



Rising Influence: The State of the Office of Procurement in 2024

The opportunities and challenges today's enterprise linchpins face in a high stakes business environment



Executive Summary

Organizations are operating in a high stakes business environment.

Despite the improving economic outlook, they are under intense pressure from their investors and boards to boost financial performance. Market, economic, and supply shocks still lurk. The fragility of the global supply chain is a recurring concern as soaring geopolitical tensions, the climate crisis, and other disruptions shock organizations' operations nearly every quarter. In the years preceding the recent crises, most organizations have embarked on a strategy of outsourcing more and more non-core activities, which has increased their exposure to supply chain disruptions. Market expectations have also fundamentally changed, placing a stronger emphasis on responsible business and supply chain practices.

The C-suite is turning to procurement and supply chain teams and the technologies they use to address these business challenges head on. In fact, new research from JAGGAER shows that 75% of organizations worldwide have increased or maintained their budgets for supply chain and procurement technology.

These investments speak volumes about the growing reliance on these functions, especially considering the recent pressure on tech spend and ongoing economic volatility.

JAGGAER's research also shows, however, that while a large percentage of organizations are investing in their supply chain and procurement departments, many aren't going far enough. Nearly half (42%) of procurement teams state manual and inefficient processes slow them down and hold them back from fully addressing the C-suite's critical business priorities.

JAGGAER surveyed over 220 business leaders worldwide to better understand the rising and strategic role of procurement and supply chain management. This report dives deeper into these functions' evolving influence on key business priorities, the opportunities, challenges, and pressures they face, and what these teams need to be successful today and in the future.



Three-quarters of companies surveyed are asking their IT teams to consolidate overall tech spend and do more with fewer systems.



Thirty-eight percent report they've decreased spending on function-specific technology.



Seventy-five percent of organizations worldwide have increased or maintained their budgets for *supply chain and procurement technology*.

The fact that supply chain tech budgets are growing alongside broader budget cuts is a testament to the value that supply chain and procurement departments bring to the organization.

Procurement is the Rising Enterprise Linchpin

Procurement is not for the faint of heart. Professionals in the function have stepped up over the past few years to help their businesses navigate the global pandemic and the series of massive and crippling supply chain disruptions that followed.

Many CEOs now need assurance that their organizations are ready for whatever shock lurks around the corner and have charged procurement, sourcing, and supply chain professionals with the grueling task of fixing the immediate vulnerabilities in the supply chain. They've also simultaneously asked these professionals to rebuild supply networks to be stronger and more reliable than ever before. Those efforts to build resilience are constantly put to the test. Take for example the Houthi rebel attacks on commercial vessels in the Red Sea and the extreme drought in Panama, which have caused major choke points in global shipping.

With organizations leaning more and more on the expertise of the procurement and supply chain function, these professionals are rising as enterprise linchpins. All eyes are on procurement and supply chain practitioners as they step into the spotlight and use their talents to help the organization perform and overcome market chaos. A linchpin is a critical component to a wheel that keeps it in position. Similarly, procurement and supply chain teams are extremely vital to the organization and keep the organization on the path to hitting its objectives.

Beyond risk mitigation and resilience, procurement and supply chain teams today are also called on to help navigate shifting economic dynamics and drive efficiencies and



profitable growth. These directives can be especially challenging as cost-cutting and efficiency-seeking measures often compete with other strategic priorities that procurement teams are expected to advance, such as innovation, sustainability, diversity, and digital transformation.

The heightened internal visibility naturally raises the pressure on procurement and supply chain teams, but it also brings tremendous opportunities. To keep and grow their influence at the executive table, procurement and supply chain professionals need the time and resources to manage higher expectations. Despite overall growth in supply chain technology budgets, JAGGAER's research has uncovered that more needs to be done to equip procurement and supply chain professionals with the right tools and resources.

Organizations would be wise to allocate a larger share of technology budgets to smart automation and technology that does the heavy lifting across the procurement cycle. This will enable procurement and supply chain teams to spend less time on tactics and more time on transforming their supply chains and on generating business impact for every corner of the C-suite.



“Procurement and supply chain professionals are enterprise linchpins. Take them out and the wheels soon fall off your organization! The C-suite is leaning on procurement and supply chain management to help advance business priorities. You wouldn't expect your most valuable player to lead your team to a victory without the proper equipment, adequate training, and a winning playbook. Same goes for your procurement team. Equip your procurement and supply chain professionals with the right tools and watch them and your organization flourish.”

—Andy Hovancik, CEO at JAGGAER



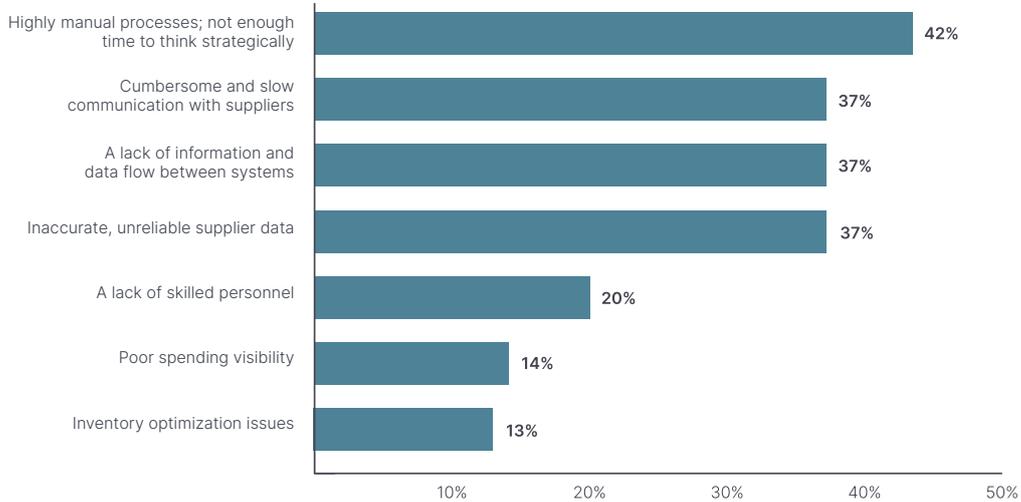
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Despite Growing Opportunity and Pressure, Procurement Remains Underfunded and Underequipped

Procurement and supply chain teams are expected to accomplish a lot. JAGGAER's research indicates that manual processes are making procurement and supply chain teams' already difficult jobs even harder. These inefficiencies are also keeping procurement and supply chain professionals from reaching their full potential in helping address C-level priorities.

Forty-two percent of procurement managers and directors that JAGGAER surveyed state that highly manual processes and a lack of time to think strategically get in their way of driving value for the organization (e.g. see chart 1).

Chart 1: Challenges Holding Procurement Back



With the right technology and more time, managers and directors state that they would be able to:



Grow the business and drive competitive advantage

51%



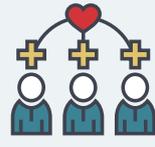
Increase profitability and lower costs

43%



Improve internal efficiency

40%



Better strengthen supplier relationships

31%

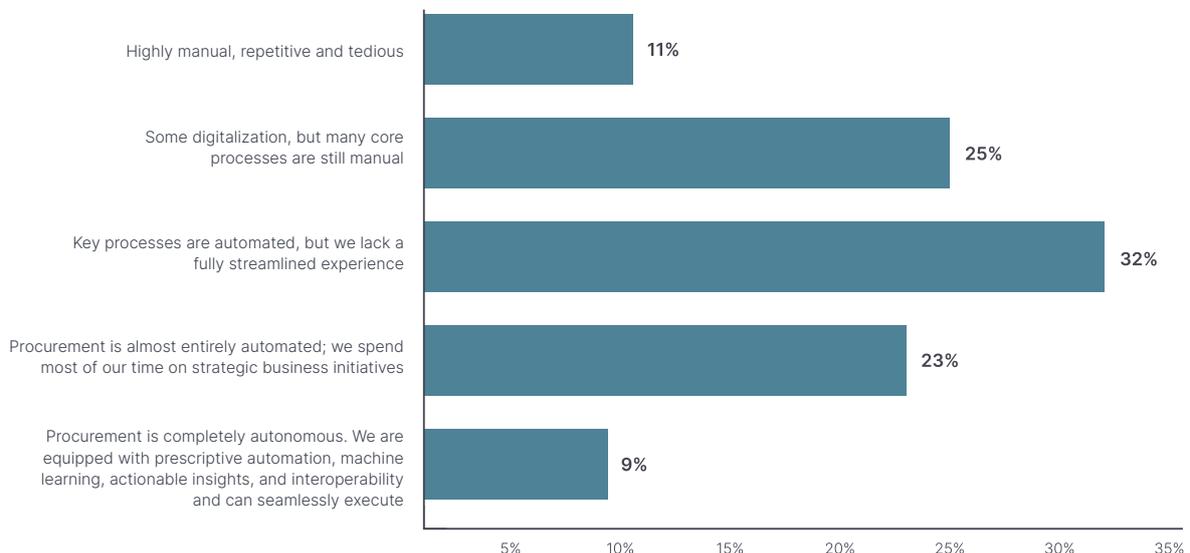
Only a small percentage of procurement teams are almost fully automated, which was defined as teams being free to spend most of their time on strategic business initiatives.

Twenty-five percent of procurement and supply chain teams report having some digitalization across procurement, but many core processes are still manual and inefficient (see chart 2). Consider that a third (33%) of sourcing professionals state their team collectively spends 11-20 hours per week creating and sending out invoices alone. Twenty-six percent spend 31-40 hours per week. Teams focused on supplier or category management spend 21-30 hours (34%) collectively on supplier

communications each week. This includes everything from aligning on capabilities and sourcing needs to invoicing and payments. Imagine what these professionals could enable the broader organization to accomplish if they had these hours back in their day to focus on higher level priorities.

Only 9% of procurement professionals say their function today is completely autonomous, meaning they leverage automation and machine learning to drive predictive and prescriptive analytics, providing actionable insights and recommending optimum courses of action to execute seamlessly across all procurement activities with minimal manual intervention.

Chart 2: State of Procurement and Supply Chain Automation

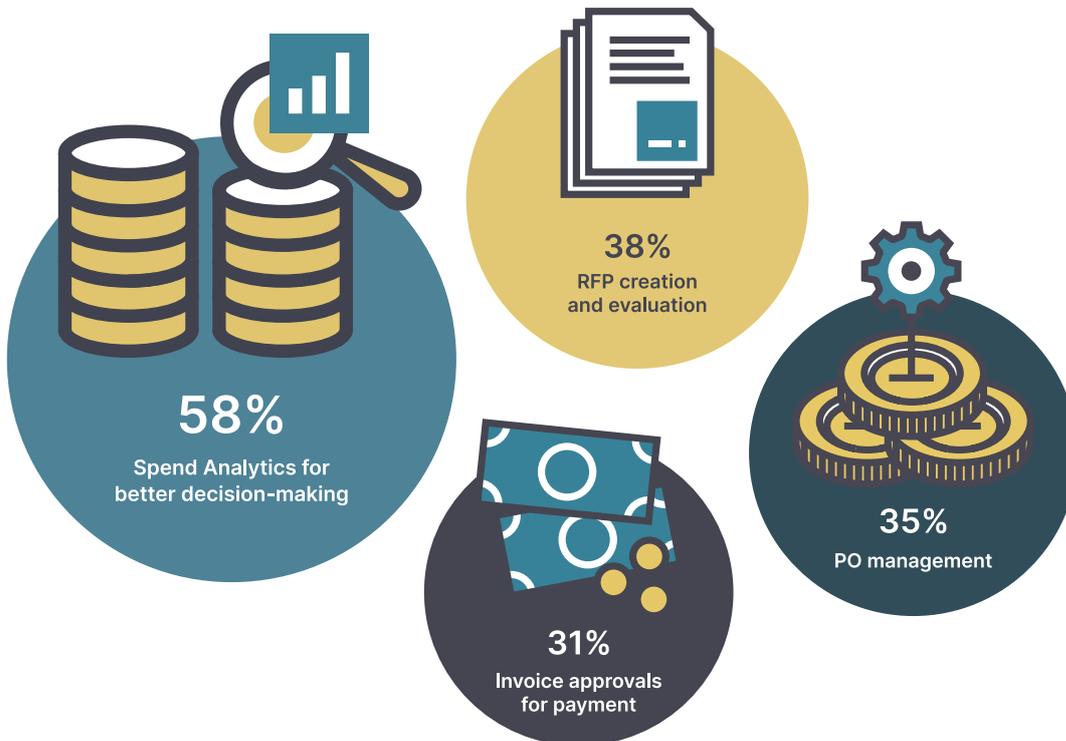




“Organizations that apply the right technology in the right places to reduce manual workloads will enable procurement and supply chain practitioners to spend less time on lower-value processes and more on strategic work. Even shaving off a couple of hours of work each day adds up to over 520 hours a year per person that can be reallocated to more strategic activities. That’s return on investment.”

–Georg Roesch,
Vice President of Direct Procurement Strategy at JAGGAER

When JAGGAER asked where they’d most like to see automation and AI transform the way they work, procurement managers and directors cited several tactical functions that are ripe for digitalization:



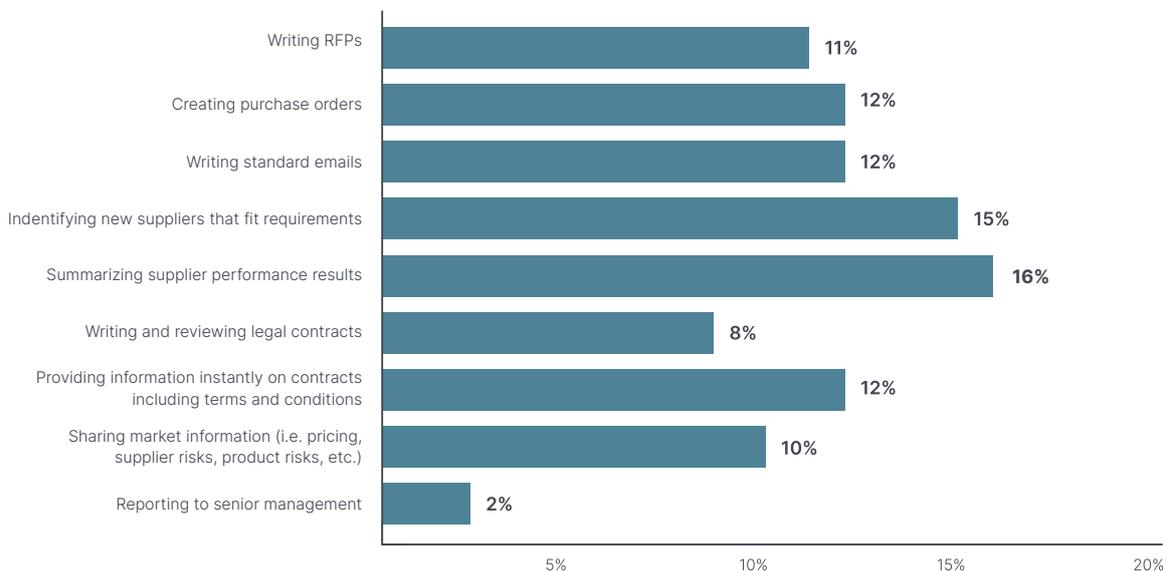
While companies are expanding supply chain technology budgets, there’s clearly an opportunity to double down on strategic technology investments and empower procurement and supply chain talent with the tools to do their jobs better and more efficiently, allowing them to move out of the tactical, day to day and back into the strategic roles they were hired for, utilizing technology to manage the tactical elements while gaining access to the actionable insights that inform the future strategy of their businesses. The increasing volume of tactical workload is also being compounded by rising employment challenges. More and more, organizations are also facing lean candidate pools when it comes to hiring and backfill of critical positions, thus making it even harder to sustain productive procurement and supply chain operations. Fifty-three percent of procurement managers and directors say that procurement workload issues and inefficiencies that impact competitive advantage are top risks facing their organizations.

Generative AI: A Catalyst for Efficiency

Thirty-four percent of companies surveyed by JAGGAER stated that emerging tech such as generative AI is already having a major or severe impact on their business. Procurement and supply chain professionals specifically foresee generative AI adding value to their work for summarizing supplier performance (16%), identifying new suppliers (15%), and automating routine tasks like writing standard emails (12%) (see chart 3).

As organizations decide where and how to allocate the growing procurement and supply chain technology budgets, generative AI should be part of the conversation as it is incredibly powerful for helping procurement work both faster and smarter.

Chart 3: Where Generative AI Supports Procurement Teams



Thoughts on generative AI in procurement



The Hackett Group expects procurement's workload to increase by 8% in 2024, reflecting a broadening of priorities¹.

JAGGAER's point of view: AI can certainly help alleviate the growing workload burden and drive productivity, but not all AI is created equal. AI implementations should be intentional, strategic, and purpose-built for supply chain and procurement use cases and today's realities. The pressure for organizations to tap into AI is rising, but implementing AI for the sake of having AI is shortsighted. It's *how* you use AI that really matters.

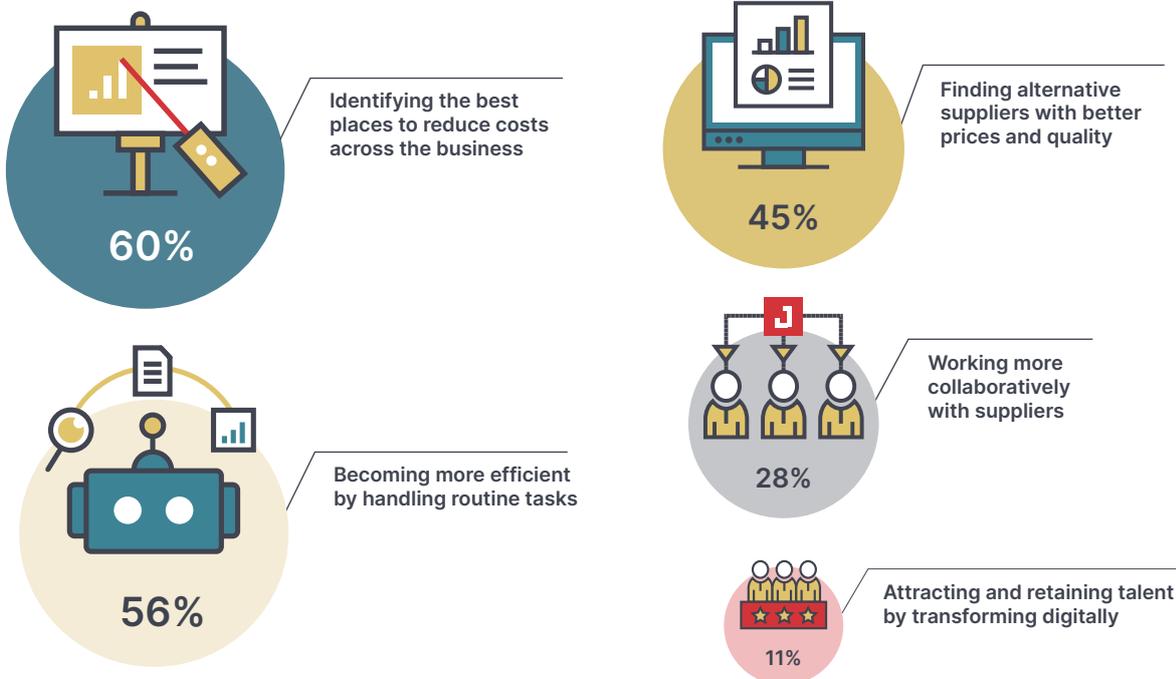
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Digital Transformation Lags Where It Matters Most

Digital transformation is a top-three enterprise objective, [according to Deloitte](#)ⁱⁱ. In fact, 83% of IT teams that JAGGAER surveyed stated that their companies are aiming to modernize technology infrastructure in the broader business. Ninety-three percent of IT teams reported that specifically modernizing and digitizing their supply chain and procurement tech stacks is a priority. Yet organizations continue to focus their efforts in areas that are considered low-hanging fruit. Organizations are overlooking several key areas to automate and transform their supply chain that would significantly enable the procurement and supply chain function to generate lasting business value.

While some procurement teams surveyed by JAGGAER report being fully automated in payment automation (38%), purchase order management (26%), and inventory optimization (24%), most companies haven't fully automated in strategic areas such as supplier negotiations (58%), sourcing (44%), contract management (38%), and supplier identification and selection (37%).

When asked by JAGGAER about where automation and AI could specifically advance their current strategies, procurement teams cited that the technology could fill big gaps in:



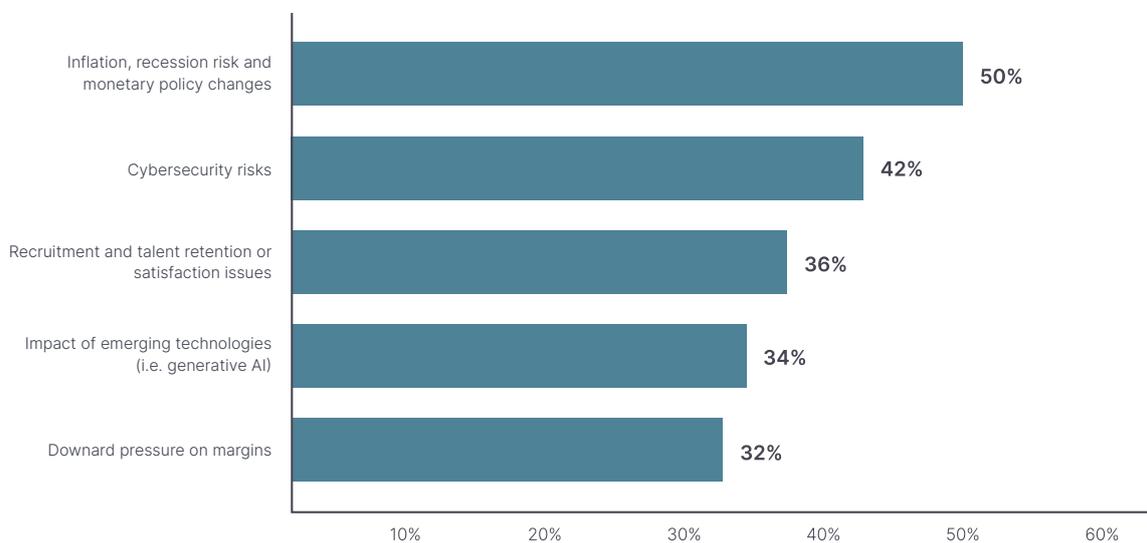
The faster organizations start applying automation and AI to these strategic areas to equip their procurement teams and transform their supply chains, the faster they will see the value, especially as it relates to risk reduction, supply chain resilience, profitability, and successfully navigating today's evolving market dynamics.

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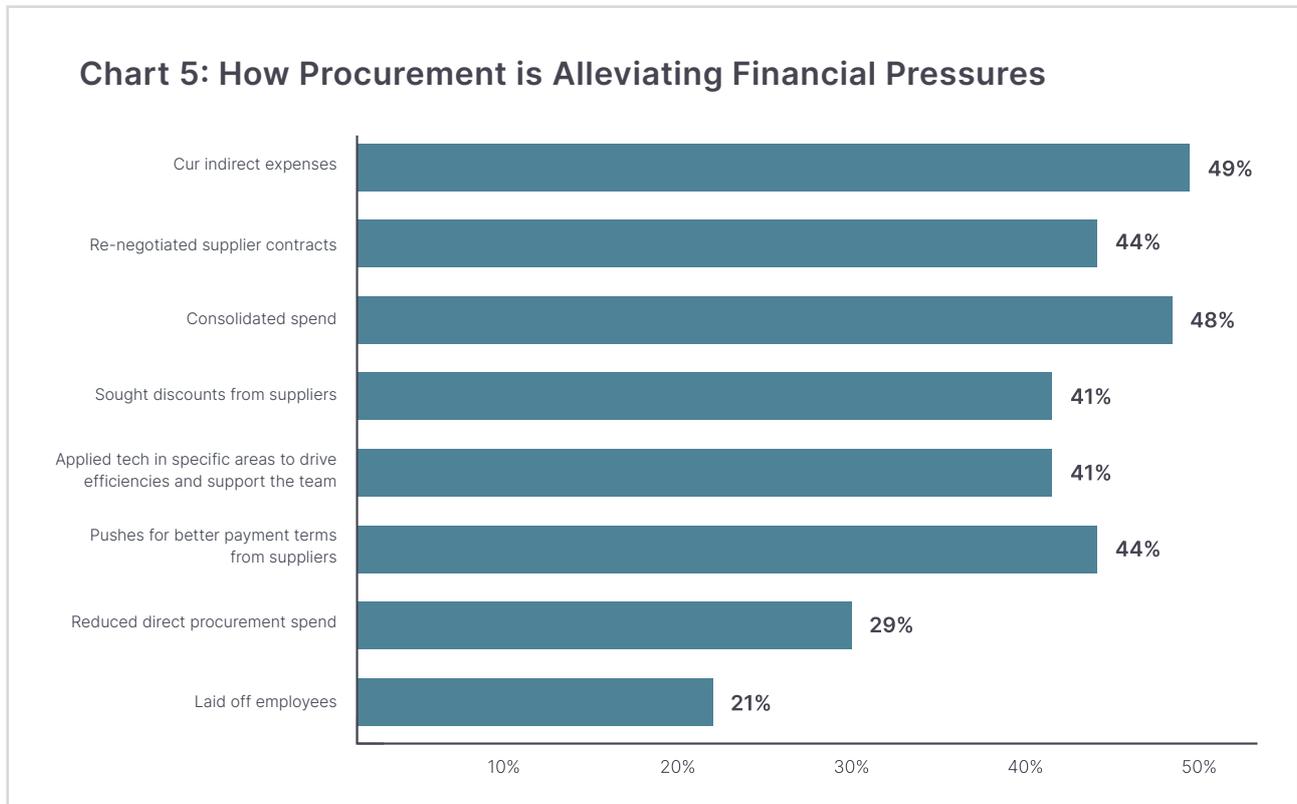
Financial Pressure Remains Red Hot

One of the reasons enabling procurement and supply chain teams is so urgent is because organizations are increasingly pushing procurement to the frontlines of navigating ongoing financial pressures. Despite the improved economic outlook, inflation, recession risk, and monetary policy changes continue to hit organizations hard. Half of procurement and finance professionals report that these factors are having a major or severe impact on their business (see chart 4).

Chart 4: 2024 Top Business Challenges:



Procurement is fighting back by cutting indirect expenses (49%), consolidating spend (48%), re-negotiating supplier contracts (44%), and seeking supplier discounts (41%). Forty-four percent are re-negotiating payment terms (see chart 5). Procurement professionals can take on each of these actions more confidently with the support of the right technology.



The view from finance is similar: In the survey, 48% of finance professionals stated that their biggest challenge right now is increasing profitability. Thirty-one percent cite risk reduction and 28% state that improving cash flow management is another key obstacle.

While all agree on the pressure, finance leaders have varying views on which approaches will best position their organizations to counter market pressures. The top two approaches, based on JAGGAER's survey, are:

- More reliable spend and risk data to make decisions (65%)
- Automation to streamline core tasks (59%)



Profitable growth is a top priority for CEOs and CFOs right now, and executives are aware that tech plays a critical role. Thirty-six percent of CFOs that JAGGAER surveyed stated that increasing profitability is a top priority while 64% stated that more automation would be the most helpful solution for advancing such business priorities.

The Talent Crisis Persists. Technology Carves a Path Forward

Technology transformation across the procurement and supply chain function can also help alleviate the pain of the ongoing talent crisis. Forty percent of all procurement professionals surveyed stated that talent recruitment, retention, and satisfaction issues are having a major or severe impact on their business. Investing further in procurement and supply chain technology can help address all three challenges.

During times when procurement organizations are understaffed, either because they can't find the talent they need or they are forced to operate with fewer resources, the right technology eliminates non-value tasks, alleviates capacity constraints, boosts talent

satisfaction, and keeps operations running smoothly. In competitive talent markets, a transformed procurement function is a selling point for prospective hires.

Most workers today are looking for roles in which they can actively contribute to the organization's priorities and focus on interesting and rewarding projects. Jobs that are filled with manual work or slow, cumbersome processes can scare off talent. The organizations that are modernizing the procurement function and enabling these professionals to play their part in tackling today's biggest business priorities are more apt to attract and retain the best talent.

Digital skills gap remains

Procurement organizations that digitally transform their operations can use the new capacity to focus on upskilling. Gartner, Inc. found that "only 14% of procurement leaders express confidence in their ability to meet the future requirements of the function." Sixty-eight percent reported that technology and data skills have increased in importanceⁱⁱⁱ.

Upskilling should focus on both the digital skillsets procurement now needs to succeed — such as digital literacy, analytical skills, and data management — and the skills that directly tie to the strategic and rewarding initiatives that procurement is now expected to own or actively contribute towards.

Your Actions

The takeaways based on JAGGAER's research are four-fold:



Procurement and supply chain leaders:

You play an incredibly important role in the organization and its ability to meet its objectives in today's high stakes business environment. You have the C-suite's attention. Take this opportunity to increase your influence at the executive table. Make the business case for the technology and resources your teams need to be successful and transform your supply chains, not just for today, but for the future.



CEOs and CFOs:

If you aren't yet heavily investing in your procurement and supply chain professionals, now is the time. These strategic enterprise linchpins can help you achieve your critical objectives. Enable them to shine and drive value at the highest levels, and your organization will thrive.



CIOs:

Your company's procurement and supply chain teams need specialized technologies purpose-built for today's market and economic dynamics. Digitalizing the function will initiate a cascading wave of efficiency and effectiveness internally and across supply networks.



Procurement and supply chain professionals:

You are the enterprise linchpins to operational success. Senior leadership expects more from you every day. Your workload and outputs are elevated. Time and tools your greatest needs. Now is the time to ask for the technology you need to be successful. With it, you have the potential to reclaim your strategic role and provide actionable intelligence to strengthen and mitigate future supply chain vulnerabilities.

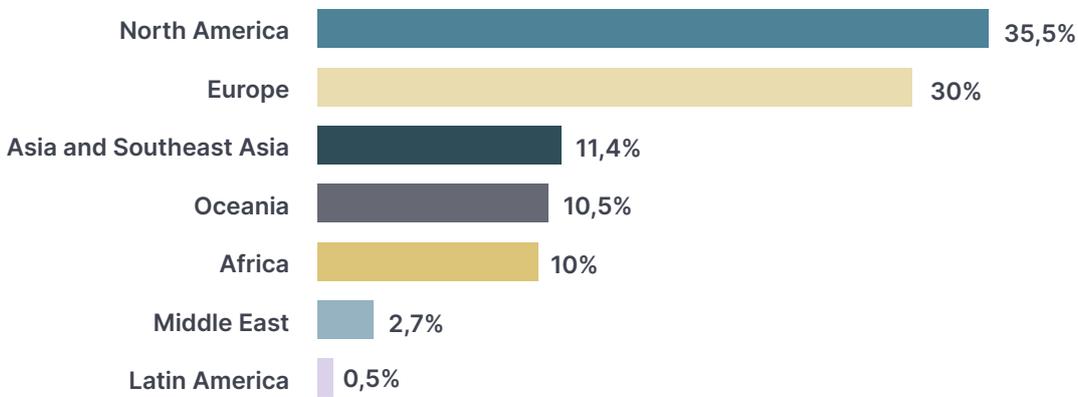
The time to invest in supply chain and procurement is always now – especially, as the next disruption is around the corner. Recently, supply chain disruptions appeared to be lessening. Inflation was shrinking and supply networks had stabilized after the severe challenges posed by the pandemic. Then a global shipping crisis came out of nowhere. While you can't predict the next market shock – you can be certain that one is coming. Investing in your supply chain and procurement teams is a sure-fire way to ensure you are prepared and ready to capitalize.

Survey Demographics

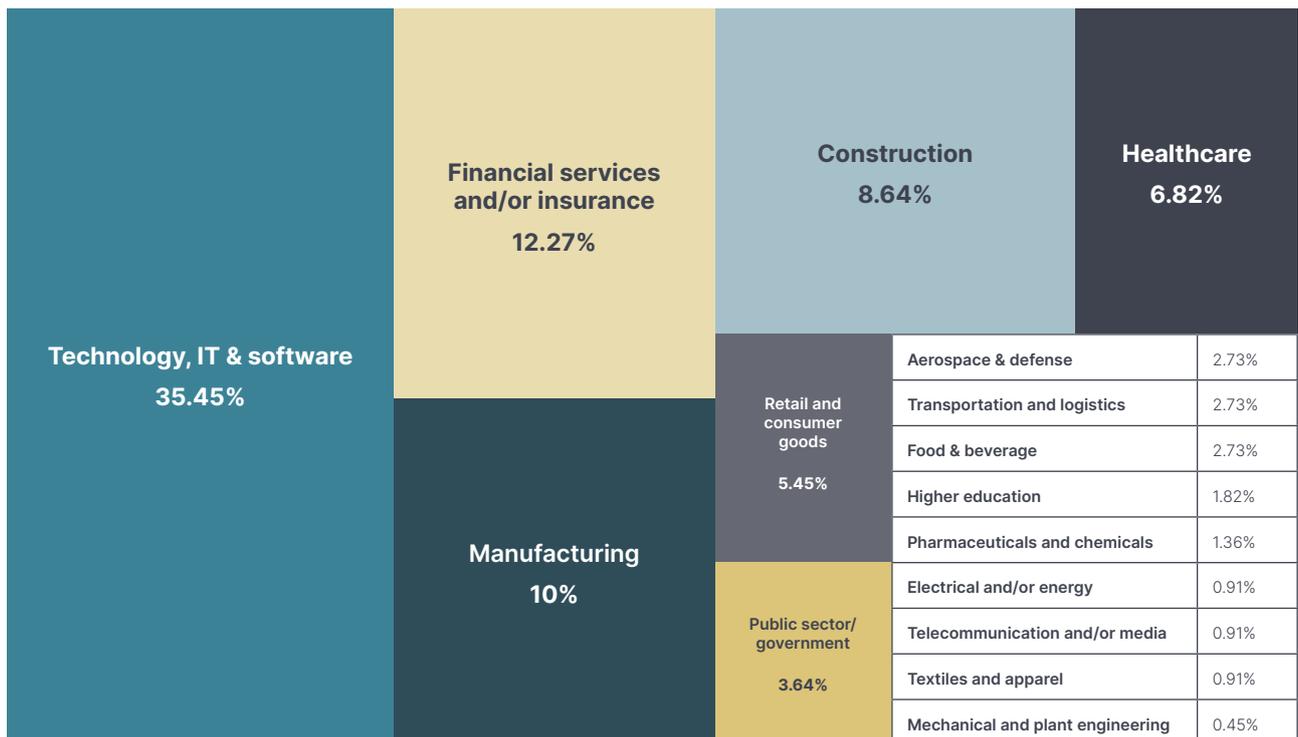
JAGGAER surveyed 220 global respondents in supply chain and procurement, IT, and finance at the manager level and above.

N=220

Geography



Industry breakdown:



About JAGGAER

JAGGAER leads the Autonomous Commerce Revolution, a self-managed B2B commerce experience between buyers, suppliers, partners, and the Internet of Things (IoT). More than \$500 billion worth of goods pass through its Enterprise Commerce Network each year. Powered by Artificial Intelligence and machine learning, JAGGAER procurement solutions provide enterprise buyers and suppliers with Smart-Match Recommendations to best match buyer needs with supplier propositions. These solutions also automate many of the back office and repetitive tasks needed to run business processes smoothly. They are interconnected, intelligent, comprehensive, and extensible. We are NICE (Networked, Intelligent, Comprehensive, and Extensible). JAGGAER has a global presence with a team of 1,200 professionals focused on customer success. For more information, visit www.jaggaer.com.

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¹ Hilcox, A., & Sawchuck, C. (2024). The CPO Agenda [Review of The CPO Agenda]. The Hackett Group. <https://thehackettgroup.imagerelay.com/share/da7f7e433f17457d8c2c6c57b741f64d>

² Addicoat, A., Flynn, R., Kilpatrick, J., Brown, J., & Mitchell, P. (n.d.). 2023 Global Chief Procurement Officer (CPO) Survey: Orchestrators of Value [Review of 2023 Global Chief Procurement Officer (CPO) Survey: Orchestrators of Value]. In <https://www2.deloitte.com/us/en/pages/operations/articles/procurement-strategy.html>. Deloitte.

³ Gartner, Inc. (2023, November 29). Gartner Says Only 14% of Procurement Leaders Have Adequate Talent to Meet Future Needs of their Function [Press release]. <https://www.gartner.com/en/newsroom/press-releases/2023-11-29-gartner-says-only-14-percent-of-procurement-leaders-have-adequate-talent-to-meet-future-needs-of-their-function#:~:text=Gartner%20Says%20Only%2014%25%20of,Future%20Needs%20of%20their%20Function>



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