the travel spend category.

Some Ariba Buyer companies use a point OSP solution to book travel through an Ariba punch-out; some also use Ariba Buyer eForms for pre-trip approvals. Still others may simply have the travel OSP solution appear alongside the Ariba launch link on an intranet page and try to reconcile compliance manually, sometimes aided by reports from an expense management automation (EMA) T&E reimbursement solution.

Although using a survey pool of Ariba Buyer customers raises the question of whether they are already committed to e-procurement automation, the fact that the majority of the firms surveyed use eForms, follow the punch-out paradigm, or put OSP solutions alongside Ariba shows the benefits many companies see in pointing employees to a single place to make requisitions. Essentially, putting all requisition capabilities together helps in compliance efforts by cutting down on training and access issues.

This is true because companies have seen significant success with Internet-based procurement technologies in delivering considerable cost and performance benefits to date, and they want to extend these savings to new categories. However, Aberdeen research shows that, in general, deployment of automation technologies has often been isolated and disconnected from larger supply chain management

(SCM) and business initiatives, and business services run the risk of being the next disconnect.

The Total Cost Management Framework

Aberdeen research shows that a fragmented approach to enterprise spend management among companies has, in general, resulted in a “leakage” of procurement savings. This applies to service categories especially, which have lacked a consistent e-procurement compliance mechanism, as discussed above.

Examples of the disconnected spend management process steps include:

- *Planning* — Traditionally focused on production (“direct”) material purchase requirements, most planning initiatives and engines have failed to examine supplier capacity and capabilities. Planning technologies also have tended to overlook non-production (“indirect”) expenditures, limiting opportunities to aggregate buying volumes and optimizing purchase plans for indirect spending. Services, in particular, have precluded careful planning primarily in the past, but their variability and availability issues could be better addressed with online planning support.
- *Sourcing* — Aberdeen research of early adopters of e-sourcing found that they reported cost savings of 14.3%, on average. However, most of them were unable to fully implement or realize these savings. Reasons include a lack of savings implementation strategies, an inability to effectively communicate negotiated terms to the enterprise, and insufficient integration between e-sourcing and requisition systems. Some OSP solutions have tried to integrate e-sourcing functionality into their platforms to better ensure savings; however, companies run the risk of making a redundant investment in these capabilities, especially as RFX and auction capabilities become commoditized.
- *Procurement* — Separate Aberdeen research of e-procurement buyers found that, in general, enterprises have pushed only 18% of total indirect spending through systems, on average. Dedicated OSP solutions also suffer poor adoption rates, averaging only 20% to 30% of the applicable spend currently processed through the systems. Reasons for low penetration rates include a failure to conduct detailed spending analysis at the outset of a project, lack of a system adoption plan, and poor supplier enablement. In the case of services procurement, supplier enablement is not as much of an issue because there are no catalogs to maintain unless bundled materials or goods are involved, but change management becomes a big inhibitor to adoption, especially if employees are required to learn yet another e-procurement tool.
- *Contract management* — Nearly 80% of business transactions are governed by a contract, yet few companies effectively communicate and

manage the terms of these contracts. As a result, companies miss huge savings opportunities by not enforcing internal compliance with contracts or ensuring appropriate price breaks and rebates from suppliers. This is especially true for services, in which the contract is often the only mechanism companies have to measure success of a project — yet, few of the parties involved in the service engagement have access to paper sitting in a drawer somewhere.

- *Supplier performance measurement* — Evaluating a supplier's operational and financial performance requires the assimilation of metrics taken from multiple enterprise systems and parties. Capturing an accurate view of a supplier's current and future performance also requires enterprises to access information from external sources as well, especially in the services realm where third parties are often involved in the transaction. Lack of insight into supplier performance can cause buyers to make poor sourcing decisions and to miss indicators of risk. As outlined in Figure 1, the business risk in purchasing services is much higher than indirect goods, and quality is much more of a concern.

As a result, Aberdeen research shows that most of today's enterprises have realized only a fraction of the potential benefits of procurement and SCM automation for goods, not to even mention services. These findings are evidence that advances in procurement and supply chain technologies have outpaced the strategies needed to effectively deploy them enterprisewide.

Opportunely, though, Aberdeen believes that enterprises have the chance to address business services spend management in tandem with these outstanding issues as well.

TCM: Capturing the Total Cost Savings Opportunity

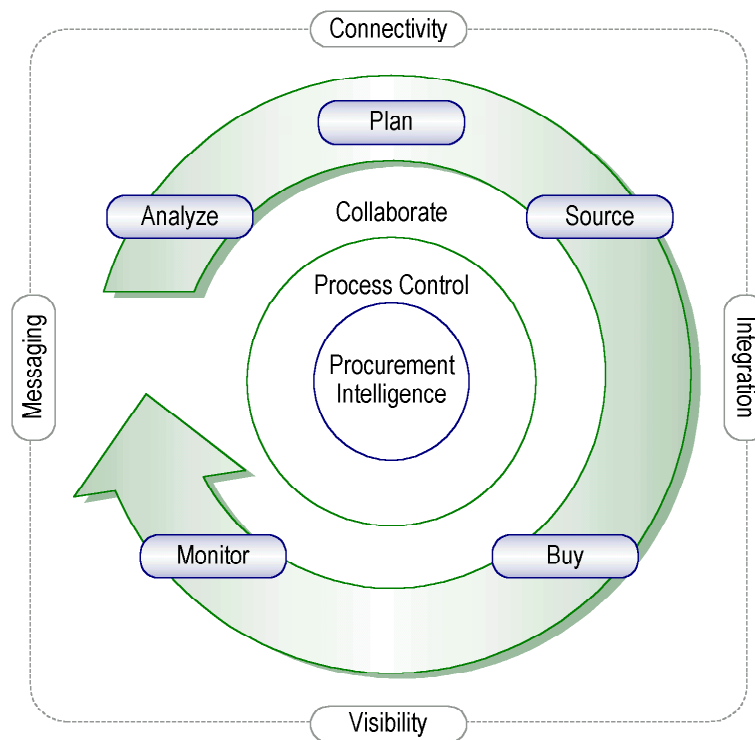
Effectively controlling costs and managing performance across spend categories will require the development and coordination of new organizational and technology infrastructures that blend proven strategies and deep commodity and market intelligence with emerging sourcing, planning, procurement, monitoring, and analytics technologies (Figure 2).

Thus, Aberdeen's TCM framework points to the supporting infrastructure necessary to identify, capture, and maintain cost savings and operational efficiencies across all areas of enterprise spending. It is a particularly valuable approach to address business services as they become just one more commodity and market intelligence area to master and require more thoughtful care at successive process steps.

Developing an effective TCM framework requires an enterprise to organize and integrate its strategies for every cost category — goods as well as services — around five key processes:

1. *Analyze*: Conduct a companywide spending analysis to identify and prioritize savings opportunities, including supply-base rationalization and purchase aggregation.
2. *Plan*: Develop optimal sourcing and procurement strategies for expenditures based on existing and future purchase requirements across the enterprise.
3. *Source*: Identify, evaluate, negotiate, and configure trading relationships.
4. *Buy*: Communicate, execute, and settle payments against negotiated trading agreements and contracts.
5. *Monitor*: Measure and enforce internal contract compliance and external supplier performance.

Figure 2: The Total Cost Management Framework



Source: Aberdeen Group, May 2003

Effectively executing these activities requires organizations to build a technology infrastructure that supports the following:

- *Collaboration* — enables intra- and inter-enterprise collaboration for all procurement and supply chain processes
- *Process control* — provides a central platform for standardizing and enforcing common processes across the enterprise and the supply chain
- *Procurement intelligence* — provides a “single point of truth” for all procurement-related data and intelligence

To support integration and interoperation within the enterprise and across the supply chain, companies must adopt a technology infrastructure that supports system-to-system and system-to-person communication between trusted trading partners. This is particularly true for services, which require frequent interaction with outside parties.

The infrastructure must also support integration with internal business systems, including financial, human resources (HR), enterprise resource planning (ERP), and legacy applications. Finally, TCM requires the exchange of all document types and formats, particularly the dialects of EDI and XML.

Overall, the TCM framework provides a comprehensive and consistent approach to identifying, capturing, and managing supply chain costs and performance across all spend categories. It is equally relevant to goods and services because, in fact, the more spend categories it applies to, the more powerful it becomes.

The Ariba Approach to Services Spend Management

When it debuted the TCM framework in 2002, Aberdeen reported that economic and resource constraints had forced most enterprises to take an incremental approach to deploying TCM, and this is still true. Similarly, these constraints have resulted in some companies taking a pain-point solution approach to services, further confounding TCM adoption through more siloed applications.

In talking with a range of Ariba customers trying to optimize spend today, however, the majority are looking to approach enterprise spend management, including services, as a whole. In the survey of Ariba Benchmark participants, 79% said the ability to address services as a part of their existing enterprise spend management infrastructure was somewhat important or very important.

The majority (53%) also indicated that they were likely or very likely to consider an ESM suite developer to provide services automation capabilities, rather than an outsourced solution provider (32%), such as a travel agency or printer or a category point OSP solution (31%). In particular, although Aberdeen has seen firms successfully using functionality point solutions, such as e-sourcing tools, to ad-

dress services, only 21% said they were likely to consider these solutions, the same number that would consider ERP for services optimization.

Furthermore, although 53% of respondents said they were likely or very likely to automate services spend management activities (adding companies that may automate brings this number up to 85%), 74% had not deployed a services automation application or solution to date. Why not? Most are still evaluating what general cost management process steps they can address — such as sourcing, contracts, and analysis — before embarking on too many separate service spend management activities.

Notably, companies are also all over the map when it comes to addressing the process steps of TCM in general. Aberdeen includes an anonymous sample of Ariba Buyer customers' disparate approaches to TCM to illustrate this point (Table 1).

Overall, Ariba customers can be put into two generalized camps regarding both TCM and services spend management: “best-of-breed bulls” and “buyer bears.”

Best-of-Breed Bulls

Bulls have forged ahead and bought the latest TCM functionality to address enterprise spend management functions (such as e-sourcing) and/or have built their own tools to tackle tasks such as spend analysis. These companies understand the benefits of having an enterprise spend management strategy and have taken advantage of the latest technologies to streamline process steps.

They are less concerned with providing all of these tools in the same suite. In fact, many experimented with point solutions such as e-sourcing before these capabilities were supported in the Ariba suite. However, they acknowledge that they face significant integration issues and need to stay on top of disparate systems.

Some of these firms that have grown through acquisitions or are committed to acquiring the latest functionality are not fazed by these costs and commitments. Others, however, have done so only as a short-term solution for lack of comprehensive capabilities in the market.

Buyer Bears

The other camp is more cautious about enterprise spend management as a whole. These companies have resisted or simply delayed adopting many different applications in apprehension of integration and acceptance issues. Instead, they use Ariba Buyer to support services where they can as they see how the market develops.

For example, some have used blanket purchase orders for total service contract spend and simply reconcile invoices off a total budgeted amount. In this way, they collect better data on service spend as they prepare for activities, such as spend analysis and strategic sourcing, as they move forward.

Indeed, Aberdeen research shows that many firms are simply not ready to strategically attack service categories as a part of their enterprise spend management initiatives just yet. In addition to current economic and market pressures making other business activities higher priorities, they have work to do in terms of understanding services spend, prioritizing areas for improvement, and getting management on board with new initiatives.

Table 1: Sample Ariba Customers' Approaches to TCM and Services

	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6
Analyze	Business Objects	SAP data warehouse	Self-built database	Manual	Ariba Analysis	Manual
Plan	Manual	Manual	Manual	Manual	Manual	Manual
Source	Manual; evaluating e-sourcing	Oracle	B2E Markets	Manual; considering e-sourcing	Ariba Sourcing	Moai
Buy	Ariba Buyer	Ariba Buyer	Ariba Buyer	Ariba Buyer	Ariba Buyer	Ariba Buyer
<i>Buy: services</i>	1. Ariba eForms 2. Blanket POs in Buyer 3. Punch-out to OSP (contract labor)	1. Ariba Buyer pseudo-catalog 2. Ariba eForms 3. MSP (print)	1. Ariba Buyer pseudo-catalog 2. Punch-out to OSPs (contract labor, print) 3. Intranet links to single-source supplier sites	1. Punch-out to OSPs (contract labor, print) 2. Intranet links to single-source supplier sites	1. Ariba eForms 2. Punch-out to OSPs (contract labor, print)	Not addressing services at all yet
Monitor	1. Ariba Buyer 2. Ariba Contracts 3. Ariba Invoicing 4. Concur T&E	1. Ariba Buyer 2. Self-built T&E	1. Ariba Buyer 2. Single-instance SAP	1. Ariba Buyer 2. diCarta Contract Management 3. Third-party T&E	1. Ariba Buyer 2. Ariba Contracts 3. Ariba Invoicing 4. Ariba T&E	Ariba Buyer

Source: Aberdeen Group, May 2003

In the future, though, the Aberdeen survey research shows that Ariba customers will be concerned about addressing services and have specific goals in mind.

Primarily, they want the following:

- To gain visibility into services spending (74%)
- To ensure compliance with services contracts (68%)
- To analyze service spend to identify areas for savings (53%)

The Contract Is the Key

Thus, Ariba has homed in on services in the next release of its ESM suite. The Ariba Procurement Solution, composed of new releases of Ariba Contracts, Ariba Invoice, and Ariba Buyer, is the cornerstone of its services-spend management strategy, supported by new functionality in the Ariba Supplier Network (ASN) as well.

Debuting this month, Ariba Contracts 2.0 adds the flexibility to do multiparameter dynamic requisitions, including complex services-specific pricing. Now companies can address time and materials, fixed recurring fees, and milestone projects and matrix/formula-priced services, as well as accommodate both goods and services requisitions together in order to support a wide range of business services.

Furthermore, Ariba Contracts now interacts with Ariba Invoice 2.0, which also debuted this month, so users can reconcile charges on an invoice with the dynamic contract terms. This is especially important for services because the point of invoicing by a service supplier is often the point of “purchase,” so to speak, so terms and conditions need to be checked then.

Following the lead of customer Chevron Texaco’s customization work for its oil field services, Ariba also enables customers to expose Ariba Buyer to registered suppliers on the ASN. These suppliers can then “punch in” via Ariba Invoice to generate their own invoices against contract terms for ongoing service engagements, without specific purchase orders. Ariba Invoice still leverages Ariba’s prevailing workflow and approval mechanisms, however, to ensure services are being invoiced appropriately.

Common TCM Element Confirmation

With these improvements — in addition to existing functionality in the Ariba Sourcing Solution, which comprises Ariba Analysis, Ariba Enterprise Sourcing, and Ariba Category Management — Ariba addresses the common elements of services spend management. Each service should be strategically sourced at a master level. Terms and conditions of the service delivery need to be governed by a contract. Employees need to requisition off the terms of the contract. Companies need to reconcile appropriate charges against the contract and pay suppliers as well.

Furthermore, because Ariba Buyer, eForms, Contracts, T&E, and Invoice all use the same database, companies can better manage service spending data. Aberdeen be-

believes that supplier performance measurement is a critical monitoring process step that is needed to address the service level agreements and quality concerns that have resulted in services' unmanaged and maverick spending history. Companies that leverage the one platform have an improved opportunity here.

The strength of these tools' integration with Ariba Analysis also cannot be overlooked. As an ESM suite provider with enhanced support for services, Ariba can leverage its spend analysis tools to help customers better understand elusive services spend for strategic sourcing optimization opportunities, and its core compliance capabilities in its procurement solution will ensure that, as much as possible, spend savings is captured.

Aberdeen research shows that many firms are simply not ready to strategically attack service categories as a part of their enterprise spend management initiatives just yet.

In this way, Ariba ensures the process control and single point of truth required for successful TCM across all categories. In terms of collaboration, the latest extensions of Ariba Contracts, Invoice, and Buyer enhance Ariba's existing collaborative capabilities in workflow and document sharing. However, the company still needs to address more interactive capabilities and integration with the Ariba Sourcing Solution to support collaboration around services that require ad-hoc requisition.

Therefore, Aberdeen does not expect a mass exodus from point solution OSP deployments in the market today — these solutions are still saving companies considerable hard- and soft-cost dollars and provide a depth of collaboration and category expertise that

many companies have not yet fostered. In services spend management, there will always be a need for specific services spend category experience and industry knowledge, which the OSP solution vendors are currently providing.

Nevertheless, if Ariba can continue to build out its professional services organization and Ariba Category Management capabilities to provide support for more service areas, it will be well positioned to deliver on the promise of the platform's new core capabilities. Its customers can begin to address services more holistically across the TCM lifecycle and no longer feel restricted to integrating category point solutions or costly customizations.

Aberdeen Conclusions

With cost containment continuing as a primary concern of organizations, business services spend is — justly — coming under greater scrutiny for savings opportunities. However, Aberdeen research shows that many companies had to customize existing technologies or cobble together disparate systems to address services

spend — an approach that has contributed to poor compliance rates and can be costly to maintain.

Furthermore, these stop-gap category approaches have exacerbated enterprises' inability to achieve total cost management — or the rewards of approaching a category of spend cohesively throughout its lifecycle — from spend analysis through strategic sourcing to contract compliance. Thus, Aberdeen sees an opportunity for companies to address the inefficiencies in their services spending as they use TCM to better support the stages of every supplier engagement.

Ariba has come a long way in extending its original e-procurement platform's capabilities to encompass the stages of TCM, and its latest enhancements help the enterprise spend-management solution address services in the same holistic way, unlike any other enterprise application developer today. Thus, as the company continues to build out its collaborative and commodity capabilities, it promises customers extended savings.

To provide us with your feedback on this research, please go to www.aberdeen.com/feedback.

*Aberdeen Group, Inc.
260 Franklin Street
Boston, Massachusetts
02110-3112
USA*

*Telephone: 617 723 7890
Fax: 617 723 7897
www.aberdeen.com*

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