

ProcureCon

25 YEARS EUROPE

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The 2024 European



Report



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Methodology

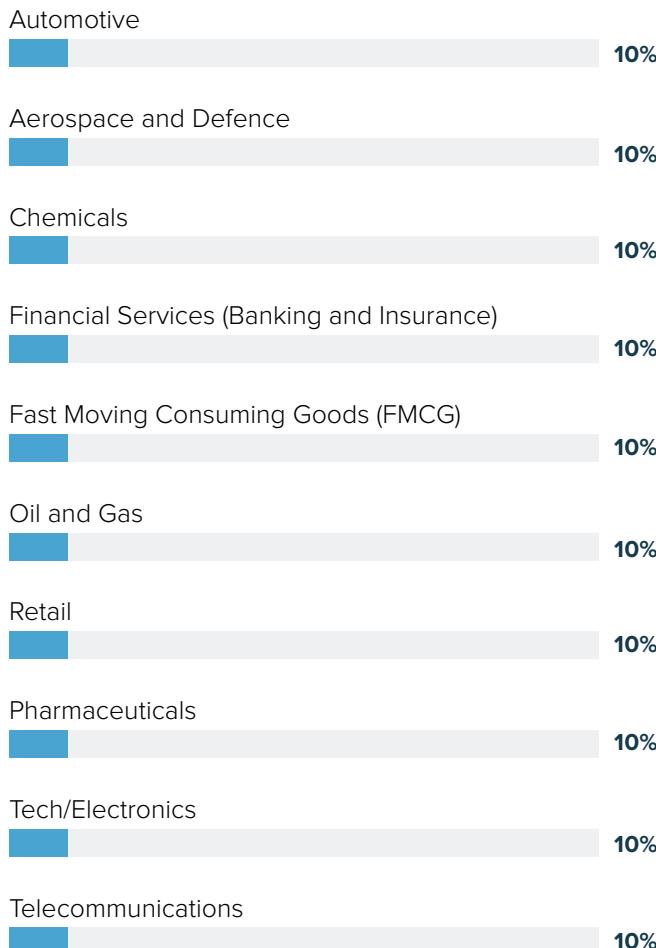
In Q2 of 2024, WBR Insights surveyed 100 Chief Procurement Officers and similar executives from organisations across Europe to learn how CPOs are navigating complex global challenges, implementing AI into the procurement ecosystem, and balancing cost cutting while maintaining a competitive edge.

The survey was conducted by appointment over the telephone. The results were compiled and anonymised by WBR Insights and are presented here with analysis and commentary by WNS Procurement, ProcureAbility, and the ProcureCon Europe community.

The WBR Insights topics detailed in this report will also be covered in the event; download the agenda [here](#).



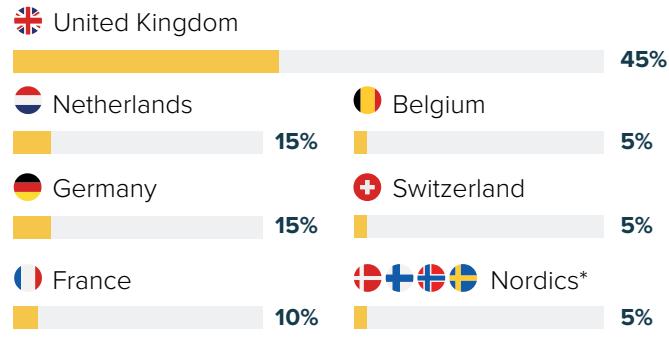
What industry do you currently work in?



What is your job title?



Where is your organisation located?



Key Findings

CPO influence continues to rise

Securing a seat at the boardroom table has been a battle in procurement for years, and great progress is being made. Our research indicates the CPO's influence on C-suite decision-making has increased in 91% of organisations. Notably, no respondents reported a decrease.



AI: A procurement game-changer

It is no surprise that AI features prominently in CPOs' strategies moving forward. To free up resources and focus on 'higher-level' targets, AI's emergence, particularly Generative AI solutions, have come at a great time. Our data reveals 49% of respondents have already implemented AI solutions into select processes.

Supplier incentive programmes key for collaboration

Optimising supplier relationships remains a focus for CPOs as they strive to foster partnerships that drive innovation, quality improvements, and ESG progress. In these efforts, supplier incentive programmes are being used by a significant 87% of respondents to our survey.

A lack of internal influence is still a challenge

Despite the increased influence of CPOs over the past two years, 46% of respondents identified a lack of internal influence as the biggest challenge to achieving their procurement goals. While CPOs are gaining traction, broader organisational influence requires further development.

AI + Human Intelligence: A Combination That Streamlines Modern Procurement



Alpar Kamber
Chief Business Officer
WNS Procurement

WNS PROCUREMENT
Powered by TheSmartCube

In today's rapidly evolving business landscape, the fusion of artificial intelligence (AI) and human intelligence (HI) is revolutionising procurement. As AI steps into the spotlight as a vital co-pilot, understanding its role and ensuring a human-centric approach to its implementation has become crucial for organisations striving to stay ahead.

At WNS Procurement, our daily interactions with procurement leaders across various industries grant us a profound understanding of the sector's dynamics and priorities. One consistent theme emerges from nearly every conversation: Procurement never stands still.

Whether it's embracing innovative new technologies to enhance the function or implementing strategic tactics to transform supplier relationships, procurement is in a state of constant evolution.

This year, AI has reached a pivotal moment, transitioning from speculative potential to tangible application in everyday procurement activities, profoundly impacting the sector. Whether a company is advanced in its implementation journey, or just beginning to adopt new technologies, AI is now at the forefront of everyone's minds, transforming procurement into a more efficient and strategic function.

AI's role as a procurement co-pilot

AI's initial use cases in procurement – such as validating RFPs and supporting supplier risk management – have made a significant difference for many companies. The technology automates mundane, data-intensive

tasks, freeing procurement professionals to focus on more value-adding activities.

Overall, the technology is defying expectations by not replacing procurement professionals but rather acting as a co-pilot. It is being deployed alongside people to augment and extend their capabilities.

For example, while it might take a professional dozens of hours to research on suppliers and highlight their strengths and weaknesses, AI can complete the task in minutes, providing the insights needed for well-reasoned decision-making.

As generative AI (GenAI) evolves, procurement will unlock even more co-pilot opportunities. Searching through vast company data sets will no longer be a manual task. Instead, procurement professionals will be able to pose simple, natural language queries to an AI assistant and get results in record time.

Regardless of the use case, it is clear that procurement functions will always need a professional at the end of the chain to validate and utilise the insights generated by AI tools.

Digital-first mindsets are essential, but changes need to be human-centric

The resounding value of the procurement professional is consistently emphasised in client conversations. Embracing the new AI-powered era of procurement requires a digital-first approach that prioritises human-centricity.

This entails building an environment where every stakeholder is digitally enabled to perform their job at the highest standard possible, ensuring that every digital capability and process is tailored around human experts.

It's a mindset that ensures new tools, like AI, are implemented for the right reasons. Not just digital transformation for transformation's sake, but to achieve procurement's – and the wider business' – strategic goals. In practice, this human-centric mindset involves mapping AI tools to professionals' needs. For instance, this could mean providing high availability of insights during critical points like contract negotiations, or tailoring tools to suit various job roles. Ultimately, it's not just about delivering the right intelligence to the right people, it's about empowering them to act on it with speed and confidence.

Navigating AI in 2024

Looking towards the future, the integration of AI in procurement promises to further revolutionise the sector. However, the human element will remain irreplaceable. Procurement professionals will continue to be the strategic drivers, interpreting AI-generated insights, building supplier relationships, assessing risk, and making critical decisions that require a nuanced understanding of the business landscape.

The journey is just beginning, and the future holds exciting possibilities for those who embrace this transformative synergy.

Part One – The evolving landscape of procurement: C-Suite perspectives on global challenges

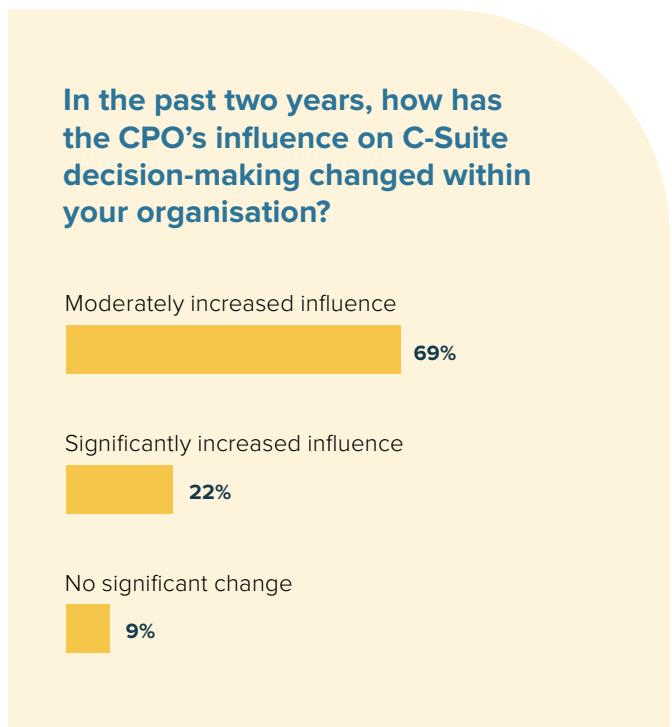
Supply chain disruptions were cited as the most significant challenge by 26% of respondents, and inflation was the most challenging for 19%.



Organisations are increasingly recognising the strategic value of procurement, and the CPO's influence on C-Suite decision-making has grown significantly over the past two years. Twenty-two per cent of respondents reported a substantial increase in influence over that period, while 69% experienced a moderate uptick. Encouragingly, not a single respondent reported a decrease. However, 46% of respondents – over half of whom are CPOs – identified a lack of internal influence as their primary challenge in achieving their procurement goals, suggesting there is more work to do.

That might have something to do with what has been another difficult year for the industry. A multitude of macroeconomic factors are having a huge impact on CPOs and their ability to deliver stability and resilience. Supply chain disruptions were cited as the most significant challenge by 26% of respondents, and inflation was the most challenging for 19%. From geopolitical instability to the rising cost of living, these global challenges create a domino effect, impacting how procurement teams can deliver the value and strategic support they are capable of.

Integrating new technologies is a critical response to these global challenges. By implementing the right solutions in key procurement processes, teams can make better decisions at crucial times. For 94% of respondents, integrating technology has either moderately or significantly increased the efficiency and effectiveness of the decision-making processes within their organisation—a vital strength in navigating a complex landscape.



"If you look at the role of purchasing 20-30 years ago, it was very much an administrative function. I think it's actually quite positive to see that we are getting more and more of an influence in organisations. I think as a department, we are not the best department at marketing ourselves, so it is encouraging to see this result. Over the past few years, various geopolitical issues have had a big impact on global supply chains, and as a result procurement has become far more visible. Equally, other departments in an organisation are far more conscious of including procurement in decisions, as the weight of decisions made in sourcing and purchasing has become greater."



Stephen Tonks
Chief Supply Chain Officer
[Fujikura](#)



"I'm not really surprised to see that most people said there had been a 'moderate' increase in their CPO's influence. It takes a special kind of CPO to demonstrate the value that procurement can bring. They need a clear vision of procurement's future, that is fully aligned with the company strategy. In addition, the ability to clearly communicate with business partners and strong ethical leadership qualities are key."

Historically, procurement has been seen as merely a cost-saving function, and people have grown up with and still have that mindset. It takes a certain type of person to change opinions and demonstrate the true value procurement can bring."



Emma Moss
VP, Global Supplier
Management & Supplier
Sustainability Programs
[DHL Group](#)

"For nearly three decades, our ProcureAbility experts have partnered alongside CPOs within almost every industry to transform their procurement operations. Specifically in the last 20 years, we've seen first-hand the role of procurement organisations mature from a support function to that of a value- and profit-enabler, recognised by the business for its strategic contributions to the bottom line."

In the current environment, it's common for CPO/CSCO roles to sit within the C-Suite of an organisation, often reporting directly to the CEO—a testament to how the influence of this function has significantly evolved. In recent years, CPOs have focused on supply chain resiliency, ESG, and revenue/margin delivery or enablement, versus solely on cost savings and compliance.

This shift in focus began two decades ago and continues to advance procurement's role in becoming increasingly strategic in business decisions. The efficiency and effectiveness of delivery is fundamental to ensuring procurement has the influence to maximise spend under influence with an emphasis on driving business decisions that create more value for the organisation through strategic value chain development."



Darshan Deshmukh
President
ProcureAbility

"I am not particularly surprised that the majority of people answered 'moderately'. The themes of the last few ProcureCon Europe events have been procurement getting a seat at the table, and the CPO role has definitely increased in influence in recent years. From many conversations that I have, people have said that they are not entirely there yet in terms of their positions within organisations, so I think that is why the majority of people have said moderately as opposed to significantly."

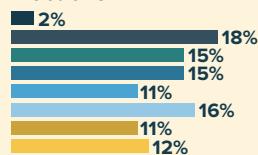


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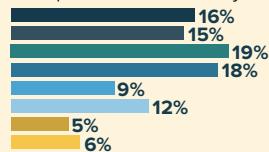
Rank the following macro-economic factors from 1-8 in order of most challenging (1) to least challenging (8) for Procurement:

■ 1 ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ 7 ■ 8

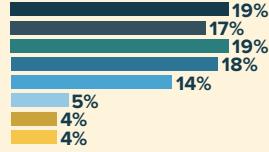
Elections



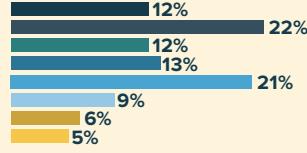
Geopolitical Instability



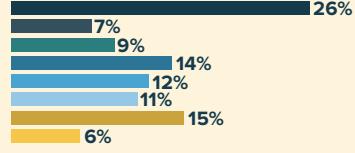
Inflation



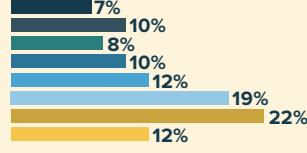
Rising cost of living



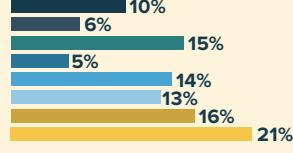
Supply chain disruptions



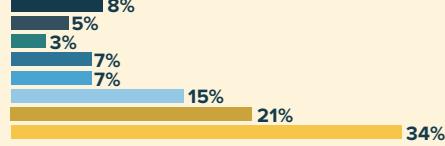
Sustainability pressures



Interest rate fluctuations



Currency fluctuations



“Supply chain disruptions are likely to continue, as are geopolitical tensions and natural disasters. We have technological shifts which can bring efficiencies, but that requires significant investment into new systems, processes, training and education of your people.

Additionally, we have new sustainability regulations coming in Europe, but questions remain as to how they will be translated into local law, and how other regions respond to these changes. I also think that inflation and cost pressures will continue, as commodity prices continue to rise. Overall, there are so many macro-economic factors that are having a major impact on procurement and will continue to do so.”



Emma Moss

*VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group*

“Supply chain disruptions and inflation have definitely been two of the biggest challenges that procurement leaders have brought up in our conversations. Geopolitical instability also plays a big role, and there is a knock on effect of one causing the other, which will undoubtedly result in certain supply chain disruptions, which will also then greatly affect procurement’s role in almost every sense.”



Georgia Sklinidjis

*Conference Producer
ProcureCon Europe 2024*



What are the top three challenges you face when trying to achieve your procurement goals?



“Three main challenges frequently identified across Procurement organisations are: inefficient processes, limited internal influence, and lack of strategic approach. Inefficient processes cause delays and errors, driving up costs and non-value-added activities. Limited influence means procurement teams struggle to drive change with their business stakeholders, being more reactive than proactive. As a consequence of being too reactive and too consumed by non-value-added activities, the business impact delivered within these organisations fall short of expectations. Addressing these issues is crucial for improving business outcomes and value.”



Denis Royer
EMEA Managing Director
WNS Procurement

“I think that purchasing departments are realising that we need to have far more influence on decisions. Purchasing must be involved early on in any purchasing process. When that does not happen, I think there can be a lot of frustration, and that is why purchasing needs to be more transparent with the rest of the organisation. Eighty to ninety per cent of regulations are Scope 3 focused, and it is down to procurement to collect the data required and present it to the rest of the organisation.”



Stephen Tonks
Chief Supply Chain Officer
Fujikura



"If we look at the top challenges we encounter in achieving procurement goals, a few key themes emerge. Even with procurement's transition to a value delivery organisation, it continues to be underinvested. Procurement's internal and external influence is directly proportional to its ability to articulate the results it delivers to the business.

Many times, going back to a "support-function mindset," focused on compliance and bureaucracy, creates a barrier to engaging in strategic conversations and building resilient relationships—which are critical to integrated strategic planning. Organisations that incorporate procurement recommendations into the short- and long-term strategic planning process often tend to be in the minority. To address these challenges and continue to make incremental improvements, having a time-tested approach to address the 'people-process-technology' maturity curve is an effective approach."



Darshan Deshmukh
President
ProcureAbility

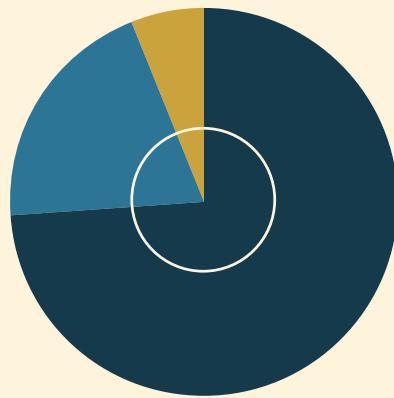
"I think the lack of internal influence being the top result is slightly surprising. It does correlate with the moderate increase in influence that we saw as the top option in an earlier set of results, however this being the top result is interesting. Regulation adherence is also a big one, particularly ESG regulations, which are a big factor for many CPOs at the moment."



Georgia Sklinidjis
Conference Producer
ProcureCon Europe 2024



How has the integration of technology impacted procurement decision-making processes within your organisation?



- **74%** Moderately increased efficiency and effectiveness
- **20%** Significantly increased efficiency and effectiveness
- **6%** No significant change

"Advanced data analytics and big data can really have a big impact on procurement decision-making processes, as it really drives actionable insights into supplier performance, risk assessments and everything else. With risk management, there are so many suppliers that need assessing, and the data involved is immense."

I also think cloud-based solutions are critical as we strive for seamless collaboration across the ecosystem. AI and machine learning (ML) will also become increasingly important because these technologies can analyse massive amounts of data, predict trends, forecast demand, and so much more."



Emma Moss
VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group

"The integration of technology in procurement is definitely on the up, and its role in procurement strategies, too. A lot of CPOs tell me they are not 100% there yet, however. Equally, there are a lot of solution providers that perhaps haven't been considered by a lot of organisations yet, but will be a lot more prominent in the next couple of years."



Georgia Sklinidjis
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Your procurement organisation faces daily challenges in an ever-evolving and competitive market landscape with finite resources to support day-to-day operational requirements.

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ProcureAbility, a Jabil company, is trusted by organisations around the globe to drive transformation, create value, and communicate procurement's strategic importance.



Darshan Deshmukh
President
ProcureAbility



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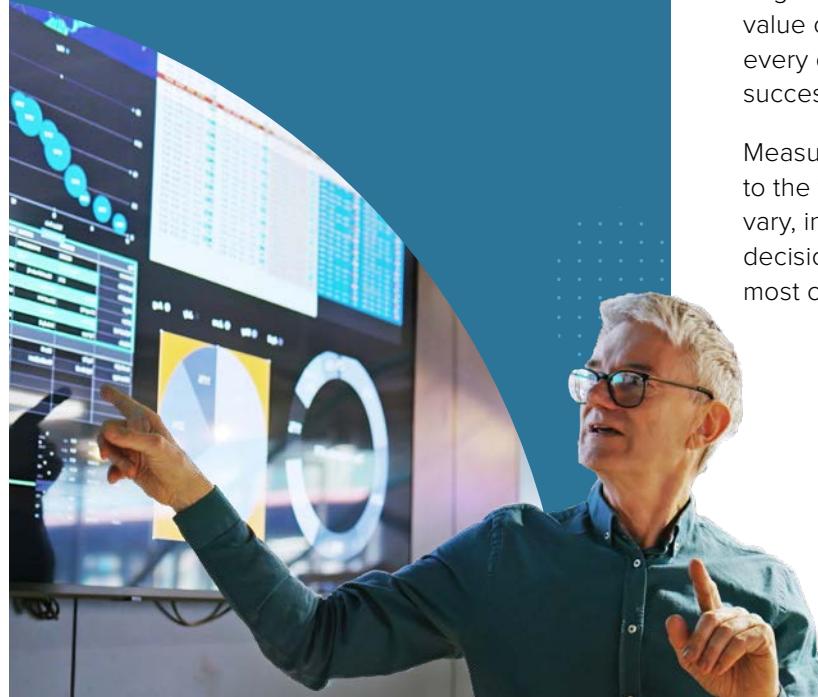
Part Two – AI on the horizon: Exploring the potential of cutting-edge technologies

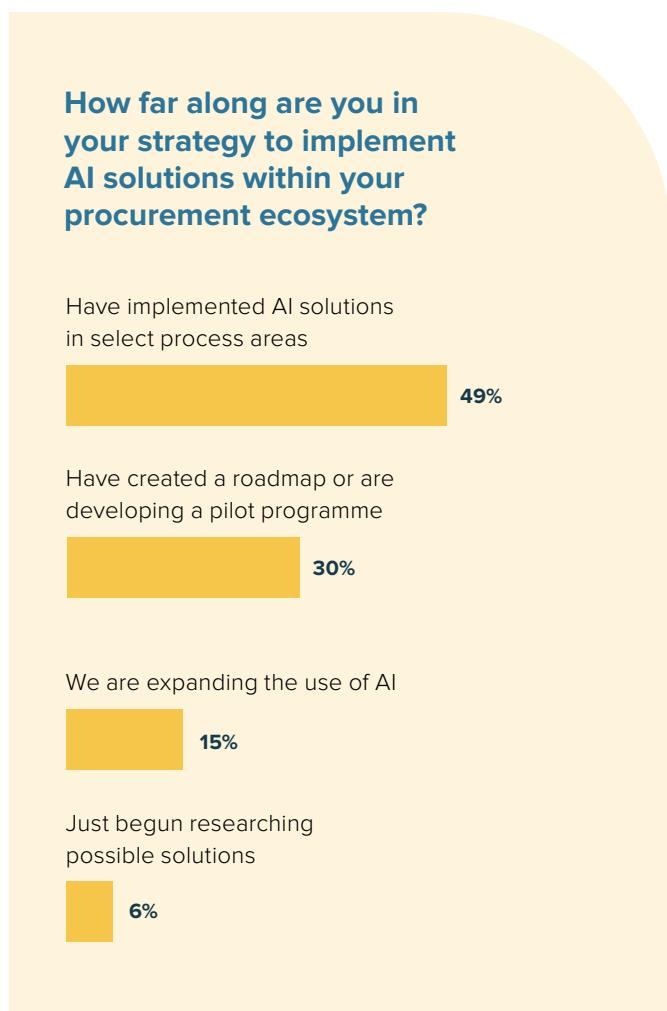
Looking ahead to the next two years, respondents are prioritising supplier risk management (54%), strategic sourcing & supplier selection (50%) and contract negotiation & management (47%).

The AI boom over the last 18 months has triggered an explosion of Generative AI solutions, which organisations are leveraging to increase efficiencies, enhance decision-making processes and improve consumer experiences. For CPOs, AI presents a significant opportunity to free up procurement teams for strategic focus. Notably, 100% of respondents have an AI implementation strategy, and 49% have already implemented AI solutions in select processes, suggesting the AI era is well underway.

Initial AI applications focus on supplier management, process automation, and demand forecasting. Looking ahead to the next two years, respondents are prioritising supplier risk management (54%), strategic sourcing & supplier selection (50%) and contract negotiation & management (47%) as key areas for value creation. As new AI solutions enter the market every day, identifying high-impact areas is crucial for successful implementation.

Measuring AI effectiveness can be challenging due to the technology's novelty. While success metrics vary, increased process efficiency (73%) and improved decision-making through data analytics (55%) are the most common indicators.





“There are a number of AI tools now that can be used to help procurement - to collate data, and I think the next step would be that there’s going to be a consolidation of some of those solutions and companies to provide a broader scope of service.

With so many different services, it can be a long process to integrate them. The volume of data we are dealing with is massively increasing, so I think the next step is integrating some of these solutions.”



Stephen Tonks
Chief Supply Chain Officer
Fujikura

“I think with AI, people are just beginning to implement the technology, however from my conversations, there is still a sense of apprehension when it comes to knowing what AI’s role will be, and what the technology can do. So, I am unsurprised to see that no one has fully integrated the technology and I don’t think that will be the case for at least another few years.”



Georgia Sklinidjis
Conference Producer
ProcureCon Europe 2024



We asked respondents to tell us in which areas they have implemented AI (fully or partially).

Here is what they told us:

"We leverage AI to improve supplier relationship management by providing insights into performance and areas for growth."

"AI is used in our procurement audit procedures to automate compliance with regulations and pinpoint areas for improvement."

"It's used for narrowing down the possibilities of using different suppliers. We can evaluate their reliability and sustainability potential ideally."

"In order to help us make more strategic purchasing decisions, our procurement staff employs AI to track market trends and pricing changes."

"By automating the approval process for procurement requests, AI ensures compliance and expedites decision-making."

"We can foresee demand and anticipate market trends with the use of AI-powered predictive analytics, which enables us to make more informed buying decisions."

"I think automating simple tasks is the area that AI can bring the biggest value to procurement, so that you can focus resources on the priority tasks. From knowledge chatbots and tender support to document analysis and contract generation, there are so many areas AI can help with."

At the same time, it is important to understand the risks of AI technologies. With them comes an absence of emotional intelligence, which may result in incorrect insights being delivered. Equally, AI algorithms have to be created by someone, and humans are flawed and may include a built-in conscious or unconscious bias. There can also be malicious use of AI, and things like deep fake scams. So, I think there are a lot of wonderful capabilities that AI can bring, but we must be aware of the risks too."



Emma Moss

*VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group*

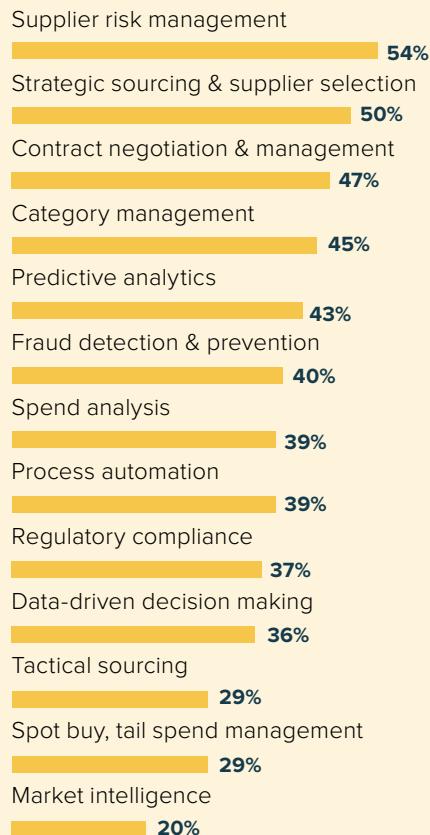
"The selection of answers here matches with my research, as many CPOs tell me that they are using AI to enhance their strategic purchasing capabilities. Supplier management is also an interesting, and I'd be interested to hear more about how AI is being used in this way."



Georgia Sklinidjis

*Conference Producer
ProcureCon Europe 2024*

Within your organisation, in which areas of procurement do you see AI bringing the most value in the next 2 years?



"In many organisations, AI will bring the most value to supplier risk management and predictive analytics over the next two years. AI helps procurement teams effectively mitigate supplier risks by identifying issues early and providing actionable insights. Predictive analytics powered by AI enhances the ability to forecast and make proactive decisions, strengthening overall procurement strategies. While AI is crucial, combining it with human expertise ensures the most effective and strategic procurement decisions. By integrating precise data and insightful intelligence, procurement teams can achieve a balance between cost efficiency and competitive advantage, ensuring long-term success and sustainability for the organisation."

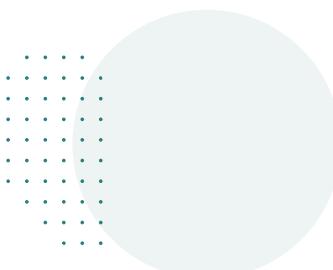


Subash Ramachandran
Head of Operations
The Smart Cube
(WNS Procurement)

"I would definitely agree that supplier risk management is a key area that AI can bring value. The amount of data we are expected to have on not only our first-tier suppliers but suppliers throughout the supply chain is so large - for some companies, that will be for 1000's of suppliers. It's simply not manageable with the systems and processes that we currently have. That's where I see AI bringing the most value - taking all of that data and presenting it to the buyer, and telling them where their focus should be."



Stephen Tonks
Chief Supply Chain Officer
Fujikura



"Bringing human-centered AI (HCAI) into Source2Pay, SRM, and category management will prove to be one the biggest value drivers within the next 2 years. Passive and regenerative AI will change the landscape and composition of work: Many of the activities that require a significant investment of time today—such as data gathering, analysis, reporting, and rote transactional activities—will be managed by emerging technology. This will free up time for higher-value work that will provide new value to various stakeholders. As we integrate AI into multiple work processes, we should employ an intentional approach to the 'WORK-JOB-TASKS-SKILLS' framework to derive the best results from HCAI."

Darshan Deshmukh
President
ProcureAbility



"Contract negotiation is definitely one area in which I would expect AI to bring a lot of value. Contract negotiations and management are very time-consuming, so automating those processes where possible can free up a lot of time. In terms of supplier risk management and strategic sourcing, I think that is interesting, and not areas I perhaps would have considered. It will be interesting to see in the next couple of years how AI will begin to be implemented in those areas."



Georgia Sklinidjis
Conference Producer
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How do you measure the success or effectiveness of AI implementation in procurement within your organisation?

(Respondents were asked to select all that apply)

Increased efficiency in procurement processes

73%

Better/faster decision-making leveraging data analytics and insights

55%

Improved supplier relationships

52%

Enhanced risk management

52%

Improved stakeholder experience and satisfaction

31%

Cost savings achieved

28%

"I'm not surprised to see that cost savings are quite low here, as you could argue that all of these elements shown drive cost savings indirectly. These solutions may not enable headcount reduction but will enable redeploying capacity into far more strategic and important topics which require sophisticated input."

I think this is important to measure success/efficiency because when we implement AI, we are not doing so to reduce headcount; we want our people to do a brilliant job in their core tasks. The efficiency of AI in the procurement process is the fact that the organisation is working at a much higher and more strategic level."



Emma Moss

*VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group*

"I think a lot of companies would have targets in terms of how long it takes to source a new component or a new supplier. If we can reduce the time it takes to source a component, and supplier then has a longer time to mature their process, we will in turn reduce costs. Making better, faster decisions will have that link back to having a larger role in organisations, as increasing procurement efficiency will have a positive impact on your organisation's operational profit."



Stephen Tonks

*Chief Supply Chain Officer
Fujikura*

"Most CPOs tell me that they are aiming to increase efficiency when implementing AI technologies. Additionally, being able to make better decisions matches the need to enhance supplier risk management processes, which we saw as a key way AI will bring value to procurement teams in an earlier result."

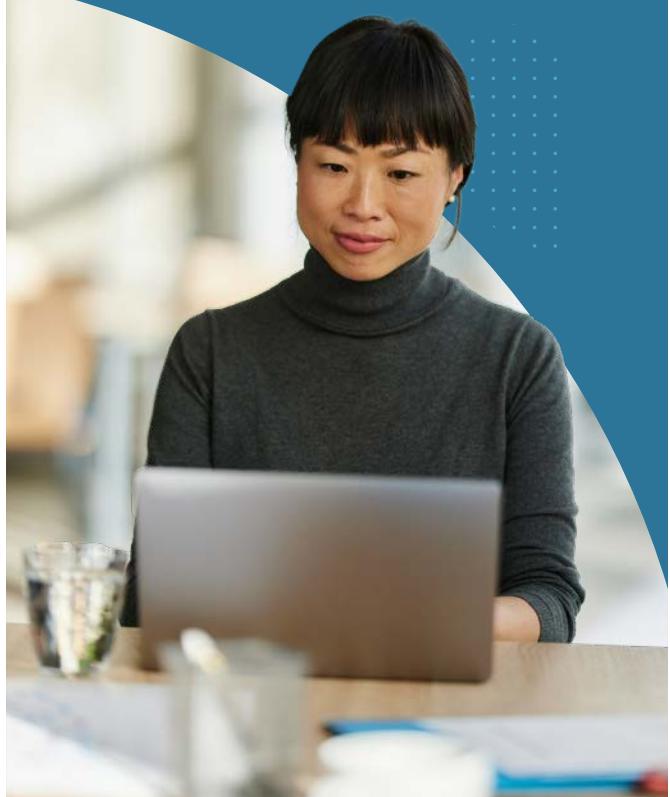


Georgia Sklinidjis

*Conference Producer
ProcureCon Europe 2024*

Part Three – Cost control with a competitive edge: Strategies for value creation

Fostering a mutually beneficial relationship with key suppliers is essential to promoting sustainable and ethical sourcing practices.



Despite procurement's pivot towards strategic-level responsibilities, the demand for cost control persists. According to our research, spend analysis and category management (40%), supplier performance management (40%), and technology for automation and data analysis (38%) are the most effective methods.

Access to timely, accurate and comprehensive data is essential for CPOs looking to balance cost reduction while maintaining competitiveness. Respondents to our survey revealed data and intelligence is helping them to identify spending mistakes, monitor supplier performance closer, and respond more effectively to market changes.

Procurement teams are uniquely positioned to drive organisational value by championing sustainable and ethical sourcing practices. As highlighted in the **ProcureCon Europe Sustainability Report**, ESG objectives are increasingly prominent, yet they often present challenges in terms of cost management. To reconcile these competing priorities, organisations are employing strategies such as cost-effective sustainable sourcing initiatives and process optimisation.

Cultivating strong supplier relationships is instrumental in achieving both cost reduction and ESG goals. Eighty-seven per cent use supplier incentive programmes to drive innovation, cost efficiencies, quality improvements and ESG progress. Fostering a mutually beneficial relationship with key suppliers is essential to promoting sustainable and ethical sourcing practices. It allows for great innovation and progress, without compromising profitability.

We asked respondents how crucial timely access to relevant data and intelligence is for effectively balancing cost control and maintaining competitiveness within their procurement organisation, and why.

Here is what they told us:

“It’s very crucial to identify spending mistakes before they affect business development potential.”

“We can apply agile procurement methods and quickly adjust to changes in the market while preserving our competitiveness when we have timely intelligence.”

“We can quickly resolve problems and keep a close eye on supplier performance thanks to real-time intelligence.”

“We can make well-informed judgments and maintain our competitiveness by efficiently managing costs when we have timely access to relevant data.”

“We can benchmark performance and apply best practices with the use of real-time data.”

“Accurately forecasting and planning procurement activities are substantially improved by timely and relevant data.”

“Timely access to relevant data and intelligence is crucial for procurement organisations to balance cost control and maintain competitiveness. It empowers them to make informed decisions swiftly in response to market changes, supply chain disruptions, and emerging trends. With up-to-date intelligence, it’s possible to negotiate better terms, uncover cost-saving opportunities, and mitigate risks proactively. This approach optimises procurement strategies, streamlines operations, and fosters innovation, ensuring we achieve both cost efficiency and competitive advantage for long-term success.”



Subash Ramachandran
Head of Operations

The Smart Cube
(WNS Procurement)

“I would definitely agree that supplier risk management is a key area that AI can bring value. The amount of data we are expected to have on not only our first-tier suppliers but suppliers throughout the supply chain is so large - for some companies, that will be for 1000’s of suppliers. It’s simply not manageable with the systems and processes that we currently have. That’s where I see AI bringing the most value - taking all of that data and presenting it to the buyer, and telling them where their focus should be.”



Emma Moss
VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group

“One of the real tasks of purchasing now is to have the correct data in order to really be able to secure the correct capacity with suppliers, and give them an accurate forecast. I think this goes hand in hand with controlling costs. If you give an accurate forecast to your suppliers, you are able to obtain a much more realistic product cost for your customers, and better explain your costs internally. It all goes back to using systems to get accurate data to analyse your costs, and understand which key data points will help you to have a competitive advantage.”



Stephen Tonks
Chief Supply Chain Officer
Fujikura

What are your top three most effective methods for controlling costs in your procurement organisation?



"I would definitely agree with the results we see here. Spend analysis and category management really enable effective negotiation and contract optimisation, and without that data, you cannot expect any good results when entering into negotiations. Information is power at the end of the day."



Emma Moss
VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group

"Spend analysis and category planning, coupled with solid strategic sourcing, are key levers for achieving optimal category management, maintaining competition within the supply base, and driving continuous improvement. Formal supplier performance management is often insufficiently deployed, despite its critical contribution to maintaining high standards of quality, innovation, risk mitigation, and cost control. Lastly, data mastery supports the identification of opportunities to create greater business value. This is achieved through advanced analytics and market intelligence, powered by AI solutions that harness vast data sources to deliver actionable insights."



Denis Royer
EMEA Managing Director
WNS Procurement

"Spend analysis is undoubtedly a key way that procurement teams can control costs. Additionally, I think that supplier performance management and risk mitigation correlates with an earlier question on macro trends. Geopolitics and supply chain disruptions have been affecting procurement for the last couple of years now, and having a good strategy in place to mitigate those issues by optimising your relationship with suppliers will go a long way to helping control costs."



Georgia Sklinidjis
Conference Producer
ProcureCon Europe 2024



We asked respondents when considering costs, how they balance the potential benefits of sustainable and ethical sourcing practices with short-term cost considerations.

Here is what they told us:

“By funding training initiatives, we empower our staff to find sustainable sourcing options where costs may be reduced while maintaining long-term advantages.”

“Adopting sustainable practices is something we undertake in stages, beginning with the projects that yield the best return on investment right away and progressively growing as the financial gains become apparent.”

“We give preference to vendors who exhibit a dedication to sustainability, weighing the immediate financial gains against the long-term advantages of collaboration.”

“We find cost savings through ongoing process optimisation and monitoring that make up for the costs associated with ethical sourcing.”

“We carry out a comprehensive cost-benefit analysis, taking into account not just the current costs but also possible savings from reduced waste, increased resource management, and energy efficiency.”

“By including stakeholders in our sustainability efforts, we can balance immediate costs with long-term gains and gain internal buy-in and support.”

“For a long time there has been a challenge with the balance between sustainable and ethical sourcing, and the increase in costs that come with that. I think the answer to this can be found by taking a true understanding of the total cost of a component, versus its price. If we only measure purchasing by how much we saved this week or month, it will only drive the behaviour that looks at the base price of what you are purchasing.

However, if you look at the total cost and impact of what you are purchasing such as on legislation adherence, attracting talent and customer satisfaction, you are far more likely to find the benefits of sourcing in a more sustainable and ethical way.”



Stephen Tonks
Chief Supply Chain Officer
Fujikura

“It is so hard to meet our sustainability targets and adhere to ESG regulations without costs increasing at the same time. That being said, it is so important that we do enhance our sustainability credentials, and practise ethical sourcing where possible. The question is how we do one without negatively impacting the other? I think the idea of prioritising training initiatives, and empowering staff to find sensible sourcing options is really interesting.”



Georgia Sklinidjis
Conference Producer
ProcureCon Europe 2024

In what ways do you collaborate with suppliers to drive innovation, cost efficiencies, quality improvements, and ESG progress?

(Respondents were asked to select all that apply)

Supplier incentive programmes for innovation



Sharing best practices for process improvement



Co-creation of sustainable product designs



Establishing long-term partnerships



Joint research and development projects



"It is hard to have a one-size-fits-all solution, so I think it is critical that you understand what is important to your suppliers. Then you must understand if it is something you can provide, in exchange for their helping on your ESG journey, for example. Equally important is understanding which suppliers are impacting your strategy the most, and ensuring a mutually beneficial relationship is developed with them first."

Supplier relationship is a topic that has been discussed in procurement for years now, and it has perhaps been used as just a terminology in the past, but in the next few years we must treat partners like partners. This will require a mindset change from many, but it's essential if we are to maximise our collaborative potential with our suppliers."

Emma Moss

VP, Global Supplier Management & Supplier Sustainability Programs
DHL Group



"I think there is more of an understanding now, that if you are going to bring about change in the complete supply chain, then you need all of your suppliers on board. You need to work with them, and they need to share the benefits. If your company grows, giving suppliers longer-term business can be a great incentive. Almost seeing your supplier as an extended workbench of your own company is the way to go."

Building trust between an organisation and supplier can be tough. I think it works best, however when you can get buy-in from the rest of your own company so that the relationship is not purchasing driving collaboration with the supplier, it's two companies collaborating together."

Stephen Tonks

Chief Supply Chain Officer
Fujikura



“Operating a collaborative, extended supply chain organisation to a Tier 3-4 supply base allows us to deliver the best possible results when it comes to innovation, efficiency, quality, and ESG. Gone are the days when these relationships were managed on a zero-sum basis. Having mutually beneficial incentive programmes shared by all parties involved drives collaborative and results-orientated behaviour. At Jabil, our philosophy is to “treat suppliers like our customers,” which has yielded many benefits in driving significant improvements in the dimensions mentioned such as innovation, quality, and ESG.”



Darshan Deshmukh
President
ProcureAbility

“Supplier incentive programmes are definitely something that CPOs tell me they are focussing more and more on. Fostering a positive relationship with suppliers is so important in our efforts to drive innovation, cost efficiencies and quality improvements, so it is not a surprise to see that incentive programmes are a critical way of doing this, and it would be interesting to know what type of incentives are used most successfully.”



Georgia Sklinidjis
Conference Producer
ProcureCon Europe 2024



Conclusion

By harnessing technology, fostering collaboration, and demonstrating value, procurement leaders can navigate challenges and create enduring value for their organisations.



Our research underscores procurement's growing importance within organisations. While CPO influence on C-suite decisions has notably increased, challenges persist, with nearly half of respondents citing a lack of internal influence. To fully realise their potential, procurement teams must continue to communicate their strategic value to key decision-makers.

The past 12 months have been marked by global challenges that directly impact operations. Technology has emerged as a critical enabler for CPOs. The vast majority of respondents recognise the benefits of integrating technology, with AI solutions set to play a pivotal role in future strategies. By automating routine tasks and enhancing decision-making, AI empowers procurement teams to focus on strategic initiatives.

Despite procurement's strategic shift, cost control remains paramount. Our research identified spend analysis, supplier performance management and automation tools as essential cost-management tools. However, focusing entirely on costs is not sufficient. Timely and accurate data is crucial for balancing cost control while maintaining competitiveness. By leveraging data, procurement teams can proactively identify overspending, monitor supplier performance, and adapt to market fluctuations.

Sustainable and ethical sourcing is also a key priority for CPOs. Procurement is perfectly positioned to lead organisational efforts in this area. Crafting a collaborative relationship with key suppliers is essential to achieving environmental and ethical goals.

The procurement landscape is dynamic, demanding agility and strategic acumen from CPOs. By harnessing technology, fostering collaboration, and demonstrating value, procurement leaders can navigate challenges and create enduring value for their organisations.

Key Suggestions

Continue to display value

Procurement has made great progress in recent years, and CPO influence is on the up. However, a lack of internal influence remains an issue. To sustain the upward trajectory, procurement leaders must continue displaying their value. Successes should be celebrated, highlighting the importance of procurement's strategic role.



Leverage technology

CPOs have faced a challenging year marked by geopolitical tensions, inflation, supply chain disruptions, and rising costs. Technology offers a powerful tool for mitigating these challenges. By harnessing data and advanced analytics, procurement teams can make informed decisions and build resilience in the face of global uncertainty.

Use AI as an enabler

As procurement increasingly pivots toward strategic-level tasks, AI has emerged as a powerful tool. AI can automate key processes, freeing up time for procurement teams, while enhancing supplier management, contract negotiations, and demand forecasting - areas crucial for organisational success.

Build strategic supplier partnerships

Cost control remains a key part of a CPO's objectives. However, the increasing emphasis on ESG creates a complex landscape. Strong supplier relationships are key to balancing both sides of the coin. A deep understanding of key suppliers and their needs is paramount. Transforming transactional relationships into strategic partnerships is vital. By implementing initiatives such as incentive programmes, joint projects, and targeted training, procurement can foster mutual growth and achieve shared objectives.

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