



# The Procurement Initiative

## Pulse Check Q3/2024

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*The role of AI in procurement, the influence of geopolitics, and the current state of SRM*

In association with





# Context of the work

Since the Procurement Initiative began researching the procurement and supply chain environment in 2021, the challenges in orchestrating global supply chains have increased significantly: the past years have seen an influx of inflation, risk, and sustainability-related concerns.

While businesses and the media now acknowledge the importance of procurement and supply chain management, there is still much work to be done to move the strategically relevant and pressing issues in procurement from the periphery into the spotlight.

With our Q3/2024 Pulse Check, we aim to gauge the current sentiment within the procurement and supply chain environment, focusing specifically on the role of AI in procurement, the influence of geopolitics, and the current state of supplier relationship management. Based on our pulse check survey of 100+ respondents, this report provides an overview of the current state in procurement and future trajectories.

This report presents The Procurement Initiative's findings, reflecting on the challenges facing procurement and supply chain managers, and highlighting best practices. We want to extend our heartfelt gratitude to all those who contributed to our survey.



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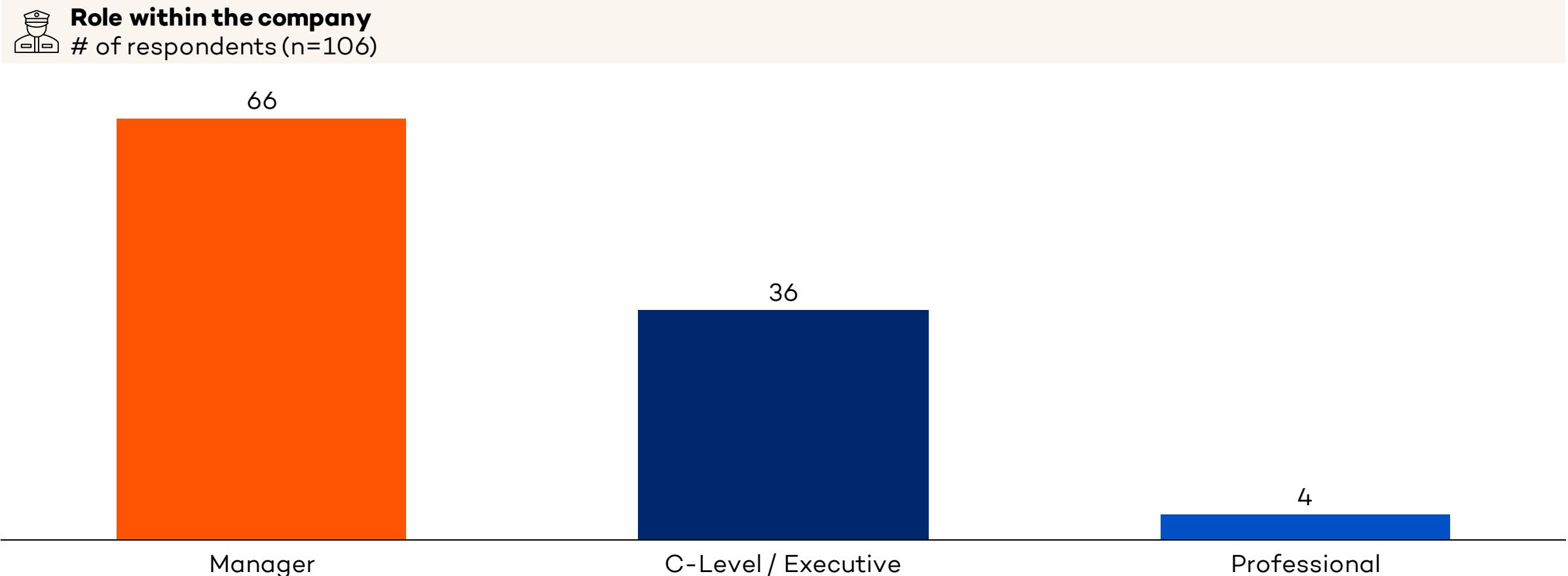


Richard McIntosh  
Partner, H&Z



# 106 participants from the procurement and supply chain environment completed our Q3/2024 Pulse Check

OVERVIEW





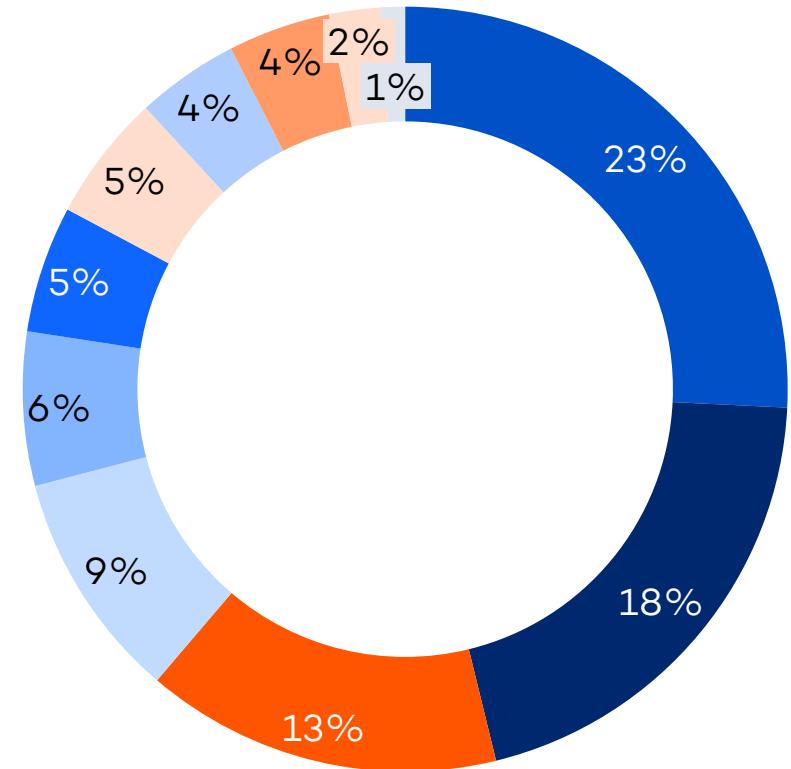
# The Q3/2024 Pulse Check offers an extensive industry analysis, presenting representative findings for various sectors

## OVERVIEW

### Share of industries

% of respondents (n=106)

- █ Fast moving consumer goods
- █ Healthcare: Life Sciences, Pharmaceuticals, etc.
- █ Materials: Chemicals, Construction, Metals & Mining, etc.
- █ Industrials: Aerospace, Construction & Engineering, Transportation, etc
- █ Automotive industry
- █ Information Technology: Software, Technology, Semiconductors, etc.
- █ Financials: Banks, Insurances, etc.
- █ Communication: Telecommunication, Media, etc.
- █ Energy: Oil & Gas, Energy equipment, etc.
- █ Utilities: Electric, Gas, Water, etc.
- █ Consumer services: Hotel, Retailer, etc.

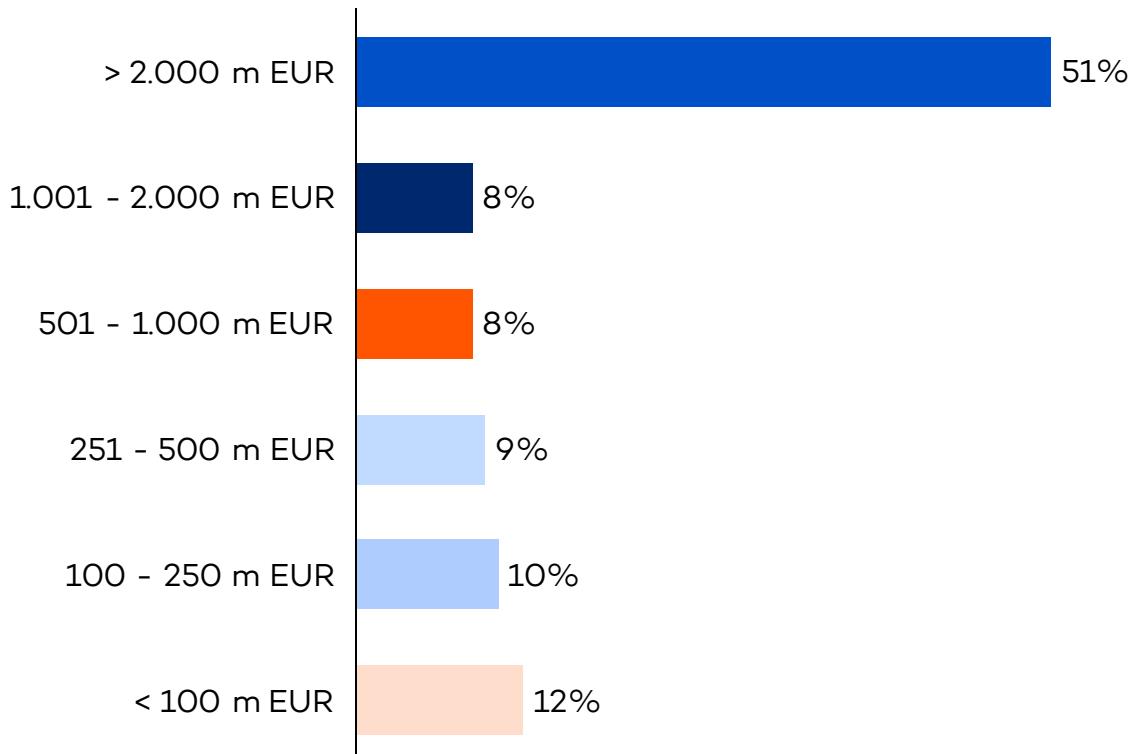




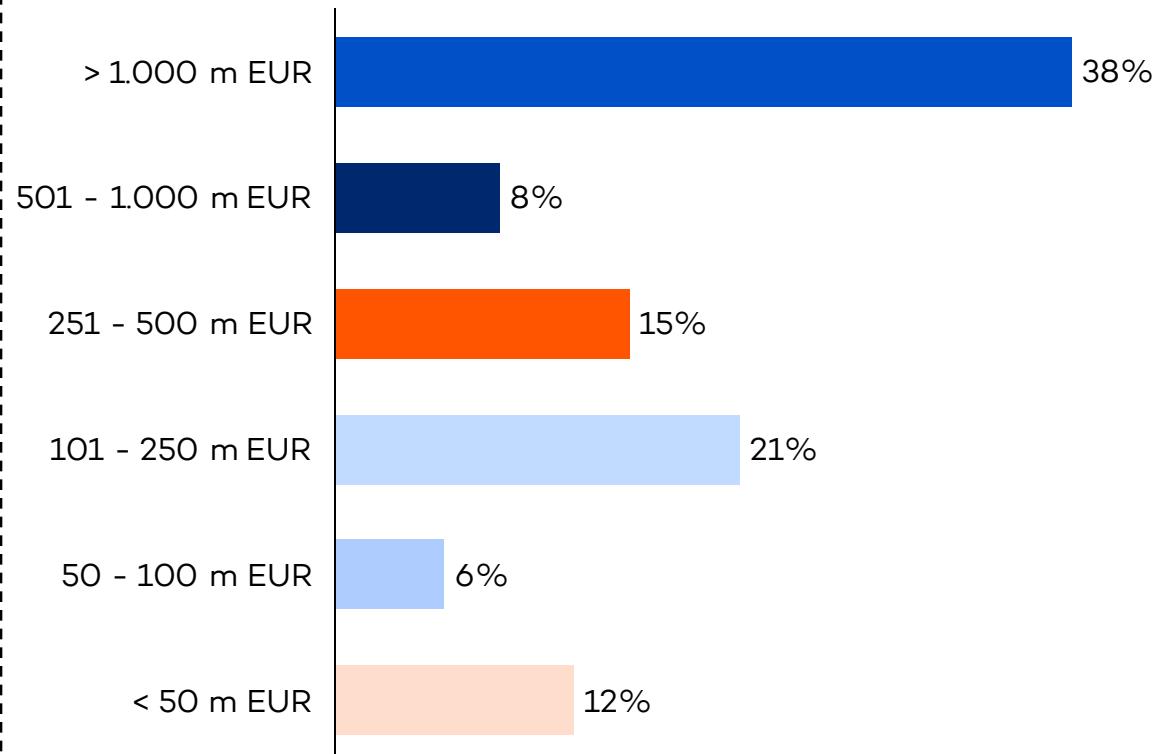
# Half the participants' companies exceed 2,000 EUR in annual turnover, while one-third have substantial purchasing volumes of over 1,000 m EUR

OVERVIEW

## ⟳ Annual turnover (in EUR) % of respondents (n=106)



## 🛒 Annual procurement volume (in EUR) % of respondents (n=106)





# 62% of respondents have a rather positive to very positive outlook regarding the stability of supply chains going forward

OVERVIEW

👤 8 **Supply chain sentiment**  
% of respondents (n=106)

Very negative   Negative   Rather negative   Rather positive   Positive   Very positive

👍 **More positive**

50%

👎 **More negative**

Q4/2022   Q1/2023   Q2/2023   Q3/2023   Q4/2023   Q1/2024   Q2/2024   Q3/2024



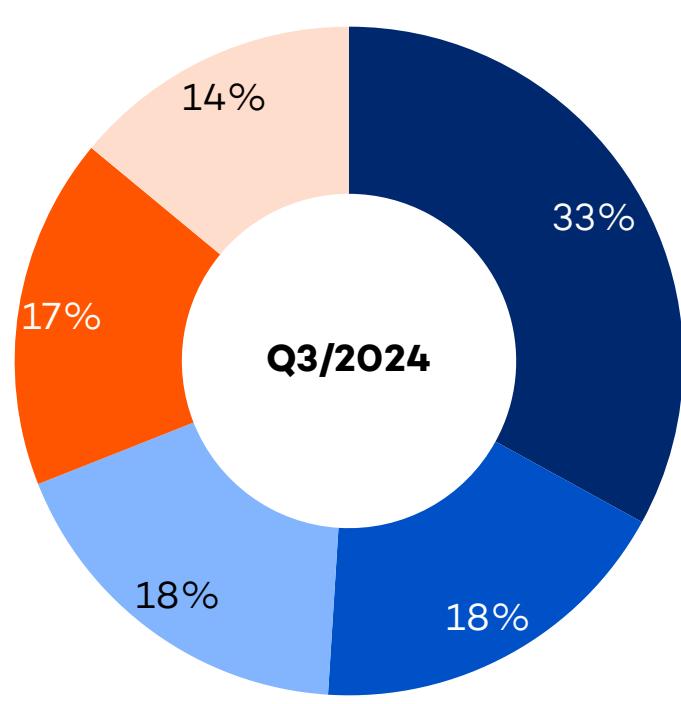
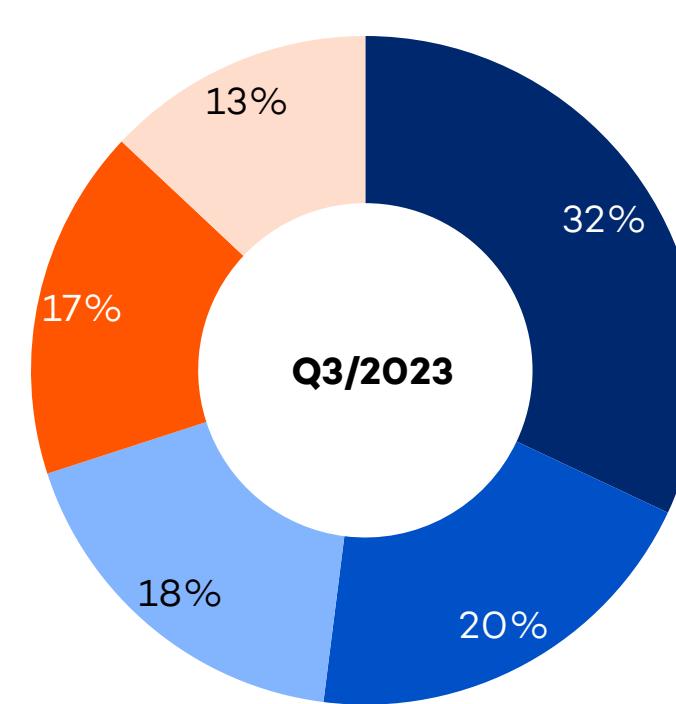
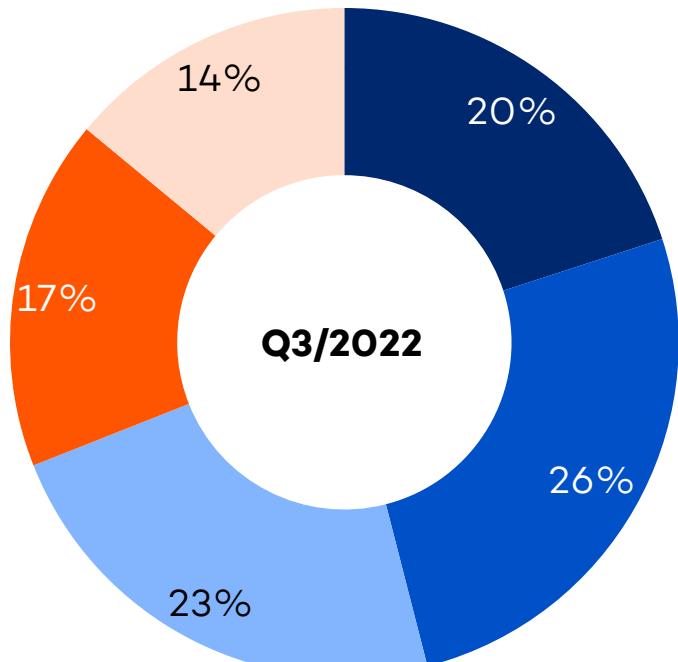
# Sourcing priorities have not changed since last year – Cost and Resilience still in the front

OVERVIEW

## Sourcing Priority

Average points (out of 100) in the sourcing process based on ranking (n=138, 126, 106)

■ Cost ■ Resilience ■ Quality ■ Sustainability ■ Innovation

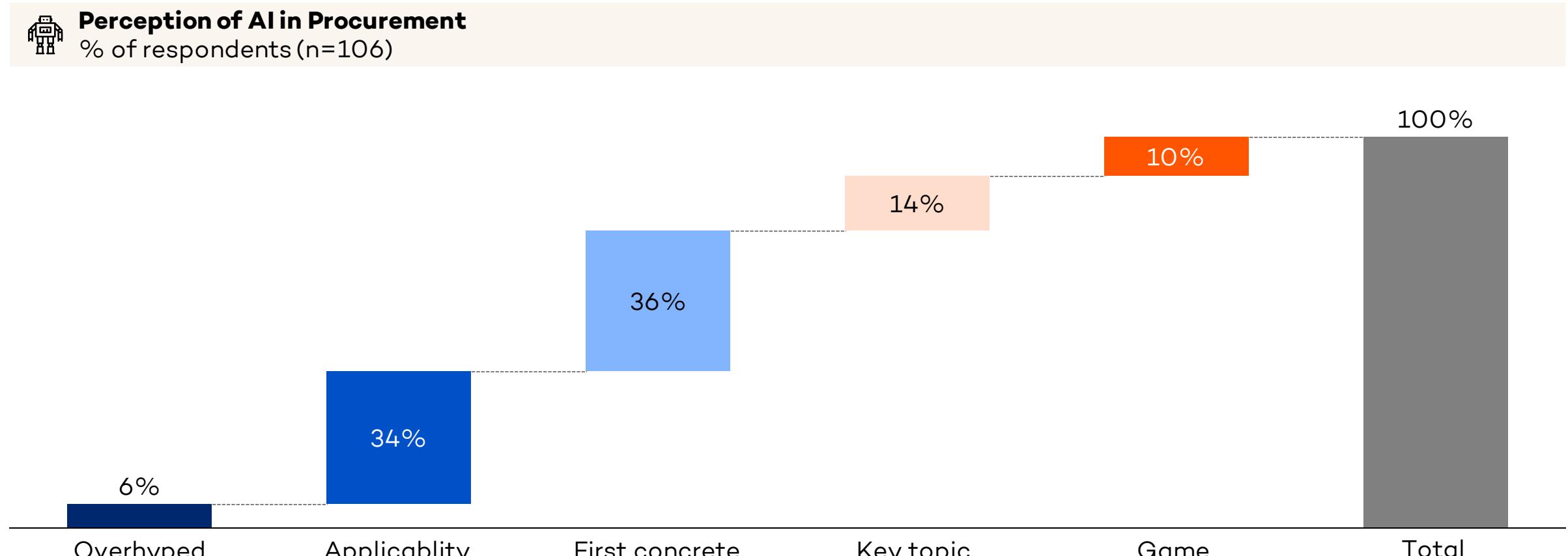


Question: "How would you rank the following criteria in terms of their importance for sourcing decisions?"

Source: Procurement Initiative Pulse Check Q3/2024, Oct 23 – 30, 2024

# Two thirds of procurement professionals believe that the applicability of AI is still unclear or only see first use cases

AI



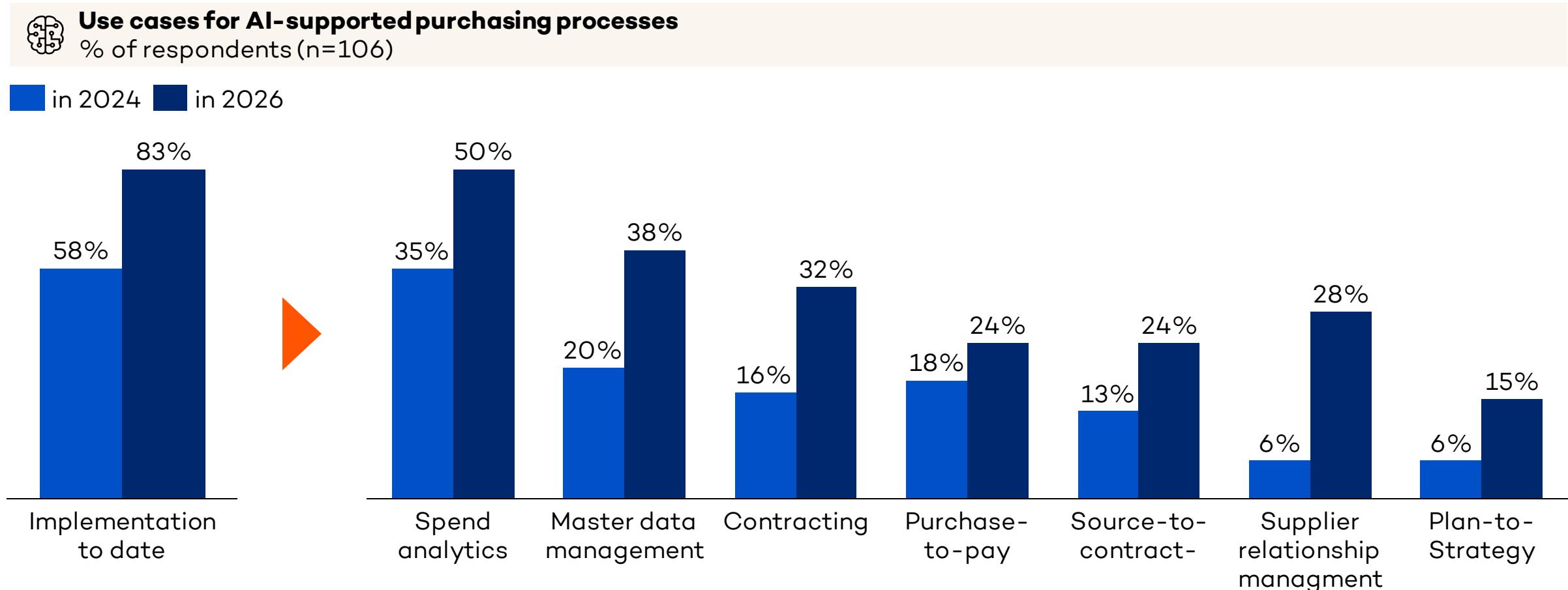
Question: "How do you perceive the buzz around (generative) AI-supported purchasing processes?"

Source: Procurement Initiative Pulse Check Q3/2024, Oct 23 – 30, 2024



Until 2026, most respondents will implement AI in purchasing processes. Key areas include spend analytics, master data management, and contracting

AI



Question: "In which areas are you planning to implement a specific use case for AI-supported purchasing processes?" Please select the top three areas.  
Source: Procurement Initiative Pulse Check Q3/2024, Oct 23 – 30, 2024



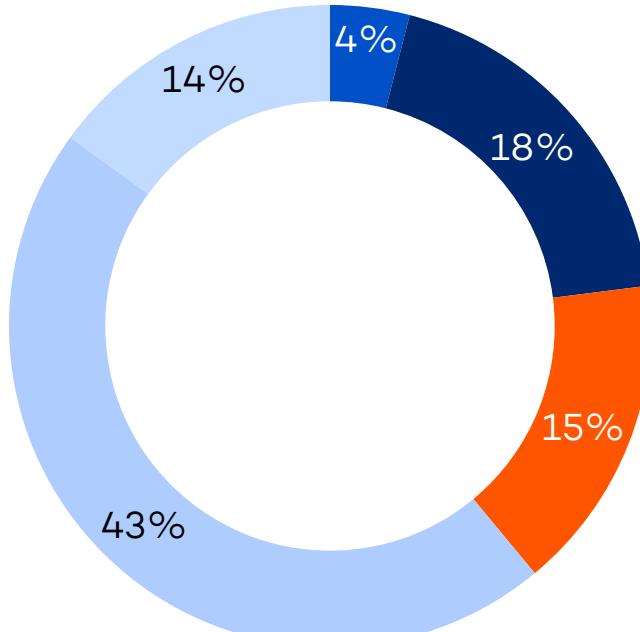
# Overall, only 18% of respondents pursue strategies to mitigate geopolitical impacts – the new US administration may require more adjustment needs

GEOPOLITICS



## Relevance of geopolitical developments

% of respondents (n=106)



## Preparation for the new US administration

% of respondents (n=106)



Not at all



Selective adjustments



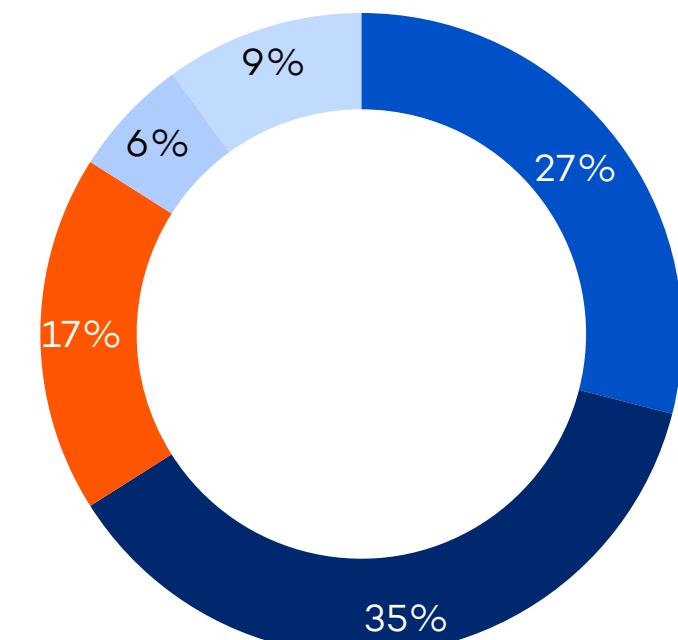
Increased development of alternative suppliers



Strong regionalization



Development of various adjustment scenarios

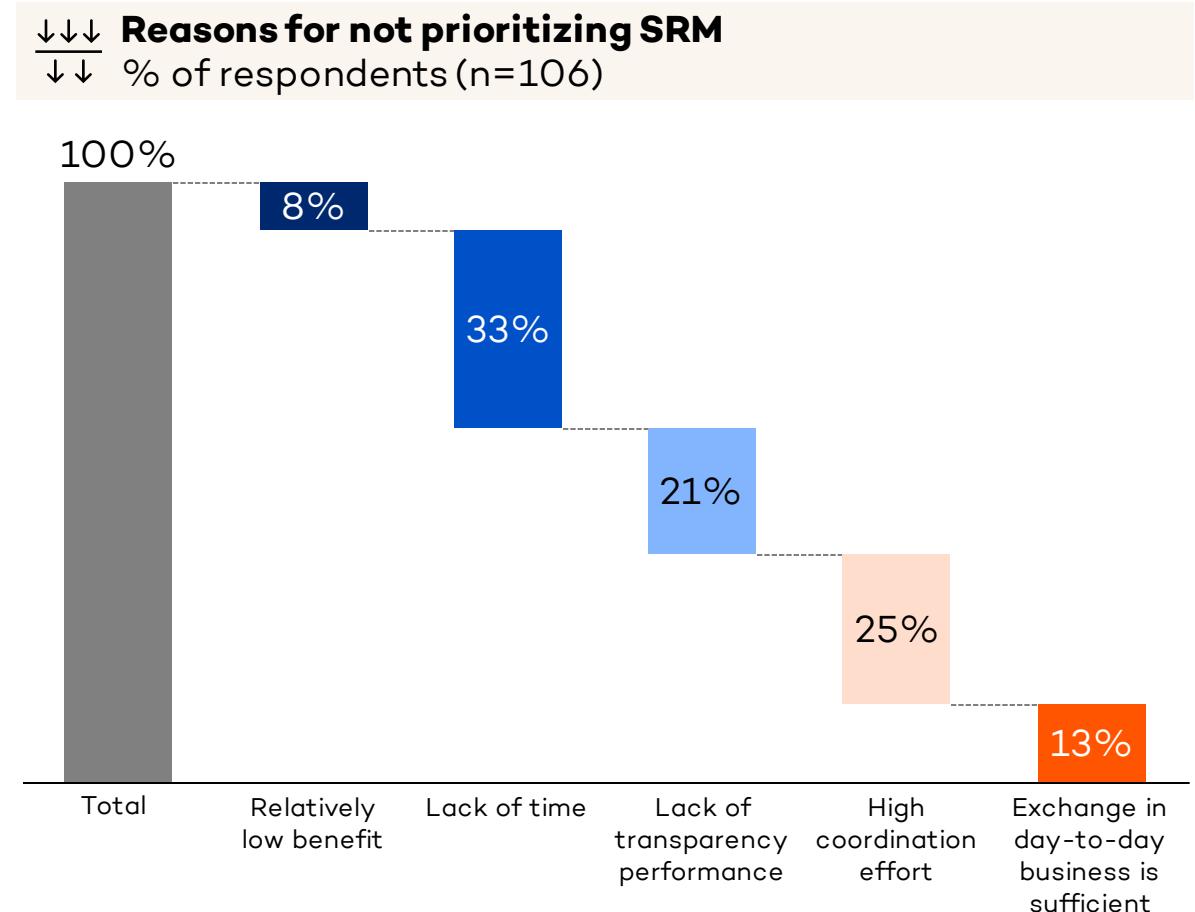
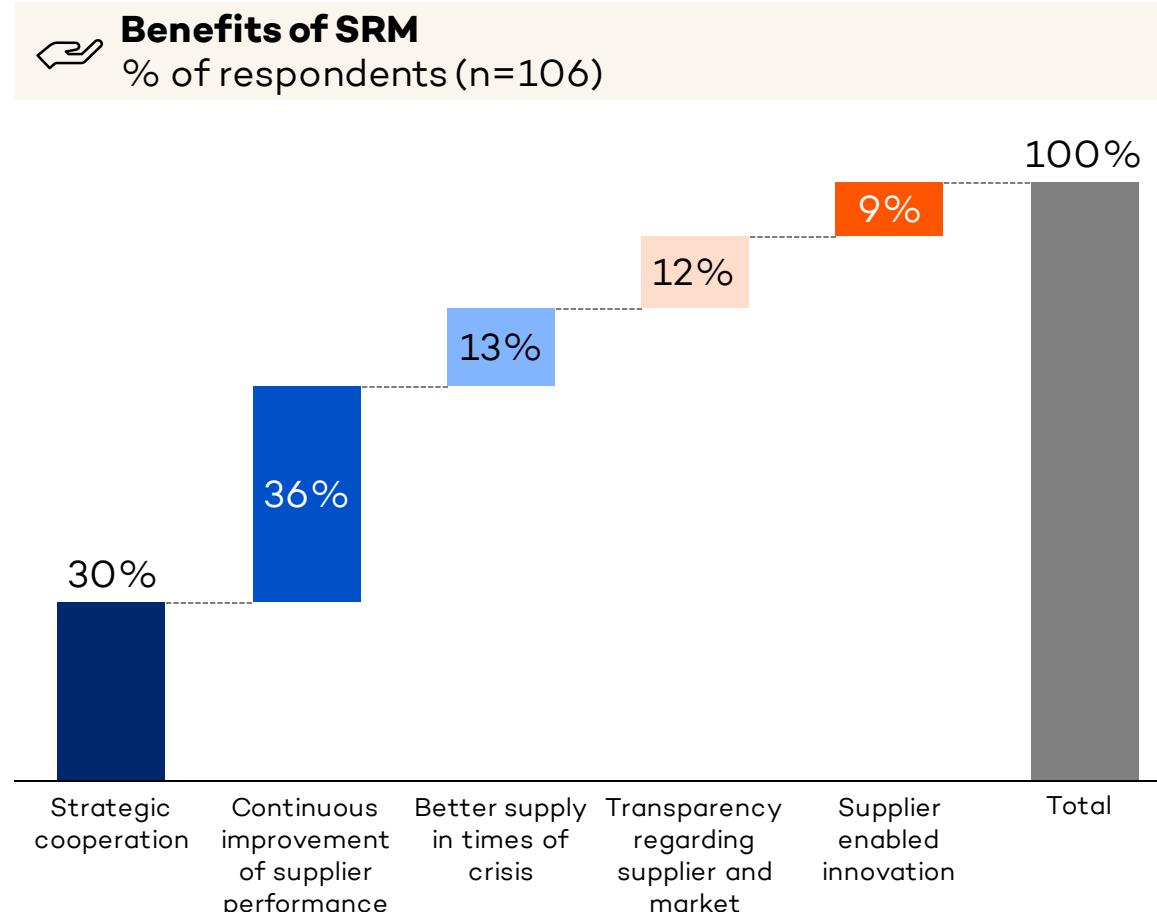


Questions: "How relevant are geopolitical developments?" and "How are you preparing for the new US administration?"

Source: Procurement Initiative Pulse Check Q3/2024, Oct 23 – 30, 2024



# Benefits of SRM are mainly in strategic supplier collaboration and continuous performance improvements but are often not perceived

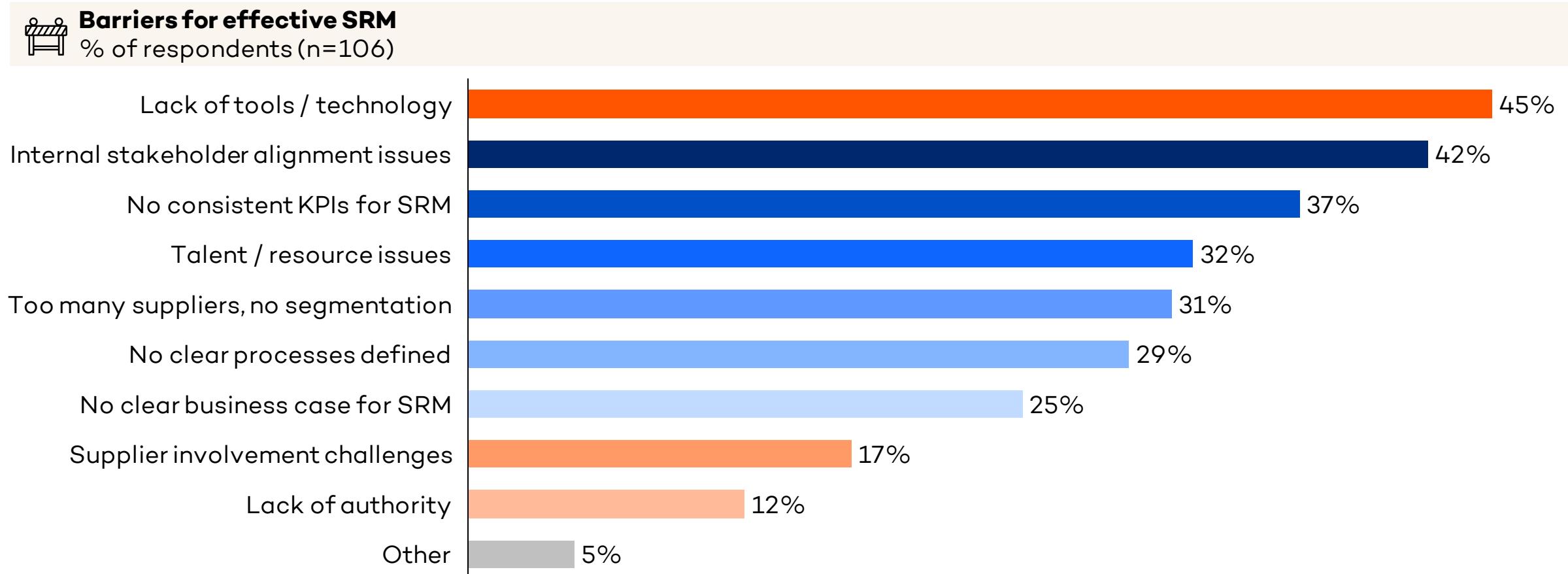


Questions: "Where does SRM yield the greatest benefit?" and "Why is SRM often not given sufficient priority?"

Source: Procurement Initiative Pulse Check Q3/2024, Oct 23 – 30, 2024

# The three biggest barriers for effective SRM are lack of tools, internal stakeholder alignment, and lack of consistent KPIs

SRM



Question: "What are the top three obstacles for effective SRM?" Please select the top three areas.

Source: Procurement Initiative Pulse Check Q3/2024, Oct 23 – 30, 2024

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Thank you for taking part in  
our Pulse Check Q3/2024.

We will share future research  
results on our LinkedIn channel  
[The Procurement Initiative](#).

Stay tuned!