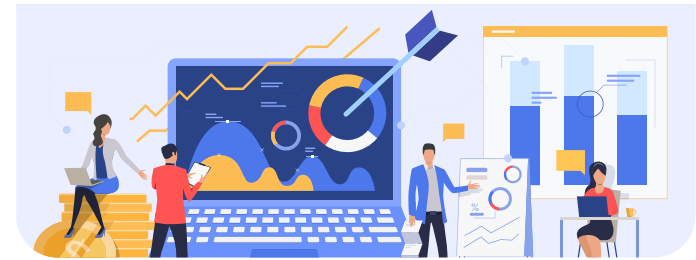


Tail Spend Management



Unleashing Value in Procurement:
The Tail Spend Revolution
Powered by SDI and Fairmarkit



Fairmarkit

Introduction

In the complex landscape of procurement, tail spend – the numerous small, infrequent, and **unmanaged purchases** that collectively account for a substantial portion of a company's spending – often flies under the radar. Despite the potential for cost savings, increased efficiency, and enhanced control it represents, tail spend has been traditionally overlooked due to its fragmented nature and low individual value. However, this under-served area of procurement is where SDI and Fairmarkit saw an opportunity to drive transformation.

The Imperative for Change

“When we look at tail spend,” **John Delligatti**, SDI's Digital Supply Chain Transformation leader, once noted, “we see a significant opportunity. Not just for cost savings, but for transforming how procurement operates.”

This transformation is desperately needed. The traditional procurement approach tends to focus on the top 80% of spend, while the remaining 20% – the tail spend – is often **ignored and unmanaged**. This mismanagement is typically due to a variety of challenges, including inaccurate, unreliable and fragmented data, a large number of SKUs across numerous suppliers, lack of category expertise, ineffective controls, and lack of visibility or interest from leadership.

Tail spend often only gains attention when excess inventory, inflated shipping fees, or a product outage disrupts operations, leading to a flurry of short-lived, reactive measures. Once the immediate crisis is resolved, however, tail spend reverts to being ignored. This cycle of **‘chasing the tail’** is not only inefficient but also costly. According to **Proactis**, a 5% savings on tail spend could equate to a 10% increase in net profit.

“This transformation is desperately needed.”



The Power of Collaboration

Recognizing the need for a more effective solution, SDI and Fairmarkit decided to **pool their resources** and expertise. By combining SDI's 50+ years of experience in maintenance, repair and operations (MRO) supply chain services with Fairmarkit's cutting-edge autonomous sourcing platform, they aimed to provide a comprehensive solution for managing tail spend.

Erin McFarlane, Fairmarkit VP of Product Innovation, recalled the situation many clients found themselves in. "Our clients were struggling with managing tail spend. The manual processes were time-consuming, and the lack of visibility made it difficult to control costs or ensure policy compliance."

Fairmarkit Managed, powered by SDI: Transforming Procurement

The **collaboration** results in a unique blend of tech and talent. This service brings all tail spend under strategic management, introducing a high level of control and visibility. It is a high-impact, low-disruption solution that offers a simple, low-risk way for organizations to manage their tail spend, freeing up internal resources for more strategic activities.

“...the lack of visibility made it difficult to control costs or ensure policy compliance.”



The True Value of Managing Tail Spend

A study by **HCMWorks** found that almost three-quarters of C-level executives in firms with revenues of over \$1 billion annually reported they had little to no visibility or insight into their firm's indirect expenditures, which can represent anywhere from 20-40% of a firm's revenue.

Addressing this gap, Fairmarkit Managed powered by SDI, increases the percentage of procurement outlays "under management" which according to a **CPO Agenda** study, is just an average of 60.6% currently. Research suggests that for every dollar that is placed under management of the procurement department, the average enterprise sees a benefit of between 6% and 12%.

Conclusion

SDI and Fairmarkit have not only addressed an overlooked area of procurement with their tail spend management solution but also signaled a new era of strategic sourcing. By combining technology and expertise, they have created a solution that **delivers** substantial savings, **minimizes** procurement chaos, and **accelerates** digital transformation.

"Fairmarkit Managed is much more than just a solution for managing tail spend," explained **Chris Moore**, CEO of SDI. "It represents a shift in how we approach procurement, transforming it from a cost center into a **strategic asset**. By introducing control and visibility, we're not just saving money; we're enabling a level of strategic decision-making that was previously impossible."



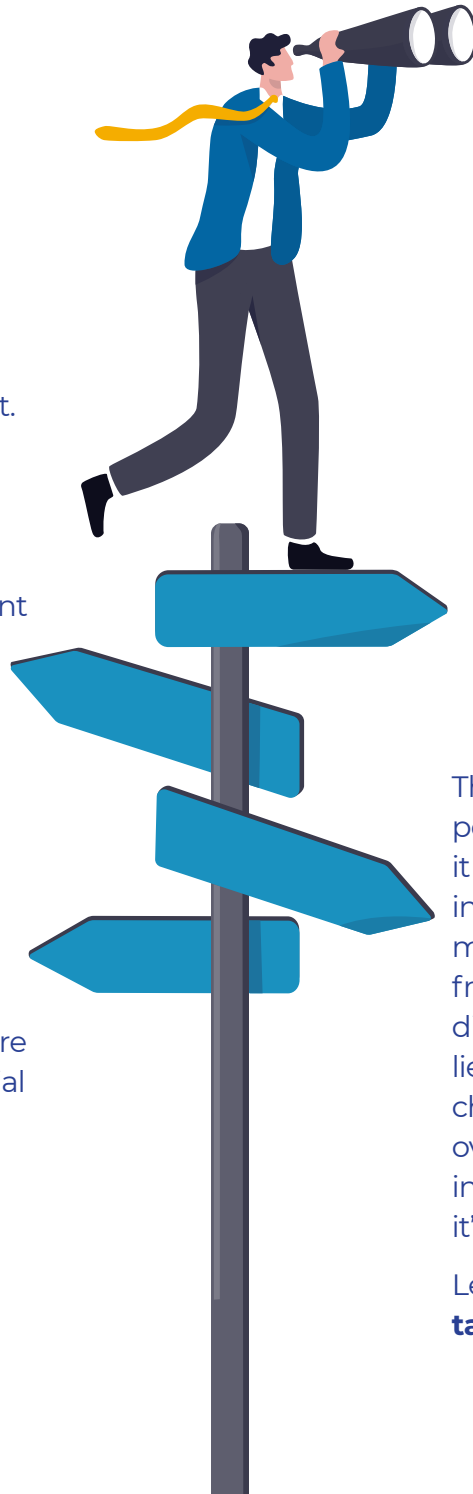
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The Road Ahead

Looking ahead, **Fairmarkit Managed** powered by **SDI** is set to redefine procurement and supply chain strategies, particularly in an era where autonomy, efficiency, and transparency are paramount. The combination of SDI's deep expertise and Fairmarkit's innovative technology not only tackles the immediate challenges but also lays the groundwork for a more resilient, agile, and future-proof procurement ecosystem.

"With this service, we're not just addressing the here and now," said **Kevin Frechette**, CEO of Fairmarkit. "We're paving the way for the future of procurement – one where strategic sourcing, powered by digital transformation, is the norm, not the exception."

The tail spend revolution powered by SDI and Fairmarkit is just the beginning. As more organizations start to recognize the potential of managed tail spend, it won't be long before this becomes a standard practice in procurement, bringing **significant value** and **competitive advantage** to those who choose to embrace it.



“We’re paving the way for the future of procurement.”

The promise of Fairmarkit Managed powered by SDI goes beyond cost savings; it is about **unlocking new possibilities** in procurement and supply chain management, transforming these functions from tactical necessities into strategic differentiators. The **future of procurement** lies in solutions like these, which transform challenges into opportunities and turn overlooked areas into sources of value and innovation. The era of ‘chasing the tail’ is over; it’s time to lead the way forward.

Learn more at
tailspend.com.



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