

A practical guide to services procurement management (SPM)





Jon Milton,
Growth Director – Services Procurement,
Reed Talent Solutions

Managing professional services spend in a changing landscape

The way organisations buy and manage professional services is changing. Increasing complexity, greater scrutiny of spend, and heightened expectations around value for money mean that traditional approaches to services procurement are no longer sufficient on their own.

This practical guide has been written for procurement and external workforce management professionals who are responsible for professional services delivered via statements of work (SoW). Whether you are operating within a mature model or are only beginning to formalise your approach, this guide is designed to help you navigate the evolving landscape with confidence.

We've supported public and private sector organisations with hundreds of procurements and have seen first-hand the challenges organisations face: fragmented spend, inconsistent outcomes, limited visibility, and misalignment between buyers and suppliers. We have also seen what happens when these challenges are addressed effectively.

The emerging service procurement management (SPM) model provides a structured, vendor-neutral approach to managing professional services spend, helping organisations achieve stronger commercial outcomes while creating better engagement models for suppliers. This guide shares practical insights from our experience of implementing SPM, focusing on what works in the real world rather than theory alone.

Throughout the guide, we explore four core themes that we believe are critical to success:

- 1. Why new management models are emerging and which services fall within scope**
- 2. How SPM helps solve challenges for both organisations and suppliers**
- 3. How SPM differs from contingent workforce management**
- 4. Whether organisations should build their own capability or buy an SPM solution**

Our experience shows that organisations that focus on these areas can achieve significant benefits, regardless of their current level of maturity. Our aim is simple: To equip you with practical, actionable insight that helps you drive better value from professional services and build a more sustainable, transparent, and effective procurement model.

We hope this guide helps you do exactly that.

Jon Milton





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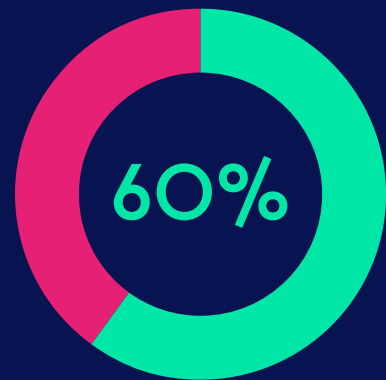
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Why new management models are emerging

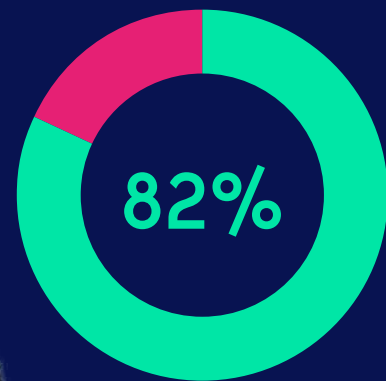
Organisational cost pressures, skills and expertise are becoming more diffuse, AI and emerging technologies, legislative changes, geopolitical uncertainty, economic shocks and shifting customer expectations are forcing organisations and their suppliers to become radically more adaptive in how they operate, buy and deliver services. Business as usual is no longer the default and standing still, no longer an option. According to KPMG's 'Transformation survey' in 2023, 60% of transformation leaders say transformations have become continuous, or nearly continuous. On top of that, 82% of leaders surveyed agreed that transformation is accelerating, with many organisations running multiple transformations concurrently, requiring permanent change capacity rather than business-as-usual-only structures.

Traditional operating models struggle to keep pace with this environment. In response, new management approaches are emerging. These models are designed to extend organisational capacity, increase agility and enable better outcomes by augmenting core business operations rather than overloading them.

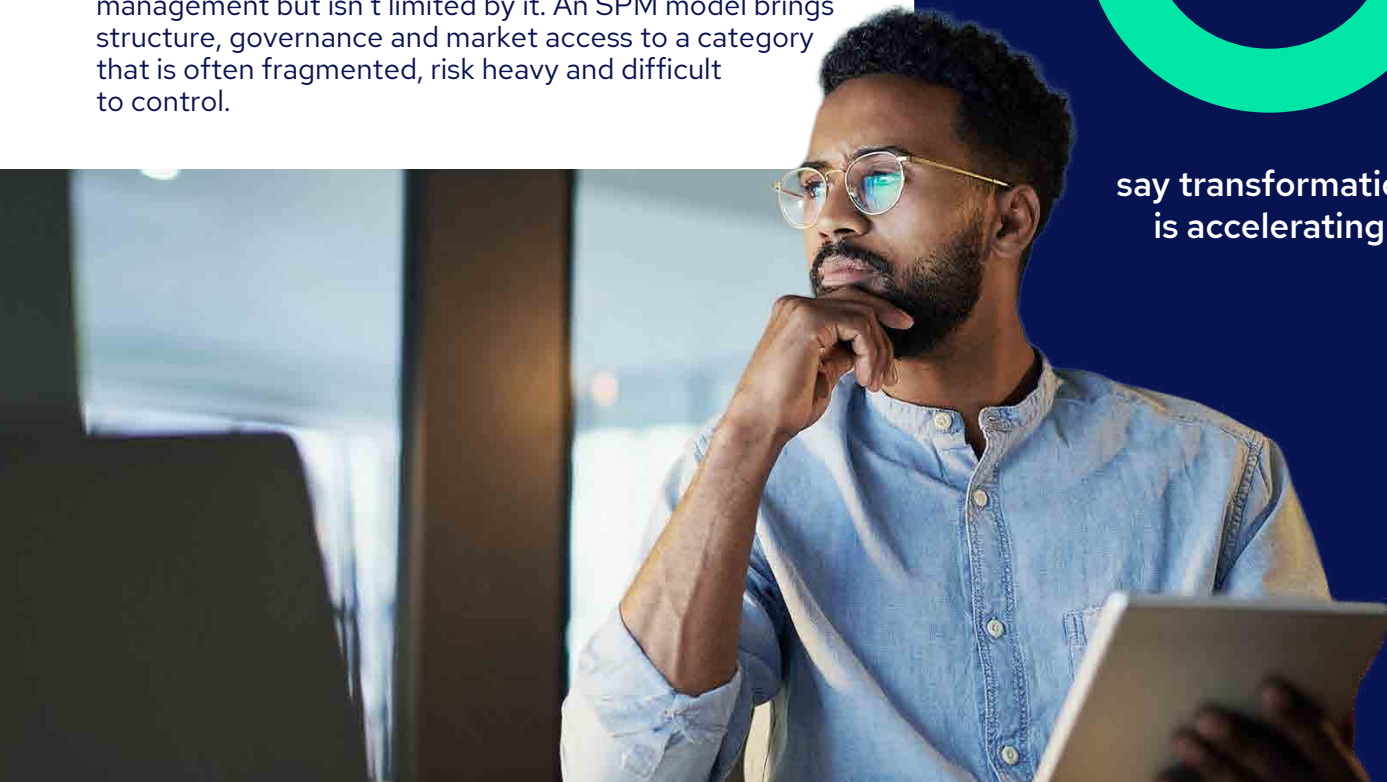
Services procurement management (SPM) is one such model. This model is purpose-built to support the buying of project-driven professional services, operating either as a standalone function or alongside existing business-as-usual (BAU) procurement models such as contingent workforce managed service programmes (MSP). It learns from the neutral vendor contingent staffing management but isn't limited by it. An SPM model brings structure, governance and market access to a category that is often fragmented, risk heavy and difficult to control.



say transformation is continuous or near continuous



say transformation is accelerating



What services are we talking about?

SPM primarily supports unpredictable, project-based demand, typically engaged via SoW. These are non-standard, outcome-led requirements such as:

1. Outside IR35 digital, IT, HR transformation or project management (agile squads or individuals)
2. Feasibility studies
3. Business strategy
4. Research projects
5. Assessments
6. Consultancy
7. Benchmarking
8. Business advisory
9. Business modelling, remodelling or reorganisation
10. Process improvement
11. Audits and review studies
12. Modernisation initiatives



“Companies lose 10-20% of targeted savings due to maverick buying”

Basware / The Hackett Group

Spend values typically range from £5k to £5m, though many engagements fall below £250k.

Spend often appears via blind spots in organisations. Procurement teams either have limited resource capacity to manage low-value or high-complexity deals, or end users 'game' thresholds to bypass organisational rules.

Aggregated spend is however significant, often bypassing effective competition while exposing the organisation to considerable risks. Taking control of this spend therefore presents huge opportunity.

What problems does SPM solve?

Organisational

In their report 'The outlook for business transformation in 2025 - why change has never been so critical', Grayce interviewed over 100 UK c-suite professionals from FTSE350 companies to discover how they experience large-scale change. Eighty-eight per cent believe half, or fewer, of their transformation initiatives meet expected outcomes highlighting a systemic gap between ambition and execution.

The challenges illustrated in the diagram below help explain this disconnect. Limited visibility of best-fit suppliers and market options constrains organisations' ability to respond quickly to evolving needs, while headline requirements that lack detailed specifications increase the risk of scope creep, overbuying, and ultimately project failure. These issues are compounded by low pricing transparency and limited competition, which expose organisations to unnecessary cost, and by legislative and contractual complexity that slows progress and elevates risk. Poorly aligned expectations and weak governance further undermine delivery, particularly as skills shortages and the accelerating pressure of generative AI demand faster, more agile, product-led approaches to transformation.

Taken together, the insights from the research and the challenges outlined in the diagram demonstrate why traditional change models are increasingly unfit for purpose - and why organisations should look to SPM as a means of rethinking how they shape, govern and deliver transformation if they are to realise value from their investment.



- Limited visibility of, or access to, the best-fit suppliers and market options
- Unnecessary cost exposure due to limited competition and low transparency of pricing mechanisms
- Headline requirements that lack detailed specifications - creating risk of overbuying, scope creep, variation and even project failure
- Delivery risk driven by misaligned expectations and weak project governance
- Legislative and contractual risk

52%

of projects
experience
scope creep

35%

more likely to
overrun budget

45%

more likely to
miss deadlines

25%

more likely to
fail to meet
original goals

Supplier

SPM also addresses the structural and commercial challenges faced by professional service providers operating in complex, demand-led markets. Suppliers often contend with a high cost of sale for small or irregular engagements, making it difficult to pursue opportunities efficiently or profitably. Limited access to volume or repeat work further restricts growth, while unclear or inconsistent specifications introduce delivery and margin risk, increasing the likelihood of overruns and disputes.

These pressures are compounded when expectations between buyer and supplier are misaligned, leading to reputational damage and the loss of future business. Collectively, these challenges create an environment in which suppliers are forced to accept heightened commercial risk with limited visibility of return.

By standardising demand, improving specification clarity and increasing transparency across engagement models, SPM helps reduce these risks. This enables suppliers to compete more effectively, deliver with greater confidence, and build sustainable, repeatable commercial relationships.

Supplier challenges

- High cost of sale for small or irregular engagements

- Limited access to volume or repeat opportunity

- Reputational damage and lost repeat business when expectations are misaligned

- Delivery and margin risk caused by unclear specifications



How does SPM deliver value?

SPM creates value by enabling buyers and suppliers to engage more effectively - and by removing friction at every stage of the lifecycle.

While models continue to evolve, core value drivers typically feature:



Specialist technology,

providing a single, online point of contact for end users and suppliers to engage

Curated open supplier marketplaces,

expanding end user choice while creating healthy competition

Proposal development,

helping end user and supplier to develop and align on outcomes during the bid phase

Post go-live delivery governance,

enabling active collaboration between end user and supplier to ensure outcomes meet expectations across the project lifecycle

Variation control,

preventing scope creep and cost escalation

Proactive market testing,

to inform end users of realistic budgets and capability - and suppliers of tangible pipeline opportunity

Dedicated requirement scoping support,

combining practitioner expertise and ideally AI tools to define deliverables, milestones, assumptions, dependencies, roles, responsibilities and acceptance criteria

Negotiation tools,

to reach sustainable, competitive pricing

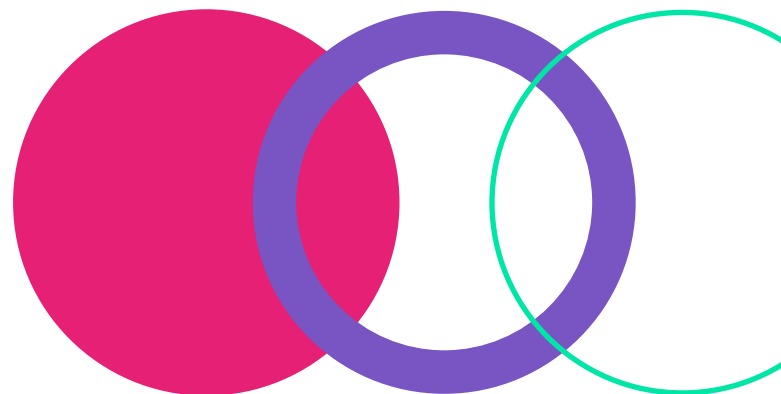
Escalation management,

to control exceptions and ensure projects stay on track

Legislative compliance,

including IR35 assurance

Cost savings are often realised over time, but they should be seen as a welcome consequence rather than the driving objective. The real aim of SPM is to create sustainable value for everyone involved. This means focusing on stronger outcomes, more efficient and responsive delivery, and a meaningful reduction in risk across the partnership. By prioritising collaboration, alignment, and long-term performance, organisations unlock greater innovation and resilience - benefits that ultimately deliver far more impact than cost reduction alone.



How does SPM differ from contingent workforce management?

While SPM and contingent workforce management may appear similar, particularly where embedded resources are concerned, their design principles are fundamentally different.

Contingent workforce management supports predictable demand. It is optimised for BAU contingent roles such as backfill, seasonal peaks or temporary cover. Workers operate under the supervision, direction and control of the hirer, using defined job specifications and pre-established supply chains.

This predictability enables LEAN management principles - standardisation, efficiency and cost control.

SPM, by contrast, is built for unpredictable demand. Project requirements vary widely, even within the same category. Scoping is iterative and collaborative, access to specialist supply is critical, and suppliers remain accountable for delivery - including the supervision and control of resources.

As a result, SPM requires agile management: speed, flexibility and active stakeholder engagement. It acts as a business enabler, not just a commercial control.

A key driver behind SPM's emergence is the misapplication of contingent workforce management's LEAN MSP principles to non-BAU demand. Many organisations report falling contingent worker numbers within MSPs alongside a sharp increase in unmanaged, single-resource time and materials (T&M) SoWs agreed directly with suppliers.

Reasons end users cite for buying via SoW instead of contingent workforce management models include:

- Organisational tenure limits preventing effective contractor engagements over a longer project term
- A need to access specialist resource capability outside headcount constraints
- A need for faster access to specialists bypassing complex organisational approvals
- Requirement for direct conversations with subject-matter experts to develop requirements.



LEAN

Focus on maximising efficiency, reducing costs and minimising waste through high-volume predictable demand

AGILE

Prioritise speed, flexibility, and responsiveness to handle volatile demand and unpredictable market shifts

Build or buy?

Running SPM requires infrastructure:

- The right technology (specialist services procurement technology, not traditional vendor management systems)
- A well-defined target operating model
- Specialist commercial, legal and category expertise

Services procurement systems (SPS)

A SPS is a digital platform specifically designed to manage the entire lifecycle of sourcing and managing external professional services. Unlike traditional procurement or contingent workforce vendor management systems, these systems focus on project outcomes and expertise, enabling companies to source requirements effectively, track project delivery, manage budgets, ensure compliance, and optimise supplier performance.

Target operating model (TOM)

A TOM is a description of the desired state of the operating model to manage professional services spend in an organisation. The SPM TOM should include as a minimum:

- Aims and objectives of the service
- Supplier identification, onboarding, contract management and offboarding procedures
- Supplier relationship management / development approach
- SPS configuration, maintenance and operation
- Stakeholder engagement processes, including training, marketing, support, development and exceptions management
- Operational process management, to include scope intake, supplier identification, bid support, SoW creation, project governance, escalations, billings and direct-call off management
- Roles and responsibilities of all assigned SPM team members
- Key performance indicator management

Specialist commercial, legal and category expertise

The SPS should ideally do most of the heavy lifting for SPM. However, specialist resources will be needed to direct and manage processes, given the likely complexity and variability of professional services requirements:

- Commercial – to support stakeholders throughout
- Legal – to support supplier contracting, and SoW creation where required
- Category – to support delivery and ongoing administration



Practical considerations

Implementing an effective internal SPM model requires careful planning. Practical areas to consider include:



The level of visibility of professional services spend currently available. Could you benefit from external discovery analytics capability to understand spend dynamics, buying activities and actionable opportunities?



SPM funding. How could a cost-neutral or risk and reward model operate?



Supply chain capacity. Can your existing suppliers meet demand, or will you need to stimulate specialist market participation?



Resource capability. Do you have existing resource capacity, or will you need to buy resource in?



Internal expertise. Are there professional services subject matter experts available in your business?



IR35. Are you clear on your approach to managing the day-to-day risks associated with IR35?



Technology options. What is the best technology option, how much does it cost to implement and what are the ongoing costs?



Internal adoption. Can you secure an internal mandate? If not, how will you ensure stakeholders use the service?



Big bang or phased implementation. What is the best approach for your business? We recommend piloting with a 'warm' stakeholder community first to build a community of internal champions to support future rollouts.



Key takeaways

Implementing SPM will enable you to take control of your professional services spend and realise significant 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 partner should be your approach to leverage their expertise, infrastructure and experience.

Ready to apply this to your organisation?

If you want to understand how a vendor neutral SPM model could work in your environment, we offer a no-obligation discovery conversation. We'll help you:

- Identify where professional services spend is sitting today
- Understand potential value, risk and control gaps
- Explore whether SPM is right for you - and if so, what 'good' looks like

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

 jon.milton@reed.com

 07950 111 466



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