

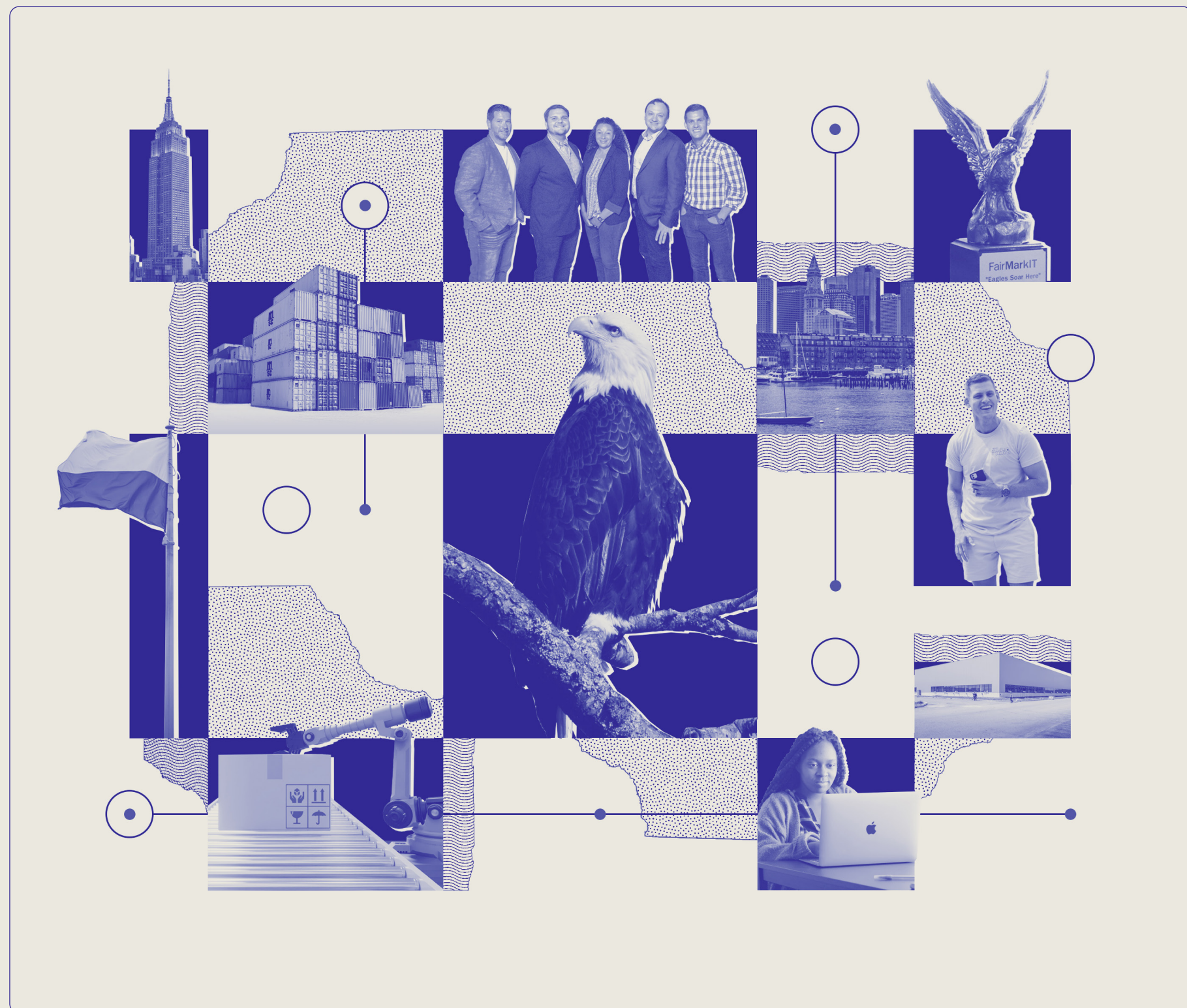


# Fairmarkit

Leave Tail Spend to Us.

SPECIAL EDITION

## SERIES C ANNOUNCEMENT



## Series C Announcement

**PAGE 2**

## BT + Fairmarkit Case Study

**PAGE 4**

## Preview: State of Procurement 2023

**PAGE 7**

## Q&A with Amit Fernandes

**PAGE 8**



# Series C Announcement

Boston, MA, September 1, 2022



Fairmarkit, the automated sourcing platform that is transforming the procurement of goods and services for enterprises, today announced a \$35.6 million Series C investment, bringing its total funding to date to \$78 million. The round was led by OMERS with participation from existing investors GGV Capital, Insight Partners, Highland Capital Partners and ServiceNow. The new capital will further fuel Fairmarkit’s rapid growth through strategic hiring, increased technology partnerships and product development. The company is optimizing the platform for all sourcing events and plans to add the same level of intelligence to payments, bringing customers closer to full autonomous sourcing. In addition, Fairmarkit was recently added to the 2022 Inc. 5000 fastest-growing private companies list, ranked 159.

Fairmarkit is an AI-enabled procurement platform built for sourcing lower-dollar, non-strategic purchases, or “tail spend,” more efficiently. Tail spend in an organization can make up 80% of purchases, account for 80% of suppliers and 20% of budget. With its SaaS platform, Fairmarkit centralizes supplier data and leverages its machine learning recommendation engine to match business needs to relevant suppliers who submit competitive quotes.

This reduces traditional manual efforts by offering templates and automating steps of RFQs, RFPs, and Reverse Auctions, eliminating the need for buy desks. Its platform also integrates with leading ERP systems like Ariba, Coupa, Oracle, SAP and ServiceNow.

“Our system was built specifically to focus on the high volume purchases that can require long purchase cycles and largely go unmanaged and ignored by enterprise procurement teams, who have traditionally relied on enterprise technology that is clunky and manual,” said Kevin Frechette, co-founder and CEO of Fairmarkit. “We realize that the current economic climate has put a strain on our customers to do more with less, as every line item is being scrutinized for cost saving and every opportunity to drive operational efficiencies is being pursued. This investment will help accelerate the impact our platform will have on our customers’ bottom lines.”

According to Forrester, US B2B e-commerce spend will reach \$3 trillion by 2027. Companies are increasingly relying on automation for better visibility and faster turnaround times for procurement versus continuing to add people. A 2022 Gartner report states that more than half of supply chain or-

ganizations will use machine learning to augment decision-making by 2026 and enterprise spending on e-sourcing is forecast to grow at 14% CAGR.

“Organizations are being forced to rethink global supply chains and find innovative solutions to complex procurement challenges now more than ever,” said Warda Shaheen, Director, OMERS Growth Equity and newly appointed Fairmarkit Board Observer. “Fairmarkit offers a solution that enables enterprises to be more efficient and achieve disciplined spend, which is critical to long-term growth and survival. We’re proud to lead the company’s Series C round and excited to partner with Kevin Frechette and the Fairmarkit team on this next stage of growth.

Over the past year, Fairmarkit’s customer spend has increased fourfold on the platform, with an average sourcing event size of ~\$10,000. In addition, Fairmarkit’s go-to-market partnerships with Accenture, Capgemini, Ernst & Young, Hackett Group and KPMG have contributed to achieving more than \$844 million in customer sourcing spend through the platform in FY 2022. Today, the company serves more than 50 enterprises, including BP, British Telecom, Cabot Corpora-

tion, Emirates Flight Catering, Vattenfall, Refinitiv, and Snowflake. Fairmarkit’s customers have experienced a 10%+ cost savings on purchases and a 60%+ reduction in manual efforts. To meet growing demand, the platform has added multiple languages and scaled customer support functions for continued ease of use globally.

“At ServiceNow, we are always looking to partner with companies that are pushing the limits on automation and disrupting legacy business processes through innovative technology,” said Philip Kirk, Head of ServiceNow Ventures. “We saw this first hand as a customer of Fairmarkit. This made Fairmarkit and ServiceNow a natural fit for a partnership, as we see the massive potential value to jointly modernize the sourcing process for our customers.”

Co-founded in 2017 by CEO Kevin Frechette, COO Tarek Alaruri, and CTO Victor Kushch, Fairmarkit is headquartered in Boston, MA and has offices in New York and Poland. Since its Series B investment in 2020, Fairmarkit has doubled its workforce with more than 120 current employees globally. The company continues to expand its team and is hiring for roles across all Departments.





**SERIES C PARTY**

September 1st, 2022







# BT + Fairmarkit Case Study

BT wanted to rapidly digitize their procurement systems, bringing more spend under the management and monitoring the procurement function while making life easier for the thousands of purchasers around the organization. Adam Brown, Sr. Transformation Manager and CPO Cyril Pourrat identified tail spend as a key candidate for helping procurement realize major savings and add value.

“We tend to have a long tail of spend. We’re using lots of suppliers all over the world, and we have to onboard every one of them. So, the challenge is to effectively manage the tail without adding complexity or effort to either the procurement team, or buyers located throughout BT,” says Brown.

Their goal was to implement an automated system that gave power and ownership to BT staff around the world, while also providing a better way to track and monitor spend. Brown says a big part of BT’s interest in Fairmarkit was that it dealt with a critical requirement of BT’s: how to make the procurement process minimal touch for staff and effortless for buyers. “If we could do the transactional piece with minimal touch from the procurement team, then we could free them up to drive more value,” he says.

BT found savings with Fairmarkit by intercepting the purchase requests of already-committed spend. “We found hard cost savings—not some esoteric or theoretical ‘potential’ savings,” says Brown. In short, BT was able to use Fairmarkit to examine committed budget and reduce costs in real time.

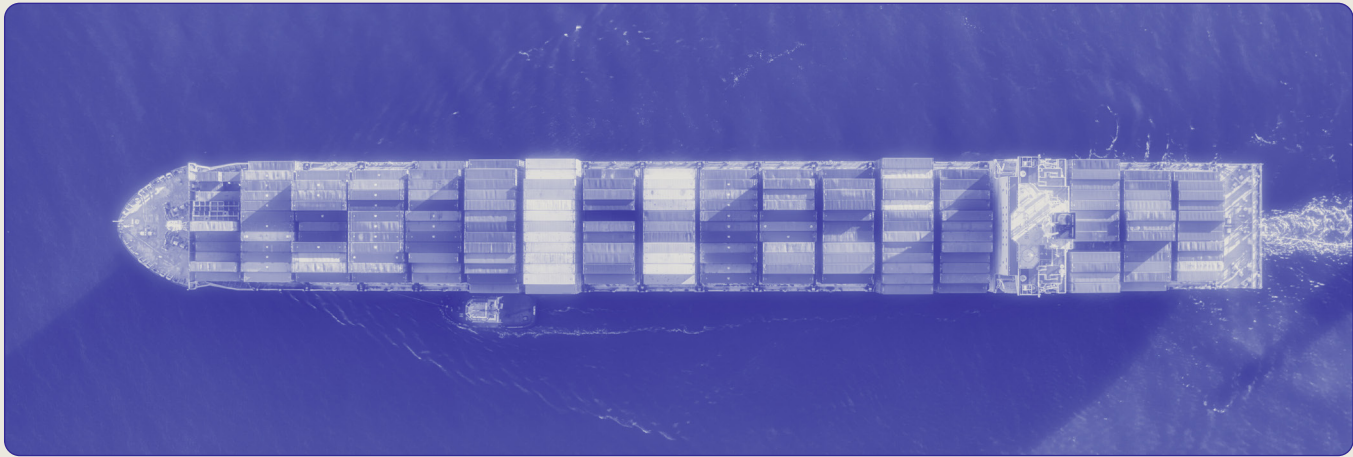
“I’m very excited about how this now evolves across our business in countries beyond the US and UK,” says Brown. “It’s exciting to know that we will soon see that come to fruition and start driving savings around the world. My goal is for many categories of spend, BT will move to a fully automated, zero touch world.”

He envisions Fairmarkit’s Autonomous Sourcing functionality dramatically helping buyers across BT to find and vet suppliers, raise purchase requests in real time, generate contracts and purchase items that are automatically validated with the company’s rate card and compliance criteria. The BT procurement team believes the Fairmarkit platform and analytics will be useful for gleaning deep insight into the organization’s sourcing and spend. Their goal is to reduce the manual work required to produce reports while at the same time increasing the visibility of sourcing through a central dashboard and the ability to quickly generate data-driven reports.

Read more on [Fairmarkit.com](https://www.fairmarkit.com) →







# Customer Spotlight: Efficiency



## INTEGRATIONS

Efficiency has been and will continue to be the cornerstone of procurement success. When British Petroleum (bp) implemented Fairmarkit, their main objectives were to make their RFx processes more efficient, reduce their cycle time and save money. bp’s Nick Wright says that “Fairmarkit has allowed us to do the same amount of work but with less people and what we’ve been able to do is repurpose those people onto more high-value tasks as opposed to transactional day-to-day activities.” The integrated ERP system immediately transfers all information from Fairmarkit back into their system without having to manually enter any information, reducing their cycle time by 50%. Fairmarkit doesn’t just provide integrated technologies, but manages the process throughout. When PCI Pharma joined, Fairmarkit handled the implementation from start to finish, without draining internal resources. Having systems that seamlessly communicate through integrations or data analytics that are automatically emailed to stakeholders allows companies like bp and PCI Pharma to work more efficiently.



## AUTOMATION

Fairmarkit uses automation to remove manual steps from the source-to-award process, such as Supplier Recommendations, automated-bundling, automated-sending, and automated-awarding to drive up to 40% cycle time reduction. Beyond integrations, Fairmarkit’s AI/ML studies buying teams behaviors, preferences, and configurations and can support and automate the procurement process. Emirates Flight Catering is responsible for servicing all aircrafts that land in the airports of Dubai. With such a fast-paced and complex process, Henry Shepperd set out to find the right technology to ensure his teams were working as efficiently as possible and that they had the right intelligence to do so. Shepperd weighed the benefits of outsourcing their tail spend or using RPA but ultimately, what they “lacked was intelligence though, and so when we saw the machine learning solution that Fairmarkit was providing, we recognized a competitive advantage that we could get,” he says. Our autonomous sourcing functionality allowed Emirates to repurpose their attention on high value or complex transactions and automate low-value, repetitive tasks. In doing so, complex requests were dealt with without backlog and consistent quotes were autonomously bundled, sent and awarded.



## INTELLIGENCE

With global supply chains, thousands of suppliers, and buying teams manually processing items of both strategic and mundane importance, finding ways to improve efficiency drives success for procurement teams. Communication between buyers and suppliers alone is a driving factor for inefficient sourcing processes. After acquiring three companies in two years, PCI Pharma’s services grew rapidly and they suddenly had teams across the globe. This growth made visibility into spend and consistency in processes difficult. Fairmarkit “gave [PCI] the opportunity to maximize our labor so that we could likely go years before having to add additional people to buy in the MRO space, regardless of how large our sites actually expand,” says Al Moss. Utilizing Fairmarkit’s Supplier Recommendation technology, PCI Pharma benefited from the machine learning capabilities which suggested suppliers based on both their existing master vendor list and Fairmarkit’s growing database. By minimizing intervention and streamlining processes and communication, Fairmarkit allowed PCI Pharma to expand globally without adding headcount, creating a more efficient end-to-end sourcing process that serves all teams.



# What is tail spend and how can we manage it?

Written by Kevin Frechette

Tail spend, a concept that is common in procurement departments but rarely optimized, is finally getting its time in the spotlight. By having a sound tail spend management strategy, a procurement department can become a key competitive advantage for an organization. In a down economy when cost-cutting is a high priority, the best savings opportunities lie in areas of indirect spend, which have been relatively unexplored in comparison to overly-negotiated direct materials.



## WHAT IS TAIL SPEND?

Tail spend is often defined as the money a company spends on purchases that account for roughly 80% of total transactions, which makes up about 20% of the company's spend by volume. There is no one size fits all definition for tail spend across different businesses, or even across one business, simply because every organization and business unit's spending is unique. What is considered tail spend in one category may not be the same in another. Tail spend can include anything from maverick spend to misclassified purchases, so it's important to identify what tail spend is and define what it means in your organization.

## WHAT IS MAVERICK SPEND?

Maverick spend is spend that is not under contract, not managed by procurement, and is noncompliant. Also known as rogue spend, maverick spend is a type of tail spend that can be a major cause of bloated spending at a company. P-card purchases are often a major source of maverick spend. These types of purchases usually are part of tail spend, but require a different set of strategies to get under control.

## WHAT ARE THE DIFFERENT WAYS TO DEFINE TAIL SPEND?

- **Defined based on spend threshold:** Any vendor with an annual spend below an arbitrarily defined number. This can range anywhere from \$100k to \$1 million, depending on the size of the company and its spending.
- **The 80/20 rule or the Pareto principle:** Procurement departments always have more incentive to focus on large, multi-year contracts because of the larger savings realized. Yet this leads companies to basically ignore almost 20% of their budget. This unmanaged spend is typically considered the 80% of transactions that constitute 20% of a company's spend, otherwise known as the Pareto principle. Some organizations may be at 70/30 or 90/10 but the pattern is generally the same.
- **Not actively managed spend:** Tail spend can very simply be defined as any vendor that is not being actively or strategically managed by procurement.

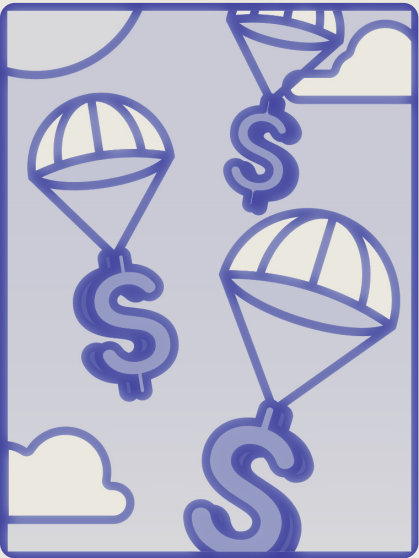
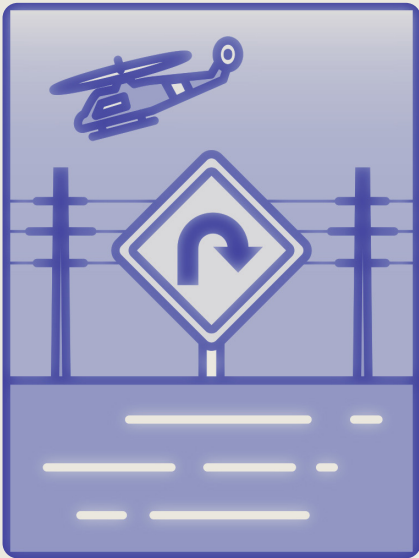
## HOW DO YOU MANAGE TAIL SPEND?

- **Identify your tail spend:** Identify and define what tail spend means for each business unit at your organization so procurement can take the appropriate steps to effectively manage it, optimize it and measure it.
- **Streamline internal processes around tail spend:** In order to save money and gather relevant data, it is imperative to have centralized processes and ensure they are enforced. Streamlined processes mean better payment terms with preferred suppliers across departments and can lead to more strategic buyers within your organization.
- **Put your procurement data to work:** Once you've streamlined your internal processes, organizing, classifying, and analyzing spend data will lead to greater spend awareness, informed purchases, and business decisions.

## WHAT ARE THE BENEFITS TO MANAGING TAIL SPEND?

By properly managing tail spend, some of your biggest cost and time savings can ultimately come from your smallest purchases. Utilizing digital technologies, such as intelligent sourcing, to source, track, and manage your tail spend, the result is greater cost savings, risk reduction, and efficiency. According to Boston Consulting Group, companies that used digital data to manage tail spend cut annual expenditures by up to 10%. Gartner shared that procurement teams that successfully managed their organization's indirect spending in 2019 delivered a return on investment of 6.88x and a savings rate of 6%. But teams managing only direct spend delivered a procurement ROI of 5.46x and savings rate of only 4%. New and innovative technology that leverages automation, artificial intelligence, machine learning, and structured data is transforming the way buyers are purchasing and optimizing tail spend. By having a sound tail spend management strategy, a procurement department can become a key competitive advantage for an organization and allow the company to beat out competitors lacking a tail spend management practice.





## Preview: State of Procurement 2023



While 2023 will be a time of growth and recovery for some, it is a year not without its perils. Smart procurement professionals are blazing trails despite economic twists and turns, but the message for 2023 is clear: Expect—and plan for—the unexpected.

Through the lens of procurement, the world has become volatile, uncertain, complex, and ambiguous. The challenge geopolitics brings to procurement, said Walgreens Boots Alliance CPO Jim Townsend, is that “things we believed were constant in the past are no longer constants now.” The difference now for Townsend, however, is that procurement professionals have technology which enables them to look at old problems in a different way. “The modern procurement professional’s playbook enables us to figure out the answers,” said Townsend.

Global management consulting firm Kearney warns that current strategies are increasingly at risk of “collapsing under the weight” of their own complexity. The future of procurement is in such advances, says Kearney: automating basic procurement tasks, providing insightful data and ideas that can drive business strategy, and embedding procurement into an organization’s culture. For Townsend, “there is no one tool that would foresee all of the issues you will face as a procurement professional. The

key is understanding how to use the tools you have to extrapolate information that can be actionable.” Current procurement tools provide professionals with a way to address today’s challenges in a way different from how they were faced in the past.

The goal, said Townsend, is to use procurement tools and data to understand more about the inherent risks that exist in the supply chain and respond more quickly to emergent situations. “If you can’t do critical thinking, then the technology is essentially useless,” he said. “People say data is king, but I 100% disagree with that,” said Jordan Turner of Gartner. “Data is the throne. The King is the person who can interpret all that data and make the best business decision.” The key, says Townsend, is to figure out procurement’s role in your company and focus on things that you can do to deliver that performance.

[Read more in our ebook →](#)





# Q&A with Amit Fernandes

VP of Product Management

**LOOKING BACK OVER THE  
LAST YEAR, WHAT ARE YOU  
MOST PROUD OF AT  
FAIRMARKIT?**

Our collective growth mindset. Over the past year, the product teams have come together to ship over 9 major product releases, and over 70 enhancements to drive valuable outcomes for our customers. As a result, over the past year our customers have processed over 2x more transactions through Fairmarkit as compared to the previous year. I am proud and appreciative of how we are helping our customers to tame their tail spend by automating a vast volume of their transactions, while helping them to achieve an average of 11% savings.

**NOW LOOKING FORWARD,  
WHAT ARE YOU MOST EXCITED  
ABOUT FOR THE COMING YEAR  
AT FAIRMARKIT?**

I am excited to see us consolidating our leadership status in autonomous sourcing. As we look ahead, we will enable task automation by recommending the optimal design of sourcing events based on end user preferences and their past behavior. We are also driving tools that guide business users to build effective & compliant sourcing events, by leveraging the power of recommendations and data already available within the organization. Finally, we will be enabling our suppliers to accelerate their business through Fairmarkit by integrating with their key systems to minimize errors during quoting and to reduce the time they take to submit quotes.

**WHERE DO YOU ENVISION  
FAIRMARKIT IN THREE  
YEARS?**

Three years from now, I see Fairmarkit as the gold standard for autonomous sourcing platforms to source goods & services. Fairmarkit is accelerating towards becoming the one-stop shop for automated RFx sourcing which includes RFQ, RFI, and RFP. Furthermore, we already support auction use cases that complement the aforementioned RFx sourcing events. We are also adding the ability to purchase directly from pre-negotiated catalogs via Fairmarkit. Last but not the least, we are adding inline collaborations with several B2B goods & services marketplaces to enable our customers with access to a virtually unlimited number of suppliers that they can reach when they source their events through Fairmarkit.

**WHAT EXCITES YOU  
ABOUT SERIES C AND WHAT  
DOES IT MEAN TO PRODUCT  
DEVELOPMENT?**

The series C powers us to accelerate our medium-term vision to automate sourcing for our customers and our supplier partners. Our customers are entering an uncertain business environment with core business elements around them changing for the first time in over a decade. Over the next few years, businesses will be challenged to maintain and/or to exceed expectations with the prevailing resources they have today. As a result, procurement teams need to think innovatively to meet prevailing expectations of their business users that will be difficult to change overnight. Holding nothing back in our mission to enable procurement teams to innovatively embrace a partnership with their business teams, and enabling our suppliers to sell a lot more through Fairmarkit will be some of the biggest outcomes this Series C will help us to accelerate.





# Fairmarkit Word Scramble

OSUTUOOMAN:

AITL DENPS:

ADTA IYIIVBT LIS:

UQERTES OFR SQUET:

DOECSTNMAINOERM:

RSIPUEPLS:

NEATIIGSNORT:

RQUEEST ROF RLPOPSAOS:

IPSLRUPE RVEYSIDIT:

## Autonomous Sourcing in Fairmarkit



### AUTOMATED BUNDLING

In an effort to remain innovative, efficient and competitive in today’s complex and ever-evolving procurement landscape, the move towards autonomous sourcing offers answers and solutions. By optimizing your requests into bundles, they are made more attractive to suppliers. Fairmarkit’s automated bundling capability reviews all newly created requests for your company to make the most efficient bundles of requests for supplier invitation. Recent studies show a correlation between total benchmark spend on requests and the number of bids received. Additionally, by bundling associated requests together, you are allowing suppliers to receive one notification to bid instead of many individual requests. This allows you to focus their attention and efforts into one single request. Both these benefits improve supplier response rates and can allow your events to be more successful.



### AUTOMATED SENDING

Cycle time reduction is one of the fastest ways to provide more value through increased efficiency and cost savings for your procurement team. The automatic bundling capability can be used with Fairmarkit’s automated sending capability. When using the automated sending feature, customers configure a schedule for how frequently they would like Fairmarkit to check for new draft requests that have been imported from their ERP system. Setting up this schedule can coincide with the bundling process or be set to ensure that new requests are sent out to suppliers as quickly as possible to ensure fast turnaround time on sourcing requests. Companies have the flexibility to enable this functionality for their entire organization or for only specific buyers within the company to allow targeting of specific groups that can benefit the most from streamlining the beginning of the sourcing process.



### AUTOMATED AWARDING

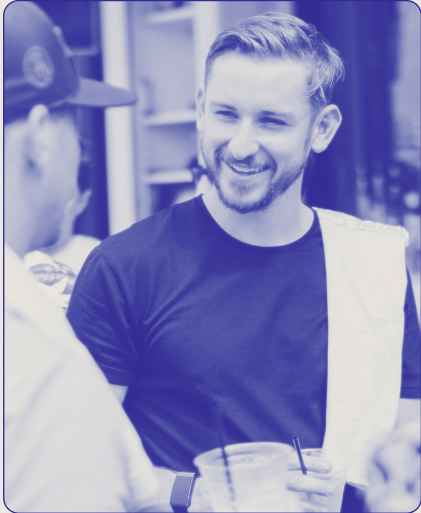
Through automating bundling, sending, and awarding, you can focus on strategic and valuable management and allow Fairmarkit to intelligently reduce manual work and friction points along the way. The final piece is Fairmarkit’s automated awarding. This feature provides the ability for your organization to define rules and weights that govern your item awarding decisions (if your ERP is integrated with the platform). Currently, the system can be configured to take price, lead time, and/or supplier business classifications into account when making an award. Additionally, this functionality can be configured to award either immediately after an event closes or after a specific time period passes. The goal is to assist buyers with saving time on the events where a straightforward decision can be made so they can focus on more detailed reviews or driving savings on more strategic purchases.





SUMMER PARTY

August 18th, 2021







# Inside Fairmarkit

## BOSTON OFFICE

After outgrowing 3 offices since Fairmarkit was founded in 2017, the Fairmarkit headquarters officially moved onto School Street in the Downtown Crossing neighborhood of Boston. Acting as the central hub for Fairmarkit, employees, partners, and customers come from near and far to meet in our beautiful space.

## POLAND OFFICE

At the start of 2022, Fairmarkit had offices located in both Belarus and Ukraine. After Russia’s invasion of Ukraine, our employees and their families were no longer safe, so Fairmarkit re-established an office in Poland and invited the families of approximately 25 employees to join us there. We are incredibly thankful for the safety of our employees and their families as well as their continued dedication to Fairmarkit.

## NEW YORK OFFICE

As we shifted to a more remote work structure, we suddenly had a gathering of employees in New York City. While we stay connected and engaged with employees across the globe, this summer we set up a new office on 57th Street and Lexington for all New York employees!

## REMOTE WORK



### TRISTAN DESCHLER

Dublin, Ireland

“I am based in Dublin, Ireland and get to meet all our colleagues when going to different events and with the recent addition of our co-working space we can get together easier to collaborate when it makes sense!”



### CONOR PRESS

Austin, Texas

“I am based in Austin working remote, but always feel connected to the Fairmarkit team! Between regular 1:1 video calls, in person team and company meetings, and also customer visits, a friendly face and helping hand are always available!”



### KARISHMA BARUA

Los Angeles, California

“I am based in LA and stay connected by helping plan offsites with the team like the West Coast offsite we just had in San Francisco!”

## MILESTONES

<b>FAIRMARKIT IS FOUNDED</b>	<b>FIRST CUSTOMER</b>	<b>SERIES A \$11M</b>
March 2017	September 2017	October 2019
<b>NEW NORTH STAR</b>	<b>FAIRMARKIT NAMED GARTNER COOL VENDOR</b>	<b>FAIRMARKIT INTRODUCES ADVANCED REPORTING</b>
May 2020	June 2020	September 2020



<div><div></div><div>SUPPLIER.IO PARTNERSHIP</div><div>October 2020</div></div>	<div><div></div><div>SERIES B \$30M</div><div>December 2020</div></div>	<div><div></div><div>SAP ARIBA INTEGRATION/ PARTNERSHIP</div><div>February 2021</div></div>
<div><div></div><div>MOST INNOVATIVE COMPANIES 2021 - FAST COMPANY</div><div>March 2021</div></div>	<div><div></div><div>FAIRMARKIT INTRODUCES RFP</div><div>April 2021</div></div>	<div><div></div><div>FAIRMARKIT INTRODUCES AUTONOMOUS SOURCING</div><div>March 2022</div></div>
<div><div></div><div>FAIRMARKIT INTRODUCES REVERSE AUCTIONS</div><div>April 2022</div></div>	<div><div></div><div>FAIRMARKIT RANKED NO. 159 - 2022 INC. MAGAZINE 5000</div><div>July 2022</div></div>	<div><div></div><div>SERIES C \$35.6M</div><div>August 2022</div></div>

EMPLOYEE SPOTLIGHTS



ERIN MCFARLANE

VP of Innovation & Product Partnerships

Rhode Island, USA



GREG TENNYSON

SVP, Strategy & Procurement

Granite Bay, California, USA



MADISON L. MOBLEY

Head of Employee Performance

Dallas, Texas, USA

WHAT DOES SERIES C MEAN TO YOU:

Series C means that we have built a solution that makes a real impact in an incredibly challenging corporate environment. The last two years have been a major challenge for procurement and supply chain professionals, and our success during this time illustrates how technology is able to address these complex issues.

It is validation. Our solution is relevant and resonates during very challenging economic times. And that the VC community buys in to have provided an infusion of cash to continue to scale and grow quickly and successfully as a company.

Series C affirms what I already know. Fairmarkit is doing meaningful, revolutionary work that triumphs in even the most tumultuous seasons.... In a way that's yet to be seen before... In a way that our investors, partners, and stakeholders believe in.

WHAT EXCITES YOU ABOUT SERIES C:

What excites me about this milestone is that it will give us the opportunity to innovate even more, bringing more competition and even playing fields to enterprise procurement and suppliers. With Series C, we will be engaging with more partners across the procurement landscape and developing products to help enterprise procurement organizations achieve new heights despite inflation and supply chain pressure.

The energy and momentum we are achieving are amazing. First time being on a startup rocket ship, and it is fun.

We have been blessed to partner with giants... The best in their respective industries... Companies like BT, BP, Amazon... Same time, we know we've only barely begun to scratch the surface of our capacity to affect global and systemic change. From how companies manage their tail spend, however they choose to define it, to how companies discover diverse and sustainable suppliers, and beyond.