

EUROPEAN PROCUREMENT EXECUTIVES SEE OPPORTUNITY IN RECESSION

*Study by Emptoris, Accenture and the Electronic Business Group (EBG)
Reveals Procurement Organisations are Leveraging Recession as Point to Improve
Supplier Contracts, Supplier Relationships and Coordination with Finance*

Paris, France and London, UK – (June 15, 2009) – Emptoris, a global leader in supply and contract management solutions, today released the results of a survey the company conducted with leading European procurement executives in conjunction with Accenture, the global management consultancy firm, and the Electronic Business Group (EBG). The study revealed interesting trends in procurement at European-based global companies, and specifically found that procurement executives viewed the recession as not just a challenge but an opportunity to improve supplier contracts and relationships, as well as more closely coordinate with finance departments.

“European procurement leaders face a barrage of challenges, but their focus is clearly on sustainability in their initiatives to control costs and develop more valuable relationships with suppliers, as well as their own finance organisations,” said Eric Allen, General Manager, Europe (EMEA) for Emptoris, Inc.

Emptoris, along with Accenture and EBG, recently hosted a series of roundtable discussion across France on key procurement and supply management issues. At the concluding gathering, the organisations conducted a survey with attending senior procurement executives from leading European and global companies. *La Lettre des Achats*, a leading French procurement publication, analysed the survey data and published some of the results in their publication earlier this spring. Approximately 51% of respondents were in industry or manufacturing, and about 30% were in services businesses.

When asked whether the current economic crisis posed a risk or an opportunity, or neither, more than 83% of European procurement executives responded that the current environment provided opportunities. “That’s an encouraging attitude about the current economic situation and the ability of leading organisations to use the time to actually improve their operations and trading relationships overall. It’s quite a positive outlook I would say,” said Allen.

Some of the other key findings in the report included:

- **Despite Optimism, Procurement Executive See Risks** : Despite the optimism, 92% of executives saw at least some risk in the current environment, with concern about supplier relationships (47% reporting as a concern); cost pressures (36%) and increased demands on procurement staff (27%) topping the list of risk concerns.
- **Companies Launch Programs, Technologies to Combat Impacts of Recession**: Three out of four (75%) organisations reported the launch of new programs or initiative to specifically address the economic crisis, with the most popular initiatives being spend analysis or spend visibility technology deployments (46% reporting as an initiative); productivity programs or solutions (46%) including e-sourcing, contract management and invoice management; and knowledge sharing programs or tools (42%). Similarly, 58% of executives report that no procurement initiatives have been frozen because of the crisis, rather the indication is that some of these programs have been accelerated.

- **Procurement Organizations Generally Work Hand-in-Hand with Finance:** In terms of working with the finance department in their organisations, 53% of European procurement executives said their department works hand-in-hand with finance, where as 36% said their procurement organisation operated proactively and more independently. More than a quarter said their procurement function applies policies at the direction of finance leaders.
- **Most Procurement Organizations Put Contracts Through Central Legal Review:** In terms of supplier contract reviews and management, 43% of procurement leaders said that the vast majority (75%) of supplier contracts are run through their legal organization. On the opposite end of the spectrum about 21% of executives said their organisations run just a small portion (less than 25%) of contracts through central legal. Still, more than 74% of procurement executives reported that they have no formal methodology to actively manage supplier contracts and compliance once the contracts are executed, rather those parameters are managed solely within the framework of the individual supplier relationship.

“That seems like a significant opportunity from my perspective. A centralised, automated contract management and compliance process can deliver significant value in terms of supplier compliance, realising savings negotiated, and in terms of overall supplier relationship management,” said Eric Allart, General Manager, Southern Europe for Emptoris.

Further results of the survey are available in recent editions of La Letters des Achats or by contacting Emptoris. French language summaries of the sessions panel discussions sponsored by Emptoris and Accenture are available, along with audio pod-casts, via http://www.emptoris.com/cmp_08/ebg/

Emptoris also recently sponsored a discussion examining how finance and procurement can work together to impact working capital and the bottom-line, and that discussion is available: <http://www.emptoris.com/newsroom/webcasts.asp>

About Emptoris

Emptoris is a world leader in innovative supply and contract management software solutions that empower enterprises to realise best value and accelerate profitable growth. Emptoris solutions are used by successful Global 2000 companies in every industry. For further information, visit www.emptoris.com

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