

Accelerating Return on Investment with Sievo Procurement Analytics

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Executive summary



FORCES OF CHANGE

From The Hackett Group's 2025 Procurement Agenda and Key Issues Study, **deep real-time data visibility** was identified by procurement executives as one of the top five factors expected to drive the greatest transformational impact on the way procurement teams perform their jobs over the next five years.

As the forces of change continue to intensify it requires procurement teams to be increasingly nimble, data centric, resilient, and responsive in supporting their business partners. **Accurate category, material, and supplier data is critical** to those objectives.



SPEND INTELLIGENCE MATURITY

Within the next three years, companies without advanced and intelligent analytics capabilities will be at a significant competitive disadvantage in their ability to perform key activities such as:

- Cost optimization and modeling
- Spend analytics
- Supply risk analytics
- Sustainability analytics/reporting

To explore this further, **The Hackett Group partnered with Sievo** on an approach to assess the business impact, customer perspectives, associated savings, and ROI delivered by Sievo's procurement analytics solution.



ACCELERATING RETURN ON INVESTMENT

Assessing the return on investment (ROI) from **advanced spend intelligence solutions** requires measurement across several key categories and improvement levers:

- Increasing data accuracy and actionable spend
- Identifying more savings
- Capturing more savings
- Improving data analytics and resource efficiency

Based on independent interviews by The Hackett Group, Sievo customers reported an average **\$28.2M additional total savings and 63X ROI** post implementation, in addition to intangible benefits.

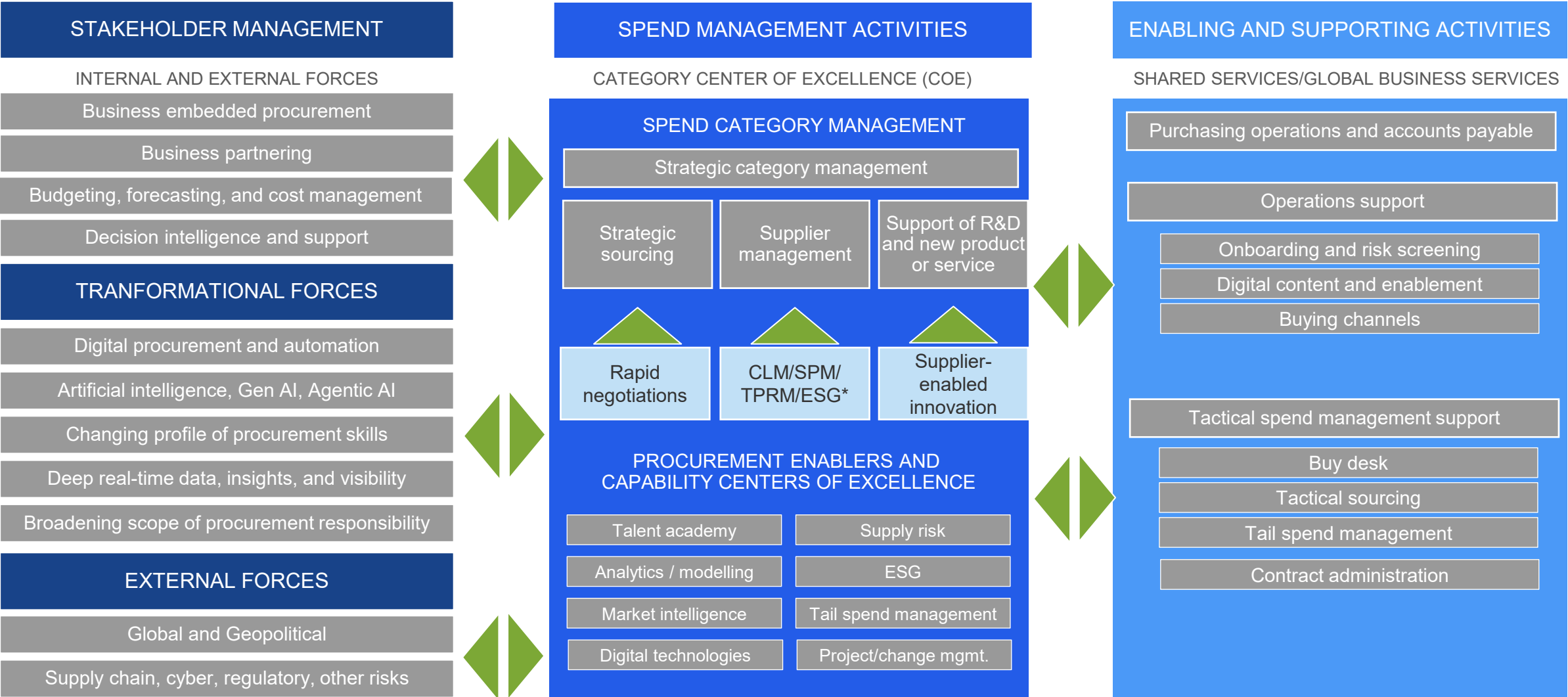


DESIGN AND IMPLEMENTATION CONSIDERATIONS

A key customer design perspective is the importance of **up-front cross-functional alignment** on areas of need, priorities, analytics requirements, and linkage to business and strategic objectives including but not limited to:

- Predictive & prescriptive analytics
- Spend accuracy/classification
- Budgeting, forecasting, and financial projections
- Intelligent analysis and insight engines to enhance decisions
- Initiative management
- Sustainability metrics
- Benchmarking/comparative data

Internal and external forces are changing procurement operating models and increasing the need for greater agility, resilience, and real-time data intelligence



*Definitions: GBS = global business services; CLM = contract lifecycle management; SPM = supplier performance management; TPRM = third-party risk management; ESG = environmental, social and governance

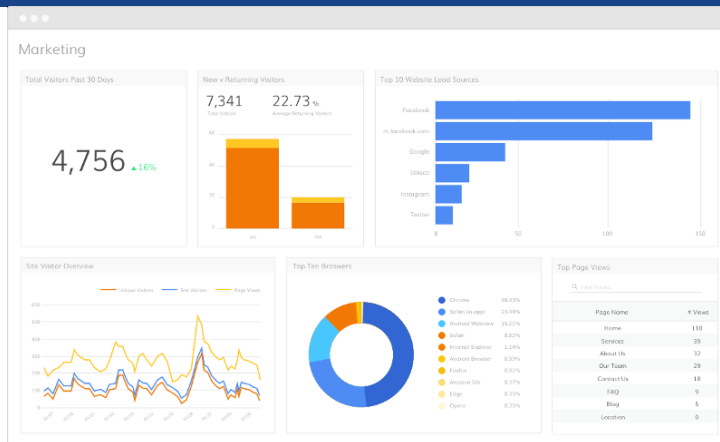
Source: The Hackett Group

Top performing companies go beyond basic descriptive analytics, and deliver diagnostic, predictive, and prescriptive analytics to their business partners

1

DESCRIPTIVE ANALYTICS

- Shows data as it is to present facts and real data about the past
- Uses no assumptions, extrapolations or derived measures

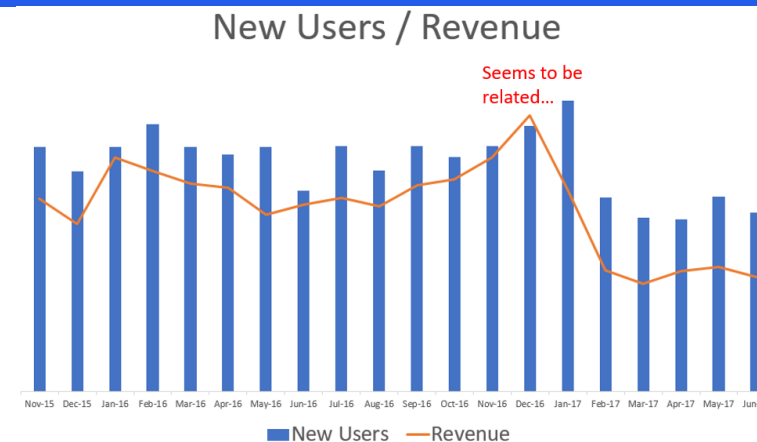


What happened?

2

DIAGNOSTIC ANALYTICS

- Defines relationships between data, outcomes and drivers
- Often leverages external data to enrich insights

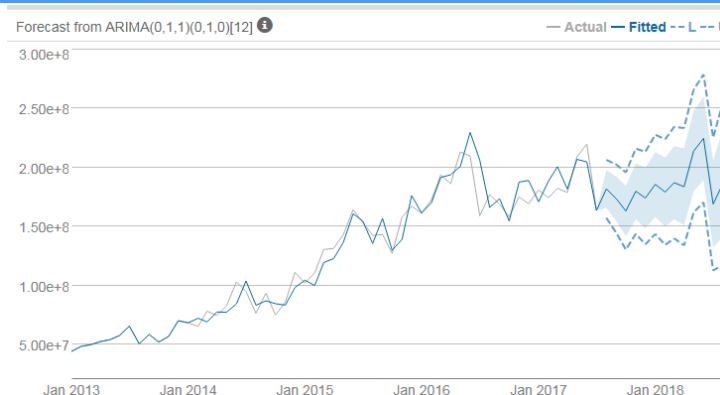


Why did it happen?

3

PREDICTIVE ANALYTICS

- Predicts future values using historical data
- Uses trends (e.g., time series) or drivers and relationships (e.g., attribute learning)



What will happen?

4

PRESCRIPTIVE ANALYTICS

- Suggests an action, or improve the outcome, in the future
- Automates decisions via simulation and/or optimization

Frequently bought together

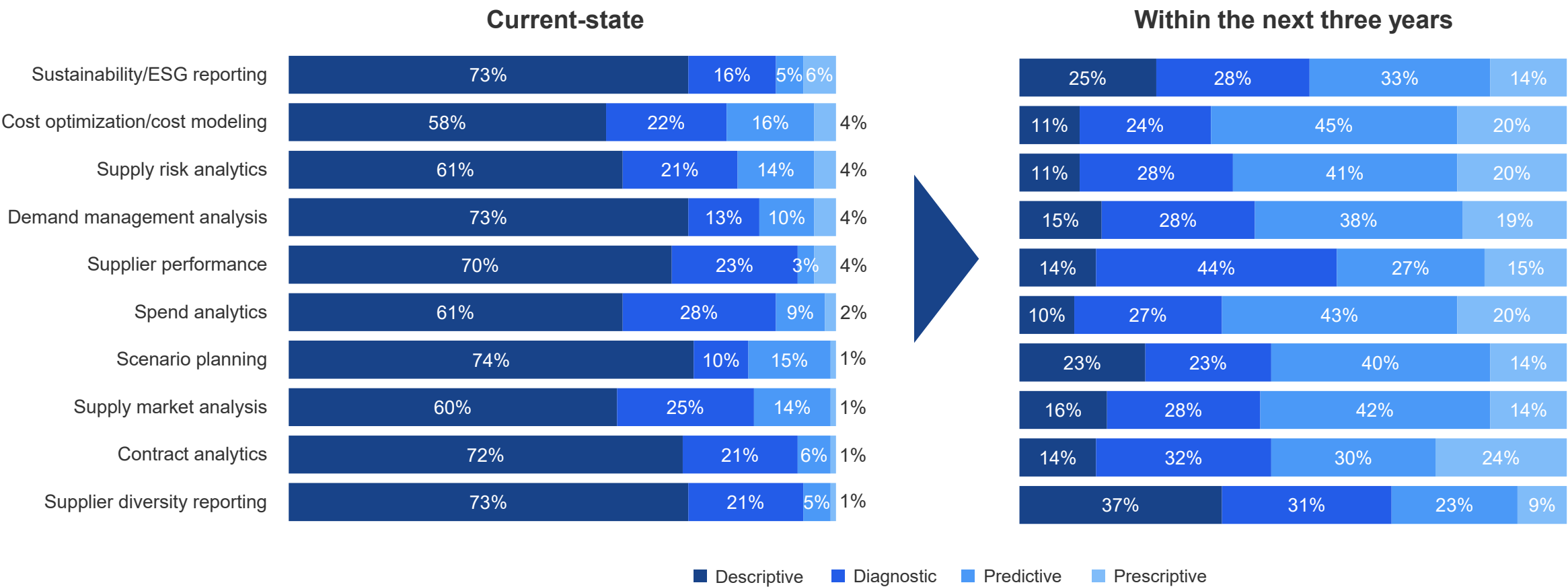


How do we make it happen?

Source: The Hackett Group

Descriptive analytics are the most commonly utilized today, however predictive and prescriptive analytics are expected to grow substantially over the next three years

ANALYTICS CAPABILITY LEVELS



Q. What is the current level of analytics capability and desired level of future capability within the next three years to support procurement decision-making?

Source: The Hackett Group 2025 Procurement Agenda and Key Issues Study

To explore this further, Hackett collaborated with Sievo on an approach to assess the business impact, associated savings, and ROI of procurement analytics

- For this research, The Hackett Group partnered with Sievo, a provider of actionable procurement analytics designed for large enterprises.
- Sievo's team has developed a base ROI model and framework leveraging accumulated expertise over a 20-year period and processing spend data equivalent to 2+% of the world's GDP annually.
- The Sievo model was reviewed by The Hackett Group's procurement advisory and market intelligence teams with several key objectives:
 - Alignment on performance metrics and definitions.
 - Confirmation of comparability to The Hackett Group's historical data.
 - Evaluation of the improvement levers and underlying assumptions.
 - Delivery of feedback for refinement of the ROI model design and output.
- The Hackett Group's market intelligence and procurement advisory teams then gathered independent feedback from Sievo customers on their transformation experience, the impacts to their business, and the ROI model design and assumptions including:
 - Customer benefits and related commentary were documented and anonymized.
 - Confidence ratings were assigned by improvement lever.
 - Overall findings and themes were compiled and summarized.



Source: Sievo ROI calculator and The Hackett Group

The research collaboration focused on six key benefits and savings levers typically delivered from procurement analytics platforms

Category data improvement



Enhancing the accuracy of category data classification allows procurement teams to save more on category-level activities like RFX execution, category strategy formulation, supplier negotiations, and tail spend management.

Automated actions



Having a single source of truth and the capability to track savings at the transaction line level enables teams to implement strategies efficiently and capture identified savings opportunities more quickly.

Material and supplier data improvement



Improving material data accuracy helps procurement pinpoint discrepancies when identical materials are purchased at different prices from various suppliers or even the same supplier. Cleansing supplier data allows procurement to standardize terms and prices across suppliers under the same parent company.

Data and IT resource efficiency



Automating the end-to-end spend data process—including extraction, consolidation, cleansing, enrichment, analytics, and access management—enables companies to reallocate data management and IT resources more effectively.

Analytics improvement



Top spend intelligence solutions help companies maximize identified savings by optimizing category strategy, ensuring contract compliance, consolidating tail spend, managing suppliers effectively, detecting price increases, and preparing for negotiations.

Category management resource efficiency



When users across teams adopt solutions more effectively, category managers can independently create analytics and dashboards, correct data inaccuracies, and avoid reliance on IT or procurement data management resources.

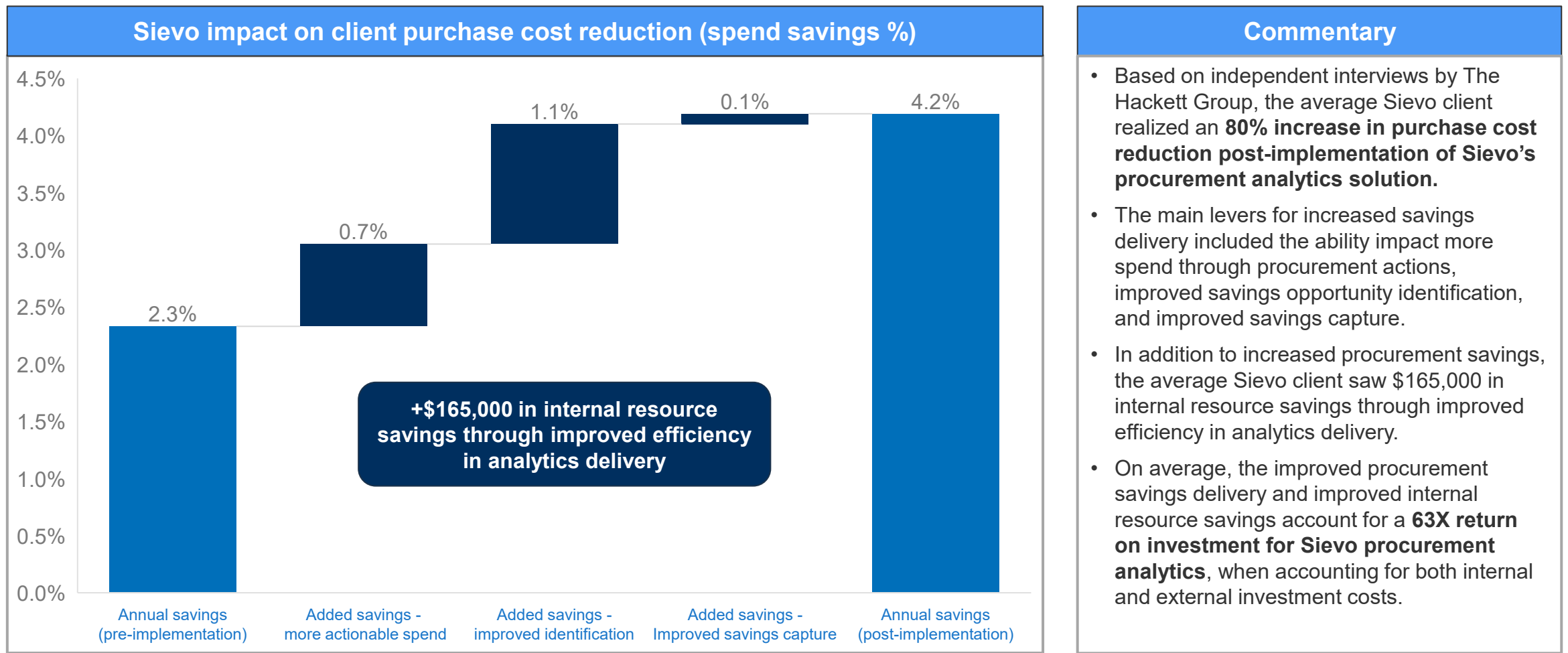
Source: Sievo ROI calculator and The Hackett Group

Common terms and definitions were utilized for the ROI model

Key Terms	Definitions
Annual spend (addressable or sourceable spend)	Spend refers to the annual cost of direct and indirect materials and services purchased (e.g. disbursements). Annual spend excludes expenditures on taxes, employee base salaries & bonuses, charitable contributions, organizational memberships, dividends, securities, interest payments, and stock repurchases from the spend amount. Direct spend refers to those materials and services that are part of the goods being produced or the services being sold. Indirect spend refers to those materials and services that are not part of the goods being produced or the services being sold but are used to support business operations.
Spend classification coverage	Spend classification coverage refers to the extent to which an organization's total spending is categorized within a defined spend taxonomy. It measures how much of an organization's spend data is properly classified and grouped into meaningful categories for analysis.
Spend accuracy	Spend accuracy refers to the reliability and correctness of data related to an organization's addressable spend. Spend accuracy is crucial for making informed decisions about procurement, analyzing cost, negotiating with suppliers, and managing finances effectively.
Purchase cost reduction	Purchase cost reduction is the reduction in external spending with suppliers that occurs from an explicit reduction in purchased cost at annual consumption volumes. Purchase cost reduction savings can arise from contract negotiation; product or service specification change, substitution, or standardization; make vs. buy or lease analysis; supply base change, request for quotation or proposals; reverse auctions; volume consolidation; process optimization; supplier ideas, supply chain optimization, and product utilization optimization. .
Spend analytics	Spend analytics is the process of collecting, analyzing, and interpreting procurement data to gain insights into an organization's spending patterns and identify areas for cost savings, efficiency improvements, and better supplier relationships. It helps businesses understand where their money is being spent, identify potential areas for negotiation, and make more informed procurement decisions.
Category management	Category management is a strategic approach to purchasing where similar goods and services are grouped into categories to improve efficiency and effectiveness including analysis of demand, market trends, and sourcing strategies to optimize purchasing decisions and strengthen supplier relationships.
Actionable spend	Actionable spend refers to the portion of a company's total spend that can be influenced and improved through strategic sourcing, procurement decision-making, and other activities within the potential control of the procurement function.
Savings capture rate	Savings capture rate refers to the ability of a company to convert a potential savings opportunity into actual spend savings.
ROI	Return on Investment, is a financial metric used to evaluate the profitability of an investment. It calculates the profit or loss generated by an investment relative to its cost, often expressed as a percentage. A higher ROI indicates that the investment is more profitable and efficient.

Source: Sievo ROI calculator and The Hackett Group

Based on independent reviews, Sievo customers report an 80% improvement in purchase cost reduction (spend savings)



Source: Sievo ROI calculator and The Hackett Group

Sievo customers averaged \$28M in incremental savings for a 63X return on investment

Pre-implementation spend and savings*		Average	Confidence Rating (from 1-Low to 5-High)	The Hackett Group Commentary and Analysis
Annual spend		\$1.4B	5.0	The annual spend definition is well aligned across the customers.
Pre-implementation annual spend savings		\$30M	4.0	This result is consistent with findings from The Hackett Group's procurement benchmark.
Post implementation savings results		Savings realized	Confidence Rating (from 1-Low to 5-High)	The Hackett Group Commentary and Analysis
Increase in actionable spend	Category data improvement	\$6.5M	3.5	Actionable spend leads to better overall savings, however it is highly dependent on current-state data maturity and accuracy.
	Material & supplier data improvement	\$6.1M		
Identification of more savings	Best in class savings levers & insights hub	\$14.1M	4.0	Additional savings can be identified from augmented category strategies, tail spend consolidation, optimized RFX processes, negotiation intelligence, and operational efficiencies.
Capture of more savings	Automated actions and alignment	\$1.3M	4.0	Additional savings can be captured through faster execution, enhanced value of identified savings and enhanced overall effectiveness.
Improvement in data analytics efficiency	Data & IT resource redeployment	\$0.1M	5.0	The savings impact from data analytics efficiency is low, however it is foundational for better and faster decision making.
	Resource efficiency savings & focus on value adding actions	\$0.1M		
Total savings		\$28.2M	4.0	The savings reported by Sievo customers are comparable to results from leading digitally-enabled organizations in The Hackett Group's procurement benchmark.
Return on investment		63X	4.0	ROI is based on a \$450k overall investment including \$350K average solution investment cost, plus \$100K estimated internal project management and ongoing resource cost.

*The confidence rating refers to The Hackett Group's perception of the customers ability to provide reasonable estimates and assumptions into the Sievo ROI model.
The savings capture rate was estimated at approximately 50% in each savings category to be conservative in terms of a company's ability to act on identified opportunities.

Source: Sievo ROI calculator and The Hackett Group

A case study: Enhancing visibility and business partnering

Global pharmaceutical company based in Europe

Key Facts

- Global pharmaceutical company
- Operating in over 100 countries worldwide with revenue over €1B
- Dedicated to pharmaceutical research, development, production, and distribution
- Focused on providing better health and quality of life for patients and healthcare providers

Challenges and Objectives

- Several acquisitions accelerated growth
- Spend was distributed across multiple plants, different ERPs, and legacy systems
- Data maturity was low, information was difficult to connect, and procurement leadership needed better visibility to support the business

Outcomes and Benefits

- Sievo was selected then implemented in approximately five months
- This client categorized their spend to a four-level global taxonomy
- KPIs were established focusing on user adoption, spend classification, and accuracy
- The estimated benefits based on the ROI model include 9% points higher classification coverage, 3% points higher spend savings, and \$22M of total savings
- Multiple intangible benefits were also realized including enhanced decision support, business partnering, and category insights
- A key lesson learned was the importance and need to partner with finance at the early stages of solution development

“We consider our spend analytics platform as a fundamental component of our digital architecture that allows us to understand our spend, inform our business partners, and make better, more proactive decisions.”

Procurement Leader
Global Pharmaceutical Company

A case study | Using analytics to drive negotiation strategies

Global supplier of manufacturing technology and services based in the United States

Key Facts

- Founded over 100 years ago, this company was facing significant growth and complexity resulting from over 140 acquisitions
- Annual revenue \$1B - \$5B
- They provide equipment and services including manufacturing, engineering, and information technology consulting
- This organization also focused heavily on leadership development and workplace culture

Challenges and Objectives

- There was little uniformity in the data provided by suppliers, making it difficult to trust and use effectively
- Procurement lacked information and analytics to identify opportunities and improve negotiations with suppliers
- Leadership focused on a vision to improve supplier data management and analytics

Outcomes and Benefits

- After Sievo was implemented, procurement focused on increasing awareness, usage of the solution, and its benefits and capabilities
- This client was able to improve negotiations with suppliers, leading to better terms and cost savings
- The improved negotiations facilitated by the solution also led to the establishment of global agreements with suppliers
- The estimated benefits based on the ROI model include 20% points higher classification coverage, 2% points higher spend savings, \$6.7M of total savings, and they are on track to achieve and exceed their enterprise spend savings target

“As a company, we emphasized the importance of procurement analytics and data in driving strategies, creating competitive bids, negotiating with suppliers, and setting global strategies. Sievo enabled us to have a uniform way of measuring success and identifying areas for cost reduction.”

***Vice President, Global Commodity Leadership
Global Manufacturing and Services Company***

A case study | Improving spend transparency across decentralized businesses

Global automotive parts supplier with headquarters in North America

Key Facts

- This company has over 100,000 employees across more than 300 manufacturing locations
- Annual revenue \$25B - \$50B
- They produce a wide range of automotive systems, assemblies, modules, and components
- They historically operated with multiple business units each operating independently

Challenges and Objectives

- The decentralized structure posed significant challenges in achieving spend transparency.
- They lacked standardized ERP systems, making it difficult to manage procurement and identify synergies
- Free-text orders further complicated procurement processes and spend analytics

Outcomes and Benefits

- After Sievo was implemented, procurement was able to close the major gap in spend transparency across their decentralized business units
- The standardized spend classification and nomenclature allowed for improved success in strategic discussions and negotiations with suppliers
- The estimated benefits based on the ROI model include 38% points higher classification accuracy, 2.2% points higher spend savings, and \$55M of additional spend savings
- Future plans include expanding their rollout to additional countries, and increasing their scope to cover more direct spend

“We needed to bridge the gap between our different ERPs to properly classify spend and empower our category managers to be successful. With Sievo, we have accurate information to identify negotiation opportunities and capitalize on cost saving synergies across our businesses.”

Senior Vice President, Purchasing
Global Automotive Parts Supply Company

Design and implementation considerations

- **Align with cross functional teams** on analytics needs, areas of improvement, priorities, and requirements for success including:
 - Data cleansing, classification, and categorization
 - Predictive and prescriptive analytics
 - Insight engines and autogenerated recommendations
 - Initiative management
 - Sustainability analytics
 - Benchmarking and comparative data
- **Facilitate dialogue** across procurement, finance, IT and representative business stakeholders to improve alignment and linkage of analytics to business and strategic objectives.
- **Review customer case studies** for additional context and understanding of the art of the possible.
- Identify and **evaluate best-fit technology solutions** to accelerate maturity and align with business objectives.
- **Develop the benefits case**, proposed implementation plan, impact analysis, and change management considerations for review with leadership and key stakeholders.
- **Define the transformation roadmap** and sequencing to accelerate operational, financial, and purchasing return on investment.

PLANNED INVESTMENT IN SPEND ANALYTICS (NEXT THREE YEARS)

No plans to invest

31%

Invest to upgrade
existing technology

55%

Invest in new
technology

16%

Source: The Hackett Group 2025 Procurement Agenda and Key Issues Study

“A significant benefit of leading spend intelligence solutions is their ability to enrich, enhance, and incorporate anonymized cross-community data to uncover unique insights, trends and savings opportunities in a fraction of the time as traditional analytics tools.”

RICHARD GARDNER | Sr. Director Market Intelligence | The Hackett Group

ABOUT THE HACKETT GROUP

The Hackett Group, Inc. (NASDAQ: HCKT) is an IP-based, Gen AI strategic consulting and executive advisory firm that enables Digital World Class® performance. Using AI XPLR™ – our AI assessment platform – our experienced professionals guide organizations to harness the power of Gen AI to digitally transform their operations and achieve quantifiable breakthrough results, allowing us to be key architects of their Gen AI journey.

ABOUT SIEVO

Sievo

Sievo provides actionable procurement analytics based on data you can trust. Designed for large enterprises with \$1B+ in revenue, loved by global companies and praised by key analysts, we provide a future-proof solution with immediate ROI. Sievo empowers Procurement, Finance, IT, and Sustainability teams to overcome their data chaos and capture all insights, drive bottom-line savings, improve ESG performance, and streamline budgeting and forecasting. To learn more, visit sievo.com.



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