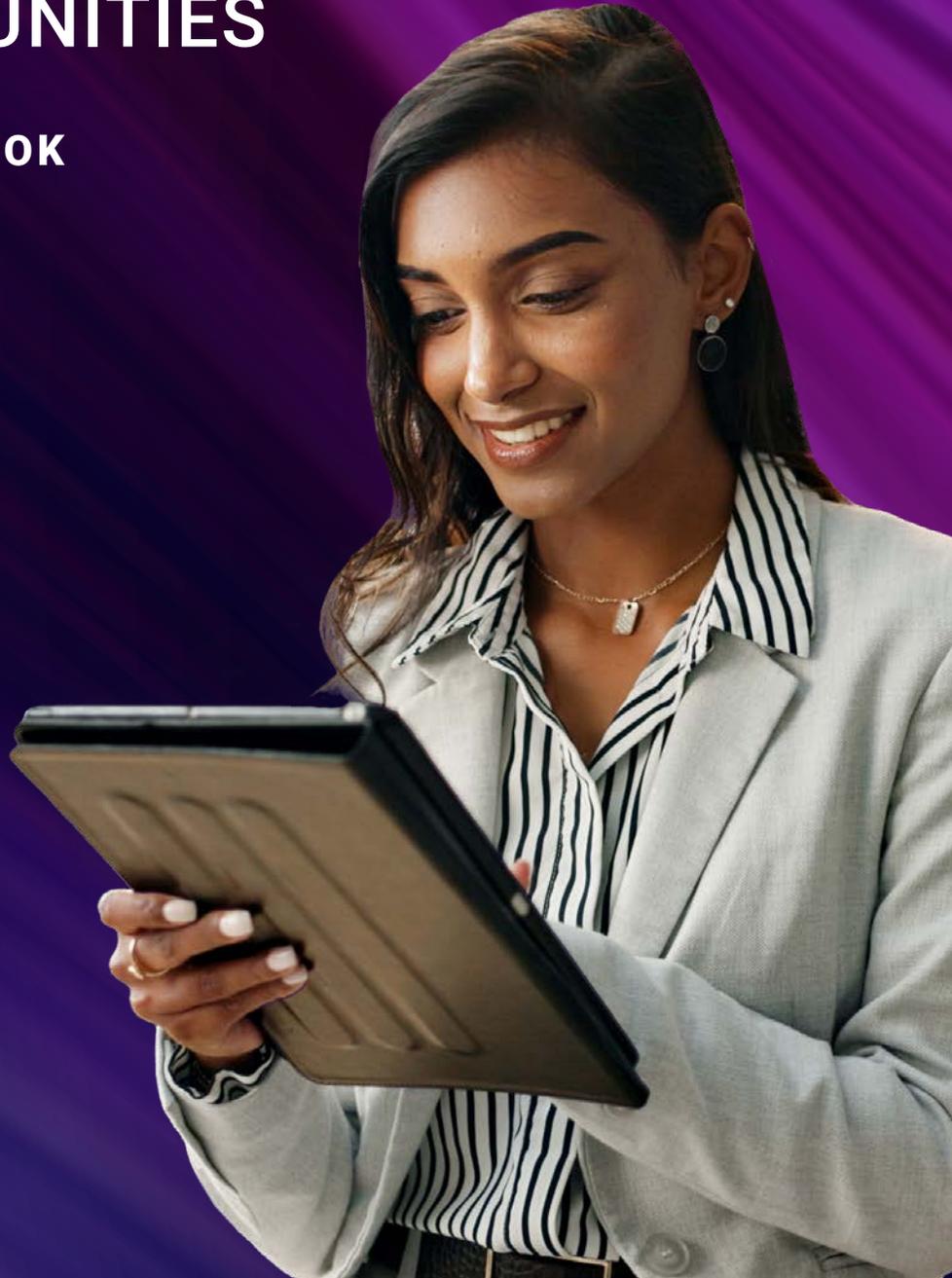


ProcureCon  
Insights



# GEP OUTLOOK 2025: TRENDS, PRIORITIES, AND OPPORTUNITIES

A POST-WEBINAR EBOOK



# TABLE OF CONTENTS

- 2 Executive Summary
- 3 The 2025 Procurement and Supply Chain Outlook: Navigating Macroeconomic and Geopolitical Shifts
- 5 Artificial Intelligence in Procurement: From Automation to Autonomous Orchestration
- 8 Building Supply Chain Resilience Through Diversification and Collaboration
- 9 Redefining Value: ESG, Compliance, and Strategic Metrics
- 11 Strategic Imperatives for 2025
- 12 About the Authors



## EXECUTIVE SUMMARY

Procurement and supply chain leaders face unprecedented challenges and opportunities in 2025. Macroeconomic volatility, AI-driven operational shifts, and evolving regulatory demands are redefining leadership priorities. This report synthesizes insights shared during a March 2025 webinar presented by GEP, outlining actionable strategies to navigate geopolitical risks, harness artificial intelligence, and align procurement value with resilience and sustainability goals.

Here, readers will learn about the critical factors shaping the future of supply chain management. They'll also gain actionable suggestions supported by data-driven analysis and expert recommendations.

## ABOUT THE CONTRIBUTOR



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# THE 2025 PROCUREMENT AND SUPPLY CHAIN OUTLOOK: NAVIGATING MACROECONOMIC AND GEOPOLITICAL SHIFTS

The procurement and supply chain landscape in 2025 is marked by rapid transformation. These changes are driven by technological advancements like AI-powered tools and agents, shifts in the conversation around value, a changing regulatory landscape, and the push and pull of globalization versus localization.

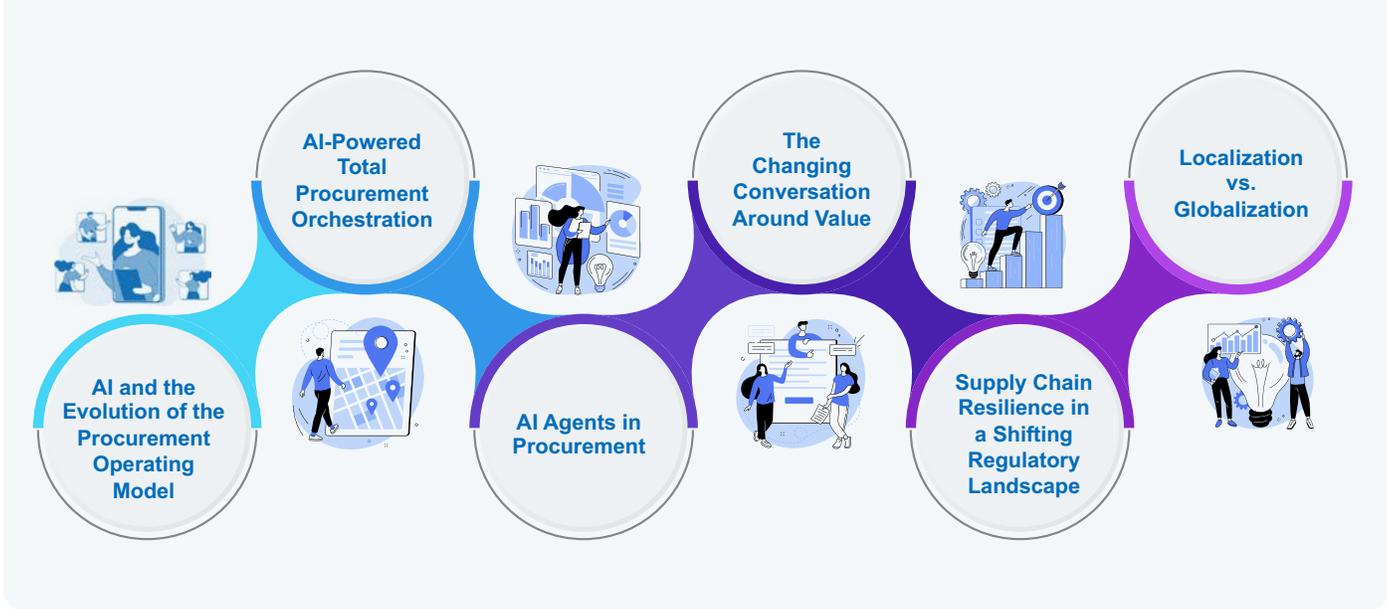
## Stabilized Growth with Persistent Risks

Global GDP growth is projected at 3.2% for 2025, but this masks significant regional disparities. Advanced economies like the U.S. anticipate modest 2.2% growth, while India will could surge at 6.5%.

Inflation has moderated to 4.3% globally, down from 2022’s 9% peak, yet energy markets remain volatile due to Middle East tensions and OPEC production cuts. According to Bloomberg, shipping disruptions have already increased global freight costs by 15-20% in early 2025, underscoring the fragility of supply networks.

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Procurement and supply chain leadership today is not just about cost efficiency; it’s about resilience, agility, and navigating uncertainties in terms of regulatory, technological, and environmental shifts.

## MAJOR TRENDS IN PROCUREMENT AND SUPPLY CHAIN



## Geopolitical Tensions and Regulatory Complexities

The Ukraine conflict, U.S.-China trade restrictions, and EU sustainability mandates (e.g., the Carbon Border Adjustment Mechanism) are reshaping procurement strategies. Companies must factor geopolitical risk premiums and carbon compliance costs into total cost of ownership (TCO) models.

For example, rerouting shipments around conflict zones adds days to transit times, directly impacting inventory buffers and working capital.

## Leadership Priorities for Competitive Agility

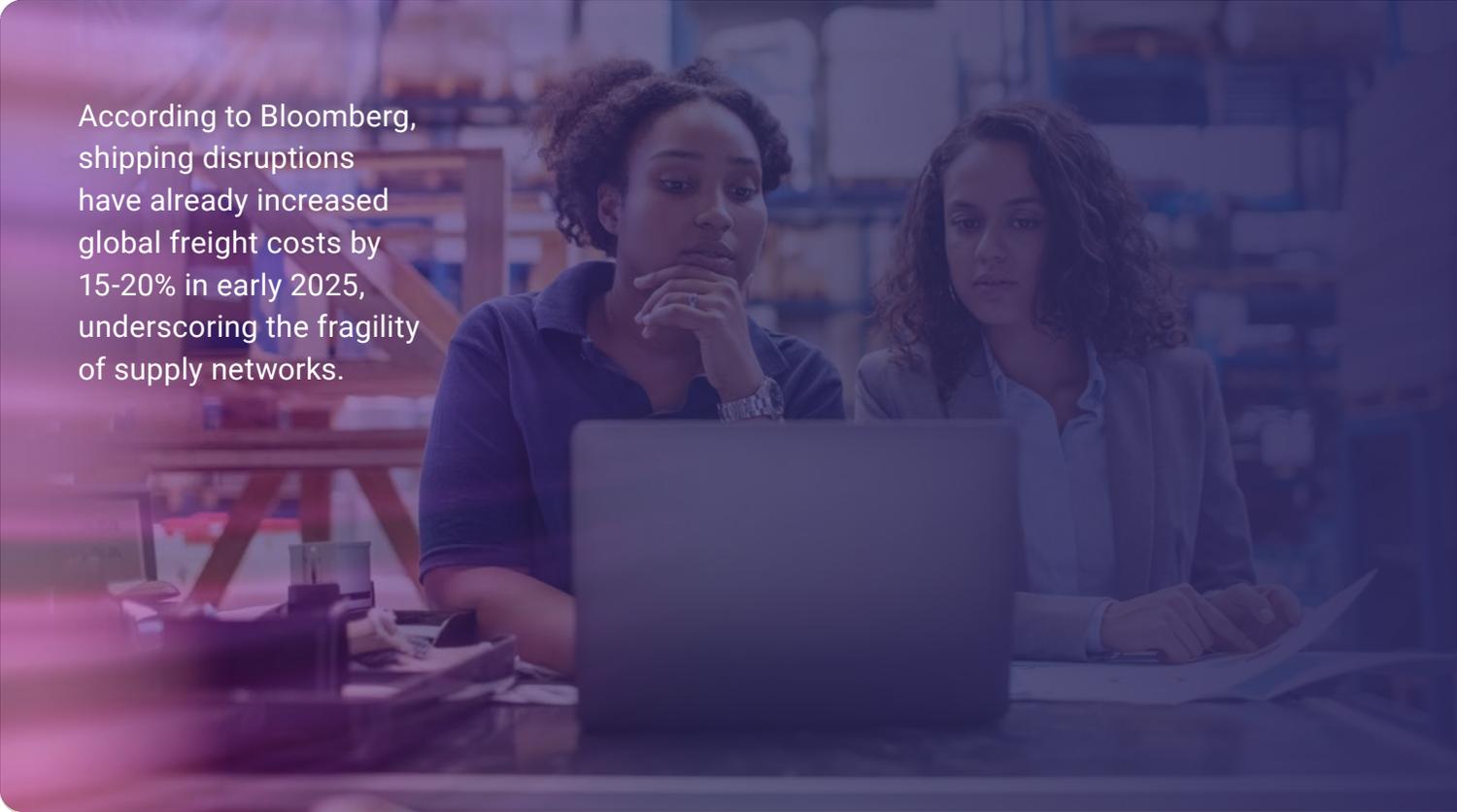
Procurement leaders must transition from reactive cost management to proactive risk mitigation.

As Pramod Sethumadhavan says, **“Procurement and supply chain leadership today is not just about cost efficiency; it’s about resilience, agility, and navigating uncertainties in terms of regulatory, technological, and environmental shifts”.**

Key initiatives include supplier diversification, investing in real-time risk monitoring tools, and embedding ESG metrics into supplier scorecards.

### KEY SUGGESTIONS:

- **Implement real-time risk monitoring systems integrating geopolitical, climate, and supplier financial data.** These factors will contribute to disruptions in 2025 and must be accounted for.
- **Redesign inventory networks using scenario modeling to balance just-in-time efficiency with crisis-responsive buffers.** Doing so will improve procurement’s agility in avoiding risk and escalating costs.



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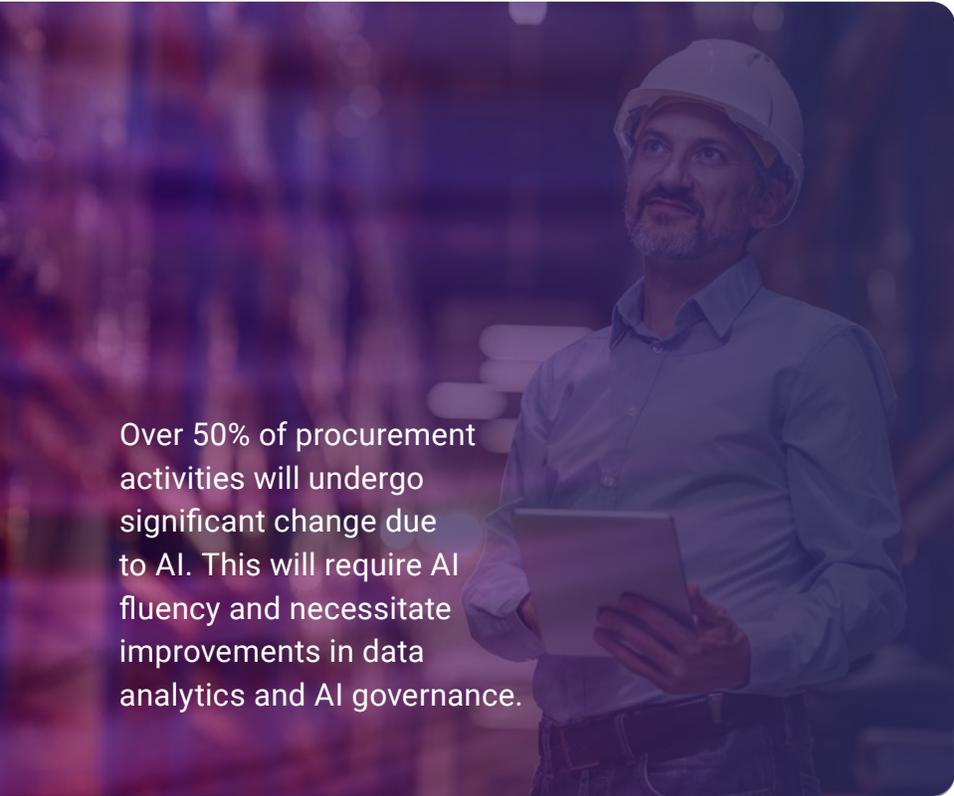
# ARTIFICIAL INTELLIGENCE IN PROCUREMENT: FROM AUTOMATION TO AUTONOMOUS ORCHESTRATION

Artificial intelligence (AI) is transforming procurement in three key capabilities:

- **Intelligent Process Automation:** AI optimizes routine tasks, reducing manual effort and boosting supply chain efficiency.
- **Data-Driven Insights:** AI analyzes data to generate insights, transforming spend management, supplier relationships, and risk mitigation with predictive analytics
- **Supplier and Stakeholder Engagement:** AI enhances collaboration by providing real-time updates, automating communication, and delivering personalized insights. Tools like chatbots, supplier portals, and guided buying simplify and streamline processes.

## The Three-Phase Evolution of AI

The rate of transformation can be broken down into three distinct phases: Assist, Perform, and Empower.



Over 50% of procurement activities will undergo significant change due to AI. This will require AI fluency and necessitate improvements in data analytics and AI governance.

*AI is transforming procurement from a tactical function into a strategic force in three phases:*



### ASSIST

AI is a co-pilot and performs repetitive, low-value but time-consuming tasks



### PERFORM

AI manages end-to-end workflows with human oversight



### EMPOWER

AI-driven self-service procurement that frees up teams to focus on value-chain optimization and strategic projects

AI orchestration in procurement involves embedding AI-driven intelligence across the organization. The purpose is to empower employees and end users to make compliant and value-aligned purchasing decisions seamlessly.

As described in the webinar, orchestration acts as the “digital nervous system” of procurement, enabling natural language interactions with applications and dynamically managing workflows without relying on rule-based solutions.

### Operational and Cultural Shifts

However, successful AI implementation requires a solid foundation of data quality management, team upskilling in AI governance, and a clear vision for deployment.

As Sethumadhavan explains, **“AI acts as a co-pilot, automating low-value repetitive tasks like spend categorization, PO creation, and invoice matching, while humans still retain decision-making authority.”**

Once AI has been implemented to handle manual tasks, the next stage is the implementation of AI agents, or “autonomous bots,” which can perform routine but complex procurement tasks independently. According to Sethumadhavan, “2025 is going to be the year AI agents move from pilot to mainstream adoption.”

“

AI acts as a co-pilot, automating low-value repetitive tasks like spend categorization, PO creation, and invoice matching, while humans still retain decision-making authority.

## AI-POWERED TOTAL PROCUREMENT ORCHESTRATION

*AI Orchestration is simplifying procurement workflows and giving companies a competitive edge*

75%

of leaders are ramping up AI spending to drive automation and efficiency, as per ProcurementMag



AI-guided self-service across the end-to-end S2P process enables optimal purchasing decisions



Automates workflows like order processing and contract management



Forecasts needs, enhances agility and proactively manages risk with real-time data



### KEY CONSIDERATIONS:

- Alignment with corporate goals
- Data quality and integration
- Robust change management

Organizations that invest in AI readiness report faster cycle times and improved decision-making capabilities across procurement functions. Sethumadhavan estimates that over 50% of procurement activities will undergo significant change due to AI. This will require AI fluency and necessitate improvements in analytics and governance.

For example, AI-driven demand forecasting now reduces inventory errors in sectors like automotive manufacturing. However, fragmented data systems remain a barrier: **“AI’s power is only as strong as the quality of inputs”**, notes Sethumadhavan.

**A typical strategic implementation framework may go as follows:**

- **Data Governance:** Centralize spend, contract, and supplier data to train AI models.
- **Talent Development:** Transition teams from tactical roles to strategic advisors overseeing AI outputs.
- **Ethical Guardrails:** Establish cross-functional councils to audit algorithmic decisions for bias or compliance risks.

**KEY SUGGESTIONS:**

- **Conduct AI readiness audits to assess data governance and process standardization.** This will prepare you to replace manual workflows with AI and set the stage for AI agents.
- **Re-skill your procurement staff in AI governance and data storytelling.** Humans will maintain decision-making roles, but they will also need the skills necessary to understand and manage AI agents.



AI’s power is only as strong as the quality of inputs.

**AI AGENTS IN PROCUREMENT**

*These tools independently manage tasks and make decisions based on preset parameters and real-time data*



**SHORT-TERM APPLICATIONS**

Routine task automation (PO creation, invoice matching, etc.), demand forecasting, risk assessment



**IN THE LONG TERM**

Incremental sourcing and autonomous negotiation, supplier relationship management, supply flow optimization



**KEY CONSIDERATIONS:**

- Start with high-profile, quick-win pilots
- Ensure high-quality data sources
- Build cross-functional governance teams

# BUILDING SUPPLY CHAIN RESILIENCE THROUGH DIVERSIFICATION AND COLLABORATION

Building supply chain resilience has become a top priority as companies face escalating risks. Organizations are adopting multifaceted strategies to mitigate disruptions, enhance adaptability, and foster long-term stability in their supply chains.

## Nearshoring and Supplier Diversification

Geopolitical tensions have accelerated production shifts to India, Vietnam, and Mexico. Many firms now mandate dual sourcing for critical components, reducing reliance on single-region suppliers.

Additionally, companies are increasingly adopting multi-tier supplier diversification strategies to mitigate risks across the entire supply chain. This approach ensures that even secondary suppliers are geographically distributed to avoid bottlenecks during crises.

## Total Cost of Ownership (TCO) Recalculation

Contemporary TCO models now incorporate regulatory compliance costs, carbon taxes, and risk premiums. Companies are also factoring in geopolitical risk adjustments to account for potential trade disruptions and tariffs. By integrating these new cost variables, procurement teams can make more informed decisions that balance cost efficiency with resilience.

## Strengthening Supplier Partnerships

Collaborative investments in sustainability—such as joint circular economy projects—are becoming a differentiator. Organizations are also co-developing contingency plans with key suppliers to ensure mutual preparedness for disruptions. These partnerships often include shared investments in technology platforms that enable real-time risk monitoring and communication during crises.

### KEY SUGGESTIONS:

- **Incorporate regulatory compliance costs and other risks into TCO calculations.** This ensures a more accurate assessment of supplier risks and long-term costs.
- **Strengthen supplier partnerships through joint sustainability initiatives and data-sharing.** Collaborate with suppliers on contingency planning to enhance mutual resilience against disruptions.

## LOCALIZATION VS. GLOBALIZATION – THE FIGHT CONTINUES

*Increasing protectionism and trade barriers are demanding rapid shifts in business and supply chain strategies*

~33%

of executives are creating parallel supply chains to avoid geopolitical disruptions, according to an Economist Impact survey



Take a broader view of total cost of ownership (TCO) that includes risks and agility



Secure multi-country supplier bases, build local supplier networks and consider friendshoring. Create contingency plans and focus on regionalization, reduce reliance on single markets



Leverage ASEAN trade networks, invest in building trust and partnerships with suppliers and logistics providers

# REDEFINING VALUE: ESG, COMPLIANCE, AND STRATEGIC METRICS

As with today's TCO models, traditional cost-saving metrics are no longer sufficient to measure procurement success in 2025's complex landscape. Organizations must expand their KPIs to include adaptability scores, carbon intensity metrics, ethical compliance rates, and supplier diversity indices.

Embedding these metrics into board-level reporting aligns procurement priorities with broader organizational goals like ESG compliance and innovation-driven growth.



## Beyond Cost Savings: The New KPI Framework

Leading organizations now track:

- **Supply Chain Adaptability:** Time-to-recover from disruptions.
- **Carbon Intensity:** Scope 3 emissions per \$1M spent.
- **Ethical Compliance:** Supplier audit pass rates.

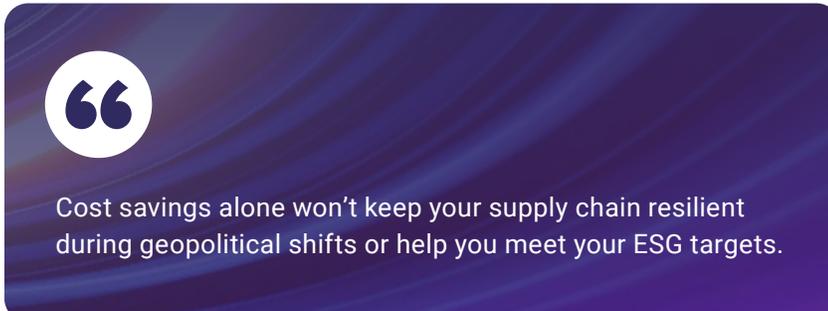
As Sethumadhavan noted: **“Cost savings alone won’t keep your supply chain resilient during geopolitical shifts or help you meet your ESG targets.”**

By redefining value metrics holistically, procurement leaders can drive sustainable growth while mitigating risks effectively.

## Regulatory Compliance as a Strategic Asset

Finally, organizations must view regulatory compliance as a strategic asset, as adherence can significantly reduce costs and reduce risk. It can even serve as a driver for technology adoption.

For example, the EU’s Corporate Sustainability Reporting Directive (CSRD) mandates granular supply chain disclosures and includes heavy fines for non-compliance. Proactive firms can use AI to monitor supplier labor practices and carbon footprints in real time, reducing compliance costs.



“  
Cost savings alone won’t keep your supply chain resilient during geopolitical shifts or help you meet your ESG targets.”

## SUPPLY CHAIN RESILIENCE IN A SHIFTING REGULATORY LANDSCAPE

*With rising regulatory scrutiny, leaders must shift from reactive compliance to proactive, strategic management*



**57%**  
of companies have supply chain risk mitigation plans, according to a Procurement Tactics survey — leaving a major gap and opportunity to strengthen resilience strategies



Embrace transparency, implement reporting systems to validate ESG and compliance efforts



Conduct regular supplier audits and performance reviews to ensure alignment with evolving standards



Redefine compliance as an ongoing process rather than something that requires periodic checks. Set up a compliance taskforce

# STRATEGIC IMPERATIVES FOR 2025

Based on the content of the webinar, procurement and supply chain leaders should consider the following strategic imperatives for 2025:



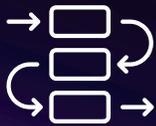
## AI Foundation First:

Prioritize data quality and governance before scaling AI initiatives.



## Resilience-Driven Sourcing:

Balance cost and risk through nearshoring and supplier collaboration.



## ESG Integration:

Align procurement metrics with board-level sustainability targets.



## Regulatory Agility:

Treat compliance as a continuous process, not a checkbox exercise.

**“Those who act decisively in 2025 won’t just weather volatility—they’ll emerge stronger, more agile, and future-ready,”** says Sethumahavan.

The path forward demands bold leadership, cross-functional alignment, and unwavering focus on long-term value creation.

## ABOUT THE AUTHORS



ProcureCon Insights, the industry research and digital publishing arm of ProcureCon, delivers cutting-edge data and analysis on trends, challenges, and opportunities in the procurement and supply chain management sectors. Through comprehensive research reports, webinars, and thought leadership initiatives, we empower senior-level procurement leaders to make informed strategic decisions and stay ahead in the rapidly evolving procurement landscape.

Our deep industry intelligence not only informs procurement leaders but also connects innovative solution providers with key decision-makers, fostering a dynamic ecosystem that drives the future of procurement and sourcing in the business world.

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