

DECEMBER 2023

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# UK Strategic Suppliers Report

6th Edition

tussell<sup>o</sup>

Trusted Insight on Government  
Contracts and Spend



# What is a 'Strategic Supplier'?

A small number of companies do so much business with UK ministerial departments or provide such vital services that the Cabinet Office takes a more hands-on approach to managing procurement from them. It designates these critical companies as 'Strategic Suppliers'.

Having annual direct public sector revenue exceeding £100m is a practical criterion for inclusion in the list of Strategic Suppliers, although it is not a requirement. While being added to the list is a sign of success, it also comes with greater scrutiny by the Cabinet Office to ensure that public funds are being well spent.

**To shed more light on the relationship between these companies and the government, this report examines direct revenue earned and contracts won from the UK wider public sector by the 39 Strategic Suppliers, from FY18/19 – FY22/23.**

All the data in this report is based on open procurement data published by contracting authorities, which is then aggregated, cleansed and structured by Tussell. It analyses only the revenue earned directly by the Strategic Suppliers, not any revenue they earned indirectly via third-party partners or resellers.



*This symbol indicates where **paying Tussell subscribers** can click on a finding to be redirected to the Tussell platform, to explore the underlying data. **If you are not a Tussell subscriber but would like to access this data, [book a demo](#) with our team.***

Since our last report in May 2022:

- **One new entrant joined** the Strategic Suppliers list, **two exited**, and **two have been rebranded**.
- While overall public sector procurement **grew by 4%** in FY22/23, the public sector revenue earned directly by the Strategic Suppliers' **fell by 17%**.
- Emphasising the importance of digital transformation, **technology** is the largest sector by revenue among the Strategic Suppliers.
- **74% of their revenue** came from just **20 public sector buyers**.
- Of the total value of contracts won by the Strategic Suppliers, **over one-third was won via a framework agreement** (a preferred supplier list).

# Updates to the list of Strategic Suppliers

As of November 2023, there were 39 Strategic Suppliers.

Since our last update, Interserve exited the list after formally going into administration in January 2022. Their FM arm was sold to Mitie in 2020, and their construction arm was re-established as a stand-alone firm called Tilbury Douglas in 2022. They have since entered the list under their own brand.

Motorola also exited the list after losing the April 2024 renewal of a £400m contract with the Home Office to provide the Emergency Services Network.


Engie re-branded their FM operations as Equans, while Atkins re-branded as AtkinsRéalis – now encompassing subsidiary brands Faithful+Gould, SNC-Lavalin, and Atkins under one roof.

Throughout this report, all the Strategic Suppliers are reported on a consolidated basis, grouping all relevant subsidiaries under the parent company.

To deep-dive into the underlying Strategic Suppliers' revenue yourself, [click here](#).

*Select a Strategic Supplier  
to view a breakdown of their revenue*



■ New  
■ Rebranded

# How have we organised the Strategic Suppliers into sectors?



## Aerospace & Defence

BAE Systems  
Thales



## Construction & Engineering

AtkinsRéalis  
Babcock  
Balfour Beatty  
Jacobs  
KBR  
Kier  
Laing O'Rourke  
Mott Macdonald  
Tilbury Douglas



## Consulting

Deloitte  
EY  
KPMG  
PwC



## Technology

Accenture  
Atos  
AWS  
Capgemini  
Capita  
CGI  
Computacenter  
DXC Technology  
Fujitsu  
IBM  
Leidos  
Microsoft  
Oracle  
Sopra Steria



## Telecoms

BT  
Virgin Media  
Vodafone



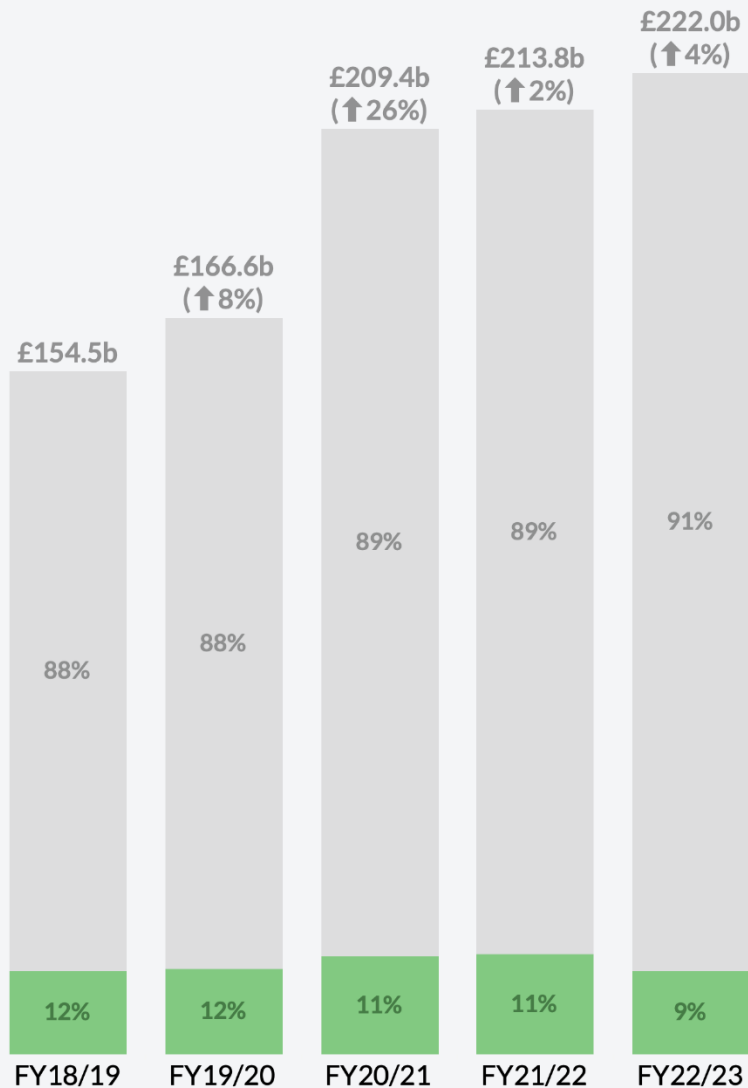
## Outsourcing & FM

Amey  
Equans  
G4S  
ISS  
Mitie  
Serco  
Sodexo

*Select an icon to view that sector's breakdown of public sector revenue by supplier*



■ Strategic Suppliers' proportion of public sector procurement spend  
■ All other suppliers' proportion of public sector procurement spend



## Last year the public sector spent more on procurement overall, but less with the Strategic Suppliers

The COVID-19 pandemic spurred a massive 26% increase in overall public sector procurement spending in FY20/21. Instead of falling back to pre-pandemic levels after the crisis passed, procurement spend has continued to grow from that elevated level. This is evidence that we are in an era of 'big government'.

Procurement spend with the Strategic Suppliers has not kept pace with the overall market. While procurement expenditure increased by 4% in the last fiscal year to £222b, the combined direct revenue of the Strategic Suppliers declined by 17% to £18.9b.

Consequently, the market share of the Strategic Suppliers declined from 11% of the total to 9% in FY22/23.

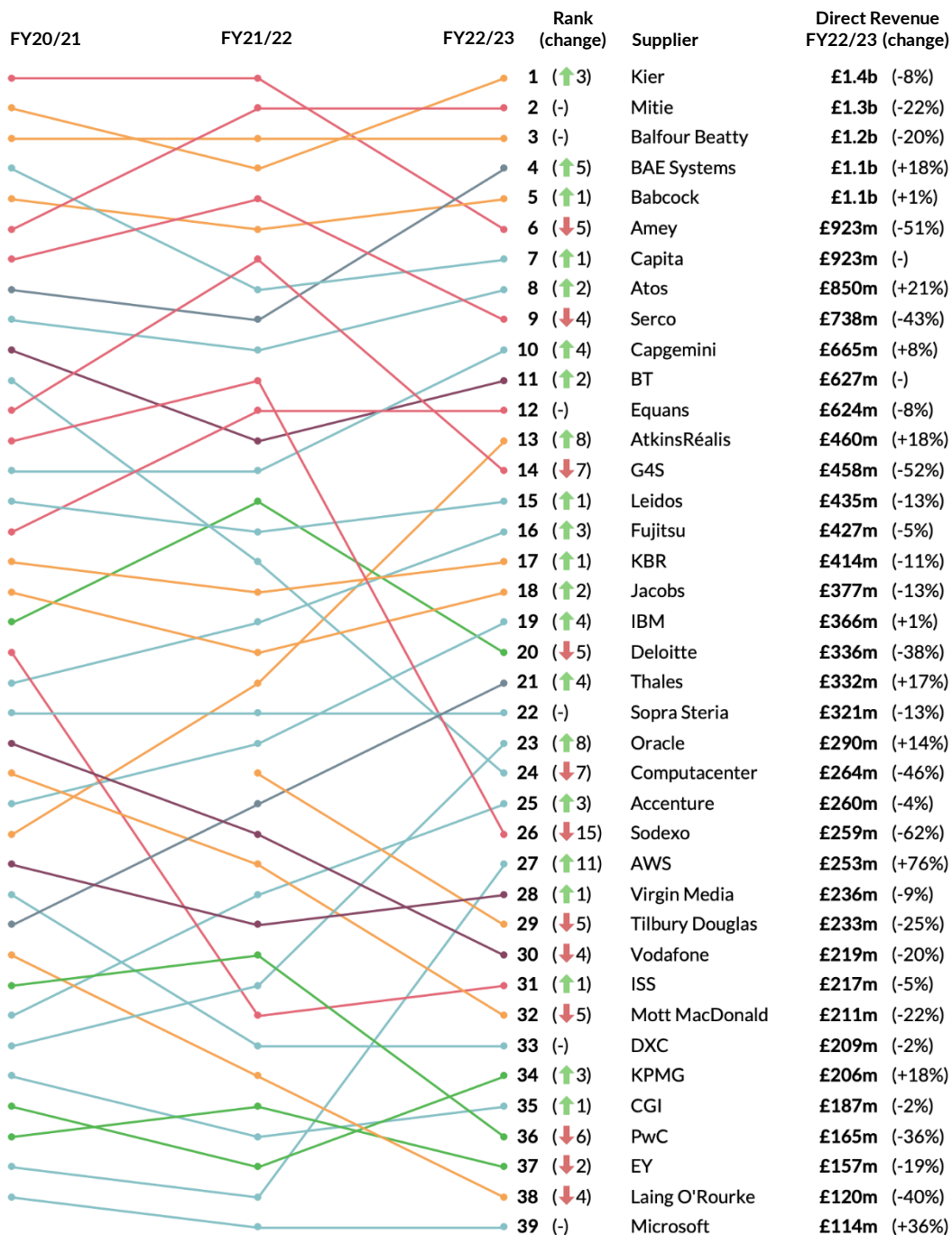
While the public sector's reliance on the Strategic Suppliers appears to be gradually decreasing, a market share of 9% in FY22/23 is still high relative to the 24% of total procurement expenditure spent directly with all SMEs in the same period.

### Strategic Suppliers represent 0.2% out of 350,000 suppliers

0.2% of suppliers

### But earned 9% of £222b spent by the public sector

9% of public sector revenue



# Two-thirds of Strategic Suppliers saw their public sector revenue decline

5 of the 39 Strategic Suppliers had direct public sector revenue of £1b or more in FY22/23. All the companies earned over £100m.

Only 11 of the 39 Strategic Suppliers managed to grow their direct public sector revenue in FY22/23 – AtkinsRéalis and Babcock in the Construction & Engineering sector; BAE Systems and Thales in the Aerospace & Defence sector; KPMG in the Consulting sector; and Atos, AWS, Capgemini, IBM, Microsoft and Oracle in the Technology sector.

Procurement spend with the Strategic Suppliers in the Aerospace & Defence sector went up by 18% in FY22/23. Spending with companies in the Technology sector held flat, while spend with the companies across all the other sectors went down.

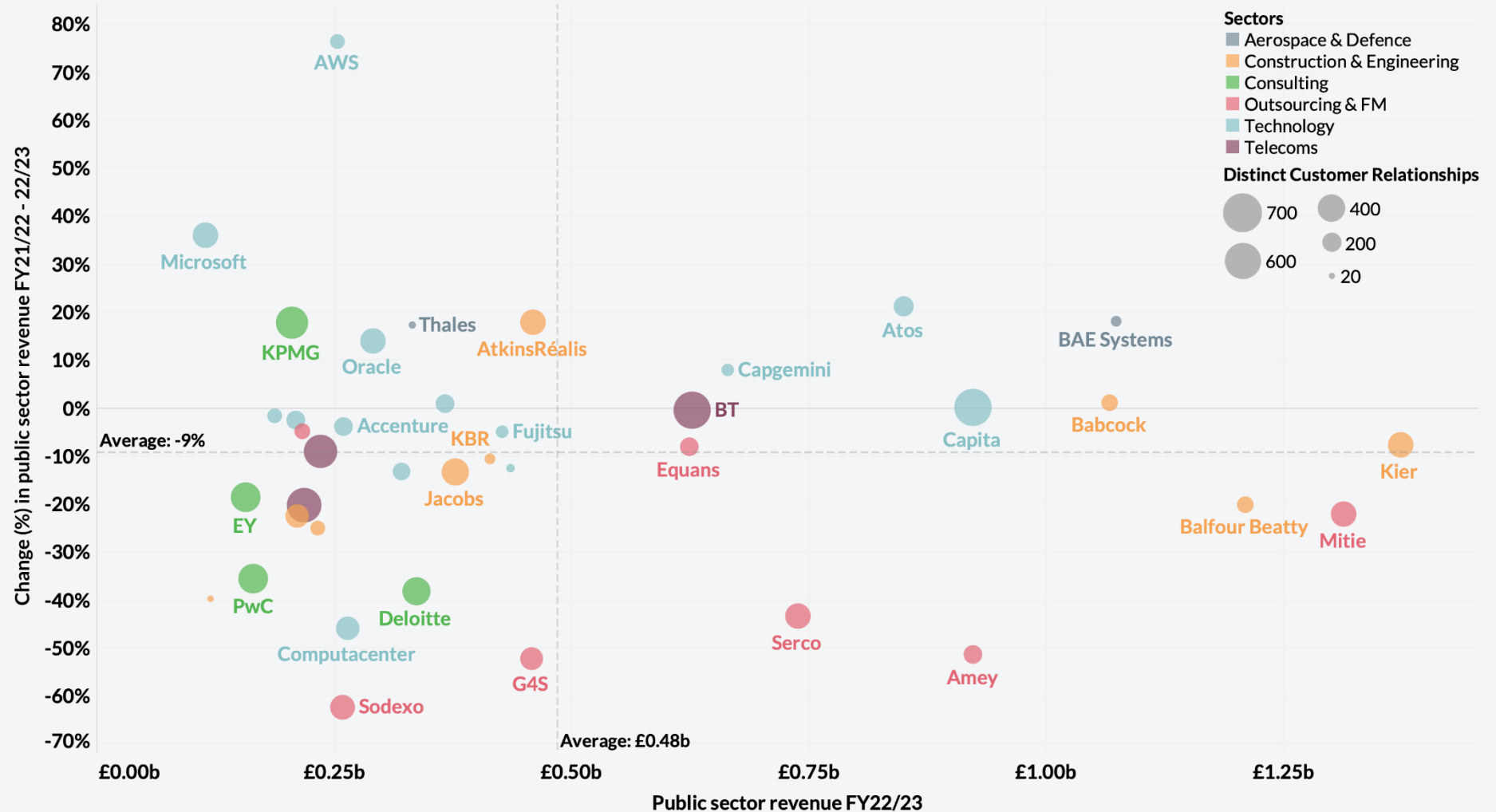
Sector	Direct Revenue FY22/23 (change)
Technology	£5.6b (-0%)
Construction & Engineering	£5.5b (↓11%)
Outsourcing & FM	£4.5b (↓39%)
Aerospace & Defence	£1.4b (↑18%)
Telecoms	£1.1b (↓7%)
Consulting	£0.9b (↓26%)

*Note: Based on direct public sector revenue only. Excludes indirect revenue earned via third-party partners or resellers. This materially understates the total revenue of software vendors, in particular Microsoft.*



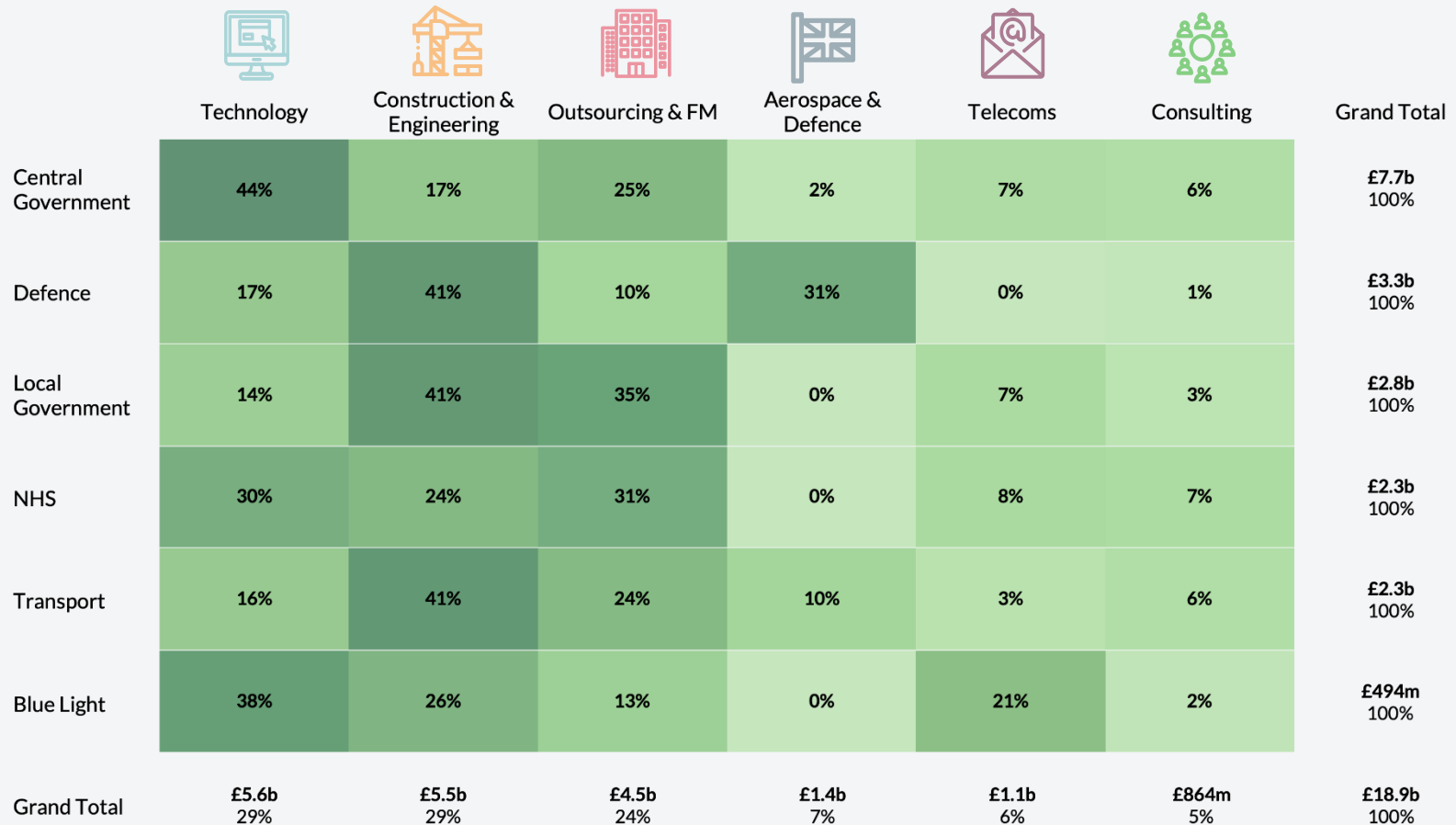
# Over half of the growing Strategic Suppliers are in the Tech sector

Strategic Suppliers' direct public sector revenue FY22/23, and annual change



# Strategic Suppliers earned 40% of their revenue from Central Government

Spending with Strategic Suppliers by buyer type and Strategic Supplier sector, FY22/23 (analyse by row)





# 20 public sector buyers accounted for three-quarters of the Strategic Suppliers' revenue

The 20 public sector bodies that spent the most with the Strategic Suppliers in FY22/23 accounted for nearly three-quarters – 74% - of their direct public sector revenue in that period.

On average, 28% of the top 20's total procurement spend was with the Strategic Suppliers.

The MOD tops the list with spend of £3.3b, despite an 8% fall year on year.

11 of the top 20 spent more with the Strategic Suppliers in FY22/23 than in the previous financial year.

7 out of the 20 spent more than one-third of their total procurement budget with the Strategic Suppliers.

**Note:** The departments are shown on a consolidated basis, including their arms-length bodies and executive agencies. This consolidation is based on the government's own organisation structure as per [gov.uk](https://www.gov.uk)

Rank	Buyer Name	Spend with Strategic Suppliers, FY22/23 (with annual % change)	Strategic Suppliers' % share of total spending
1	Ministry of Defence	£3.3b (↓8%)	44%
2	Department for Transport	£2.5b (–0%)	8%
3	Department for Work & Pensions	£1.2b (↑3%)	41%
4	Ministry of Justice	£1.2b (↓24%)	33%
5	Home Office	£1.1b (↑16%)	35%
6	HM Revenue & Customs	£1.1b (↑4%)	51%
7	Department of Health & Social Care	£582m (↓79%)	12%
8	Transport for London	£578m (↑7%)	18%
9	Department for Education	£474m (↓22%)	6%
10	Scottish Government	£259m (↑71%)	12%
11	Defra	£240m (↑17%)	26%
12	Metropolitan Police	£233m (↓35%)	31%
13	Cabinet Office	£217m (↓29%)	20%
14	HM Treasury	£217m (↑34%)	81%
15	Sandwell & West Birmingham NHS Trust	£141m (↓28%)	54%
16	Manchester City Council	£138m (↑61%)	19%
17	Department for Energy Security & Net Zero	£114m (↑3%)	21%
18	Birmingham City Council	£108m (↑64%)	7%
19	Staffordshire County Council	£103m (↓22%)	22%
20	Barts Health NHS Trust	£102m (↑34%)	14%

Average: 28%

# The Challengers

A handful of public sector suppliers earned as much direct public sector revenue in FY22/23 as the Strategic Suppliers, but are not included in the official list. We refer to these suppliers as 'Challengers'.

Several past Challengers have since gone on to join the list. Computacenter and Leidos were both identified as Challengers before entering the list in 2020 and 2021 respectively. A majority stake in PA Consulting, also a past Challenger, was acquired by incumbent Strategic Supplier Jacobs in 2021.

**Select a Challenger**  
to view a breakdown of their revenue

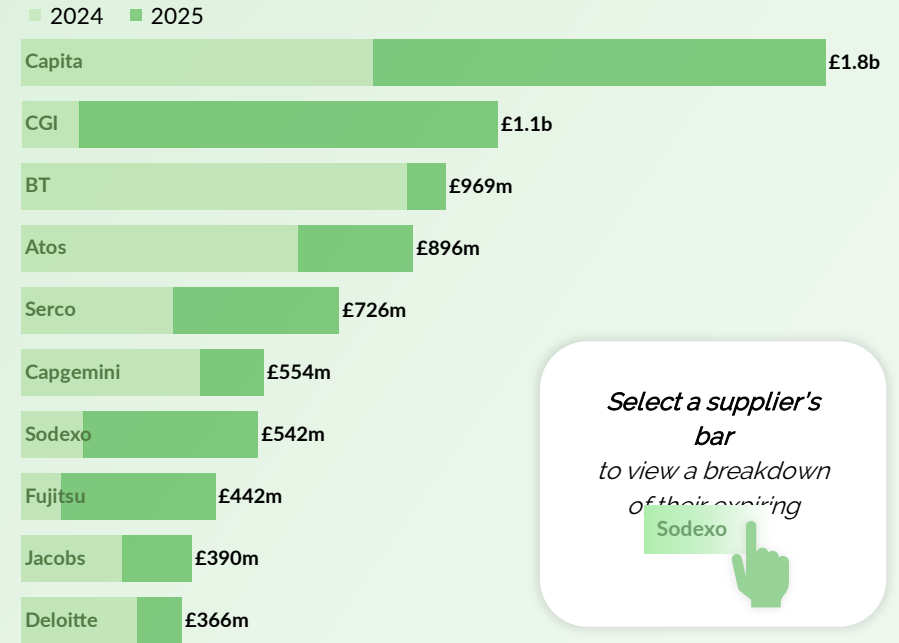
3 Willmott Dixon

## Suppliers with direct revenue comparable to Strategic Suppliers (FY22/23 and annual change) \*

### The Challengers

1	Veolia	Outsourcing & FM	£932m (↑15%)
2	Vinci	Construction & Engineering	£892m (↑10%)
3	Willmott Dixon	Construction & Engineering	£824m (↑21%)
4	Wates	Construction & Engineering	£728m (↑5%)
5	Reed	Outsourcing & FM	£597m (↑8%)
6	Boeing	Aerospace & Defence	£498m (↓11%)
7	CBRE	Outsourcing & FM	£321m (↑22%)
8	Telent	Telecoms	£209m (↑15%)
9	NEC	Technology	£143m (↑22%)
10	Airbus	Aerospace & Defence	£90m (↓8%)

## Value of Strategic Suppliers' expiring services contracts, 2024-25



**Select a supplier's bar**  
to view a breakdown of their expiring

Sodexo

## An effective way for other companies to compete with the Strategic Suppliers is to challenge their upcoming contract renewals.

At the end of October 2023, the Strategic Suppliers had exposure to 1,600 live services contracts in total worth £13b coming up for renewal between January 2024 and December 2025.

Since many services contracts are likely to be re-procured, targeting these contract expirations is an evidence-based way to build a pipeline of potential sales opportunities for Challenger firms, either as competitors or sub-contractors to the incumbent Strategic Supplier.

*\* Note: CBRE revenue may include some pass-through invoices related to rent and/or service charge collection*

# While the Strategic Suppliers' revenue shrank, the Challengers' grew

The Challengers' direct public sector revenue FY22/23, and annual change, against the Strategic Suppliers



# Strategic Suppliers are using framework agreements to win more work

In 2021, Tussell became the first public sector market intelligence provider to **match call-off contracts to the framework they originated from**, providing fresh insight into which frameworks are really being used by public bodies.

Data shows that, across the public sector, frameworks are becoming more popular as an alternative to open competition.

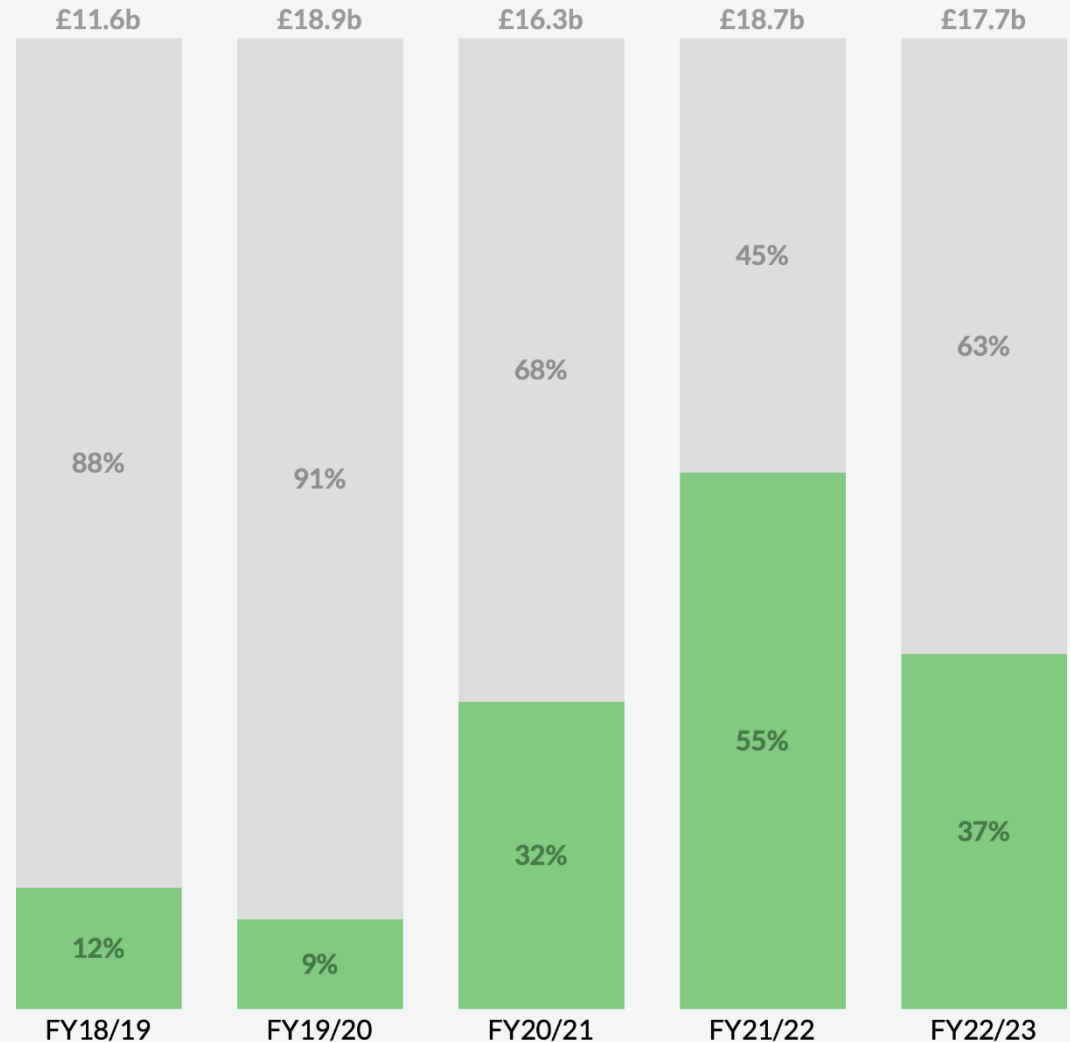
The Strategic Suppliers exemplify this trend. In FY22/23, 37% of their combined contract value was won through frameworks, up from 12% in FY18/19.

The spike in the proportion of call-offs in FY21/22 is attributable to £3b of COVID-related contracts awarded via the RM3830 Facilities Management Marketplace framework.

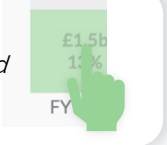
Even adjusting for this spike, frameworks remain a crucial route to market for the Strategic Suppliers.

Value of contract awards won by Strategic Suppliers, FY18/19 – 22/23

■ Call-off Contracts  
■ Other Contracts



*Click the graph to see which frameworks are being used most heavily by the Strategic Suppliers*



# Top frameworks by sector

The Strategic Suppliers' reliance on frameworks varies considerably by sector.

Strategic Suppliers in the Technology sector, for example, won 73% of their total contract value via a framework agreement in FY22/23.

For Strategic Suppliers in the Aerospace & Defence sector, on the other hand, frameworks accounted for just 12% of their total contract value.

Some frameworks are relevant across a wide range of sectors. G-Cloud, for example, was used by Strategic Suppliers in every vertical, and Technology Services and DOS were used across five sectors.

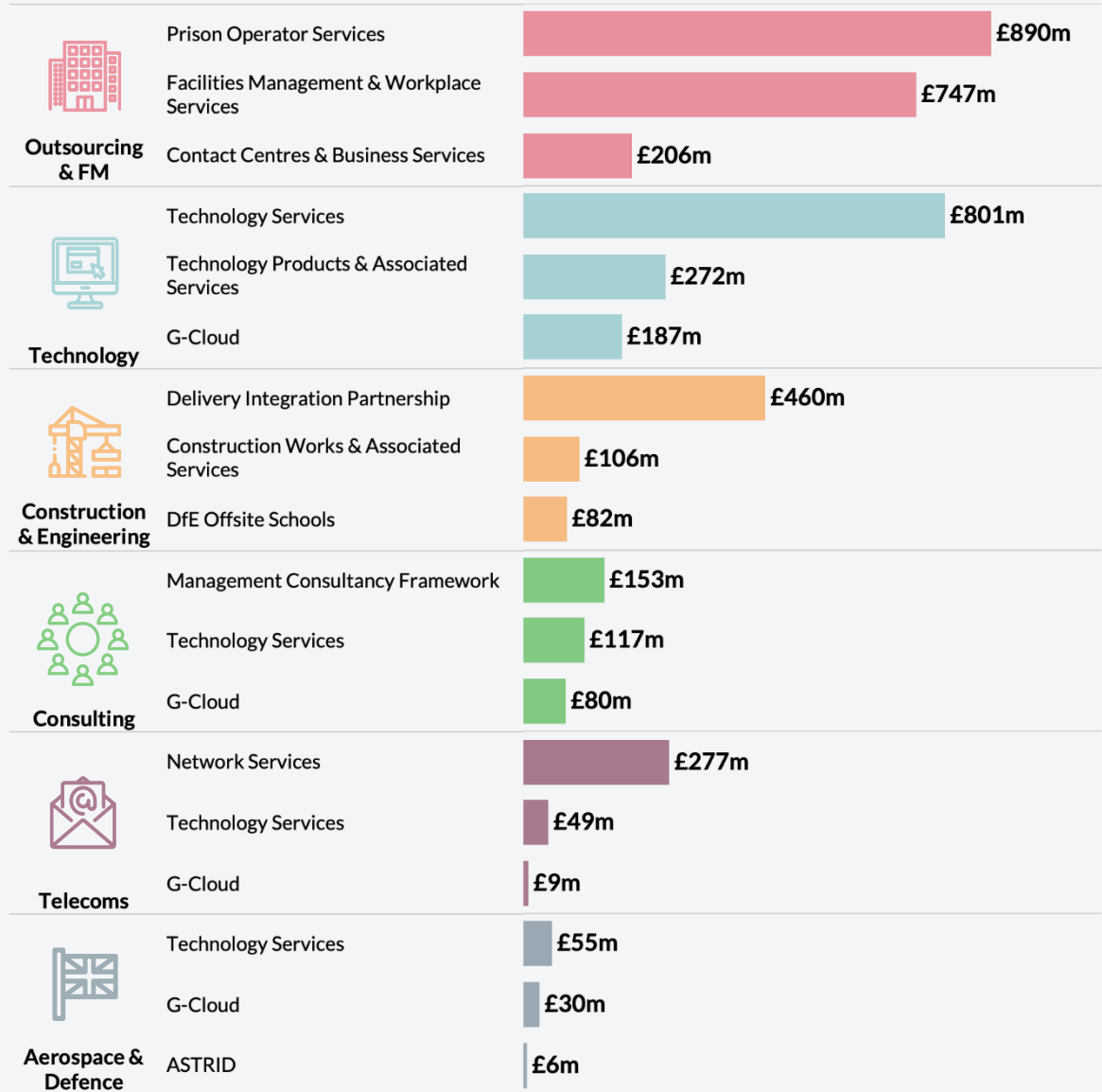
On average, each Strategic Supplier was awarded a call-off through 10 distinct frameworks in FY22/23. Jacobs and AtkinsRéalis each won contracts through at least 25 frameworks.

Select an icon

to see a breakdown of framework usage by Strategic Suppliers in that sector



## Top frameworks by value of contracts awarded to the Strategic Suppliers, by sector, FY22/23



# What next? Three strategies for turning these insights into action



## Compete

- Monitor Strategic Suppliers' expiring contracts to build a pipeline of sales opportunities where you can challenge them
- Conduct spend analysis to see where they're doing business and you're not
- See which **frameworks** Strategic Suppliers are using most heavily, then focus on those
- Contact key **decision-makers** to start building relationships in "green space" or "white space" target accounts



## Partner

- Strategic Suppliers need to increase the social value of their bids, so if you're an SME or local to the area that a contract is being delivered in, position yourself as a partner to them
- Conduct spend analysis to see which Strategic Suppliers have a leading position in the public bodies that are purchasing services like yours
- Browse expiring contracts to identify upcoming opportunities where your services would help the incumbent supplier to renew their contract
- Find **frameworks** that are being used to procure your products and services, and then sell to the suppliers on them



## Avoid

- Find specialist areas that the Strategic Suppliers are not active in and focus your attention there
- Sell direct by making use of key **decision-maker contact information** to win lower value opportunities where Strategic Suppliers are less likely to be interested
- If you're an SME or regional firm, focus on local customers where you're likely to have a better social value proposition

All the data in this report comes directly from the Tussell online market intelligence platform

The screenshot shows the Tussell platform interface with several callout boxes highlighting specific data filters and features:

- Contract Awards:**
  - Contract:** Contains any of these keywords
    - Human Resources
    - HR
- Key Decision-Makers:**
  - Job Title
    - Job Title
    - Commercial Director
- By Contact Information:**
  - Has email
  - Has phone number
- By Function:**
  - Finance
- Frameworks:**
  - By Framework:**
    - Contract Framework
      - G-Cloud 12
      - Technology Services 2 - RM3804
- Spend Data:**
  - Transaction:** Spend type, category or description contain any of these keywords
    - Facilities Manager
    - FM

The main interface includes a navigation bar with 'Spend Data' selected, a 'Trend over Time' chart showing spend from 2018 to 2022, and a table with columns for Buyer, Supplier, Supplier City, Supplier Country, Total transactions, and Total value. A 'DOWNLOAD SPEND DATA' button is visible below the chart.

To learn more and see it in action, visit [tussell.com](https://tussell.com)

# Data coverage and considerations

This report is based on open procurement data from official sources aggregated, organised and augmented by Tussell.

Except for the analysis of expiring contracts and frameworks, all the charts in this report are based on spend data gathered from the invoices published by public sector bodies for transparency purposes. Disclosure of all invoices of £500 or more is a requirement for all Central Government departments in the UK (including most of their executive agencies and arm's length bodies) and for Local Government and NHS bodies in England. The transparency regulations for invoice-level spend data do not apply to local authorities and NHS bodies in the devolved administrations, nor to Further & Higher Education bodies and schools across the UK.

In this report, we have analysed spending over fiscal year periods. Data for FY22/23 refers to the spend from April 2022 to March 2023. Data is accurate as of the date of download: 12th September 2023 for spend data, and 21st September 2023 for contract (awards) data.

As of the spend download date, not all contracting authorities had published full invoices for FY22/23, namely: Transport Scotland, MOJ, HMPPS, DSTL, FCDO and the Environment Agency. This may under-represent some of the Strategic Suppliers' revenue from the public sector in FY22/23. These buyers have been included in this report, despite their spend gaps.

Revenue of the Strategic Suppliers is shown on a consolidated basis, including relevant subsidiaries. Joint Ventures involving one or more of the Strategic Suppliers (usually in the Construction & Engineering sector) have been omitted due to a lack of information regarding the revenue split between the partners.

Public sector buyers named in the report are shown on a consolidated basis, including their arms-length bodies and executive agencies. The consolidation is based on the government's own classification system available on [gov.uk](https://www.gov.uk).

The analysis covers only direct procurement spend with the Strategic Suppliers, not revenue earned by sales of their products/services indirectly by third-party partners or resellers. For this reason, the revenue attributable to technology vendors like Microsoft and Oracle is under-represented as much of their sales are made by channel partners.

Although the Strategic Suppliers are designated as such based on their revenue from Ministerial Departments, this report looks at their revenue across the wider public sector, meaning all government bodies from Central Government departments, through local authorities and NHS bodies to police forces.

For any questions regarding the data, please get in touch with our Research team at [contact@tussell.com](mailto:contact@tussell.com)