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The Tail Spend Imperative for Telcos

How global telecommunications operators can turn procurement's biggest challenge into a strategic advantage

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Foreword

Telecommunications procurement has become highly sophisticated. Yet one important area remains difficult to manage consistently: the long tail of lower-value, fragmented purchasing and the large number of suppliers.

Vodafone Procure & Connect (VP&C) and Nomia formed a partnership over a year ago, and during this time, we have seen that tail spend cannot be judged by value alone. A specialist engineer, a local contractor or a niche technology provider may represent limited spend but could still be essential to maintaining a network site running, supporting customer delivery or enabling innovation. The challenge is to provide teams timely access to the suppliers they need while maintaining appropriate visibility, control, compliance and supply chain risk.

Our joint experience has reinforced the value of combining technology with human procurement expertise. AI can provide the speed, scale and consistency needed to manage thousands of requirements, while skilled procurement professionals bring context, experience and judgement that technology alone cannot.

Looking into the future, we believe tail spend has the potential to become much more than an administrative challenge. Managed effectively, it can deliver procurement leaders better insight into purchasing patterns, broaden access to specialist suppliers and extend procurement capability across markets without adding complexity for users or incremental burden to the procurement team.

In this paper, we share some of what we have learned through our work together and our perspective on how telecom operators can bring the long tail into view, strengthen governance and create a more effective procurement ecosystem while delivering savings back to the business.

Ninian Wilson

Global Supply Chain Director, Vodafone,
and Chief Executive Officer, Vodafone Procure & Connect

Nick Petheram

Chief Executive Officer, Nomia

Executive summary

Tail spend is the high-volume, fragmented layer of lower-value purchasing that sits beyond an organisation's core strategic procurement activity. Although definitions vary, it typically represents only a minority of third-party spend while generating a disproportionate share of transactions, suppliers and administrative effort.

That imbalance helps explain why even sophisticated procurement organisations struggle to manage the tail with the same rigour as strategic spend. Teams rationally concentrate expertise on the categories with the greatest direct financial impact and the most strategic importance to their business.

For telecommunications operators, managing this is particularly challenging. Global scale, decentralised demand, and market-specific operational requirements mean procurement models must support both local responsiveness and enterprise-wide visibility and control. Lower-value purchases may still involve operationally critical suppliers, sensitive systems or regulatory obligations, making transaction value an unreliable measure of risk or importance. Strategic suppliers may be managed centrally, but many lower-value purchases are initiated within individual markets because local teams need to respond quickly.

That need for flexibility does not remove the need for enterprise oversight. Even lower-value transactions can carry significant risks. As demands around cybersecurity, sustainability, responsible sourcing, sanctions, supply chain risk, compliance and auditability grow, organisations increasingly need better evidence of who they buy from, on what terms and under which controls. The delivery of savings opportunities is also often a consideration.

Addressing the tail therefore requires more than tighter purchasing controls. Operators need a scalable procurement model that gives users access to appropriate suppliers, applies proportionate governance throughout the purchasing lifecycle and creates reliable data for future sourcing and supplier decisions.

The challenge is to strengthen control without making tail purchasing slower or more complex. The answer lies in combining AI-powered technology, procurement expertise and a broader supplier ecosystem to ensure consistent standards and give users an efficient route to compliant suppliers. Data should remain connected throughout the purchasing lifecycle, with human judgement applied to exceptions.

Vodafone Procure & Connect's partnership with Nomia demonstrates this approach in practice. The model combines AI-enabled technology, specialist procurement expertise, competitive supplier access and end-to-end lifecycle management. It is designed to increase visibility, strengthen governance, extend procurement capacity and improve supplier choice without compromising the speed and flexibility required by individual markets. Managed effectively, tail spend can move from being a fragmented administrative burden to a source of commercial insight, operational resilience and competitive advantage. At Vodafone, Nomia’s solution has been deployed across its European footprint.

The telecom procurement challenge has changed

Telecommunications operators manage some of the most complex supply ecosystems in any industry. Alongside traditional network infrastructure, procurement organisations must support cloud services, software, field engineering, professional services, facilities management, sustainability programmes and increasingly diverse digital transformation initiatives.

> **The range of suppliers, markets and regulatory obligations continues to expand.**

At the same time, demand has become more decentralised. While strategic network and technology suppliers are typically managed through established sourcing and governance processes, many operational requirements originate within local markets and business units. These requirements often require specialist expertise, rapid sourcing decisions and access to suppliers with specific local capabilities.

This creates a challenge for traditional procurement models. Processes designed for large strategic contracts can become inefficient when applied to thousands of lower-value requirements. Yet allowing local teams to buy independently can reduce visibility, increase supplier fragmentation and make it harder to apply consistent governance standards across the enterprise.

For telecom operators, the issue is no longer whether these purchases are strategically important in isolation. The challenge is that their cumulative volume, the diversity of suppliers and their operational significance make them increasingly difficult to manage through conventional procurement approaches.

The 80/20 challenge: why the tail demands strategic attention

What makes tail spend challenging is the imbalance between its value and the purchasing activity it generates. It is often estimated that around 20% of third-party spend can account for as much as 80% of transaction volume. This leaves procurement teams managing a disproportionately large number of purchases, suppliers and processes for a relatively small share of overall spend.

> **The proportions and value thresholds vary by organisation, so the 80/20 principle is best understood as a rule of thumb rather than a fixed definition.**

Procurement teams cannot economically devote the same human attention to every lower-value transaction that they do with a strategic contract. Mature organisations tend to concentrate their expertise on strategic spend, leaving the tail with less procurement attention and oversight.

The hidden cost extends beyond procurement. Each new supplier can trigger onboarding and purchase-to-pay activity, involving legal, finance, risk and other specialist teams. Fulfilment issues, warranties, damaged goods and replacements can create further work. The true cost of the tail therefore includes scarce internal resources as well as the purchase price.

A fragmented supplier base compounds the challenge. Internal teams cannot maintain deep category expertise across every requirement, while identifying and qualifying alternatives takes time. Buyers may default to familiar suppliers, resulting in duplication, limited competition and inconsistent terms.

For telecom operators, each market adds another layer of fragmentation. Vodafone's experience illustrates the scale of the wider supplier environment. The Group reported €25 billion of annual supplier spend across ~ 8,700 vendors in its 2026 Annual Report, with 70% managed centrally by Vodafone Procure & Connect. Although this does not identify the proportion classified as tail spend, these figures indicate the scale and breadth across which procurement visibility and control must operate effectively. The critical point is that even a relatively small share of enterprise spend can represent substantial value, and a very large volume of transactions, suppliers and management effort.

The governance and control challenge

One of the biggest risks in tail spend comes from lack of visibility. When procurement is spread across local buying routes and thousands of suppliers, organisations may struggle to maintain an in-depth view of who they buy from, where essential due diligence checks have been completed, what terms apply and where risks may lie. The result can be a dilemma for the CPO: where to focus resources effectively in a fragmented supply base and an increasingly risky global environment.

Expectations of a procurement function's third-party governance make those challenges increasingly difficult to accept. Procurement leaders must demonstrate appropriate control across cybersecurity, data protection, sustainability, responsible sourcing, modern slavery, sanctions and supply-chain resilience, regardless of the value of purchases made with a supplier.

Regulatory and reporting requirements are also increasing the importance of effective third-party governance, particularly in areas such as cybersecurity, data protection, sustainability and supply-chain due diligence. The precise obligations will vary by organisation, market and supplier relationship, but they reinforce the need for appropriate visibility and controls across the wider supplier base.

Not every regulatory requirement applies to every supplier, but governance obligations extend beyond the small group of vendors receiving the greatest strategic attention. An organisation may have robust controls for major contracts while struggling to demonstrate that checks remain current and relevant and the applicable terms can be retrieved across a fragmented long tail of suppliers.

Consider a local engineer who needs a component or service at short notice. The immediate priority may be keeping an operation running, but the organisation remains responsible for any applicable controls. A compliance failure is no less serious because the purchase itself was small.

Risk can also be misclassified. A routine purchase may create data-protection, safety or contractual exposure, while an apparently higher-risk category may require relatively straightforward controls. Neither spend value nor category alone provides a reliable measure of risk. Specialist expertise allows controls to be matched to the actual requirement rather than treating every transaction below a spend threshold identically. In today's world, a nuanced approach is required to protect the organisation.

AI-powered technology can make those controls more consistent across high transaction volumes, including support for routine governance checks, while procurement professionals apply judgement to exceptions and higher-risk requirements. This approach ensures a reliable evidence trail, allowing procurement to demonstrate who was selected, why the supplier was chosen, which checks were completed and where the supporting record is held.

Why better tail management creates competitive advantage

Governance is only one part of the opportunity.

Better tail spend management can also improve commercial performance, release internal capacity and widen access to specialist suppliers. These wider benefits are important if tail-spend transformation is to be seen as more than another compliance programme.

A more tightly managed programme provides a stronger basis for comparing suppliers and pricing. Vodafone encourages users to route known tail spend requirements through Nomia rather than approach a preferred vendor directly. Presenting alternative suppliers and competitive quotations backed up by effective supplier due diligence supports more informed selection and reduces unnecessary reliance on familiar or incumbent suppliers.

Operationally, the benefit is capacity. The buying lifecycle consumes time across several internal functions, and a managed service partner can orchestrate sourcing, supplier management and transactional activity across the tail, freeing procurement, legal, finance and compliance teams to focus on higher-value priorities.

Better tail spend management can widen the supplier pool and offer organisations access to new sources of expertise. SMEs, niche providers and emerging suppliers may bring innovation, specialist capability and speed, but the cost and effort required to identify, qualify and onboard them can be disproportionate to the value of an individual requirement.

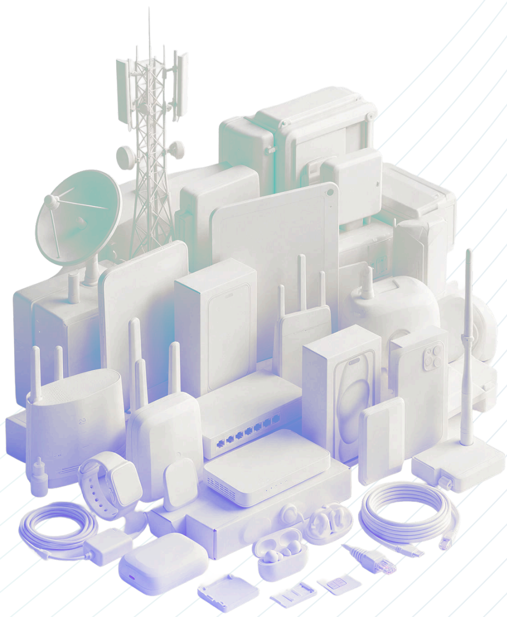
A managed supplier ecosystem changes that equation by providing a scalable route to qualified local and specialist vendors. This can increase competition and give buyers access to capabilities and innovation that traditional processes may overlook.

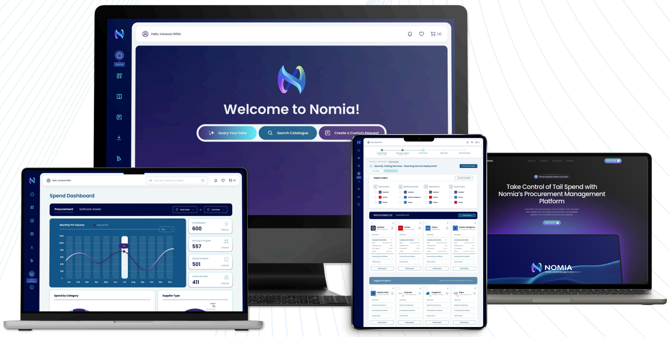
Better data creates a further advantage. Capturing requirements, quotations, supplier checks, contracts and transactions through a common platform can reveal demand patterns, supplier performance, renewal opportunities, duplicated buying and compliance and security risks. This data allows procurement a stronger evidence base for sourcing and supplier decisions, turning tail activity into a source of procurement intelligence and category decision-making.

From procurement function to procurement ecosystem

These pressures point to a wider change in the procurement operating model. Traditional teams were not designed to handle every stage of activity across thousands of fragmented suppliers and lower-value transactions. Expanding headcount is also rarely realistic when procurement functions are being asked to deliver more with less.

The alternative is to move from a procurement function that executes every activity itself to an ecosystem that it governs. Internal teams retain accountability for strategy and policy; technology provides scale; a managed service partner extends execution capacity and expertise; and a broader supplier ecosystem gives users access to a wider range of appropriate vendors and specialist capabilities.





For telecom operators, balancing central governance with local responsiveness is critical. Global procurement needs common standards, enterprise visibility and the ability to use its scale across markets. Individual markets require speed, local knowledge and access to suppliers that can address specific local operational requirements. Common guardrails can preserve local decision-making while giving central procurement greater oversight.

> **Within the Vodafone model, Nomia acts as an extension of procurement rather than a replacement.**

By taking on agreed elements of the tail lifecycle, the service can extend procurement capacity and specialist expertise across markets without requiring the organisation to replicate those capabilities in every market.

Combining AI with procurement expertise

Technology is essential to scaling tail-spend management, but Nomia's platform is deliberately not AI-only.

> **Together, the volume, complexity and variety of tail spend require distinct roles for technology and experienced procurement professionals.**

AI provides speed, consistency and scale by structuring and categorising requirements, matching suppliers, supporting competitive quotations and automating routine steps.

Procurement professionals step in where nuance, context and judgement matter. They can test whether a recommendation fits the market, assess category-specific risks and supplier dynamics, and intervene where closer scrutiny is required.

This human intelligence layer, grounded in procurement expertise, is fundamental to the Vodafone-Nomia model. Vodafone required more than a standalone software proposition: it needed procurement specialists who could resolve issues, negotiate and challenge recommendations when necessary.
The resulting model combines AI-enabled efficiency and analysis with human expertise and experience.

Capturing activity through the model also adds to the data available to procurement, enabling greater insight. Human review can refine AI recommendations, while information about demand, suppliers, quotations, contracts and outcomes gives procurement a better basis for future sourcing and governance. The aim is scalable decision-making, not automation for its own sake.

Vodafone's tail-spend journey

Vodafone's tail-spend journey began with the need to improve consistency and visibility across fragmented non-strategic spend. The experience highlighted the need to move beyond managing individual tail-spend transactions towards a more integrated model combining sourcing, supplier access, governance and end-to-end execution.

> **Nomia has provided Vodafone Procure & Connect with a means to implement that model.**

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Users with a known tail requirement are encouraged to route it through Nomia rather than defaulting to a local vendor. Supplier discovery can present the known or preferred vendor alongside alternatives, increasing competitive choice and making the decision and its supporting checks more visible.

That visibility supports more consistent buying behaviour. Where an end user selects a higher-priced supplier, procurement can understand the rationale; where a local supplier remains the best option because of capability or urgency, that decision can be documented. This framework preserves local autonomy while providing central procurement a clearer record of activity.

For other operators, Vodafone offers a practical example of applying this model in a complex, multi-market environment, as well as experience of the organisational and procurement changes required to make it work. The model shows how better tail-spend management can increase visibility, extend procurement capacity, give local markets access to the suppliers they need and create greater choice and competition, while maintaining stronger central governance and control.

The Vodafone-Nomia partnership brings together Nomia's tail-spend platform and managed-service capability with Vodafone's experience of assessing and deploying the model in a complex, multi-market telecom environment.

An action framework for telecom procurement leaders

There is no single blueprint for better tail-spend management. The right approach will depend on an operator's existing procurement model, supplier base, technology, geographic footprint and priorities. There are several areas to be considered:

Establish visibility.

Map where tail demand originates, which suppliers are used and where the principal data, process and governance gaps sit. This baseline provides a clear view of the current landscape and identifies where intervention can create the greatest value.

Define the operating model.

Determine which activities should remain with internal teams and where technology and specialist expertise could extend capacity. For global operators, the model must balance enterprise standards with the speed and flexibility required by local markets.

Apply appropriate governance.

Align controls to the actual risk of each tail requirement – from suppliers with access to network locations or sensitive information to those providing specialist engineering and local services – and ensure the organisation can consistently demonstrate that appropriate checks and approvals are completed, with the resulting decisions recorded.

Improve supplier access and buying behaviour.

Give users efficient access to specialist or local suppliers, enabling competition and more consistent and informed purchasing decisions.

Build the data foundation.

Capture tail-spend consistently across markets so that sourcing, supplier management, governance and better-informed decisions are based on reliable data.

Vodafone Procure & Connect and Nomia's experience of managing tail spend at scale across multiple markets can provide practical insight for other operators considering their own priorities and operating model.

Closing thought

> **Tail spend should no longer be treated as a burden beyond the strategic agenda.**

For telecom operators, improving tail spend management offers an opportunity to extend procurement's reach, strengthen enterprise control and give local markets access to the suppliers they need.

Vodafone's partnership with Nomia shows how technology, specialist expertise and a managed supplier ecosystem can turn fragmented purchasing into a more visible and valuable source of procurement intelligence.

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Nomia is an AI-powered procurement platform that combines intelligent automation with human expertise to help organisations unlock savings, reduce risk, and streamline supplier management with full visibility and control.

Nomia UK Limited is a private limited company incorporated in England & Wales with company number 09989718 and registered address at 125 Wood Street, London, England, EC2V 7AW.