

Keelvar >

Keelvar's Voices of Sourcing:

Sourcing in 2024: The AI & Automation Boom

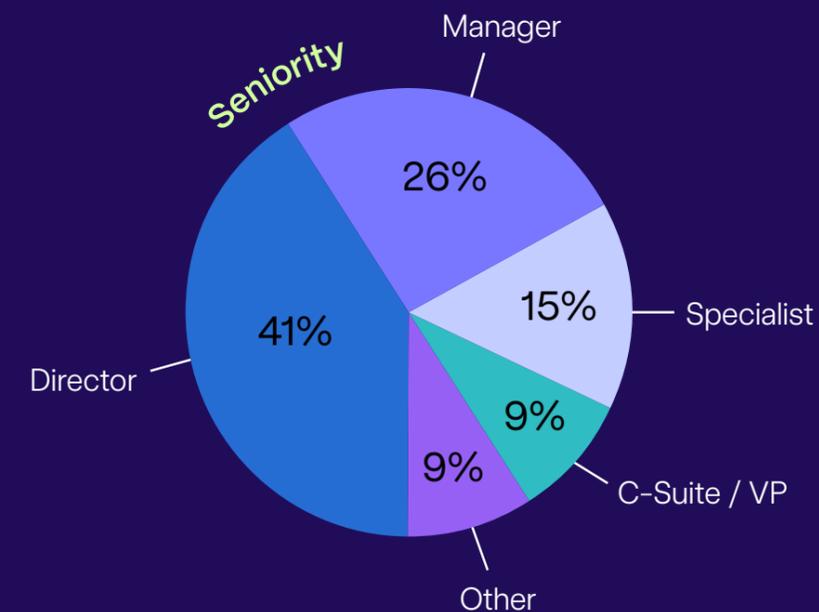
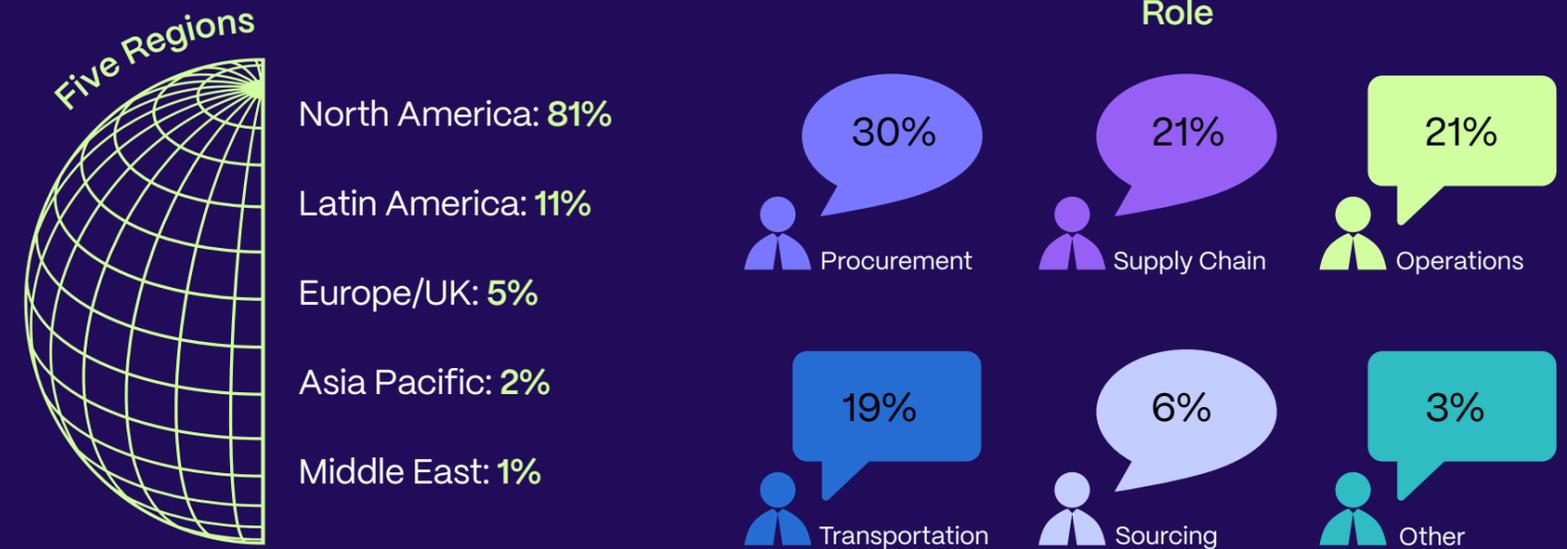


Global procurement and sourcing professionals have spoken

2023 marked the emergence of Autonomous Sourcing and the beginning of the automation revolution. When it comes to automation and AI, last year was a year of exploration – procurement leaders were evaluating, learning, and looking to see who took the first step and the pitfalls to avoid.

The predominant question asked by CPOs then was, *‘Tell me what’s possible’*. Now the question being asked is, *‘Tell me how best to do it’*.

If 2023 was when the automation and AI revolution started, 2024 is the year of action when the true leaders and innovators get started and begin to separate from the pack. In an era of challenging market dynamics, it’s not just about keeping pace, it’s about redefining the race; and lagging behind is not an option.



Welcome to the era of intelligent sourcing, where automation and intelligent systems are no longer an option **but an imperative.**

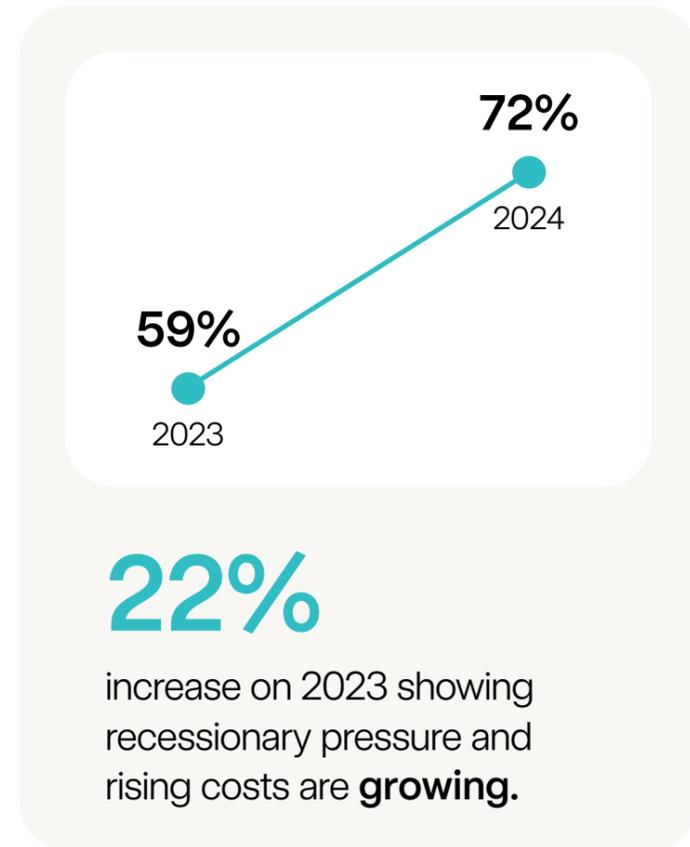
Category





Unpredictability, inflation and disruption continue to be **major challenges**

As 2024 rang in, supply chains were already being further affected by disturbances in two key trade passages – the Panama and Suez Canals¹. Unsurprisingly, procurement leaders expect to continue navigating market-related complexities and considerable operational challenges.



72% say economic factors, including inflation and rising costs, have been the main unpredictability drivers over the past year, up **22%** on 2023.

74% acknowledge supply chain disruptions and market volatility as major hurdles for their businesses.

Main drivers of unpredictability in the last 12 months



“It’s crucial to not just react to changes, but to proactively anticipate them. As we’ve seen in recent years, adaptability and resilience are key.”



Dylan Alperin,
VP Professional Services,
Keelvar

¹<https://www.wsj.com/articles/new-disruptions-geopolitics-hang-over-2024-supply-chains>

Procurement continues to experience pressure to **do more with less**

Procurement departments are under increasing pressure to achieve more with fewer resources.

Top challenges in procurement efficiency:

↳ **63%**
cite increasing workload as their biggest concern

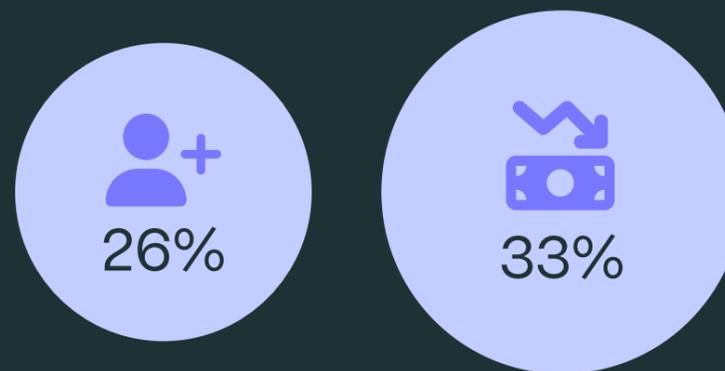
↳ **38%**
are experiencing a flat or declining workforce

↳ **37%**
report burnout is a concern

↳ **30%**
struggle with increasing demands

↳ **17%**
are hindered by complex sourcing processes

This underscores the need for solutions that address operational efficiency and employee well-being.



Yet only **26%** of respondents plan to add staff in 2024, compared to **33%** who plan to cut budgets and operate more lean.



With fewer hands at the pump, procurement needs to explore new ways of **driving value** and **maximizing the resources** they have.



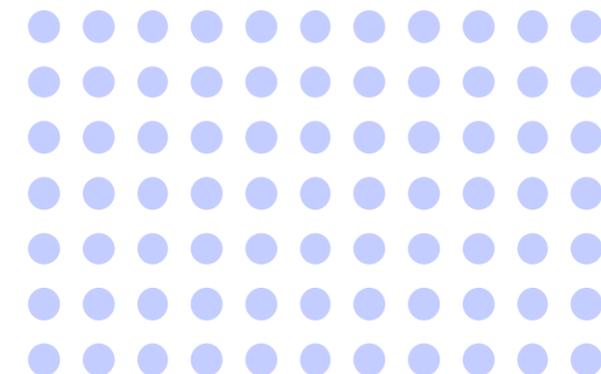
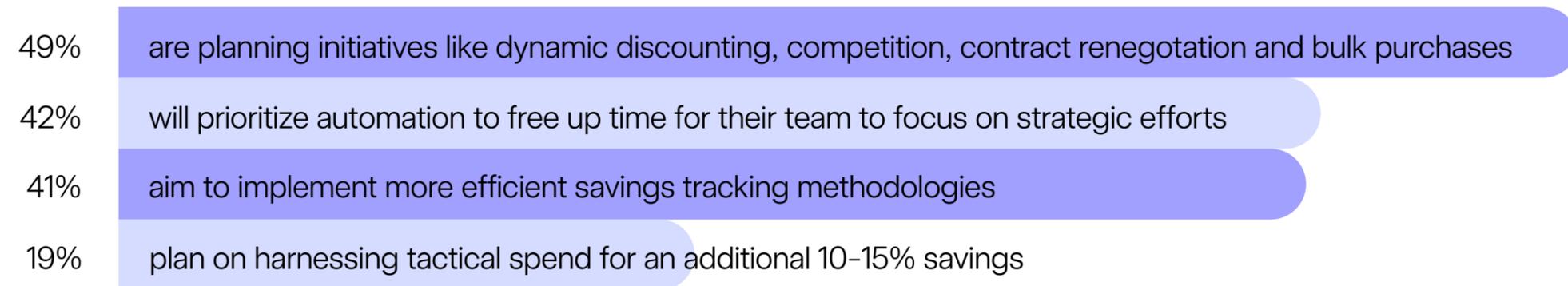


2024 will be a year of **efficiency** for sourcing teams

When it comes to priorities and planning, procurement professionals are focusing their efforts mainly on three key areas:



Sourcing teams are being asked to find more savings from already squeezed budgets, so they need to look at new ways of managing cost.





The sustainability agenda

Encouragingly, **62%** of procurement professionals say they prioritize ESG and sustainability, viewing them as 'Very Important' or 'Important'.

Likewise, **64%** see diversity objectives as equally significant. But for 2024, these priorities take a backseat, as only **12%** of respondents have them as primary areas to deliver on for their organizations.



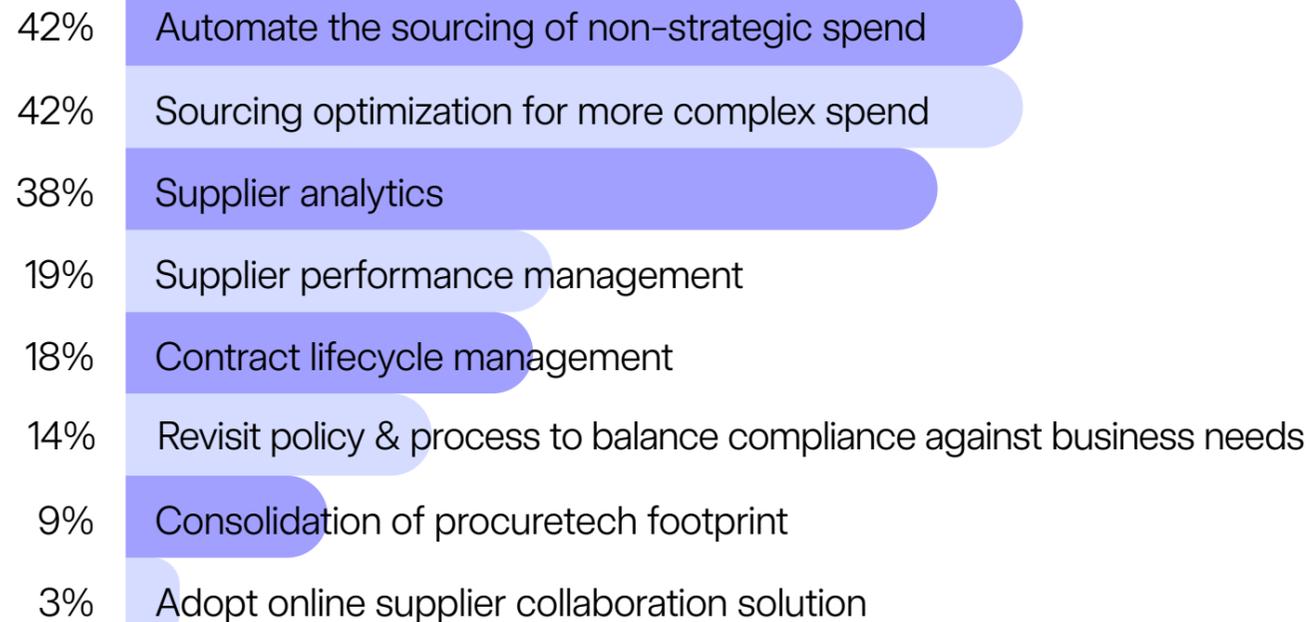
Digital transformation and innovation are **critical** for sourcing success

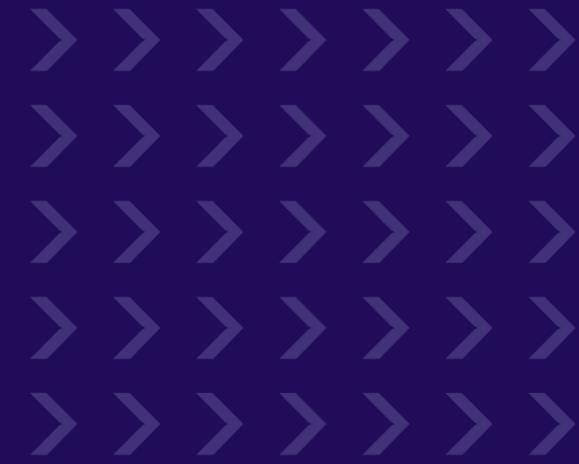
In 2024, procurement's digital transformation is set to soar, with 59% of organizations eyeing advanced and innovative tech for efficiency and strategic impact.

The top investment will be in data-driven decision making, with **56%** citing this as the most important for driving growth, talent and mitigating risk.

To achieve this goal, the top digital transformation initiatives identified are: sourcing optimization for complex spend (**42%**) and automating non-strategic spend (**42%**).

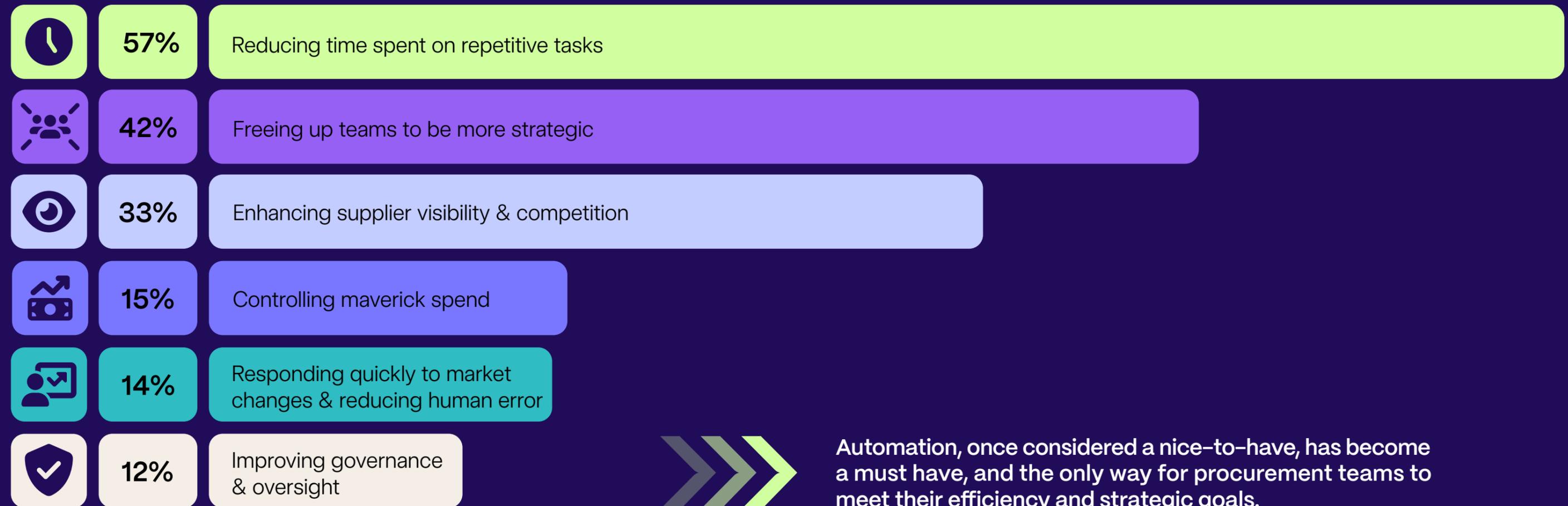
Supplier analytics follows closely at **38%**.





Those who don't embrace automation in 2024 risk being left behind

Automation is here with 42% indicating it's a top digital transformation initiative in 2024. Leaders see the benefits of automation as:



Automation, once considered a nice-to-have, has become a must have, and the only way for procurement teams to meet their efficiency and strategic goals.





AI will be a game-changer for procurement. But due diligence and caution are encouraged with GenAI

Enthusiasm for generative AI in procurement is palpable, yet tempered by caution.

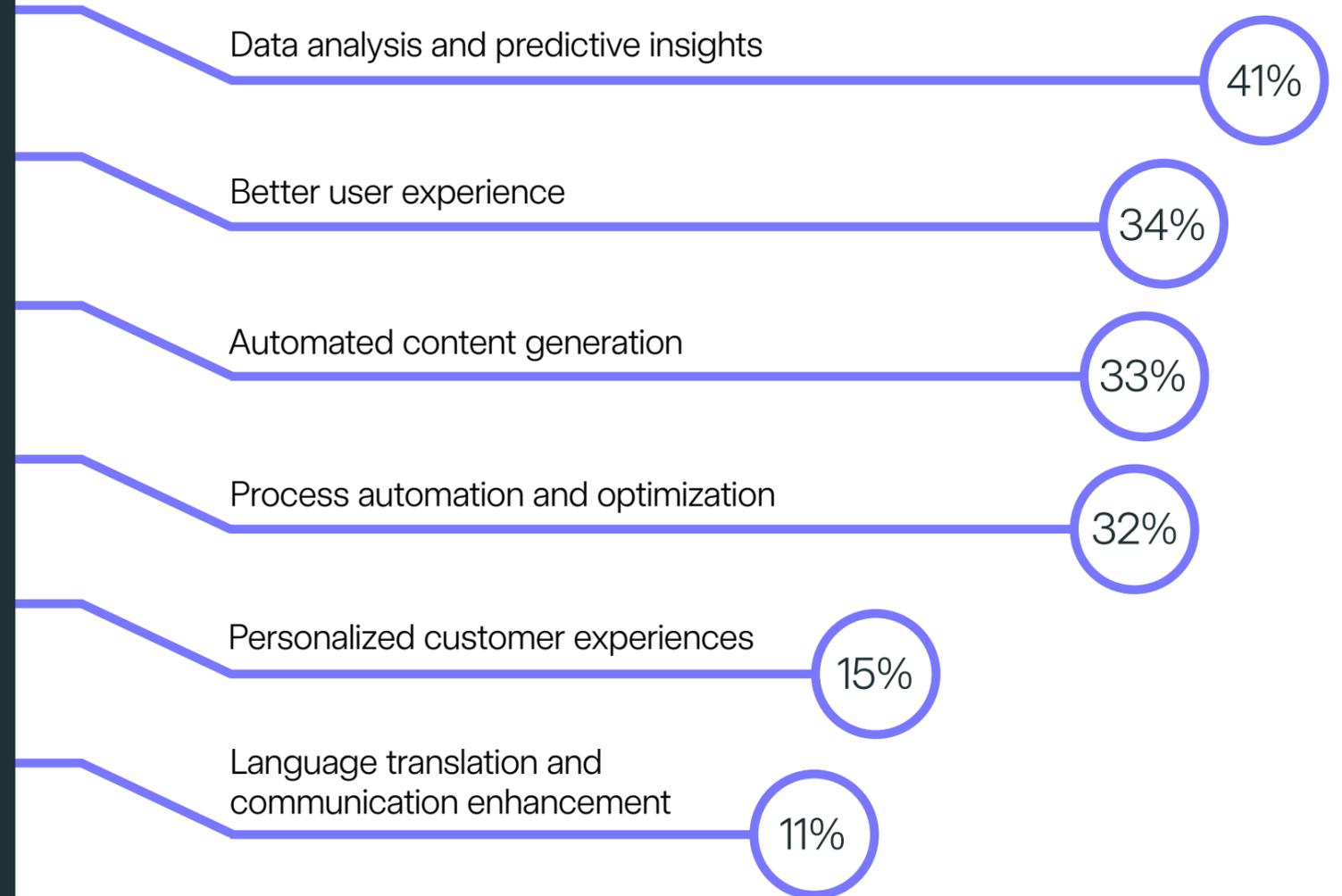
While many are considering GenAI to enhance procurement operations, several express concerns about output quality and accuracy. **56%** are concerned with the need for constant monitoring and corrections.

Separating value and applicability from hype.

18% report they are interested in driving GenAI in procurement due to industry hype, with **11%** indicating it's mandated by the C-suite. It's crucial for procurement leaders to ensure they are looking at the true value and applicability of GenAI and not getting caught up in the hype.



Possibilities considered for using GenAI in procurement:



AI is a broad toolbox, of which GenAI is a part. When evaluating AI in sourcing, it's important to ask: 'To what specific task within the process is it being applied? What type of AI is being applied? Why that type of AI? What is the expected value-add over human performance?'



Diarmuid Cahalane,
Data Science Manager,
Keelvar

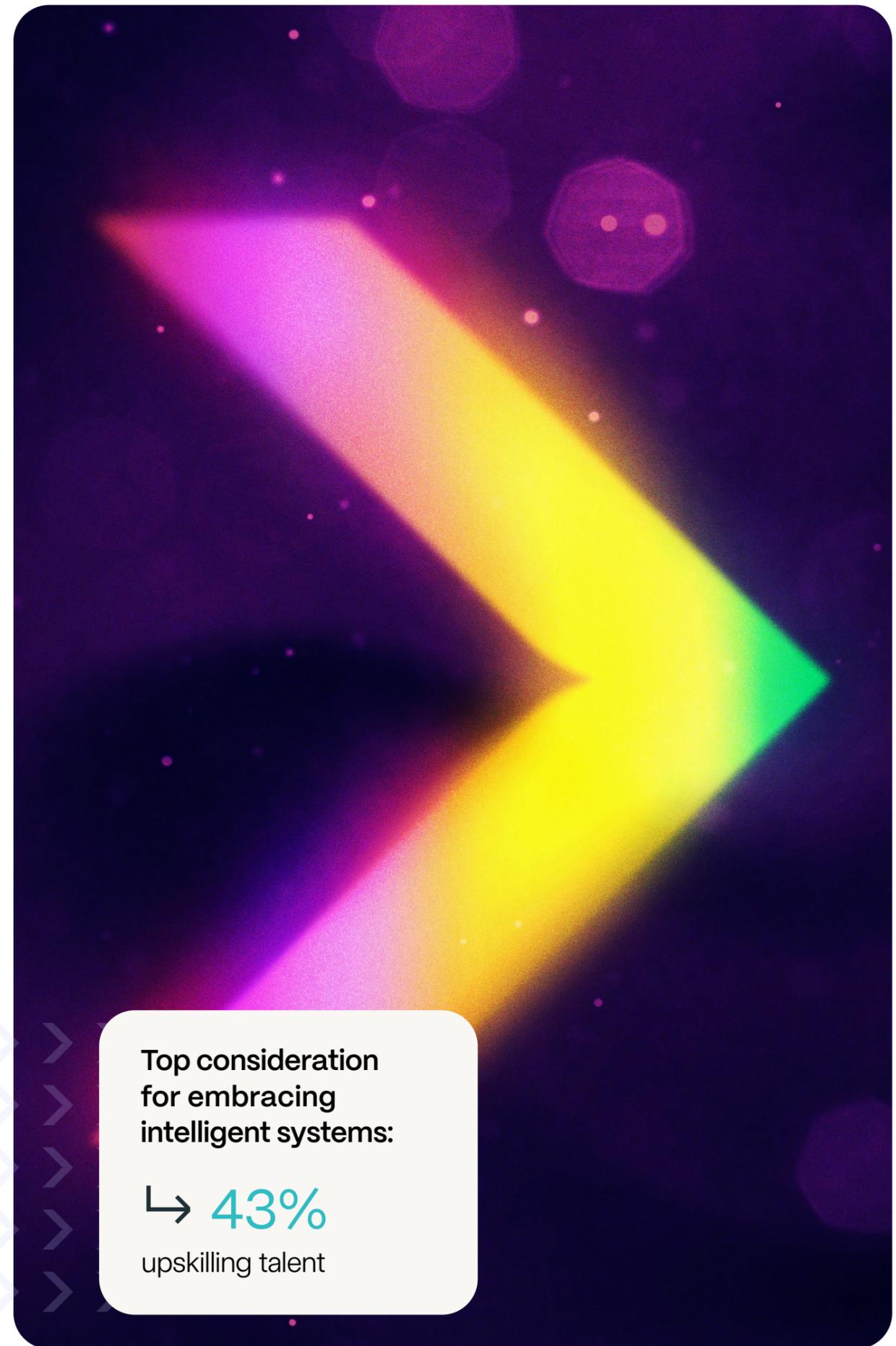


Scaling sourcing excellence: The journey to intelligent sourcing

For procurement to be seen as a strategic function, scaling sourcing excellence is a necessity, and it's evident that automation is the key that unlocks this.

- Many organizations already optimize strategic sourcing but automation extends this best practice and competitive process to all spend despite procurement's limited resources.
- To truly scale sourcing excellence and enable procurement to drive value and impact the bottom line are intelligent systems that learn, adapt and evolve sourcing decisions.
- Automation is the first step on this journey. As organizations automate more of the sourcing process, intelligent sourcing bots learn and adapt, amplifying procurement's reach, impact and influence.

Top two benefits of intelligent systems:



Top consideration for embracing intelligent systems:
↳ 43% upskilling talent



Key insights and summary: A year of transformation in procurement

2024 is shaping up to be a landmark year in procurement, marked by the rapid adoption of AI, automation, and intelligent systems.

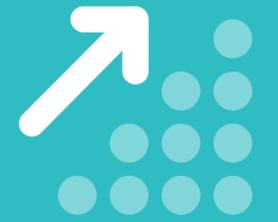


72%

face challenges due to rising costs and potential recession

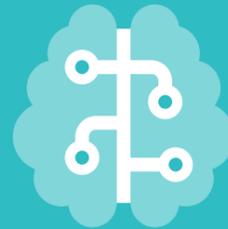
68%

will focus on cost management and operational efficiency this year



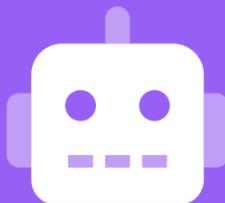
59%

will adopt advanced tech to drive efficiency



57%

will refine category strategies

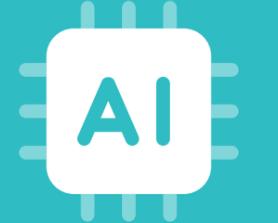


42%

of leaders will use automation to enhance efficiency and free up time for strategic tasks

56%

are cautious about GenAI's output quality



Keelvar is at the forefront of this transformation, offering innovative optimization, automation, AI-backed solutions. Our goal is to support procurement teams through these challenges, equipping them with tools to confidently tackle the complexities of 2024 and embrace intelligent sourcing.



Introducing Keelvar **Intelligent Sourcing**

Drive better sourcing outcomes across strategic, tactical, and tail spend.

Keelvar's unique combination of Sourcing Optimizer and Autonomous Sourcing helps 100+ global enterprises drive better sourcing outcomes across all industries, all categories and all types of spend.



Simplify the complex

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



Automate the simple

Free up your team from manual work, gain control of tactical and tail spend, and empower your entire organization with automated sourcing workflows for more efficient buying.



How [Carlsberg](#) optimized \$600 million in logistics



How [Samsung](#) makes 85% time savings on strategic events



How [Grupo Nutresa](#) achieved 15% savings in packaging

What happens when you optimize & automate?

Reduce cost



More competition

→ **3-25% cost savings**

Increase efficiency



Faster cycle times, less work.

→ **50-90% workload automation**

Increase spend under management



Improved governance

→ **5-10% reduction in rogue spend**

Engage buyers & suppliers



Consolidate suppliers

→ **47% improved supplier relationships**

You can read more of our success stories at www.keelvar.com/success-stories

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

Get a tour and see Keelvar solutions in action.

Book a demo