

# Competitive Sourcing Outcomes for UK SMEs

## ABSTRACT

This paper presents findings from an analysis of competitive procurement events conducted through the Bundle IQ platform between January 2025 and March 2026. Drawing on transaction data from 40+ competitive sourcing events across seven major indirect spend categories, we report average savings of 19% against incumbent pricing, with significant variation by category, procurement route, and degree of supply market competition. We examine the relationship between specification quality, vendor response rates, and savings outcomes, and identify the category and organisational characteristics associated with highest-value procurement interventions. Findings are presented with appropriate caveats regarding sample size and selection bias, and a methodology for ongoing measurement is proposed.

## 1. Introduction and Methodology

*This paper presents empirical findings from Bundle IQ's first year of operational platform data. Unlike the secondary research synthesis presented in Paper 1 of this series, this paper draws on original transaction data — competitive procurement events run through the Bundle IQ platform — to establish evidence on the achievable outcomes of structured competitive sourcing for UK SMEs.*

Methodology: Data was collected from 40 competitive sourcing events conducted between January 2025 and March 2026. Events were included in the analysis where: (i) a baseline or incumbent price existed against which to benchmark the outcome; (ii) at least two vendor responses were received; and (iii) a contract was awarded and the saving was realised. Events where the buyer chose not to award, or where the incumbent retained the contract at an unchanged rate, are excluded from saving calculations but included in process metrics.

All savings data is calculated as the difference between the baseline price and the contracted price, expressed as a percentage. Where contracts involve variable elements (per-unit pricing, consumption-based charges), savings are calculated on the basis of the projected annual spend at the contracted rate versus the baseline rate. All data is anonymised; no individual organisations or suppliers are identified.

### METHODOLOGY NOTE

Sample note: 40 events represents an early-stage dataset. Findings should be treated as indicative, not definitive. Bundle IQ will publish updated findings quarterly as the dataset grows. The current findings are consistent with academic literature on SME competitive sourcing outcomes.

## 2. Headline Findings

**19%**

Average saving  
across all  
categories

**3.4**

Average vendors per  
competitive event

**72hrs**

Average time from  
brief to shortlist

**94%**

Events resulting in  
a saving vs baseline

### 2.1 Savings by category

*Table 1 summarises average savings by category across the analysis period. IT Support and Marketing & Creative show the highest average savings, reflecting the combination of high market competition, significant price dispersion among suppliers, and a tendency for incumbents to be retained without competitive review for extended periods.*

- IT Support & Managed Services: 22% average saving (n=12)
- Marketing & Creative services: 25% average saving (n=7)
- Insurance (all classes): 21% average saving (n=6)
- Legal Services retainers and project work: 20% average saving (n=5)
- HR & Recruitment: 19% average saving (n=4)
- Facilities Management: 18% average saving (n=4)
- Energy & Utilities (non-pooled): 14% average saving (n=3)
- Energy & Utilities (pool-aggregated): 28% average saving (n=2)

## 2.2 The contract age effect

*A consistent finding across categories is the relationship between contract age — the time since a contract was last competitively tendered — and the saving achieved on competitive renewal. Contracts that had not been competitively tendered for three or more years showed average savings of 26%, compared to 14% for contracts tendered within the previous 18 months. This finding is consistent with the hypothesis that incumbents systematically exploit renewal inertia to maintain pricing above competitive market rates over time.*

***"The single strongest predictor of saving magnitude was not category, spend level, or market structure. It was how long the contract had been running without a competitive challenge."***

## 2.3 Specification quality and vendor response rates

*Bundle IQ's AI-generated tender documents are produced from a structured intake that captures requirement, specification, evaluation criteria, and commercial terms. Analysis of vendor response rates across events shows a strong positive correlation between specification completeness (as measured by the platform's completeness score) and the number of qualified responses received. Events with high specification scores averaged 4.2 qualified responses; events with low scores averaged 1.8.*

Higher response rates were associated with better saving outcomes, consistent with the economics of competitive markets: more competition produces better pricing. This finding has implications for procurement best practice: investing in specification quality before going to market systematically improves outcomes.

## 3. Demand Aggregation Evidence

*Bundle IQ's Group Buying pools represent a form of horizontal purchasing consortium that has been extensively studied in the academic literature but rarely applied at scale in the UK SME market. The two energy pool events included in this analysis produced savings of 24% and 32% respectively versus individual incumbent pricing for pool members — significantly above the 14% average for individually-tendered energy contracts in the same period.*

The mechanism is consistent with the theoretical literature: combined volume creates pricing leverage that individual SMEs cannot achieve independently. The key institutional innovation in Bundle IQ's pool model is the preservation of individual supplier relationships post-award — pool members benefit from the aggregated pricing without legal joint liability, which has historically been a barrier to SME participation in buying consortia.

**289**Total pool members  
Q1 2026**£8.2M**

Combined pool spend

**28%**Average pool saving  
vs individual**10**Active pools across  
categories

## 4. Process Efficiency Findings

### 4.1 Time savings versus unstructured procurement

*In addition to financial savings, the analysis examined the time cost of structured versus unstructured procurement processes. A survey of 24 buyers who had used Bundle IQ for at least one competitive event found that their previous approach to the same requirement had typically taken 8-14 hours of internal management time (sourcing suppliers, writing briefs, managing responses, comparing proposals). The equivalent process through Bundle IQ took an average of 1.2 hours of buyer time.*

At a conservative management time cost of £45/hour, the process efficiency alone represents a saving of approximately £315-585 per procurement event before any commercial saving is counted. For organisations running 10-20 competitive events per year, the time saving alone would justify the use of the platform.

### 4.2 Specification and contract quality

*A secondary finding from the survey concerns the quality of contracts resulting from Bundle IQ-mediated events versus previous practice. 87% of respondents reported that the contract produced through Bundle IQ was more comprehensive than their previous agreement for the same or similar category. 79% reported that the AI-generated specification was more detailed than their previous brief. These quality improvements have downstream implications for contract performance, dispute rates, and renewal management.*

## 5. Conclusions

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*The findings from this first-year analysis are consistent with, and in some cases exceed, the savings literature for structured competitive procurement in SME contexts. Average savings of 19% against incumbent pricing, achieved across 94% of competitive events, represent a material improvement in procurement outcomes for the organisations involved.*

The contract age effect — the finding that longer-running contracts show disproportionately higher savings when competitively tendered — has important practical implications. It suggests that the highest-value procurement interventions are those targeted at contracts that have been running without competitive review for the longest period. Bundle IQ's contract register and renewal flagging functionality is designed to identify exactly these contracts.

Bundle IQ will update this analysis quarterly as the transaction dataset grows. The current findings, while limited by sample size, provide an evidence base for the central proposition of Paper 1: that structured competitive procurement is achievable for UK SMEs and delivers material financial outcomes.

## References

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