

Contract and commercial management
benchmark report

Government and public sector

One in a series of ten sector-specific reports

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Preface

Abstract

In a period of transformational change, the government and public sector requires a fundamental revision to many of its commercial and contracting practices and capabilities. While there has been quiet and steady progress, fundamental reforms are still underway.

About this report

In the period June – September 2021, World Commerce & Contracting gathered data from more than 800 organizations, providing in-depth visibility into their contracting and commercial capabilities. This report focuses on input from 49 companies in the government and public sector, providing sector-specific analysis and comparison with private sector performance and trends.

How to use the WorldCC benchmark reports

Benchmarking compares against four levels:

- Level 1**
Your own past performance
- Level 2**
Others in your sector
- Level 3**
World-class standards
- Level 4**
Goals or vision

This report should be used to make a direct comparison with the current state of others in your sector (Level 2), as well as providing private sector averages.

The *Benchmark Report 2021* (published September 2021) provides detailed insights across all sectors, but more importantly offers an analysis of world-class performance, and can therefore be used to measure your current state against those world-class standards (Level 3). Drawing from those standards of excellence, you may want to set a future goal or vision that represents an as-yet unachieved aspiration and would set you apart from others (Level 4).

Executive summary

Governments and public authorities around the world continue to face an unprecedented combination of challenges that test their resources and resilience to the limit. Social expectations of public services continue to increase, regardless of the pressures on public finances imposed by the pandemic. Geopolitical instability has now added to the mix, forcing a re-evaluation of priorities.

Government and public sector procurement and contracting were not designed to cope with such dramatic change and to varying degrees, they have struggled to keep pace. The rules-based models adopted by governments around the world are focused on compliance and principles of risk transfer, generally limiting creativity and constraining innovation. In today's environment, managing risk and delivering value rise to the top as priorities – very different from the traditional low-cost, risk transfer principles of the past. The continued steady shift towards the acquisition of services is driving increased use of alternative contract models, yet the public sector is generally behind the private sector in using and understanding these models or their implications to commercial capabilities.

It is with this background in mind that this report provides important insights into the current state of CCM in the public sector and identifies areas where there are clear opportunities for improvement. It reveals that many executives appear to appreciate the need for investment and change, yet may struggle due to three major challenges:

To the extent that budget is a constraint, this represents a false economy, in that cost reductions and value retention could reasonably be expected to generate 6–8% of typical contract value. However, the problem may remain since that level of return would, in most cases, take 3–4 years to be realized.

1. Skills development and retention



2. Deployment and adoption of advanced technology



3. Availability of funding



Government and public sector findings

Priorities for improving CCM

Volatile, uncertain conditions appear to be the new normal. It is therefore not surprising to find a high level of cross-sector consistency in the priorities for contract and commercial management (CCM) improvement. The policies, processes and practices that underlie CCM must adjust to this environment and become highly adaptive to ongoing change.

The benchmark shows that those performing CCM activities in the government and public sector grasp the need for improvement – indeed, in most areas, their perception is marginally higher than the private sector average. For example, 76% (versus private sector average 65%) identify the need to increase strategic relevance and demonstrate value.

The top five priorities for improvement are: (private sector ranking in brackets)

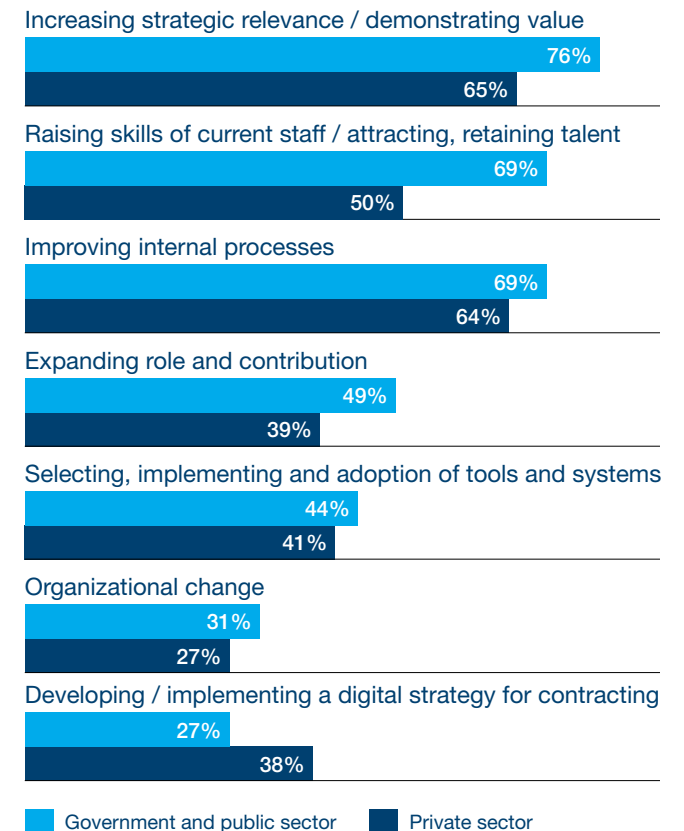
- 1** Increasing strategic relevance / demonstrating value of CCM (1)
- 2** Raising skills of current staff / attracting and retaining talent (3)
- 3** Improving internal processes (2)
- 4** Expanding role and contribution (5)
- 5** Selecting, implementing and gaining adoption of tools and systems (4)

There are interesting variations in the numbers. For example, 69% of those in the public sector identify raising skills / attracting and retaining talent as a priority, versus 50% in the private sector. This theme of concern around skills and retention is repeated in several areas of the research, and appears significantly more severe in the public sector than in any other sector, except aerospace and defense.

To confront the challenges, there is growing appreciation of a need for improved tools and systems (44%), but a much lower percentage place importance on developing and implementing a digital strategy for contracting (27% see this as high importance and the same percentage view it as low importance). While the priority placed on tools and systems is similar to the private sector, the focus on digital is considerably lower at 27% (38%).

Organizational change is a priority for 31% and this is strongest in groups which lack dedicated CCM resources (see Resources, organization and reporting, page 10). There is also a greater emphasis on role expansion, with 49% saying this is important (private sector 39%). This is greatest in those organizations where roles and responsibilities are felt to be unclear.

Priorities for team or functions



The nature and extent of executive focus

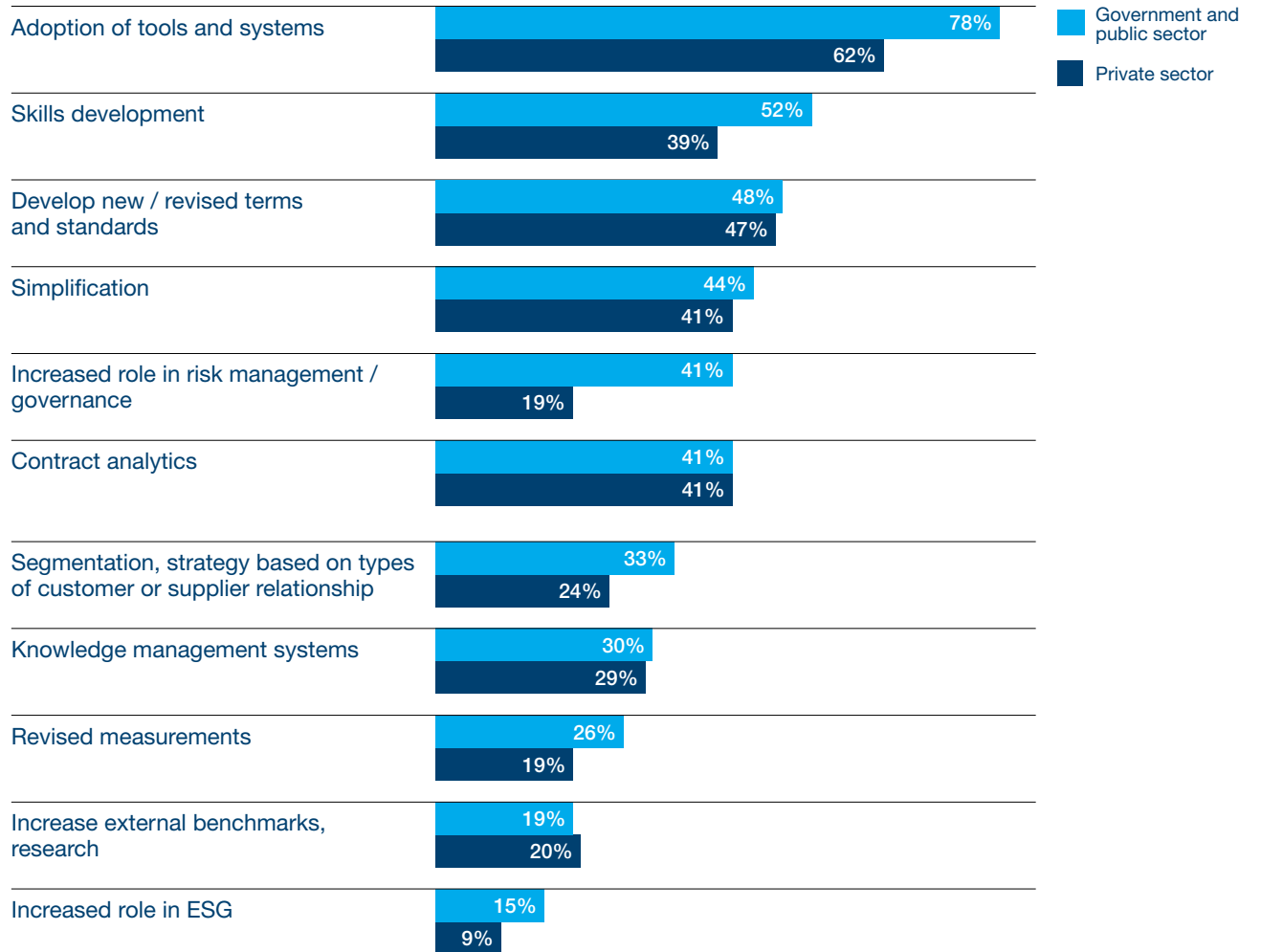
In common with other sectors, CCM in the government and public sector is experiencing increased executive focus – 41% report this to be the case (private sector average 51%). None say that interest is declining, though 10% report that CCM is viewed as unimportant (6% private sector).

This interest translates into a range of improvement initiatives either underway or planned. The adoption of contract management tools and software tops the list at 78% (versus private sector 62%). However, for many, this is not imminent – with only around one-third expecting action or decisions in the next 12 months. Skills development is a focus for 52% (private sector 39%), closely followed by work to develop new or revised terms or standards (48%).

Risk management is a major issue for the public sector, with a clear need for increased sophistication in both assessment and mitigation. It is already a top objective for CCM groups and 41% are expanding their role in this area (compared to 19% private sector). A number of other initiatives can also be viewed in this context – in addition to developing new or revised terms or initiatives on simplification (44%), contract analytics (41%) and segmentation of supplier relationships (33%) each contribute to improved risk management, as well as operational efficiencies.

CCM involvement in environmental, social, and governance (ESG) initiatives is also higher in the public sector, with 15% (private sector 9%) indicating current engagement.

Initiatives that are being considered (in the context of CCM)



The current state of CCM technology

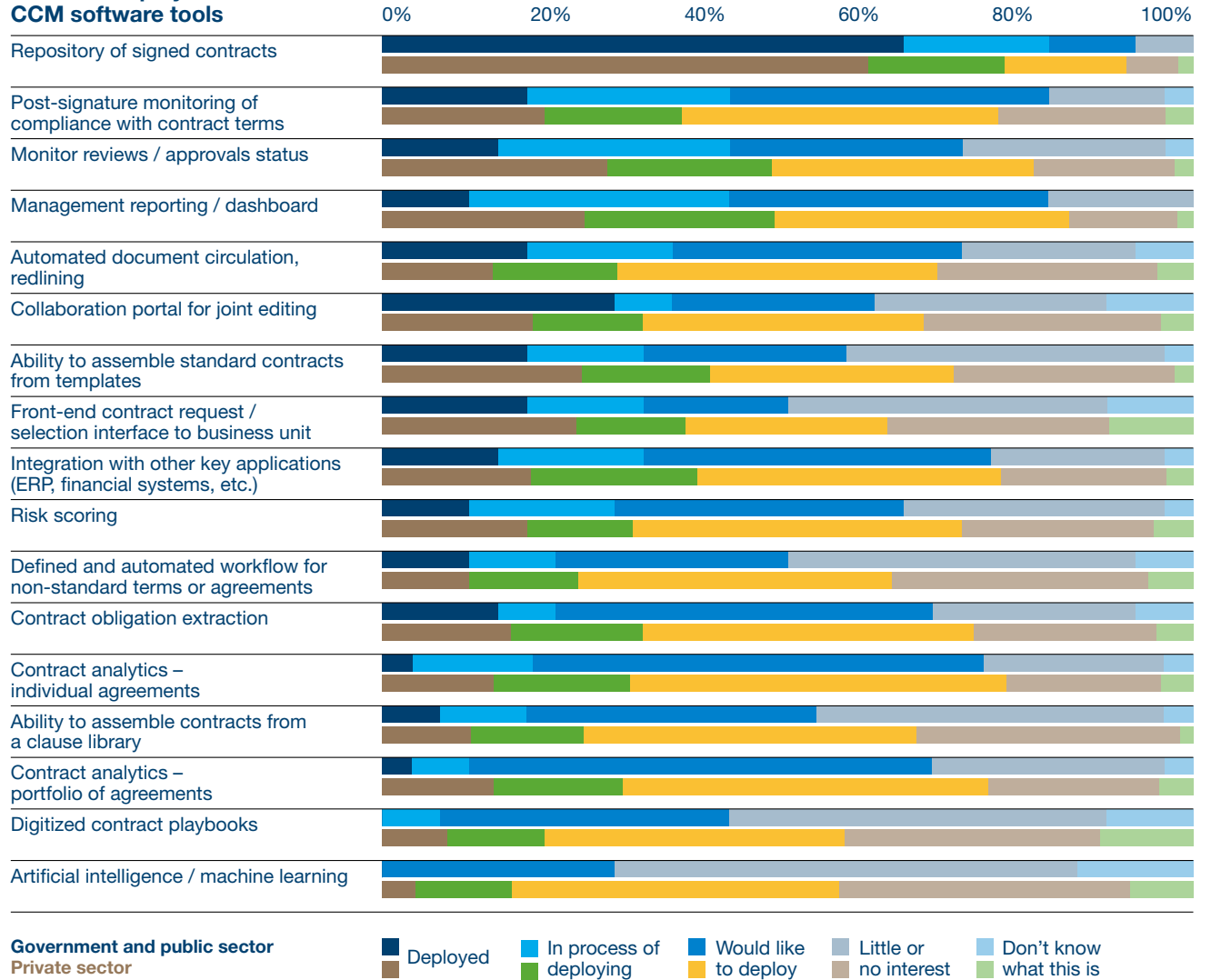
While there is evident acknowledgement by many that technology can offer improved performance, the benchmark responses from the government and public sector coincide with several other sectors in revealing a distinct undercurrent of technology skepticism or aversion. There is a definite focus on the basics of functionality and, while this is understandable in terms of reducing operational workload, it may not be the best solution in tackling the need for more informed and adaptive contracting processes and models.

When compared with the private sector, technology adoption is lagging, but not in every area. For example, 82% (compared to 77%) say they either have, or are deploying, a contracts repository. However, other data suggests that those implementations are far from complete – 100% of respondents say that their priority is to be able to find and search contracts and 89% want to increase visibility into contracts and contract data – implying that the repositories are both incomplete and lacking fundamental search capabilities.

For those planning investment in new or upgraded technology, the priorities are:

- Being able to find and search contracts
- Visibility into contracts and contract data
- Increasing value retention
- Audit trails
- Improving operational performance
- Improving compliance
- Reducing operational cost
- Improving cycle times
- Integrating data flows.

Extent of deployment of CCM software tools



The current state of CCM technology (continued)

Existing technology is delivering limited functionality. In the government and public sector 14% have implemented, and 29% are deploying, software to monitor reviews and approvals – a total of 43% (versus private sector 48%). A similar total percentage undertakes, or will undertake, management reporting (only 11% deployed) and some degree of post-signature monitoring (18% deployed).

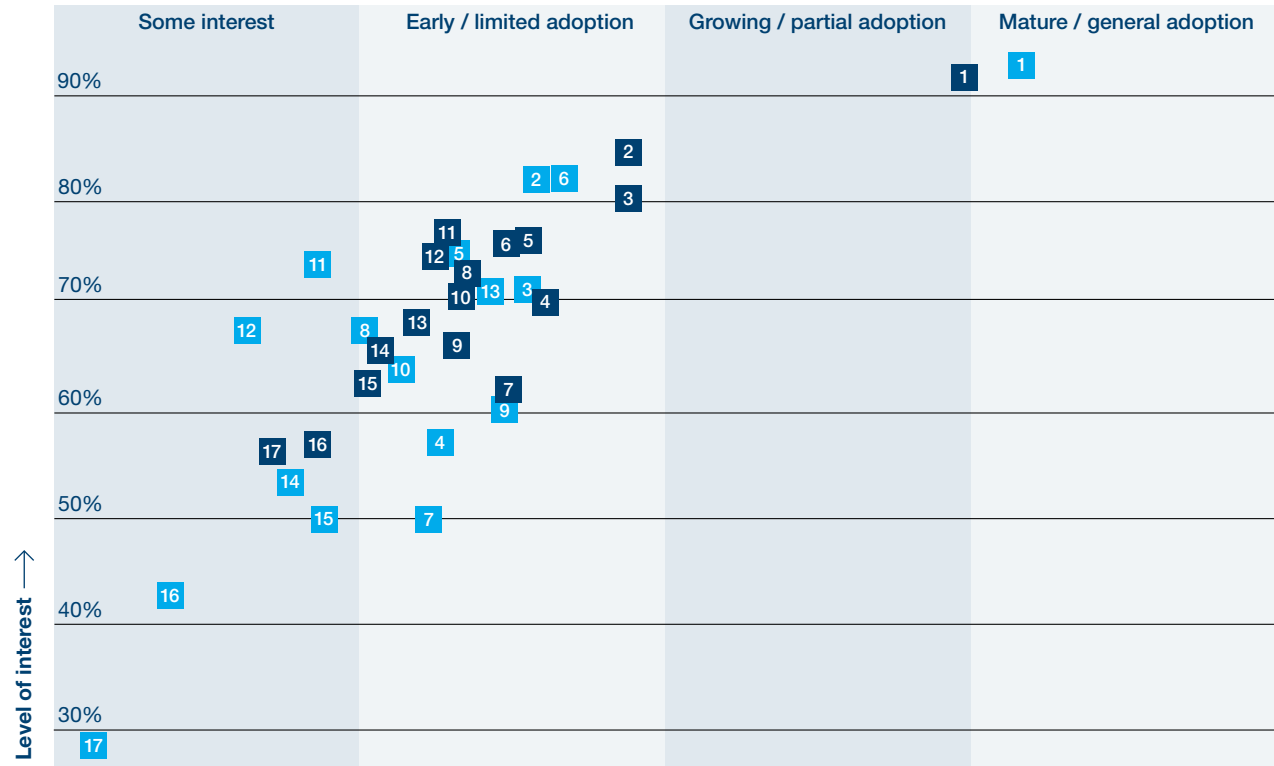
36% report a collaboration portal for joint editing and 32% have implemented, or are deploying, the ability to assemble contracts from templates. In these areas, if deployment proceeds to plan, public and private sector will be operating at similar levels of capability. However, in other areas that are key to greater adaptability and creativity, public sector has substantial ground to cover. For example, just 7% have, or are deploying, digitized playbooks (private sector 20%), in analytics well under 20% have tools in place, or planned (private sector 30%).

Many do not consider improved contract assembly tools to be important – 43% in the case of clause libraries and 46% digitized playbooks. A similar number, 43%, do not see a need for an automated workflow for non-standards – presumably because they anticipate continued use and imposition of standard templates. Finally, it is surprising that 32% are not interested in automated risk scoring.

Encouragingly, there is widespread interest in enhanced analytical capabilities, as the list below reveals. The top features that are wanted are:

- Contract analytics at portfolio level (57%)
- Contract analytics – at transactional level (56%)
- Contract obligation extraction / compliance monitoring (46%)
- Integration with other applications (43%)
- Post-signature contract compliance monitoring (39%).

Levels of interest in and adoption of CCM technology



Progress →

- | | | |
|---|---|---|
| 1. Repository of signed contracts | 9. Collaboration portal for joint editing | ■ Government and public sector |
| 2. Management reporting / dashboard | 10. Risk scoring | ■ Private sector |
| 3. Monitor reviews / approvals status | 11. Contract analytics – individual agreements | |
| 4. Ability to assemble standard contracts from templates | 12. Contract analytics – portfolio of agreements | |
| 5. Integration with other key applications (ERP, financial systems, etc.) | 13. Automated document circulation, redlining | |
| 6. Post-signature monitoring of compliance with contract terms | 14. Ability to assemble contracts from a clause library | |
| 7. Front-end contract request / selection interface to business unit | 15. Defined and automated workflow for non-standard terms or agreements | |
| 8. Contract obligation extraction | 16. Digitized contract playbooks | |
| | 17. Artificial intelligence / machine learning | |

Contracts and the contracting process

Contract duration in the government and public sector is lengthening – 40% report increases in duration, almost three times as many as the 14% experiencing decreases. The average duration for both mid and high-complexity agreements is longer than the private sector average at 3.9 years (versus 3.2) and 6.3 years (versus 5.8) respectively. This is an interesting trend, somewhat different to the past direction of travel and perhaps indicating a growing focus on value over time, rather than through regular competitive bidding.

As would be expected with the public sector, it makes extensive use of standard contract templates, almost 85% operating with fixed templates. 30% have pre-established fall-back options to assist negotiation or variation. 15% say that they operate with a terms database which allows more flexible contract assembly – an encouraging number which, if accurate, is higher than the private sector (12%). This ability to produce contracts appropriate to the transaction / relationship is a major step, indicative of best practice contracting. It reduces friction and supports improved performance.

The public sector is also more likely than others to succeed in imposing a standard template, though the picture here shows some variability. Central government has a significantly higher success rate than state, local or affiliated agencies. There are also exception areas, such as some technology contracts (Cloud services being an example).

6% of agreements are signed using counter-party contracts without amendments. However, overall, approximately 80% of contracts are awarded using the public sector body’s standard template, nearly 50% of the time without amendment. As noted above, while this may be good in terms of meeting compliance standards, it often contributes to subsequent issues and problems due to inadequate or inappropriate contract terms.

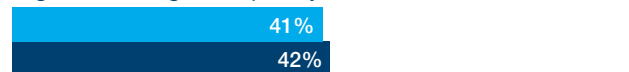
In spite of the pervasive use of templates and a much lower openness to negotiation (see Responsibilities, page 11), CCM resources in the public sector remain more involved in low-value awards than their private sector counterparts. 25% of the group’s time is absorbed in low-value / low-complexity contracting, against 21% average in the private sector. The 34% allocation to mid-complexity and 41% to high-complexity compares with 37% and 42% in the private sector.

These variations are not explained by spend patterns – public sector spend is split 33% low-complexity (versus private sector 32%); 30% mid-complexity (33%); 37% high-complexity (35%). As we shall see in the section on Measurements (page 15), the public sector has a shortfall of almost 40% in terms of contracts handled per head, irrespective of complexity level. Overall, this data implies real opportunities for efficiency gains, perhaps focusing initially on reduced engagement with low-complexity agreements.

As another efficiency indicator, the public sector is making progress in achieving the benefits that flow from contract simplification. Initiatives are typically linked with digitization, which is a growing focus. While the private sector is ahead overall (30% versus 21%), it is notable that 9% of the public sector design and simplification programs have been inclusive of wording, structure and graphics, versus only 5% in private sector. Also, 36% have improvements ‘in process’, versus 19%.

CCM resources by award value

High-value / high-complexity awards



Mid-value / mid-complexity awards



Low-value / low-complexity awards



■ Government and public sector ■ Private sector

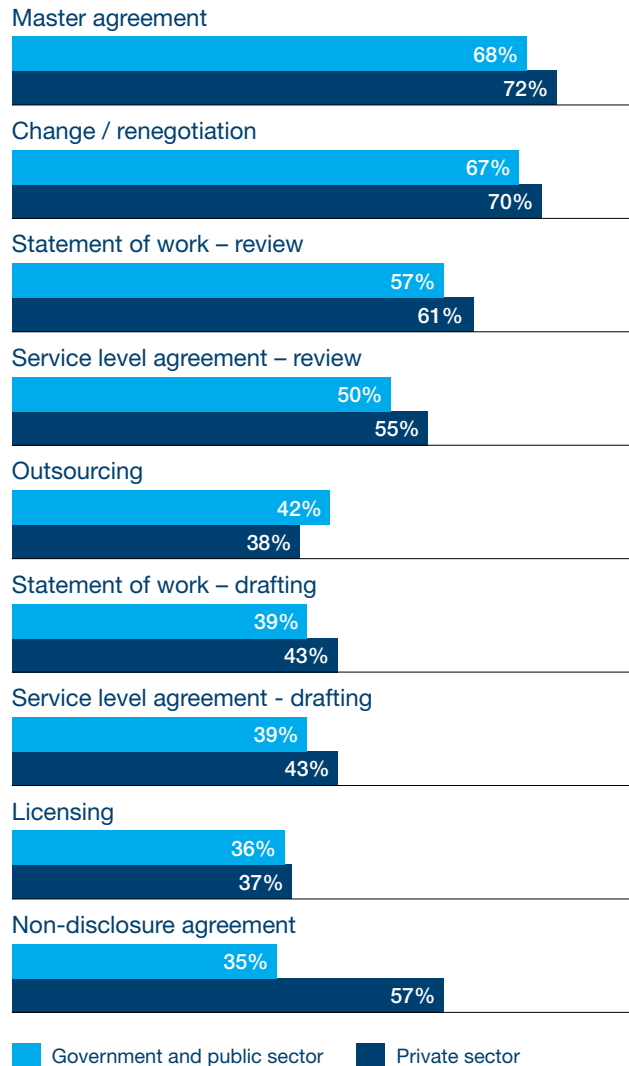
Contracts and the contracting process (continued)

In terms of the types of contracts used, the government and public sector understandably engages in a somewhat narrower portfolio of relationships, for example, it is not involved in mergers & acquisitions, distribution channels or joint ventures to any significant degree.

Other non-traditional models are often operating at similar levels to the private sector, for example: outcome-based (significant use 25% by both sectors); performance-based (25% public, 30% private); as-a-Service (29% public, 37% private). Agile agreements, while used less frequently, are becoming more common, with 18% saying they are used ‘sometimes’ and with increasing regularity. This is one of the areas where a need for training is identified. The biggest gap occurs in relational or collaborative agreements, where 54% say there is no use, versus 40% private sector.

Finally, in common with other sectors, engagement with particular types of transaction or agreement is fragmented. The chart (right) shows responses to the question: ‘In the context of your organization’s business activity, how frequently do you have substantial input to the following contract or relationship documents/offers?’ The percentages combine those who answered either ‘all the time’ or ‘most of the time’.

Type of agreement



Resources, organization and reporting

CCM groups in the government and public sector are exclusively focused on support for procurement, rather than sales, and this should be taken into account when making comparisons with private sector data.

It is considerably less likely for public sector groups to operate with dedicated CCM resources than their private sector counterparts – 43% versus 69% – though it is notable that where dedicated resource exists, the headcount is higher. This means that other skill groups are frequently performing CCM activities, which helps explain the concerns with regard to skills and the need for training. While the role is most often being undertaken by Procurement staff (35%), Operations (29%) is not far behind, and Program / Project Management is in third place with 19%. Since, except for the United States, none of these disciplines embed significant CCM knowledge in their professional certification programs, this is an evident area of weakness and potential exposure.

Given that 57% do not have dedicated CCM resources, the situation on reporting lines becomes somewhat confused. In 24% of organizations, there is no consistent approach. For 21% reporting is to Finance and 17% into Operations. 34% operate within a hybrid structure of Procurement, Supply Management or Commercial.

Given this variability, it is perhaps not surprising that 56% say that responsibilities for contract management activities are often unclear (compared with 37% in private sector). An even higher number, 73%, feel that this is the case for commercial management – against 42% in private sector. This clearly is not helpful to either the speed or the quality of decision-making and must contribute to some of the observed inefficiencies.

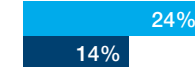
Overall, 16% of the total workforce is in some way involved in contract management activities – for example, stakeholders in pre-award review and approval; fulfilling obligations or overseeing performance; negotiating or managing change. Even though this is substantially less than the private sector average of 26%, the sheer scale of the public sector workforce means there are inevitable opportunities for efficiency and value improvement.

Continuing this theme, the study has revealed the benefits that flow from centralized and center-led organizational models and here too the public sector lags behind its private sector counterparts, with just 7% (versus 33%) centralized and 32% (versus 19%) center-led. 60% of organizations with centralized or center-led CCM resources (against 52% average). 18% have a matrixed reporting structure and 43% are decentralized or vary by business division or department. Analysis shows a distinct difference between those with a centralized model, especially in terms of more strategic investments and development – for example, technology deployment, simplification initiatives and performance measures. Decentralization results in a far more tactical focus, with a limited ability to identify value-add or contribute to business change.

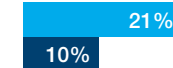
Relative to the private sector, the public sector essentially does not use offshore resources for CCM activities (less than 2% versus 22%), but it is more likely to have outsourced some activities (22% versus 17%). In terms of the tasks undertaken by these supplementary resources, they are contract review and discovery, accounts payable and contract administration / performance monitoring.

Reporting lines are confused

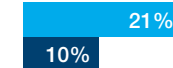
No consistent approach



Reporting to Finance



Reporting to Operations



Hybrid structure

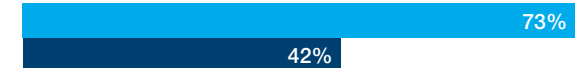


Constraints on CCM performance

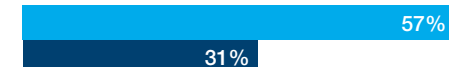
Responsibilities are unclear – contract management



Responsibilities are unclear – commercial management



No dedicated CCM resources



Centralized organisation



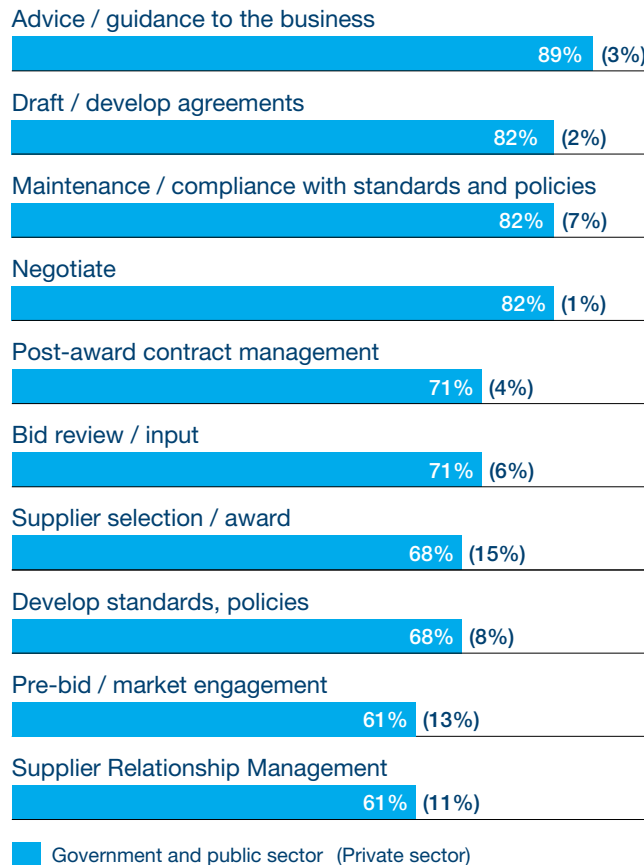
Government and public sector Private sector

Responsibilities and time allocation

In terms of the top ten responsibilities, there is significant variability in the government and public sector relative to the private sector. Much of this is explained by the lower level of dedicated resource – CCM activities and traditional procurement tasks are much more integrated in these responses. For some of the public sector groups, this appears to result in a reduced level of strategic engagement – for example, in leading or supporting change or in setting CCM strategy (responsibilities that consistently sit in the top ten for private sector). However, other groups are strongly engaged in these areas, so public sector shows considerable inconsistency in core responsibilities. As we shall also see, there is a real contrast between the items where responsibility is greatest, versus where most time is spent.

The chart below shows the top ten, by percentage and (in brackets) the comparative rank in the private sector.

Top ten responsibilities



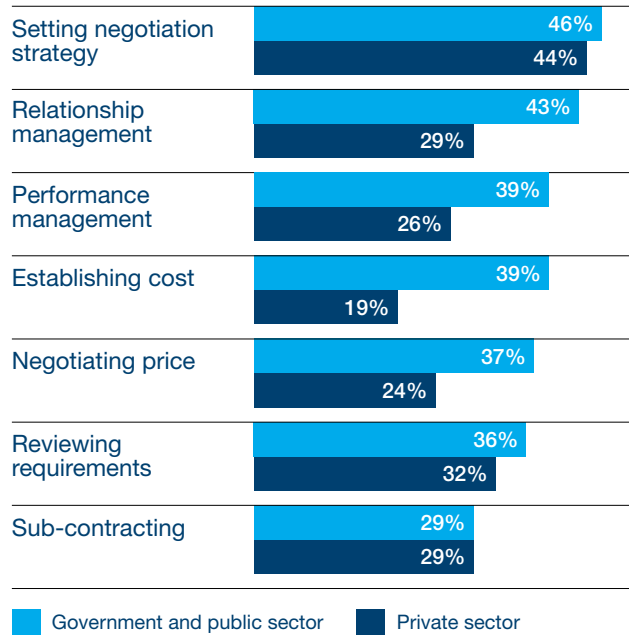
In some respects, the government and public sector data reveals a more integrated level of acquisition activity. For example, 50% say they have direct responsibility in supporting requirement definition, versus 31% in private sector and, as indicated in the chart to the left, supplier selection and award is identified by 68%, versus 15%. Since these are regularly seen as areas of weakness, causing downstream disagreements and disputes, a greater consolidation with the CCM activities should be welcomed.

However, experience suggests that both requirement definition and supplier selection are in fact areas where public sector encounters substantial problems with subsequent contract and performance management, so once again the overall quality of skills may be a problem. Across the 20 areas of responsibility measured in the study, public sector scores just one ('setting CCM strategy') at a lower level than private sector. Is this therefore a case of trying to cover too much ground and lacking the necessary levels of specialist knowledge?

Responsibilities and time allocation (continued)

The chart (below) shows responsibilities in a different form and reflects answers to the question ‘In the context of specific contracts, who has primary responsibility for the following activities?’ The percentage represents those who answered ‘my team’ (i.e. CCM) and confirms the consistently higher frequency of the leading role in public sector.

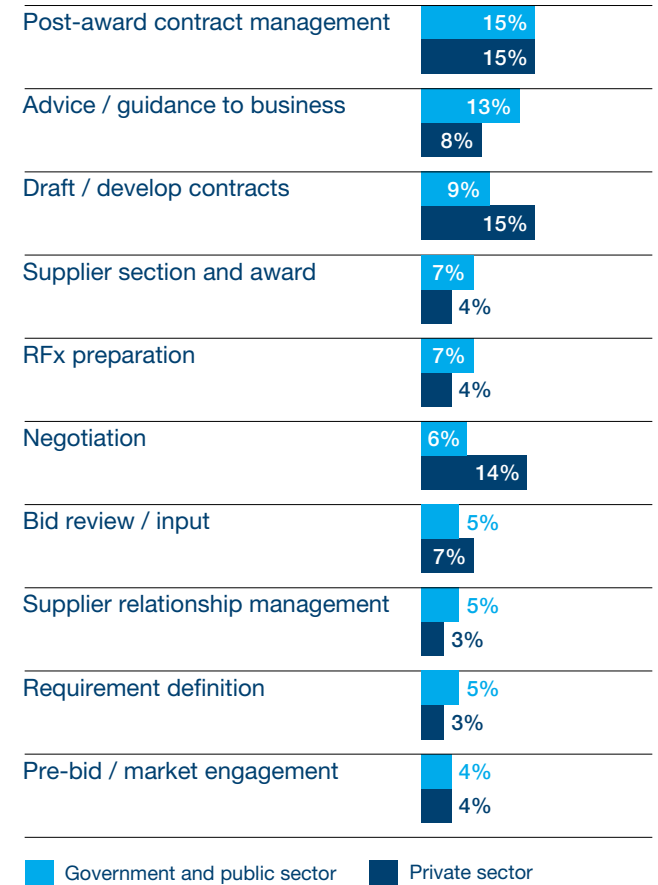
Responsibility of activities



The primary areas of responsibility do not directly co-relate to where most time is spent (workload distribution). Here we see some substantial variations from the private sector, most notably in the amount of time spent drafting, developing and negotiating agreements (13% less resource applied here) versus areas such as advice to the business (5.2% more resource).

On this measure the top ten activities in terms of resource and time allocation, again compared to the private sector average, are shown in the chart below:

Where time is allocated (top ten)



CCM objectives and readiness

The ranking of the leading CCM objectives in the government and public sector is similar to the private sector, but the relative weighting towards the top issues is much heavier and subsequent items on the list are quite different.

‘Risk mitigation’ is the dominant factor for contract management and ‘financial impact’ for commercial management, each scoring over 20% more than the next objective. Looking at the private sector, these are also the relatively consistent themes across all sectors.

Primary objectives for contract management



The public sector has a much higher ranking for ‘improving business productivity’ and ‘supporting / implementing business goals or strategies’ – this is noteworthy and potentially borne out by deeper analysis of resource allocation. Activities in these categories appear to absorb 6–7% of the CCM resources in public sector, compared to around 4% in private sector. The striking omission from the public sector list is once again ‘negotiation center of excellence’, which is ranked third for the private sector and once again confirms the very different approaches to trading relationships. The objectives for commercial management are more strongly oriented towards added-value, with ‘financial impact’ the clear leader.

Primary objectives for commercial management



CCM objectives and readiness (continued)

When it comes to the readiness to support business objectives (and respond to increased executive expectations), CCM groups in the government and public sector have mixed capability. Relative to the leading performers, the variable organizational structures and frequent lack of dedicated and fully-trained resources are evident disadvantages. Similarly, technology deployment is at best erratic and initiatives to simplify and improve ‘ease of doing business’ are in many cases only at an early stage of implementation. While there are aspects of resource allocation that are encouraging, there are also clear indications that traditional, inflexible models prevail. For example, it is hard to see how increased value and financial impact can be achieved without much greater readiness to engage in negotiations and to challenge rigid forms of template agreement.

In part, the issue of readiness may often be linked to mindset. It is notable that the three lowest ranked objectives for public sector groups are to manage change; to provide a negotiation ‘center of excellence’; and to create competitive advantage. It is the last of these that is perhaps especially indicative of the need for new thinking. Public sector agencies operate in a competitive world. Most of their suppliers have choices. Therefore, aiming to become ‘a customer of choice’ is a critical goal if other business needs and objectives are to be achieved.

Market research is another key to achieving excellence, often underlying key improvement initiatives. The data shows that public sector groups are undertaking a greater level of research than their private sector counterparts, though there are signs that this is again distorted by the greater consolidation of CCM and traditional procurement activities. The primary areas of market research that CCM groups in public sector see as important and would like to undertake are:

- Pricing / charging models
- Best practices in offering design and simplification
- Organizational benchmarking
- Competitive terms and conditions
- Performance benchmarking.

The private sector has similar priorities, except that ‘trends in commercial offerings’ is ranked much more highly. Gathering this data is an important element of a change program; the challenge may be whether adequate resources will be allocated to gather and analyze the information, or to formulate the business case for change.

The final indicator from the benchmark relates to skills and the extent to which public sector is acting on the concerns it expresses in this area. The answer is that it appears to be running behind the private sector in several key areas. For example, it is less likely to have undertaken a skills audit of CCM staff (19% versus 35%) and only 36% (versus 51%) feel they understand skill gaps relative to future needs. 40% (versus 55%) have training resources or plans in place. Only in terms of budget is there equivalence, with 42% (versus 43%) saying the budget necessary to support skills development is available.

Skills

Budget available to support skills development



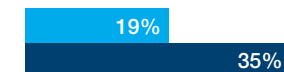
Training resources or plans in place



Understand skill gaps relative to future needs



Undertaken a skills audit of CCM staff



■ Government and public sector ■ Private sector

Measurements

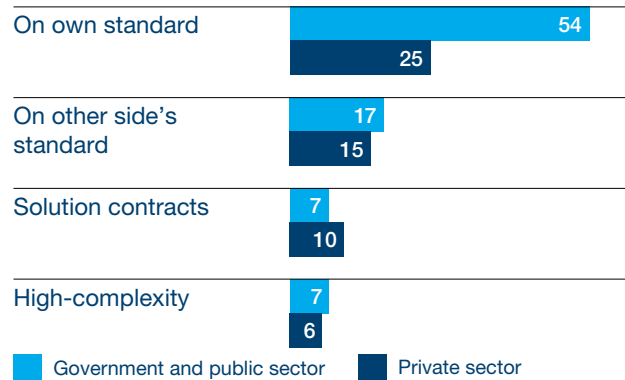
As previously indicated in the section on Contracts (page 8), CCM resources in the government and public sector spend more of their time handling low-value / low-complexity agreements than is typical in the private sector. This section starts by examining two of the most commonly used efficiency / productivity indicators – contracts managed per head, and cycle times. These should always be viewed with caution and allowance made for differences in roles and responsibilities, or perceptions of complexity. For example, as observed earlier, the public sector groups performing CCM activities often have a wider range of responsibilities than their private sector counterparts. Against this, however, they engage far less heavily in negotiation.

Contracts handled per head – pre-award

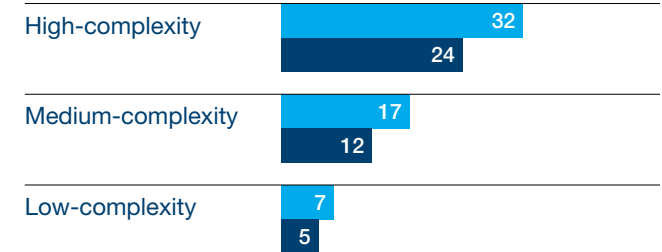


Overall, in both pre-award contracts managed per head, and cycle time, public sector is under performing private sector by approximately 40%. Although this study does not aim to measure quality of outcomes, there is no immediate evidence to show that these additions of time and resource are leading to better results. In post-award, we only have data relating to contracts per head and the public / private performance is generally much more aligned. The exception is the much higher number of contracts 'on own standard terms' that are being handled in the public sector, which may be an indication of the greater level of involvement in low-complexity situations.

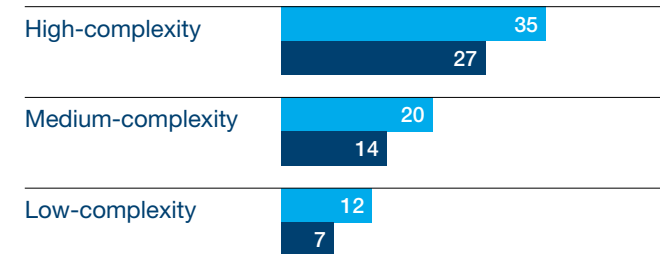
Contracts handled per head – post-award



Contract cycle time domestic agreements (weeks)



Contract cycle time international agreements (weeks)



■ Government and public sector ■ Private sector

Measurements (continued)

Relative to private sector, notable areas receiving lower focus include risk management indicators, negotiated benefits, and contracts / negotiations managed per head. Those receiving a higher level of focus include salary benchmarks, initiatives to improve user effectiveness, and cycle times to manage changes and disputes.

Ranking of top items monitored

(private sector ranking in brackets)

- 1** Cost reductions (1)
- 2** Invoicing accuracy / errors (4)
- 3** Monitor satisfaction of internal customers (11)
- 4** Management reporting – strategic initiatives (8)
- 5** Compliance by other parts of business with standards / scorecards (2)
- 6** Frequency and nature of contract changes (14)

Areas where reporting is significantly lower than in private sector include risk management indicators, contract leakage / cause analysis, the number of contracts negotiated, and cost avoidance.

While the measures in use are not fundamentally misaligned with those in the private sector, they do not immediately appear consistent with declared objectives. In particular, it is hard to see how they contribute to risk management and mitigation and have little direct relevance to added value. The broader measures that are perhaps needed – which often relate to areas such as risk scoring, post-award value retention, portfolio analysis, and operational speed – are often impossible to capture without advanced systems. To move towards world-class standards, organizations in this sector need to establish a set of measurements that align with higher-level business goals and strategies and encourage the sort of innovation and adaptability that matches the best performers.

Ranking of top items reported

(private sector ranking in brackets)

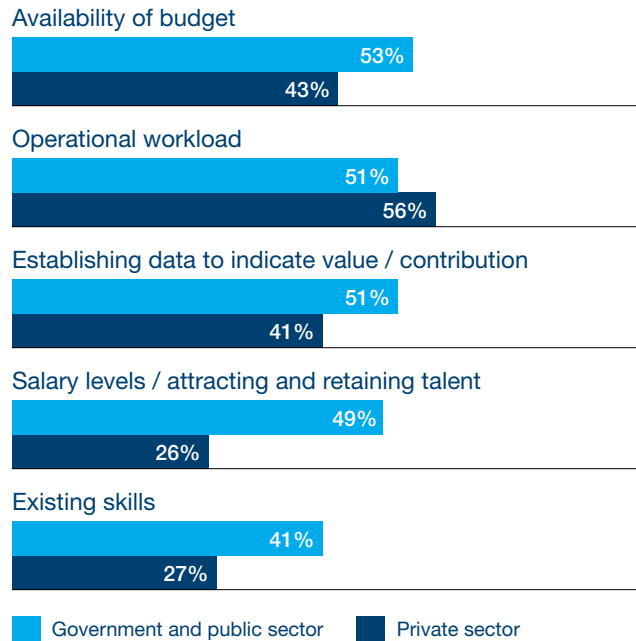
- 1** Number of suppliers with contract (11)
- 2** Negotiated savings / cost reduction (1)
- 3** Supplier performance (price, delivery, etc.) (9)
- 4** Contract compliance during performance (2)
- 5** Adherence to contracted specification or scope (3)

Barriers to improvement

What factors are constraining the performance of CCM groups and the development of improved capabilities in the government and public sector? Once again, there is overlap between public and private sector, but also notable variations, particularly in terms of severity.

The top five barriers in the public sector, with comparative data for the private sector, are:

Top five barriers



The much stronger emphasis on people-related issues is evident. Beyond this, the top three issues are potentially connected – operational workload preventing improved analysis or research to establish value, which in turn limits the ability to develop a compelling business case for budget – or perhaps even an understanding of what budget is needed. The challenge with establishing data is partly based on the areas where measurement currently occurs, but it is also constrained by the limitations of existing technology, which frequently takes the form of transactional procure-to-pay systems.

Conclusions

Government and public sector agencies have made substantial progress in developing CCM capabilities, but this report indicates that the process is inconsistent and incomplete.

The culture created by a rules-driven model for public procurement continues to operate as a constraint and, in many cases, the CCM role does not appear to have been fully accepted, understood or developed. In a majority of the organizations providing input, it tends still to operate primarily at a transactional level, often either subservient to, or performed within, traditional Procurement or Program Management teams, with roles and responsibilities apparently unclear or fragmented.

Weaknesses such as these are preventing many of the actions needed for more rapid progress – such as a sustained skills uplift in both commercial and contract management; a shift of measurements and the key performance data that is collected; a sustained focus on process simplification and streamlining; goals and objectives focused on value delivery and risk prevention.

There is no question that government and public sector agencies must become more creative and adaptive, as well as being equipped to manage the ongoing shocks and disruptions of modern economies and geopolitical conditions, including the demands of implementing the ESG principles.

To realize the public sector's goals, there will be a high dependency on strong and sustainable external supply relationships. Achieving this will depend on the ability to build new levels of collaboration and transparency,

operating with a greater variety of commercial and contracting models, each of which demands distinctive operational capabilities and procedures. Public sector groups are not alone in facing this challenge, but the data shows that they are in many cases some distance behind the private sector in terms of readiness.

The need for continued investment is high, but unless some of the more fundamental improvements indicated by this report are addressed, any investment may have limited impact.



To navigate economic shocks, geopolitics and ESG demands, the public sector must become more creative and adaptive.

About World Commerce & Contracting

World Commerce & Contracting is a not-for-profit association dedicated to helping its global members achieve high-performing and trusted trading relationships. With 75,000 members from over 20,000 companies across 180 countries worldwide, the association welcomes everyone with an interest in better contracting: business leaders, practitioners, experts and newcomers. It is independent, provocative and disciplined existing for its members, the contracting community and society at large.



Benchmark sector-specific reports

This report is one in a series of 10, based on data extracted from WorldCC's *Benchmark Report 2021*. Each report provides in-depth visibility into CCM capabilities for the following sectors:

- Aerospace and defense
- Banking, insurance and financial
- Engineering, construction and real estate
- Health and pharma
- Manufacturing and processing
- Oil, gas and energy
- Government and public sector
- Services, outsourcing and consulting
- Technology and software
- Telecommunications.

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