

Executive Summary

Procurement Trends Report

2025

- 1 From AI adoption to AI adaption
- 2 A tipping point for Procurement Skills mismatch
- 3 More time for the Human Side of Procurement
- 4 AI: overhyped or underestimated?
- 5 The “Golden Age of the Silver Worker”
- 6 Young Talent Still Hesitates to Enter Procurement
- 7 Procurement Takes the Lead Internally
- 8 Shift From Cost Cutting to Value Creation
- 9 Geopolitical Instability Shapes Risk Management
- 10 Category Management Takes Center Stage
- 11 Struggle to balance ESG Goals with Profit

EMBRACING THE FUTURE OF PROCUREMENT

Winston Churchill once said, “To improve is to change; to be perfect is to change often.”

As we approach 2025, the world of procurement is standing at the crossroads of monumental shifts driven by technology, workforce dynamics, and global risks. The pace of these changes is only accelerating, and procurement professionals must embrace this transformation with foresight and agility.

At Procurement Tactics, we’ve invested hundreds of hours of research to highlight the key trends and disruptions that will shape the procurement landscape in 2025. Our insights focus on how AI integration, the evolving role of procurement professionals, and sustainability challenges will impact our industry.

The first theme, AI Transformation, will explore how artificial intelligence is becoming an integral part of procurement processes, enhancing efficiency but also raising concerns about data security and privacy.

The second theme, Shifts in Procurement Roles, will examine the evolving role of procurement professionals, particularly the challenges of attracting younger talent and the implications of an aging workforce. Finally, **the third theme, Tactics for Procurement to Thrive,** will focus on the strategies businesses should adopt to succeed, emphasizing risk management and sustainability.

These themes aren’t just passing trends—they’re powerful forces that will reshape how procurement operates in the years to come.

This report is designed to help procurement leaders thrive amidst these disruptions, with actionable insights on how to align their strategies with the evolving market landscape.

Wishing you success, adaptability, and growth in the year ahead.

Marijn Overvest

Founder

[Procurement Tactics](#)



INTRODUCTION

EMBRACING THE FUTURE OF PROCUREMENT

Theme 1

Page 4

1. FROM AI ADOPTION TO AI ADAPTION

AI will embed itself in procurement operations, pushing teams to adapt to its widespread use.

Page 5.

2. A TIPPING POINT FOR PROCUREMENT SKILLS MISMATCH

As automation rises, procurement professionals face a growing skills gap that must be addressed.

Page 10.

Theme 2

Page 19

5. THE "GOLDEN AGE" OF THE SILVER WORKER

An aging workforce brings expertise, but managing generational differences is essential.

Page 20.

6. YOUNG TALENT STILL HESITATES TO ENTER PROCUREMENT

Despite innovations, younger generations are slow to embrace procurement careers.

Page 23.

Theme 3

Page 30

8. SHIFT FROM COST-CUTTING TO VALUE CREATION

Procurement's role is evolving from focusing solely on cost reduction to delivering broader value.

Page 31.

9. GEOPOLITICAL INSTABILITY SHAPES RISK MANAGEMENT

Supply chain resilience is becoming crucial due to rising global tensions and risks.

Page 34.

3. MORE TIME FOR THE HUMAN SIDE OF PROCUREMENT

With AI managing operational tasks, procurement professionals can focus on strategic partnerships and value creation.

Page 13.

4. AI IN PROCUREMENT: OVERHYPED OR UNDERESTIMATED?

AI's potential in procurement remains undervalued by some, though its transformative power is undeniable.

Page 16.

7. PROCUREMENT TAKES THE LEAD INTERNALLY

Procurement is emerging as a key internal business partner, influencing broader strategies.

Page 26.

10. CATEGORY MANAGEMENT TAKES CENTER STAGE

Category management is driving strategic efficiencies and value across procurement functions.

Page 36.

11. STRUGGLING TO BALANCE ESG GOALS WITH PROFIT

Balancing sustainability goals with financial performance is a growing challenge for procurement teams.

Page 38.

THEME 1

AI TRANSFORMATION IS THE NEW REALITY

Love it or hate it, AI is everywhere and continuously transforms many aspects of our lives, enhancing our productivity and efficiency. As major tech companies like Google, Meta, and Microsoft invest billions in the race to lead the AI revolution, almost every company has integrated some form of AI into their operations.

This transformation has led to a significant shift in many business processes, including procurement. This shift presents a challenge as companies strive for cost efficiency while procurement professionals face concerns about AI disruption and the complexities of navigating AI. As a result, we focus on three key procurement trends under this theme:

TRENDS

TREND 1:

From AI adoption to AI adaption

TREND 2:

A tipping point for Procurement Skills mismatch

TREND 3:

More time for the Human Side of Procurement

TREND 4:

AI: overhyped or underestimated?



TREND 1

FROM AI ADOPTION TO AI ADAPTION

In the last two years, AI has been used by many procurement professionals for personal tasks, such as answering questions, drafting documents, and other activities aimed at making daily life easier.

AI EXPANDS BEYOND PERSONAL USE IN 2025

In 2025, however, AI will expand far beyond personal use and will become an integral part of procurement operations, thanks to the substantial benefits it offers. In fact, a [Deloitte survey](#) found that 94% of business executives believe AI will enhance their operations over the next five years.

A recent [Forbes Advisor survey](#) reveals that 73% of businesses are either using or planning to implement AI-powered chatbots for instant messaging.

Additionally, 61% are leveraging AI to optimize their emails, while 55% are using it to deliver personalized services like product recommendations.

These figures highlight the confidence many companies have in AI's ability to enhance their operations. However, as AI continues to integrate more deeply into business processes, by 2025 we might see rising concerns, especially around data security and potential leaks.

DATA LEAK CONCERNS IN PROCUREMENT

Procurement teams that have adopted AI without fully understanding how to manage it effectively may reconsider their strategies, pushing for stricter measures to safeguard sensitive information.



TREND 1

IMPACT: PROCUREMENT AI SOFTWARE GROWTH SURGES, DATA LEAK CONCERNS FOLLOW

KEY PLAYERS IN AI ADOPTION

With the launch of Merlin Assist and Merlin GenAI Power Apps, Zycus is empowering procurement teams to streamline traditionally manual and complex tasks, boosting efficiency while minimizing operational risks.

On the other hand, GEP has made a strategic move by acquiring OpusCapita, a leading e-invoicing and procurement solutions provider based in Helsinki, Finland. This acquisition allows GEP to combine OpusCapita's strengths in the Nordic region, particularly in e-invoicing and AP automation, with GEP's global AI-powered procurement platform, GEP SMART.

AI ADAPTION CHALLENGES: DATA PRIVACY AND SECURITY

While AI adoption is accelerating, the "adaption" rate tells a different story, as concerns around data privacy and security are increasing.

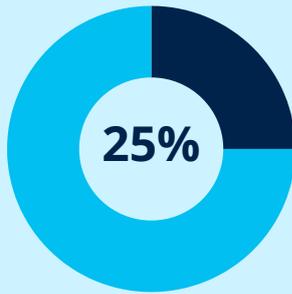
Each interaction with generative AI leaves a digital footprint, raising the risk that sensitive information could be exposed or misused in AI model training. This presents a significant challenge, especially when proprietary data is involved.



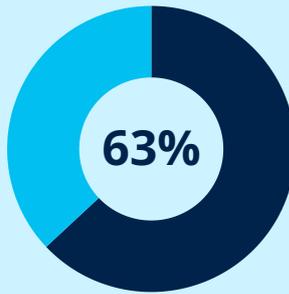
TREND 1

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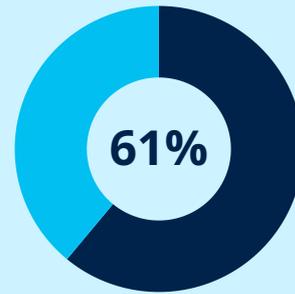
A RECENT CISCO REPORT HIGHLIGHTS THESE CONCERNS



Companies have banned the use of generative AI tools altogether



Respondents restricted the types of data employees could input into these systems.



Limited the AI tools that could be used

LEGAL DISPUTES OVER AI USE

These privacy risks are already central to legal disputes, such as [The New York Times' lawsuit against OpenAI](#), which alleges that its articles were used without permission to train AI models.

As a result, privacy and data security have become top priorities for many companies, and there's growing support for stronger legislation. Businesses now see investment in privacy safeguards as a necessity, with the potential benefits far outweighing the risks.



TREND 1

ACTION: IMPLEMENTING AI WHILE ENSURING DATA PRIVACY

To ensure a seamless adaption rate of AI in procurement while addressing concerns over data leakage, here are five key steps to help integrate AI while keeping your data secure.

STEP 1: ENCOURAGE SAFE AI EXPERIMENTATION IN PROCUREMENT

Companies must build a culture where procurement teams feel empowered to explore AI-driven solutions, all while ensuring strict compliance with data privacy regulations.

STEP 2: IMPLEMENT COMPREHENSIVE AI TRAINING FOR PROCUREMENT PROFESSIONALS

Procurement teams must be equipped with the skills and knowledge to use AI effectively. This training should focus on data security, responsible AI usage, and understanding potential risks.

Additionally, businesses should also listen to employees' concerns and provide the support, guidance, and resources they need to adapt successfully to AI.

STEP 3: DEVELOP A CLEAR AI STRATEGY ALIGNED WITH PROCUREMENT AND DATA PRIVACY GOALS

Businesses should ensure that their AI strategy aligns with procurement objectives while addressing data privacy concerns. This includes creating policies that promote ethical AI use, with a focus on accountability, transparency, and responsible interactions.

“Does your **business** have a **policy** on how to use AI in Procurement?”

A great example is Salesforce Inc., which has developed an AI Acceptable Use Policy (AI AUP) to uphold ethical standards and protect its customers. Their AI AUP prohibits AI use for activities such as making legally binding decisions, political campaigns, and other harmful or deceptive practices. By regularly updating its policy, Salesforce ensures customers are well-informed about the guidelines and consequences of noncompliance, enabling safer and more responsible AI usage.

TREND 1

ACTION: IMPLEMENTING AI WHILE ENSURING DATA PRIVACY



STEP 4: ADDRESS JOB DISPLACEMENT FEARS WITH TRANSPARENCY

The organization should openly communicate the changes AI may bring to procurement roles and emphasize how AI will enhance, rather than replace, human expertise. By integrating privacy protocols into these discussions, companies can maintain trust and transparency.

STEP 5: LEAD CONTINUOUS LEARNING AND INNOVATION IN PROCUREMENT

This heavy reliance on older workers can hinder effective knowledge transfer, leaving procurement teams with skill gaps, especially since younger generations are slower to enter the field.

SAFEGUARDING PROCUREMENT THROUGH AI INTEGRATION

By implementing these five steps, businesses can ensure that procurement professionals successfully adapt to AI integration while maintaining data security. This approach safeguards all stakeholders within the company, particularly protecting sensitive information like strategic plans from any risk of data leakage.

TREND 2

A TIPPING POINT FOR PROCUREMENT SKILLS MISMATCH

As AI has been integrated into almost every part of a business, it's now time for companies to start with adaptation. A [recent report from Glassdoor](#) shows that the percentage of professionals using ChatGPT or similar AI tools in the workplace has more than doubled in a year, rising from 27% when the tool first launched to 62% today. This rapid adoption highlights the increasing reliance on AI to boost efficiency and productivity across industries.

SLOW AI ADOPTION IN PROCUREMENT

Our [survey](#) revealed that out of 804 professionals, only a significant portion is using ChatGPT in their daily workflows, with 198 using it every working day.

While businesses have made significant progress in adopting AI, procurement professionals are still exploring how to fully leverage tools like ChatGPT to boost productivity and efficiency. Additionally, procurement professionals are taking longer to adapt to these new technologies, particularly AI.

DIGITALIZATION'S IMPACT ON PROCUREMENT

A [report](#) by Gartner highlights the need for Chief Procurement Officers (CPOs) to prepare for the significant impact digitalization will have on procurement operations and staffing.

The report also indicates that AI-based solutions are increasingly capable of handling tasks traditionally managed by sourcing professionals.

EQUIP PROCUREMENT PROFESSIONALS WITH TECH SKILLS

Organizations must prioritize equipping procurement professionals with the necessary technological skills to effectively manage and utilize these advanced technologies.

This is a crucial moment for businesses to address the evolving needs of procurement professionals and ensure they have the skills required to navigate the growing digital landscape in procurement operations.



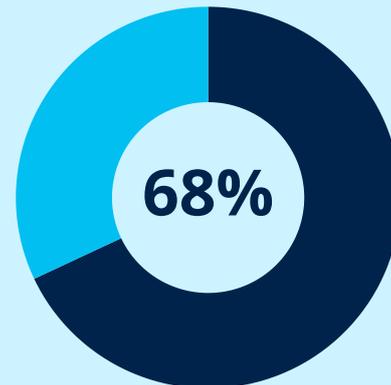
TREND 2

IMPACT: PROCUREMENT PROFESSIONALS STRUGGLING TO ADOPT AI

A [study](#) by Gartner warns that procurement organizations that fail to adopt AI will face a “cost and agility deficit.” Automating repetitive tasks frees up procurement teams to focus on value-added activities that lead to better business outcomes.

This shift also aggravates job security concerns among procurement professionals. As companies continue to automate and integrate AI tools without investing in upskilling their existing teams, they may be forced to replace employees who cannot adapt.

AI ADOPTION IN SUPPLY CHAIN BY 2025



According to [Statista](#), more than half of the global supply chain industry is expected to adopt AI by 2025. This makes addressing the issue of skill mismatches even more urgent.

“Businesses might find it more cost-effective to **hire new talent** rather than invest in **improving the skills of current staff**, seeking a quicker return on investment.

TREND 2

ACTION: STRENGTHEN SKILLS-BASED HIRING AND PROFESSIONAL DEVELOPMENT

PROCUREMENT PROFESSIONALS' AI ADAPTATION

To help procurement professionals adapt to AI and address related challenges, companies must shift their focus from traditional degrees and qualifications to **skills-based hiring**.

This approach will not only enable new professionals to navigate the drastic changes brought by automation but also ensure that businesses invest in continuous professional development.

DEFINING A CLEAR SKILLS TAXONOMY

For existing procurement professionals, identifying a clear skills taxonomy is important. This taxonomy will outline the strengths of the current workforce and highlight areas for improvement, allowing teams to better leverage automation and advanced technologies.

Additionally, investing in ongoing learning programs focused on upskilling will provide both technical AI-related skills and essential human skills like critical thinking and creativity, ensuring a competitive advantage in the evolving procurement landscape.



TREND 3

MORE TIME FOR THE HUMAN SIDE OF PROCUREMENT

Gone are the days when most aspects of the procurement process relied on manual labor, thanks to the surge of AI tools in business.

AI AUTOMATION IN PROCUREMENT

Therefore, procurement managers now have more time to focus on negotiation and supplier relationship management (SRM). The remaining five steps in the procurement process that we follow, which tend to be repetitive and labor-intensive, are suitable for automation through AI and other advanced technologies.

Furthermore, AI can speed up tasks such as Request for Information (RFI), Request for Quotation (RFQ), and contract management, enabling procurement teams to focus on more strategic initiatives.

BALANCING AUTOMATION WITH HUMAN CONNECTIONS

While Generative AI can also assist with negotiation by role-playing as the other party, and procurement software can streamline supplier communications online, human connections will remain critical in procurement, particularly in building trust and innovation in supplier relationships. These areas involve emotions, empathy, cultural awareness, and human judgment, which AI cannot and will never replace.



BALANCING AUTOMATION WITH HUMAN CONNECTIONS

As we approach 2025, these two areas will play an even more vital role in combating supply chain disruptions. With routine tasks automated, procurement managers must prioritize improving negotiation and SRM to stay competitive and resilient.

TREND 3

IMPACT: PROCESSES REMAINING HUMAN IN PROCUREMENT AUTOMATION

Procurement has long been a relationship-driven activity. While certain processes can be automated, building long-term opportunities with suppliers relies on establishing emotional connections. This is especially true for negotiation, which requires understanding human nuances, gestures, and cultural differences to achieve successful outcomes.

AI'S ROLE AND LIMITATIONS IN PROCUREMENT

AI is undeniably transforming the way we work, acting as a game-changer for many businesses and helping them thrive. However, as we continue to embrace this wave of AI, we must acknowledge its downsides. The more we rely on AI tools, the less we cultivate meaningful connections that can further enhance business success.

While AI can accomplish a great deal, it cannot replicate the essence of real relationships. It lacks empathy, cannot read social cues, and is incapable of building trust—qualities that only humans possess.

Milan Emadi, founder and CEO of DreamSofa, emphasizes the importance of strong relationships throughout the supply chain. He notes that disruptions can happen at any moment, which is why focusing on building these relationships is crucial. Each component of the supply chain must work in harmony for the system to function effectively.

The Vital Role of Negotiation and Supplier Relationship Management

Moreover, negotiation and supplier relationship management (SRM) are vital for strengthening the supply chain through meaningful supplier partnerships. Since AI cannot fulfill these roles, procurement managers must prioritize these areas to keep human connections intact within the procurement process.

TREND 3

ACTION: IMPROVE THE HUMAN SIDE OF PROCUREMENT

To help procurement teams improve their negotiation and supplier relationship skills, companies must empower them with training and development programs that enhance their soft skills. This investment will enable teams to connect more effectively with suppliers and build strong, lasting relationships.

SHARING BEST PRACTICES FOR NEGOTIATION

Additionally, procurement managers can share valuable insights from their own experiences in preparing for negotiations. By guiding teams on how to communicate their position clearly and respectfully—avoiding gestures or actions that could offend—they can also help strengthen their teams' relationship-building abilities.

Furthermore, businesses need to recognize that human connections are key to long-term success—something no AI can replicate. In a world where automation is on the rise, it's the human touch that will continue to drive innovation, trust, and strong partnerships.

“Businesses need to recognize that **human connections** are key to **long-term success**—something no AI can replicate.



AI: OVERHYPED OR UNDERESTIMATED?

The debate over whether AI is just hype or genuinely undervalued will continue into 2025. Many businesses are scrutinizing the return on investment (ROI) from their AI initiatives. You may have questioned AI's benefits or doubted its true potential to drive value for your organization and your procurement team. After all, who hasn't experienced uncertainty about the effectiveness of such investments?

In the first release of ChatGPT in 2022, it struggled with basic tasks like solving math problems and often provided misleading or incorrect information—a major concern for those relying on it for accurate content generation.

SKEPTICISM AROUND AI'S ROI

While many businesses have successfully integrated AI tools to boost productivity by streamlining processes and handling repetitive tasks, skepticism remains regarding its ROI. Some even suggest that the AI bubble is on the verge of bursting.

The real question is whether companies will persist in integrating new AI tools into their procurement processes to enhance business operations, despite scrutiny over ROI. As organizations evaluate the effectiveness of their AI investments, the focus will be on determining how these tools can truly optimize their procurement functions moving forward.



TREND 4

IMPACT: AI HYPE IS REACHING ITS BREAKING POINT

BREAKING POINT OF AI HYPE

It's no surprise that AI adoption is already widespread. One of the latest evolutions, Generative AI (GenAI), popularized by ChatGPT, has been in the spotlight since its release.

Why? Because, like other GenAI tools, it can generate new content such as numerical data, images, text, audio, or video based on the data it's trained on.

This year, according to EY, around 40% of supply chain organizations are investing in GenAI, focusing on knowledge management applications.

However, some large companies have a more cautious view. Goldman Sachs, for example, recently published a report titled "Gen AI: Too Much Spend, Too Little Benefit?" after introducing generative AI tools across its workforce. The report reflects concerns about high costs and immediate return on investment.

AI ADOPTION LEVELS IN PROCUREMENT

A report by Zycus, in partnership with Procurement Tactics, found that 69.8% of organizations have yet to adopt dedicated AI software. However, user engagement levels suggest a positive outlook on AI's transformative potential in procurement.

That said, AI, including generative AI products like OpenAI's ChatGPT or Google's AI, isn't going away anytime soon. But for now, AI companies are burning through cash without delivering a product that's easily monetizable and error-free, fueling concerns for many businesses about whether to fully embrace AI or not.



TREND 4

ACTION: ADOPT AN AI GROWTH MINDSET AMIDST THE DOUBTS

COMMITMENT OF BUSINESSES TO AI

Despite lingering doubts about AI, it's clear that many businesses have committed to it, with procurement increasingly integrated with AI tools to boost productivity.

For procurement professionals new to AI, developing an AI growth mindset starts with the practical integration of Generative AI (GenAI) into daily tasks. This includes fostering a mindset of experimentation, using AI to solve problems and make decisions, while keeping a human expert in the loop.

Regular evaluations and adjustments can optimize AI's effectiveness, expanding its application across various tasks while keeping aligned with organizational goals.

THE LONG-TERM VALUE OF AN AI GROWTH MINDSET

By adopting this mindset, even if the AI bubble bursts, the skills gained from using AI tools will remain invaluable in the digital age. As new technologies emerge, these skills will continue to enhance business operations in the coming years.

Regardless of whether AI is overhyped, businesses should still adopt it, as the rapid evolution of technology is continuously reshaping how industries operate, as we've already seen in procurement.

Procurement

professionals should

analyze AI performance and outcomes to ensure the technology meets productivity and quality standards.



THEME 2

SHIFTS IN PROCUREMENT ROLES

As the procurement workforce increasingly spans multiple generations—from Baby Boomers to Gen Z—the roles within procurement are evolving, revealing diverse expectations and contributions.

Each generation brings unique strengths and perspectives, which organizations must harness to ensure procurement processes remain agile and informed. By integrating the knowledge and insights from these various age groups, companies can better navigate shifting consumer demands.

This generational diversity in procurement leads to three key trends we will discuss under this theme.

TRENDS

TREND 5:

The “Golden Age of the Silver Worker”

TREND 6:

Young Talent Still Hesitates to Enter Procurement

TREND 7:

Procurement Takes the Lead Internally



THE “GOLDEN AGE OF THE SILVER WORKER”

Ever wonder why so many people of retirement age are still working in procurement? This is largely attributed to the ongoing financial instability affecting many countries today. In the U.S., for example, only 10% of Americans between the ages of 62 and 70 are both retired and financially secure.



EXTENDED PROFESSIONAL LIFE

The majority of older Americans are either retired but living below the standard of living they had while working or continuing to work because they simply can't afford to stop. This issue is made worse by the reluctance of younger generations to join the workforce, a topic we'll explore in the next trend, along with declining birth rates in developed countries like Japan and South Korea.

MAINTAINING THE WORKFORCE

These challenges are impacting businesses as a whole and are also making it harder for companies to find and keep experienced professionals to manage procurement smoothly.

“Only 10% of Americans between the ages of 62 and 70 are retired and financially secure.”

TREND 5

IMPACT: AGING WORKFORCE AND TALENT GAPS IN PROCUREMENT

NEEDING MORE TALENT

As more people of retirement age continue working in procurement due to financial instability, companies may need more talent when these experienced professionals eventually leave the workforce.

SKILL GAPS IN PROCUREMENT

This heavy reliance on older workers can hinder effective knowledge transfer, leaving procurement teams with skill gaps, especially since younger generations are slower to enter the field.

HARMFUL STEREOTYPES

Additionally, research shows that stereotypes about older workers being outdated, inflexible, or less productive can harm their job satisfaction and productivity.

These negative perceptions can affect their sense of belonging, self-esteem, and access to development opportunities, ultimately impacting overall productivity in procurement.



TREND 5

ACTION: CREATING STRATEGIES THAT BRIDGE DIFFERENT GENERATIONS

RESKILL TEAMS

To tackle these challenges, companies must focus on retraining and reskilling their entire workforce, spanning multiple generations. According to [Bain](#), 22% of workers aged 55 to 64 feel they need more tech skills.

To address this, companies should develop training programs that align with older employees' interest in meaningful work while encouraging supervisors to engage staff across all age groups.

MUTUAL SKILL-SHARING

Businesses should also implement continuous learning programs to help older workers in procurement stay competitive while fostering mentorship between more experienced and newer employees.

Pairing seasoned professionals with younger procurement professionals for mutual skills-sharing, along with offering workshops tailored to different career stages, helps bridge the skill gap and ensures procurement remains agile and effective.

Creating long-term success

By embracing these strategies, companies not only enhance the skills and capabilities of their current workforce but also foster innovation, teamwork, and long-term success in procurement.

Attract cross-generational talent

This approach creates an environment where employees of all ages can continuously grow and contribute, positioning the company to attract and retain talent across generations within procurement.

TREND 6

YOUNG TALENT STILL HESITATES TO ENTER PROCUREMENT

With the numerous digital transformations in procurement, now is the perfect time to attract fresh graduates to the field.

GEN Z IN TECH

However, many companies are struggling to replace procurement professionals, as newer generations are more drawn to digital roles than traditional procurement work.

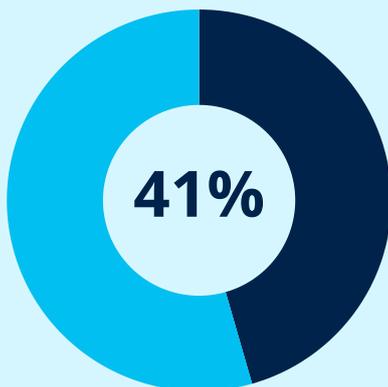
According to [Deloitte](#), Gen Z, being digital natives, are especially attracted to the tech industry, with 51% of those surveyed ranking technology as a top industry for employment.

SHIFT IN CAREER GOALS

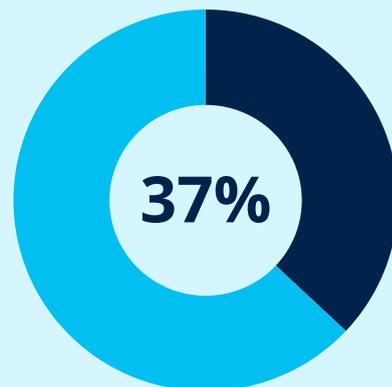
Interestingly, Gen Z is moving away from the traditional pursuit of prestigious roles. A survey by [Intelligent](#) found that around 32% of Gen Z respondents plan to pursue blue-collar jobs.

This shift is largely driven by concerns about the rising cost of living and a preference for apprenticeships or vocational training, which are far more affordable than a four-year college degree, typically required in procurement.

GEN Z INCLINED TOWARDS CAREERS FOR THE GREATER GOOD



Inclined towards careers in education



Inclined towards careers in healthcare

TREND 6

IMPACT: SHORTAGE OF YOUNG TALENT IN PROCUREMENT

NOT ENOUGH VISIBILITY

The reluctance of younger professionals to pursue careers in procurement could worsen talent shortages, especially as older professionals approach retirement.

Procurement has long been viewed as a traditional field and often lacks visibility, making it less attractive to Gen Z compared to more dynamic sectors like tech, which is currently booming.

GEN Z LEANS TOWARD TECH

As Gen Z leans towards tech roles or blue-collar jobs, procurement teams may struggle to bring in the fresh talent needed to drive digital transformation and innovation. This shortage of young talent could disrupt the overall procurement process.

THE TALENT GAP

While many older professionals remain in the workforce, the question remains: who will replace them?

If organizations fail to address the talent gap, progress in adapting procurement to new technologies could be lost, leaving no new generation to take on and apply the necessary knowledge and skills.

This failure could lead to a significant lack of workforce in the future, jeopardizing the effectiveness of procurement practices as experienced professionals retire and fewer skilled workers enter the field.



ACTION: REBRANDING PROCUREMENT

THINKING FOR THE FUTURE

To tackle this challenge, organizations must rebrand procurement as a forward-thinking business function that embraces new technologies and promotes sustainability. As procurement becomes increasingly integrated with AI and advanced tools, companies need to increase the visibility of procurement's role in business. This will help Gen Z and millennials become aware of the field, sparking interest in procurement as a career path.

GEN Z VALUES

According to a [Deloitte survey](#), nearly 9 out of 10 Gen Zs and millennials consider purpose one of the factors to job satisfaction and are more likely to reject work that doesn't align with their values. Therefore, businesses should prioritize sustainability in their procurement processes to attract younger generations, who are more likely to engage with organizations that value social and environmental responsibility.

COMMUNITY ENGAGEMENT

Additionally, companies can implement grassroots talent initiatives by engaging with local communities and educational institutions to access new-collar and blue-collar talent pools in procurement.

The new wave of young talent

These initiatives help identify and connect with skilled workers who may be uncertain about their career paths but possess valuable skills applicable to procurement.

By taking these steps, businesses can address the declining interest among younger talents in procurement. By introducing procurement in a way that resonates with them, companies can ensure their procurement processes remain supported by a new wave of young talent.

PROCUREMENT TAKES THE LEAD INTERNALLY

Procurement has long been seen by other departments as merely "buying stuff." However, it is increasingly recognized for its strategic value. By 2025, procurement teams will play a vital role in shaping business strategies, participating in discussions from the outset rather than only stepping in when problems arise—a shift from many businesses' current practices.



OVERSEEING OPERATIONS

As the backbone of successful operations, procurement oversees complex supply chains and aligns purchasing decisions with strategic business goals, unlocking value at every level of the organization.

PROACTIVE INVOLVEMENT

Early involvement in procurement fosters better collaboration with other departments, enabling potential issues to be addressed before they escalate. This proactive approach positions procurement not just as the first line of defense against supply chain disruptions but also as a key partner in their prevention.

MAKING POLICIES

While strategic procurement often takes the spotlight, tasks like policy implementation are equally crucial for smooth operations.

PROCUREMENT TAKES THE LEAD INTERNALLY

CROSS-COLLABORATION

However, procurement cannot succeed alone; collaboration with other departments is essential to maximizing its value. Procurement functions best when it teams up with other departments, balancing effective strategy with well-run policies and practices.

SKILLS FOR THE FUTURE

To keep pace with changes in procurement, businesses should support their teams in building the necessary skills and encourage close cooperation across departments to effectively manage these critical areas.



TREND 7

IMPACT: IMBALANCE BETWEEN STRATEGY AND EXECUTION HURTS PROCUREMENT PERFORMANCE

RISK EXPOSURE

An imbalance between strategy and execution can significantly disrupt procurement performance. Effective procurement not only requires a well-crafted strategy but also the ability to execute it seamlessly. When organizations fail to bridge this gap, they expose themselves to risks that can impact profitability and hinder growth.

PRACTICAL EXECUTION

American Productivity & Quality Center (APQC) emphasizes that procurement success relies on the practical execution of essential activities, not just strategic planning. Without focusing on execution, even the most robust strategies can fail. Poorly implemented policies lead to increased risks and strained supplier relationships, making it difficult for companies to stay agile in a fast-changing market.

COLLABORATION

Additionally, procurement cannot function well without working with other departments. If a department doesn't clearly communicate its needs to procurement, it can lead to disruptions that affect the entire business.

Involve procurement early

To avoid this, all departments should close the gap in their strategies and involve procurement early on to ensure smooth execution.

Skill-building is key

To overcome these challenges in 2025, organizations need to empower their procurement teams with the skills and resources to achieve a balance between strategic vision and operational execution. This balance is crucial for adapting to ongoing shifts in procurement and maintaining a competitive edge.

TREND 7

ACTION: EQUIP PROCUREMENT TEAMS WITH THE RIGHT SKILLS FOR SMART EXECUTION

THE RIGHT SKILLS

Given the multitude of challenges that procurement teams face—such as global conflict, inflation, and the lingering impacts of the pandemic—it's understandable that much of their focus has been on immediate execution, addressing risks as they arise. However, to ensure that procurement processes stay resilient and minimize risks, businesses must focus on developing the right skills within their teams to close the gap between strategy and execution.

OVERCOMING CHALLENGES

It's not enough to just adopt new technology. Companies must also ensure their procurement professionals have the expertise to manage policies and processes effectively. By doing so, procurement teams can not only handle current challenges but also grow stronger with the support of the business—demonstrating that overcoming obstacles leads to growth.

FOSTERING COLLABORATION

Fostering collaboration with top management and other departments is essential to align procurement with broader business strategies. Procurement is more than just purchasing; it should be involved in every aspect of the business.

Bridge the gap

Therefore, it's crucial for procurement teams to effectively communicate and understand the needs of other departments, bridging the gap as business strategy encompasses everyone.

In short, businesses that invest in both the strategic and operational skills of their procurement teams will be better prepared to adapt and succeed in an increasingly uncertain environment, especially in 2025.

THEME 3

TACTICS FOR PROCUREMENT TO THRIVE

In the first two themes, we've explored the evolving landscape of procurement, focusing on how new technologies are reshaping the field and the priorities that can help influence companies to retain top talent.

In this theme, we'll shift our attention to how procurement aligns with broader business goals, especially when it comes to driving growth. We've identified four key trends that reflect this focus.

TRENDS

TREND 8:
SHIFT FROM COST-CUTTING TO
VALUE CREATION

TREND 9:
GEOPOLITICAL INSTABILITY SHAPES
RISK MANAGEMENT

TREND 10:
CATEGORY MANAGEMENT TAKES
CENTER STAGE



SHIFT FROM COST CUTTING TO VALUE CREATION

In the past, procurement has prioritized cost-savings. However, by 2025, the focus will shift from merely securing the lowest price to delivering value across the entire supply chain.



GO BEYOND THE BASICS

This shift underscores the need for procurement leaders to go beyond basic cost management and provide more strategic, value-driven services. By doing so, organizations can concentrate on broader business goals, such as optimizing internal costs and enhancing overall performance.

MORE STRATEGIC THINKING

Traditionally viewed as an administrative function, procurement's role has evolved significantly since the 2000s to encompass broader strategic concerns within organizations.

“Today, procurement professionals not only secure quality materials on time but also develop strategies that **directly impact the company's bottom line.**”

TREND 8

IMPACT: VALUE-DRIVEN PROCUREMENT

RESHAPING THE VALUE CHAIN

According to [McKinsey](#), procurement's greatest opportunity lies in moving beyond cost control to harnessing its in-depth knowledge of supply markets and the value chain. This evolution positions procurement to play a critical role in reshaping and optimizing the upstream value chain, maximizing value through closer collaboration with suppliers at all levels.

One Chief Procurement Officer (CPO) from an industrial firm explained to McKinsey that the role of the CPO has evolved into that of a "chief partnership officer." This new role involves not only managing supplier relationships but also building stronger alliances across internal functions and business units.

GROWTH-ORIENTED TEAMS

By acting as a knowledge broker, procurement is now responsible for creating value through collaboration within the company and with external partners.

Today, procurement teams continue to face pressure to mitigate the effects of inflation. As a result, many Chief Procurement Officers are seeking ways to transform their teams into more strategic, growth-oriented functions. By embracing these challenges as opportunities for improvement, procurement can evolve into a key driver of organizational success.



ACTION: FOCUS ON VALUE CREATION

WHAT VALUE MEANS

In 2025, procurement will need to prioritize value creation, driven by the goals of boosting revenue, strengthening supplier relationships, and addressing risks that could disrupt the procurement process. To achieve this, businesses must define what value means in the context of procurement while ensuring that it has a strategic impact that streamlines operations.

COST MANAGEMENT

A recent EY survey highlights that cost management ranks as a top priority, second only to effective cash management, in today's market. According to the survey, 70% of general partners (GPs) in private equity firms focus on cost reduction "somewhat" or "significantly" more than usual.

PROCUREMENT DRIVES VALUE

Moreover, many firms have found success by nearshoring, which reduces transportation costs, shortens lead times, and improves both quality control and flexibility. They have also renegotiated contracts and leveraged advanced procurement analytics to optimize spending.

This underscores the vital role procurement plays in helping businesses generate value through more efficient and strategic processes.



GEOPOLITICAL INSTABILITY SHAPES RISK MANAGEMENT

With the challenges procurement faces today—like global tensions from conflicts in Gaza, Israel, Lebanon, Ukraine, and Russia, along with rising inflation—many companies are now focusing more on improving risk management in their procurement processes.

SUPPLIER DIVERSIFICATION

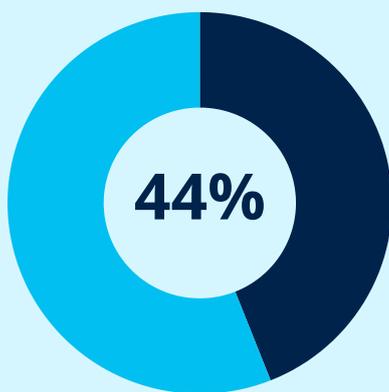
According to a report by Economist Impact, 44% of executives continue to prioritize diversifying their supplier base. The reason is simple: having more suppliers helps protect against disruptions, making supply chains more flexible and reliable.

Some companies are moving away from models that focus mainly on efficiency and are instead building more resilient supply chains. The report also reveals that 26% of companies are choosing to work with fewer, but more dependable, suppliers to improve risk management through stronger relationships.

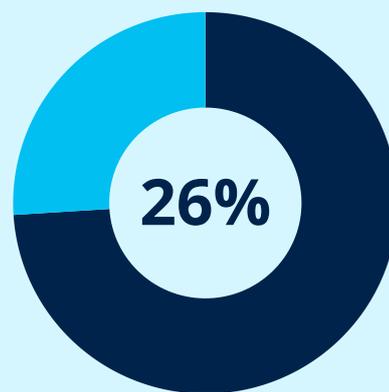
FINANCIAL IMPACT

The report highlights that supply chain disruptions can cost businesses over 40% of their profits every ten years. These disruptions often result from geopolitical instability, supplier failures, or unexpected events. To minimize financial risks, companies are focusing on enhancing visibility and response times in their supply chains, using technology and stronger supplier partnerships to better manage and mitigate potential losses.

GEN Z INCLINED TOWARDS BETTER RISK MANAGEMENT STRATEGIES



Inclined towards diversifying supplier base



Choosing fewer, dependable suppliers

KEY TAKEAWAY: STRENGTHEN PROCUREMENT THROUGH RISK MANAGEMENT

DIVERSIFY BEYOND TRADITIONAL SUPPLIERS

Effective risk management involves expanding your supplier base to include more reliable and flexible partners. Diversifying helps protect against supply chain disruptions and builds resilience in times of global instability.

MOVE AWAY FROM EFFICIENCY-ONLY MODELS

Shifting focus from pure efficiency towards a balance between efficiency and resilience ensures that your supply chain can withstand unexpected disruptions. Prioritize strong relationships with dependable suppliers.

CLEARLY DEFINE RISK MANAGEMENT STRATEGIES

Establish well-defined risk mitigation processes that include clear roles and responsibilities for procurement teams. This ensures quick decision-making and reduces the financial impact of supply disruptions.

Financial risk

40% of profits can be lost every 10 years due to supply chain disruptions, which can significantly impact financial stability. Without effective risk management, these disruptions can lead to operational delays and increased costs.

Supplier strategy

44% of executives prioritize diversifying their supplier base to minimize risks. Expanding the supplier network helps ensure flexibility and reliability, reducing dependence on a single supplier.

CATEGORY MANAGEMENT TAKES CENTER STAGE

As procurement evolves, so does the role of category management, once considered a tactical part of procurement, it is now taking on strategic importance.

CATEGORY MANAGEMENT GAINS TRACTION

As procurement evolves, so does the role of category management, once considered a tactical part of procurement, it is now taking on strategic importance.

CATEGORY MANAGEMENT AS A STRATEGY

Once seen as a project-based approach, category management has transformed into a strategic method. Grouping products and services into similar categories allows businesses to operate more efficiently and find cost-saving opportunities.

Only 26% of businesses currently use category management as a core strategy, despite its proven ability to drive significant cost savings.



KEY TAKEAWAY: ELEVATE PROCUREMENT WITH CATEGORY MANAGEMENT

LEVERAGE CATEGORY MANAGEMENT FOR STRATEGIC VALUE

Category management has evolved from a tactical process to a strategic tool. By grouping products and services into categories, procurement teams can streamline processes, identify efficiencies, and enhance collaboration with suppliers to drive long-term value.

DEVELOP CATEGORY MANAGEMENT STRATEGIES

Procurement teams must establish well-defined category management strategies. By 2025, more companies will rely on this method to effectively manage their portfolios of products and services, unlocking new cost-saving opportunities and driving performance.

SHIFT FROM PROJECT-BASED TO STRATEGIC APPROACHES

Procurement professionals are moving away from the project-based mindset and embracing category management as a continuous, strategic method. This shift ensures businesses can better navigate the complexities of the supply chain and adjust to market fluctuations.

Strategic value

Businesses that embrace category management can achieve up to 15% in cost savings through better procurement decisions. Grouping products and services into categories improves supplier relationships and drives long-term value.

Technology integration

Leveraging technology is critical for efficient category management. Centralized systems provide real-time data and facilitate collaboration, enabling procurement teams to adapt to market changes and streamline operations.

STRUGGLE TO BALANCE ESG GOALS WITH PROFIT

In recent years, sustainability has become a key corporate strategy, but many businesses struggled to take meaningful action. By 2025, this is expected to change as companies face growing pressure to align their business models with environmental, social, and governance (ESG) goals.

INCREASING ESG DEMANDS

An EY survey reveals that 90% of global institutional investors reconsider investments if companies fail to adopt ESG criteria. By 2025, consumers will favor brands that minimize harm to the environment, health, and society, driven by younger generations' growing awareness of climate change.

BALANCING ESG WITH PROFITABILITY

Companies face the challenge of balancing ESG commitments with maintaining high-profit margins. Procurement teams must find ways to achieve their sustainability goals without sacrificing financial performance.



KEY TAKEAWAY: BALANCE ESG GOALS WITH PROFIT FOR LONG-TERM SUCCESS

INCREASE ESG EFFORTS TO MEET INVESTOR AND CONSUMER EXPECTATIONS

Businesses are under pressure to embrace sustainability as a core strategy. By 2025, 90% of institutional investors will reconsider investments if companies fail to integrate ESG criteria, while consumers will increasingly demand eco-friendly and socially responsible products.

THE IMPORTANCE OF GENUINE SUSTAINABILITY OVER GREENWASHING

Consumers and industry peers are calling out businesses that make false sustainability claims. Companies must move beyond superficial commitments and embrace genuine sustainability to avoid reputational damage.

FIND THE BALANCE BETWEEN PROFITABILITY AND SUSTAINABILITY

The challenge lies in maintaining profit margins while committing to sustainability. Procurement teams must find ways to implement sustainable procurement tactics without sacrificing financial performance.

Sustainability pressure

By 2025, 90% of global institutional investors will reconsider investments if companies fail to adopt ESG criteria. Businesses are facing increasing pressure to align their operations with sustainability goals, driven by both investor and consumer demands.

Profitability challenge

Many companies struggle to balance ESG commitments with maintaining profitability. Procurement teams must adopt sustainable procurement tactics that allow them to meet their ESG targets while safeguarding financial performance.

COURSES WE OFFER

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Unleash the power of ChatGPT & AI within procurement



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Transform risks into opportunities



Cultural Impact on Negotiations

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PROVEN ONLINE LEARNING - TESTIMONIALS

Our testimonials showcase the real experiences and success stories of procurement professionals who have completed our courses. Hear how Procurement Tactics has transformed their skills, careers, and approach to procurement, helping them achieve outstanding results in the field.



Jeff Lentsch

*Strategic Sourcing & Transformational
Indirect Procurement Leader*

Procurement Tactics helped my Sourcing team to construct a sharp 2023 Procurement Strategy to counter the current challenges. I am very happy with the results and am confident my team will deliver better results after the help of Procurement Tactics!



Kees Rusius

*SVP Commerce / Executive Committee
Member- AB Vassilopoulos*

I recently completed the online course offered by Procurement Tactics, and it was an excellent learning experience. The course was comprehensive, and the material was presented in an easy-to-understand format. I now feel more confident in my ability to excel in my procurement career



Rob Gregory, CSCP, MBOE

Executive Director at Kyowa Kirin

Having engaged with this program, I was truly impressed by the level of detail and thoughtfulness that has gone into its design. The comprehensive modules presented in its course structure provided a wealth of information, delivered in an accessible, user-friendly format.

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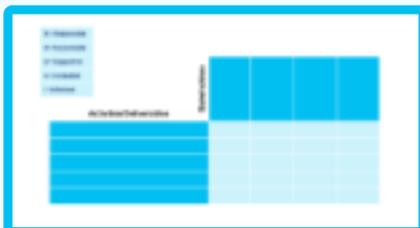
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At Procurement Tactics, we educate Procurement Professionals to close better deals, secure supply and advance their career. The team of Procurement Tactics has over 20 years of experience in procurement & negotiations and trains procurement teams from small and large companies from all over the world.



THANK YOU!

At Procurement Tactics, we believe that procurement teams thrive when equipped with the right skills and knowledge.

Our comprehensive training programs and resources empower procurement professionals to enhance their expertise and deliver greater value to their organizations.

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