

2021 Voices of Sourcing Report:

# Sourcing in Flux Amidst Current & Future Challenges

October 2021 report on Keelvar's new survey of global sourcing professionals as they share their experiences and predictions while facing ongoing supply chain volatility and increasing procurement complexity.

56%

SCOPE 3  
EMISSIONS

SPEED AND  
RELIABILITY

76% WORK FOR  
\$1 BILLION+  
ENTERPRISES

67%

MANAGING  
DISRUPTION  
76%

# Table of Contents:

3	A Message From Our CEO
4	Introduction: About The Survey
5	Demographics – At A Glance
	<b>SURVEY RESULTS:</b>
6	Managing Disruption
8	Emerging Priorities
10	Sustainability Strategies
12	Geographic Breakdown
13	Staffing & Human Resourcing
15	E-Sourcing Technology
18	Summary
19	About Keelvar
19	Charity Partner



# A Message From Our CEO

I am proud to introduce insights from Keelvar's first annual Voices of Sourcing Survey. We're living through arduous times. Few sectors have been harder hit than those responsible for navigating bottlenecked supply chains and enacting strategies for business survival.

Procurement and sourcing leaders have had plenty to report regarding their collective shift in priorities to cope with new challenges. Our survey received over 100 responses from those responsible for spend categories in a multitude of industries across five global regions.

I want to thank the respondents who took the time to answer our survey questions, and in turn, helped Keelvar meet our commitment to exercise charitable good. Keelvar contributed funds to our charity partner, One Tree Planted, to ensure more than 1,000 trees are being planted in global locations where they are needed most.

Environmental sustainability is an escalating priority for businesses with supply chains. The procurement industry continues to look for ways to navigate corporate goals and objectives while keeping a particular focus on modernization and resourcing – the importance of which is highlighted in this survey report. We look forward to delivering insights on progress and challenges year after year.

Enjoy reading through the data in the report that follows here.

**Alan Holland,**  
Keelvar Founder & CEO



# Introduction: About The Survey

The procurement industry is in a state of flux. New challenges are emerging every day that play havoc with even the best and most strategically laid plans of sourcing professionals.

In August 2021, 112 of these procurement executives from around the globe responded to Keelvar's survey on the state of sourcing, "what keeps them up at night", and their take on current and future priorities. Nearly all of the respondents work for supply chain-driven companies, and over 75% for \$1 billion -plus enterprises.

We believe our survey findings show that there is still a significant opportunity to invest in modernizing sourcing tools, process, and talent development to elevate ROI and help with corporate goal achievement. The paybacks are proven; now it's about the evolution and adoption of the next advances in sourcing support.

## KEY FINDINGS IN THIS SURVEY:



**Managing disruption** is more important than ever – but sourcing teams may struggle to meet the C-suite's rising expectations while juggling volatility.



**Supplier speed and reliability** are top decision criteria, but emerging priorities will gain more attention in the next five years.



**Sustainability strategies** will have a greater future impact on sourcing, but challenges for implementation remain.



Despite the prevalence of job losses in many sectors, more sourcing teams have seen their **human resources** grow or remain static than those who experienced workforce decline.



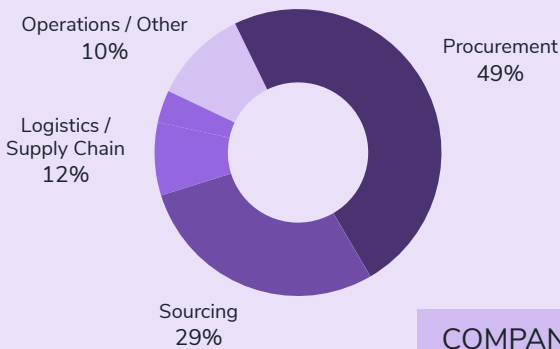
**Technology** for e-sourcing, optimization, and automation adoption still has much room for growth to have a bigger impact and to help teams manage complexity.

# Demographics - At A Glance

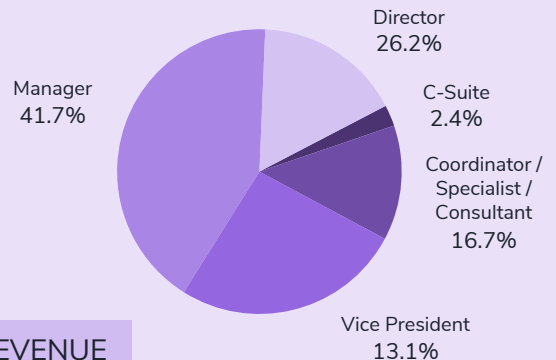
100+ RESPONDENTS - ACROSS 5 GLOBAL REGIONS



## RESPONDENT'S ROLE



## RESPONDENT'S SENIORITY LEVEL



## COMPANY ANNUAL REVENUE



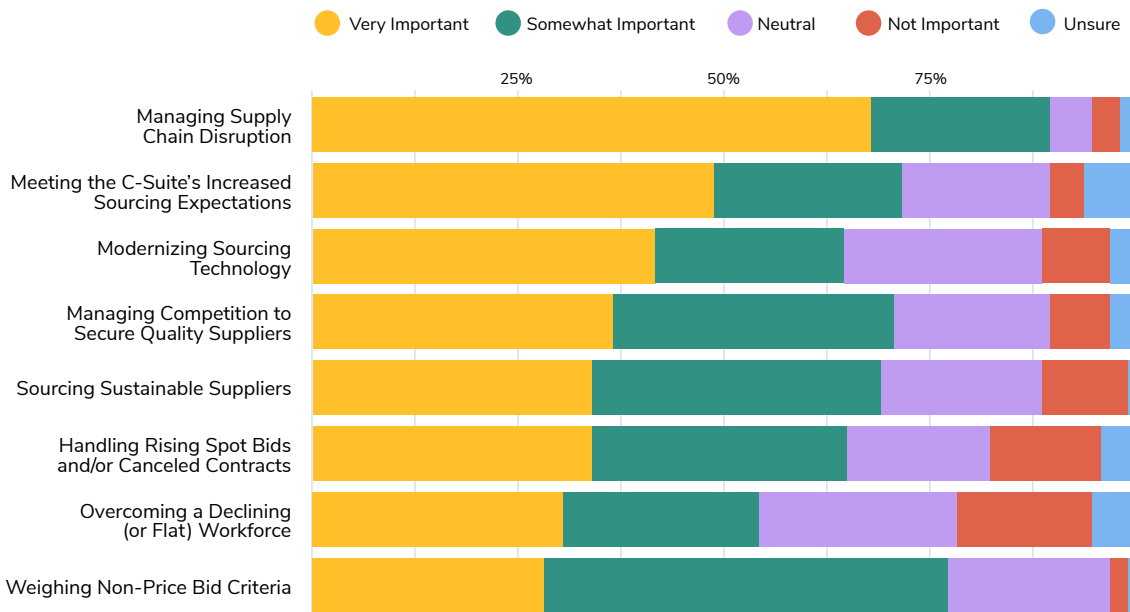
## COVERING ALL SPEND CATEGORIES:



# Managing Disruption

Managing disruption is more important than ever – but sourcing teams may struggle to meet the C-suite’s rising expectations while juggling volatility.

## In The Last 12 Months, How Important Were The Following Focus Areas To Your Organization? (Please Select For Each Row)



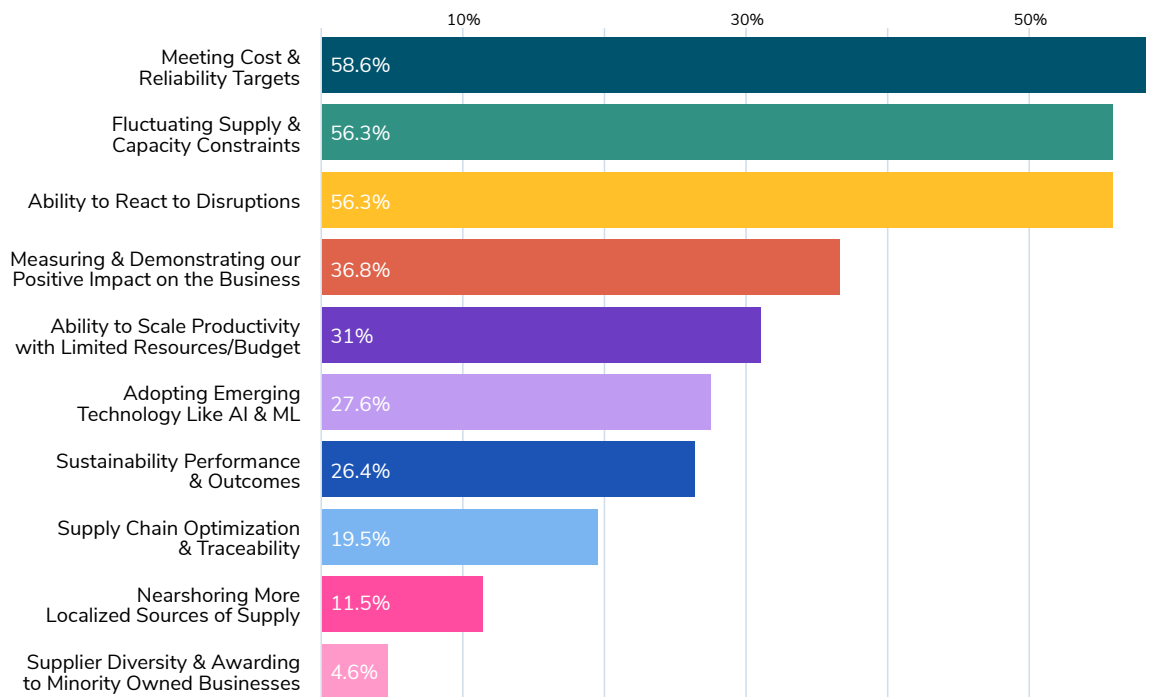
Given the rising frequency of supply chain shocks in 2020 and 2021, it's of little surprise that **managing disruption** came out on top as the most important focus area for two-thirds (67%) of respondents.

Barely any respondents indicated they were not affected in this area. Nearly half (49%) also felt it was very important for them to concurrently focus on the **increasing expectations for sourcing** coming top-down from the **C-suite**.

Disruptions had a knock-on effect on other areas of sourcing – 41% found it very important to focus on **modernizing their technology** solutions and 36% found it critical to manage **competition** to secure quality suppliers.

And while the weighing of **non-price bid criteria** didn't rank as high in utmost importance (perhaps due to the urgent firefighting taking place), it actually ranked runner-up in terms of overall importance. This suggests that as disruptions abate, non-price factors will be a top ongoing focus area.

## What Sourcing Priorities Keep You Up at Night? (Check All That Apply)



Challenges and stressors translate into where professionals allocate more mental energy. We directly asked about “what keeps them up at night.” Sourcing teams’ **ability to react to disruptions** that may come with fluctuating supply and capacity constraints both ranked slightly below (56%) their concerns for **meeting cost and reliability targets** (59%), which topped the list of workplace pressures.

The data shows that despite the critical importance of having sustainable and environmentally-friendly practices, monitoring the **performance and outcomes** of these efforts and implementing **supplier diversity** programs played less on the minds of the respondents (26% and 5% respectively) than more immediate business needs.

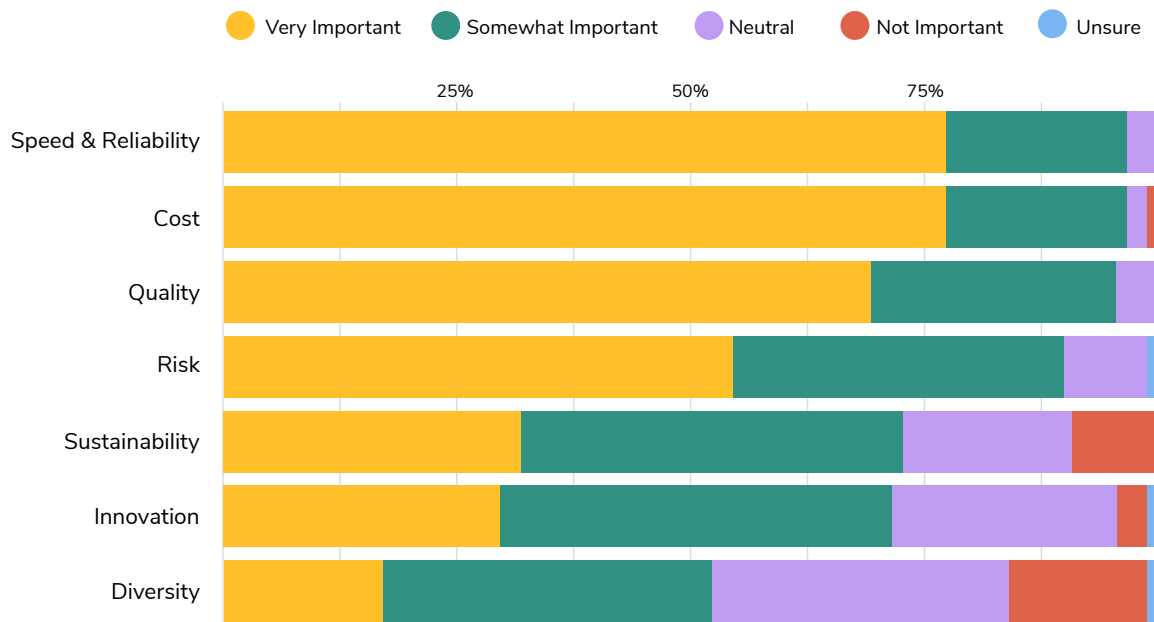


59% say meeting cost and reliability targets keeps them up at night

# Emerging Priorities

Supplier speed and reliability are top decision criteria, but emerging priorities will gain more attention in the next five years.

## For The Categories You're Responsible For, How Do You Think Your Organization Values The Following Supplier Attributes When Making A Sourcing Decision? (Please Select For Each Row)



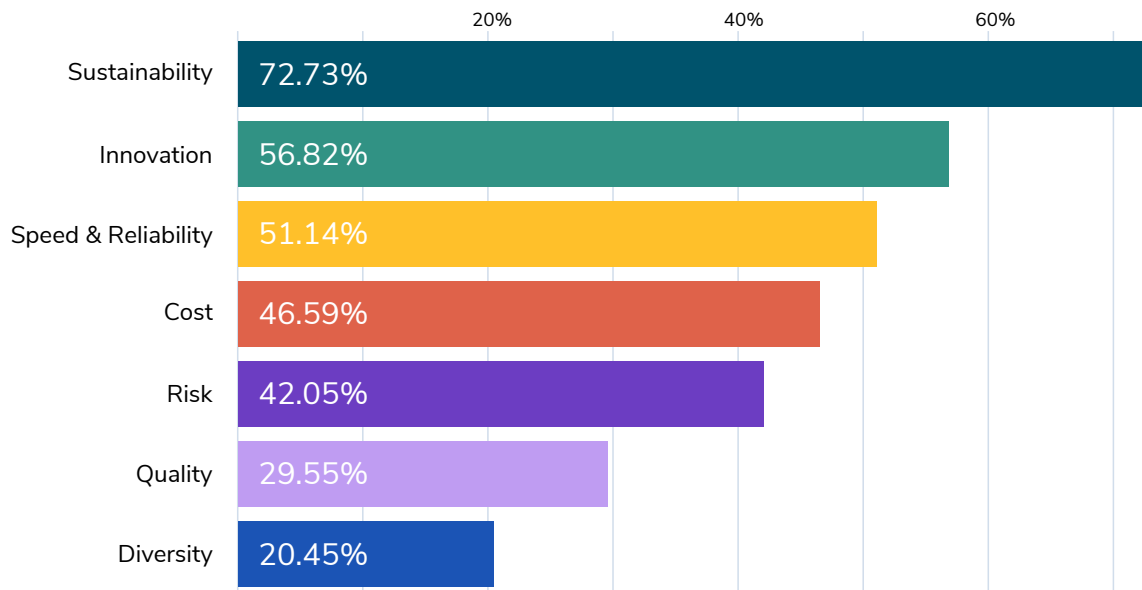
Cost was once upon a time the primary deciding factor when selecting suppliers. Now, looking beyond monetary considerations has become a critical component for many sourcing functions. But to what degree? On-time delivery – **speed and reliability** – has elevated to the ranks of paramount supplier attributes. The majority of respondents placed it equal to **cost** as either very (77%) or somewhat (19%) important to their organizations.

More than two-thirds of respondents (69%) place an emphasis on **quality**, and more than half (55%) are seeing strategies and tactics for managing **risk** as significant considerations when selecting their suppliers.

But with many considerations at play in sourcing decision making, it's inevitable that some supplier attributes will go undetected without the support of an [e-sourcing optimization](#) tool. In this case, championing **sustainability** (32%) and **diversity** (17%) edged down the list of 'must-haves' for organizations at present.



## Which Supplier Attribute Is Most Likely To Increase In Value Over The Next 5 Years? (Select All That Apply)



We also asked respondents to project which attributes they believe will increase in importance in the next five years, compared to their importance ranked today. It's no surprise that things like **cost** and **risk** don't see dramatic changes, as they are already extremely top ranked.

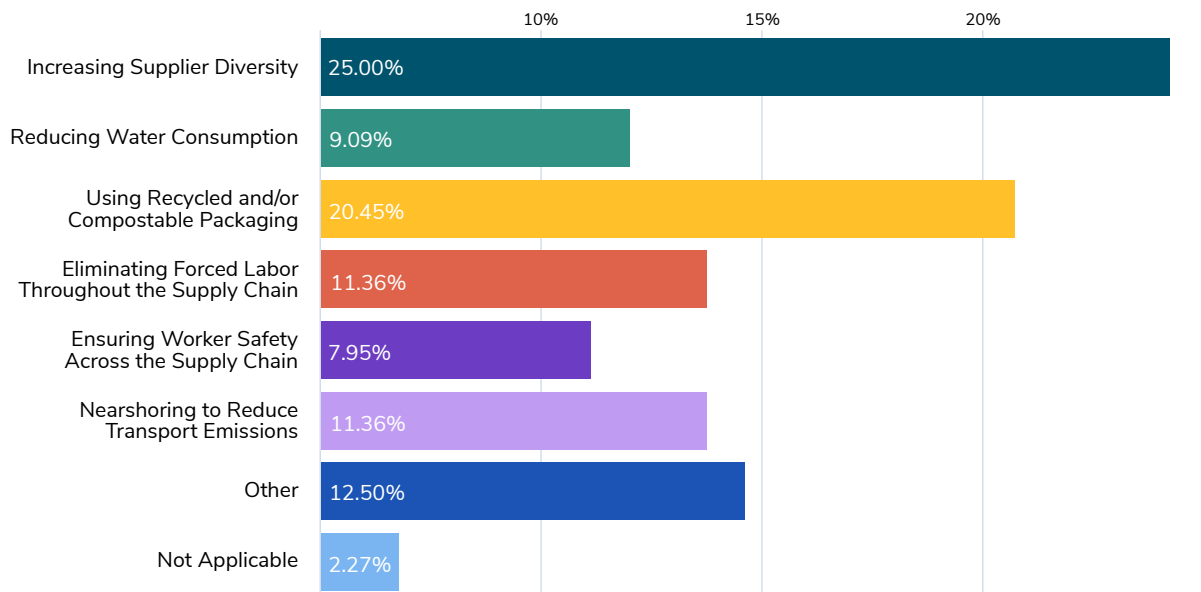
Emerging areas, especially sustainability, are expected to become more important for sourcing professionals as corporate commitments require accountability. Almost three-quarters (73%) of respondents predict a strong rise in **sustainability** in sourcing, followed by **innovation** (57%).

Regarding supplier diversity, just over 50% consider this attribute important now in sourcing decisions (previous page), with little increase expected in the next 5 years. However, as you will see in the following section, many sourcing professionals feel strongly that supplier diversity will be a critical piece to sustainable sourcing moving forward.

# Sustainability Strategies

Sustainability goals will have a greater future impact on sourcing, but challenges for implementation remain.

## Which Sustainability Priority Will Have The Most Impact On Your Sourcing Over The Next Five Years? (Select One Option)

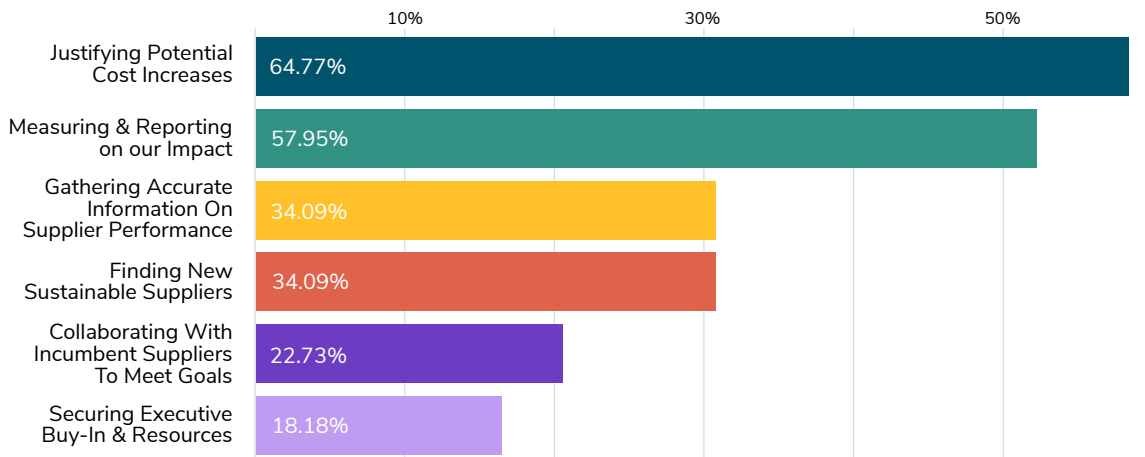


As more organizations pledge to work only with manufacturers that adhere to certain sustainability and environmental standards, the onus will fall on sourcing teams to ensure that their suppliers' practices line up with targets. However, respondents were split on which sustainability initiatives are worthy of attention over others.

For example, one quarter (25%) state that **increasing supplier diversity** will have the most impact on their sustainable sourcing in the next five years, while 20% see **recycled and/or compostable packaging** as longer-term priorities for their sustainability vision and strategy.

More than 12% cited "other" priorities they believe will most impact their sustainable sourcing practices, which spanned a variety of responses including Scope 3 and Greenhouse Gas (GHG) emissions, "reaching carbon net zero" and alternative/renewable energy sources, as well as workforce sustainability.

## What Are The Hardest Parts About Sourcing Sustainably Today? (Select All That Apply)



Respondents were consentient on the challenges they face when making sustainable sourcing decisions. While **securing executive buy-in and resources** was a very low concern, selected by fewer than one in five respondents (18%), some 65% said that **justifying potential cost increases** was the hardest part of sourcing sustainably. This suggests a potential disconnect between top-level corporate goal-setting and today’s actual tactical sourcing practices.

Respondents also highly rank the challenge of **measuring and reporting** on sustainable sourcing’s impact (58%), which can be particularly difficult if a substantial portion of sourcing is not digitized and centrally tracked, and if relevant data is not collected through that process.

**65%**

worry about cost factors

Executive support for sustainability is not considered a challenge today, but justifying its costs is the top concern.



# Geographic Breakdown

While many of the obstacles and priorities faced by sourcing executives are common shared experiences, the survey uncovered some variations in rank and outlook for respondents depending on their location. We focused on how respondents in North America compare to their European/UK peers to identify any areas of difference.

## Difference in “What Keeps You Up at Night?” Ranking: Sustainability Performance and Outcomes



**28%**  
EU/UK



**12%**  
NORTH AMERICA

Although respondents widely agreed that sustainability will increase in priority for their organization, when it comes to its importance today, more than a quarter (28%) of European / UK respondents said “sustainability keeps them up at night,” versus 12% of North Americans who felt that way. Additional geographical differences emerge between the overall value placed on sustainability in sourcing decisions, with respondents in Europe / UK ranking it 18% higher than those in North America.

On the role that sourcing **recycled and/or compostable packaging** will have on their sustainability vision and strategy, 26% of Europe/ UK respondents agreed that it would have the most impact within five years, compared to just 8% of North Americans.

## Difference in Ranking Value of Supplier Diversity



**14%**  
EU/UK



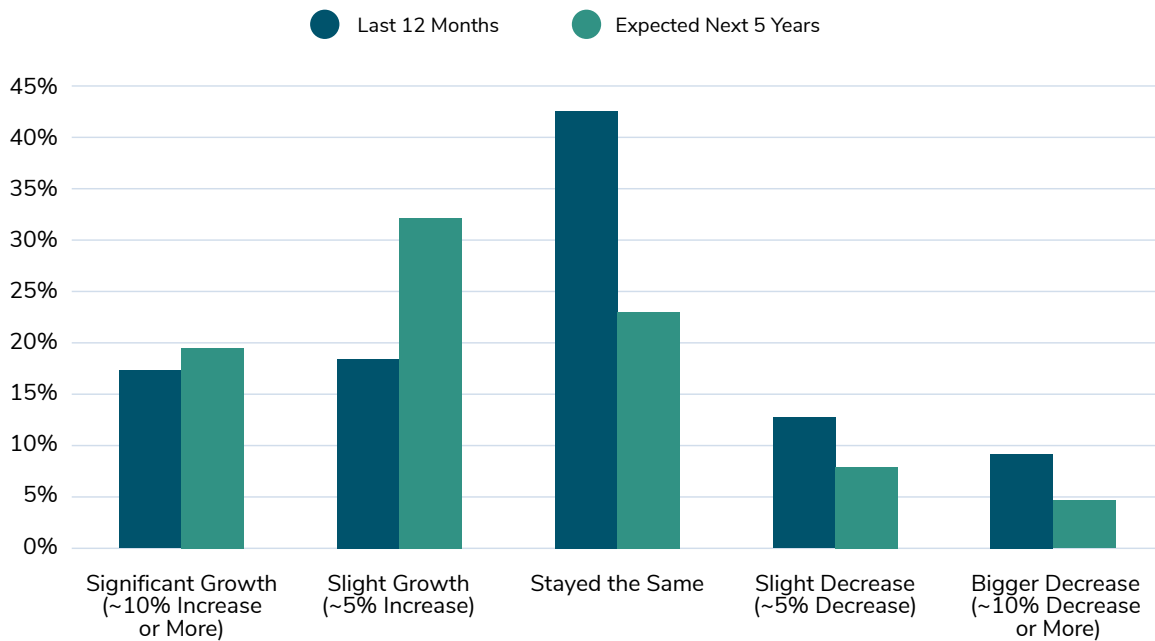
**52%**  
NORTH AMERICA

When it comes to the supplier attributes that will increase in value during that same timeframe, **supplier diversity** was found to rank lowest among the choices presented (see page 8). But again, we see some geographical differences in the findings, with 52% of North American respondents suggesting supplier diversity will have more value, whereas only 14% of Europe/UK respondents agreed.

# Staffing & Human Resourcing

Despite the prevalence of job losses in many sectors, more sourcing teams have seen their human resources grow or remain static than those who experienced workforce decline.

## Changes to Sourcing Team Size



As a knock-on effect of cost saving measures, shrinking budgets often go hand-in-hand with shrinking teams. But our findings suggest there has been some degree of recognition that business objectives and continuity – especially amidst significant disruptions – are less likely to be achieved without a robust sourcing team at hand. As shown in the visualization above, a healthy number of respondents reported **significant growth** (17%) or **slight growth** (18%) in the size of their sourcing functions in the last 12 months.

However, with 54% of respondents stating that ‘overcoming a declining or flat workforce’ (see [page 6](#)) was an important focus area for their organization in the previous 12 months, some sourcing teams did experience dwindling staff numbers. Around one in five teams (22%) saw a drop of approximately 5% or 10% in their sourcing team size amidst the ongoing disruption.

But headcount expansion or contraction wasn't a prominent feature for the remaining respondents, with the largest percentage (43%) indicating **no change in the size** of their staffing during the same timeframe. This finding was especially true for those in roles in operations and supply chain, and for those more likely to work for a company of less than \$1 billion in size.



43%

indicating no change in the size of their staffing in the last year

Additional findings suggest there is hope on the horizon for teams who experienced staff cuts, with a third of respondents (32%) projecting slight or even significant (20%) growth in their sourcing team in the next five years, while just under 13% predict a further decline.

32%

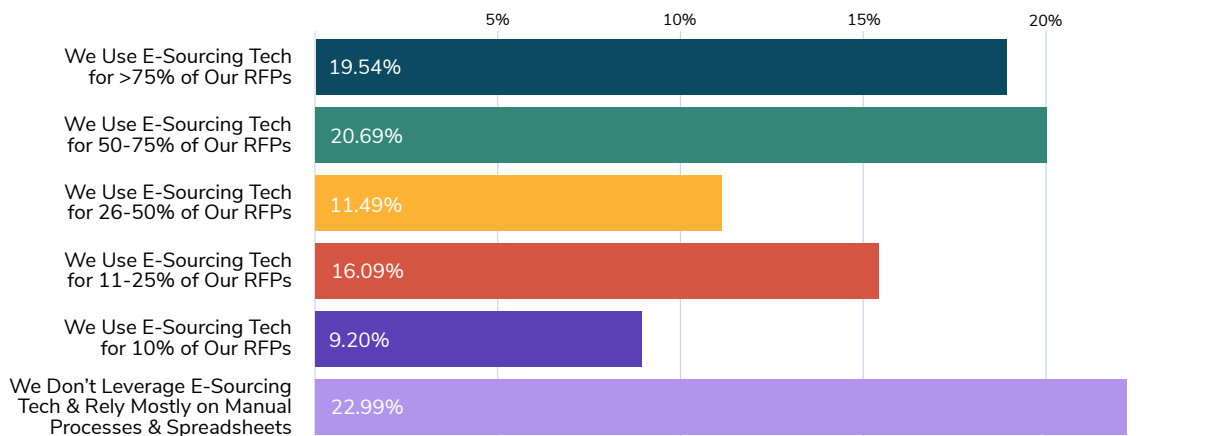
project their sourcing team will grow within five years



# E-Sourcing Technology

Technology adoption for e-sourcing, optimization, and automation still has much room for growth to have a bigger impact and to help teams manage complexity.

## How Prevalent is E-Sourcing Technology in Your Organization? (Please Select One)

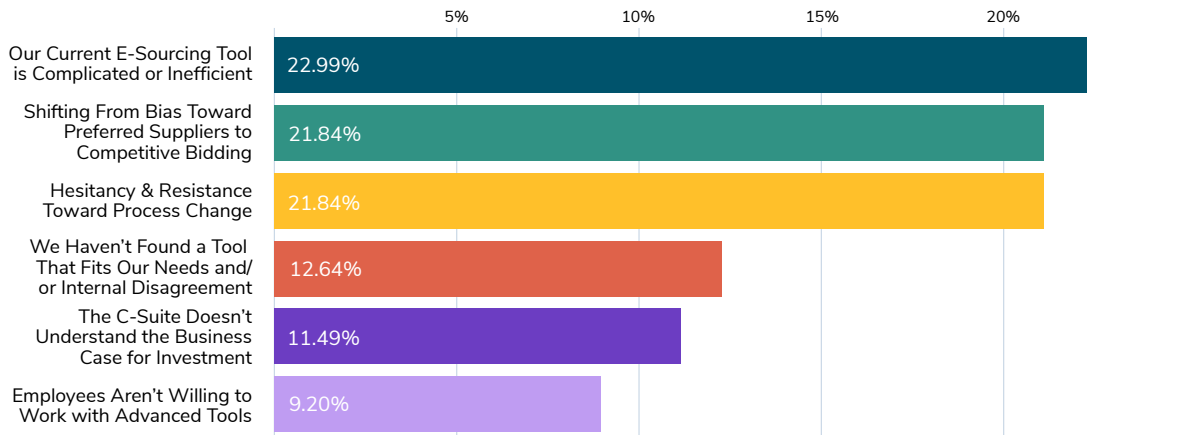


Modernizing sourcing technology may have been pushed near the top of the business agenda for 40% of respondents (see [page 6](#)), but data here suggest that when it comes to using e-sourcing solutions, professionals still have some way to go. One in three sourcing professionals admits to only using such technology for a small percentage of RFPs (around 10%) or not leveraging e-sourcing tech at all – and instead **rely mostly on manual processes or spreadsheets** (23%) to do their work.

The findings are reminiscent of a [2021 study of Chief Procurement Officers](#) by Ardent Partners, which revealed that although participants showed strong interest in adopting more e-Procurement technology, 54% lacked an e-sourcing tool, while just one-fifth reported using optimization-based sourcing currently.

On the positive side, it's great to see that about 40% of sourcing professionals surveyed are using some formal e-sourcing tool for at least half of their RFPs. An excellent goal for teams in the lower usage groups may be to set targets to increase to a greater percentage of spends that are competitively sourced.

### What Is The Number One Challenge To Adopting E-Sourcing Technology For RFPs? (Please Select One)



A failure to more widely adopt e-sourcing technology can't be put down to a **lack of willingness** on the part of employees to work with more advanced tools, as just 9% of respondents to our survey cite this as the number one challenge. It also doesn't seem to rest on a lack of top-level support (11.5%).

Instead, the biggest barrier to adoption appears to be a result of entrenched organizational habits, combining **hesitancy and resistance toward process change** (22%) and **shifting from bias towards preferred suppliers to competitive bidding** (22%).

With a further 23% citing reasons related to their **current e-sourcing tool being inefficient or too complicated to use**, the need for e-sourcing simplicity is clear. This is one of the reasons that Keelvar's optimization and automation solutions have focused on those aspects of product design and onboarding for our customers.

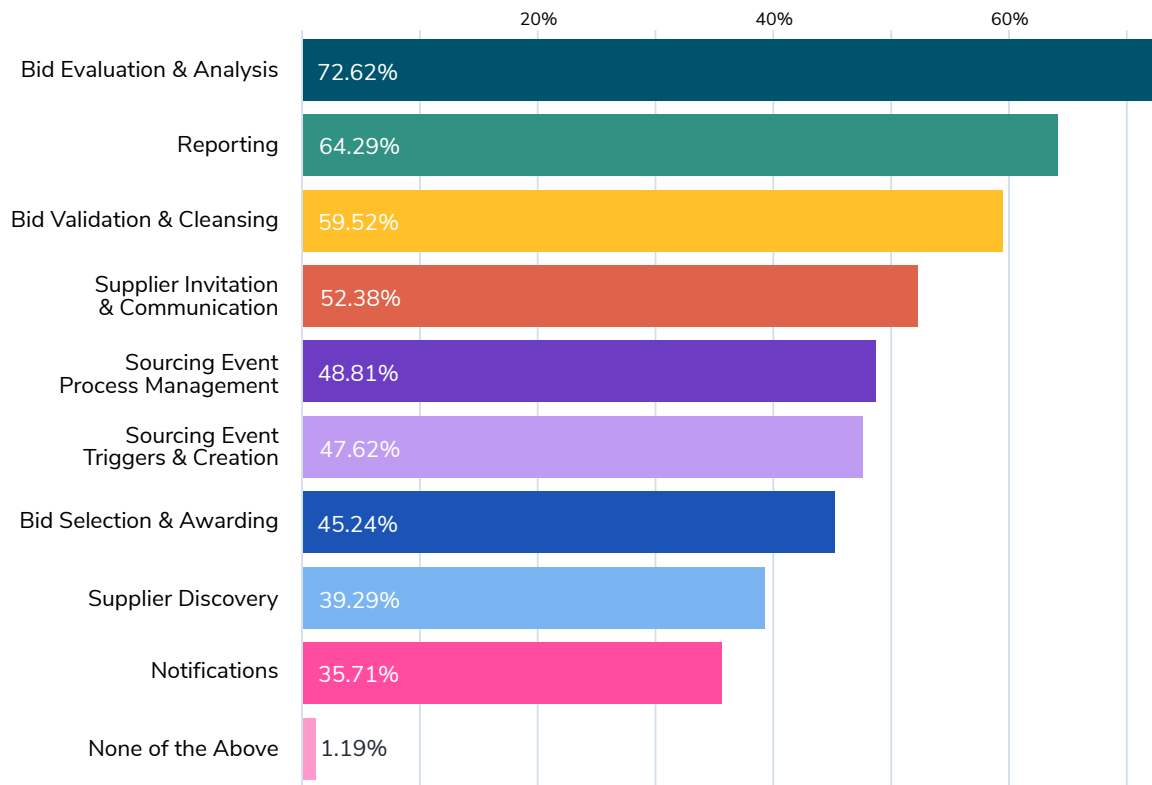


# 44%

cite process-related reasons as an obstacle to wider e-sourcing adoption



## What Part Of The Sourcing Process Would Be Valuable To Automate? (Check All That Apply)



Again echoing Ardent Partners' 2021 findings that showed executives are prioritizing automation over many other initiatives, respondents to our survey are increasingly seeing the value of automation technology as a team support mechanism.

A staggering 99% suggested parts of the sourcing process would be valuable to automate, while their selection of tasks ripe for automation ranges from more complicated elements of bid evaluation and analysis (73%) to the more tedious reporting (64%) aspects of their work.

**99%**

suggested parts of the sourcing process would be valuable to automate

# Summary

Procurement's value and contribution has become indispensable to organizations with supply chains. As a result, the scope of work and responsibilities of professionals who manage sourcing functions has expanded to meet new complexities.

It's been no easy ride; juggling supply chain volatility, accelerating sourcing cycle times, and rising spot bids has placed additional strain on sourcing employees that were already far from strangers to high-pressure deadlines.

The main focus for sourcing teams is on firefighting disruptions and managing immediate business risk. But priorities including sustainability will be the next frontier for procurement, and the C-suite is already setting ambitious goals.

Rising to meet increased expectations while striking a balance between competing criteria to make optimal award decisions will be difficult. This balance will be best achieved by sourcing teams who take advantage of optimization-backed tech solutions.

As the survey showed, more organizations than ever are willing to look beyond legacy technologies that don't meet their needs. In fact, the majority of professionals believe that some of the more tedious aspects of the sourcing process should even be automated.

A slow pace of digital change and a reliance on manual handling of tasks still runs rampant. However, much of this appears to be down to resistance toward process change embedded within organizations rather than a lack of willingness to work with newer tools.

Additionally, the majority of respondents reported an increase in staff or no change to sourcing staff numbers in the past year. But for those who did see a decline, the addition of automation and enabling technology would provide a helpful support mechanism to empower resource-constrained teams.

Unfortunately, sourcing's state of flux isn't quite over yet. But upgrading your sourcing technology to a cutting-edge optimization solution that helps reduce business costs while enabling sourcing teams to work and buy smarter is one surefire way to ensure your team can rest much easier at night.

## About Keelvar

Founded in 2012, Keelvar is moving procurement forward with our best-in-breed SaaS software for intelligent sourcing optimization and automation, designed for easy adoption, scale, and productivity.

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

## About Our Charity Partner

Keelvar donated per survey respondent to help improve our world, through One Tree Planted, a 501(c)(3) nonprofit on a mission to make it simple for anyone to help the environment by planting trees. Their projects span the globe and are done in partnership with local communities and knowledgeable experts to create an impact for nature, people, and wildlife. Reforestation helps to rebuild forests after fires and floods, provide jobs for social impact, and restore biodiversity. Many projects have overlapping objectives, creating a combination of benefits that contribute to the UN's Sustainable Development Goals.

To learn more, visit [onetreepanted.org](http://onetreepanted.org)

