

Keelvar >

Sourcing in 2025

AI & Automation Take Center Stage

Sourcing and procurement leaders' take on 2025

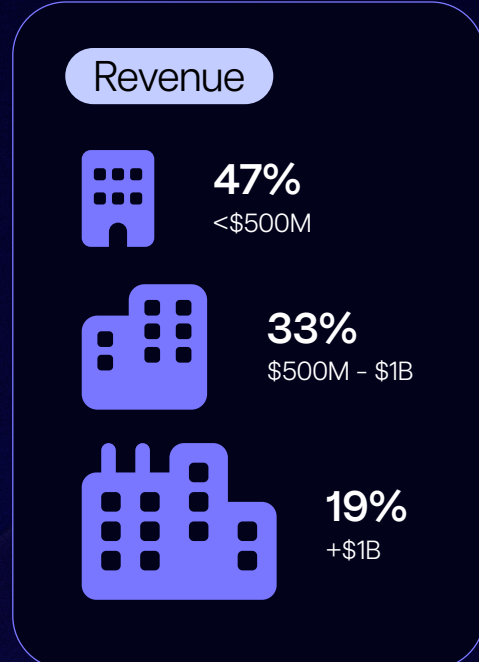
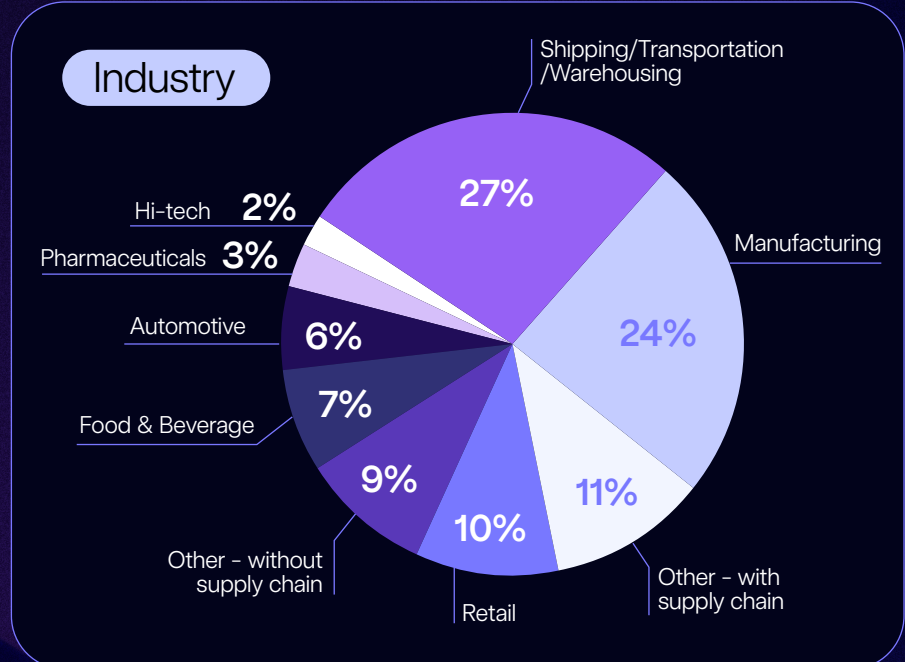
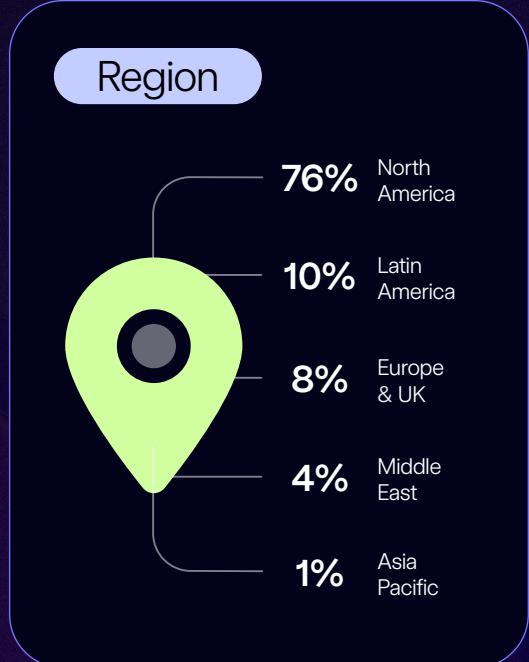
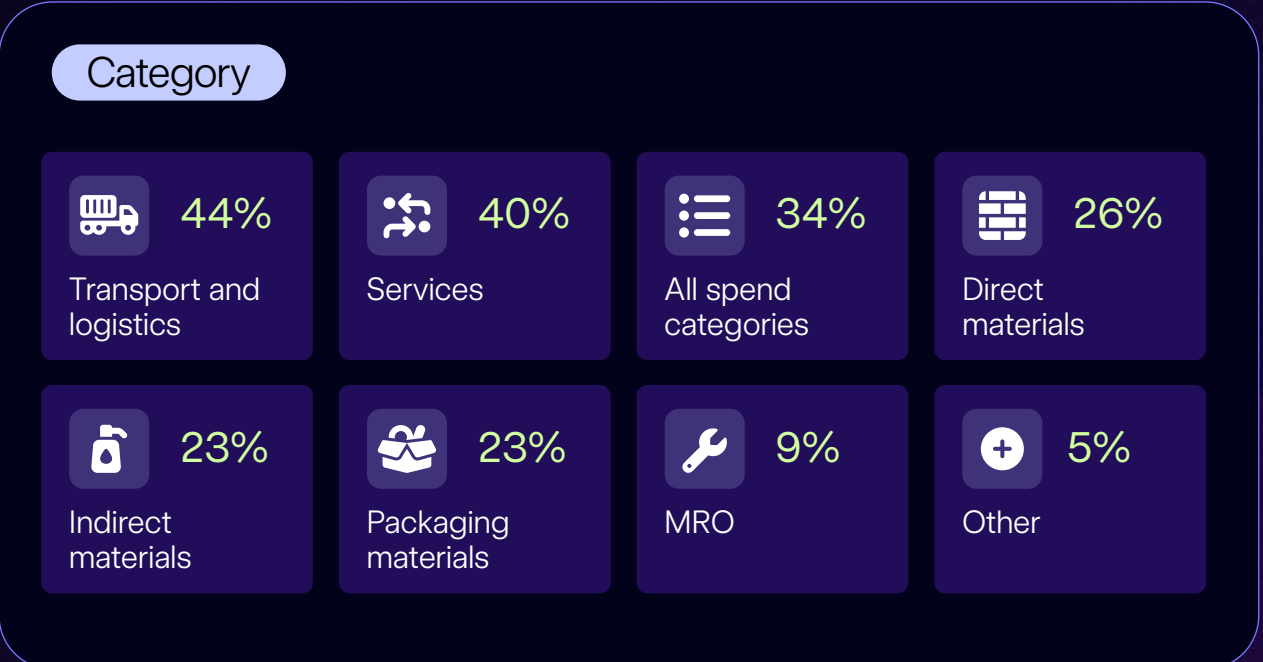
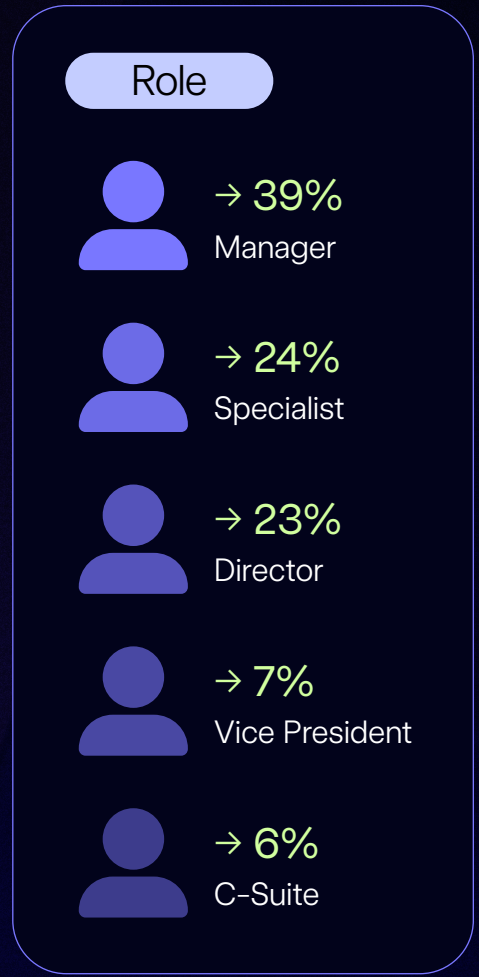
In the face of unrelenting market unpredictability, the landscape for procurement leaders has reached a critical inflection point. Over the past year, automation and AI have shifted from exploration to adoption, with early adopters reaping measurable gains in efficiency and competitive advantage. Yet, for many, the journey is just beginning.

In 2024, **52%** of procurement leaders adopted sourcing automation, setting a new benchmark for what's possible. Now, 2025 will be the year to maximize its potential to address cost constraints, and strategically deploy resources in a world where agility and innovation are essential.

Leaders who harness the power of automation and adopt a more strategic approach to sourcing will redefine success. In contrast, those who hesitate risk being outpaced in an increasingly competitive environment.

With great challenges comes a unique opportunity for procurement teams to finally grab that coveted strategic seat at the table, by proving they can in fact, do more with less and deliver competitive advantage.

Welcome to the era of decisive action, where we'll see the gap widen between leaders and laggards.



Unpredictable markets are now the norm

In last year's Keelvar 2024 Voices of Sourcing report, **72%** of procurement leaders shared that market unpredictability, inflation and rising costs were a top concern, up from **22%** the previous year.

This year, **40%** report the same concern with **38%** reporting that the market has gotten worse.

Leaders cite price fluctuations (**49%**), cost management (**36%**) market volatility (**36%**) and supplier reliability (**34%**) as the biggest concerns.

Additional challenges stem from the persistent pressures of data security (**32%**) as well as talent shortages (**28%**).

The most predictable thing in procurement today is that the market will remain unpredictable. Which means procurement teams have to adapt.

2024:

72%

of procurement leaders shared that market unpredictability, inflation and rising costs were a top concern

22%

increase on 2023 showed recessionary pressure and rising costs are **growing**.

2025:

40%

report they have the same concern

+38%

report that the market has gotten **worse**.

Biggest concerns procurement leaders are expecting to face in 2025:



Cost continues to be a concern and top priority

Driving more savings is the top objective for procurement leaders over the next 12 months (**46%**) followed by hiring and nurturing talent (**38%**). Sustainability (**33%**) is third on the list which is an increase on last year (**12%**).

It's interesting to note that when it comes to obstacles in achieving their goals, **66%** cite inflation and rising costs as the biggest external obstacle. With cost management also matched as the top internal obstacle at **56%**, procurement leaders need to look at new ways of tackling cost in order to meet their savings objectives.

Top objectives for 2025:

- ↳ **46%** driving more savings
- ↳ **38%** hiring and nurturing talent
- ↳ **33%** sustainability
- ↳ **29%** mitigating supplier risk
- ↳ **24%** improving category management
- ↳ **15%** driving supplier diversity

Biggest external obstacle:



Biggest internal obstacle:



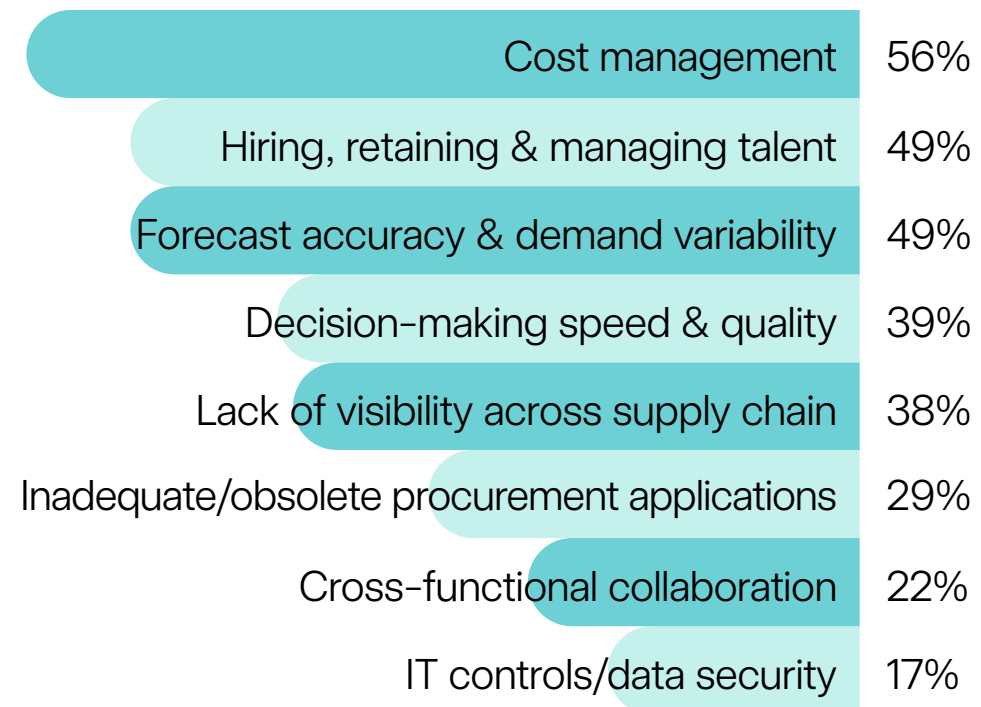


Talent also poses a problem for procurement leaders in 2025

Hiring and nurturing talent was cited as the second priority objective for procurement leaders in 2025 (38%). However, 49% report that hiring, retaining, and managing talent is one of their biggest internal challenges, and 38% view labor shortages as a top concern.

Procurement teams are under intense pressure on all fronts: cost constraints and human resources alike. Being squeezed for more while navigating market unpredictability makes moving the needle incredibly difficult.

In 2025, something has to change.



Internal obstacles
in achieving objectives

External obstacles
in achieving objectives



The gap has begun to widen between leaders and laggards

Interestingly, the perceived value of automation among the **48%** of procurement leaders who have not yet adopted automation in sourcing is identical to the realized value seen by the **52%** who have.

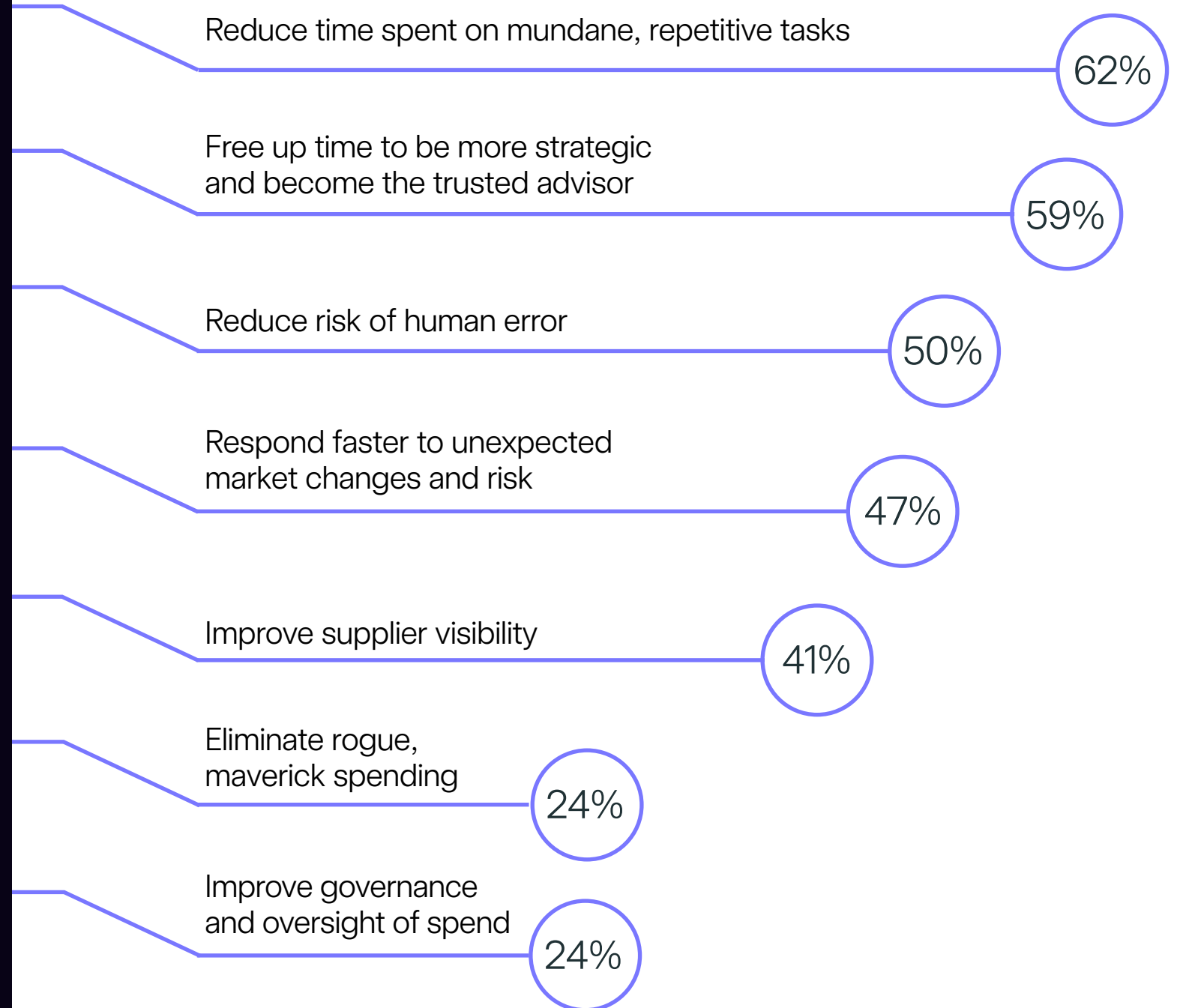
Procurement leaders all face the same challenges linked to costs, talent and general market conditions. Yet just over half are saving more time, reducing manual workload, responding faster to market changes and spending more time on strategic work.

As a result, in 2025 we expect the gap to widen considerably between those gaining a competitive edge and those who aren't. If left too long, it may be too late for the laggards to catch-up.

So what is stopping them from embracing automation?



If you were to use automation, what benefits do you think this might result in?





The eternal procurement budget issue

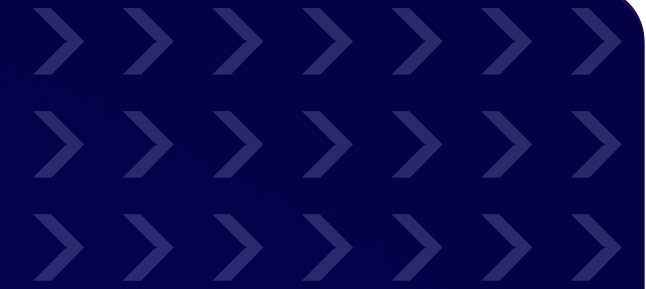
60% of procurement leaders cite a lack of budget as the primary reason preventing them from investing in automation.

This highlights a major, persisting problem: procurement is not seen as a revenue or margin generating function even though ~60% of spend typically flows through procurement in businesses with supply chains. CPOs struggle to prove the value and ROI from ProcureTech, which in turn makes it difficult to unlock budget.

To address this issue, ProcureTech providers need to arm procurement leaders with evidence to prove the value of automation to CFOs. This is crucial to get the budget required for technology that is essential to maintain competitiveness.



But this isn't the only obstacle in driving digital transformation, according to procurement leaders.



60%

cite **lack of budget** as the top reason for not adopting sourcing automation

The need for education is **critical**

While budget is the predominant reason for not embracing automation, several leaders have expressed additional concerns. These include the belief that the timing is not right (**36%**), the perceived immaturity of automation technology (**31%**), not recognizing the value for their business (**31%**), and fears of losing control (**27%**) and jobs (**20%**).

Automation in sourcing is still early in the procurement and sourcing hype cycle¹, and many are looking to the early adopters to prove its value and uses. This indicates that ProcureTech vendors should not only look to educate CFOs, but also CPOs themselves about the value of automation in sourcing. Demonstrating ROI will be crucial in helping procurement leaders secure budgets for technology, as previously mentioned.

¹Gartner, Hype Cycle for Procurement and Sourcing Solutions, 2024



60%
lack of budget



Top reasons which have prevented procurement leaders from investing in automation:

20%
resistance to change
- fear of job loss

27%
resistance to change
- fear of losing control

31%
I don't think my
business would
benefit from
automation

31%
automation
technology still
seems immature

36%
the timing isn't right

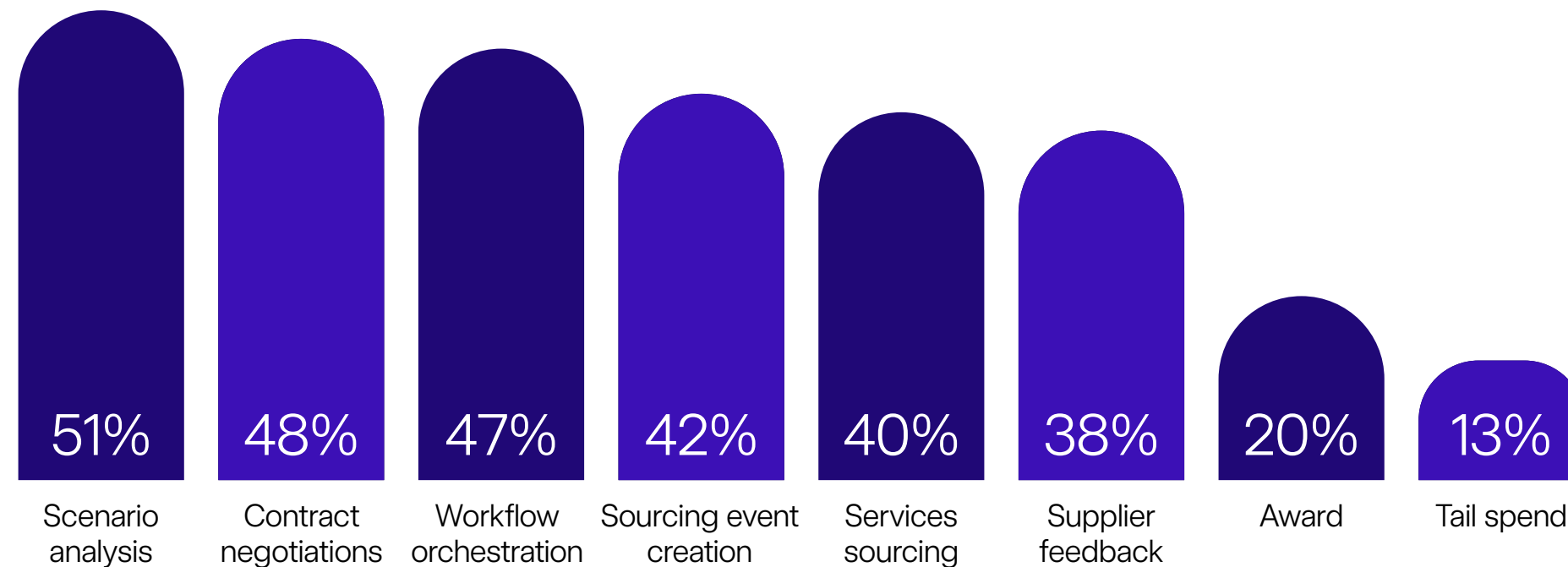


Suppliers will be at the center of digital transformation

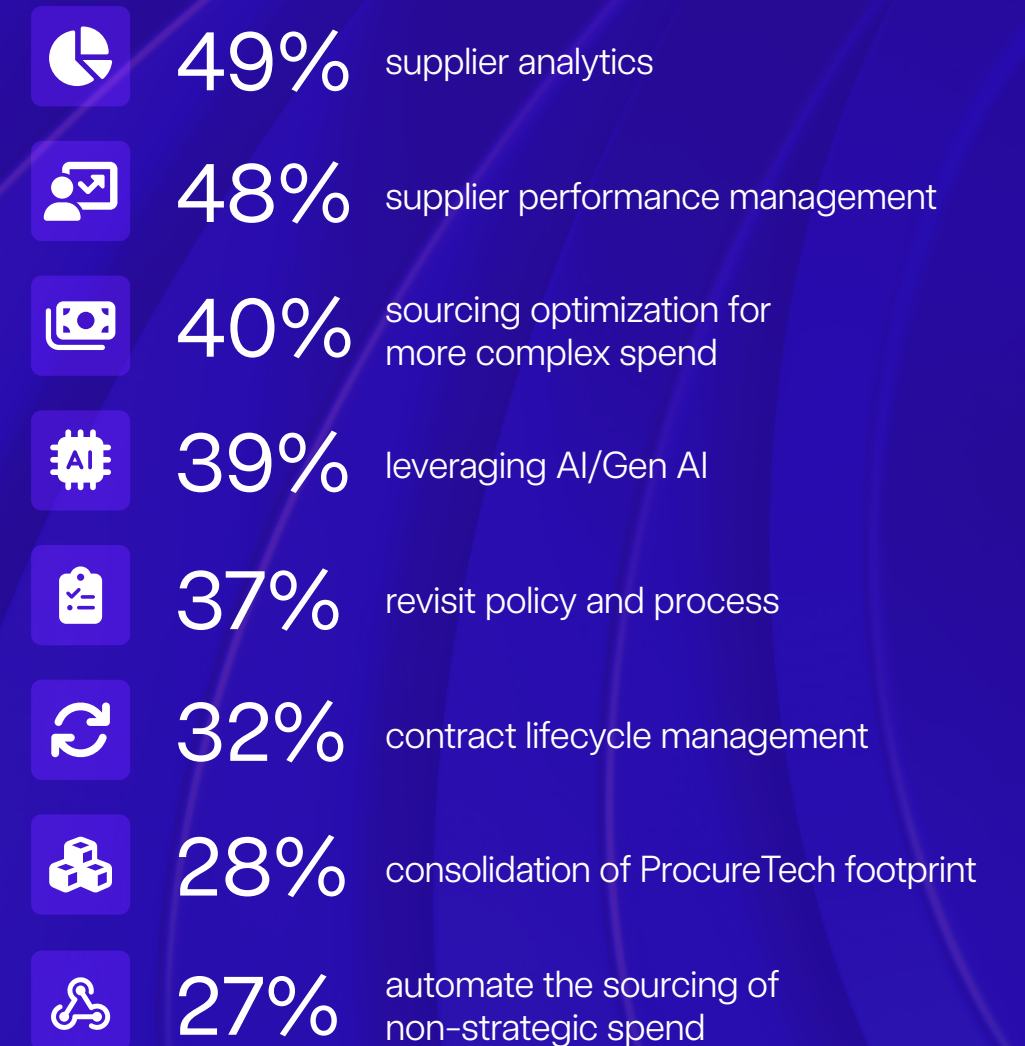
As we look ahead to digital transformation initiatives planned for 2025, there is a significant emphasis on suppliers. Supplier analytics (49%) and supplier performance management (48%) are top priorities, followed closely by the optimization of complex spend (40%) and leveraging AI & Gen AI (39%).

Interestingly, while automation of sourcing is being adopted faster than anticipated, the automation of non-strategic spend is lowest on the priority list. Among the 52% who embraced automation in 2024, the focus has been on automating more complex, high-value processes like scenario analysis (49%), contract negotiations (48%) and workflow orchestration (47%). Notably, only 13% of leaders are automating tail spend, which indicates that in the realm of digital transformation and automation/AI, leaders are prioritizing higher-value outcomes and strategic areas.

Top procurement processes automated in 2024



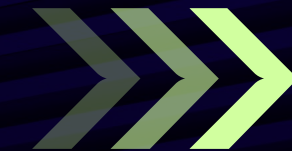
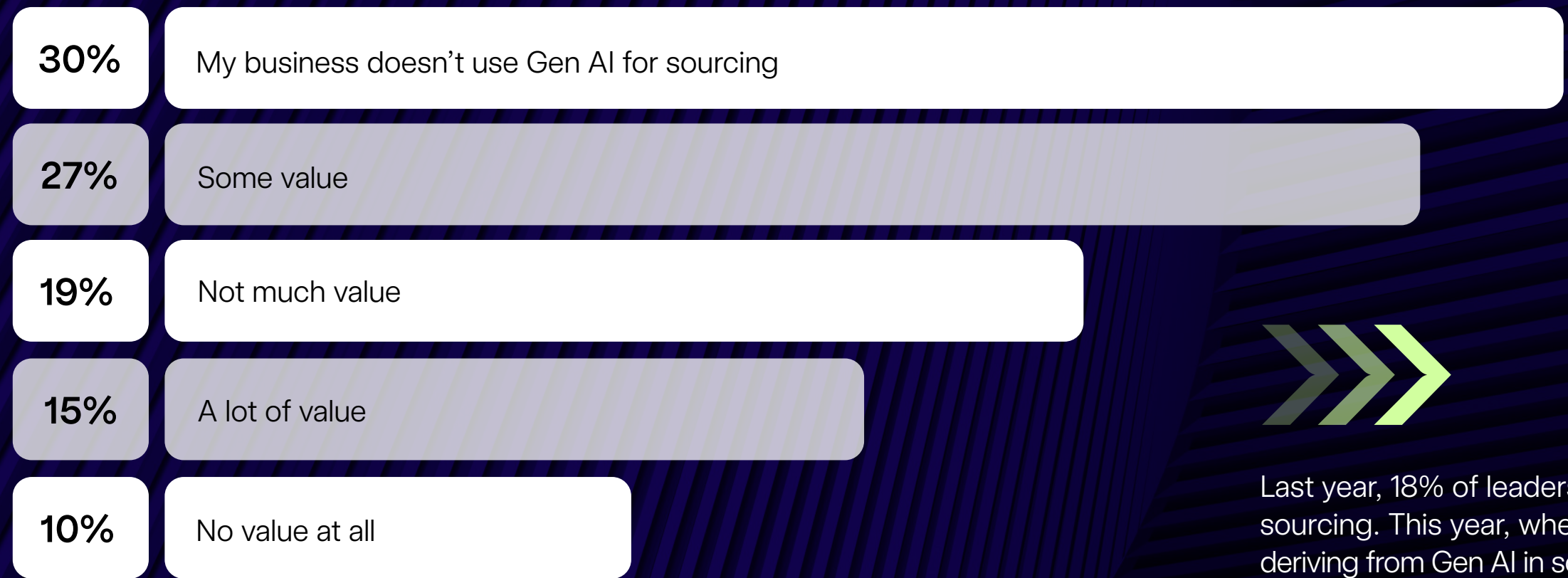
Top digital transformation initiatives in 2025:





Other types of AI take priority over **Generative AI**

39% of procurement leaders plan a digital transformation initiative to leverage AI / Gen AI in 2025, highlighting that AI remains a major focus. However, the Gen AI hype that took the market by storm in early 2024 has started to level off.



Last year, 18% of leaders showed interest in utilizing Gen AI for sourcing. This year, when asked about the value procurement is deriving from Gen AI in sourcing, only 15% report finding significant value, while the majority (59%) either do not use it or do not perceive any value.

It's apparent that there is value in Gen AI but it is more of a productivity improver and nice-to-have in comparison to other forms of AI that can have a more meaningful impact on strategic initiatives in procurement and sourcing to drive better outcomes.



The procurement center of excellence will **grow**

With cost being a primary concern for procurement leaders in 2025, it's not surprising that the majority of leaders (**46%**) plan to reduce operating costs.

In 2025, we expect more and more organizations to look at the centralization of procurement operations into the emerging and growing function of a procurement center of excellence (CoE).

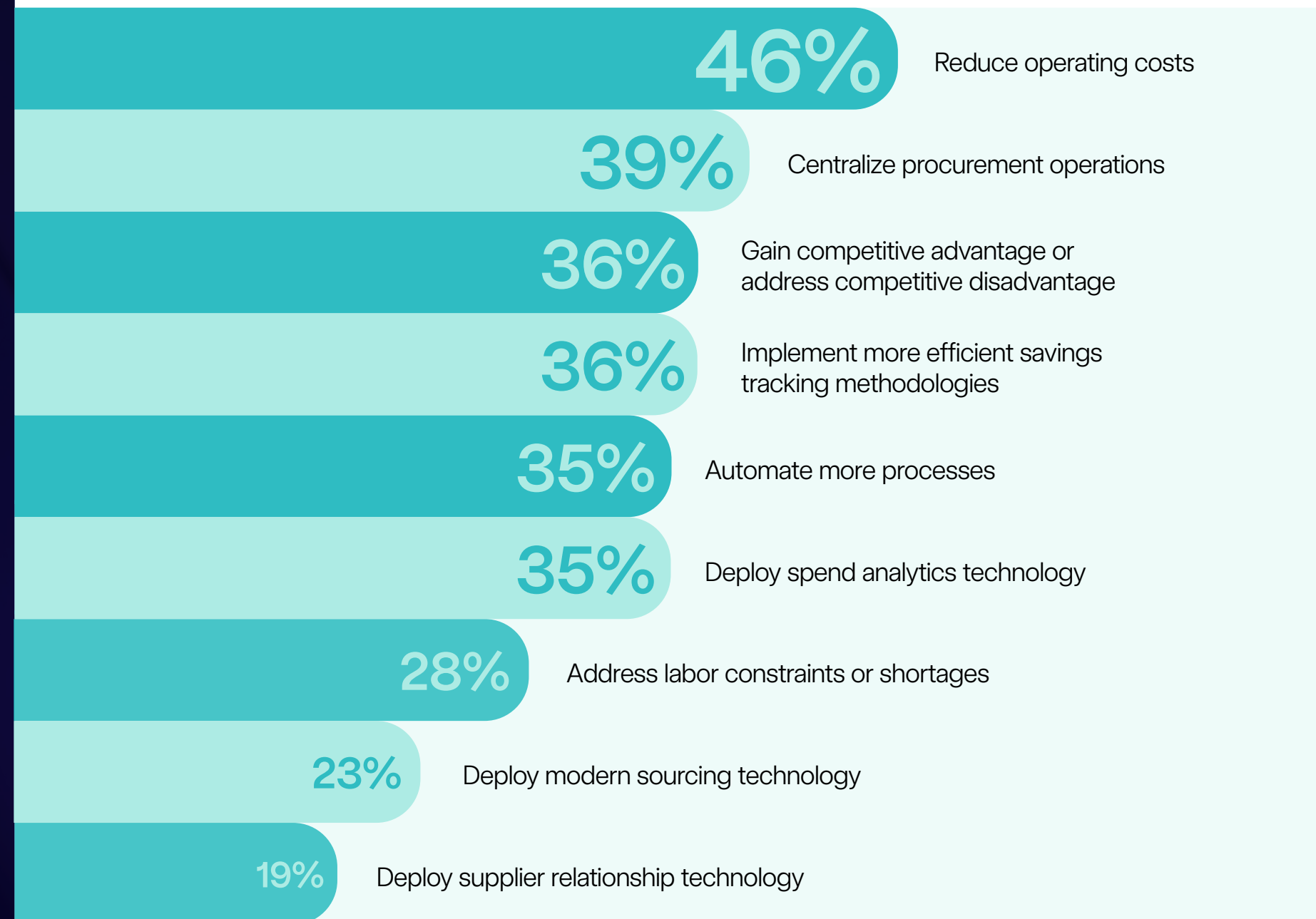
Many leading enterprises are adopting this approach to better manage spend, develop a comprehensive category strategy, standardize processes, mitigate risk and improve supplier relationships.



We will increasingly witness organizations centralizing procurement to improve efficiency and cost management and make optimal use of procurement resources.



Procurement leaders' preferred tactics to achieve their 2025 objectives





Sustainability has moved up the agenda but diversity lags behind

The majority of procurement leaders recognize the importance of sustainability and diversity objectives, with respectively **56%** and **61%** saying they remain important today.

However, when asked to rank these objectives against other, broader organizational goals, diversity very clearly fell behind. **33%** of procurement leaders share that sustainability is a priority in 2025 (second highest priority overall). Yet only **15%** allocate the same priority to supplier diversity. Encouragingly, this is up from **12%** last year but it's apparent that sustainability is higher on the agenda in terms of action and delivery.



Are ESG – Sustainability and/or Diversity objectives still a top priority today?



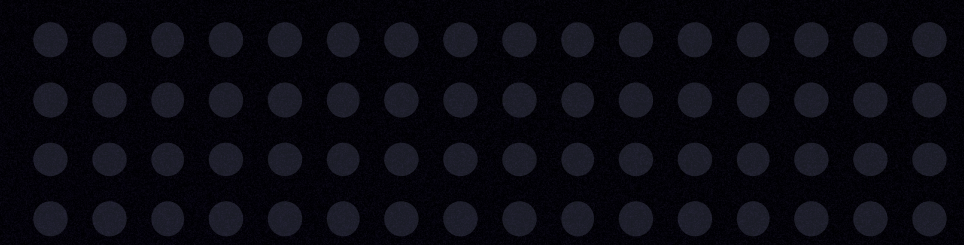
ESG – Sustainability

Important	Not important	Slightly
→ 56%	→ 12%	→ 31%



Diversity


Important	Not important	Slightly
→ 61%	→ 15%	→ 25%





Key insights and summary: A year of decisive action in procurement


2025 will be the year for action. Leaders who adopt automation now will secure their place at the strategic table; those who hesitate risk being left behind


 **78%** say the market has been similarly or increasingly unpredictable compared to last year


52%  have already rolled out automation technology and are reaping the benefits


48%  have yet to embrace automation

 **60%** continue to struggle to get budget for ProcureTech

 **46%** report that driving more savings is their number 1 priority

49%  will prioritise supplier analytics when it comes to digital transformation

39%  will be centralizing procurement to meet their objectives

 **59%** are either not using or not seeing the value in GenAI



Keelvar: Your one-stop shop for sourcing

Drive better sourcing outcomes – all spend, all categories, one platform.

Keelvar’s unique combination of Sourcing Optimizer and Autonomous Sourcing helps 150+ global enterprises drive more savings and improve speed, efficiency and decision making.

→ Simplify complex RFP tenders


Easily manage the complexity of large tenders and make faster cost-saving decisions with improved competition, cycle times and data analysis.

→ Automate simple sourcing

Free up your team from manual work by automating the sourcing of lower-value, simpler sourcing events for more efficient buying.

 **↳ 25%**
cost savings

 **↳ 85%**
time saved

 **↳ 100%**
ROI instantly



Case Study

Take a closer look at how a **global leader in heavy manufacturing** uses Keelvar Sourcing Optimizer and Autonomous Sourcing.

↳ 97% requests automatically awarded

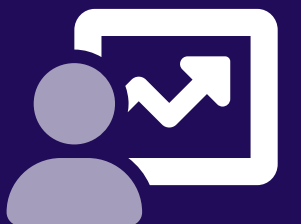
↳ 11 days to 9 mins average bid event time

↳ 250 requests automated weekly

↳ +570% event volume within 3 months by automating

With Keelvar, this company:

- Increased speed to market
- Improved decision making
- Sources more often
- Gets better pricing & rates
- Made substantial time savings



Keelvar >

Sourcing in 2025

AI & Automation Take Center Stage

Simplify the complex and automate the simple with Keelvar's unique combination of Sourcing Optimization and Autonomous Sourcing.

Book a demo