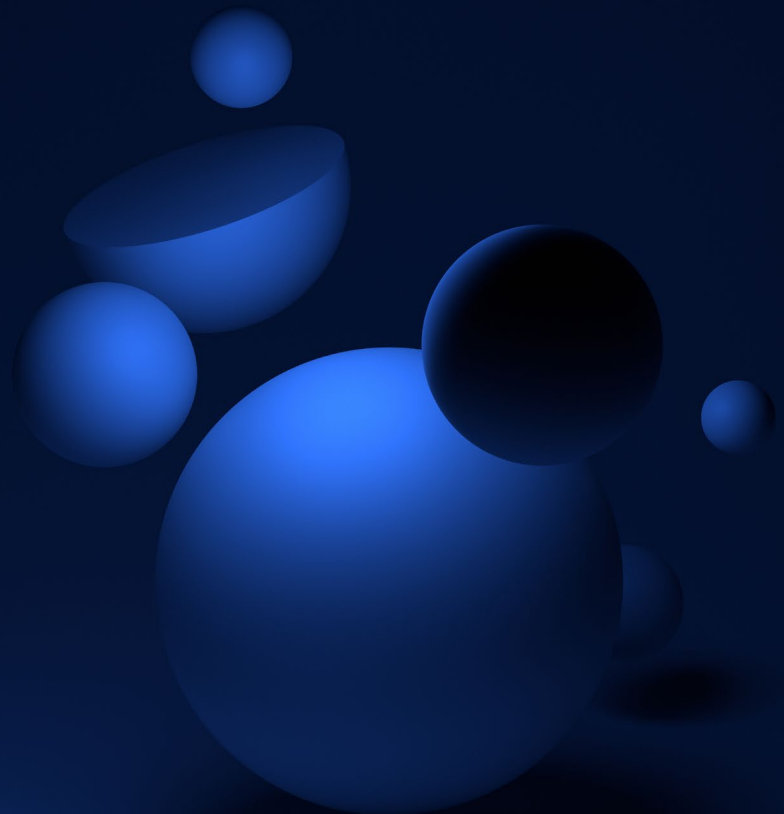




WHITEPAPER

# Dynamic Market Sourcing: Tackling Tariffs and a Volatile Supply Chain Market

This white paper explores the challenges brought to procurement teams by high levels of market volatility, along with the tactics to not only remain in control but also thrive in procurement and continue to meet business goals like cost efficiency, agility, sustainability and more.



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## Introduction

Market volatility peaked during the Covid-19 pandemic, but disruption hasn't eased – in fact, it has intensified. From the Suez Canal blockage to geopolitical crises like the Ukraine War, and now sweeping tariff changes under President Trump's latest mandate, global supply chains are facing relentless pressure. These unpredictable shifts have made procurement a mission-critical function, with de-risking and rapid response taking center stage.

Tariff uncertainty, in particular, has thrown sourcing strategies into disarray. With rates fluctuating, cost structures are constantly changing, supplier relationships are strained, and long-term contracts are harder to lock in. Combined with rising input costs and inflation, this makes budget management more complex than ever before. Terms like 'agility,' 'cost avoidance,' and 'market mitigation' are now survival tactics rather than buzzwords – yet without real-time data and adaptable tools, procurement teams remain reactive instead of resilient.

Many supply chains still lean on outdated, backward-looking models that fail to anticipate these shocks. In today's tariff-fueled turbulence, resilience must be embedded, not reserved for emergencies. Procurement leaders need flexible sourcing strategies, supported by technology, to navigate this environment proactively.

In response, organizations are shifting from static, cycle-based sourcing to Dynamic Market Sourcing: automating decision-making and empowering teams to move from firefighting to strategic category leadership.

This white paper, framed by the current wave of tariff changes, explores the escalating complexities procurement faces and provides strategies to turn volatility into a competitive advantage.

## Challenges in today's turbulent sourcing environment

### The impact of recent tariff changes

Recent tariff changes following announcements by President Trump have significantly reshaped the landscape of global supply chains, introducing a new wave of uncertainty and complexity for procurement teams. Tariffs imposed on a broad array of goods, from steel and aluminum to various manufactured products imported primarily from China and other key markets, have triggered disruptions that ripple across industries and markets.

As tariffs have increased, procurement leaders have been compelled to swiftly recalibrate their sourcing strategies. The immediate impact has been rising procurement costs and complexities in supply chain management. With tariffs driving up the landed costs of imported goods, many companies are now facing critical budgetary pressures. These unexpected expenditures are forcing companies to reassess existing supplier contracts, renegotiate terms more frequently, and consider shifting sourcing to alternative markets or domestic suppliers.

Moreover, the uncertainty surrounding tariffs – such as their duration, scope, and potential escalation – creates additional risk. Procurement leaders must now routinely engage in sophisticated risk modeling and scenario planning to forecast and mitigate potential impacts. It is becoming increasingly obvious that traditional procurement practices involving a lot of manual 'data crunching' are no longer suited to this kind of dynamic and uncertain market conditions.

### Spot bidding: A necessary but flawed strategy

Spot bidding has become a prevalent sourcing strategy, particularly in response to unpredictable events like trade tariffs, supply chain disruptions, and volatile costs. It is commonly used in urgent situations, when there is no existing contract, or when organizations need to quickly find the best price or service. The flexibility of spot bidding allows procurement teams to source competitively in real-time, adapt to market shifts, and avoid long-term commitments that may expose them to unfavorable rates, especially when tariffs affect international sourcing. It also provides quick access to a broad pool of suppliers, helping mitigate supply chain gaps caused by disruptions, and offers valuable price benchmarking and flexibility, particularly in logistics where freight rates are heavily impacted by fluctuating costs.

However, while spot bidding offers short-term agility and cost control, it has several critical limitations. The process is often reactive and inefficient, prioritizing speed and price over long-term strategy, supplier relationships, and broader business goals like sustainability or diversity. Many spot bidding activities are conducted manually through emails or spreadsheets, which increases the risk of errors, reduces visibility into organizational spend, and weakens compliance. This lack of formal process governance can lead to rogue spending with non-approved suppliers and erode procurement's strategic role. Additionally, managing frequent or smaller bidding events can be labor-intensive and resource-draining, and suppliers may struggle with fragmented bidding processes. Over time, the transactional nature of spot bidding can damage supplier relationships, limit collaboration, and reduce opportunities for

mutual growth. The absence of centralized oversight and data tracking also makes it difficult to analyze trends, enforce compliance, and drive continuous improvement, leaving procurement teams reactive rather than proactive in managing market volatility.

### Limitations of legacy technologies

To put it bluntly, only a handful of technologies today can truly scale to meet the complexity of modern sourcing across diverse categories. The long-standing fallback is Microsoft Excel – versatile, familiar, and widely used. However, despite its ubiquity, Excel lacks critical functionality for strategic sourcing: it doesn't support dynamic price compression, scenario modeling, or the ability to easily manage and optimize large volumes of supplier, item, or cost data. On top of that, it places a heavy administrative burden on procurement teams, who must manually send out, collect, cleanse, and compare responses from potentially hundreds of suppliers. And when it comes to advanced scenario analysis, Excel often requires specialized solver expertise, putting a barrier between procurement professionals and smarter decision-making.

For many organizations, the first step toward digital sourcing is a basic eRFP or eAuction tool. These platforms are typically effective for simpler, price-driven categories where “lowest cost” is the primary selection criterion. But they quickly show their limitations when complexity increases. Most legacy eSourcing tools struggle to handle high data volumes – such as thousands of line items, multi-attribute evaluations, or large supplier pools – and lack the flexibility to factor in constraints like risk, sustainability, or supplier diversity. This makes them poorly suited for high-impact, multi-variable categories where trade-offs must be modeled in real time.

What's needed now is a new generation of sourcing technology: one that combines the power of optimization with intuitive, accessible interfaces, enabling teams to make smarter, faster decisions without sacrificing strategic goals.

The following section outlines how forward-thinking procurement organizations are evolving their sourcing practices to achieve agility, transparency, and better outcomes, across all categories.

# A toolkit for market leaders through dynamic market sourcing

## Evolve to meet the market

Businesses today must take rapid action backed by data-driven insights to fuel their operations in the face of variable demand and supply chain shocks, or deal with the potential catastrophe.

Unfortunately, most sourcing functions are so focused on reactionary measures that one of the most effective ways to save money and increase capacity typically passes them by. But leaders in the space are actively seeking out technological solutions that enable them to shift away from traditional cycle-based sourcing to Dynamic Market Sourcing to address their current needs and achieve business goals in this new normal.

This shift allows for true transformation to occur by reacting fast, learning from earlier efforts, and exceeding business goals:

## TRADITIONAL SOURCING vs. DYNAMIC MARKET SOURCING

Traditional Sourcing	Dynamic Market Sourcing
Annual events include all known lots and prices fixed for 1-2 years.	Annual events can help align business requirements and network changes.
Event set-up requires 1-2 months and an additional month to deploy new rates across systems.	Price and/or capacity are highly volatile.
Annual and spot buys are not always in sync with annual buying business rules but are typically new requirements.	Annual and quarterly/monthly tenders now need to be normalized to help manage rate cards and routing guides.
Older technologies make it harder to adhere to common rate and award structures across these event types.	Rapid sourcing allows for quicker testing of new suppliers, and continuous right sizing to stay with market conditions or seasonality.
Speed to deploy events and results are less critical because they are fixed for long periods, and carriers work with extensions.	Improves communication effectiveness with carriers by allowing normalized processes to handle and validate rate negotiations.
Pricing becomes rapidly stale, and routing guides erode through the year.	Agile processes allow for better event to-event standardization and time to market with rapid cycles.
Long cycle time prevents more rapid actions.	Constant ability to evaluate the market.

Across the board, three distinctive strategies have emerged to source during these volatile times:

**1) Reactive sourcing:**

The sourcing team responds to current volatile conditions using traditional processes from stable (pre-crisis) markets. Annual sourcing events leverage technology, but off-cycle events to manage new requirements or unexpected failures are typically manual, relying on spreadsheets and emails. Sourcing events require high effort and have limited repeatability. This process usually lags behind the sourcing cycle needed for today's fast-paced market and tends to focus on mitigating lower capacity risks at higher costs.

**2) Responsive sourcing:**

The team sources high-impact lots and fills required gaps, adjusting to new market realities. Annual and off-cycle events leverage technology when possible. Sourcing requires medium to high effort and events are somewhat repeatable. The process is tactical, following a traditional sourcing model, but it remains slow and difficult to maintain at the pace demanded by the market.

**3) Resourceful sourcing:**

The team switched from traditional to Dynamic Market Sourcing to adjust to the volatile conditions. Annual and off-cycle events are all part of a single-threaded collaborative sourcing process. Sourcing events are low effort, highly repeatable, standardized, and normalized. The refresh cycle frequency is adjusted to stay current with market changes or expiring rates, allowing for competitive market rates and robust capacity options. This approach provides information to manage risk better.



The key differentiation between the older and newer technologies above is the ability to take control of the market, and use sourcing information to manage commitment to budget and service better.

The companies following Dynamic Market Sourcing are outperforming their competitors to get better rates and capacity with suppliers. For those striving for true procurement excellence, some distinctive features appear less in the processes of the 'laggards' – who focus on more reactive sourcing – when compared with the 'leaders' who have adopted more resourceful sourcing strategies.

## Keelvar's Recommendation: Dynamic Marketing Sourcing Strategy

Don't abandon your annual RFP. Instead, use it as the time to adjust your business terms, change strategies or make big shifts in your business. Monthly and quarterly strategy updates will allow you to account for market trends, deal with capacity issues and ensure your business remains operational. Looking at your overall process as a continuous refresh process enables you to better actively manage risk along with your supplier relationships.

### Step 1: Launch your Annual RFP

Taking the first step is incredibly easy: just don't change a thing. Build your best practices and your objectives into your process and your scenario evaluation. Take time building out those complex scenarios that factor in all the objectives – procurement's and your wider organization's.

#### How? Sourcing Optimization.

Dynamic Market Sourcing revolves around increasing your volume of sourcing events to ensure you don't get trapped in a suboptimal contract for extended periods of time. However, this perceived increase in workload can tempt procurement professionals to simplify the award decision and over index on price factors. This can either be due to lack of resources (such as time or staff), or to the limitations of existing sourcing automation technology which tend to focus on price factors, but don't do as good a job of taking into account more complex but equally important non-price factors such as suppliers' ESG performance.

Sourcing Optimization is a technology which perfectly suits a Dynamic Market Sourcing strategy. It saves time by simplifying the process of creating and launching sourcing events, and by completely cutting out the 'data crunching' required to make an award decision. In addition to this, procurement teams can create and evaluate complex scenarios which allows them to make an award decision that brings them closer to their procurement objectives.

### Step 2: Automate

Looking at your annual RFP, consider the following: what items are you likely to source again? Where is the market likely to fluctuate? Which items aren't strategic enough to warrant your time or your team's? These are the sourcing events you'll need to automate.

#### How? Autonomous Sourcing.

Reducing the time it takes to go to market with an RFx and make an award decision is one of the surest ways to make organizations more agile in the face of market changes. As such, sourcing automation naturally emerges as a technology perfectly suited to a Dynamic Market Sourcing methodology.



By automating the workload required to launch a sourcing event, autonomous sourcing frees up procurement teams' time to focus on strategic tasks such as making the best award decisions, keeping up with market trends and disruptions, and fostering better relationships with suppliers which can greatly strengthen their supply chains.

By the way, in Keelvar, it's incredibly easy to do: just duplicate your annual RFP, and we'll instantly create an automated workflow that can execute it for you – from intake to award.

### Step 3: Integrate

The key to Dynamic Market Sourcing is to proactively build the tech stack that will allow you to come out as a winner whenever market disruption occurs. So now that you have a fully mapped out RFP which can run on its own, you need to think about the situations you might want to use it in.

1. For example, do you need to give wider teams in your organization the opportunity to source things themselves from an approved list of suppliers? If so, integrate your sourcing tool with your catalogue (e.g. Ariba guided buying).
2. Or maybe you need to source certain items when inventory drops below a certain threshold? Consider building an integration with your ERP.
3. Want to make sure you instantly go to market if benchmarks indicate that you no longer have the best rate? Integrate with third-party benchmarking providers.

### How? APIs

Any solution you onboard to optimize and automate your sourcing will have integration capabilities via APIs which will allow you to connect to your existing systems.

If you don't have the resources to do this yourself, you can also explore orchestration technology such as [ZIP](#).

The bottom line is, when it comes to managing spend in a dynamic market, you need to stay in the driver's seat by using the annual RFP as a potential reset point for your supply chain: change payment terms and introduce lots to your supplier network. But going to market more frequently – and most importantly, giving your team and wider organization the tools they need to do this strategically, and fast – will guarantee that you always get the best deal while also fostering better relationships with your network of suppliers.

## Dynamic Market Sourcing: Why You Should Care

The good news is that Keelvar offers both advanced sourcing optimization and automation solutions, which have the power to deliver the results you're looking for. Using our technology as spends become more frequent, procurement teams and suppliers can benefit from:



### **Greater compliance and transparency**

Having access to market intelligence on your specific networks allows you to more easily identify unwarranted price increases from suppliers and reduce budget leakage outside the procurement team's control.

By keeping a monthly/quarterly cadence, your team can also constantly rationalize your supplier base, reduce rogue spend, and better manage strategic partners.



### **Speed and control of suppliers and spend**

If the thought of pulling the trigger and running RFPs every month is leaving you nervous because of memories of how painful it is to build, configure, and launch RFPs in e-sourcing tools you've used in the past, find comfort in the fact that building and launching an RFP in Keelvar is as simple as dragging and dropping your Excel Bid sheet in Keelvar's tool – or copying over data from a previous event – and it's ready to go.



### **Getting ahead of capacity issues**

With sourcing needs changing rapidly, tools such as Keelvar's Sourcing Optimizer enable you to adjust your strategy and keep up with the availability of capacity and the number of suppliers you need to capture it.

In today's market, your goal is to make sure you get the capacity and service you need at a price better than your competition's.



### **Build a comprehensive picture of your network**

It's difficult to fully understand how your supply chain performs amid so much volatility. Through Keelvar's software, you can optimize your network to source from alternate or closer locations and use alternative modes of transport to discover potentially cost-saving or avoidance opportunities.

Whether rates are going up or coming down, the goal is to always get the service you need at a cost that's competitive within the market while having high confidence you have the required capacity.



### **Supplier evaluation**

Finding suitable suppliers continues to be a big problem for sourcing teams, and chances are you're already missing out on those in the market that could offer you better prices. Keelvar

can help you evaluate new suppliers. By moving to a more regular, dynamic sourcing cadence, you can test and onboard new suppliers throughout the year to see if they work for you before expanding your business with them during your annual or next large RFP.

## Summary

In a market where a wide range of catastrophes, disruptions, or even conflicts are happening increasingly frequently, procurement leaders are left wondering what the best strategy to empower their sourcing teams should be. Recent volatility has been a wake-up call for many that strategic sourcing has endured poor systems for managing bid events for too long; manually driven sourcing processes require too much back and forth communications and too much data checking and corrections to be executed swiftly enough to achieve best results.

Automation can drive significant advantages because not only does it allow best-in-class teams to improve their speed of execution, it unlocks time for them to focus on strategic priorities that get overlooked when firefighting essential operational activities. The right automation technology can significantly lighten the workload and drive higher standards – particularly if sourcing optimization is baked into the eSourcing tool to collect the data the ‘smart’ automation relies on.

With procurement becoming more automated and streamlined, the actual value of any new eSourcing solution is how effectively it is adopted, managed and deployed by your team. No bot can negotiate contracts, develop relationships, or stimulate creativity in the same way that a human can. It’s one of the reasons Keelvar’s Autonomous Sourcing allows you to automate as much as 100% of repetitive, tedious tasks that don’t take advantage of human strengths – the type of work that’s better offloaded to the machines.

Meanwhile, your people can focus on being strategic, creative, and making those final award decisions to achieve excellence. Request a conversation with our team if you want to learn more about making Keelvar’s solutions work for you.

## About Keelvar

Founded in 2012, Keelvar is the only eSourcing tool that offers optimization (i.e. analytics that a human brain couldn’t do) and automation (i.e. the ability to scale best practices by building them into repeatable processes), in one single, easy to use software. Our customers are large enterprise businesses with complex supply chains, using our solutions across all spend categories.

Contact us for pricing and a demo: [www.keelvar.com](https://www.keelvar.com)