

NETWORK EDITION

# SUPERCHARGING PROCUREMENT PRODUCTIVITY

[PROCUREMENTLEADERS.COM](https://procurementleaders.com)

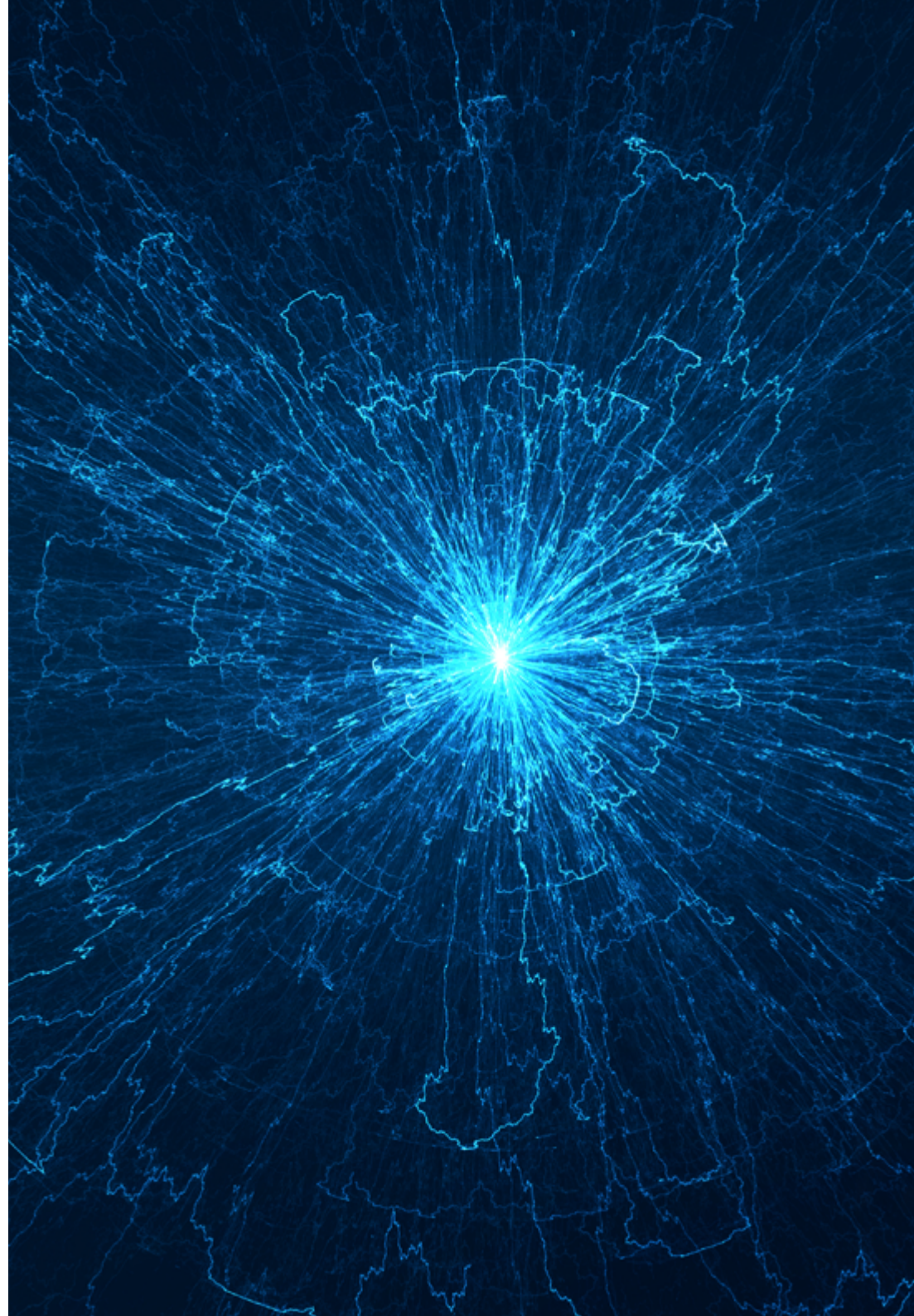
IN PARTNERSHIP WITH





## CONTENTS

Introduction	1
Executive summary	2
Procurement's productivity problem	3
Defining and measuring productivity	6
Delivering a step change in productivity	11
About the research	27
About Procurement Leaders	29



# PROCUREMENT MUST BECOME MORE EFFICIENT TO BE MORE EFFECTIVE



**SOPHIE SCOTT-FOSS**

*Associate editor, World 50 Group*

Stagnating productivity has been a longstanding headache for economists, politicians and business leaders alike, with productivity growth in many advanced economies slowing significantly following the 2008 global financial crisis.

The challenge of ongoing slow growth has been compounded by the Covid-19 pandemic, increasing geopolitical tensions and a multitude of 'black swan' events that have left businesses with innumerable fires to fight – with procurement often finding itself at the heart of these efforts. With the function's remit continuing to expand, the pressure on CPOs to deliver has never been greater. A poll of the procurement community illustrates the scale of this challenge: more than three-quarters of procurement teams are under pressure to reduce functional operating costs over the next year.

Yet amid this difficult operating environment, rapid advancements in artificial intelligence and automation perhaps offer the best chance to break this cycle of slow growth and enter a new paradigm of efficiency and productivity – one that will finally assist leaders in actually being able to do more with less. The change management lead at one technology company summed up the issue that procurement must overcome: "We have to be able to be more efficient so we can be more effective."

As Procurement Leaders has discovered, however, the function will only be able to rise to this challenge if it can measure productivity – including output

## 78%

The percentage of pulse respondents that said they are under pressure to cut procurement operating costs over the next year. Of these...

## 58%

Have a target to reduce the cost of the procurement function

and input metrics – consistently and effectively. Without these metrics, many procurement organisations will likely be more reactive than proactive and will struggle to secure the investment they require to boost efficiency and, in turn, become a more effective business partner.

In addition to exploring how procurement teams define and measure productivity, *Supercharging procurement productivity* shares best practice from Procurement Leaders community to demonstrate how functions are adopting a "holistic" approach to solving this challenge. Here, we delve into five critical productivity levers: influence, speed, tools, talent and capital, and the steps member organisations are taking to delivering in each of these areas. ■



## SIX QUESTIONS TO ASK WHEN ASSESSING PROCUREMENT PRODUCTIVITY

Improving productivity is a complex, multifaceted challenge – one that requires leaders to pull a host of levers if they are to deliver results. Here are six initial areas for CPOs to consider when seeking to improve procurement's efficiency and effectiveness:

### 1. METRICS

Do the KPIs on the function's dashboard cover a sufficient range of effectiveness (output) and efficiency (input) measures to give an accurate view of procurement productivity?

### 2. INFLUENCE

Do you and your staff have a clear understanding of whether the function needs to be in one, three and five years' time? How well does this align with the business's strategy?

### 3. SPEED

Where are the current sources of lag within procurement? How can these areas be optimised or simplified? What areas is procurement involved in that it could afford to step back from?

### 4. TOOLS

What is your strategy for leveraging advanced technologies, including AI, to deliver efficiencies and reduce operating costs? How are procuretech investments prioritised?

### 5. TALENT

To what extent does the function's operating model enable agility and free capacity to maximise ROI? As procurement becomes increasingly automated, what skills will staff need to succeed?

### 6. CAPITAL

How strong is the organisation's working capital position? What quick wins can procurement deliver in this area? How can the team maximise supply chain finance and rebate options?



# 1 UNDERSTANDING PROCUREMENT'S PRODUCTIVITY PROBLEM

## PROCUREMENT UNDER PRESSURE

While business leaders have been talking about the need to do “more with less” for several years, a pulse of the procurement community illustrates the scale of the challenge that the function must contend with.

More than three-quarters of respondents said their function is under pressure to decrease functional operating costs over the next year (see *Figure 1, right*). Of those organisations, more than half reported that they have a target to reduce the cost of running the procurement function (see *Figure 2, below right*), with members facing pressure to trim 14.2% off their operating costs, on average.

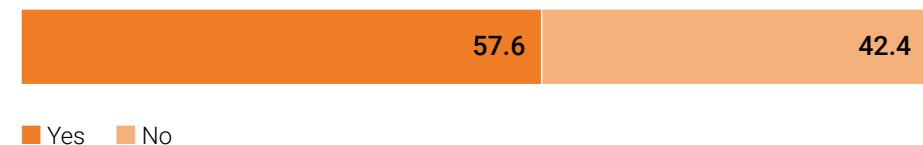
Yet, amid these pressures, the function's remit continues to expand into a broader range of business deliverables – regulatory compliance, risk management and improving sustainability, to name a few. As the CPO of healthcare company notes: “We went from serving just whatever the business asked us to do, to becoming a far more strategic function that looked beyond the borders of procurement activities. We really try to be in the middle of the business rather than being a function that does their activities.”

But, as the company's head of excellence says, this places a strain on the function: “We're doing things today in procurement that were never in the scope of procurement... We're doing so much more. When you're a pioneer and reaching into these areas that are not normal in a company, it's really hard work.” ➤

**FIG 1:** ORGANISATIONS UNDER PRESSURE TO CUT PROCUREMENT OPERATING COSTS OVER THE NEXT YEAR (% OF RESPONDENTS)



**FIG 2:** ORGANISATIONS WITH A TARGET TO REDUCE PROCUREMENT OPERATING COSTS OVER THE NEXT YEAR (% OF RESPONDENTS)



## BALANCING SHORT- AND LONG-TERM SOLUTIONS

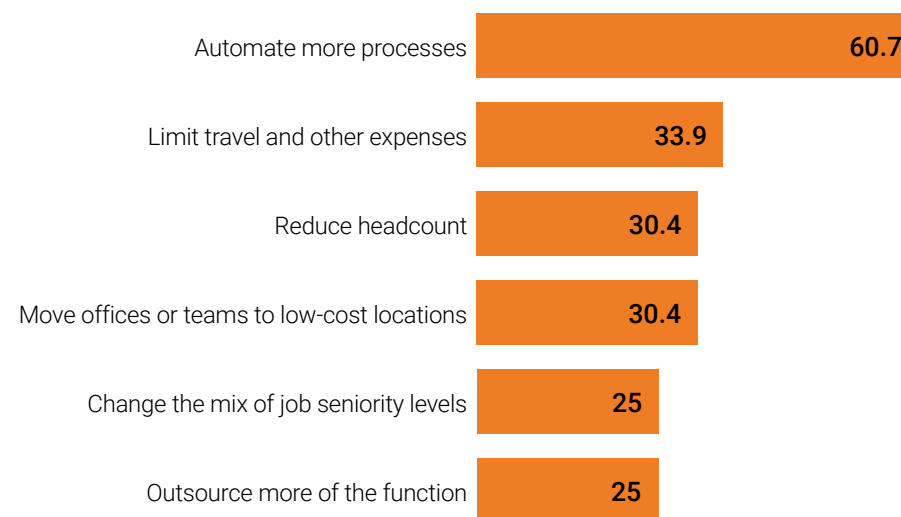
When asked how they intend to cut functional running costs over the next year, more than half of respondents said they would look to automate more processes (see *Figure 3, right*).

Other cost-reduction levers that respondents indicated they will prioritise include limiting spend on travel and expenses, moving offices to lower-cost locations and reducing headcount in a bid to deliver efficiencies.

While measures such as restricting functional expenses and reducing headcount will deliver an immediate bottom-line impact, other actions – including process automation and offshoring or outsourcing procurement activities – may take longer to bear fruit. The challenge for CPOs is balancing these short- and long-term demands while ensuring the function maintains – or elevates – its performance levels.

The CPO of one financial services organisation highlighted the importance of thinking strategically about the activities the function undertakes. As part of their function's transformation the leader divided the team into 'producers', those who deliver to business need; and 'enablers', in support roles. The team then reviewed the balance between enablers and producers, critically reviewing enablers' tasks to determine: "Do we really need to do this? If so, can it be automated? And if it can't be automated, can we do it more efficiently? Can we do it offshore?" However, the CPO acknowledged, delivering on this can take some time. ➤

**FIG 3:** ACTIONS PROCUREMENT TEAMS ARE TAKING TO REDUCE OPERATING COSTS OVER THE NEXT YEAR (% OF RESPONDENTS)





## 2 DEFINING AND MEASURING FUNCTIONAL PRODUCTIVITY



## DEFINING PRODUCTIVITY

Definitions of productivity vary by organisation, depending on both the industry in which the function operates and its relative maturity.

Discussions with the procurement community reveal that many organisations are conceptualising “productivity” in terms of functional outputs, rather than optimising the balance between inputs and outputs. The head of procurement excellence at one FMCG company framed it in terms of value creation and cost reduction. The CPO of a healthcare company said: “Productivity goes all the way from saving, saving work and saving on activities that are performed in the businesses all the way to the very basic hard savings, cost avoidance, working capital. So we try to measure impact across all areas.”

In addition, as demands placed on the function evolve, so too have the outputs that organisations seek to measure. As the head of sourcing at a financial services organisation notes: “[Businesses] wrestle with defining this and redefining it, and sometimes it’s a pendulum swing. Sometimes they’ve swung too far in the other direction. ‘Well, it’s lovely that we are now doing very compliant deals that reflect the best pricing in the market. However, it’s taking so long that we kind of need to get on a little more quickly.’ Then it swings back the other way, and there’s a push to say: ‘Oh, well, actually, we want to be responsive and keep our stakeholders happy.’”

While the function is evolving to meet a broader range of deliverables and contribute to an ever-growing list of business outcomes, the survey results indicate that leaders are not placing sufficient emphasis on ensuring the function has metrics in place to deliver for the business as efficiently as possible. ➤

## HOW LEADERS THINK ABOUT PRODUCTIVITY

- Producing more impact and value for the organisation
- Productivity is fundamentally about savings... on the supply chain side there’s probably more of a balanced view... time, cost and quality of outcomes
- Productivity goes all the way from savings work and saving on activities performed in the businesses all the way to the very basic hard savings, cost avoidance, working capital
- How effective can we make our companies quickly... how quickly can we show hard benefits?
- “If I look at productivity, it goes from the basics, hard savings up to procurement, cost centre savings, all the way to how we can make work easier and more efficient”

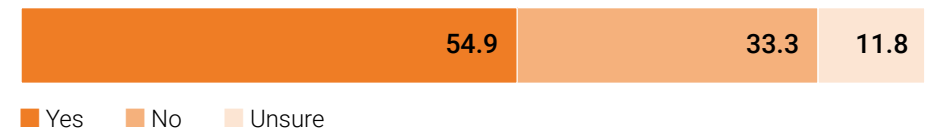
## SYSTEMS FOR MEASURING PRODUCTIVITY

Despite the emphasis on procurement to do more with less, little more than half of teams have a formal system in place for measuring procurement productivity and one-third have no way of assessing this (see *Figure 4, right*).

CPOs will struggle to understand if they are meeting the organisation's expectations if they do not have a means of assessing functional productivity. For example, cost savings per FTE is a relatively simple measure of functional effectiveness, but less than half of respondents said they track this metric (see *Figure 5, below right*).

Engaging with these benchmarks is vital so that leaders can rightsize their teams. Respondents also expressed surprise by how lean their teams are and the downward pressure this is exerting on buyers. It is possible that elevated effectiveness targets can only be achieved by increasing available procurement resources. Procurement Leaders' Strategic Planning Guide 2025 highlighted the dangers of tipping into underperformance if leaders do not resource their teams adequately. ➤

**FIG 4:** PROPORTION OF ORGANISATIONS THAT HAVE A FORMAL SYSTEM FOR MEASURING PROCUREMENT PRODUCTIVITY (% OF RESPONDENTS)



**FIG 5:** PROPORTION OF ORGANISATIONS THAT MEASURE COST SAVINGS PER PROCUREMENT FTE (% OF RESPONDENTS)





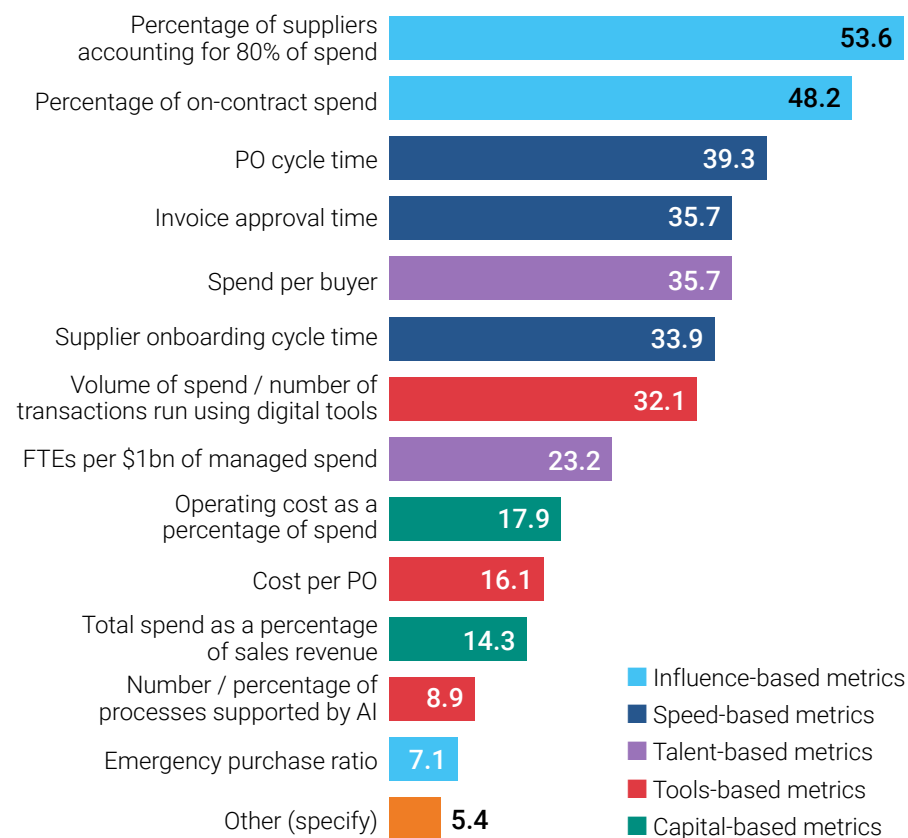
## TEAMS FAIL TO TRACK EFFICIENCY ACROSS THE ENTIRE THE FUNCTION

With the function moving away from solely tactical, cost-saving imperatives towards a more integrated role as a strategic business partner, procurement metrics have evolved to reflect the range of areas now impacted by the function.

At their most sophisticated, procurement teams are using holistic measurement systems backed by technology-enabled dashboards to capture performance in areas such as savings, cost avoidance, cycle times, risk management, supplier performance and stakeholder satisfaction, to name but a few. However, the survey findings and community conversations suggest leaders are emphasising the importance of capturing the function's overall impact without necessarily measuring efficiency.

In the course of the research, Procurement Leaders has identified five different ways of operationalising productivity: influence; speed; talent; tools; and capital. However, poll data suggests most organisations are only measuring one of these areas (see Figure 6, right). ➤

**FIG 6: EFFICIENCY METRICS USED BY PROCUREMENT ORGANISATIONS (% OF RESPONDENTS)**

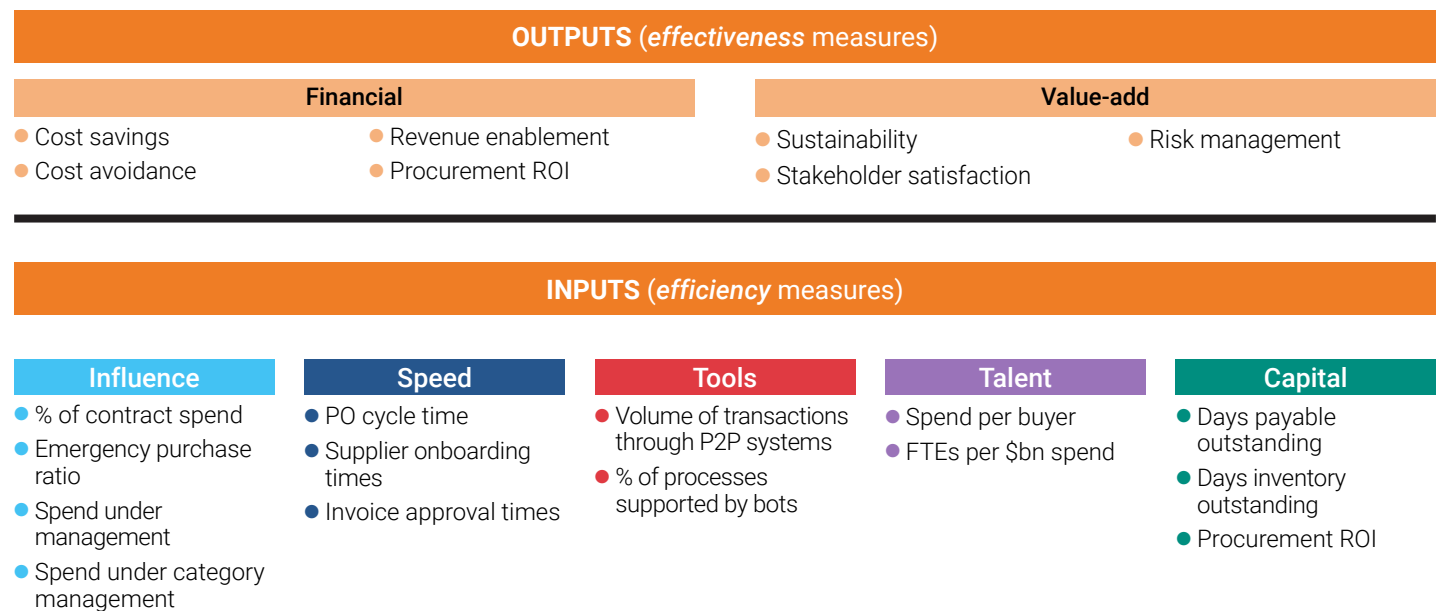


## VISUALISING PROCUREMENT PRODUCTIVITY

One way of thinking about productivity is to consider outputs (that is, procurement effectiveness measures) over inputs (procurement efficiency measures) to assess how effectively an organisation is using its resources.

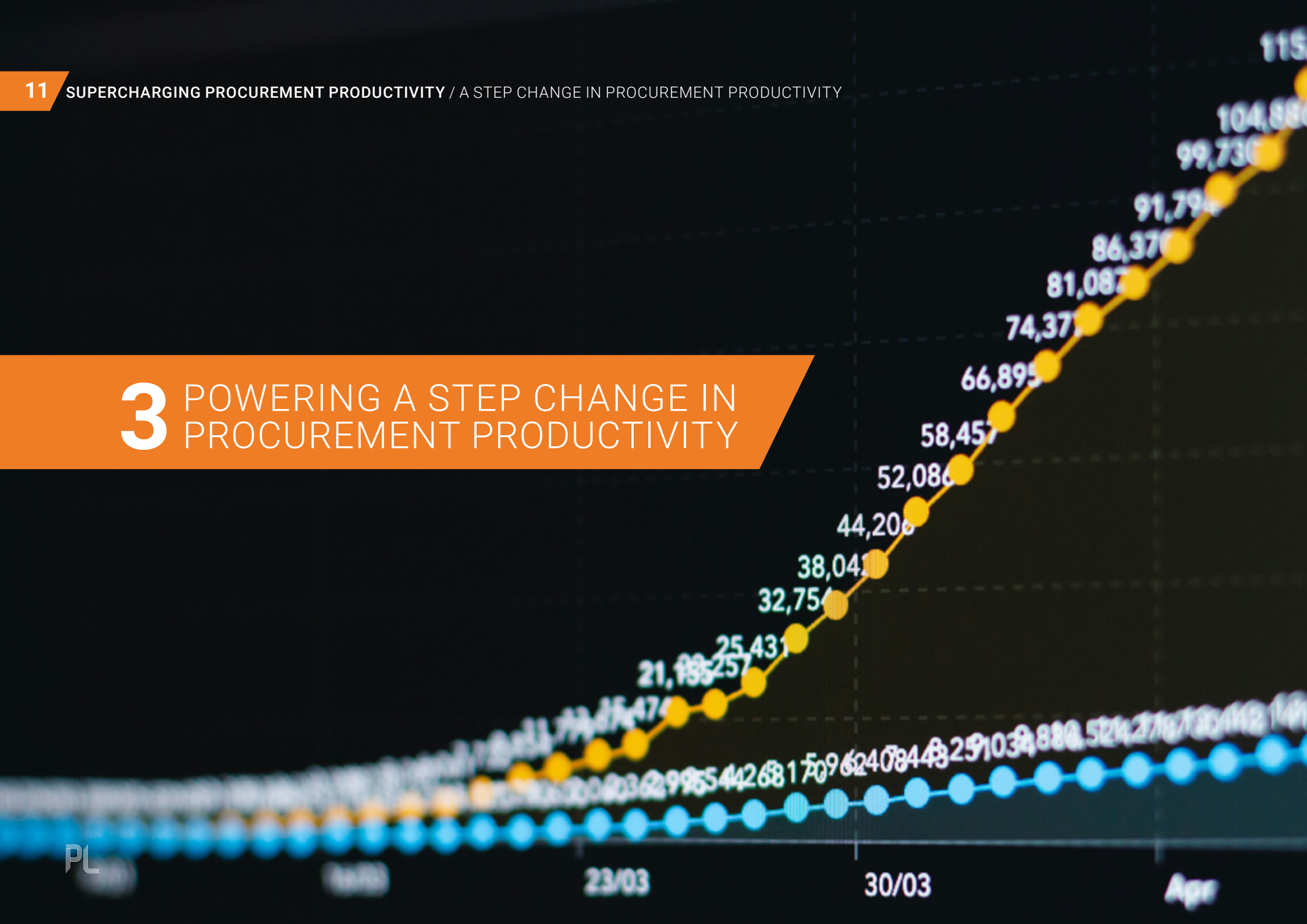
Procurement Leaders has taken different efficiency and effectiveness metrics used within the community, as well as a number of next-practice metrics being monitored by forward-thinking organisations, to visualise this (see *Figure 7, right*). ■

**FIG 7: THE PROCUREMENT PRODUCTIVITY EQUATION**





### 3 POWERING A STEP CHANGE IN PROCUREMENT PRODUCTIVITY



## MAXIMISING THE IMPACT OF INVESTMENTS IN PRODUCTIVITY

Although many procurement functions are looking to reduce their operating costs, improving productivity is a priority investment area for many teams – 87.4% of pulse respondents said they plan to invest in this area over the next year (see Figure 8, below).

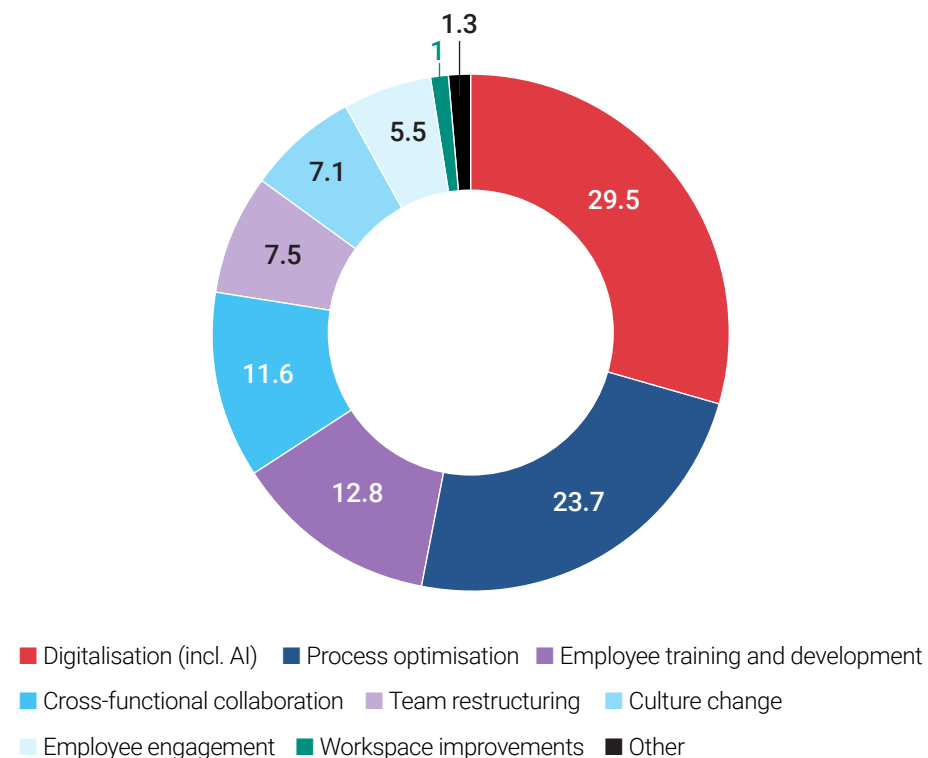
Given the emphasis on automating processes to reduce procurement operating costs, it is no surprise that respondents identified digitalisation, including AI, as the top investment priority if they had 100 ‘chips’ to help boost functional productivity (see Figure 9, right). Following closely behind were process optimisation, employee training and development, and cross-functional collaboration.

With many of these investment priorities aligned closely with the efficiency inputs in our productivity visualisation (see Figure 7, page 10) the remainder of the report will explore the steps teams are taking to build procurement’s influence; improve the speed at which it operates; and leverage tools, talent and capital to supercharge functional productivity. ➤

**FIG 8:** PROPORTION OF FUNCTIONS THAT PLAN TO INVEST IN PRODUCTIVITY OVER THE NEXT YEAR (% OF RESPONDENTS)



**FIG 9:** INVESTMENT PRIORITIES IF PROCUREMENT TEAMS HAD 100 ‘CHIPS’ TO IMPROVE PRODUCTIVITY (%)





## INFLUENCE: SET THE VISION

Several leaders interviewed for this research emphasised the importance of setting a vision for procurement to act as a North Star for the function and enable their teams to reset expectations among internal stakeholders

One CPO at a global healthcare company, for instance, said they spent three months establishing their procurement team's identity and comparing the function with peers at other organisations. This approach generated a lot of enthusiasm among his team.

Similarly, a global law firm took a systematic approach in developing future expectations for the team. "We started on day one with a great definition of what success looks like. So what should this function look like in a year from now. What should it look like in two years? What should it look like in five years?" the firm's global head of procurement told members of Procurement Leaders' Process and Performance Cohort.

The CPO of a financial services organisation, meanwhile, said: "For us it really did start with a bold vision. We put a stake in the ground that said: 'We want to cut ourselves in half and we want to improve on all of our key performance metrics.'" From there, the team invited 40–50 staff to an all day session to really crowdsource ideas and develop and prioritise plans that would enable the function to deliver against that vision.

While staying true to their vision, however, leaders must be prepared to evolve, the CPO said. For the financial services organisation, the advent of generative AI presented an opportunity to go further progress this vision. ➤

## CASE STUDY / TRAVEL COMPANY FOCUSES ON THE DESTINATION TO PROGRESS PROCUREMENT

At one company in the travel industry, procurement was once considered a reactive, "order-taker" with no influence over the business prior to an ambitious multiyear transformation.

Speaking at Procurement Leaders' Americas Procurement Congress 2025, the organisation's CPO identified three foundational principles that guided the function's multiyear transformation to becoming best-in-class. These are: providing high-quality products and services for customers; managing and mitigating risk to protect the company's people, customers and brand; and, most importantly, ensuring it is the customer of choice for suppliers.

On top of these principles, the CPO identified the importance of setting a vision for procurement. "Our secret sauce is clear vision. It's not just having a clear vision, it's getting buy-in for that across your enterprise from the board of directors to the CEO, CFO – everyone," they said.

Today, procurement is now considered a "value-creator with influence", delivering an 18x ROI. However, as the CPO reminded attendees, understanding the destination was critical to delivering progress: "It is very important we have that clear vision and buy-in from everyone so that procurement can move away from focusing on contracting and more on operational excellence." ■

## INFLUENCE: MOVING TO BUSINESS-CENTRED THINKING

In addition to refining the vision for the function, procurement teams are working to improve business alignment in a bid to eliminate inefficiencies and maximise the function's contribution to enterprise-level goals.

At one healthcare company, for instance, the procurement team identified the KPIs that would form the function's dashboard by mapping a list of around 30 metrics against business-wide goals to develop a shorter list of targets that are used to both measure functional performance and help inform functional priorities. As the function's director of performance management told members of Procurement Leaders' Process and Performance Cohort: "That's where the business partnering was so critical; understanding what the business was going after, so we could translate those themes into six procurement priorities."

To further bolster alignment, business units co-own certain financial KPIs with procurement, the director of performance management adding that "a portion of the budget reduction that the businesses are aiming for will actually come from procurement cost savings". This decision to foster joint accountability helps to unite teams as they work towards common goals.

Tailoring communication to the audience is crucial to obtaining stakeholder buy-in. As the CPO of a financial services firm said: "When I'm talking to the CFO, the CEO, others across the company, I'm going to show metrics in a way that's going to resonate more with them." Trend-based metrics, for example, that demonstrate improvement may be more relevant when presenting to senior leaders. Arguably, this is less about simply speaking 'the language of the business' but rather a more wholesale change in perspective from procurement-centred thinking to business-centred thinking. ■

■ ■ When I'm talking to the CFO, the CEO, others across the company, I'm going to show metrics in a way that's going to resonate more with them

CPO

Financial services organisation



## SPEED: OPTIMISING PROCESSES TO POWER PROCUREMENT AT PACE

In an environment shaped by rapid technological developments, growing volatility and ever-increasing customer expectations, speed is a modern-day business imperative. Respondents to our pulse highlighted the importance of speed, ranking “streamlining processes” top among a series of phrases linked to productivity (see Table 1, right) and identifying process optimisation second among productivity investment priorities (see Figure X, page X).

In the quest to improve speed of execution, teams are working to transform and standardise processes – rather than make incremental improvements – to enable efficiencies before applying technology to deliver further productivity improvements.

To avoid digitising inefficient or unnecessarily complex processes, one member conducted “day-in-the-life” sessions to understand the realities of employees’ work and blockers that could be solved before looking to introduce technology. Others have applied technology earlier, using process mining tools to discover previously invisible bottlenecks and develop targeted workflow improvements.

Common activities undertaken by teams to drive progress in this area include amending thresholds to allow procurement to step away from simpler purchases, and requiring fewer approvals so contracts can be approved more quickly. As the CPO of a financial services organisations said: “The business owns the decision. Period. They approve the deal. Now, procurement approves the deal as well. But everybody else, [they’re] consultants. [They] have an opinion, [they] have expertise, and we want to hear that expertise. But they don’t own the decision... If we’re comfortable with it, we’re moving forward.”

**TABLE 1:** PHRASES RANKED ACCORDING TO THEIR RELEVANCE TO THE CONCEPT OF PRODUCTIVITY

RANK	PHRASE
1	Streamlining processes
2	Delivering strategic outcomes
3	Continuous improvement
4	Innovative thinking
5	Time savings
6	Internal cost reduction
7	Calculated risk taking
8	Task completion
9	Capital investment
10	Minimising resources

However, the CPO warned procurement executives to avoid spending too much time concentrating on refining processes to the point that it becomes a drag on functional performance. “Sometimes it can feel like you’re spending so much time focused on the process and making sure you do all the things that you need to do. But you lose sight of really driving the great outcomes. So, we’ve spent a lot of time on that. ➤

## CASE STUDY / ACCELERATING CYCLE TIMES BY STREAMLINING PROCESSES

Having expanded through a combination of organic growth and acquisitions, the procurement team at one energy company found each regional entity used different tools and processes to manage the procure-to-pay (P2P) process. With expediting processes both a C-suite mandate and an internal priority, the function set about simplifying and standardising P2P activities throughout the enterprise.

Before choosing a single technology provider to digitise P2P, the team first focused on the process itself as staff were dissatisfied with the pace at which requests were fulfilled. After mapping the process, the team challenged each stage, eliminating those that were unnecessary and seeking to ensure those that remained could be completed more efficiently.

Approvals were identified as a major source of lag, with some deals requiring up to 12 different approvals. Instead, the team has adopted a more practical approach –

requiring two mandatory signoffs, the budget holder and finance controller – with others based on PO value thresholds.

Having optimised the P2P process, procurement used a dedicated team to oversee deployment at a country level, with a combination of regional and centre of excellence staff working with local stakeholders to ensure a smooth transition. In all, overhauling the process and rolling out a new P2P tool took approximately two years but the team has succeeded in cutting P2P times to two days, on average.

In addition to overhauling P2P, the team has emphasised the use of catalogues to cut cycle times and reduce procurement involvement. Today, 45% of transactions are made using catalogues and the function has a catalogue team of 10 staff within its shared service centre. ■





## MAXIMISING THE PRODUCTIVITY IMPACT OF S2P TECHNOLOGY



**Alex Saric**  
Ivalua

As procurement remains pressured to support multiple objectives in an increasingly uncertain market, typically without additional resources, improving productivity is a must. This survey reinforced the key role of digitization in improving productivity, with respondents noting it as the top investment being made for that purpose: 84% have already deployed procurement technology and 90% plan to further automate this year. Yet the level of automation achieved too often disappoints. Given the importance and investment made in source-to-pay (S2P) technology, in both time and budget, how can leaders ensure they maximize the productivity impact?

Having worked closely with hundreds of procurement leaders digitally transforming their departments, I've had an opportunity to see which technology and process factors drive success. The following are the most critical to consider from my experience. They maximise adoption and the level of automation realised.

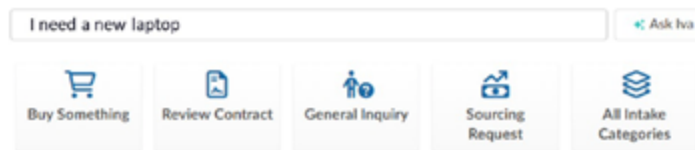
### THINK HOLISTICALLY ABOUT USER ADOPTION

Assessing ease of use is a standard and important aspect of any technology evaluation. But it is insufficient to ensure adoption. You must also consider:

**Requirements gathering:** Digital initiatives may be driven by leadership, but they live and die with users. To avoid pushback and ensure systems support your teams it is essential to engage users before the selection process to explain how the initiative will help and gather their input on requirements.

**FIG 10: AI-POWERED INTAKE MANAGEMENT TO MAKE PROCUREMENT CONVERSATIONAL**

Greetings, Sandra Schmidhammer! What can I do for you today?



**Conversational procurement:** The advances in AI combined with new intake management capabilities are enabling a conversational experience for many tasks, with users simply typing in their request in a search window and being guided by the system. This is especially valuable for infrequent users. This is a developing capability in the realm of the user experience and one that should be evaluated.

**Flexibility:** In today's rapidly evolving and uncertain market, agility is essential. Reporting requirements and processes can change at any time. Technology must be able to support unknown requirements. Even in the near term, it is almost certain that you will discover requirements during implementation that were overlooked. You don't want to hit a roadblock that depends on the vendor's uncertain roadmap or costly customisations.

Additionally, you will often find parts of the business with unique requirements. While you should aim to standardise as much as is possible and logical, there are often legitimate reasons for differences and not supporting them will impede adoption. ➔

**Spend coverage:** Having a tool that is easy to use doesn't matter if it doesn't support the spend in question. Having suppliers enabled is one aspect (see *Don't forget suppliers, below*). But you also need to look at whether the technology has capabilities to support all types of spend. Leading systems support standard indirect goods, but can it properly support more complex spend, including categories unique to your organisation? These may be smaller components of spend but they are often where the most manual effort is involved and the gains from automation are greatest.

### DON'T FORGET SUPPLIERS

While much thought is (correctly) given to user adoption, supplier adoption is all too often glossed over during technology selection. Or the factors that drive it are not understood. But if suppliers are not enabled – particularly for supplier management and P2P processes – automation will suffer regardless of user adoption or technology capabilities.

**Check references:** Since every vendor will likely tell you why their approach works best, it is essential to validate the percentage of suppliers' customers enabled. Focus on count. Spend metrics often masks enablement issues with a handful of high-spend suppliers enabled quickly but the long tail left outside systems.

**Think like a supplier:** Look past the vendor marketing to factors you would care about as a supplier. Are automated communications coming from their known customer or some unknown vendor or enablement team? Is the system branded by their customer or some vendor? Do you have to pay costs or agree to vendor terms? Is it easy to register and use? Is your uploaded data owned by your customer or some vendor?

### ENSURE INFORMATION IS ACCESSIBLE

With more and more information available and needed to make informed decisions, procurement teams are spending much of their time searching for information. A key benefit of any S2P platform should be improving access to information. This is also an area where differences are often disguised among the similar sounding marketing. What users want is to be able to see all information where they are working, not just the data related to that module or needing to go to a separate analytics module. Unified data models where all information is mapped to a single record and accessible anywhere provide this, plus enable intelligent workflows to increase automation.

### MIND THE GAPS

Most of the lost efficiency with systems typically occurs between steps of the S2P process. It is essential for information to flow from sourcing to contracts to catalogues, orders and invoices, as well as other processes. Prioritize suites or platforms with a native flow, not one reliant on integrations.

### SEEK EMBEDDED AGENTIC AI

The greatest benefit of recent and ongoing advances in Generative AI is productivity. The rise of AI Agents greatly extends the level of processes that can be automated, including ones that can be made autonomous. Carefully evaluate the current capabilities and AI architecture of any S2P technology.

There are many factors to consider so I will cover them in a separate section of this report, but I would be remiss to not list this as it will become an increasingly critical success factor. Note that the previous two factors provide the solid foundation upon which Agentic AI is most effective. ■



## TOOLS: AN IMPORTANT ENABLER, BUT NOT A SILVER BULLET

Pulse respondents indicated they consider technology to be the critical driver in improving procurement productivity. Automation emerged as the top lever in reducing procurement running costs over the next year (see *Figure 3, page 5*) while digitalisation was considered the top investment area for productivity improvements (see *Figure 11, page 13*).

The head of sourcing at a financial services organisation, however, was more sceptical as to whether technology is a panacea. Instead, they noted that to ensure the success of technology, procurement teams must ensure they have the necessary foundations in place, particularly when it comes to data: “I’ve seen every flavour of tech. So, now, the flavour du jour is AI. The real issue is, if you have unstructured data and you have unstructured contracts, there’s a real limit to what it is you’re going to be able to do using technology.”

Underlining the importance of data, one member has deployed a Power BI dashboard connected to 15 data sources and accessible to 150 stakeholders. In addition to assessing performance, the system also informs future

actions and enables the organisation to identify opportunities and amplify procurement’s impact.

Process orchestration – a means of coordinating various technology systems, processes, and people to achieve a seamless workflow – is emerging as another focus area as procurement functions seek to unlock efficiencies. Such tools sit on top of functions’ existing procuretech stacks and simplify procurement tasks and user experience. As with all tools, however, orchestration is at its most effective once organisations have undertaken the necessary work to optimise their processes.

Organisations are also implementing catalogue systems, guided buying platforms and automated approvals as a means of reducing procurement interventions in day-to-day purchases and freeing staff to focus on higher-value, strategic activities.

Ultimately, many leading organisations are looking at technology as one tool among several that can help improve functional productivity. The CPO of one pharmaceutical company, for instance, said they had adopted “more of an end-to-end, holistic approach to enabling productivity” that takes account of operating models, process optimisation, skills development and technology deployment, among others.

However, facing significant internal competition for resources, CPOs must ensure they have a clear business case and taking proactive steps to plan implementation. As one CPO told their peers during a CPO Connect Call: “Being at the first line certainly helps.” ➤

# 61%



The percentage of pulse respondents that said they plan to automate more processes to reduce functional operating costs over the next year

# 30%



The share of budget procurement professionals would allocate to digitalisation, on average, if they had 100 ‘chips’ to boost productivity

## TOOLS: COMPANIES DOUBLE DOWN ON AUTOMATION AS AI YIELDS RESULTS

Procurement functions continue to invest in automation – including AI – and the technology appears to be yielding results. Of procurement professionals polled, 84% said their function had deployed at least one automation tool to date. Of those using the technology, 90% said they planned to deploy additional automation tools over the next 12 months.

The impact of such tools – in terms of improving speed and efficiency, as well as enabling leaders to redeploy staff – is considerable. The head of excellence at one technology business, for instance, explained the firm had been largely reliant on staff to manually enter invoice metadata into its P2P tool. However, following several an international acquisition, the data entry team found itself handling thousands of extra invoice and staff were “probably at 180% of capacity”. To manage these additional invoices without increasing headcount, the company has leveraged generative AI to undertake this data entry with a 98% accuracy rate. While outsourced workers continue to validate the data, the company plans to reallocate those individuals to capitalise on other opportunities – particularly in cash optimisation.

With the rapid development of AI prompting anxieties among some staff, the CPO of a pharmaceutical company explained the importance of encouraging employees to experiment with the technology in a controlled environment. “We gave everybody a Copilot licence, but with the promise that within 9–12 months you’ll come back with at least two use cases. It’s cyclical, you invest in your people, but also make it make expectations clear that we are here to learn and adapt together.”

# 84%

The proportion of procurement professionals surveyed that said they have deployed at least one tool to automate tasks. Of these...

# 90%

Plan to deploy further automation tools over the next year.

In this spirit, the company has plans for an AI day so staff can share best that have been developed in different regions, with a view to rolling these out more broadly

Leaders who have successfully implemented automation cautioned against pursuing technology for technology’s sake. Instead, one CPO in the financial services sector advises, functions should develop a prioritised list of AI use cases and focus on those that will deliver the greatest impact. Not only will this help procurement overcome internal competition for resources, but it also provides a proof of concept that can be shared with staff and internal stakeholders alike. ➤



## CASE STUDY / DELIVERING 1,400+ AI-ENABLED DUE DILIGENCE REPORTS

Operating in a highly regulated industry, the procurement function at one financial services organisation produces approximately 1,400 due diligence reports each year – some of which require up to 1,000 pages of documentation. As well as being resource-intensive to produce, documents often contained errors that carried a compliance risk.

As the function's leadership team assessed potential use cases for generative AI, due diligence emerged as a leading candidate for automation. The team submitted a proposal to the organisation's cross-functional AI Council, emphasising the benefits of deploying technology to mitigate compliance risk.

As an early adopter of AI within the business, the procurement team secured resource to work with IT and several data scientists to develop a generative AI model in roughly five weeks that, from day one, produced reports with an accuracy score of 80%.

By automating the process the company expects to halve the human resources required to execute due diligence. Further, the technology has delivered significant – and consistent – quality improvements.

The organisation's CPO says: "Think about it, you're a human being. Your job is to show up five days a week and read through all of this documentation, looking for specific things – that is ripe for errors. People aren't great at reading 1,000 pages. Computers are great at reading 1,000 pages. They read every single word, every single page." ■

■ [When] your job is read through all of this documentation, looking for specific things – that is ripe for errors. People aren't great at reading 1,000 pages. Computers are great at reading 1,000 pages. They read every single word, every single page

### CPO

Financial services organisation

# UNLOCKING THE PROMISE OF AGENTIC AI



**Alex Saric**  
Ivalua

AI promises to supercharge procurement productivity and most organisations have at least piloted Generative AI. The recent advent of AI agents has greatly expanded the use cases and potential business impact and their ability to execute multistep processes has even opened up possibilities for autonomous activity. See actual use cases for procurement made possible by each advance in AI to date (see *Figure 11, page 23*).

Despite the excitement, in reality, I have yet to hear of any organization that has untapped transformational benefits in productivity from AI yet. But as organisations expand usage and capabilities rapidly improve, it will come. CPOs need to start planning their roadmap for AI to ensure they can start realising the benefits now and position themselves for more transformational gains in the not-too-distant future.

## MAXIMISING ADOPTION

- **Communicate:** Gather feedback during planning and communicate the expected benefits to staff to build excitement and alleviate any anxiety. Be specific in how AI will benefit employees.
- **Simplify user access:** Provide direct access to Agentic AI in core S2P application(s), with intake forms to make the experience conversational for infrequent users.
- **Build trust:** Plan a structured user training programme, including prompt engineering, to increase the quality of output and ensure systems used include quality-control checks to minimise hallucinations. Systems should also specify sources to enable user verification when appropriate.

- **Plan a use-case-level rollout.** Pilot use cases to ensure they work in your organisation, and allow any necessary refinement before broadly rolling out to improve the quality of initial employee experiences.

## OPTIMISING OUTPUT QUALITY

- Establish a single source of truth for spend and supplier data: AI needs easy access to a solid data foundation to deliver quality results.
- Carefully assess technology orchestration capabilities, considering key factors such as the ability to optimise user prompts, to leverage all relevant information for a use case and conduct quality control checks.
- Select technology that can optimise across different/multiple LLMs. This is becoming increasingly important as LLMs build relative advantages over each other.

## ENSURING AGILITY

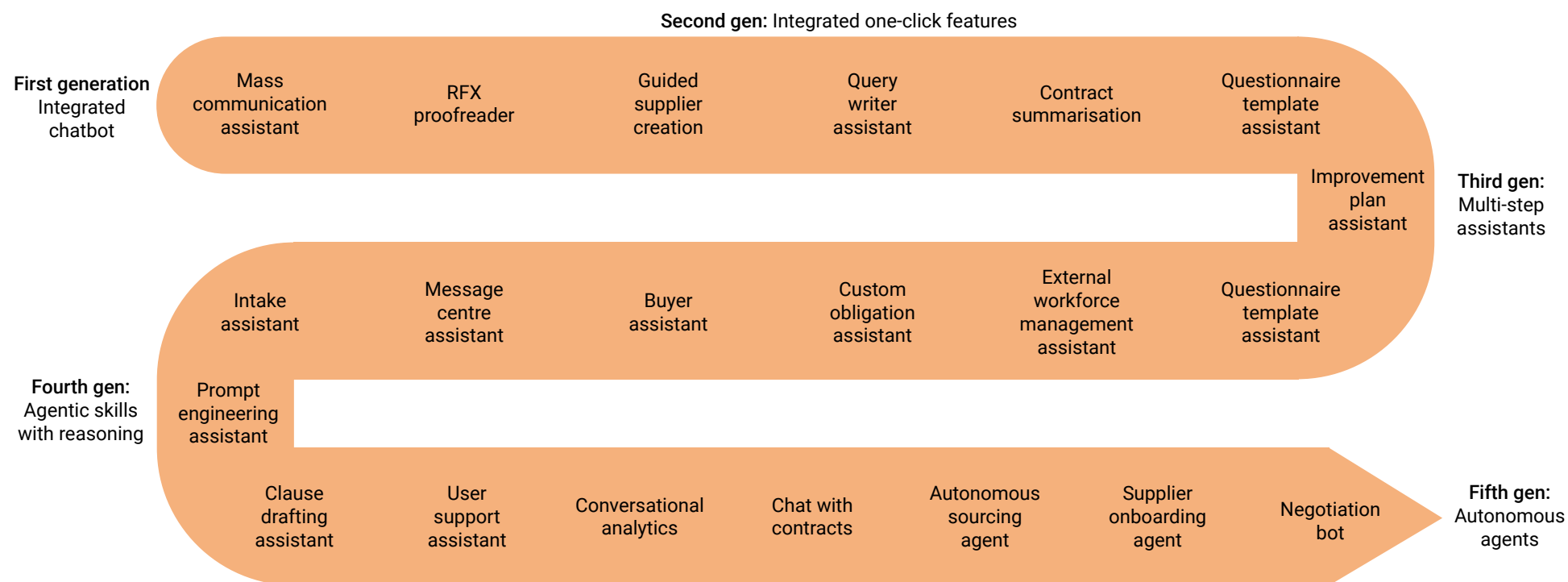
As technology advances and you identify opportunities, it must be able to support your business.

- Choose LLM-agnostic S2P technology so you are not tied to a particular LLM should company policies change or new LLMs leapfrog in capabilities.
- Select technology that enables you to refine or define new use cases without software vendor dependencies.

## MITIGATING SECURITY AND COMPLIANCE RISK

- Verify and comply with company AI policies.
- Ensure third-party LLMs do not share or store your information, or use it to train models. Clearly separate data from the user interface.
- Train employees on acceptable AI usage.
- Assess risk at a use-case level and LLM security policies in agreements. ■

FIG 11: THE EXPANDING APPLICATIONS OF GENERATIVE AI IN PROCUREMENT



For a more detailed overview of how to plan an effective roadmap for Agentic AI in procurement, [download Ivalua's guide](#).



## TALENT: IDENTIFYING AND ENABLING EXTRA CAPACITY

Although 30% of pulse respondents indicate they will look to reduce headcount over the next year as they seek to cut functional operating costs, demands on the function will continue to grow. The challenge for leaders is ensuring they deploy staff as efficiently as possible.

### REVIEWING ROLES AND OPERATING MODELS

Many leaders are reviewing their operating models to identify inefficiencies and free staff capacity. The CPO of a pharmaceutical company revealed their organisation had been able to release 10% of the team's capacity by switching from a traditional organisation structure to a more agile model. This enabled the team to reallocate staff to areas in which it lacked sufficient focus.

A global healthcare company, by contrast, restructured to centralise procurement staff within one function. With 80% of staff focused on nonstrategic, transactional activities, the team delegated transactional activities to staff in regional shared service centres. Today, 50% of the team have a strategic focus and are freed to focus on higher-value, strategic activities, including category management.

In addition to amending their operating models, companies are also reviewing how roles are conceived when determining where to allocate resources. One financial services organisation, for instance, distinguishes between "producers", who deliver direct value; and "enablers", who maintain infrastructure and processes. Looking at team members through this lens can help CPOs to make better-informed investment and headcount-allocation decisions.

### MANAGING HEADCOUNT

Rather than implementing large-scale reductions, leading organisations are choosing to manage headcount primarily through attrition; backfilling roles only where absolutely necessary. Companies are also becoming more adept at tracking capacity across teams and assessing where resources can be moved to to address shifting demands without additional hires.

The financial services organisation's procurement chief emphasises the importance of open communication and effective change management in setting staff expectations. "I've been extremely transparent with the team, every year I stand up in front of them and say, we will be smaller at the end of this year than we are today, right, and I've told them our goal is to do that through attrition, but I can't guarantee that."

To ensure staff thrive in such an environment, it's paramount to develop an environment of psychological safety. The CPO added: "which is culture. We had a lot of folks that were afraid to make decisions. They were afraid to take risks. They were afraid to take ownership... so things would just spin for months and months and months." Critical to overcoming this was developing a culture in which mistakes are acknowledged and celebrated but the team moves forward.

As automation gathers pace, it will be increasingly important for CPOs to provide a roadmap so staff can understand the future needs of the function and develop the skills necessary to thrive in the new environment. ➤


## TALENT: IDENTIFYING AND DEVELOPING A SKILL SET FOR THE AI ERA

As teams automate an increasing number of tasks, leaders will need to reassess the skill sets their functions require.

Conversations within the Procurement Leaders community have highlighted the importance of business partnering in this context. As bots handle an ever-increasing number of routine tasks, the ability to articulate value and speak the language of the business will grow increasingly critical.

With a decline the level of tactical activity the function undertakes, strategic thinking and category expertise will come to the fore. Leaders will need a team that can identify emerging trends and develop innovative solutions. As the head of sourcing at one financial services organisation says “On the talent front, you certainly have to have people with aptitude and they just as importantly need the right attitude... They’re open to alternatives. They are really thinking with that consultative mindset and thought partnering and exploring alternatives rather than using the same matrix to assess bids for their whole career.”

Leaders are likely to look for professionals that embody a combination of these complementary skills rather than individual experts. This sentiment was underscored by the CPO of one healthcare company, who said: “We have probably changed 60%–70% of our workforce in the past three years. Shifting a lot from the operational... negotiators and people running around, making contracts to much more strategic thinking, people who are much better versed in technology, market intelligence, risk management and who, especially, have really good communication skills.”

 You need people with aptitude and the right attitude... They’re open to alternatives. They are really thinking with that consultative mindset and thought partnering and exploring alternatives rather than using the same matrix to assess bids for their whole career

**Head of sourcing**  
Financial services organisation

As well as a need for more strategic mindsets, the ability to leverage data and technology will grow increasingly important. Several leaders said they have encouraged their teams to experiment with AI tools and share use cases to level-up knowledge across the team. The procurement change management lead at one technology company said it had delivered a three-hour interactive course for staff so they could make full use of the tools at their disposal. The CPO of a financial services organisation emphasised the importance of staff possessing a “digital-first mindset” and an ability to input business requirements into AI tools to deliver high-quality outputs. ■

## CAPITAL: FOCUSING ON QUICK WINS TO REDUCE WORKING CAPITAL

With working capital performance deteriorating, a global assessment of its working capital programme enabled a UK-based industrial equipment firm to identify several improvement areas across receivables, payables and inventory.

Having rated its working capital maturity as somewhere between lagging and achieving, the team launched a programme (see *Figure 12, right*) to:

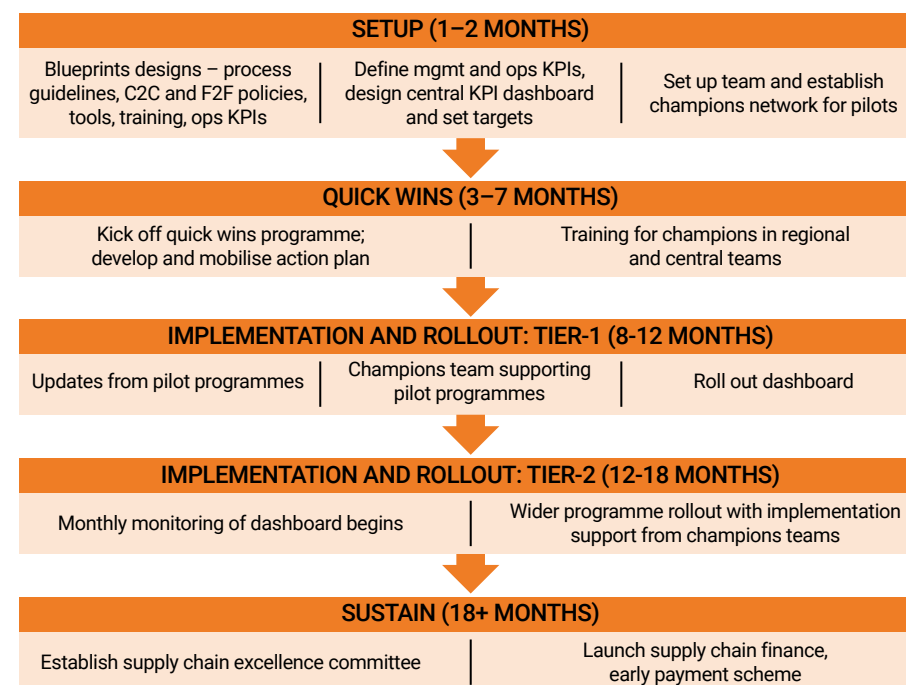
- Establish a programme management forum and an organisation-wide commitment to working capital improvements.
- Identify, engage and train working capital champions to raise skills, awareness and knowledge at operational and management levels.
- Deploy working capital guidelines and policies to enhance standardised practices.
- Develop comprehensive KPIs, to monitor performance against targets.
- Reduce net working capital by 20% to 30% within 12–24 months, emphasising quick wins to drive impact.

These quick wins were critical to the project's success, with the team focusing on three areas: customer-to-cash (C2C); forecast-to-fulfil (F2F); and purchase-to-pay (P2P). In addition, it 'tiered' different regions to focus first on those that would deliver the greatest impact.

In addition to optimising its working capital position, the business rolled out a dashboard so stakeholders could track progress across a range of metrics, with executive rewards tied to working capital targets.

Within 12 months the team succeeded in delivering a 20% reduction in working capital. Furthermore, the company now has tighter governance – departments across the business meet regularly to assess progress. ■

**FIG 12:** WORKING CAPITAL MANAGEMENT PROJECT TIMELINE



**PROCUREMENT LEADERS MEMBERS: READ THE FULL CASE STUDY**

*Case study: An industrial equipment supplier's approach to optimising working capital*



## ABOUT THE RESEARCH

This report is based on community conversations involving informed CPOs and Procurement Leaders' Process and Performance Cohort – a community of forward-thinking leaders in this area. These community conversations include:

- **CPO Connect Call:** Delivering enhanced productivity, January 2025
- **Process and Performance Cohort Call:** Beyond cost savings: KPIs for holistic value creation, January 2025
- **Process and Performance Cohort Call:** Increasing the speed of execution across procurement, February 2025
- **High-maturity session:** Measuring and maximising procurement performance, March 2025

These community insights have been supplemented by best practice examples from the Procurement Leaders network, expert interviews, as well as a pulse survey distributed among the Process and Performance Cohort during Q1 2025 with 55 respondents.

### CONNECT WITH YOUR COMMUNITY

Procurement Leaders' Process and Performance Cohort is a dedicated community for active and engaged strategy leaders who want to share insights and advance the function. Focusing on enabling excellence and delivering value from strategic sourcing processes, This community shares and discusses ways to maximise performance and execute on critical processes.

- **Discover more:** *Strategy cohorts / Procurement Leaders Networking Calendar*

### FURTHER INFORMATION AND FEEDBACK

If you have enjoyed this report, would like some more information, or feel it has not met your expectations, please contact:

**[feedback@procurementleaders.com](mailto:feedback@procurementleaders.com)**

## ABOUT THE RESEARCH

### ABOUT THE AUTHOR



**SOPHIE SCOTT-FOSS**

*Associate editor, World 50 Group*

With eight years' experience writing and editing professionally, Sophie has worked in a variety of contexts, including B2B and B2C magazines. She is currently an associate editor at

World 50 Group where her interests include procurement, supply chain and human resources.

### ADDITIONAL PROCUREMENT LEADERS MEMBER RESOURCES

- *Report: AI-powered procurement: Decode, deploy, deliver*
- *Report: Strategic Planning Guide 2025*
- *Case study: An industrial equipment supplier's approach to optimising working capital*
- *Case study: Deploying an agile procurement operating model*

### ABOUT OUR PARTNER



Ivalua is a leading provider of cloud-based, AI-powered Spend Management software. Our complete, unified platform empowers businesses to effectively manage all categories of spend and all suppliers, increasing profitability, improving sustainability, lowering risk and boosting employee productivity. We are trusted by hundreds of the world's most admired brands and recognized as a leader by Gartner and other analysts.

Learn more: [ivalua.com](https://www.ivalua.com)

## ABOUT PROCUREMENT LEADERS

The global community for CPOs and their leadership teams

---

**SIX** GLOBAL OFFICES



Join us in making procurement a critical business driver

Learn more: [procurementleaders.com](https://procurementleaders.com)

**290+**

Corporate member companies

**35,000+**

Senior leaders

**165+**

Procurement solution providers

**62,000+**

Active members

**2,700+**

Event attendees annually

**35+**

Member countries