

How to build a business case for services procurement management





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Discovering the best solution for your organisation

This practical guide is for procurement, transformation and external workforce management professionals with responsibility or managing their organisation's usage of project-driven professional services delivered via statements of work (SoW).

It's worth contextualising this spend as the 'transformation workforce', given its focus on transformation and change activities. Where business-as-usual (BAU) workforce activities centre on running 'as-is', this shadow workforce is focused on the 'to-be'. With many large organisations now in a state of [continuous transformation](#), establishing structure and visibility of this cost base makes sense – not only in terms of prudent financial, operational and risk management, but also to enable the orchestration of transformation and

change activities in line with long-term strategic objectives.

Our aim is to help you assess the risks associated with unmanaged project-driven professional services SoW spend, and present services procurement management as an option to address these risks and their associated challenges. Risks are often barely visible due to the decentralised and fragmented nature of buying across an organisation but are likely to be significant and actionable on closer inspection.

This guide will help develop your understanding, outlining analysis tools and stakeholder engagement mechanisms, so you can create an effective business case to move forward.

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What is services procurement management?

Services procurement management (SPM) is purpose-built to support the buying of project-driven professional services, operating either as a standalone function or alongside existing BAU procurement models such as contingent workforce managed service programmes (MSPs). It brings structure, governance and market access to a category that is often fragmented, risk heavy and difficult to control.

SPM primarily supports unpredictable, knowledge-based project demand, typically engaged via SoWs supporting transformation and change activities. It also creates value by enabling buyers and suppliers to engage more effectively, removing friction at every stage of the lifecycle.

Key features include:

- Specialist technology that provides a single, online point of contact for end users and suppliers to engage throughout the entire process, from market testing through to assignment closure. This includes AI-driven structured scoping, supported by practitioner expertise.
- Dedicated account management. Proactive market testing, practitioner and AI-led proposal development and negotiation tools used to reach sustainable, competitive market pricing.
- A curated open supplier marketplace, expanding end user choice while creating healthy competition and access to specialists across a wide range of supply categories.
- Post-go-live delivery governance, enabling active collaboration between end user and supplier to ensure outcomes meet expectations across the project lifecycle. Includes knowledge transfer, legislative compliance, exceptions management and variation control, preventing scope creep and cost escalation.
- Project and programme visibility via dashboards and tailored reporting, aligned to your business objectives.



What are the challenges and risks associated with engaging project-driven professional services?

Project-driven professional services are typically used to support transformation and change initiatives. Services range from small discrete work to major transformation partnership projects, with a broad range of suppliers used, relative to the need.

Historically organisations have used the visibility afforded through HR information systems (permanent headcount) and vendor management systems (contingent workers) to aid decision-making on BAU workforce cost management – but lack similar tools for their transformation workforce.

Why is this a challenge? Because transformation activity is no longer episodic – it's continuous and enterprise wide. KPMG's ['Transforming the enterprise'](#) report outlines organisations have on average, 3.5 concurrent transformations in play at any one time in digital (70%), functional (48%), and risk (32%) business areas.

The same report highlights how most organisations believe transformation and business agility are critical to their future competitive advantage, but only 14% consider themselves top performers relative to their peers.



The c-suite challenge

For many leadership teams, managing transformation effectively has become a strategic priority. However, a number of persistent challenges continue to limit visibility, increase costs, and hinder progress:

1. Transformation is now a constant, not a one-off event. For many organisations the transformation workforce represents a substantial, largely outsourced cost base operating without centralised visibility of activity, financial commitment, outcomes and progress.
2. Projects often operate in siloes. This can lead to duplication of effort, lack of knowledge sharing and best practice, misaligned priorities, and delays. SPM creates centralised visibility by enabling stakeholders to connect through a single point of access, online.
3. Consultancies can provide valuable specialist expertise, but their involvement often comes with higher costs and limited accountability for long-term outcomes. At the same time, advances in AI are creating new opportunities for organisations to bring transformation activities such as discovery, analysis, and stakeholder engagement in-house, reducing reliance on external support. SPM captures and reports on stakeholder activity, enabling organisations to assess in-sourcing opportunities supported by our business intelligence tools.
4. Specialist resources are increasingly being offered to organisations using statements of work. Resources are engaged under the supervision, direction and control of the organisation are essentially misclassified contingent workers who attract risks of HMRC fines and tax back payments via the off payroll 'IR35' legislation. A number of high-profile cases have been widely reported. SPM ensures suppliers are properly contracted, and SoWs correctly structured in line with legislation.



The transformation office challenge

As organisations navigate continuous change, the ability to coordinate, govern and sustain transformation activity has become increasingly important.

Industry commentators, including KPMG and Deloitte, highlight the role of a dedicated transformation office and strong governance framework in providing the oversight, alignment and accountability needed to deliver successful transformation outcomes.

However, traditional consultancy engagements delivered through statements of work often provide limited mechanisms for knowledge transfer or the retention of intellectual property. As a result, valuable expertise can leave with the consultancy team, restricting an organisation's ability to build internal capability, sustain momentum, and manage future change independently. The outcome is often a cycle of 'single-use' consultancy, where the same skills and knowledge must be repeatedly bought in.

SPM is designed to strengthen and support the transformation office, whatever form it takes. By increasing visibility across project portfolios, improving reporting and governance, facilitating knowledge transfer, and streamlining delivery processes, SPM helps organisations build lasting capability while extending capacity and improving agility.



The procurement challenge

Procurement is often one step away from the buying process for project-driven professional services. This naturally places restrictions on the value they bring to supplier engagement, limiting their role to exceptions management and in some case firefighting. In our experience, less than five per cent of SoWs are awarded through competitive processes.

Suppliers are often relied on to write the scope of requirements for the project by the line manager. The result is debatable value for money and risk – projects measured by intent (vague deliverables) rather than outcomes (clear deliverables linked to milestones).

Without structured requirements, suppliers build in pricing to cover their risk, or more commonly default to payment by time and materials.

Time and materials may be a valid pricing option in the discovery phase, but not beyond as actual outcomes become clear. The organisation risks paying too much (with potential exposure to expensive variation costs) or paying for ongoing services with no linkage to outcomes.

Engaging a single supplier can mean paying top end 'spot' prices, or paying prices slightly discounted for preferred supplier status. It also means the supplier builds a significant cost of sale into its pricing, to win the business. SPM encourages competition to help line managers fully understand options available to them, while helping suppliers to build capacity. Suppliers price against actual requirements, not notional, to create market pricing often at discounted rates to spot and preferred supplier list pricing.

Decentralised buying can create gaps in the contracting process, such as inadequate performance management (including default), IP retention and legislative compliance. SPM ensures suppliers are properly contracted, and SoWs correctly structured in line with legislation.



The line manager challenge

[McKinsey & Company's](#) 70% failure rate is an often-quoted statistic on the success of transformation projects (or lack of). Although these failures are largely attributed to broad organisational challenges, project-driven professional service buying also lack basic hygiene factors that help measure progress and keep projects on track, such as milestone tracking.

- Decentralised buying practices often see line managers engaging a single supplier based on reputation or relationships, without considering a range of options. This narrow approach can bypass options better placed to meet need, and invite 'off the shelf' solutions designed to level up against the competition, rather than get ahead of it.
- [An accurate statement of work](#) between the organisation and supplier should include elements such as assumptions and dependencies, and acceptance criteria. Without these, any misalignment in expectations between line manager and supplier may lead to costly disputes and/or delays.
- Many SoWs lack milestones and simply feature high-level deliverables. Without milestones, demonstrating value for money is difficult, as is progress reporting.

Reed Talent Solutions uses supplier insights and AI to help line managers understand their options. Our tech enables line managers develop structured requirements, with outcomes measured by milestones. We help suppliers understand actual requirements so they can build bespoke proposals, shaped around the organisation.



The HR/talent attraction challenge

Resources embedded within organisational teams should be working towards clearly defined outcomes that are delivered at the supplier's own risk. But, where statements of work are misclassified, organisations can be exposed to significant employment, tax, and regulatory risks, including potential issues relating to IR35 compliance. Misclassified resources may also operate outside established governance and operational protocols.

SPM helps mitigate these risks by ensuring suppliers are properly contracted and projects are structured appropriately. Where a SoW arrangement is identified as being more akin to contingent labour, SPM refers it to the relevant workforce management teams for review and reclassification, ensuring it is governed under the same controls and business rules that apply to contingent workers.



Checklist

Ask yourself these questions:

- ✓ Do you have centralised visibility of consultancy activity and the external costs associated with transformation and change projects?
- ✓ What is your financial commitment with consultancies (and external resources) supporting these projects?
- ✓ Do your SoWs carry sufficient detail and structure to ensure projects deliver against their expected outcomes?
- ✓ What percentage of project-driven professional services work is awarded through a competitive process?
- ✓ Do your supplier master services agreements (MSAs) make suppliers accountable for the supervision, direction and control of their people resources?
- ✓ Can you easily measure the progress of each project, report on outcomes delivered and identify outstanding deliverables?
- ✓ How do you capture lessons learnt, and facilitate knowledge transfer?
- ✓ How do you control change requests, and mitigate against scope creep?

You should seriously consider SPM if your answers to any of these questions raise concerns over your control of transformation workforce spend and activity.



Understanding your transformation workforce spend

Now that you are aware of the potential challenges and risks, we recommend reviewing your project-driven professional services SoWs to determine their relevance and impact within your organisation. In most organisations, project-based professional services are engaged as either:

- Fully contracted-out services (FCOS)
- Embedded services

●●● Fully contracted-out services (FCOS)

FCOS refers to engagements where an organisation outsources the delivery of a project, programme or business requirement to an external provider that assumes responsibility for delivery, outcomes and performance. Broadly speaking, transformation workforce activities are separated into two distinct areas:

Strategic consultancy:

Specialist expertise, analysis and recommendations that support transformational decision-making and long-term organisational objectives.

Management consultancy:

Focused on improving organisational performance and supporting the delivery of strategic objectives.



Embedded services

Embedded services are outcome-focused assignments delivered within an organisation's own teams. Rather than outsourcing an entire project or service, organisations engage specialist individuals or project teams to supplement internal capability and accelerate delivery.

While these resources operate alongside internal teams, they are typically engaged to deliver defined project outcomes, making effective governance and supplier management critical.

Data gathering

SoW analysis

A practical starting point is to review statements of work awarded to your most visible consultancy suppliers, such as the Big Four, prime contractors and specialist consulting firms. Assess these engagements against the risk indicators outlined earlier to identify potential governance gaps, commercial risks and opportunities for improvement. Our research shows that on average, less than five per cent of these assignments will have followed a structured, competitive selection process.

Note that many consultancies deliver a mix of both fully contracted-out services and embedded services. Your contracts may cover your organisation for the provision of FCOS but not embedded services – it's therefore worth delineating between the two.

Embedded services are frequently introduced as an extension of an existing consultancy engagement or outsourced service. For example, after a consultancy completes a strategic review or transformation design, line managers may request additional resources to support implementation and project delivery.

In many cases, the consultancy does not draw from its internal resources and instead sources through a recruitment agency supply chain.



This can create several challenges:

- The consultancy may be acting primarily as an intermediary rather than a service provider.
- Individuals supplied may need to be assessed to ensure employment status and IR35 risks are appropriately managed.
- The organisation may have limited visibility of who is delivering the work and under what contractual arrangements.
- Additional mark-ups may be applied by both the consultancy and the underlying agency supplier, increasing overall costs.

As a result, engagements that were originally intended as outcome-based services can evolve into contingent workforce arrangements, introducing compliance, governance and value-for-money concerns.



Spend analytics

Where visibility of professional services spend is limited, spend analytics can provide a rapid and effective way to establish a baseline. Modern spend analytics platforms can use AI and machine learning to analyse accounts payable data and uncover patterns that would otherwise be difficult to identify.

Alternatively, organisations can survey suppliers directly, requesting detailed information regarding the services provided, resources deployed, engagement durations and associated costs. This can help validate spend data, improve transparency, and support the development of a robust business case.

Shortcuts

SPM providers, like Reed Talent Solutions, offer SoW analysis tools and the expertise of their teams to review SoWs. Analysis of a small selection of SoWs can be carried out relatively swiftly. As such, the provider may offer this service free of charge.

If you don't have access to data analytics tools, we can also signpost you to potential options.

Executive sponsorship and support

The issues identified during the problem identification stage should provide a strong foundation for securing executive sponsorship and support for further investigation.

Obtaining sponsorship from a senior business leader at an early stage is critical. Visible executive backing not only reinforces the importance of the initiative but also significantly increases the likelihood of securing stakeholder engagement, overcoming resistance to change, and ultimately delivering a successful outcome.

A key element of gaining executive support is demonstrating how services procurement management aligns with the organisation's strategic priorities and business objectives. The stronger this connection, the easier it becomes to position the initiative as a strategic enabler rather than simply a procurement exercise.

For example:

- If the organisation is focused on accelerating transformation, evidence of poorly defined statements of work (SoWs), weak outcome management or inconsistent supplier performance can demonstrate a clear obstacle to successful delivery and effective management of a substantial cost base.
- If reducing operational risk is a strategic priority, examples of inadequate governance, non-compliant engagements or IR35 exposure can help establish the need for change.
- If developing competitive advantage, agility and business resilience is a key objective, highlight opportunities to develop internal capacity, accountability and AI capabilities.



At this stage, however, it is important to resist the temptation to commit to specific savings or performance targets. Assertions such as a '10% reduction in professional services spend' should be avoided until a detailed assessment has been completed and a robust evidence base established. Meaningful objectives can only be defined once demand, spend patterns, risks and improvement opportunities have been fully evaluated in step three.

Executive sponsorship becomes even more important during the assessment phase. Gathering meaningful insight will require participation from business leaders, budget holders, project sponsors, and line managers across the organisation. Individuals are far more likely to engage, provide information and support recommendations when they understand that the review has active backing from senior leadership.

Line manager and supplier analysis

A successful services procurement management model must work for both the people buying services and the suppliers delivering them. Before evaluating potential solutions, it is therefore essential to understand the needs, challenges and expectations of both groups.

The objective of this stage is to identify what currently works well, where friction exists, and how the future operating model can improve outcomes for all stakeholders.

●● Line managers

In most organisations, project-based professional services are sourced directly by line managers and c-suite executives. As a result, these stakeholders often feel a high degree of ownership over supplier selection and engagement decisions.

Any new services procurement management approach must support, rather than hinder, their ability to deliver successful projects. Understanding their priorities, pain points, and current ways of working is therefore critical.

A good starting point is to engage with the individuals and teams responsible for the highest volume or value of statements of work. Securing their support early can help create influential advocates for the programme and accelerate adoption later in the implementation process.

These conversations also provide an opportunity to raise awareness of risks and governance challenges that line managers may not currently recognise.





Suppliers

Services procurement management should also improve the experience of suppliers.

In many organisations, suppliers are required to interpret incomplete requirements, shape project scope, draft statements of work and propose commercial models with limited information. This uncertainty often results in suppliers incorporating additional risk, contingency and cost into their proposals.

Suppliers also invest significant time and resources in business development, relationship management and bid activity before securing project opportunities. Greater visibility of demand and a more structured engagement process can help reduce these costs and improve supplier performance.

Engaging suppliers early in the review process offers two significant benefits:

- It provides insight into inefficiencies and pain points that may not be visible internally.
- It helps build supplier support for any future changes to procurement processes and governance.

Options appraisal

By this stage, you should have developed a clear understanding of the challenges, risks and opportunities associated with professional services procurement within your organisation. The next step is to evaluate the market and identify solution providers capable of addressing these issues effectively. A useful starting point is to summarise the key pain points identified for all stakeholders.

Any credible services procurement management provider should be able to demonstrate how its solution addresses the needs of each stakeholder group, rather than focusing solely on procurement controls or cost management.

●● Focus on user adoption

One of the most important areas to explore is how providers engage with line managers and suppliers.

Ask providers to explain:

- How they gain line manager engagement
- How they support project delivery
- How suppliers interact with the solution
- How they balance governance with flexibility and speed
- What evidence they have of successful adoption in similar organisations

Without a robust approach to stakeholder engagement, there is a significant risk that users will bypass the process altogether or actively resist it.

●● Consider a pilot programme

SPM remains a relatively new discipline. For many organisations, a pilot programme provides the most effective way to validate the concept, demonstrate value and build internal support before committing to a wider rollout.

A pilot can help you:

- Test the solution in a live environment
- Validate expected benefits
- Refine operating processes
- Identify implementation challenges early
- Generate evidence for a broader business case



Recommendations

Having completed the previous steps, you should now have the evidence, stakeholder insights and market intelligence required to present a well-informed recommendation to the executive team.

Your recommendation should clearly articulate:

- The challenges and risks identified
- The impact those issues have on the business
- The opportunities for improvement
- The options considered
- The rationale for your preferred approach
- The anticipated benefits, costs and implementation considerations

Whether you are recommending a pilot programme or a full-scale deployment, the proposal should demonstrate how the chosen solution will address the needs of line managers, suppliers, procurement and the wider business while supporting the organisation's strategic objectives.

Pilot or full deployment?

If your recommendation is to proceed with a pilot, clearly define:

- The proposed business area(s)
- Success criteria
- Expected outcomes and benefits
- Timeline and governance arrangements
- Approach to evaluating results and scaling the solution

If your recommendation is to move directly to a formal procurement exercise or full deployment, outline:

- The preferred operating model
- Market options assessed
- Implementation roadmap
- Resource requirements
- Expected return on investment
- Key risks and mitigation plans

Key takeaways

Implementing a dedicated services procurement management function will enable you to take control of your project-driven professional services spend and realise significant value, cost and process benefits. You'll also be creating an enabling function for your business, helping your stakeholders to work smarter and realise better outcomes.

For many large organisations with complex professional service needs, implementing SPM internally may not be straightforward or achievable. In this instance, working with a provider should be your approach to leverage their expertise, infrastructure and experience.

Can Reed Talent Solutions do the hard work for you?

Our free discovery audit is a no-obligation service that could help you to gain a greater understanding of your professional services spend risk and cost. This includes analysis of a sample range of SoWs. We also offer an initial consultation to review your current state and share examples of best practice achieved with our customers. Both options are free, so there's nothing to lose and a lot to gain.

Alternatively, we can introduce you to one of our partners for a more in-depth review of spend activity.

Reed Talent Solutions also offers SPM on a pilot basis to help you realise proof of concept. The service can be operational within a matter of days, requiring no minimum spend commitment or contractual buy-in.

**Reach out to Jon Milton
directly to book your
discovery session, today.**

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