

Procurement at a crossroads: from optimism to realism



About this report

Now in its fifth consecutive year, The Procurement Imperative series examines the evolving role and priorities of the procurement function amid a rapidly shifting global environment. This year's report, *Procurement at a crossroads*, analyses how leaders in the function are responding to compounding pressures: the re-emergence of cost control as the primary measure of the function's value, challenges in the accelerating adoption of artificial intelligence, and the persistent tests of geopolitical risk, supply-chain reconfiguration and demand for greater resilience.

Economist Enterprise, sponsored by SAP, conducted a global survey of 2,648 C-suite executives across organisational functions spanning chief operating officers (COOs), chief financial officers (CFOs), chief procurement officers (CPOs), chief supply chain officers (CSCOs) and chief information officers (CIOs). The survey spans 23 countries and was conducted between December 2025 and February 2026.¹

The survey findings are supplemented by interviews with executives and experts across regions and sectors. Economist Enterprise would like to thank the following for their time and insights (listed alphabetically by surname):

- **Chris Bezuidenhout**, chief information officer, global emerging markets and Asia-Pacific, corporate and investment banking, Deutsche Bank
- **Richard Gardner**, senior director of solution intelligence, The Hackett Group
- **Simon Geale**, executive vice-president, Proxima
- **Philip Ideson**, founder, Art of Procurement
- **Oleh Melnyk**, chief procurement officer, London Stock Exchange Group (LSEG)
- **Erik-Jan Ossewaarde**, senior vice-president, global sourcing, fuel, aviation and innovation; head of procurement for Asia-Pacific, the Middle East, North Africa and Turkey, DHL Group
- **Chris Sawchuk**, principal and global procurement advisory practice leader, The Hackett Group
- **Ard Verboon**, chief procurement officer, Schneider Electric

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¹ The survey polled executives in Australia, Bahrain, Brazil, Canada, China, Denmark, Finland, France, Germany, Iceland, India, Italy, Japan, Kuwait, Mexico, Norway, Qatar, Saudi Arabia, Singapore, Sweden, United Arab Emirates, United Kingdom, United States.

Executive summary

In its fifth year, Economist Enterprise's survey of global executives reveals that procurement continues to be a central source of intelligence within organisations, most often reporting to the chief operating officer (COO). Yet the past year also marks a shift. Business leaders report weaker alignment between procurement and wider corporate strategy and declining confidence in procurement teams' effectiveness across several measures.

One reason is a dual mandate. The past 12 months have seen cost control re-emerge as the gold standard by which procurement leaders are judged. Yet the function is also expected to excel in the additional roles it has accrued since the pandemic: risk management, supply-chain diversification and resilience. For example, firms plan to invest heavily in category management—the practice of grouping related areas of spending into strategic portfolios and tailoring buying strategies to the needs of each market, rather than simply minimising the cost of every transaction—which implies a risk-focused approach to procurement rather than pure cost control. Procurement, in other words, is expected to reduce costs while also anticipating disruptions and ensuring continuity of supplies amid heightened geopolitical volatility.

A second reason is a significant change in how procurement excellence is meant to be achieved. Over the next 18 months, procurement teams are expected to focus on adopting agentic artificial intelligence (AI), almost to the exclusion of all other goals. Data, long a weak spot in procurement, will have to take centre stage as teams lean more heavily on analytics alongside strong supplier relationships to create incremental value. The challenge will be to balance data-driven decisions with close collaboration across suppliers, using the right approach for each category and market.

Key findings:

- **Cost has returned to the top of the agenda and may be there to stay.** After the pandemic elevated the importance of risk management and resilience in the procurement function, cost control is now firmly back in the driving seat. A majority of executives (54%, rising to 58% for chief procurement officers—CPOs—and 59% for chief supply chain officers—CSCOs) say that it is the function's primary contribution to their organisation, more than ten percentage points higher than in 2025. The inflationary impact of higher energy prices resulting

from the Iran war will only add to these pressures in 2026.

- **Executives also expect the procurement function to take a systematic approach to risk management.** Category management is set to receive the second-highest level of digital investment of any procurement discipline. Procurement leaders must show their value to the organisation by doing more than saving money.
- **AI dominates the short-term procurement agenda but confidence in delivery is uneven.** Digital transformation is the most urgent strategic priority for the function, cited by six in ten executives, with agentic AI the most sought-after technology in procurement. Yet AI adoption has so far yielded mixed results and faces huge technical obstacles. Confidence in the technology's potential to improve productivity remains uneven, even as executive scrutiny on AI's returns on investment in procurement grows.

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- The human-AI balance will remain in favour of humans for now.** Fewer than one in ten executives (9%) say that they want AI to lead most procurement decisions within the next three years. Five times as many (46%) anticipate a more limited sphere of activity for AI, with the technology supporting tactical and discrete activities like invoice automation while humans retain strategic control.
- After trending upwards since 2023, procurement's centrality to corporate strategy has declined markedly over the past 12 months.** Although three in four executives (74%) are confident in procurement's ability to collaborate effectively with the rest of the business, that is far fewer than last year (90%). Executive confidence in procurement's influence over digital transformation has also declined (68%, down from 91%), as has confidence in the function's effectiveness in risk management.
- Procurement operating models are in transition, but are set to become more centralised over the longer term.** In the short term, firms are most likely to adopt shared services and decentralised models to allow localised AI decision-making, as selected by 35% and 24% respectively as their response to digital and AI-driven transformation in the next 12 to 18 months. But over three to five years the centre-of-excellence and centre-led models are expected to dominate, selected by 36% and 32% respectively, as companies seek to centralise AI-enabled decision-making around unified data.



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The re-emergence of cost control

Over the five years of this survey, procurement has been in the midst of a slow but consequential argument about what its purpose is. The seismic disruption to global supply chains wrought by covid-19 made a case for firms to treat procurement as a strategic asset far more persuasively than any CPO could have. Procurement teams, steeped in relationships with suppliers across the world, were suddenly a source of intelligence and able to make recommendations to improve newly prized resilience. Boards took notice and the function gained visibility and influence.

That dynamic is not over. But it has been interrupted. The most unambiguous finding of this year's survey is that cost control, the bread and butter of procurement, has re-emerged as the measure by which the function is judged.

A majority of executives (54%) identify cost savings and optimisation as the primary value the function delivers to their organisation, a significant increase from 43% in 2025 and 36% in 2023, when it was not even the leading response. This year's 54% figure rises to 58% for CPOs themselves and 59% for CSCOs. The next most identified value, digitalisation, was chosen by just one in ten executives, leaving the largest gap between the first and second most important drivers of value in the history of our survey.

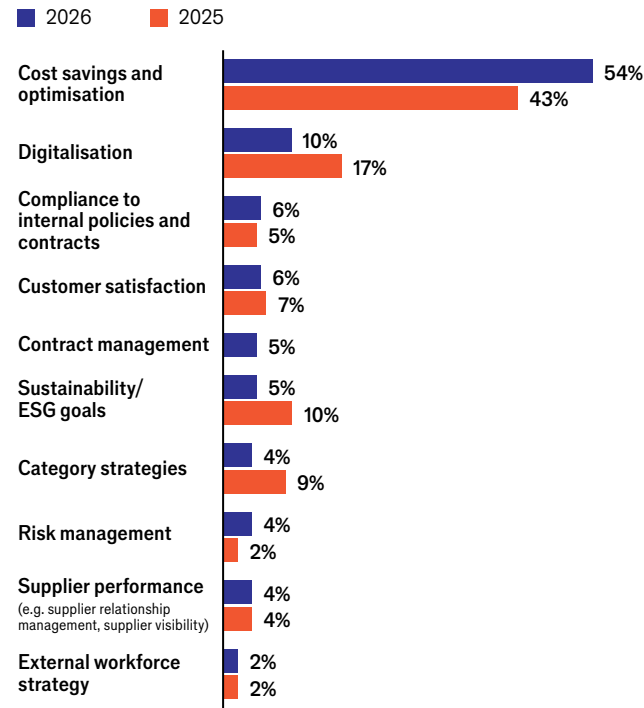
54% of executives identify cost savings as the primary value of procurement.

Source: Economist Enterprise survey



Figure 1: First, cut costs

Primary value that procurement delivers to the organisation, 2025 and 2026, % of respondents



Source: Economist Enterprise 2025 and 2026 executive surveys on procurement

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“My first priority is cost efficiency. It protects the bottom line by preserving EBITDA and operating leverage,” says Oleh Melnyk, CPO at London Stock Exchange Group (LSEG), a financial markets infrastructure and data provider.

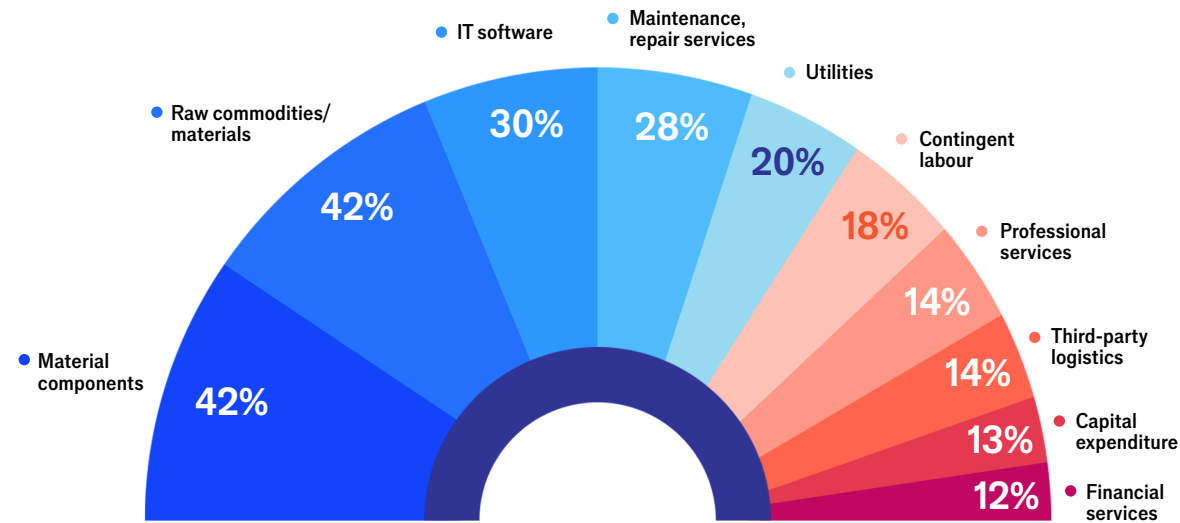
Where CPOs invest their time also reflects a return to fundamentals. Raw commodities and components, the nuts and bolts that go into end products, are the spending areas where procurement leaders devote the most time and say that they exert the most influence. Only executives in banking, the public sector and financial services (which do not depend on material inputs) and the high-technology industry bucked this trend.

“The resilience firms sought after the pandemic has a cost. How do you fund it? By taking spending out of your organisation in other places.”

Simon Geale, executive vice-president, Proxima

Figure 2: Nuts and bolts

Spend categories in which executives invest the most time and exert the most influence in the organisation, % of respondents



Source: Economist Enterprise 2026 executive survey on procurement

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Avoiding retreat

This return of cost control to the forefront of the procurement function reflects something structural. Inflation, although down from its 2022 peak, has left costs durably higher across most input categories.² Tariff volatility has also introduced a new layer of price unpredictability over the last 18 months.³ Most importantly, the investment required to build resilience into supply chains through, for example, dual sourcing, inventory buffering or nearshoring, carries a price tag for firms that procurement is under pressure to recoup elsewhere. “The resilience firms sought after the pandemic has a cost,” says Simon Geale, executive vice-president at Proxima, a consultancy. “How do you fund it? By taking spending out of your organisation in other places.”

The risk is that a period of intense focus on spending discipline narrows the ambitions of the procurement function. Philip Ideson, founder of Art of Procurement, a media and advisory business, argues that procurement teams focused on finding savings alone during times of economic pressure will find themselves “put back in the



box” once the pressure for spending discipline eases. He urges leaders to demonstrate broader value even as they deliver cost efficiencies.

Ard Verboon, CPO at Schneider Electric, an energy-technology company, sets out what that broader role looks like in practice. “Cost is no longer just about negotiating input prices,” he says. “The real priority is influencing design decisions upstream and removing cost before it is designed in.” That means working with R&D and suppliers

early, shaping technology and design choices before they harden, rather than trying to cut costs later.

This is the tension this year’s survey captures. Procurement leaders are under pressure to save money but also deliver on a number of other fronts too, with teams that are not growing to match the function’s expanded remit. The chapters that follow trace how procurement leaders are attempting to navigate this challenge.

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² Hargreaves L, Procurement Magazine, CIPS & RS: Inflation Biggest Procurement Concern in 2025, Jan 14 2025. Available from: <https://procurementmag.com/indirect-procurement/cips-rs-inflation-procurement-2025>

³ UNCTAD, Uncertainty is the new tariff, costing global trade and hurting developing economies, Sep 1 2025. Available from: <https://unctad.org/news/uncertainty-new-tariff-costing-global-trade-and-hurting-developing-economies>

The expanding role of category management

Alongside the renewed emphasis on spending discipline sits a parallel ambition: a more systematic, portfolio-based approach to managing what firms buy and from whom. Category management, the practice of grouping related areas of expenditure into strategic portfolios and managing each one continuously over time, has been a feature of sophisticated procurement functions since the 1990s. What has changed in recent years is the range of factors—from tariff exposure to geopolitical risk and environmental, social and governance (ESG) compliance—that category managers are expected to consider in procurement decisions, and the scale of investment being directed towards the discipline as a result.

A recent industry study traces how category management has shifted from a framework of rigid annual plans to dynamic strategies that continuously respond to new information. Inside the firm, meanwhile, the discipline is increasingly collaborating with finance, operations and risk management teams.⁴ This brings a broader understanding

of the value that procurement can deliver, beyond reductions in headline spending. “Creating a competitive tender process that reduces costs is not the only way for a procurement function to create value,” says Chris Sawchuk, principal and global procurement advisory practice leader at The Hackett Group, a consultancy. “There are a lot of levers you can pull—and managing risk is a big one.”

Betting on technology

The question for category managers is how to take on this more sophisticated role and apply it across as much of the firm’s purchasing activities as possible. The answer, business leaders clearly hope, is technology: two-thirds of executives (67%) say that greater use of AI-driven and predictive insights is the most likely source of improvement in category management. Enhanced analytical capabilities, which complement AI, come second.



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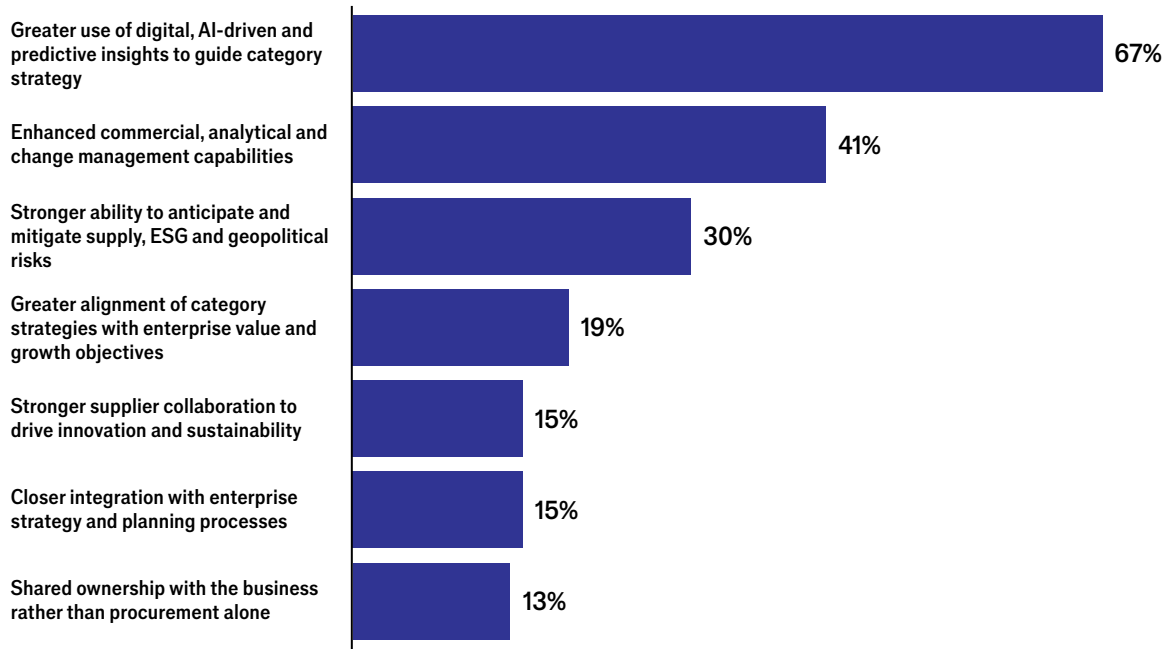
⁴ Spend Matters, Category Management: Key insights for 2026 from ChAI, Jan 13 2026. Available from: <https://spendmatters.com/2026/01/13/category-management-key-insights-for-2026-from-chai/>

“Creating a competitive tender process that reduces costs is not the only way for a procurement function to create value. There are a lot of levers you can pull.”

Chris Sawchuk, principal
and global procurement
advisory practice leader,
The Hackett Group

Figure 3: In data we trust

Drivers of improvement in category management, % of respondents



Source: Economist Enterprise 2026 executive survey on procurement

Executives also expect category and demand management to receive the second-highest level of digital investment of any procurement discipline over the next three years, behind only spend and performance analytics. Chris Bezuidenhout, chief information officer (CIO) for global emerging markets and Asia-Pacific at Deutsche Bank, an investment bank, singles out category management as an area where he can “definitely see the upside of deploying AI tooling and solutions.”

As firms invest more in technology for category management and envisage a wider role for the discipline, they are also rethinking how buying decisions are made. Category strategy is now the third most common source of delay across the procurement process, cited by nearly three in ten executives (29%). Only contracting (45%) and sourcing (30%) cause more friction. The implication is that, as category management has taken on more variables, it has also become slower. This is a tension that AI, despite its growing prominence in the discipline, is yet to resolve.

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Procurement's AI dilemma

It is not just category managers who are banking on AI to deliver substantial productivity improvements; the technology is now central to any future vision of the procurement function as a whole. If spending discipline has returned as the north star of procurement, AI has become the undisputed means by which to achieve it and, our survey suggests, teams are being organised around the pursuit of it.

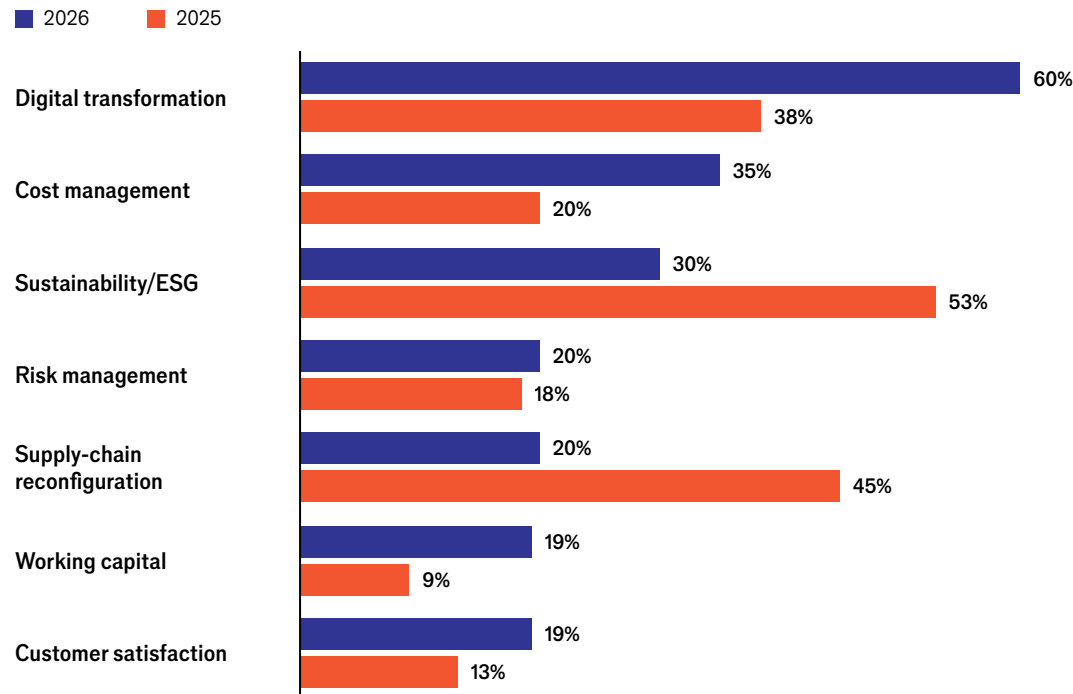
Digital transformation is by far the top strategic priority for procurement over the next 18 months according to executives, up from fourth place in last year's survey. It attracts significantly more attention in the short term than even cost management.

60% of executives identify digital transformation as their top strategic priority for procurement over the next 18 months, up from 38% in 2025.

Source: Economist Enterprise survey

Figure 4: The digital imperative

Strategic priorities for procurement in the next 12-18 months, 2025 and 2026, % of respondents



Source: Economist Enterprise 2025 and 2026 executive surveys on procurement

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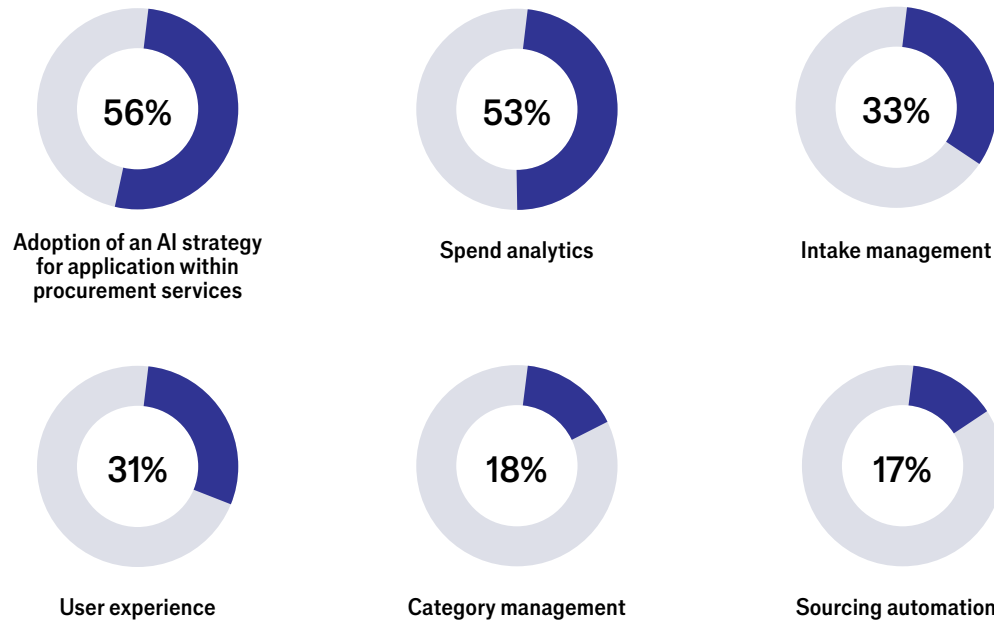
AI adoption, meanwhile, is the single most important driver of digital transformation in 2026, cited by 56% of executives. Last year, by contrast, the far more conventional procurement goal of improved spend analytics was the leading motive for digital transformation, as selected by two-thirds of executives.

The centrality of AI to the short-term procurement roadmap makes the stakes for its successful adoption in the function almost existential. As technology advances across other areas of the firm, rapidly accelerating decision-making, procurement is under growing pressure to provide real-time intelligence. “If procurement can’t keep up with the [new] speed, we can’t participate,” notes Mr Sawchuk from The Hackett Group.

The record on AI adoption in procurement so far, however, is decidedly mixed.

Figure 5: Buying into AI

Drivers of digital transformation in procurement, % of respondents



Source: Economist Enterprise 2026 executive survey on procurement

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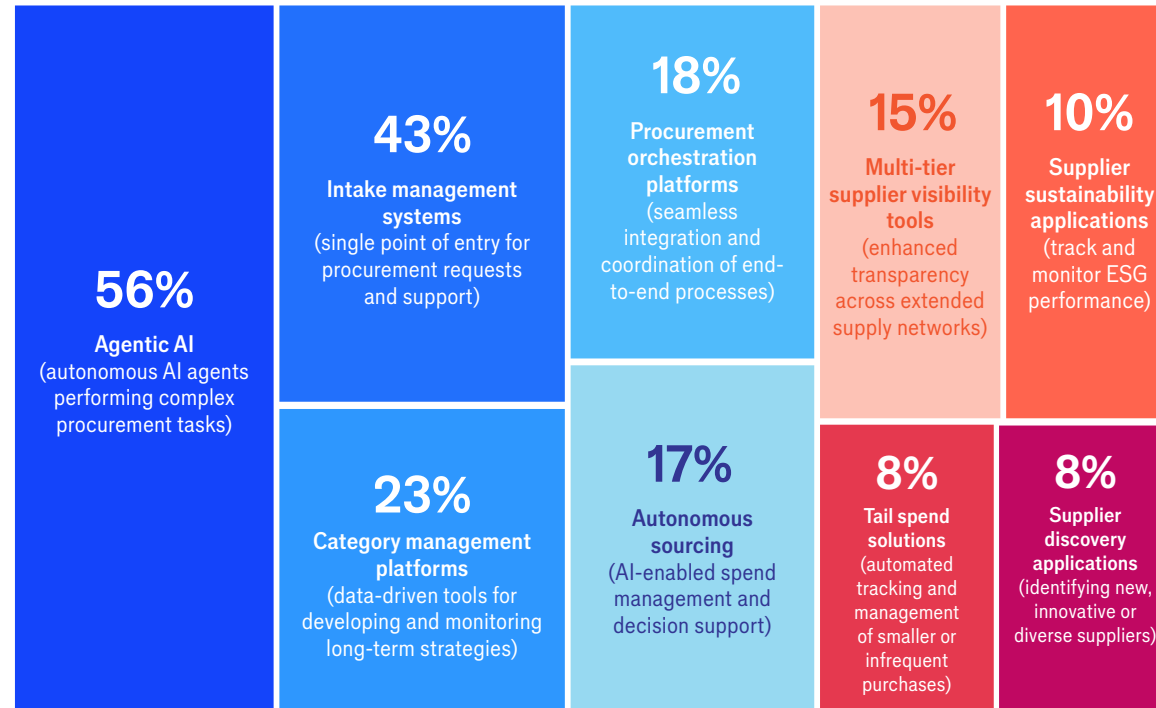
Rise of the agents

In 2025 a majority of executives (54%) told our survey that they planned to implement or evaluate the use of generative AI for procurement over the following 12 to 18 months, making it by far the most popular technology. This year we asked about agentic AI instead and executives were even more enthusiastic.



Figure 6: Agents of change

Technologies to be implemented or evaluated in procurement in the next 12-18 months, % of respondents



Source: Economist Enterprise 2026 executive survey on procurement

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“It began with generative AI, transforming a wide range of inquiries into meaningful, actionable content. We are now moving beyond insight generation towards execution. This is where agentic AI creates real value for procurement: translating business needs into guided buying decisions and seamlessly executing them through automated purchase orders.”

Erik-Jan Ossewaarde,
senior vice-president
of global sourcing,
DHL Group

The shift to agentic AI represents a step change in ambitions for AI in the function. Whereas the natural language prompts of generative AI tools promised to increase the productivity of procurement teams by providing advice and information, AI agents can actually execute tasks themselves. “It began with generative AI, transforming a wide range of inquiries into meaningful, actionable content,” says Erik-Jan Ossewaarde, senior vice-president for global sourcing at DHL Group. “We are now moving beyond insight generation towards execution. This is where agentic AI creates real value for procurement: translating business needs into guided buying decisions and seamlessly executing them through automated purchase orders.”

This paves the way for a form of autonomous procurement where AI holds decision-making power and humans simply oversee it. The appeal is straightforward. Mr Geale at Proxima draws an analogy with the business process outsourcing (BPO) boom of the 2000s, where external vendors offered to run firms’ internal processes at much reduced cost. Agentic AI, he says, also offers the potential

to deliver existing workflows for a fraction of current spending: “The speed to value you can generate is exponentially better than doing it with humans in some cases.”

At the leading edge, results are already visible. Richard Gardner, senior director of solution intelligence at The Hackett Group, describes AI agents responding in real time to operational data, autonomously triggering purchases, notifying suppliers and scheduling deliveries or service actions based on pre-defined scenarios.

Implementation challenges

Despite the enthusiasm for agentic AI, the reality of deployment remains modest. A McKinsey study suggests that just 23% of companies are scaling up an agentic AI solution, with a further 39% experimenting with or piloting agents.⁵

Our survey finds that executives face a huge range of challenges to adoption in procurement from integration

difficulties to insufficient technical expertise. The single biggest obstacle identified is the catch-all “unclear return on investment”, which was named as the top barrier by almost one-third of executives (32%), nearly twice as many as the second-placed barrier, integration challenges. This suggests that executives are unclear why exactly their AI projects are failing to deliver results.

The reality is that many organisations are attempting to adopt AI in environments not yet ready to support it and therefore failing to achieve expected results. Take data readiness. A Gartner study notes that data engineering practices lag behind the pace of AI model development, meaning that AI agents simply don’t have real-time access to the firm-wide information they need to make informed decisions.⁶ Only 18% of procurement leaders believe that their current tech stack is fully integrated, with almost nine in ten saying that employees have to log in to at least two external systems to submit a simple procurement request.⁷ This fragmentation makes it hard to deploy orchestration tools, which should allow AI agents to act across different

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⁵ McKinsey, The state of AI in 2025: Agents, innovation, and transformation. Available from: <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai>

⁶ Gartner, The Gartner Hype Cycle for Artificial Intelligence 2025. Available from: <https://www.gartner.com/en/webinar/764837/1735244-the-gartner-hype-cycle-for-artificial-intelligence-2025>

⁷ Aaronson M, Tonkean, Top 6 Procurement Intake and Orchestration Platforms for Enterprise Teams (2026 Guide), Mar 20 2026. Available from: <https://www.tonkean.com/blog/top-6-procurement-intake-and-orchestration-platforms-for-enterprise-teams-2026-guide>

channels and datasets.⁸ That is why Mr Verboon argues that the constraint lies elsewhere. “The biggest barrier is not the AI model itself. It is the foundations around it,” he says. “For complex tasks like supplier negotiation, you need trusted, connected data and very clear governance.” Without clear decision rights and audit trails, he adds, firms cannot act on AI recommendations with confidence.

Mr Bezuidenhout at Deutsche Bank describes agentic AI in his organisation as still at the proof-of-concept stage: “Nothing that’s mature and therefore industrialised at scale.” He also identifies two additional challenges for firms considering investing heavily in agentic AI technology providers or orchestration software—uncertainty about the longevity of the vendors providing those services and the opacity of their pricing. “There’s so much volatility when it comes to this space, with new entrants all the time. You don’t want to put all your eggs in one basket or you could find yourself in a position where, six months from now, your vendor is no longer viable.”

Although these concerns are valid, CPOs that heed them also run the risk of being left behind by first movers on AI if they do not act. “Everyone talks about data-quality challenges, but if we wait for data to be perfectly complete and accurate, we may never begin. Instead, we should let AI learn from real use and actively support continuous data improvement and correction along the way,” says Mr Ossewaarde of DHL Group.

A narrower lane

Given these obstacles to AI adoption in procurement, it is notable that executives report improvements across almost every area of the function. Around eight in ten report some or significant gains from AI in cost optimisation (82%), optimisation and guidance (80%), productivity and efficiency (80%), and procure-to-pay process automation (80%). These are meaningful gains, but they cluster around process automation and analytical support. A majority of executives (56%) report no improvement in “decision-making”, a promised outcome of agentic AI.

56% of executives report no improvement in “decision-making” through the use of AI over the past 18 months.

Source: Economist Enterprise survey



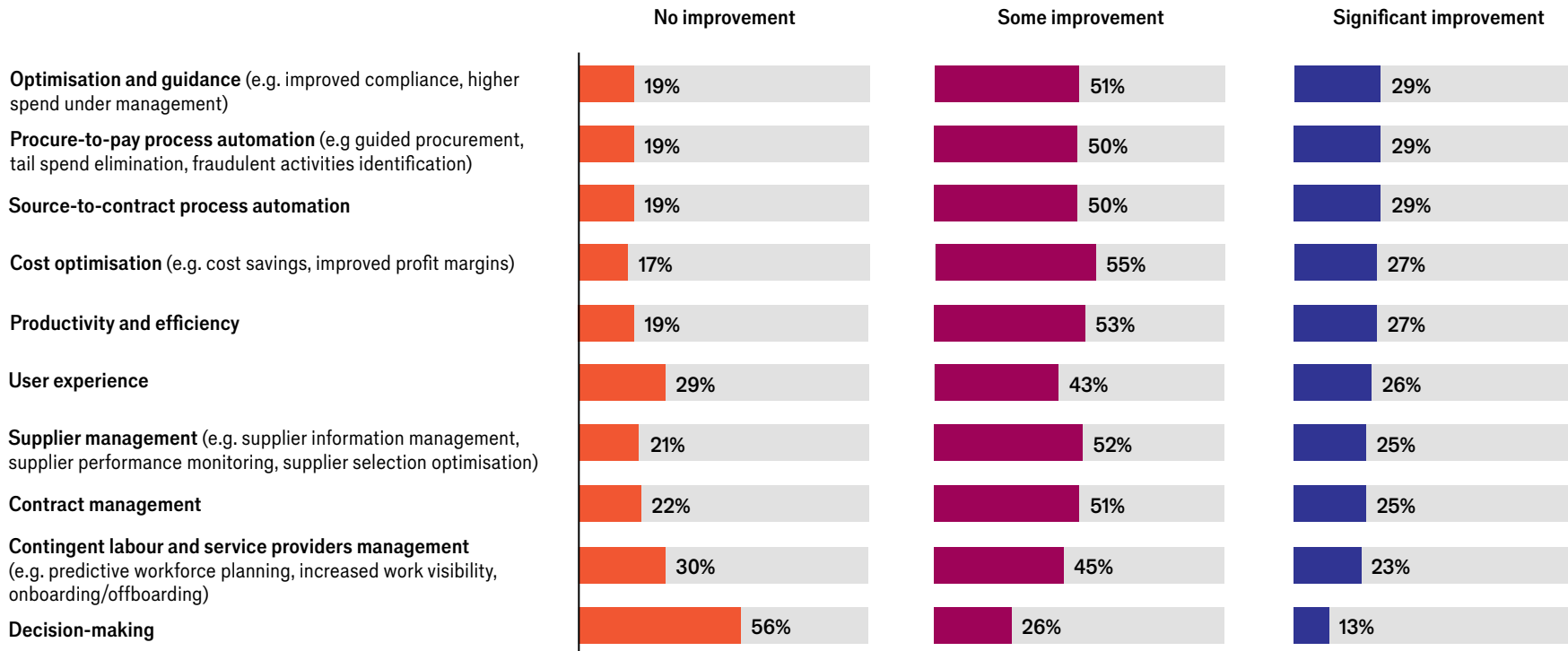
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⁸ Naftalin B, Ivalua, Procurement Orchestration: Process, Strategies, Benefits, Apr 7 2026. Available from: <https://www.ivalua.com/blog/procurement-orchestration/>

Figure 7: Where AI delivers

Improvement in procurement outcomes through the use of AI over the past 12-18 months, % of respondents



Source: Economist Enterprise 2026 executive survey on procurement

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The goal of fully autonomous procurement, where AI systems make sourcing, supplier and spending decisions without human intervention, remains remote. Fewer than one in ten executives say that they want AI to lead most procurement decisions within the next three years. Nearly half expect AI to only offer input into limited, tactical decisions, while two in five expect it to be used collaboratively by humans over this period.

Even firms at the frontier are moving with care. Schneider Electric is testing autonomy in narrow use cases. “Autonomous negotiation is still at an early stage,” says Mr Verboon. The company is applying it to “transactional or commoditised spend, where high-volume, rules-based negotiations can run end to end within clear guardrails, with humans stepping in for exceptions.”

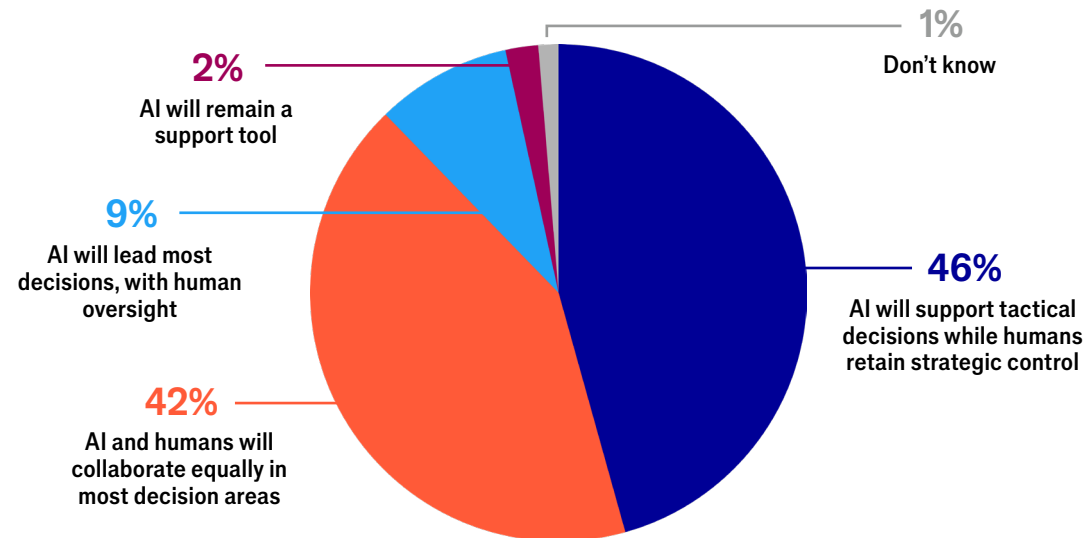
One reason for this caution is that AI’s limits are clearest precisely where procurement’s highest value lies: in strategic supplier relationships. “If we were to rely solely on models, we might achieve commercial optimisation but fall short strategically,” says Mr Ossewaarde of DHL Group. “AI does not assess whether a supplier sees us as a customer of choice, nor whether they prioritise us for their latest innovations. Those critical dimensions can only be cultivated through human judgement, relationships and direct interaction.”

Only 9% of executives say that they want AI to lead most procurement decisions within the next three years.

Source: Economist Enterprise survey

Figure 8: Advisor, not autopilot

How executives want to balance human judgement and AI-driven recommendations in procurement decision-making over the next three years, % of respondents



Source: Economist Enterprise 2026 executive survey on procurement

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The fact that firms are measuring outcomes of AI investment at all, however, is significant. When we asked executives to assess how much AI had improved various procurement functions last year, around one-fifth said that they were not collecting data. AI's huge promise means that it is receiving significant commercial investment—with eight in ten CPOs considering AI an investment priority in 2025, according to one poll⁹—but without being measured decisively. This year only 1% of executives were unable to assess outcomes, signalling a growing demand for tracking returns on investment.

Loss of control

As firms increasingly demand results from AI, control over its implementation in procurement appears to be slipping beyond CPOs' grasp. Executive confidence in procurement's role in shaping digital transformation strategy has declined from 91% in 2025 to 68% in 2026, with procurement leaders themselves particularly sceptical of their influence. Only 16% of CPOs strongly agree that procurement helps to shape digital transformation strategy, compared with a fifth of all executives.

Executive confidence in procurement's role in shaping digital transformation strategy has declined from 91% in 2025 to 68% in 2026.

Source: Economist Enterprise survey



This reflects a growing centralisation of AI strategy. Mr Ideson from Art of Procurement argues that CPOs had a relatively small window of opportunity to shape how AI is adopted within their function by, for example, defining use cases. That window, he argues, may now be closing for those not actively testing and deploying AI in their workflows, with centralised teams stepping in to roll out tools and measure results.

That does not bode well for the chances of successful AI implementation in procurement. CIOs are consistently more optimistic on the prospects for successful AI adoption in procurement than the CPOs or CSCOs who best know the domain. Three in ten CIOs, for example, are highly confident that AI will improve productivity in procurement, compared with a fifth of CSCOs and CPOs. This could set the stage for AI adoption to disappoint as it confronts the fragmented systems of procurement, which leaders of the function are at least aware of.

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⁹ Art of Procurement, State of AI in Procurement in 2026. Available from: <https://artofprocurement.com/blog/state-of-ai-in-procurement>

From strategic optimism to realism

Digital strategy is not the only area where procurement's influence over the rest of the business appears to be in decline. After trending upwards since 2023, perceptions of procurement's centrality to overall corporate strategy have declined markedly over the past 12 months along with executives' assessments of the function's effectiveness across a range of measures.

These are sobering developments, but also understandable given the shifts procurement has been through during the period of our survey. During and in the immediate aftermath of covid-19, procurement was a board-level priority as company directors fretted over supply-chain diversification and assurance of supply. "If you went back to 2021, or even 2022, CPOs were being pulled into the boardroom on a quarterly basis," Mr Sawchuk from The Hackett Group notes. But as the sense of crisis has receded, so has procurement's profile within the company: "I don't see that frequency of board interactions now."

While its influence has receded, procurement has been left with substantial additional responsibilities, from risk management to resilience and a significantly more complicated category management role. Add in the new challenge of adopting AI in a function still grappling with fragmented data, and it would be hard to retain the same level of effectiveness.

Declining influence

The data tells a consistent story. Three in four executives (74%) say that procurement collaborates effectively with the rest of the organisation to help to deliver the company's vision, a figure that sounds reassuring until set against the 90% who said the same last year. Confidence in procurement's ability to manage global external risks has fallen to 66%, and assessments of the function's effectiveness in managing AI-related risks (70%) and internal risks (74%) have also declined from last year. Procurement leaders themselves are among the more sceptical: only a fifth of CPOs strongly believe that their insights are effectively applied across the business, compared with a quarter of executives overall.

"Procurement plays a vital bridging role across the organisation," says Mr Verboon. "To be effective, a CPO needs to speak the language of R&D when engaging on innovation, understand profit-and-loss discussions with business owners, and be equally comfortable in conversations around finance, quality and resilience."



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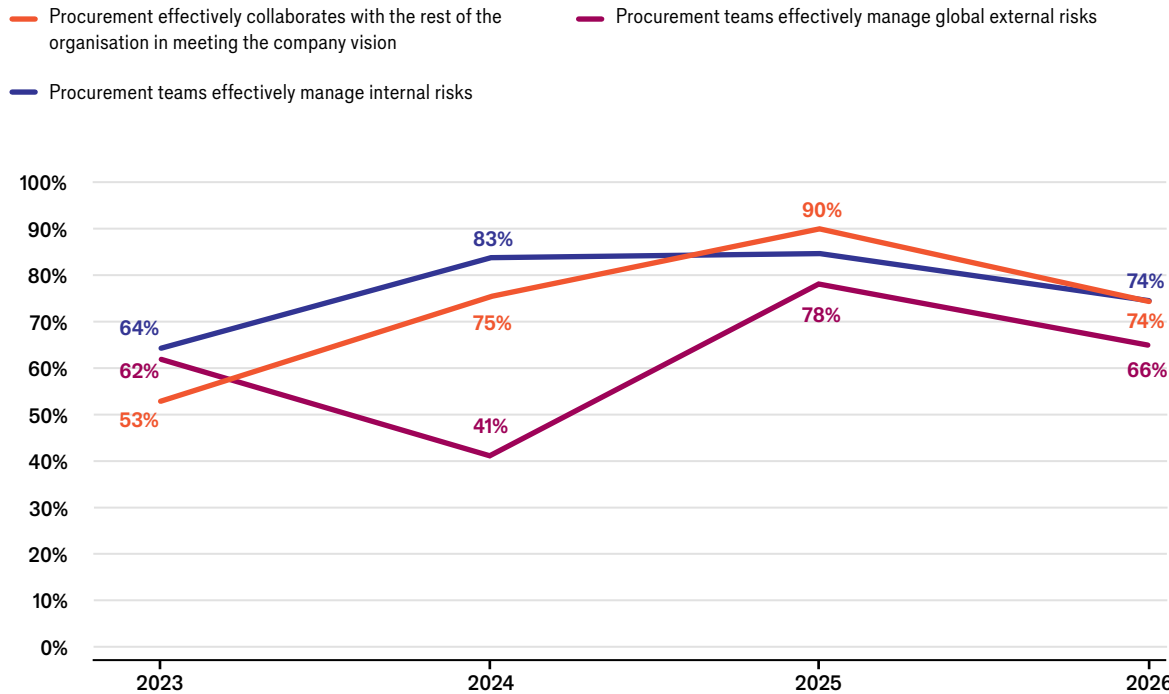
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“Procurement plays a vital bridging role across the organisation. To be effective, a CPO needs to speak the language of R&D when engaging on innovation, understand profit-and-loss discussions with business owners, and be equally comfortable in conversations around finance, quality and resilience.”

Ard Verboon, CPO,
Schneider Electric

Figure 9: Procurement's confidence gap

Executive confidence in procurement's collaboration and risk-management capabilities, 2023-26, % of respondents



These declines are partly a function of raised expectations without additional resources. Mr Bezuidenhout of Deutsche Bank explains how procurement's shifting reporting lines and profile have raised expectations about what it will deliver. When his firm moved procurement's reporting line from finance to operations, the function's scorecard, the metrics by which it is judged, changed entirely, becoming more strategic. What is expected of procurement, he says, "depends on where the organisational alignment sits."

Yet, as the pandemic has receded, procurement teams have not been given the resources they need to anticipate and manage the enlarged risk portfolio they are now expected to cover. Mr Ideson of Art of Procurement suggests that this is a permanent constraint on the function: organisations rarely allocate budget to risk mitigation until that risk event has already occurred, forcing procurement teams to be reactive.

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Shifting goals

Reduced effectiveness may also be a function of rapidly changing goals and priorities. The strategic priorities executives have identified for the next 18 months show a remarkable amount of churn over the lifetime of the survey. Neither digital transformation nor cost control, the top two priorities this year, featured in the top three in 2025, for example.

The charitable interpretation is that this represents rational sequencing: deal with the most important issues now, then move on to longer-term priorities. The less charitable interpretation, and one supported by our data, is that firms are unclear on their priorities, constantly asking procurement to change focus in response to a rapidly changing global business environment.

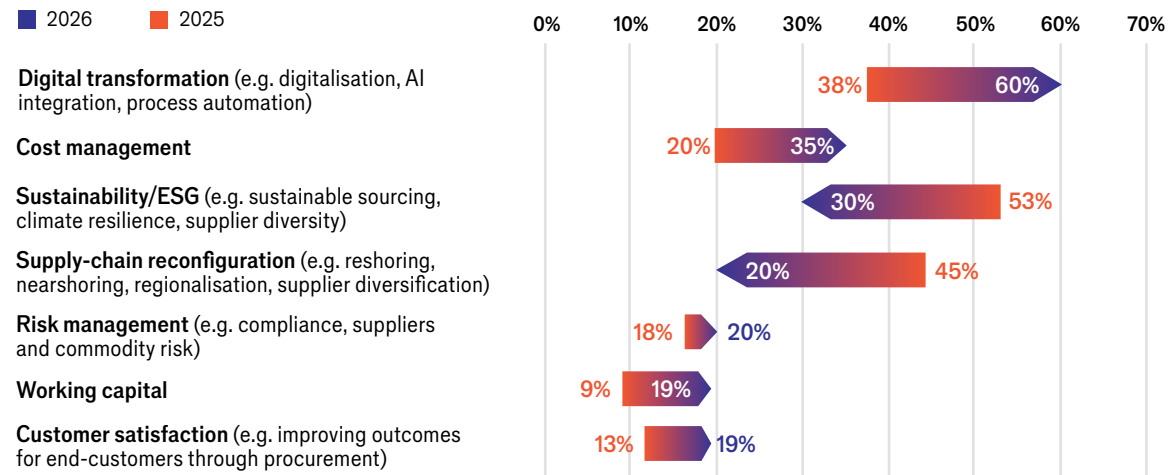


Take sustainability and supply-chain reconfiguration, the top two short-term priorities in 2025, cited by 53% and 45% of executives respectively. This year, only 30% and 20% name them. Their slide down the short-term list does not indicate that firms have achieved these goals. Instead they have simply shifted to the top of the list of long-term priorities, with no guarantee of when they will be tackled.

Having fought hard to be trusted with a larger remit, procurement leaders are now suffering as they struggle to deliver across a continuously shifting set of priorities: “A seat at the top table is earned through consistent delivery of business value,” says Mr Melnyk from LSEG. “Credibility comes from enabling outcomes.”

Figure 10: Priorities in flux

Changes in short-term strategic priorities for procurement, 2025 and 2026, % of respondents



Source: Economist Enterprise 2025 and 2026 executive surveys on procurement

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Teams in transition

The widening mandate and rising pressure on procurement teams over the past five years have not translated into significant headcount growth. Two in five firms expect their procurement teams to grow over the next 12 to 18 months, while a third expect no change at all and a quarter anticipate a slight reduction. What is changing instead of team size is structure. Organisations are reconfiguring how procurement is organised, and the direction of travel differs sharply depending on the time horizon.

Experiment now, centralise later

Over the next 18 months, many firms are moving away from the centre with a quarter of executives expecting procurement to evolve towards decentralised, business-led buying. Only the long-established practice of shared services is expected to be more popular, selected by 35% of executives. This departure is pragmatic: as organisations experiment with AI-assisted procurement,

local teams need the flexibility to pilot tools, test use cases and respond quickly to conditions in their own markets. Fully centralised models, with their standardised processes and approval chains, can be too slow for this kind of experimentation.

The medium-term picture is almost the inverse, however. Over three to five years, centres of excellence, where a specialised team provides leadership, training and support to improve procurement practices across the rest of the organisation, are expected to be the dominant model (36%), followed by centre-led structures (32%). Decentralised buying, meanwhile, falls sharply—from 24% in the short term to just 4% over the longer horizon.



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Figure 11: Outward bound, inward bound

Expected evolution of the procurement operating model in the short and medium terms, % of respondents

■ 12 to 18 months ■ Three to five years

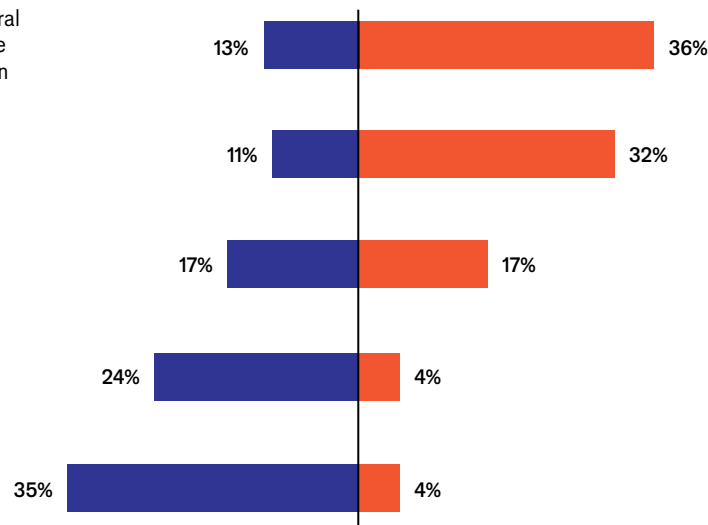
Centres of excellence set-up (a specialised central management team formed to advise and centralise procurement best practices across an organisation while the rest of procurement is decentralised)

Centre-led (centralised decision-making and category management for strategic spend, with regions handling local requirements)

Hybrid (partly outsourcing and partly insourcing)

Decentralised/business-led buying

Shared services (concentrate transactional activities into a new, semi-autonomous business unit with strategic activities left centralised)



Mr Sawchuk of The Hackett Group explains the logic behind this reversal. AI systems, particularly autonomous agents, cannot operate across a patchwork of disconnected local systems. If AI adoption is to shift from experimentation to scaled deployment, therefore, a unified data architecture will be required along with standardised processes in which AI agents can intervene. “AI and agentic AI really drive towards a centred kind of model,” he says.

Deutsche Bank’s procurement function has moved towards such a centre-of-excellence model, consolidating functions that were previously replicated across locations. But Mr Bezuidenhout, CIO at the organisation, is honest about the trade-offs: “The moment you start centralising, you lose a bit of that ability [for] business-based discussions or function-based discussions around technology.” Systems and data consistency may come at the cost of proximity to the business, a tension that no operating model entirely resolves.

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Source: Economist Enterprise 2026 executive survey on procurement

Doing more with less

The long-term shift towards centralisation reflects the underlying demand from firms for procurement to do more with less. One avenue for achieving efficiencies is to establish group purchasing organisations (GPOs), through which multiple firms make joint procurement decisions to achieve economies of scale.^{10,11} This applies the consolidation logic of shared services—aggregating volume to increase leverage and reduce costs—beyond the boundaries of a single firm.

Ultimately, however, it is technology, and AI in particular, that executives are banking on to deliver improved

productivity. So far, AI in procurement has delivered its clearest gains in process automation and analytical support rather than in autonomous strategic decision-making that would free up significant leadership capacity. Organisations are seeing improvements across a wide range of activities, but executives remain cautious handing decision authority to AI systems, especially in high-stakes areas. The assumption embedded in many organisations' operating-model plans that AI will mature smoothly enough over the next three to five years may prove optimistic. The same forces that have repeatedly deferred procurement's long-term agenda could equally disrupt the technology transition on which those plans depend.



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¹⁰ Ideson P, Art of Procurement, 5 Signs It's Time to Bring a GPO Into Your Procurement Strategy, Jan 06 2026. Available from: <https://artofprocurement.com/blog/blog-5-signs-its-time-to-bring-a-gpo-into-your-procurement-strategy>

¹¹ Ideson P, Art of Procurement, 2026: A Defining Moment for Procurement, Jan 04 2026. Available from: <https://artofprocurement.com/blog/podcast-2026-a-defining-moment-for-procurement>

Conclusion

Five years of The Procurement Imperative surveys have established a pattern that this year's disrupts. A function that emerged from the pandemic with expanded influence, a broader mandate and growing visibility in the boardroom now finds itself under pressure on all fronts. Cost discipline and rapid AI adoption are being demanded from above, while confidence in procurement's effectiveness is declining.

In many ways, procurement is experiencing the predictable difficulty of taking on an expanded remit that sits uneasily with its core obligation to control costs, and without expanded resources to deliver on new responsibilities. Those tensions are visible in the survey's declining confidence scores, shifting priorities and the gap between what AI is expected to deliver and what it has so far produced.

The function's ability to harness technology effectively is likely to determine whether these challenges can be overcome. If agentic AI takes hold in procurement as optimistic CIOs anticipate, delivering end-to-end

intelligence that optimises decision-making, it will be possible for the function to do more with less. But there are grounds for caution. Data fragmentation, in particular, has led to a persistent gap between AI ambition and reality, and procurement leaders themselves are among the most sceptical about the technology's potential to deliver significant productivity gains.

To resolve this, procurement leaders need to engage effectively with the technology teams that are likely to exert increasing control over AI adoption in procurement, ensuring that the function's complexities are fully understood. There is no reason this cannot be done. Over the past five years, procurement has extended its reach into boardrooms and onto sustainability and risk-management agendas. The function's challenge now is less about arguing for a seat at the table than about using that seat effectively: demonstrating value across the full breadth of its expanded mandate, at a moment when scrutiny of returns has never been higher.



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