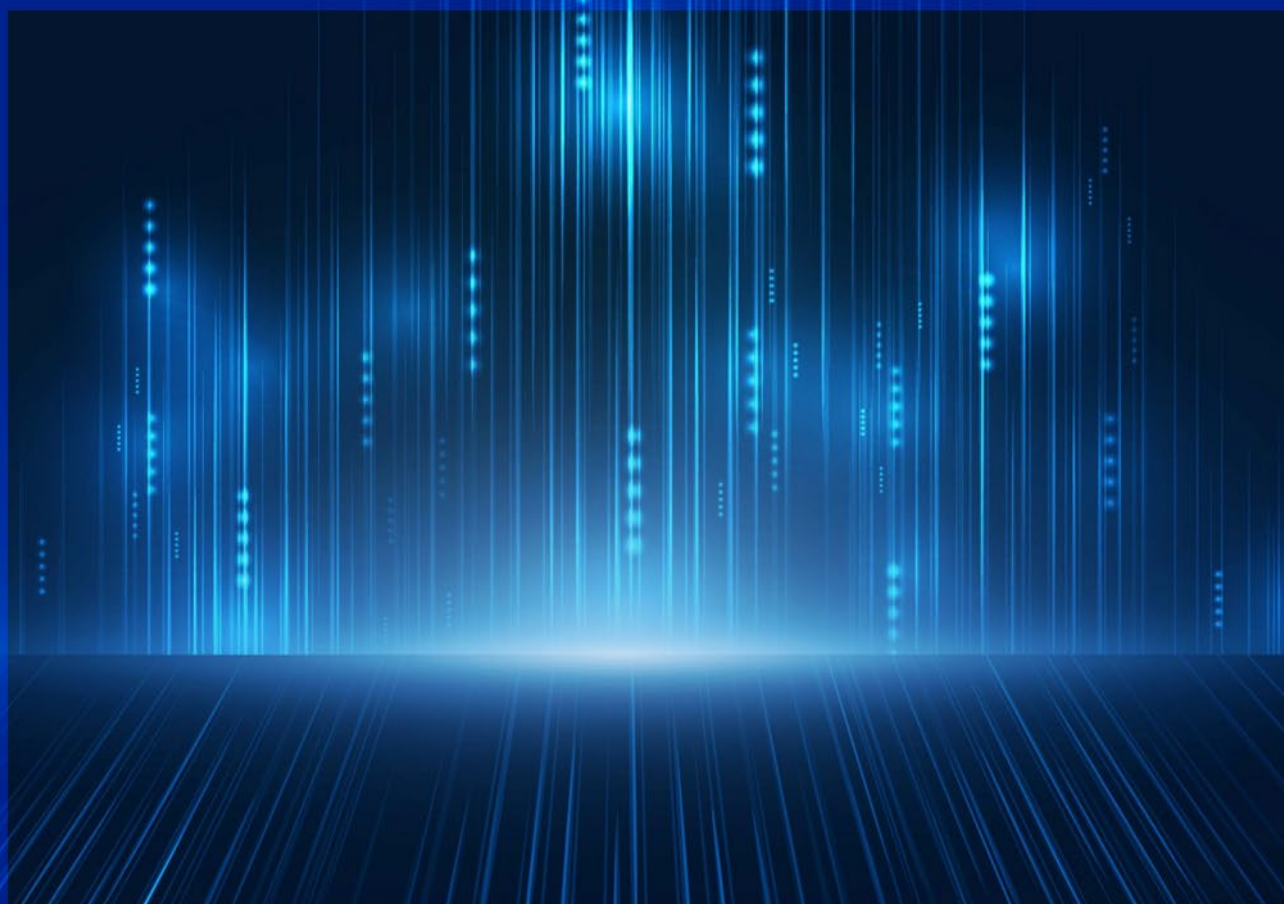




Procurement and Supply Chain Advisory

A KPMG Service
for G-Cloud 15



Service Definition

KPMG's Procurement and Supply chain Advisory



Service Description:

Our Procurement Advisory service line focusses on improving, optimising, empowering and transforming your organisation's procurement functions. We support your procurement function in all aspects, whether it is assessing your maturity level, identifying potential areas of improvement, strategising, managing vendors, executing tender processes or delivering digital solution implementation projects. We enable your business to achieve its goals, delivering tangible value through the utilisation of our solution enablers, accelerators and best practice methods and designs, saving you from reinventing customised solutions to common problems.

KPMG has extensive experience delivering procurement and supply chain advisory projects for clients across the whole of the Source-to-Pay process.

Our services help clients solve a variety of high priority problems, such as; creating future proof operating models, delivering third party cost savings, adapting to regulatory change, supporting complex sourcing and tendering activity and improving contract and service management.



Benefits of Procurement and Supply Chain Advisory Services

- Tailored support for a variety of requirements across the procurement and supply chain life cycles
- Access to experienced teams and subject matter experts that have been there and seen it before
- Proven tools and methodologies that accelerate delivery and return on investment
- Access to KPMG UK and global insights from our centres of excellence and extensive network of clients
- Our collaborative ways of working that develop lasting capability in your organisation by considering knowledge transfer and upskilling from day one



Our service features

Core Services

1. Commercial and sourcing strategy development
2. Contract management advise
3. Strategic supplier relationship management
4. Cost reduction and efficiencies
5. Sourcing and complex procurement support
6. Spend analytics
7. Supply chain analytics
8. Procurement and supply chain transformation including operating model design, process improvement, organisation design and technology
9. Supply chain risk management
10. Learning and development; and training
11. ESG strategy for supply chain
12. Managed Service for Procurement and contract management
13. Procurement Act 2023 Assessment
14. Digital solution for Tail end spend, contract register and pipeline development

Target operating model design

We can support you with defining, designing and implementing a procurement target operating model that will enable to drive value for money and efficiency by adopting leading practises and organisation structure. It will include sizing your team appropriately, defining a service delivery model, access to leading practise processes to make you compliant with public sector regulations and setting up the right governance

Target Operating model design for procurement and supply chain transformation

Our procurement and supply chain target operating model is a strategic document that determines how the procurement and supply chain function should operate in the future, and it usually consists of three elements: people, processes and technology.

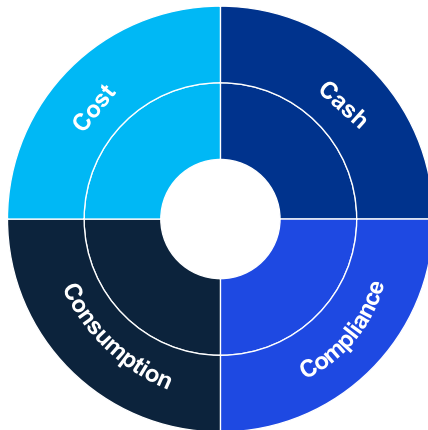
At KPMG, we have realised and understood, that the world is a bit more complex than only assessing how three elements such as people, processes and technology should look like in the future. That is why we have developed our own target operating model, ensuring a higher level of granularity based upon hundreds of worldwide projects. Our target operating model consists of six layers: functional processes, people, Service Delivery Model, technology, performance insights & data and governance.

Our target operating model is part of our larger Powered methodology and contains a unique and powerful combination of proven transformation solutions and best practice designs, assets and processes that have already been proven and implemented, thus reducing general risks and avoiding making the same typical mistakes for your future target operating model.

Our target operating model for procurement comes pre-designed both tech agnostic and specifically developed for procurement solutions such as Coupa, Ivalua, SAP Ariba, Oracle and Microsoft. Each target operating model contains hundreds of leading practices, design considerations, KPI's, security controls and risk measures. This ensures a low-risk and seamless solution that already has taken regulatory standards and risk mitigations into account.

KPMG Target Operating Model		
	What does it do for me?	What's inside
 Functional process	 This frames your world. Everything that happens is part of a process.	Hundreds of predefined processes for Finance, HR, IT, Customer Operations, Procurement, Supply Chain, Cyber and Risk.
 People	 Who does what, the reporting lines, required skill sets, role and responsibilities.	Organization and job definitions with process connections.
 Service delivery model	 What will get done and where. Identification of what capabilities are delivered and how.	Shared service center, centers of excellence and outsourcing operating models to optimize service delivery.
 Technology	 The environments, applications and integrations that enable and automate process.	Reference cloud architecture, pre-built integrations, pre-built conversions and thousands of test scripts.
 Performance insights and data	 What will be reported and how. Defines the information requirements, KPI framework to optimize decision making.	KPI's, process performance indicators and enhanced reporting, beyond the vendor supplied reports to satisfy your organization.
 Governance	 How will it be overseen. Defines risks and controls for every process, plus segregation of duties, access rules and policies.	Risk and internal controls for every process, plus segregation of duties reference and policy identification.

Our Third Party Savings Methodology Overview of 4C's



What is 4C?

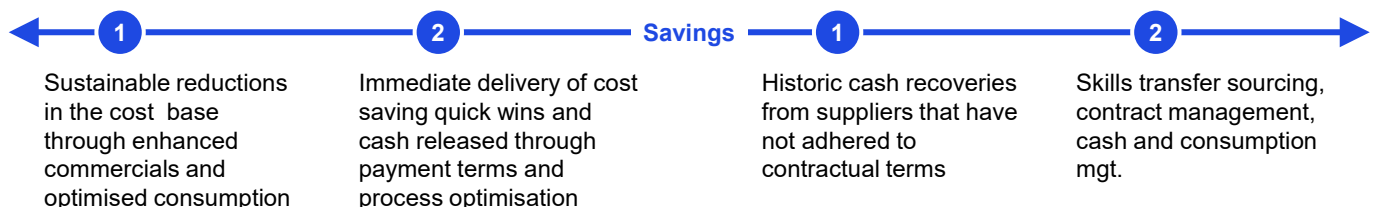
4C is a robust proven methodology used to identify and unlock value from spend. It is a standardised hypotheses led approach to rapidly test 4 core components of spend:

- **Cost** – optimisation of the supply base and commercial terms, strategic supplier relationship management
- **Consumption** – optimisation of the specification and volumes purchased, make or buy
- **Cash** – enhance payment terms and payables process
- **Compliance** – recover historic cash leakage from supplier non-compliance

Our proven Cost, Compliance, Consumption and Cash (4Cs) approach will help you to identify and realise third party cost savings across different categories of spend, including technology and cloud based solutions. We will work with you to challenge costs, increase compliance, optimise demand/consumption and unlock cash opportunities (e.g. from inventory and payment terms), that ultimately deliver bottom line savings.

Why use 4C?

- **Unlocks greater value** – Uses a holistic approach that considers past, present and future spend
- **Benefits hit the bottom line** – end to end benefits tracking sits at the core of the 4C approach
- **Looks across functional boundaries** -Identifies additional value by looking across finance, procurement and other Directorates.
- **Leverages external insight** – Supported by category specific peer comparison insight and quantitative/qualitative benchmarks
- **Sustainable savings** – Identifies both quick wins and long-term transformation opportunities

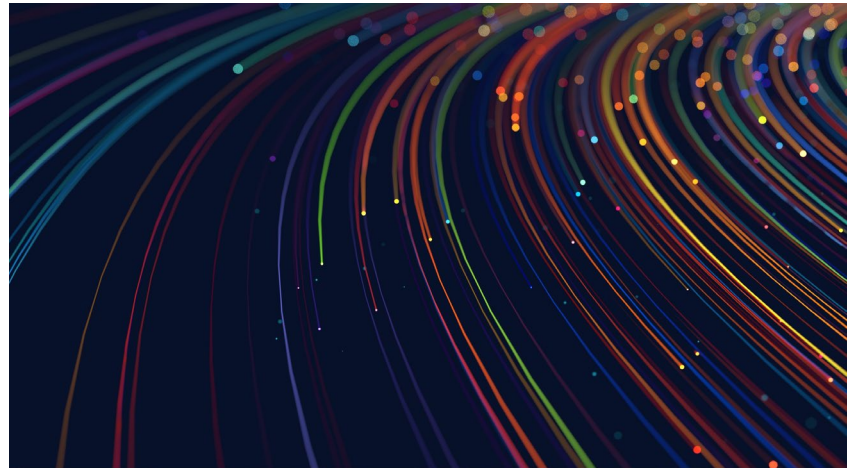


Learning and Development Category Management training

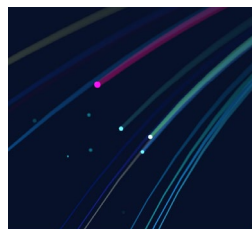
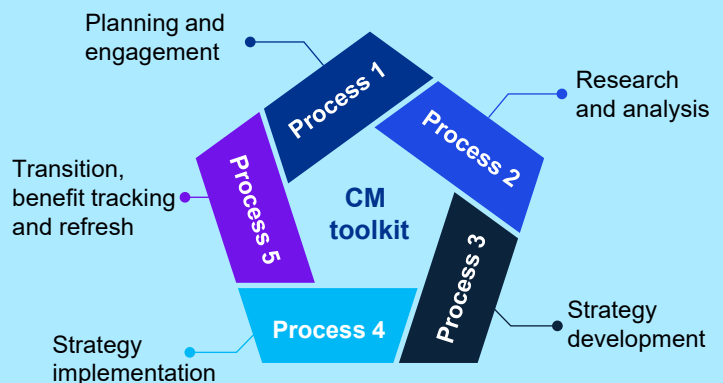
We are seeing that organisations are facing disruption and changes that threatens their future viability. For Procurement to stay ahead of the game they need to act boldly and disrupt in order to grow. Our Category Management toolkit is built to equip professionals in delivering this future state whilst managing the current growing demand from the procurement function. The toolkit is based on the fundamentals of our Powered Procurement methodology which is used by KPMG for implementing best in class category management processes across different industry sectors, including a tailored .The desired outcome is to raise the knowledge, capability and shape the approach that individuals apply to category management, to drive better value for money, reduce supply chain risk and excel in meeting client (stakeholder) service level expectations.

KPMG delivers more than a million hours of training per year in the UK alone, and it is the second largest learning business in Europe. Our Category Management toolkit is built with input from subject matter experts (Category Managers/Head of Procurement) in conjunction with our learning design specialists, with a focus on supporting individual and organisational performance. To ensure that each element of the Category Management toolkit is relatable and interactive, it uses a blend of practice, discussion, and evidence to bring the topic to life.

Our toolkit is comprehensive and designed for individuals at all levels within a procurement organisation from Head of Categories and Category Managers to individuals within procurement support functions, such as Head of Procurement Excellence and Procurement Analyst. It takes participants through the lifecycle of category management and the fundamentals of it in 5 phases. The toolkit has more than 10 templates and frameworks that are used to deliver the category management course through an interactive 3-day hybrid training session.



5 Processes of our toolkit



Managed Service Provision



KPMG Proprietary Tools

01

Contract register & pipeline maintenance

Issue

Contract register and pipeline data not fully loaded into e-procurement system

Solution

AI-powered solution that uses data and enables drag-and-drop contract uploads to automatically extract key data points for smarter decision-making.

02

Category Plans

Issue

Variable resources to develop effective category plans

Solution

We develop strategic category plans that not only ensure PA23 compliance but also unlock efficiencies and deliver measurable savings across categories.

03

Sourcing

Issue

Insufficient resources to deliver effective and compliant procurements

Solution

We can deliver strategic and tactical procurement activity to both drive strategic outcomes, but also bridge capacity gaps in existing functions.

04

Tail Spend AI

Issue

Poor control over low value/high volume spend. Value left on table.

Solution

Our Tail Spend AI solution enhances competition, ensuring value and delivering consistent savings, while improving efficiency through automation.

05

Supplier Insight

Issue

Supplier financial health and risk missing from routine analysis

Solution

We offer critical insights into the financial status of major suppliers, empowering proactive management of supply chain risk.

06

Contract Leakage & Supplier Management

Issue

Value loss from contracts and missed opportunity for innovation

Solution

Systematic reviews to secure measurable savings, enabling collaborative contract management. Driving value through SRM approaches with strategic providers.

Procurement Act Readiness Assessment (PARA) – Why Use it?

Unlock readiness, compliance and transformation with a structured, digital-first approach

Key Benefits

- **Clarity & Confidence** – Understand your organisation's current status against the Procurement Act 2023 and define your future ambition.
- **Evidence-Based Insights** – Benchmark strengths and gaps across six core readiness assessment areas.
- **Actionable Roadmap** – Receive clear recommendations aligned to compliance, best practice and strategic transformation opportunities.
- **Flexible Deployment** – Four scalable options to match organisational maturity.
- **Supplementary Training** – Ensuring that key stakeholders are aware and understand the requirements of the Act based on SME Trainers

Deployment Options

- **Health Check & Workshop**
 - Staff complete self assessment
 - Facilitated workshop explores responses in detail.
 - **Outcome:** Summary report & tailored recommendations.
- **Enhanced Assurance**
 - As above, plus spot checks of processes, documents and policies across all six core areas.
 - **Outcome:** Greater validation, reducing self reporting bias.
- **Target Operating Model (TOM) Alignment**
 - Insights from Options 1 & 2 used to shape a Procurement Act-ready TOM.
 - **Outcome:** Structured roadmap for sustainable compliance and transformation.
- **Status Review Check**
 - Re-run assessment at set intervals to measure progress against roadmap.
 - **Outcome:** Tracks improvement, maintains momentum, ensures ongoing compliance, refreshed recommendations and continuous readiness.

Value Delivered

- **De-risks** compliance failures
- **Prioritises resources** for maximum impact
- **Supports transformation** beyond minimum compliance.
- **Creates a shared vision of procurement maturity** across leadership.

Procurement Act 2023 – The Six Core Readiness Assessment Areas

People



This area covers:

- Leadership Support
- Delivery Skills
- Commercial & Compliance Capability
- Procurement Act Awareness
- Stakeholder Awareness
- Risk Management
- Training

Technology



This area covers:

- System Integration – internal & external
- Procurement Act 2023 Process Alignment
- Full Procurement Lifecycle Capability
- System Training

Data & Reporting



This area covers:

- Transparency Compliance
- Record Keeping
- Supplier Performance
- Payment Compliance Reports
- Pipeline
- Contract Registers
- Social Value Monitoring

Process & Documents



This area covers:

- Approach to Market
- Commercial Tools
- Specification Format
- Award Criteria
- Procurement Procedures
- Supplier Selection
- Assessment & Award
- National Procurement Policy Statement Compliance

Governance



This area covers:

- Conflict of interest assessments
- Debarment Due Diligence
- Financial Due Diligence
- Full Procurement Lifecycle Internal Approvals/ Controls
- Record Keeping
- Risk management
- Terminations/ Remedy

Service Delivery



This area covers:

- Procurement Service Delivery including RACI
- Contract Management
- Organisational design, structure and locational considerations.
- Risk Management
- Stakeholder engagement & satisfaction

The Four Assessment Levels

01 Starting Out

The organisation has a clear opportunity to enhance its readiness for Procurement Act 2023 by improving awareness, modernising processes and systems and embracing the Act as a driver for strategic transformation.

02 Some Building Blocks in Place

The organisation has begun laying the groundwork for Procurement Act 2023 by initiating process improvements, role clarity and training with further opportunities to accelerate integration and embrace transformational change

03 Foundations Laid

The organisation is progressing well towards Procurement Act 2023 compliance, with active alignment of people, processes and technology, supported by structured implementation and growing cultural awareness.

04 Ready

The organisation is fully prepared for Procurement Act 2023 with aligned systems, trained teams, strong governance and a proactive approach to embedding the Act's principles into procurement.

Our approach – contract register & procurement pipeline

We have developed a unique tool that will automate contract register and procurement pipeline development.

This tool uses Artificial Intelligence and machine learning to quickly take your contracts and populate a comprehensive contract register and performance dashboard

Inputs



Contracts

- Simply drag and drop your contracts into the tool.
- The tool will automatically search the document for key data that will then be used to populate the range of fields required.



Spend data

- We can use available spend data to pre-populate the expected number of suppliers onto the tool.
- This enables matching of expected values and number of contracts at a supplier level, giving an indication of overall contract compliance.

**KPMG
Proprietary
Contract AI Tool**

Outputs

1. Live contracts database

- The information stored on the tool can act as a central repository of contracts for the organisation, keeping everything in a single location.

2. Contracts register

- The information will use machine learning to populate the key contracts register fields.
- To support machine learning, we also have an easy to use highlight function that can be used to add relevant areas of the contract to the register
- The tool is also able to compare and reconcile contract data against an existing contract register.

3. Procurement pipeline

- Based on the contracts fed into the tool, you will then be presented with the ability to view contracts in expiry.
- The tool can manually add in any additional requirements that do not currently have a pipeline.

Tail spend challenges

For a typical organisation low value transactions represent

15-20%

of the total

Fragmented Buying

“High volume of small transactions across departments lead to inefficiencies.”

Limited Visibility

“Hard to track compliance and aggregate spend data.”

High Process Cost

“Staff time spent on approvals and procurement often exceeds the value of the purchase.”

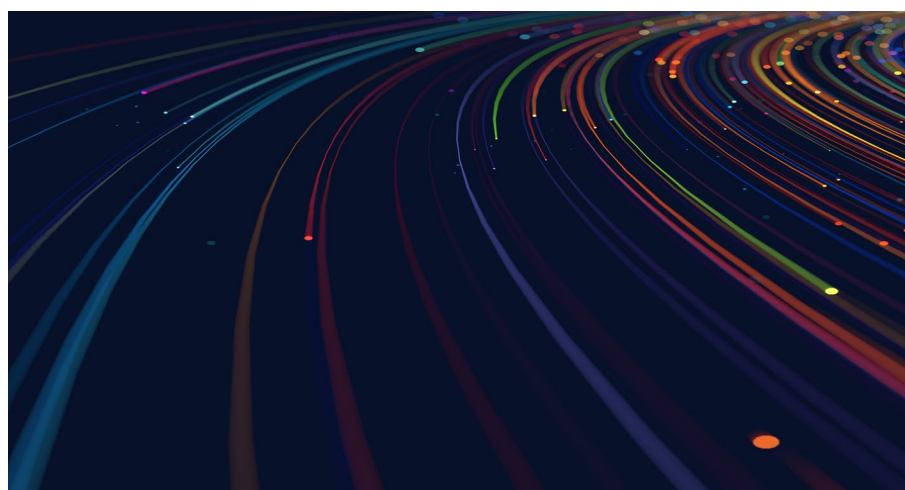
Value for Money Risk

“Lack of competitive sourcing for low-value items.”

“Missed opportunities for leveraging economies of scale”

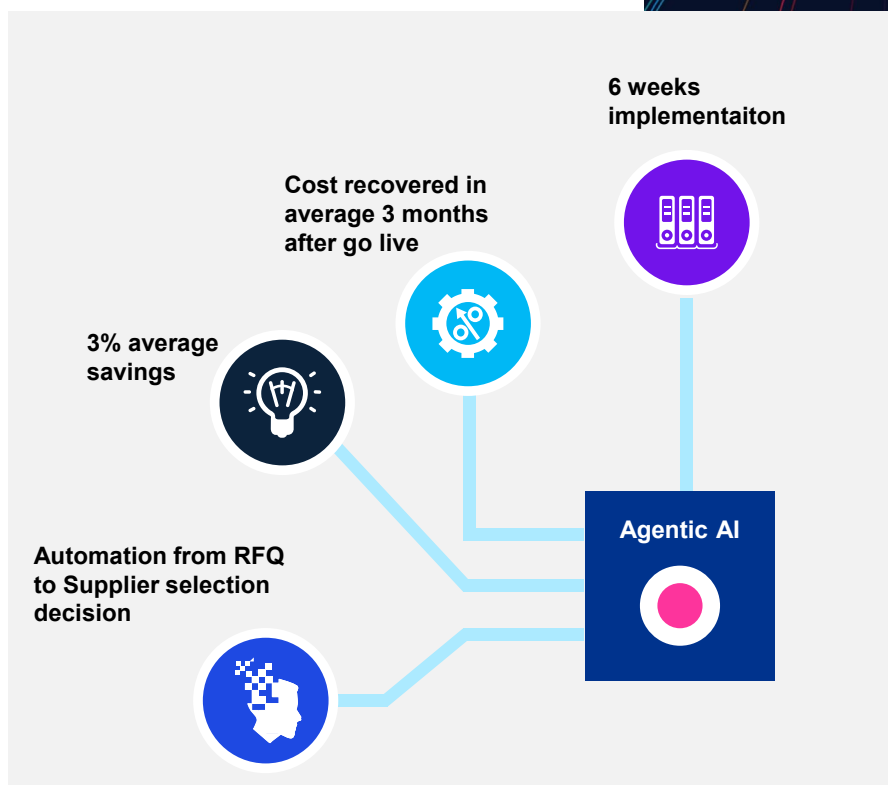
Current issues and risks

- Administrative burden diverts staff from core NHS priorities.
- Increased risk of non-compliant or poor-value purchases.
- Difficulty in achieving savings targets.



AI solution for low value spend

KPMG has partnered with a tech solution provider to address the challenges around tail end spend that can offer the following benefits



Rated 4.2 out of 5 by suppliers

7 out of 10 sourcing event result in a saving

Average procurement cycle time reduced by 2 weeks

Full transcript and record of supplier negotiations for transparency

implementation Support Led by KPMG

Scoping

Business case development and confirmation

- Baseline confirmation (including scope for quotes/3 quote thresholds & campaign areas to target)
- Clarification and estimation of benefits (benchmarking & High/med/low estimates)

Scope development:

- Scope out scale of deployment across organisation/s (number of users) human efficiencies
- Supplier prioritisation and lever/opportunity mapping (before system in place, what are targets for full deployment. What is the goal of using this system – what categories, thresholds, governance, departments. Roll out plan.)

2 weeks

Pre Implementation

Path clearing and acceleration activities

- Supplier detail normalisation and confirmation (supplier awareness & access)
- Benefit definition and calculation methodology (Calibration of savings approaches)
- Identification of relevant interfaces (can integrate with ERP, email, wider S2C systems)
- Develop supplier communication templates
- Drafting queries in line with regulations and organisational policies
- Design and configuration workshops

2 weeks

During Implementation

Support and Assist

- Supplier communication planning (comms to suppliers, procedures & internal comms, populate the system with list of suppliers)
- Setting and review of thresholds
- Email integration
- Change Management (Including governance & structure) and stakeholder engagement
- Build and Go-Live prep
- User training

4 weeks

Post Implementation

Review of success and implementation

- Define and agree benefits achieved
- Review impact on baseline (cost and effort)
- Analysis of implementation & benefits recognition, post campaign reviews included
- Future targeting and positioning at levels including category approaches to savings programmes

2 weeks

Why KPMG

KPMG has completed over 200 S2C/P implementations globally. We combine our procurement advisory, technology enablement, risk and indirect tax capabilities to work on the largest and most challenging and complex transformations.

Our Experience and Capability

100+

Procurement and Supply Chain professionals in the UK with deep experience and capability across public and private sector clients and markets

200+

Professionals working on innovative technology solutions for our clients in our **Ignition Centres**

Digital Accelerators

Our experienced teams have access to a variety of digital tools and technology enabled methodologies that allow us to deliver engagements and programme benefits at pace, without compromising quality

KPMG Experience And Results

200+

S2C/P transformations implemented globally

12,250

Training participant days for Procurement colleagues involving leading S2C tech.

7500

Savings initiatives delivered

745

International procurement and product category specialists

£440b

Procurement spend analysed

312

Thought leadership articles

£26b

Savings generated across our transformation projects

6

Months to typical ROI

Our Global Network

Operating in **155** countries with **700+** offices worldwide

1,100+

International procurement and operations professionals

KGS

Our offshore global delivery arm that supports a range of services and scalable solutions to deliver value in a cost-efficient manner. Our bid includes c27% offshore resources

Global Operations centre of Excellence

Acts as a hub of knowledge, thought leadership and insights for our consultants and our clients around the world

Our Recognition



Gold rated for Operations & Supply Chain capability by the Financial Times' UK's Leading Management Consultants 2023



Gold rated for Digital Transformation capability by the Financial Times' UK's Leading Management Consultants 2023



Gold rated for Organisation and Change capability by the Financial Times' UK's Leading Management Consultants 2023



Gold rated for Sustainability capability by the Financial Times' UK's Leading Management Consultants 2023



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