




# Strategic Sourcing

Transforming Vendor Spend to  
Increase Value and Reduce Cost





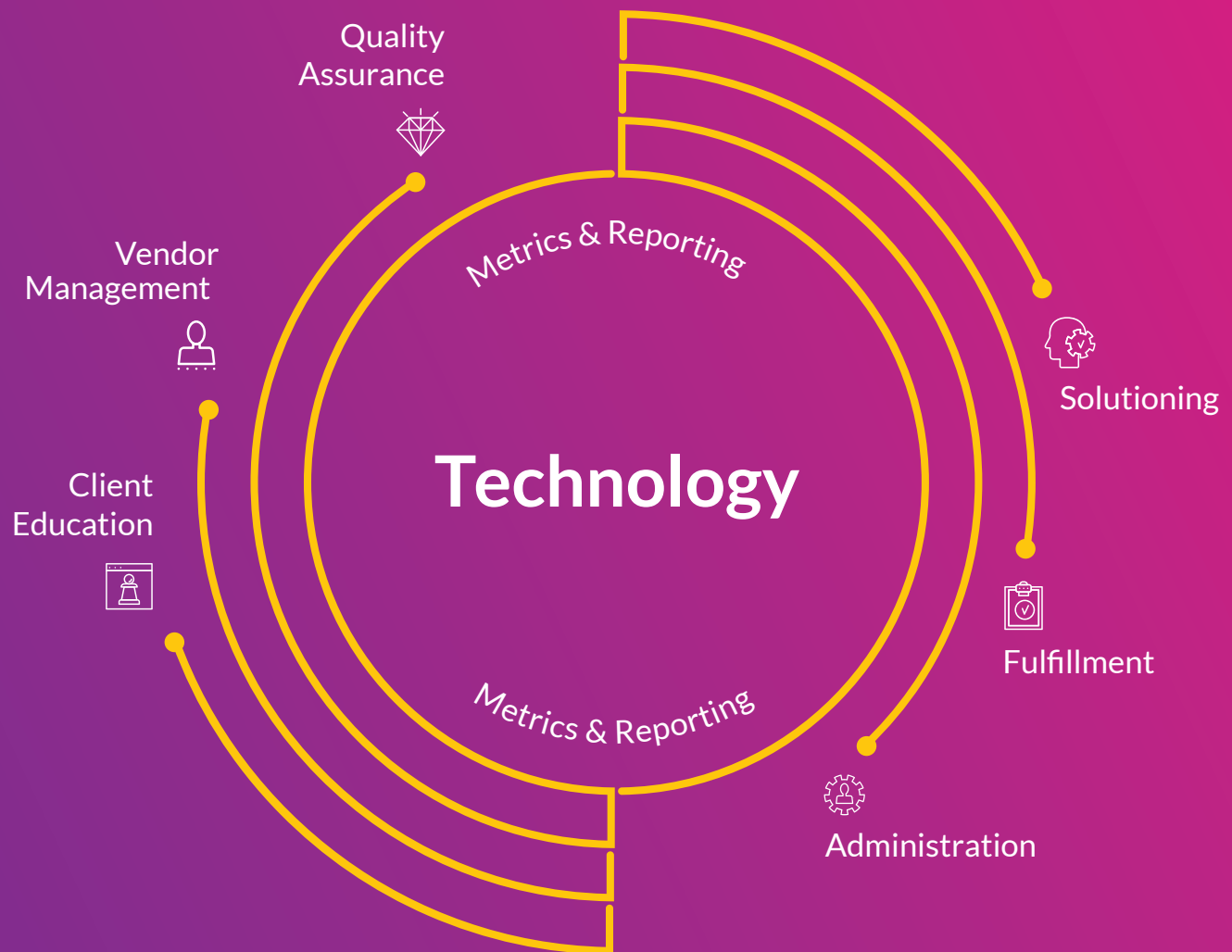
## Vendor provided training is perhaps the largest unmanaged spend within the training function.

### NIIT's Strategic Sourcing Service

NIIT's Strategic Sourcing service addresses the entire lifecycle of vendor provided training. NIIT's clients receive cost reduction, access to a leading collection of learning providers and a full suite of support services including selection, measurement, and knowledge management. Whether internal or external, your budget for learning is an investment; our approach, processes and technology ensure that our clients get the highest returns for that investment.

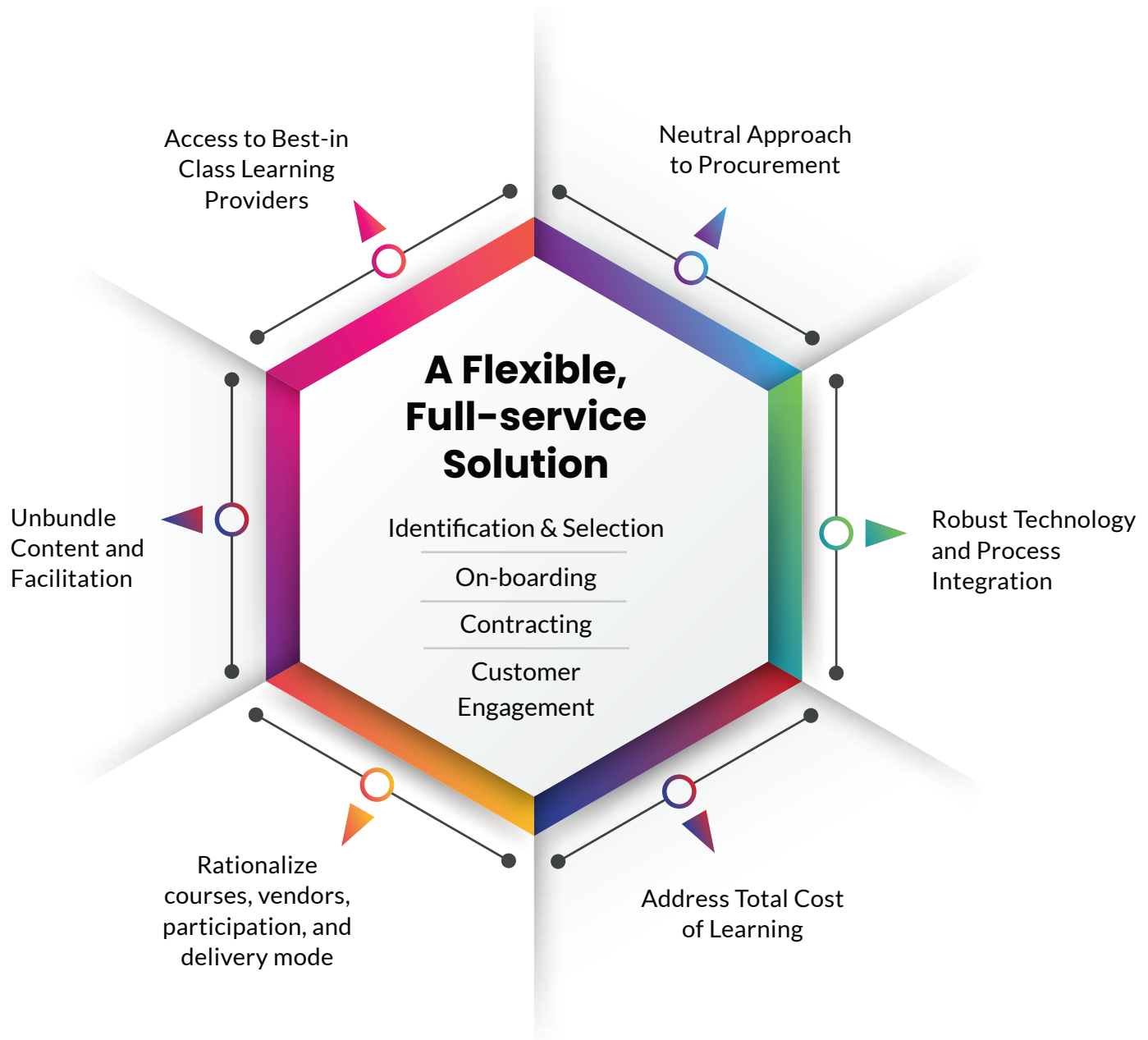
### A Neutral Approach

In our approach, NIIT does not own any content - we utilize third-party providers. The best solution is identified rather than our content being "pushed" to the client, preventing bias or a conflict of interest. Third party training providers won't be reluctant to participate as they won't see competitive barriers with the neutral provider. Customers can benefit from NIIT's expertise in providing vendor management/Strategic Sourcing services.





## A Differentiated Service



# Cost and Value Inhibitors

## PROCESS COSTS

This category includes the activities and resources required to select, contract, and manage third-party providers. These can be both within and outside the learning organization. With our approach, this time and resource can be recaptured and/or redeployed to higher value activities.

## INCONSISTENCY

When a similar training need across the organization is satisfied with multiple vendor solutions, the training need is satisfied in an inconsistent manner. In other words, it's not helpful when different people in your organization get trained on different content from different vendors for the same skills. It will also likely be satisfied at different costs. By assuring that common needs are satisfied by common vendors, our approach ensures consistence and leverage.

## LOST LEVERAGE

By not managing vendors across business units or geographies, our clients frequently miss out on volume price reductions or special services. NIIT understands that providers treat their largest customers differently. By taking a full enterprise approach, we seek, when appropriate; to always ensure that our clients are in this category.

The easiest way to understand the cost of third-party providers is by examining direct costs, that is, their bill to you. However, NIIT believes that this view fails to capture a full picture of what we call Total Cost of Learning (TCL). Specifically, this approach ignores several categories of cost that are inhibiting our clients from achieving the maximum business value from their investment.

## LOST VALUE

The universe of learning vendors is a constantly changing and evolving one. Because of this, our clients often feel overwhelmed by the choices available to them. Frequently this results in lower quality vendors being selected due to familiarity or convenience. Our full-time selection, management & client education team ensures that vendors are constantly being evaluated & that the results of those evaluations are shared with clients. This ensures that only the highest quality learning solutions are delivered.

## LOST ORGANIZATIONAL KNOWLEDGE

Vendors frequently work with multiple areas of an organization. Knowledge about this work, both positive and negative, is often not captured & shared between business lines or geographies. With our full lifecycle approach and measurement process, any and all information about a vendor's performance within an organization, and even between our clients, is available to all our clients to assist in making the appropriate selection.



# Reducing the Total Cost of Learning (TCL)

NIIT's Strategic Sourcing service addresses the Total Cost of Learning (TCL). Over the past decade, learning organizations have made some progress in optimizing the value they receive from their investments on learning. The industry now has more refined approaches to content development, training administration, and evaluation. In contrast, we believe that off-the-shelf ILT may represent the largest L&D spend that is yet to be optimized. One of the reasons for this is a failure by vendor managers to recognize and solve for the TCL.



Acquiring and/or developing new e-learning based on NIIT's industry-recognized design methodology will ensure that training is tightly linked to business needs and delivers measurable value.



Reducing the amount of time employees spend in training returns those employees to their jobs, and therefore positively impacts productivity.



Rationalizing curricula and vendors will increase the consistency of the training across the organization.



Utilization of best in class strategic partners from NIIT who are focused on performance improvement will improve the value of the training being delivered.



Eliminate time & effort of internal resources performing vendor related activities & learning administration and returning that time to the business, thus improving productivity and/or reducing resources & realizing cost reduction benefits.

TRANSFORMATIONS	IMPACT		POTENTIAL SAVINGS
	Reduction in Direct Cost	Reduction in Indirect Cost	(%)
Rationalize Courses	✓		5 - 10%
Rationalize Vendors	✓	✓	3 - 7%
Rationalize Participation	✓	✓	5 - 10%
Restructure Delivery Mode	✓	✓	10 - 20%
Eliminate Scrap	✓	✓	3 - 5%
Unbundle Content & Facilitation	✓		10 - 20%
Make v/s Buy	✓	✓	15 - 20%
Eliminate internal staffing requirements and reduce process costs	✓	✓	2 - 5%

## Strategic Sourcing Transformation Story

### 73% Reduction in Overall Number of Vendors

One of the key challenges for the L&D organization of a leading oil and gas company was to manage the long tail of over 1500 suppliers. NIIT's comprehensive Strategic Sourcing Services have enabled the organization to centralize and optimize the number of L&D vendors for external and third-party training by 73% while rationalizing the portfolio and improving process efficiency at reduced costs.





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