

# Procurement Pathfinder 2024

## A Trend Outlook

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Whitepaper by The Procurement Initiative

In association with



[procurementinitiative.org](https://procurementinitiative.org)

# PREFACE



## Foreword

Procurement is in a constant state of flux, and at the cusp of the next decade, it has never been more critical to understand and capitalize on the trends reshaping global supply chains. In a world constantly on the verge of the next big leap, recognizing trends is something like a map to the stars – it's not only fascinating but also essential for navigation.

In business terms, thinking strategically requires us to constantly re-evaluate our projections to harness the winds of change effectively. Acknowledging the trend as a friend makes the impact of Procurement go far beyond transactional interactions; it can drive sustainable competitive advantage and innovation.

The "Procurement Pathfinder 2024" embarks on this important quest, navigating the currents of today and the tidal forces that will shape the future. As a result of our collaboration between H&Z Management Consulting and the Institute for Supply Chain Management at the University of St. Gallen, this whitepaper provides a snapshot of 100+ Procurement experts' insights and offers a comprehensive forecast for the future of Procurement. By analyzing the results of the Procurement Pathfinder 2024 survey, we aim to examine the key trends that will redefine Procurement in the next decade.

Tackling the trends ahead is vital. Yet, Procurement is not on its own. Just as Procurement has evolved from a peripheral function to a strategic cornerstone, it must collaborate with internal and external stakeholders to embrace and implement trends. The challenges and opportunities that lie ahead cannot be met through isolated efforts but only through the confluence of expertise and a shared vision. As Procurement continues to assert its role as an orchestrator within the organization, engaging in dialogue, research, and collaborative initiatives that drive value beyond the bottom line is imperative.

This whitepaper serves as a compass – a guide to help Procurement professionals navigate the complexities of a changing global economy. With the first (of many upcoming) edition(s) of our Procurement Pathfinder, we invite you to shape the future of Procurement. Let's embark on this journey with the determination to embrace the trends of the coming decade, anticipate the challenges, and seize the opportunities to create a resilient and value-driven future for Procurement.

Best,

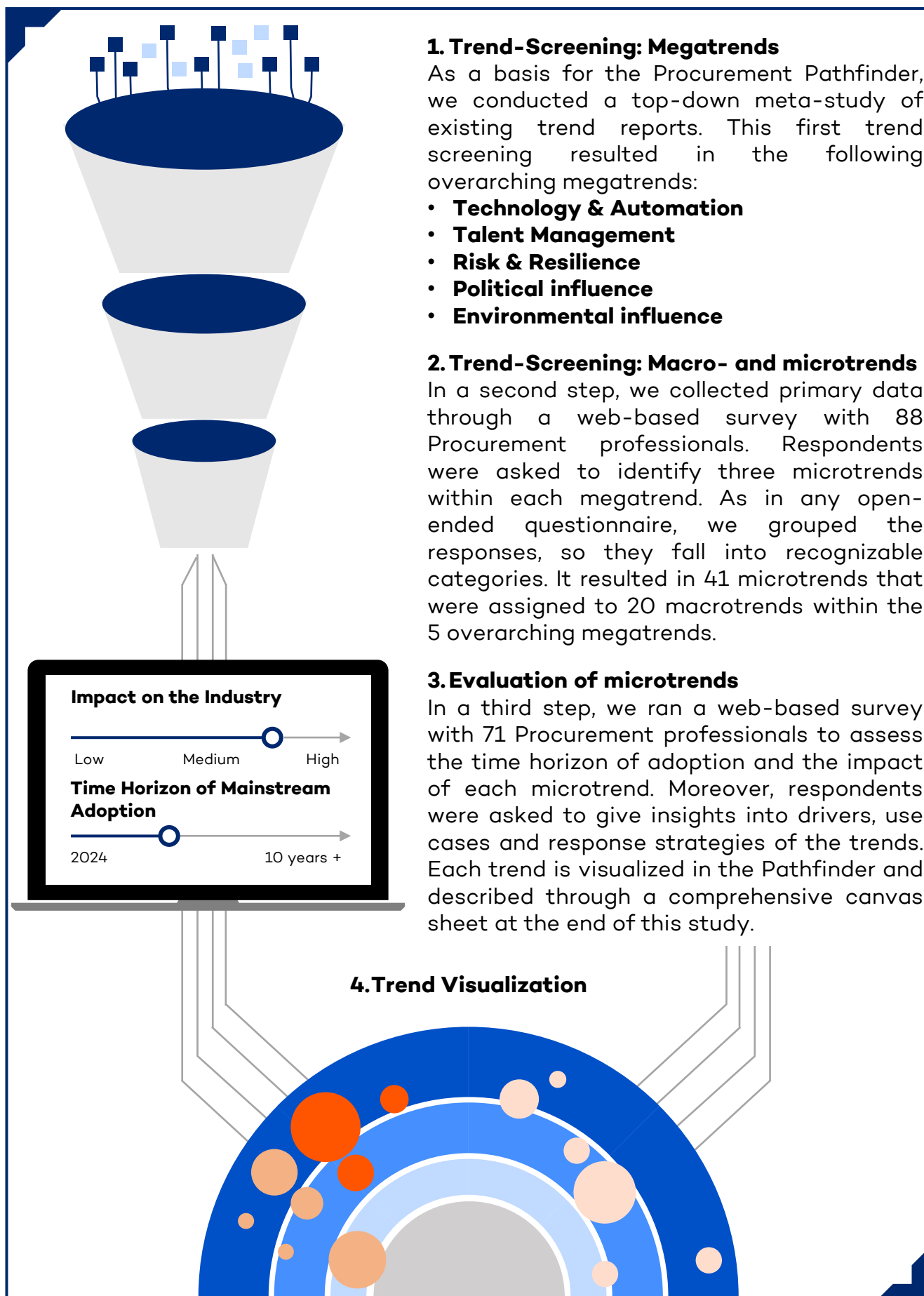


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# RESEARCH APPROACH – A FOUR-STAGE PROCESS TO THE PROCUREMENT PATHFINDER



# GETTING STARTED: MEGA-, MACRO- AND MICROTRENDS



## Introduction to the Procurement Pathfinder 2024

Based on our four-stage research process, the Procurement Initiative Pathfinder contains a total of 41 microtrends that will impact Procurement within the next ten years. These trends are assigned to 20 macro trends and 5 megatrends.

5 Megatrends				
Environment	Politics	Risk & Resilience	Talent Management	Technology & Automation
20 Macrotrends				
<ul style="list-style-type: none"> <li>▪ Resource Efficiency</li> <li>▪ Circular Economy</li> <li>▪ CO2 Tracking &amp; Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulation</li> <li>▪ Geopolitics</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversification &amp; Localization</li> <li>▪ Crisis Resilience</li> <li>▪ Supplier Risk Management &amp; Visibility</li> <li>▪ Sourcing Agility</li> <li>▪ Procurement As-a-service</li> <li>▪ Inflation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Talent Shortage &amp; Adaptive Employment Strategies</li> <li>▪ Innovative Coaching &amp; Talent Impact</li> <li>▪ New Work Trends</li> </ul>	<ul style="list-style-type: none"> <li>▪ AI &amp; ML</li> <li>▪ Blockchain &amp; Digital Identity</li> <li>▪ Virtual World Integration</li> <li>▪ Advanced Technologies</li> <li>▪ Smart Logistics</li> <li>▪ Process Standard. &amp; Automation</li> </ul>
41 Microtrends				
<ul style="list-style-type: none"> <li>▪ Carbon Accounting</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public Incentives</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supply Chain Diversification</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ On-Demand Learning</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ P2P Automation</li> <li>▪ ...</li> </ul>

On the following page, we explain the structure of the Procurement Pathfinder and visualize the 20 macro trends based on the assessment of their impact and the time of mainstream adoption. Each macro trend is color-coded according to the megatrends (see the colored boxes on to the right).

Each macro trend is composed of at least one microtrend. At the end of the study, each microtrend is presented in a canvas sheet that outlines the macro trend in detail, including its drivers, use cases, and implications. You can click on any trend illustrated in the Procurement Pathfinder to directly access the canvas sheet.

# NAVIGATING THE RADAR



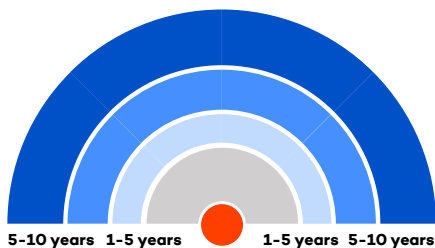
The Procurement Pathfinder by the Procurement Initiative illustrates 5 megatrends that will shape the future of Procurement. Based on primary and secondary sources, we created our trend radar, visualizing and assessing the 20 most significant macro trends according to their impact on Procurement and mainstream adoption.

## Assessment of Macrotrends



Firstly, you'll find all 20 macro trends and their assessment regarding impact potential and time horizon in the Trendradar. The **dark orange** dot represents **status quo** Procurement. The macro trends were allocated according to the following color coding: **Dark blue** dots refer to trends in the **Environment**, **blue** dots indicate the allocation to **Political Influences**, **orange** bubbles show an allocation to **Risk and Resilience**, **light blue** dots refer to **Talent Management** and, lastly, **pink** bubbles display that a macro trend is situated in the field of **Technological Developments and Automation**.

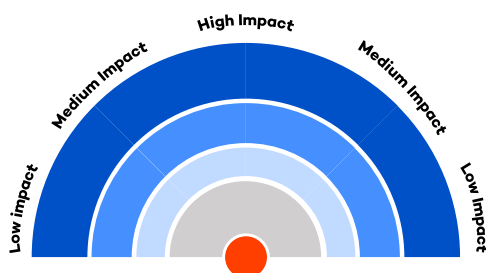
## Time Horizon till Mainstream Adaptation



Secondly, we added two different time classifications. The first category includes trends that we expect to substantiate within the **next five years**, you'll find these closer to the middle of the radar. These trends require Procurement teams to take fast action to not lose the competitive edge to their competition.

The second category includes trends that will realize in **five to ten years**. Predictive organizations must set the basis to implement developments and mitigate challenges in order to stay competitive in the long-term.

## Level of Disruptive Impact on Procurement



Thirdly, the Procurement Pathfinder allows insights in to the level of impact. If a trend is categorized as **low impact**, it won't change the landscape. Yet, it is crucial that every organization monitors them. Trends evaluated as **medium impactful** have the potential to change the competitive landscape, resulting in companies losing or gaining a competitive edge. Lastly, if a trend has a **high impact**, it has either profound impact as of today or can shape the entire future of Procurement.

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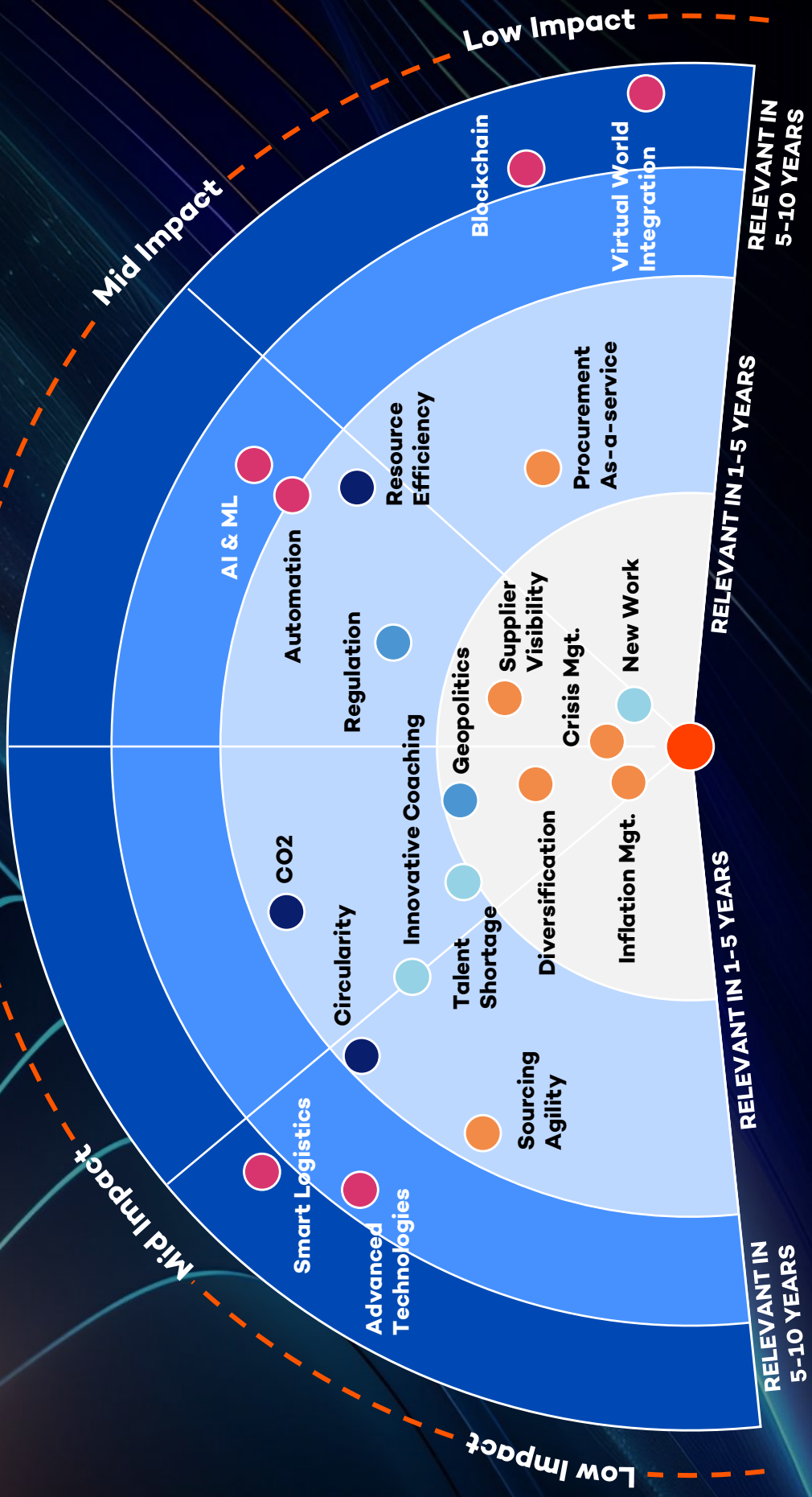
# PROCUREMENT PATHFINDER | 2024



[Click on a trend to directly access its canvas sheet](#)

- Technology & Automation
- Risk & Resilience
- Talent Management
- Politics
- Environment

High Impact



# IS THE TREND YOUR FRIEND? POTENTIAL WAYS FORWARD



The Procurement Pathfinder provides a systematic overview of the most significant trends in Procurement based on five megatrends, which in turn comprise 41 specific microtrends. Overall, companies should focus on three archetypical strategies when tackling the trends ahead: Respond, Prepare, and Monitor.

## Respond

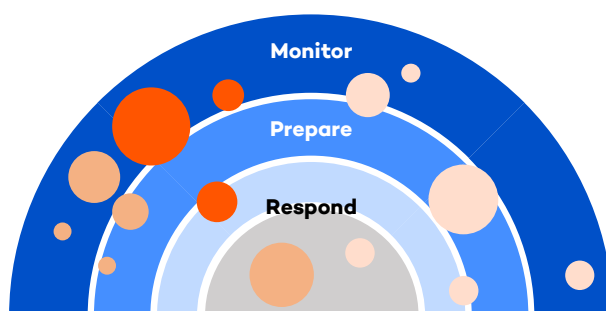
Trends already have a strong impact as of today and most market participants are in motion or actively responding to them. Trends in this area include Inflation Management, Geopolitics, and New Work.

## Prepare

Trends have at least a medium impact on the industry in the medium term and companies should prepare for them. Trends in this area include AI & Machine Learning, Circularity, and Automation.

## Monitor

Trends are expected to have only a limited influence on procurement in the foreseeable future but could become important in the long run. Trends in this area include Blockchain and Virtual World Integration.



## General Observations from the Procurement Pathfinder

Of the 20 macro trends, 13 are already assigned to the “Respond” category. As such, a multitude of trends are already transforming the Procurement landscape today. Procurement teams should therefore prioritize, but not lose sight of the trends that are emerging on the horizon. To do so, we established 3 guidelines that allow Procurement teams to respond to, prepare for and monitor trend developments.



**Consider the bias:** Procurement trends are evolving at varying pace and impact. Trends categorized under Talent Management are observed to have an accelerated impact. Conversely, trends within Technology and Environmental influence may unfold over a longer horizon but require proactive engagement to mitigate risks and capitalize on opportunities.



**Prioritize well:** Given the multitude of trends and the limited resources at the disposal, Procurement functions must develop the capability to discern which trends will have the most immediate and significant impact. This involves a continuous process of scanning, assessing, and prioritizing trends based on their relevance and impact against their firm-specific background.



**Think holistic:** The complexity and interconnectivity of the identified trends underscore the need for Procurement functions to maintain a holistic picture. Technology is good but requires the necessary knowledge and decision-rights within organizations. Consequently, each trend must be embedded and aligned within the underlying operating model.

# INDUSTRY-SPECIFIC INSIGHTS – AUTOMOTIVE AND MEDTECH



Not all trends are equally important for all companies. In some cases, their relevance heavily depends on the industry and other contextual factors such as the business model. To demonstrate the effects of industry-specificity, we examine four examples: Automotive, MedTech, Financial Services and MEM industry. Each of these industries, representing a significant portion of our trend radar respondents, exhibits unique characteristics that influence the relevance and impact of Procurement trends. The objective here is to pinpoint distinctive trends within these industries, providing a nuanced understanding of how Procurement strategies and practices need to adapt in response to industry-specific dynamics.

## Automotive Industry:

The Automotive industry currently faces transformational challenges. More severe competition in the field of electric vehicles (EVs), especially from China, supply chain disruptions, and environmental concerns place enormous cost pressure on established, primarily European, players. Based on our survey panel, we identified three particularly relevant trends to help Procurement teams prioritize and create value in the automotive industry.



**Regional Sourcing:** Crisis such as COVID have revealed the fragility of OEM supply chains, especially regarding semiconductors, in the past. Regional sourcing helps preventing or moderating the effect of these issues



**Strategic Sourcing for Circularity:** Ambitious CO2 targets and the possibility of reducing dependence on virgin material will lead to an increase in the importance of circularity in the Procurement process



**Carbon Accounting:** Extensive regulations require the automotive industry to address emissions from all scopes. Participating in networks such as Catena-X can be a first step toward achieving full visibility

## MedTech Industry:

In the MedTech industry, Risk and Resilience and Talent Management are the trend categories of foremost importance. The global health crisis underscored the critical need for robust supply chains capable of withstanding unprecedented disruptions. As such, MedTech Procurement functions should focus on enhancing supply chain resilience through diversification and stringent risk management practices. Additionally, the rapid pace of technological advancements in healthcare demands specialized talent capable of navigating the complexities of modern MedTech Procurement. Investing in talent development and leveraging expertise in cutting-edge technologies and regulatory compliance are pivotal.



**Talent Attraction:** Major MedTech players struggled with product availability since their suppliers could not staff their lines, therefore, a profound talent attraction strategy is needed to secure the industry



**Supply Chain Diversification:** Due to the product complexity, it is difficult but crucial to source input factors from various regions and suppliers



**Supply Chain Resilience Audits:** Based on the critical nature of the industry, conducting resilience audits is a necessity to ensure business continuity



# INDUSTRY-SPECIFIC INSIGHTS – FINANCIAL SERVICES AND MEM



## Financial Services Industry:

Financial services companies are present in every aspect of life and business activity, either by providing financing solutions or insurance coverage. These companies also face enormous pressure from various trends. Navigating in strictly regulated environments is a well-known setting for financial services. However, technological advancements offer unprecedented opportunities to improve their business activities and models. While their direct environmental impact is rather small, especially compared to manufacturing companies, indirect levers are incredibly significant. For instance, by using carbon metrics or disruption prediction when deciding on issuing a loan or providing insurance coverage.



**Digital Supply Chain Twins:** Supply Chain Twins enable financial services companies to reliably predict Procurement disruptions and associated costs and then decide on the applicability and terms of their products



**Cybersecurity:** Insurance companies are very sensitive in the field of cybersecurity. More regular and severe attacks that hinder Procurement can cause damages worth billions, which need to be covered by insurances



**Hedging:** When Procurement departments try to hedge their risks through financial products, they need to do so through their bank. Therefore, banks are assigned a crucial role in mitigating Procurement risks

## Machinery, Electrical and Metal (MEM) Industry:

MEM companies face great challenges that have to potential to disrupt the entire industry. Procurement teams must consider a variety of aspects in their daily work, including sustainable sourcing, energy and supply chain security, but also talent attraction issues. Since today's labor market is very favorable for the employee side, competing for top talents in Procurement is a very difficult task due to the wide availability of job possibilities. Moreover, past years have shown the fragility of the industry's supply chain and increased the demand for sustainable practices.



**Sustainable Energy Sourcing:** Energy-intensive processes, as the ones in MEM, are connected to emissions. Procurement teams must ensure sustainable energy sourcing to meet their CO2 reduction targets



**Supply Chain Resilience Audits:** Energy outages and supply chain disruptions have been major issues for Procurement in MEM in the past. Conducting in-depth audits help to mitigate these risks due to high visibility



**Talent Attraction:** Many young and talented professionals do not consider Procurement as their most attractive career path: Therefore, establishing attractive packages to attract high potentials is crucial

# USING THE PROCUREMENT PATHFINDER: A PRACTICAL WORKSHOP FRAMEWORK



## Practitioner's guide

To enable Procurement functions to systematically assess the relevance and impact of Procurement trends, we propose a concise workshop format to help practitioners tailor the results of this study to their idiosyncratic environment. Our workshop format aims to equip Procurement organizations with the insights and tools necessary to proactively adapt to the main trends affecting Procurement.

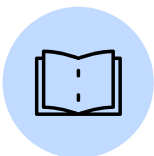
## Workshop design

### Prepare a workshop



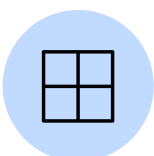
Identifying and managing Procurement trends requires the viewpoints of different seniority levels in Procurement. Challenges and problems are often hidden from senior management while professionals lack the strategic thinking of opportunities on the horizon. Therefore, we recommend that workshop participants should include a team representation from multiple levels (from CPO to operational buyer).

### Make use of our Procurement Pathfinder and canvas sheets



Begin with a comprehensive overview of the five overarching megatrends – Environment, Politics, Risk & Resilience, Talent Management, and Technology. In addition, we recommend workshop participants to study each microtrend canvas sheet before the workshop to gain a foundational understanding.

### Evaluate each macrotrend based on a 2x2 matrix



During the workshop, we recommend using a 2x2 matrix to assess each macrotrend in terms of its impact on the organization and the relevant time horizon. Discussions can be structured in divided groups or one big group. We recommend this framework to start a critical discussion on how each trend could influence the strategic direction and operational processes of the Procurement organization.

### Discuss in plenary



Conclude the workshop with a plenary session where each group presents their findings. This facilitates knowledge sharing of ideas, as we believe that physical interaction and communication between workshop participants are at the heart of any workshop ideation.

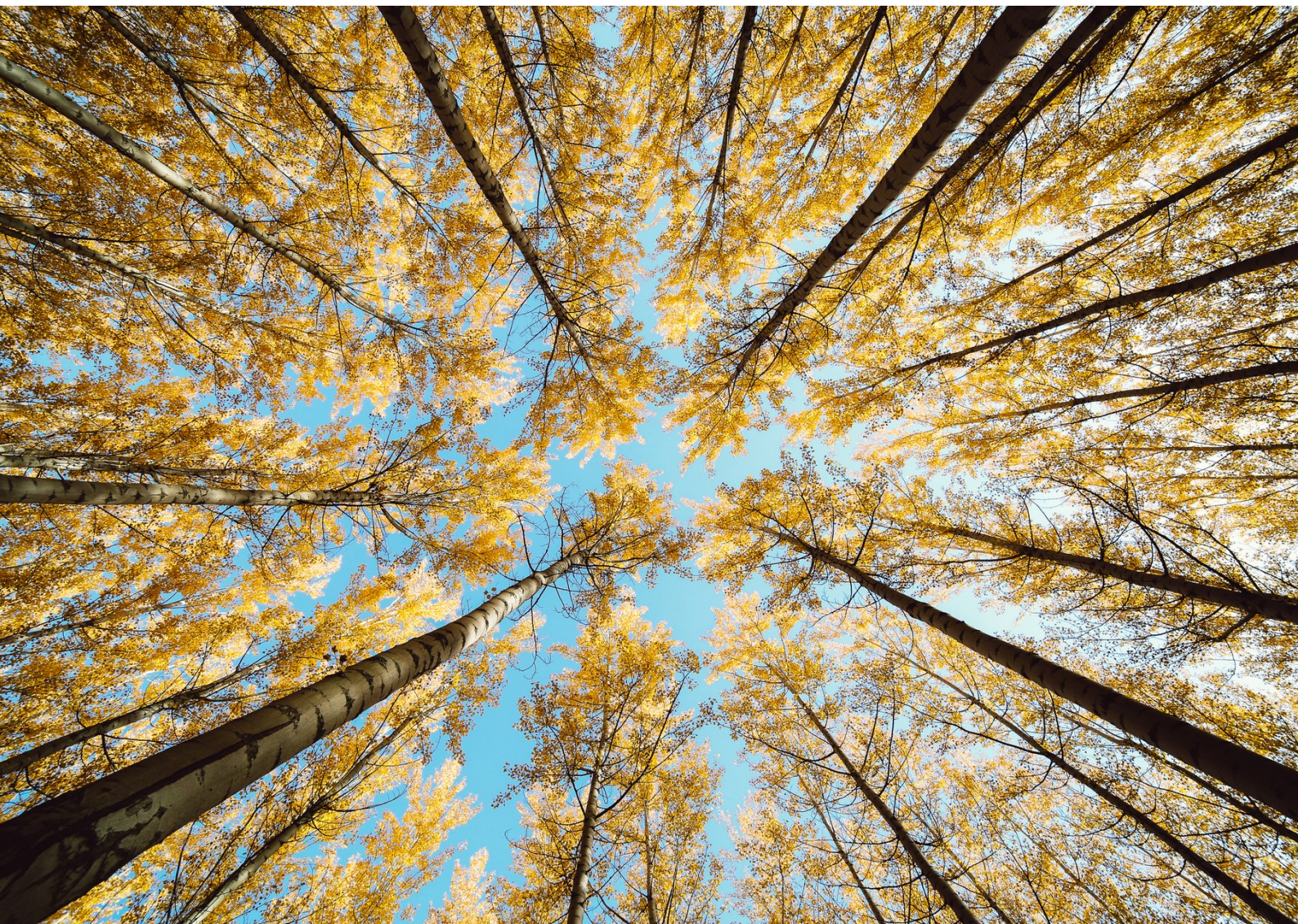
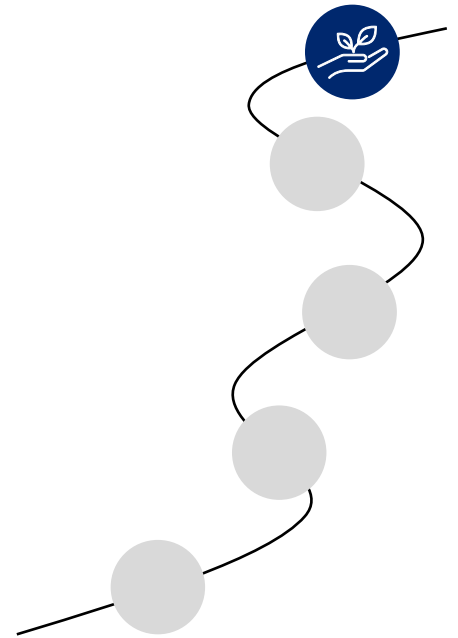
### Create an action plan



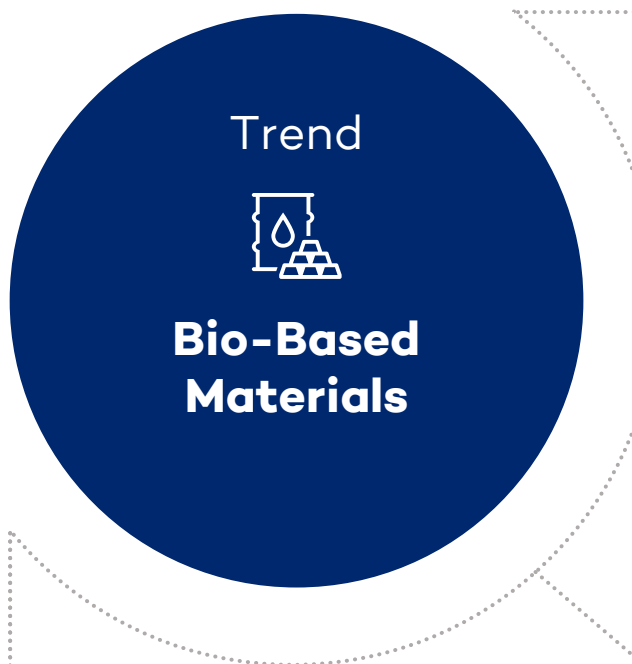
Every workshop should deliver actionable results. Therefore, we recommend highlighting the actual outcomes of your workshop and recording them in a concise and digestible form. Summarizing and writing down your results will sharpen understanding and facilitate communication of next steps. We recommend clustering the trends into the three response strategies: Respond, Prepare, and Monitor. Remember not to carve your action plan in stone as Procurement trends, impact and time horizons are rapidly changing and should be revisited regularly.

# Environment

Sustainability is the “new normal” as Procurement can play a leading role in reducing their companies supply chain footprint and moving towards a circular business model. Environmental trends are driven by the threat of resource scarcity. As natural resources such as water, oil, and rare earths become scarcer, the likelihood of disruptions increases. At the same time, climate change will accelerate the risk of natural disasters such as hurricanes or volcanic eruptions. With most greenhouse gases stemming from Scope-3 emissions in the n-tier, companies must develop a strategy to keep supply chains robust in the face of environmental concerns. In the following chapter, we identified three refined Environmental trends that are analyzed in detail: Resource Efficiency, Circularity, and CO2 Management



# THE NEW IMPERATIVE FOR PROCUREMENT LEADERS: EMBRACING THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE AGENDA



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Bio-based materials are used as more sustainable and renewable materials in manufacturing processes to replace earlier, conventional synthetic manufacturing inputs
- **Impact:** The adoption of bio-based materials is enhancing the sustainability of manufacturing processes but also requires a detailed analysis of their feasibility for existing processes and finished goods in general



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Stringent Environmental Regulations:** Legal frameworks (e.g., European Green Deal) require the use of sustainable, bio-based materials
- **Circular Economy and Waste Reduction Goals:** Growing emphasis on circular economy aims to reduce waste and promote resource efficiency through a shift towards biodegradability and compostability in materials
- **Technological Breakthroughs in Bio-Material Production:** Advances in biotechnology enable the creation of bio-based materials with enhanced properties, such as increased strength, flexibility, and durability



## Use Cases

*How to apply this trend?*

- **Chemical Raw Materials: Replacing conventional HMDA by a plant-based version**  
*Example:* Covestro and Genomatica announced that they reached a breakthrough in sustainable HMDA, an ingredient of nylon, that they plan to source and market on commercial full-scale in the future
- **Sustainable Leather Alternative:** Partnership between Hermès and MycoWorks  
*Example:* MycoWorks, producing leather alternatives using mycelium, collaborates with Hermès to manufacture more sustainable handbags to address more sustainability-oriented customers as well



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Market Study:** Following assessments in which products bio-based materials can be used, Procurement teams should conduct a market research to identify suitable suppliers
- **Carbon and Cost-based Assessment:** Procurement teams must assess the impact of bio-based materials on their carbon footprint to identify use cases that are environmentally beneficial without reducing the bottom-line margin

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## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Alternative Energy Solutions involve energy sources and infrastructure that are connected to less carbon emissions compared to established fossil-fuel based solutions
- **Impact:** Companies must change their energy sourcing and infrastructure in accordance with emission limits, thereby reducing the carbon footprint but also facing potential supply challenges due to availability of renewable sources



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Energy Availability Risks:** The volatility of fossil fuel prices and availability due to political tensions pose a substantial risk to energy security and require diversification
- **Regulatory Compliance:** Governments around the world expect companies to lower emissions in order to mitigate the risks connected to the climate change
- **Long-term Cost Limitation:** Since certain taxes are likely to be tied to carbon emissions, a continuous reliance on fossil fuel will be connected to economic disadvantages in the future



## Use Cases

*How to apply this trend?*

- **Sustainable Aviation Fuel (SAF) in the Aviation Industry:** Slowly replacing fossil fuel  
*Example:* Lufthansa and SWISS partnered with Swiss-based Synhelion to supply them with SAF which requires Procurement teams to negotiate with new players and control the use of SAF since it is still much more expensive compared to fossil fuels
- **Factory Design:** Thinking sustainable energy sources from scratch  
*Example:* In its Sindelfingen-based Factory 56 but also elsewhere, Mercedes uses energy generated from solar panels on the roof which it stores in a stationary energy bank, requiring Procurement teams to rethink the entire energy sourcing



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Procure Renewable Energy:** Sourcing renewable energy will be of growing importance in the future, either through external partners or own installations, both will require massive shifts in day-to-day tasks of Procurement teams compared to the status quo
- **Ensure Energy Supply:** Since renewables also fluctuate in availability, Procurement teams should sign flexible contracts with suppliers of more reliable energy sources

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## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Strategic sourcing for circularity aligns Procurement activities with the principles of circular economy by considering multiple lifecycles of a product in sourcing processes
- **Impact:** Circular sourcing decreases carbon emissions and waste, moreover, it increases the availability since the dependence on goods imported from suppliers around the globe is reduced while requiring higher efforts in the Procurement process



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Ecological Consciousness:** Increased stakeholder awareness drives a shift towards sustainable practices, requiring businesses to align with eco-friendly Procurement and lifecycles
- **Regulatory Pressure:** Government regulations require producers to take responsibility for products going beyond the use phase, moreover, minimum shares of recycled content used in production are introduced by the authorities
- **Cost Efficiency and Resilience:** Circular strategies reduce material footprint, driving long-term cost advantages through reduced emissions and lower demand for virgin material



## Use Cases

*How to apply this trend?*

- **Subscription-based Product Usage:** Regularly swap old products with new ones  
*Example:* On has developed its Cyclon program, here, customers subscribe to the program and can obtain new shoes every six months in exchange for their old ones which are recycled and commercialized again, requiring Procurement to only buy the material of shoes lost in the cycle
- **Circularity in the Tech Industry:** Sourcing used aluminum  
*Example:* Apple sources 59% of its aluminum from recycled materials, some products even contain 100% of recycled material, that requires Procurement departments to ensure phasing-out contracts with virgin material suppliers

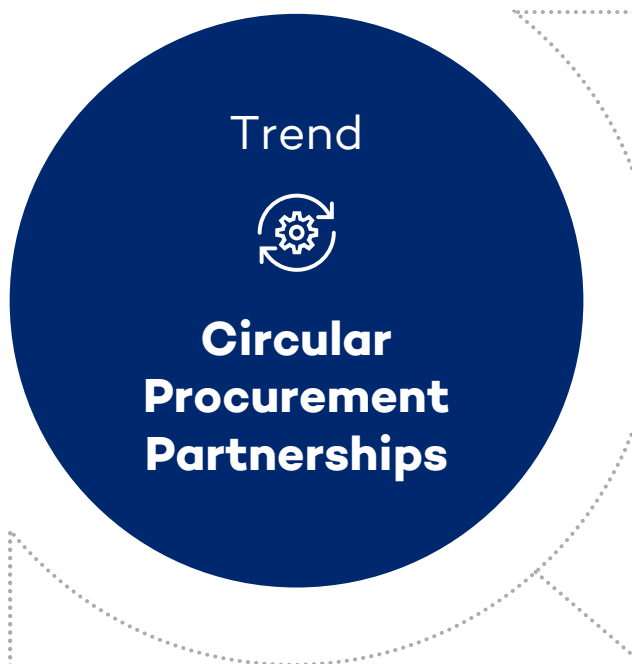


## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Circular Design Collaboration:** Work with product design and engineering teams to ensure that circularity principles are integrated into product design
- **Flexible Contracting and Supply Chain Partners:** Procurement teams must have emergency contracts in place in case they fail to ensure sufficient supply from circular sources, moreover, suppliers and partners must ensure certain degrees of circularity

# THE NEW IMPERATIVE FOR PROCUREMENT LEADERS: EMBRACING THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE AGENDA



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Circular Procurement Partnerships embody collaborative efforts between multiple companies along the supply chain to implement circular economy strategies
- **Impact:** These partnerships drive circular practices, transforming traditional Procurement into a strategic function, ensuring sustainability and circularity across the entire supply chain and fostering knowledge exchange between businesses



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Sustainability Imperative:** Businesses respond to a heightened sustainability focus, recognizing the necessity of eco-friendly practices in their activities and processes
- **Regulatory Pressures:** Upcoming regulations require businesses to reduce their carbon footprint and embody a certain share of recycled content in their manufacturing operations
- **Innovation in Technology:** Technological advancements, for instance in manufacturing technology or connectivity, enable businesses to closely work together along the entire supply chain



## Use Cases

*How to apply this trend?*

- **Packaging Transformation:** Establish a circular network  
*Example:* Terracycle's Loop alliance, featuring industry leaders like Coca-Cola, fosters circular practices by collecting packaging, cleaning, and returning it to manufacturing companies to refill, enabling Procurement teams across the entire supply chain to benefit from circular packaging
- **Automotive Network:** Collaboration of players from every step of the supply chain  
*Example:* Catena-X is an automotive network that fosters circularity through information exchange. This enables Procurement teams, for instance, to receive information on the battery they procure



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Supplier Collaboration Programs:** Procurement teams should initiate programs with suppliers on circular initiatives, like material take-back schemes or joint development of recyclable products
- **Supplier Audits for Circularity:** Conduct regular audits of suppliers to ensure compliance with circular economy principles and practices

# THE NEW IMPERATIVE FOR PROCUREMENT LEADERS: EMBRACING THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE AGENDA



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Carbon Accounting, or "greenhouse gas accounting", systematically quantifies scope 1, 2, and 3 CO2 emissions to cover the entire value chain
- **Impact:** Carbon Accounting allows companies to reach a high level of transparency regarding their emissions and enables them to identify areas and levers they need to tackle in order to reduce their emissions



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Stakeholder Expectations:** Various stakeholders insist on transparency and sustainability regarding the emissions caused along the entire supply chain
- **Decarbonization Targets:** Regulations aim at all scopes of emissions, therefore companies must ensure a profound knowledge regarding their emissions and levers they need to pull to reach these targets
- **Connectivity:** Modern technologies enable companies to closely track their emissions caused and the ones already included in a product. This information can then be passed on to the next player in the supply chain



## Use Cases

*How to apply this trend?*

- **Software Enablement:** One-stop-shop for transparency in emissions of all scopes  
*Example:* The IBM Envizi ESG Suite enables companies to automatically collect, consolidate and analyze CO2 data, thereby providing Procurement departments with full transparency regarding the emissions imported through procured goods and services
- **Tailored Sustainability Strategy:** Clear targets for suppliers  
*Example:* Transparent insights allow Procurement departments to set clear emission goals to its suppliers to reduce scope 3 emissions since they often account for more than 70% of the business' carbon emissions



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Procurement at the Core of Carbon Accounting:** Procurement departments often have the biggest lever regarding reducing carbon emissions, therefore they must be at the center of information exchange regarding all emission-related information
- **Supplier Emission Reporting:** Procurement departments should require suppliers to report detailed information on the emissions contained in the product



# THE NEW IMPERATIVE FOR PROCUREMENT LEADERS: EMBRACING THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE AGENDA



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** CO2 Management Incentives link parts of the manager's compensation package to the achievement of pre-defined sustainability goals to foster sustainable practices led by managers across all levels
- **Impact:** CO2 Management Incentives foster an environmentally responsible management style and align company and environmental goals, ensuring leadership accountability for measurable climate actions



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Talent Attraction:** As the workforce becomes more environmentally conscious, organizations use CO2 incentives to attract top talent seeking purpose-driven workplaces, aligning individual values with corporate goals
- **Connection of Purpose and Compensation:** Coupling executive pay to short-term goals, mostly financial, incentivizes potentially environmentally damaging behavior to optimize short-term profits
- **Environmental Accountability:** Global climate awareness and regulations require executives to lead by example regarding environmental efforts



## Use Cases

*How to apply this trend?*

- **Supplier-enabled Emission Reduction:** Supplier engagement enabled buyer to reduce emissions  
*Example:* Danone linked 20% its CEO's compensation to sustainability targets, these were reached mainly through a reduction in emissions in Procurement
- **Pharmaceutical Industry:** Measuring leaders by ESG fulfilment  
*Example:* Pfizer included ESG metrics in the compensation package of more than 30'000 of its leaders, therefore putting more pressure on Procurement departments to stay compliant with ESG regulations and targets



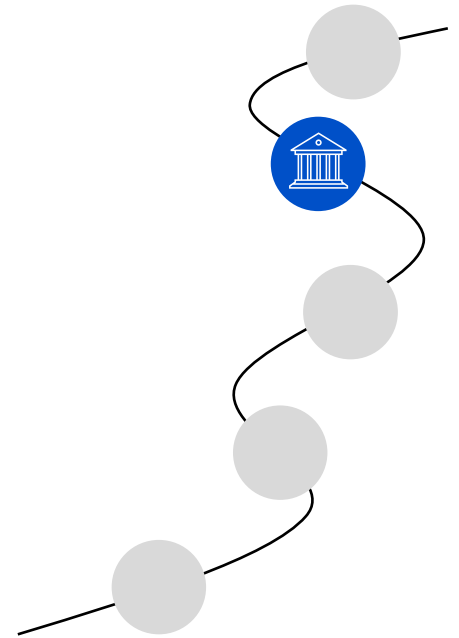
## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Transparent Reporting:** Procurement teams must gather enough information on the emissions contained in the sourced products to report them to the finance and HR departments to determine the final manager's compensation
- **Incentives for Low-Carbon Suppliers:** Develop incentive programs for suppliers who demonstrate strong carbon management practices or use low-carbon processes

# Politics

National political regulations and geopolitical trends have a profound impact on the Procurement landscape. New regulatory frameworks necessitate a change in Procurement activities to ensure compliance while maintaining operational efficacy. In addition, trends such as protectionism, import tariffs or subsidies for local production, will increase the influence of politics on global trade and supply chains. In this context, supranationalism and increasing regionalization driven by trade agreements (e.g., EU, USMCA, RCEP) are expected to boost the substitution of global suppliers with local suppliers. In the following chapter, we identified two refined Political trends that are analyzed in detail: Regulation and Geopolitics



# THE POLITICAL WINDS OF CHANGE: HOW LEADERS CAN HARNESS THE POWER OF REGULATION TO DRIVE SUCCESS



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** ESG Regulation Standards refer to the increasing legal requirements for companies to report and adhere to environmental, social, and governance criteria
- **Impact:** The implementation of ESG regulation standards impacts companies by requiring them to investigate the compliance of each practice, process, and product with the criteria, also beyond their own boundaries along the entire supply chain



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Governance and Regulatory Compliance:** Resulting from various trends and threats, such as climate change, politicians require high levels of ESG compliance from companies to mitigate the risks and drive fair social development
- **Stakeholder Expectations:** Stakeholder pressure, including from shareholders, customers, and non-governmental organizations, demands transparency and responsibility in corporates. Failing to meet these expectations might result in bad PR and ultimately in severe damage to the business itself
- **German Act on Corporate Due Diligence in Supply Chains:** Ensuring compliance with human rights law  
*Example:* The law requires companies with key operations in Germany to develop a risk management system for identifying and mitigating risks of ESG violations along their entire sourcing process
- **EU Corporate Sustainability Due Diligence Directive:** Regulatory focus on sustainable and responsible behavior  
*Example:* EU ambassadors confirmed that they agreed on the long-discussed directive, forcing companies to ensure compliance with human rights and environmental standards along the supply chain



## Use Cases

*How to apply this trend?*



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Organizational Structure:** ESG compliance must be ensured across the entire organization, e.g., by installing responsible managers for sustainable sourcing
- **Sourcing and Awarding:** ESG criteria must be integrated into Request for Proposals (RFPs) and scoring systems for supplier selection, for instance assessing suppliers' carbon footprints, labor practices, and governance structures

# THE POLITICAL WINDS OF CHANGE: HOW LEADERS CAN HARNESS THE POWER OF REGULATION TO DRIVE SUCCESS



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** CO2 Regulation represents the increasing integration of legal policies aimed at controlling and reducing carbon dioxide emissions through tools such as emission trading systems, carbon taxes, and emission reduction targets
- **Impact:** CO2 regulations increase prices for carbon-heavy products and reward companies that reduce their carbon footprint which can lead to competitive advantages



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Global Climate Change Initiatives:** The worldwide urgency to become carbon neutral drives regulatory bodies to implement strict CO2 regulations, leading to reduction goals set by initiatives like the Paris Agreement
- **Impact of the Climate Change:** An increased number and worse impacts of natural disasters caused by climate change highlight the importance of measures to tackle the development and increase awareness



## Use Cases

*How to apply this trend?*

- **EU Emissions Trading System (ETS):** Require companies to buy CO2 certificates  
*Example:* The EU-ETS allows companies to cause carbon emissions up to the extent they own certificates for, these certificates can be sold and bought on a specific market
- **EU Carbon Border Adjustment Mechanism (CBAM):** Pay for emissions in imported goods  
*Example:* CBAM will impose higher CO2 charges on goods that contain more carbon emissions, aiming at incentivizing cleaner production in supplier countries that benefit the Procurement prices of EU-based companies

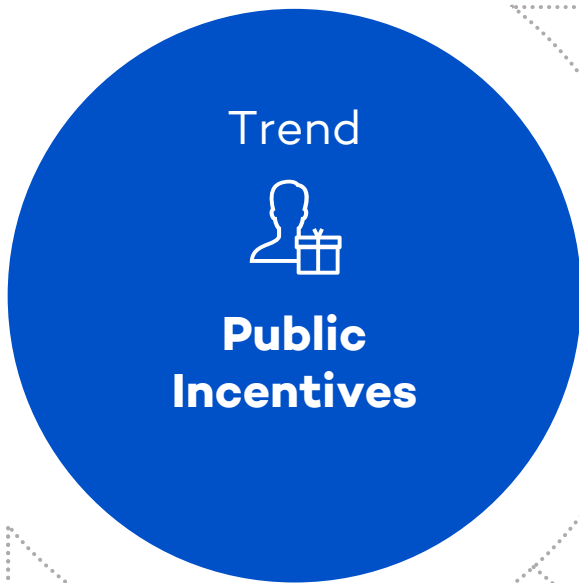


## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Carbon Transparency:** Constantly track the emissions that suppliers include in their goods to enable a better negotiation position and create transparency regarding the own Procurement activities
- **Contractual Emission Targets:** Contracts with suppliers may include clauses that specify emission reduction targets and penalties for non-compliance

# THE POLITICAL WINDS OF CHANGE: HOW PROCUREMENT LEADERS CAN HARNESS THE POWER OF GEOPOLITICS TO DRIVE SUCCESS



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Public incentives, such as subsidies, tax reductions, and tax credits, are governmental policies aimed at stimulating economic growth, protecting domestic industries and tackling Climate Change
- **Impact:** Public incentives can disrupt entire businesses and require fast adjustments to processes since economic circumstances and dynamics may shift in favor of different locations and habits



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Geopolitical Dynamics:** Rising tensions in geopolitics lead to governments incentivizing companies to relocate their activities to their home soil to prevent the loss of IP and ensure direct access to crucial industries and input factors
- **Economic Growth Goals:** Governments implement incentives to achieve economic objectives and to make their country attractive for FDIs
- **Targeted Investments:** Investments in certain technologies, e.g., carbon emission reducing technologies, can be made financially viable through governmental incentives to keep the company globally competitive



## Use Cases

*How to apply this trend?*

- **Renewable Energy & Clean Production:** Incentivizing sustainable business practices  
*Example:* Incentive programs such as the Green Deal (EU) or the Inflation Reduction Act (USA) aim at incentivizing investments and deployments of green technologies and fleets, opening opportunities for Procurement departments to better control costs through more sustainable sourcing
- **New Technologies:** Foster clean investments  
*Example:* Linde invests USD 1.8bn to build a blue hydrogen plant in Texas using of the 45Q credit, a tax credit that is part of the US Inflation Reduction Act, resulting in changed Procurement requirements for their planned additional US facility



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Incentive Evaluation in Sourcing:** Incentives may change business cases in favor of other locations, resulting in the need for a fast adjustment of sourcing processes to maximize the benefit from these incentives
- **Supplier Development:** Work with suppliers to help them understand and meet the requirements of public incentives, ensuring mutual benefits

# THE POLITICAL WINDS OF CHANGE: HOW PROCUREMENT LEADERS CAN HARNESS THE POWER OF GEOPOLITICS TO DRIVE SUCCESS



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Regionalization implies that companies shift away from a fully global sourcing approach to one that relies on regional and local production, often driven by a political desire to become less dependent on other regions
- **Impact:** Regionalization requires a new configuration of supply chains and Procurement processes since the current ones are mostly aligned with global activities



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Reduction of Labor Dependency:** Advancements in technologies reduce the dependence on manual labor due to a high degree of automation, enabling companies to shift their activities to countries with high labor prices
- **Environmental Effects:** The introduction of carbon emission prices and trading require companies to strictly reduce their footprint which can also be achieved through shorter transport distances
- **Political Initiatives:** Initiatives like the Atlantic Council foster ally-shoring, in response to current and future geopolitical tensions, to increase supply chain resilience



## Use Cases

*How to apply this trend?*

- **Supply Chain Restructuring under USMCA:** Minimum level of locally sourced parts  
*Example:* In response to the USMCA (US-Mexico-Canada Agreement), automotive OEMs like Ford and General Motors restructure their Procurement activities to meet the requirements of at least 75% of the parts used originating in the US, Canada or Mexico
- **Globalizing and Localizing:** Importing while regionalizing other parts of the production  
*Example:* Siemens Energy's Procurement department needs to handle regional sourcing of certain finished goods and services as part of the companies' regionalization strategy as well as global imports of raw materials and other inputs

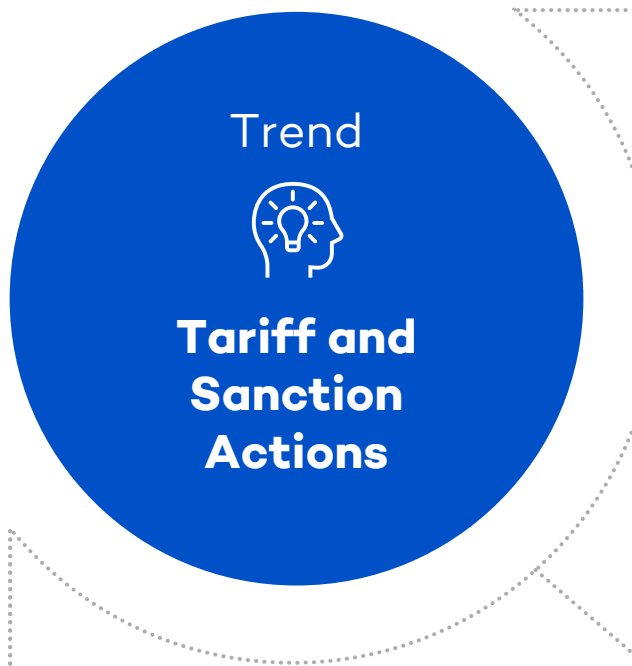


## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Incorporation of Regionalization in Sourcing Activities:** Procurement departments must evaluate on a case-by-case basis whether global or regional sourcing is preferable based on resilience, cost, and emission considerations
- **Investment in Regional Capabilities:** Invest in building capabilities and partnerships in new regional hubs, which could involve new facilities or collaborating with local firms

# THE POLITICAL WINDS OF CHANGE: HOW PROCUREMENT LEADERS CAN HARNESS THE POWER OF GEOPOLITICS TO DRIVE SUCCESS



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Tariff and sanctions are introduced to prevent the respective entity (company or country) to enter business in the own country or to import goods there
- **Impact:** Tariffs and sanctions require companies to change their supply chain activities and change the competitive landscape by creating vacuums that need to be filled by the remaining or new players



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **National Security Concerns:** The protection of domestic industries and IP is gaining prominence, even accelerated by escalating geopolitical tensions and the resulting need for self-reliance in critical sectors
- **Surge in Populism and Nationalism:** The upswing in political movements advocating protectionist measures is accompanied by a commitment to safeguard domestic jobs and industries
- **Unfair Trade Practices:** Growing perceptions of uneven trade balances and competitive disadvantages based on political interventions in markets are driving tariffs



## Use Cases

*How to apply this trend?*

- **Business Disruptions:** Lack of alternative suppliers  
*Example:* German mobile network providers highlighted that the planned ban of Huawei equipment on the market would lead to severe troubles since there are not sufficient alternative suppliers, moreover, they cannot ensure sufficient own Procurement and construction capacities
- **Strategic Shifts:** Shift countries supplying inputs  
*Example:* Following the US' tariffs imposed on the import of Chinese goods, Walmart massively increased its imports from India which is not affected by any tariffs and reduced the imports from China, requiring Procurement to find new suppliers



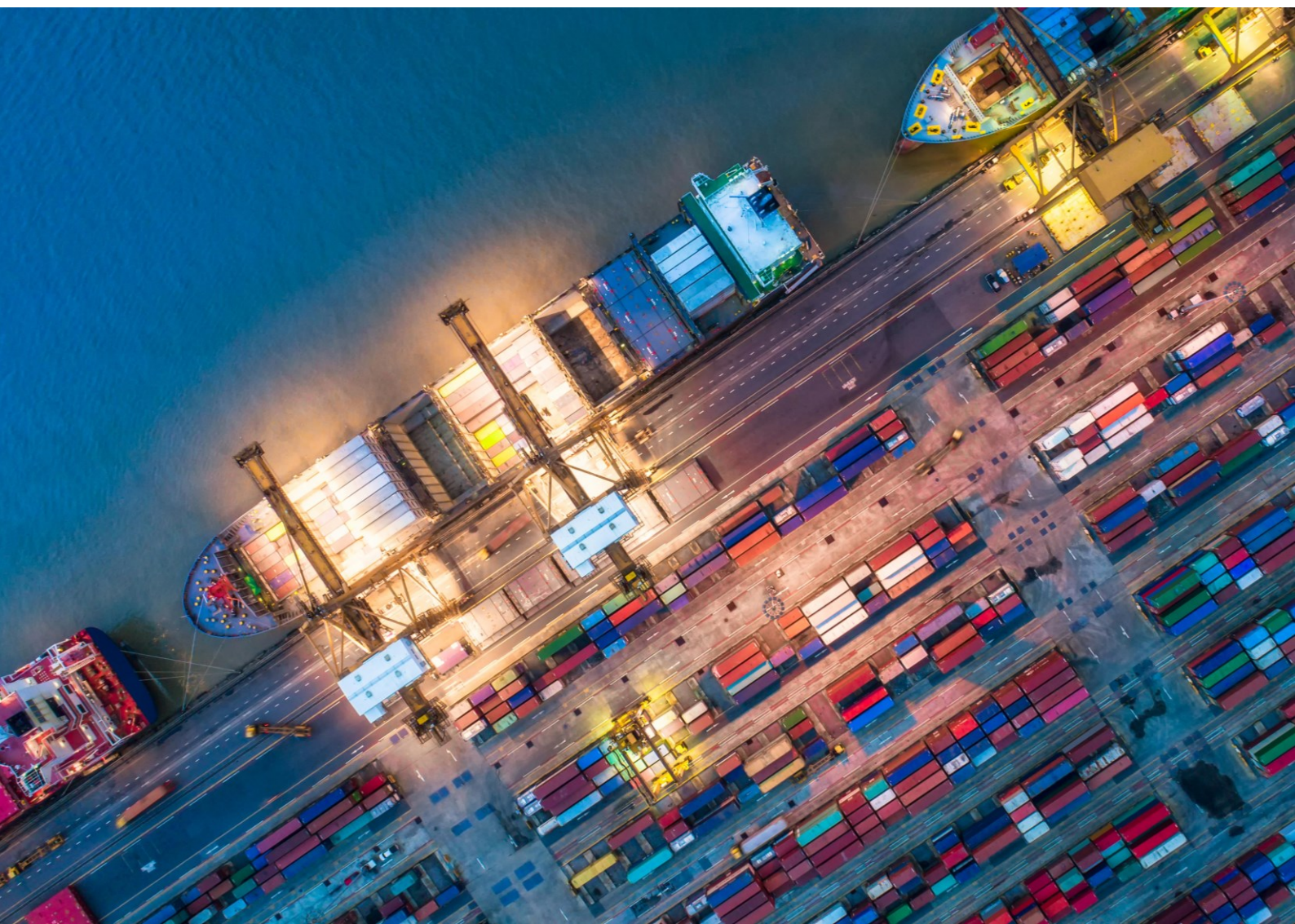
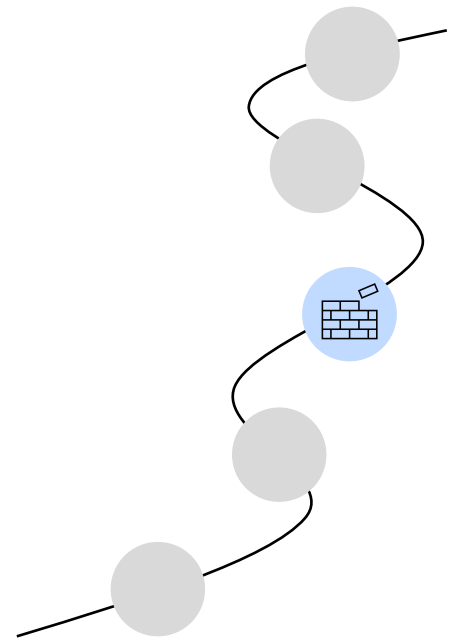
## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Supplier Base Diversification:** Prioritize the diversification of suppliers to minimize the vulnerability to tariff-affected regions as well as to enhance overall resilience
- **Cut-off Costly Suppliers:** Analyze current suppliers and the effect of tariffs on them might lead to the decision to end the relationship, as importing their goods is no longer economically viable

# Risk & Resilience

In an era defined by global volatility and uncertainty, managing risks and building resilience has never been more critical. Procurement today is constantly reshaped by geopolitical shifts, supply chain disruptions, natural disasters, and unforeseen global crises (e.g., Middle-East conflict, Russian-Ukrainian War). Organizations must not only anticipate these risks but also develop robust strategies to withstand and recover from them. In the following chapter, we identified four refined Risk Management & Resilience trends that are analyzed in detail: Diversification & Localization, Crisis Resilience, Supplier Risk Management & Visibility, Sourcing Agility, Procurement-As-a-service, and Inflation Management.





# NAVIGATING UNCERTAINTY: BUILDING RESILIENCE FOR AN UNPREDICTABLE WORLD



# NAVIGATING UNCERTAINTY: BUILDING RESILIENCE FOR AN UNPREDICTABLE WORLD



# NAVIGATING UNCERTAINTY: BUILDING RESILIENCE FOR AN UNPREDICTABLE WORLD



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Business Continuity Planning (BCP) is a strategic approach to proactively identify, assess, and manage both internal (e.g., network outages) and external risks (e.g., wars) to operations while crisis response planning (CRP) aims at ad-hoc measure in threatening situations
- **Impact:** BCP and CRP help to prepare for and quickly react to disruptions, maintaining operational continuity and minimizing financial losses and risks



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Surviving:** Continuing business also following a disaster can be material for companies since they keep their reputation and their ability to serve customers in challenging times
- **Global Supply Chain Disruptions:** Complex global supply chains increase the vulnerability towards disruptions which indeed occurred more often in the past and are possible to occur in the future as well
- **Cybersecurity Risks:** Advancements in technology have led to increased cyber threats, such as ransomware attacks and data breaches, that have high impacts on organization due to the digitalization



## Use Cases

*How to apply this trend?*

- **Crisis following Media Reports:** Quickly respond to negative reports regarding Procurement practices  
*Example:* Following accusations of child labor in its Procurement, Apple took immediate action with its suppliers but also industry peers to tackle systematic problems with violations of codes of conduct
- **Cope with diverse Crisis Situations:** Ensure operation abilities through BCP  
*Example:* Johnson & Johnson's management developed a very resilient BCP that helped them to navigate through several severe crisis, for instance by including external suppliers in their preparedness plan

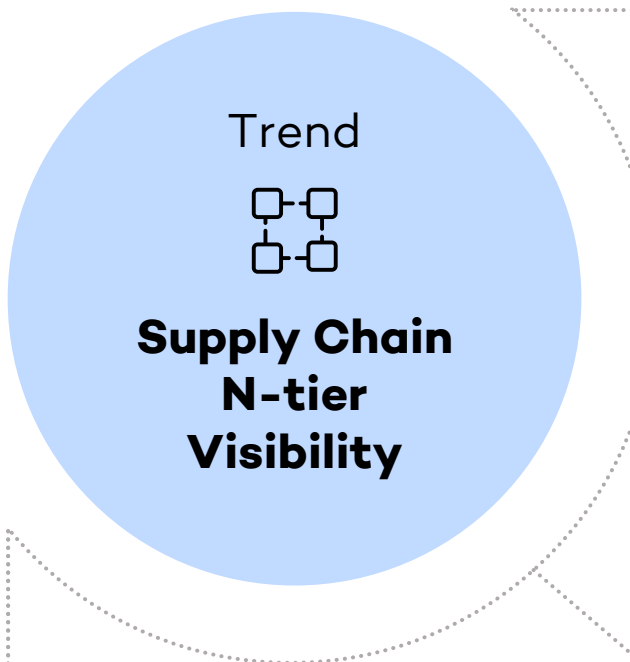


## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Prevention of Sourcing Outages:** Prevent drastic outages by sourcing the inputs from multiple suppliers and risks to mitigate the risks of outages at the end of one supplier
- **Establish Task Forces:** Task forces consisting of Procurement team members and other vital functions, such as finance or logistics, can help make the needed fast adjustments to Procurement processes

# NAVIGATING UNCERTAINTY: BUILDING RESILIENCE FOR AN UNPREDICTABLE WORLD



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Supply chain n-tier visibility refers to an organization’s ability to monitor suppliers at every level of its supply chain to gain full understanding
- **Impact:** Visibility allows for deeper insights into supply chain dynamics, facilitating risk mitigation to minimize disruptions, and regulatory compliance through the prevention of unlawful behavior



## Trend Drivers

*Why is this trend emerging now?  
What’s changing?*

- **Complexity and Error-proneness in Lower Tiers:** Disruptions often originate in lower tiers that are not directly managed by the company but still affect the entire value chain
- **Sustainability and Regulations:** While there is a general shift towards a higher importance of sustainability, authorities also demand clear insights into emissions contained in a product which requires the company’s ability to access this information
- **Consumer and Stakeholder Demand for Transparency:** Customers and stakeholders increasingly expect ethical and transparent supply chain practices



## Use Cases

*How to apply this trend?*

- **AI-Powered Risk Management:** Analyzing supplier risks in real-time based on AI  
*Example:* Prewave, an AI-powered early warning system, maps n-tier supplier ecosystems and analyses supplier-related news and real-time data, to develop contingency plans in case of potential disruptions
- **Automated N-Tier Supplier Communication:** Directly inform all suppliers of production plans  
*Example:* AWS announced the introduction of AWS Supply Chain N-Tier Visibility which helps customers to directly share new production plans with their suppliers and to monitor the status of these across the different supply tiers



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Detailed Supplier Mapping:** Detailed mapping of current supplier landscape before starting to design and implement visibility systems which foster transparency
- **Collaborative Transparency Initiatives:** Start with fostering deeper collaboration with key suppliers to encourage transparency and data sharing across all tiers to improve overall supply chain resilience

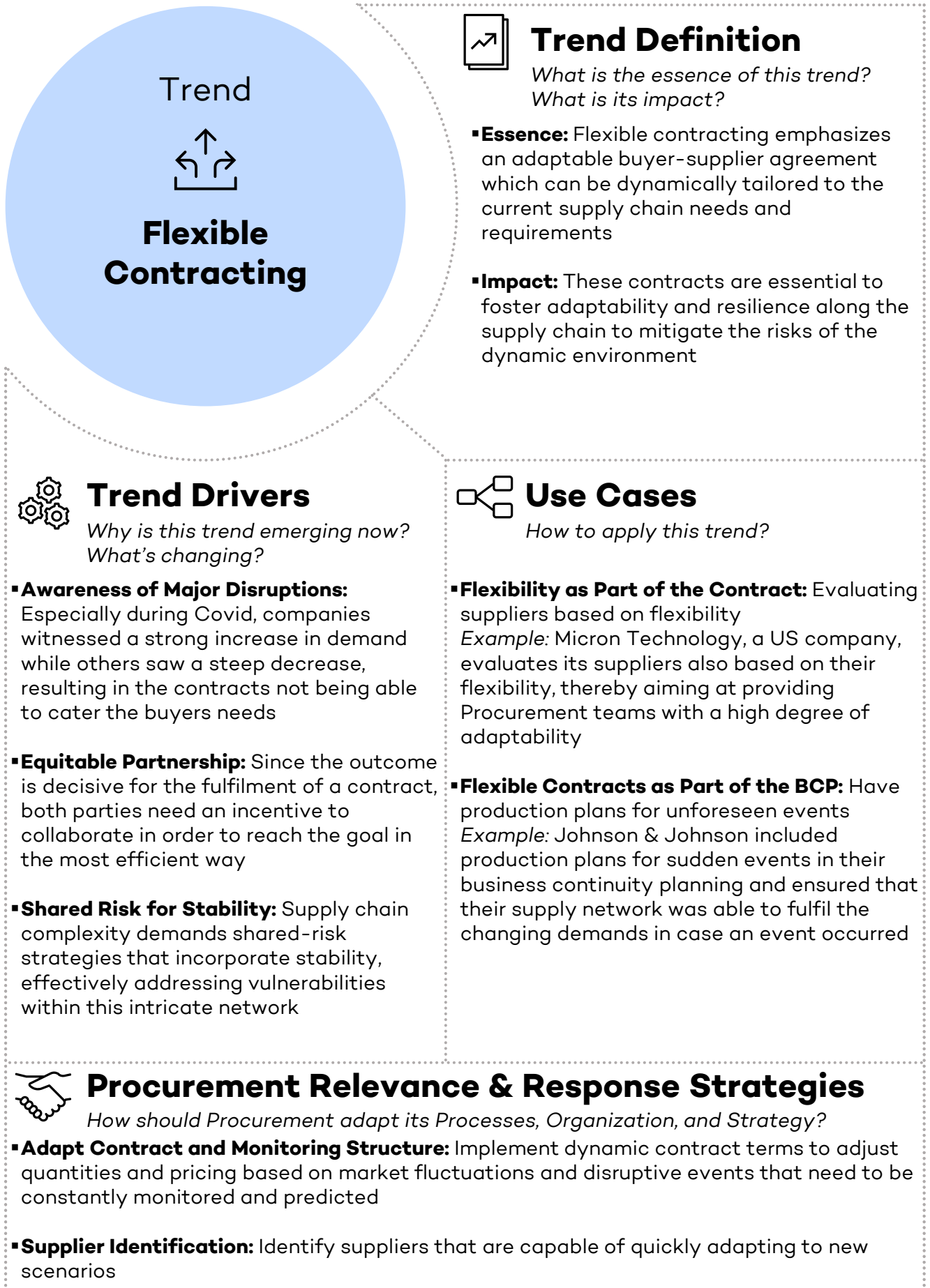
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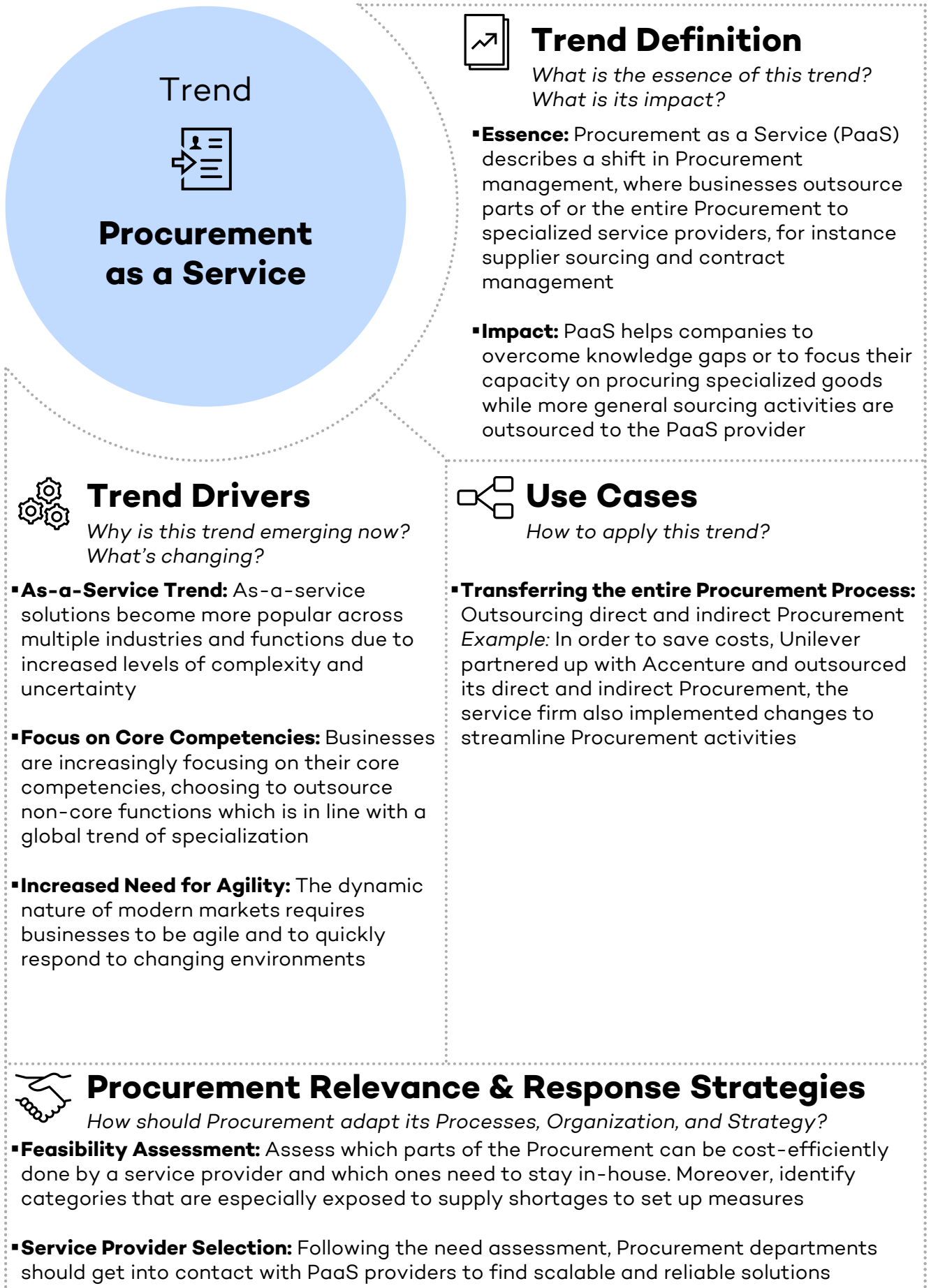
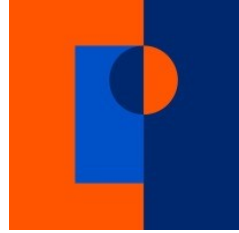
# NAVIGATING UNCERTAINTY: BUILDING RESILIENCE FOR AN UNPREDICTABLE WORLD



# NAVIGATING UNCERTAINTY: BUILDING RESILIENCE FOR AN UNPREDICTABLE WORLD



# ECONOMIC AGILITY: ADAPTING TO THE DIGITAL ERA AND INFLATION CHALLENGES

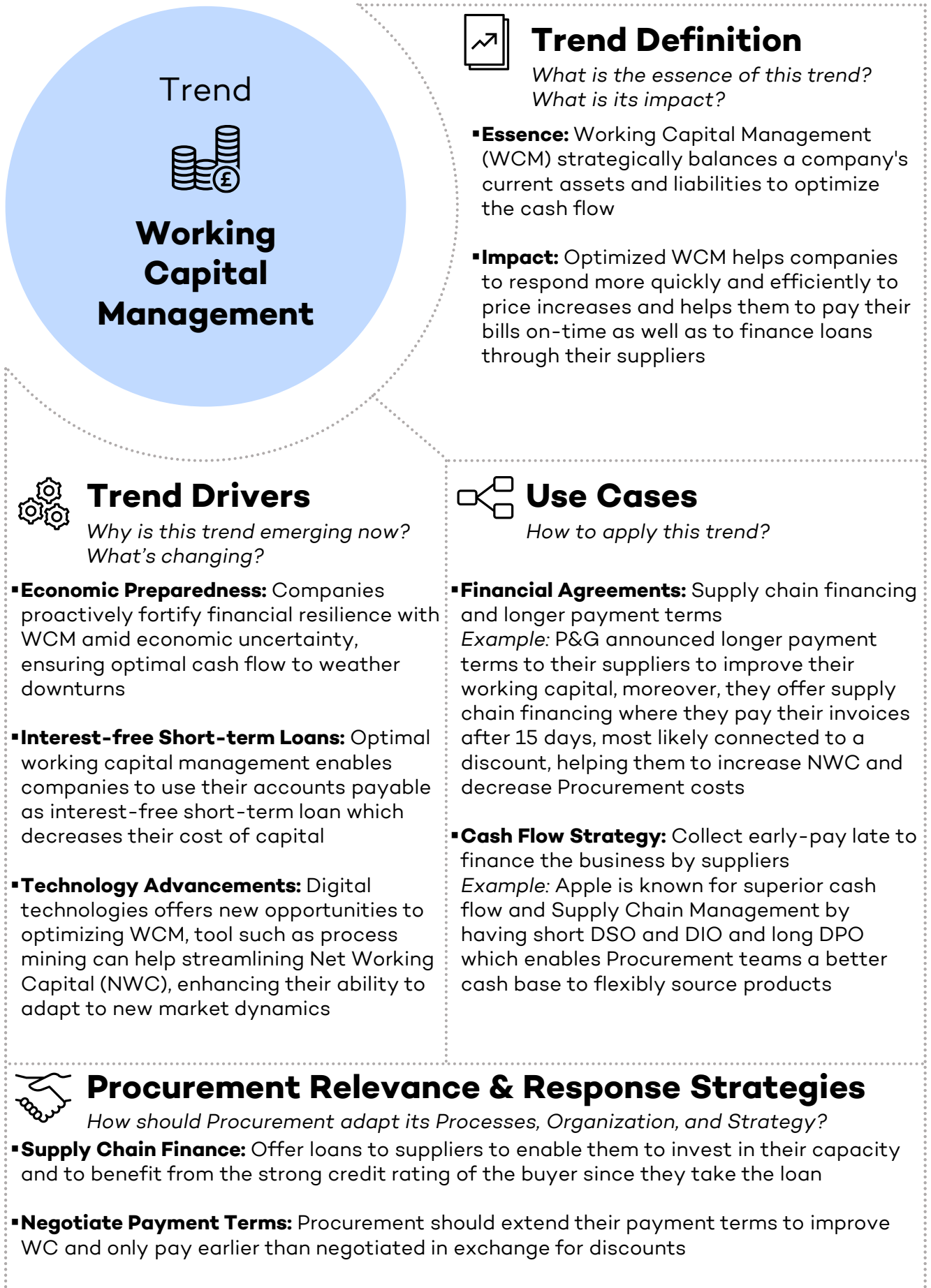




# ECONOMIC AGILITY: ADAPTING TO THE DIGITAL ERA AND INFLATION CHALLENGES

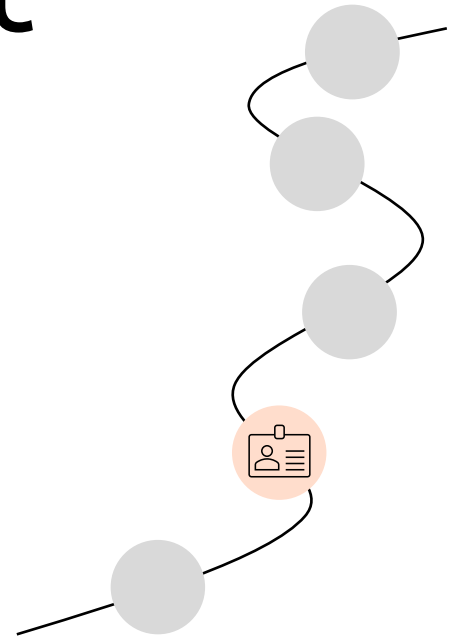


# ECONOMIC AGILITY: ADAPTING TO THE DIGITAL ERA AND INFLATION CHALLENGES

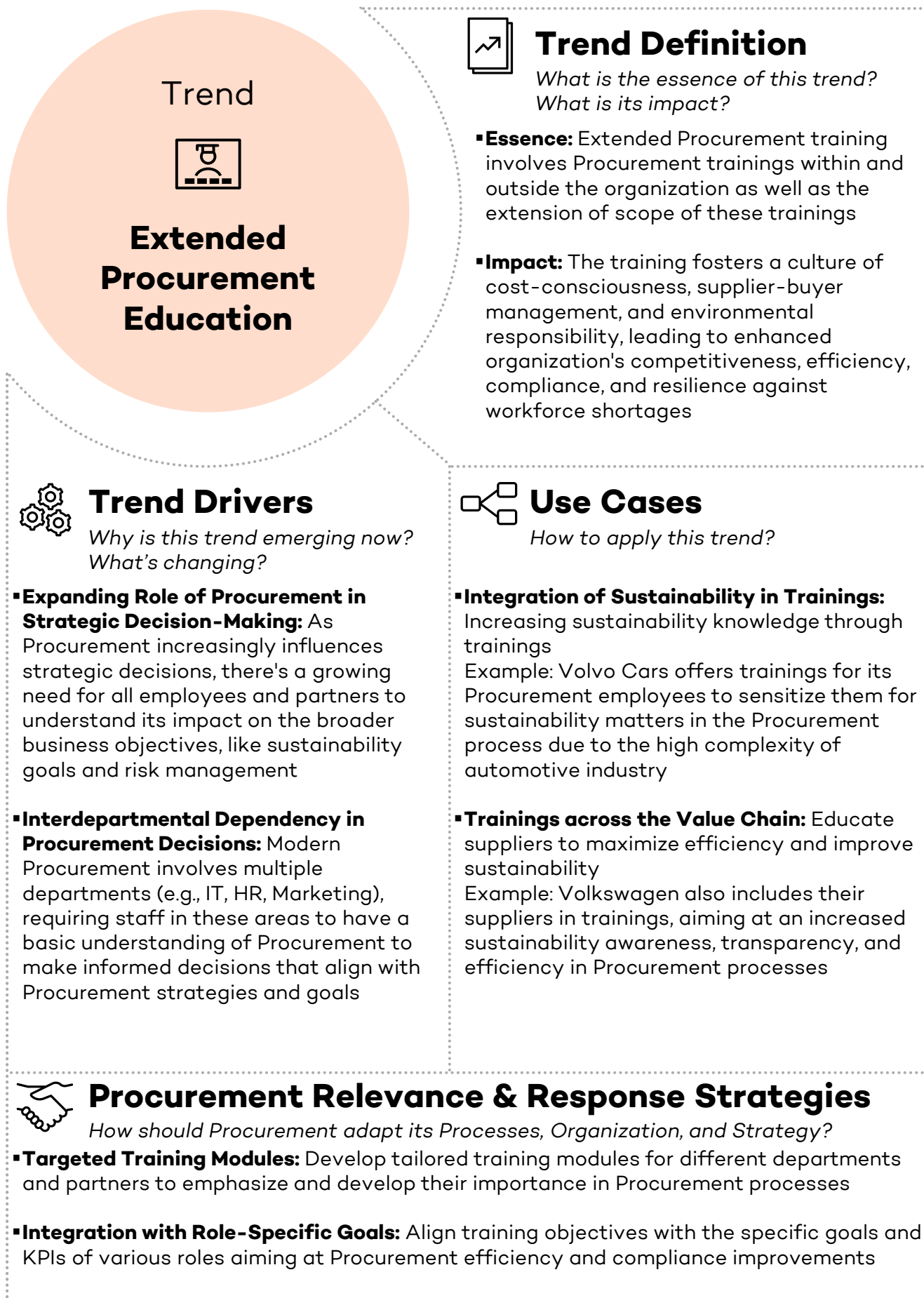


# Talent Management

As Procurement functions become more complex and strategic, the need for a highly skilled and adaptable workforce is undeniable. Organizations seek to attract, develop, and retain the skilled professionals they need to succeed in a rapidly changing environment. The future of Procurement will be characterized by even greater complexity, uncertainty, and competition, making it essential for Procurement teams to have the talent and skills necessary to navigate these challenges. In the following chapter, we identified three refined Talent Management trends that are analyzed in detail: Talent Shortage & Adaptive Employment Strategies, Innovative Coaching & Talent Impact, and New Work Trends.



# WAR FOR TALENTS: RETAIN SKILLED WORKFORCE IN PROCUREMENT INDUSTRY



# WAR FOR TALENTS: RETAIN SKILLED WORKFORCE IN PROCUREMENT INDUSTRY



# WAR FOR TALENTS: RETAIN SKILLED WORKFORCE IN PROCUREMENT INDUSTRY



# WAR FOR TALENTS: RETAIN SKILLED WORKFORCE IN PROCUREMENT INDUSTRY



Trend



## On-demand Learning Platforms



### Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** On-demand learning platforms provide tailored, pace-adjustable training for professionals focusing on a variety of topics relevant for the daily and future course of business
- **Impact:** Such platforms contribute to the development of a more agile and competitive organization, keeping it abreast of current practices and innovations in its field



### Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Digital Transformation:** The shift towards digital processes necessitates new skills that extend the current base in order to tackle the challenges of the future, especially in the field of technology such as AI or blockchain
- **Sustainability and Ethical Practices:** Growing focus on sustainable and ethical practices requires updated and flexible on demand training options in these areas
- **Rise of Personalized Learning:** Due to the complexity of today's environment, personalized learning is of increasing importance, further fostered through the rise of individual learning platforms



### Use Cases

*How to apply this trend?*

- **Procurement Learning Platform:** Procurement focused e-learning for professionals  
*Example:* Skill Dynamics offers supply chain and Procurement-focused courses to professionals across industries, employing a 3D-Gamification learning platform for an engaging educational experience and attracting customers such as ABB or Siemens
- **Enhancing Partner Development:** Offer trainings beyond the own company's boundaries  
*Example:* Global leaders such as Apple or Toyota offer trainings based on their wide knowledge to suppliers in order to increase performance and ESG compliance

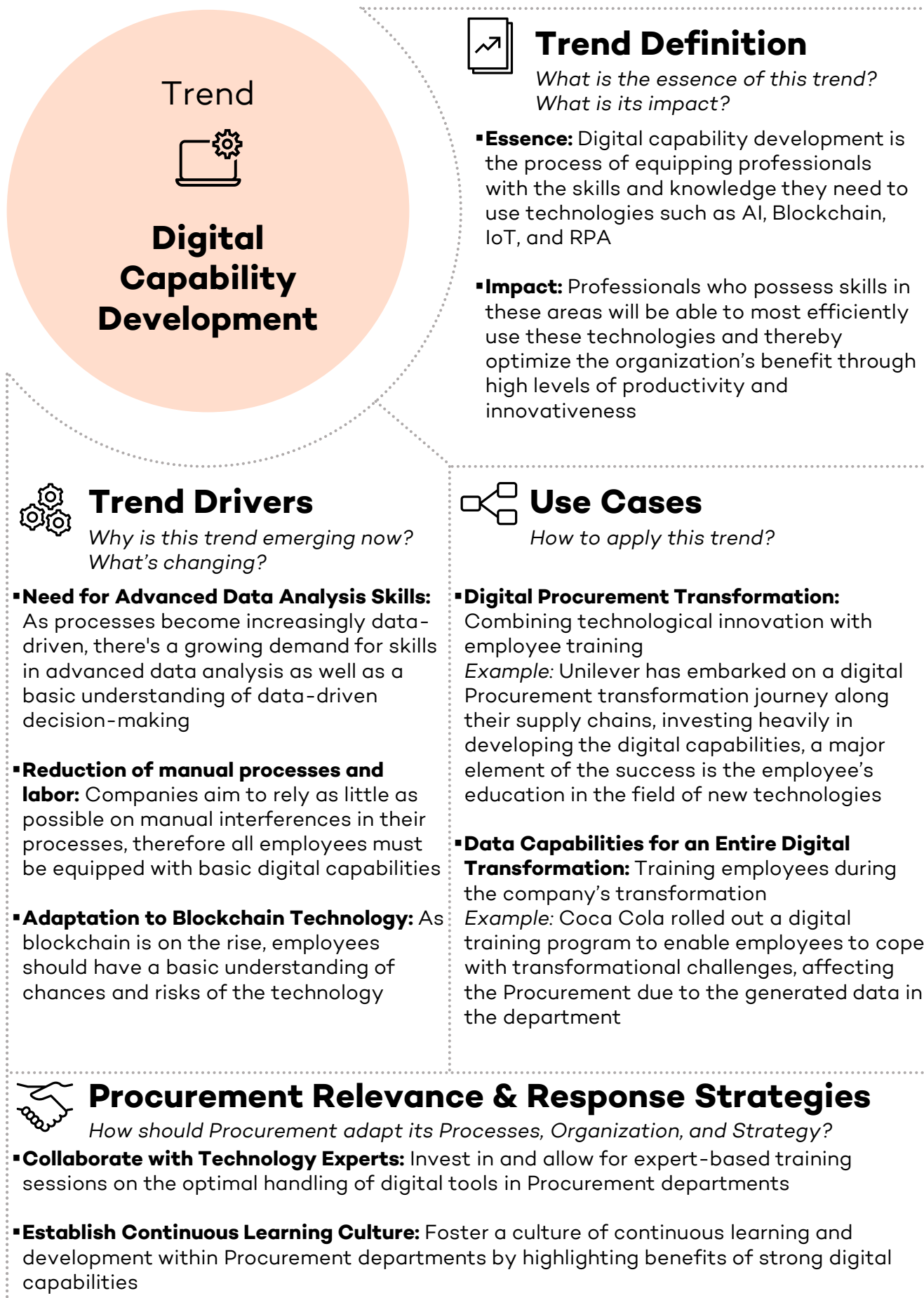


### Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Integration with Procurement Tools:** Embed learning modules directly into Procurement software tools for immediate application of new skills and concepts
- **Regular Skills Audits and Adaptive Learning:** Conduct regular skills audits to identify emerging needs, adapt content accordingly, and allow certain share of working time to be contributed towards trainings to benefit from the latest Procurement developments

# WAR FOR TALENTS: RETAIN SKILLED WORKFORCE IN PROCUREMENT INDUSTRY



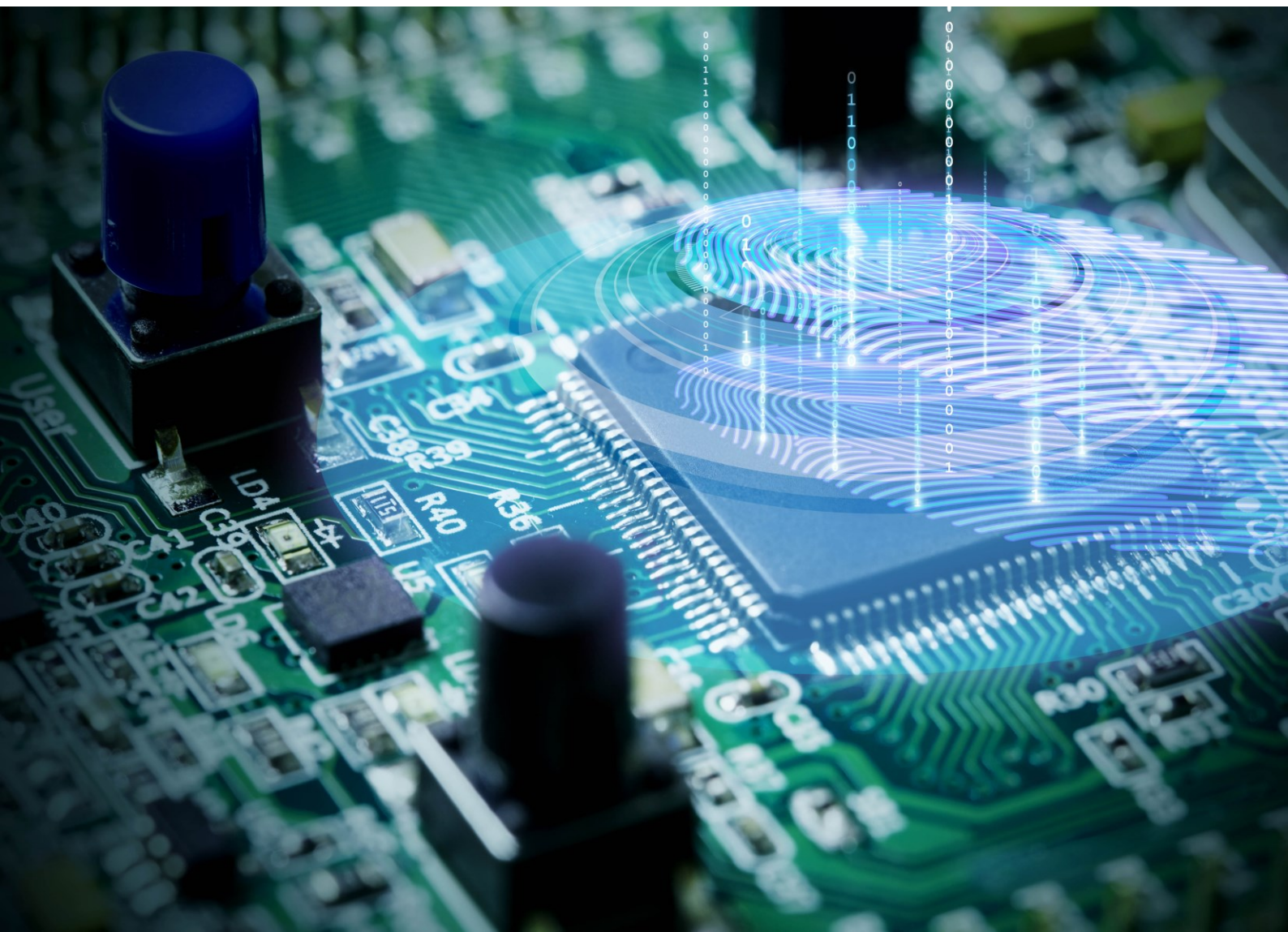
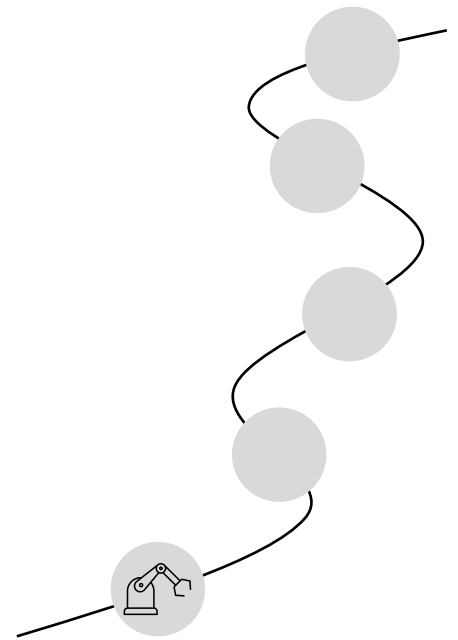


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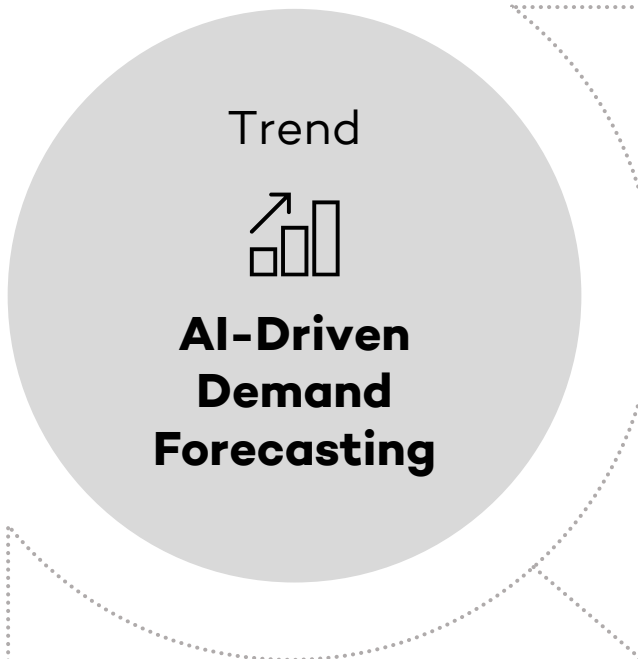


# Technology & Automation

Technological trends are revolutionizing source-to-contract and procure-to-pay Procurement processes. From integrating Best of Suite (e.g., SAP Ariba) to deploying Best of Breed software solutions using latest technology (e.g., robotics and artificial intelligence), organizations are striving for greater efficiency, cost-effectiveness, and agility. Understanding and leveraging these technological advancements is essential for staying competitive in Procurement. In the following chapter, we identified six refined Technology and Automation trends that are analyzed in detail: AI & Machine Learning, Blockchain & Digital Identity, Virtual World Integration, Advanced Technologies, Smart Logistics, and Process Standardization & Automation Tools.



# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Based on Machine Learning (ML) models, AI-Driven Demand Forecasting fosters the quality and accuracy of demand forecasts by combining historical data with predictive analytics, originating from internal and external sources, such as weather or market conditions
- **Impact:** AI enables a more precise and constantly updated demand forecast by uncovering complex data patterns compared to traditional approaches such as trend projection



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Data Availability:** E-commerce transactions, IoT in manufacturing, and market reports provide more data on customer behavior, product demand cycles, and supply chain dynamics
- **Technological Advancements:** ML algorithms enable companies to analyze a bigger amount of data and to obtain high-quality insights
- **Market Dynamics:** Macro and market developments, for instance new regulations or supply chain shocks, require real-time adaptations of forecasts to these scenarios which traditional methods can hardly deliver



## Use Cases

*How to apply this trend?*

- **Inventory Management through AI Forecasting of Consumer Demands:** Centralized data storage and utilization to optimize Procurement activities  
*Example:* Walmart's "Data Cafe" enables the retailer to keep an optimal level of inventory and to reduce the need for last-minute adjustments to their Procurement
- **AI-driven Direct Material Sourcing:** Direct impact on material Procurement activities  
*Example:* Suite solutions such as GEP use AI engines to collect and cleanse data from different sources such as invoices and classify spend. With AI learning sourcing patterns, companies can save time in identifying and selecting suppliers



## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Data Foundation:** Consolidated data hub to access different kind of data utilizing artificial intelligence and machine learning algorithms
- **Integration and Connection:** Directly integrate predictive analytics to automate processes based on AI forecasts and connect the systems with the suppliers. This enables the integration of AI-driven insights in negotiations, for instance to reach dynamic pricing

# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY



Trend



## Digitalized Vendor Collaboration & Management



### Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Third Party Data:** Traditional vendor management is not able to consistently assess the entirety of all information, especially the ones originating from third parties, that needs to be processed, resulting in an increased risk of disruptions and compliance issues
- **Increased Complexity:** Due to vast diversification of supply chains and the resulting complexity, vendor management systems require a high level of standardization and centralization
- **Competitive Pressure:** Due to rapid technological advances and industry players integrating these, companies that are reluctant to adapt will face a significant competitive disadvantage



### Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Digitized Vendor Management is a platform-based approach between suppliers and buyers focused on digitizing inventory management, order fulfillment, and data sharing with the goal of improving vendor relationships
- **Impact:** It provides possibilities to easily onboard vendors, to increase contract and documentation automation and to reduce the risks of supply chain disruptions due to a high level of transparency and visibility



### Use Cases

*How to apply this trend?*

- **Automated Inventory Management:** Enables automated replenishment orders based on supplier inventory data  
*Example:* P&G utilizes Walmart's real-time sales data to efficiently manage its product inventory in Walmart's warehouses, optimizing stock levels and ensuring in-time delivery to minimize the risk of stockouts or excess inventory
- **Enhanced Data Sharing for Forecasting:** Improved demand planning with shared supplier-buyer data  
*Example:* Cisco Systems partners with its component suppliers based on Oracle and ERP to share demand forecasts with its suppliers, who in turn adjust their production, resulting in reduced time-to-market and order cycle times



### Procurement Relevance & Response Strategies

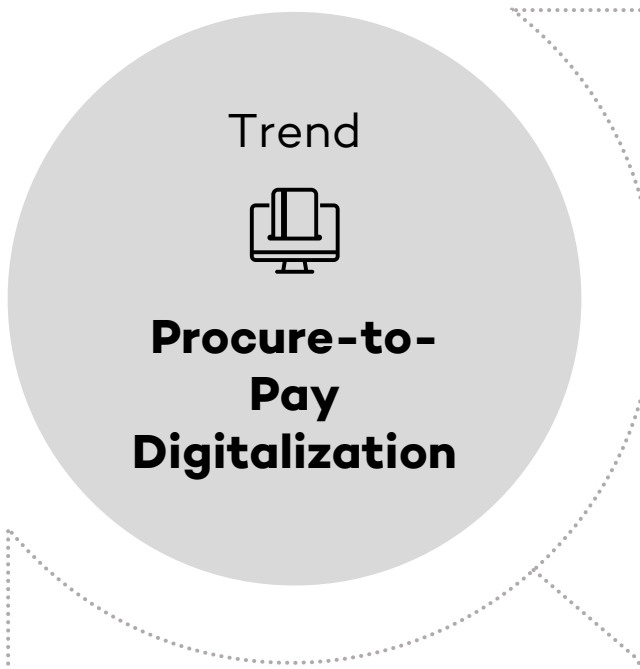
*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Process Adaptation:** Implement supply chain solutions (e.g., JAGGAER, iValua, or SAP) linked to supplier data, ensuring real-time adjustments to Procurement needs
- **Strategic Supplier Collaborations:** Prioritize partnerships with digitally connectable suppliers to fully leverage benefits of digitized vendor management, aligning Procurement strategies with integrated software solutions

# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY



# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Procure-to-Pay (P2P) digitization represents the automatization and optimization of E2E purchasing activities, from the identification of the need for a product/service to invoice settlement through tools such as JAGGAER
- **Impact:** P2P digitization boosts efficiency by up to 25%, enhances accuracy and transparency within the process, reduces risks of product authenticity issues, and improves tracking of supplies



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Operational Efficiency:** Organizations seek digitized Procurement to automate routine tasks, reduce Procurement cycle times, and minimize human errors
- **Rise of Digital Platforms:** Accessibility, importance and effectiveness of digital platforms have grown the concept into a crucial element of today's Procurement environment
- **Increased Need for Transparency and Traceability Demand:** Global Supply Chain challenges and regulatory pressures underline the need for data transparency and compliance in Procurement processes to avoid disruptions and legal consequences



## Use Cases

*How to apply this trend?*

- **Cloud-Based Order Solutions:** Implementing cloud-based order management systems like JAGGAER, SAP Ariba, or Coupa  
*Example:* Most companies, for instance NORMA Group, are able to drastically reduce their Procurement cycle times, enhance supplier communication, and cut costs through the application of suite solutions
- **Blockchain Integrated P2P:** Promote verifiable visibility, security as well as traceability of products and eliminate the need for third-party verification from transactions  
*Example:* Walmart Canada used blockchain to automate freight invoicing, reducing disputes from over 70% to under 1% and accelerating carrier payments



## Procurement Relevance & Response Strategies

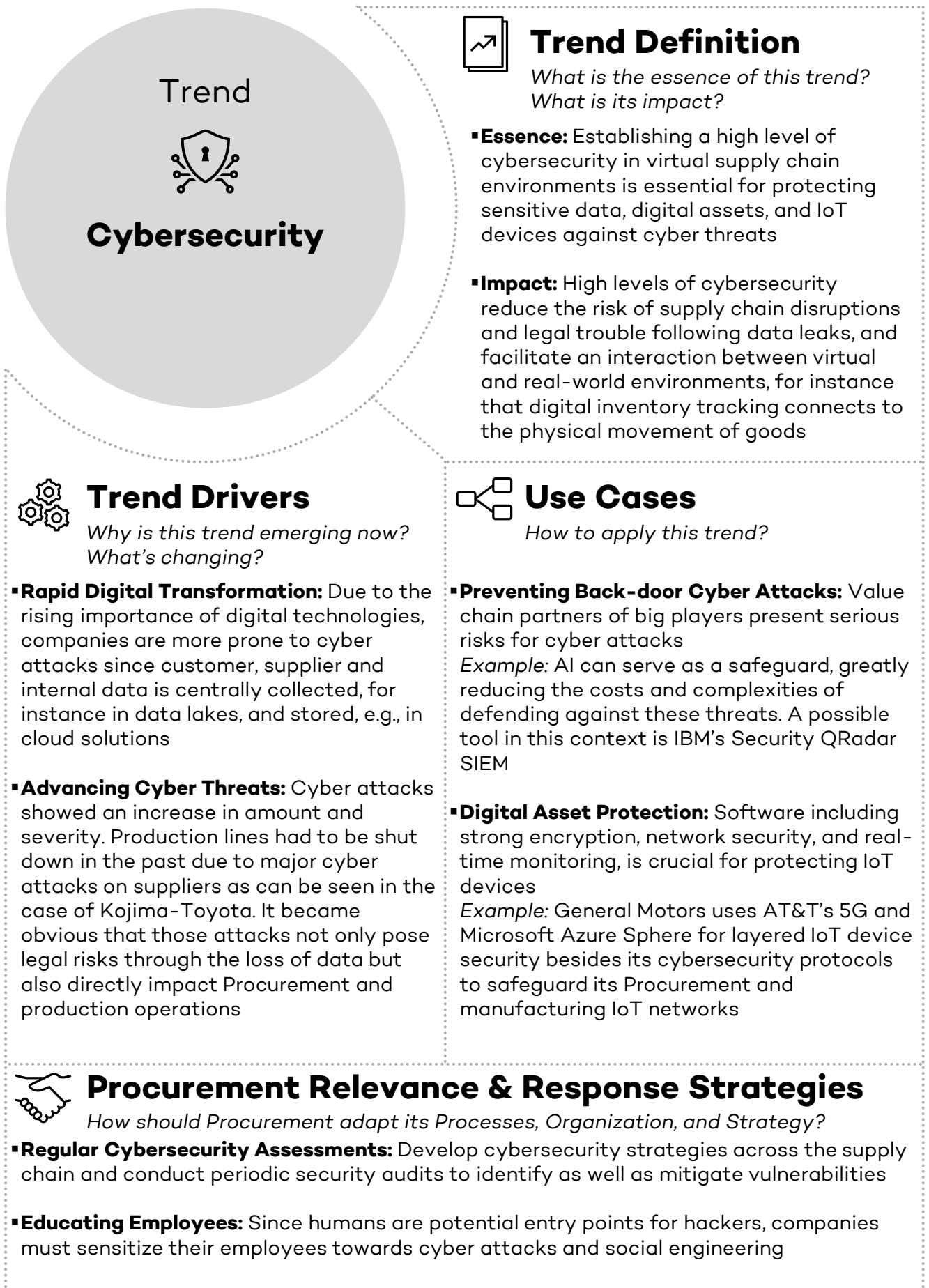
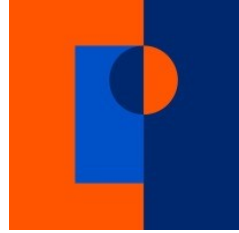
*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Setting the Basis:** Integrate P2P systems to enhance data flow as a basis for further AI investments, analysis, and insights and to fully automate invoice processing as well as payments
- **Category Management-driven Buying Channels:** Based on discounts that should be achieved, the category manager defines the buying channel, supplier, and catalog view

# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY

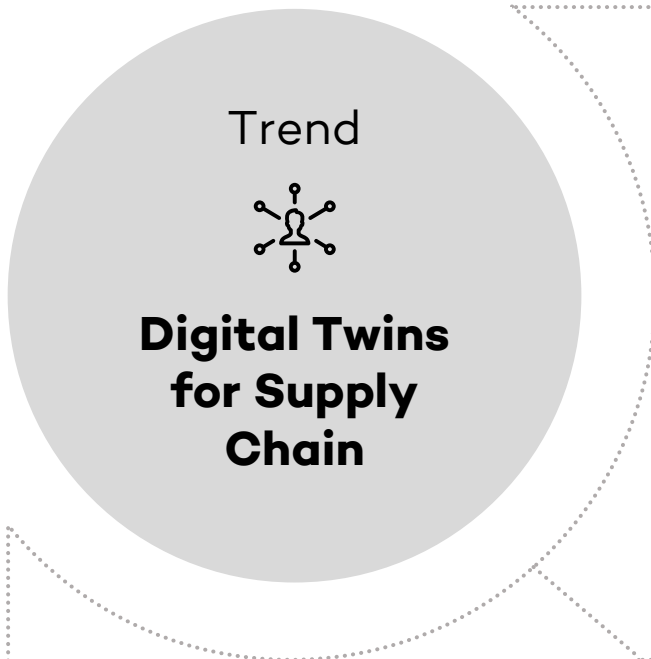


# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY





# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY



## Trend Definition

*What is the essence of this trend?  
What is its impact?*

- **Essence:** Digital supply chain twins and the enterprise metaverse are digital representatives of their real-life counterparts that allow scenario analysis, predictive maintenance, and stress testing
- **Impact:** Digital twins enable companies to optimize their supply chains activities by identifying bottlenecks, enhancing efficiency and predictability, stress-testing and creating transparency regarding the impact of changes and events along the supply chain



## Trend Drivers

*Why is this trend emerging now?  
What's changing?*

- **Improved Data Foundation:** Rapid growth in IoT, AI, and cloud computing enables more sophisticated digital replication of physical supply chains and the thorough simulation of various events to make early adjustments due to an improved data collection and availability
- **Need for Resilience:** Increasing global supply chain disruptions necessitate more robust predictive and responsive solutions
- **Demand for Efficiency:** Pressure to reduce costs and downtime while improving productivity as well as an increasing awareness for sustainability drive the adoption of advanced digital solutions



## Use Cases

*How to apply this trend?*

- **Stress Testing in Logistics:** Supply chain twins are used for dynamic simulation and stress testing, enabling proactive management of potential disruptions  
*Example:* DHL's usage of digital twins helps in the management of container fleets, monitoring shipments, and logistics systems
- **Alternative Materials:** Simulation of CO2 emissions caused by different materials  
*Example:* Microsoft used digital twins to simulate how replacing wood by alternative materials in sourcing of their pallets can reduce carbon emissions

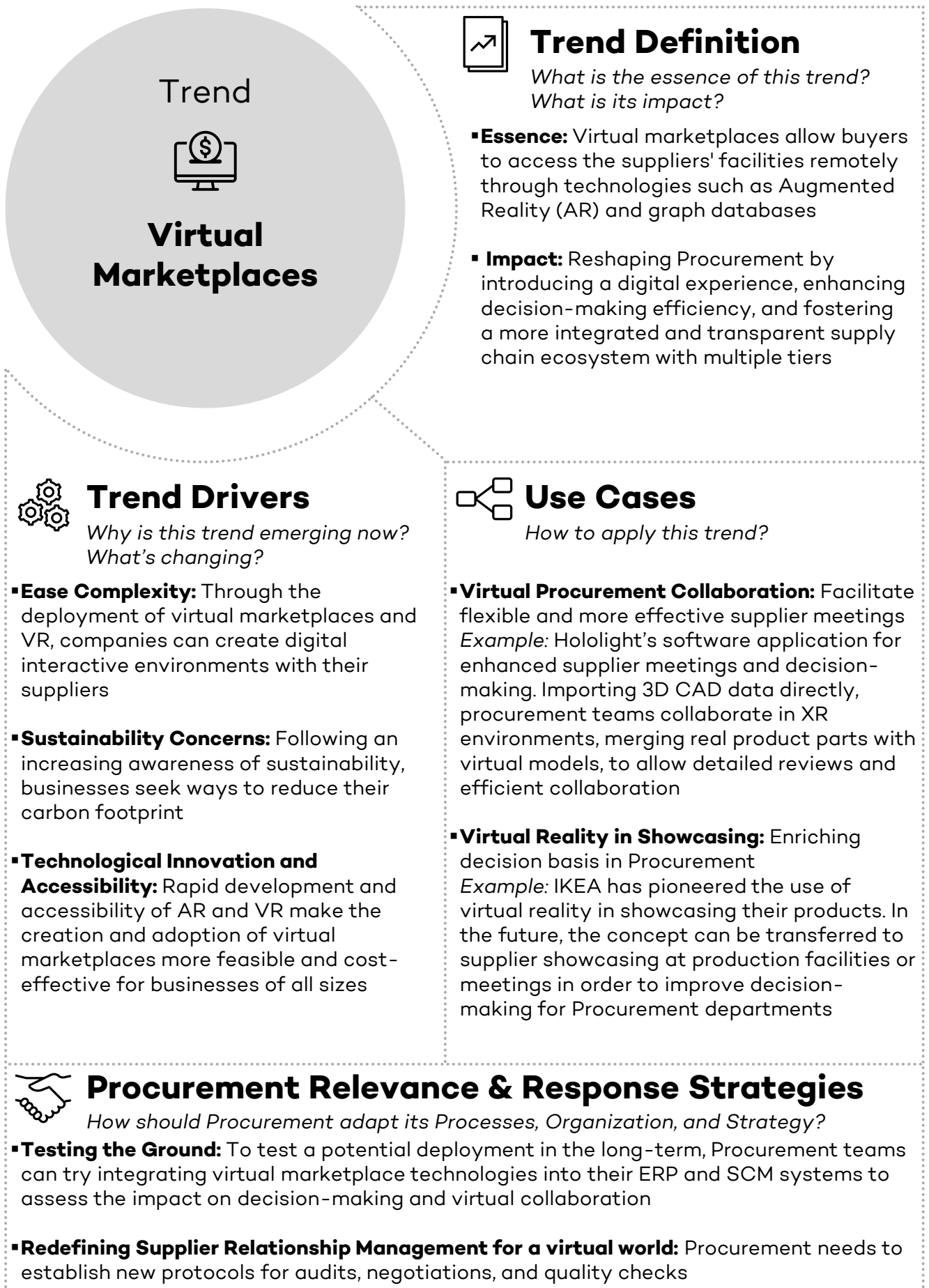


## Procurement Relevance & Response Strategies

*How should Procurement adapt its Processes, Organization, and Strategy?*

- **Laying the Foundation:** Start collecting data, introduce simulation software and conduct simulations, for instance using JAGGAER or ivoflow, to enable a profound preparation for extreme events through the identification of bottlenecks
- **Predicting Disruptions:** Using results of digital twin analysis can help mitigating risks of supply outages

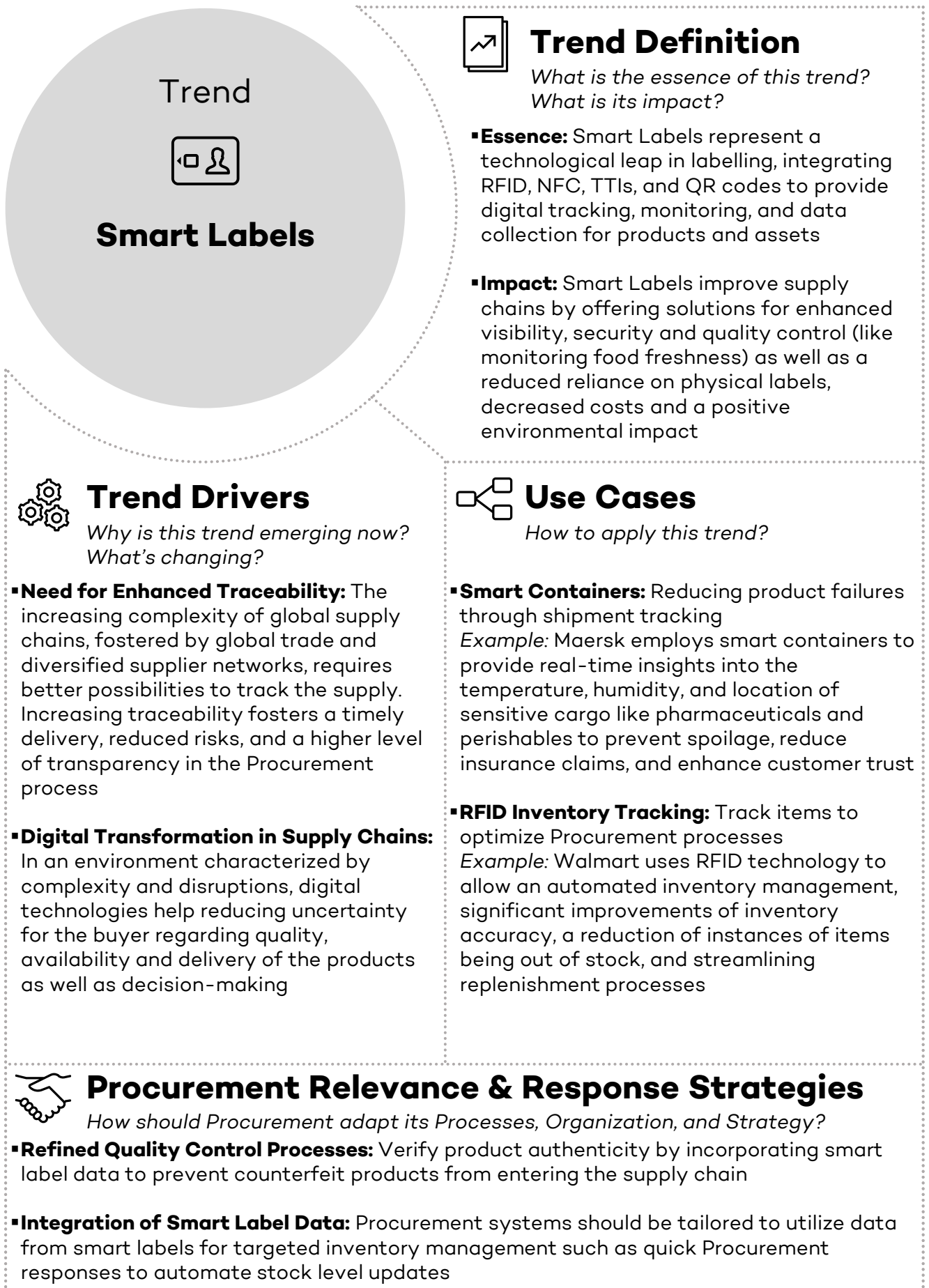
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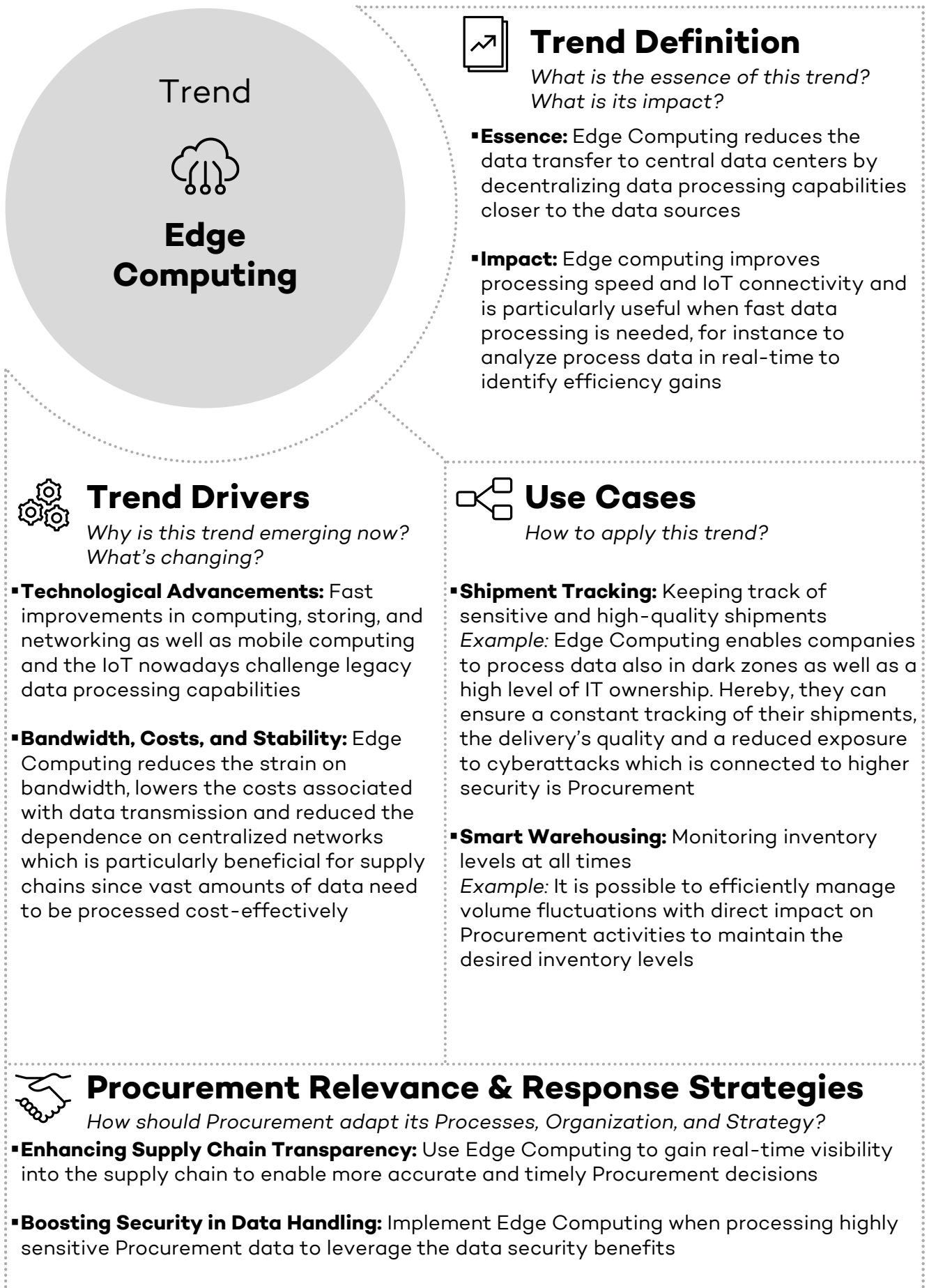
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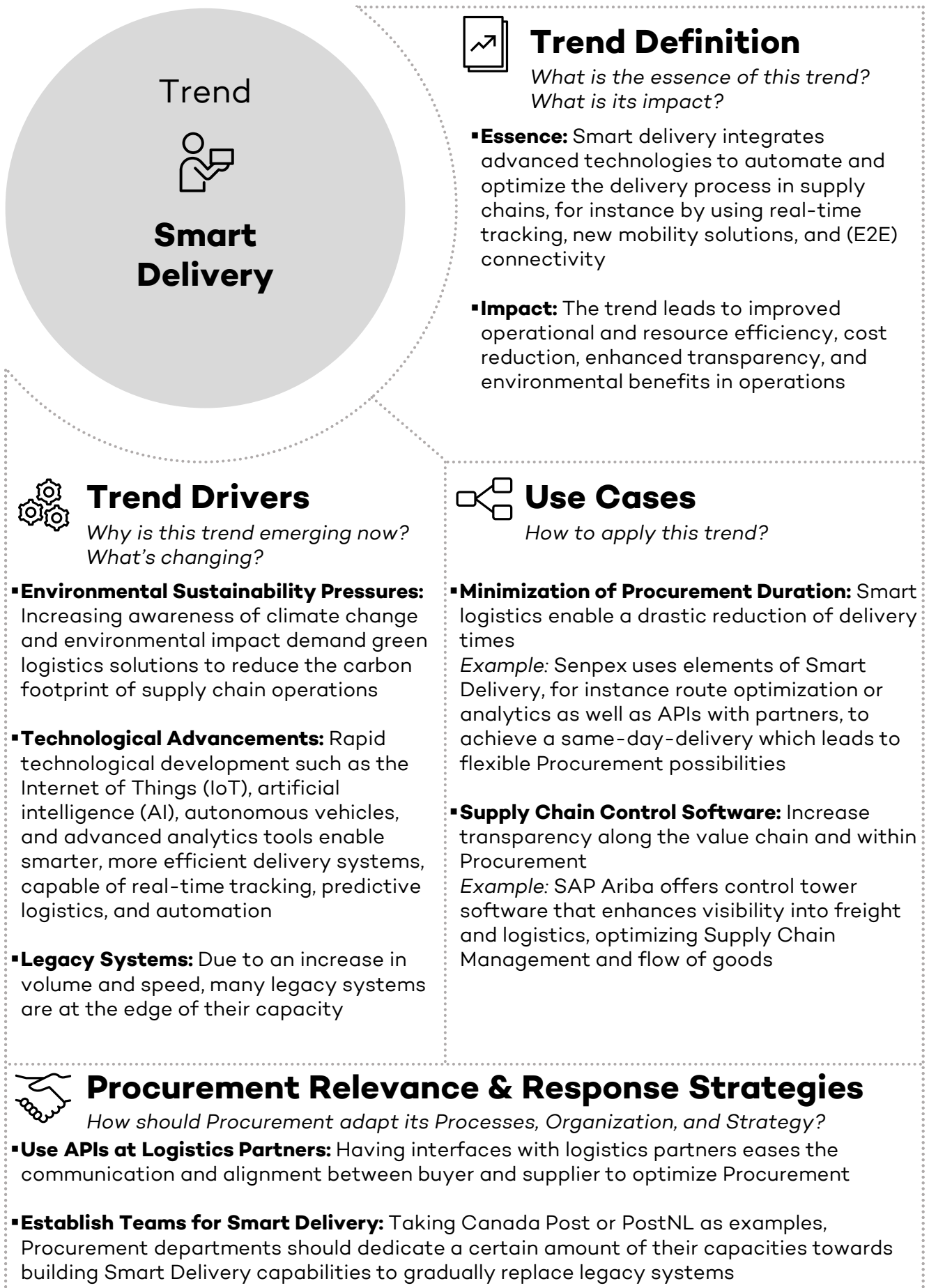
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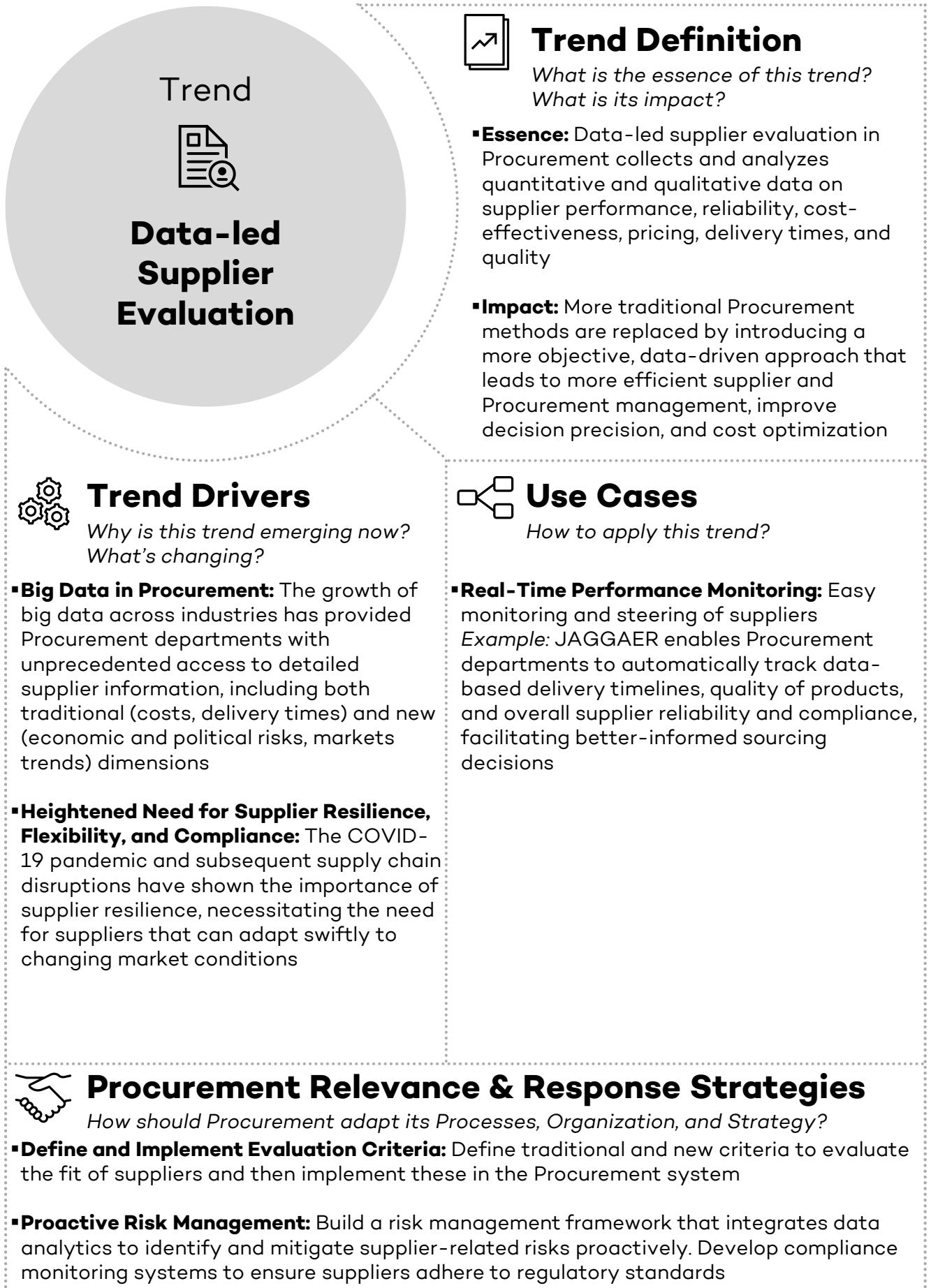
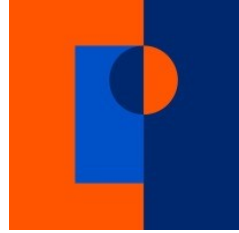
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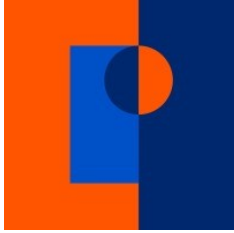


# EMERGING FROM THE STORM: NAVIGATING THE FUTURE OF SUPPLY CHAIN TECHNOLOGY





## ABOUT THE PROCUREMENT INITIATIVE



The Procurement Initiative is a modern think tank and a platform for people who want to shape the future of Procurement. We live in a world where uncertainty and crises are the new normal. And that is exactly why we believe in a new purpose of Procurement: to take full responsibility for creating and orchestrating global Supply Chains that positively impact the needs for viable and sustainable businesses, a prosperous society, and a healthy planet alike.



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