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Whitepaper

Functional ExtAIinction Battle

Preparing for Procurement's evolutionary struggle for survival



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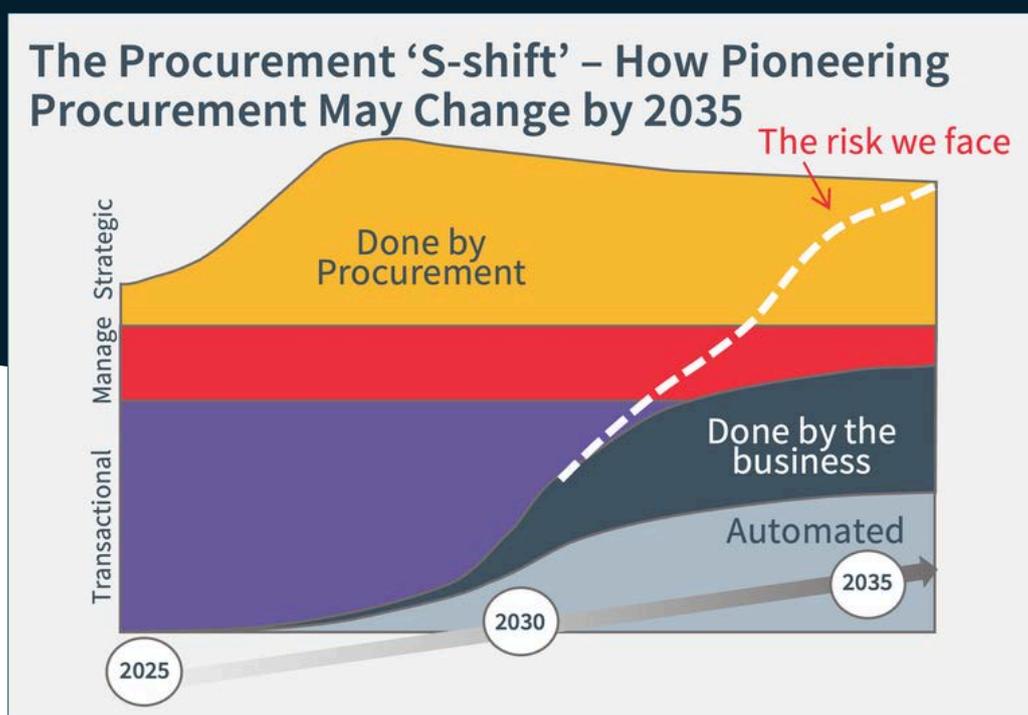
Summary

AI means Procurement is going to be left jostling with the rest of the business to control the commercial space. It is a race. Start now or lose.

AI is set to transform Procurement. Many of the activities traditionally carried out by Procurement functions will either be automated through AI agents or managed directly by the business. IT and Finance, in particular, will also undergo significant reinvention.

What remains are the 'commercial hub' activities that require human expertise and intervention: change management, innovation and sophisticated market engagement. Yet these are not exclusive to Procurement; such capabilities are found across the business. As other functions seek to secure their relevance and survive, they will want to move into this commercial space.

Unless Procurement develops the skill sets to a higher standard than the other functions, it will be outpaced. The imperative is clear: go get them.



Executive Summary

The battle to evolve and survive post AI

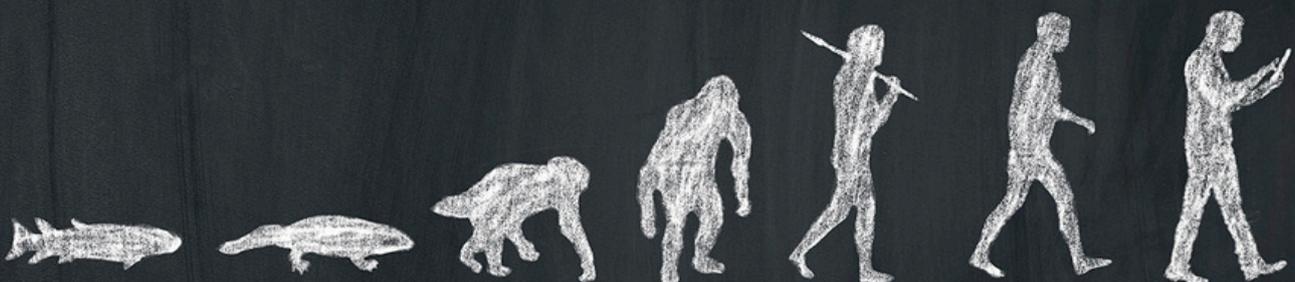
We can learn a lot from the history of our planet and the five mass extinction events that have taken place over the last 444 million years. We know that when something big changes the environment, such as the meteor that wiped out the dinosaurs, it is not necessarily the immediate event that kills life, but rather the chain of events that follows. We also know that following a mass extinction there is an evolutionary battle to fill the niches created by the change.

Procurement might be wiped out in coming years if it does not compete and win the niche. It faces an existential risk from AI, or rather from the chain of events that AI will trigger in organisations. As AI both revolutionises and decimates back-office functions, including Procurement, we will end up in a Darwinian jostle for existence with other functions within a decade unless we can show a unique value contribution.

Today, in Procurement, we may be focusing on the wrong things and ignoring the impending battle for survival. This means that only the pioneers who are already considering how to adapt will have enough time to figure out how to win the race for survival. The evolutionary struggle begins now: it's time to 'reinvent or get killed'.

Here's the 30 second briefing:

- AI is advancing at lightning speed. The rate of advance will outstrip the ability of many organisations and their procurement functions to take fuller and prompt advantage. Current thinking, planning and adoption of AI by organisations is constrained by how they are structured today.
- As AI takes hold and its potential becomes clearer, back-office functions - including Procurement, Finance, IT, and our stakeholders - will jostle for survival in the same space. Functional boundaries will be redrawn, which could spell the demise or radical redefinition of many functions as we know them, including Procurement.
- Procurement will be forced to compete to retain procurement responsibility within the organisation. That battle will be lost unless we can uniquely demonstrate new forms of value that no other function can rival.
- Procurement has already entered a new era, but this is only the first of three significant shifts we will have to navigate.



Shift 1 - The Age of Disruption

The Age of Disruption will be defined by large-scale experimentation and, in particular, jettisoning old ways in favour of emerging ideas and technology. Thus far, the Age of Disruption has not materially advanced procurement, but rather is for the time being, driving uncertainty and the *prospect* of relative decline (relative to other functions who have started on the journey) as what worked OK gets cast aside for new technology solutions that are not quite there yet.

Shift 2 - The Age of Evolution

The Age of Evolution will soon be upon us and will shake out where Procurement survives and thrives, and where Procurement dies and gets consumed entirely into other functions as organizational boundaries are redefined.

Shift 3 - The New World

Early in the next decade, the procurement space will transform into a purely strategic function, likely no longer called “Procurement” but rather part of a new *commercial hub*. Its role will be to optimise how the supply base can help realise corporate objectives ongoing.

We must all be battle ready for the evolutionary struggle that lies ahead. To become pioneers of the procurement-to-commercial-hub transition, we must act now and lead the redefinition of our function.

This means we must build the new future strategic capability needed, combining today’s best talent and thinking in advanced strategic procurement with the best technology, AI and data specialists. Together, we must transition transactional spend out of procurement, so it is automated or becomes business self-serve. An (perhaps the) opportunity is to become the new strategic architects of the systems that will enable, equip, and manage procurement across the organisation, while retaining human entrepreneurial judgement for the most strategic and high value-add spend areas. Start late, you lose. Start now, and you have a chance.

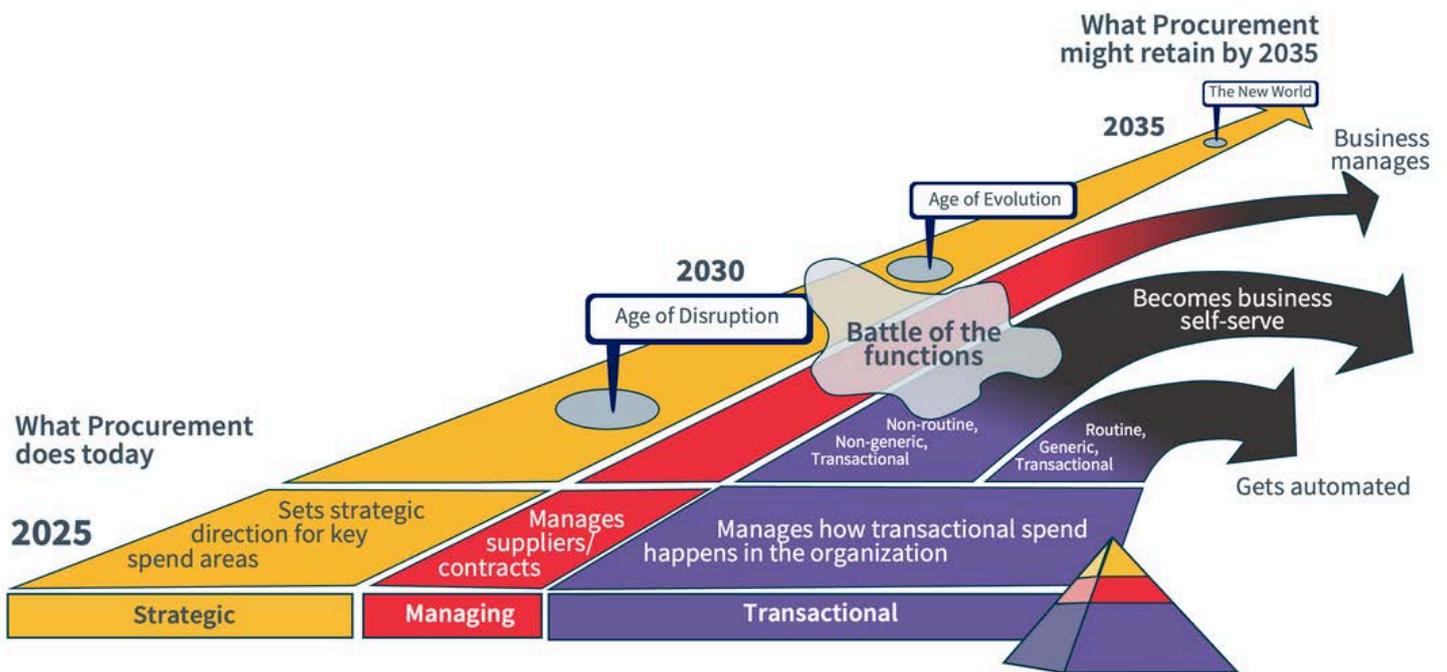


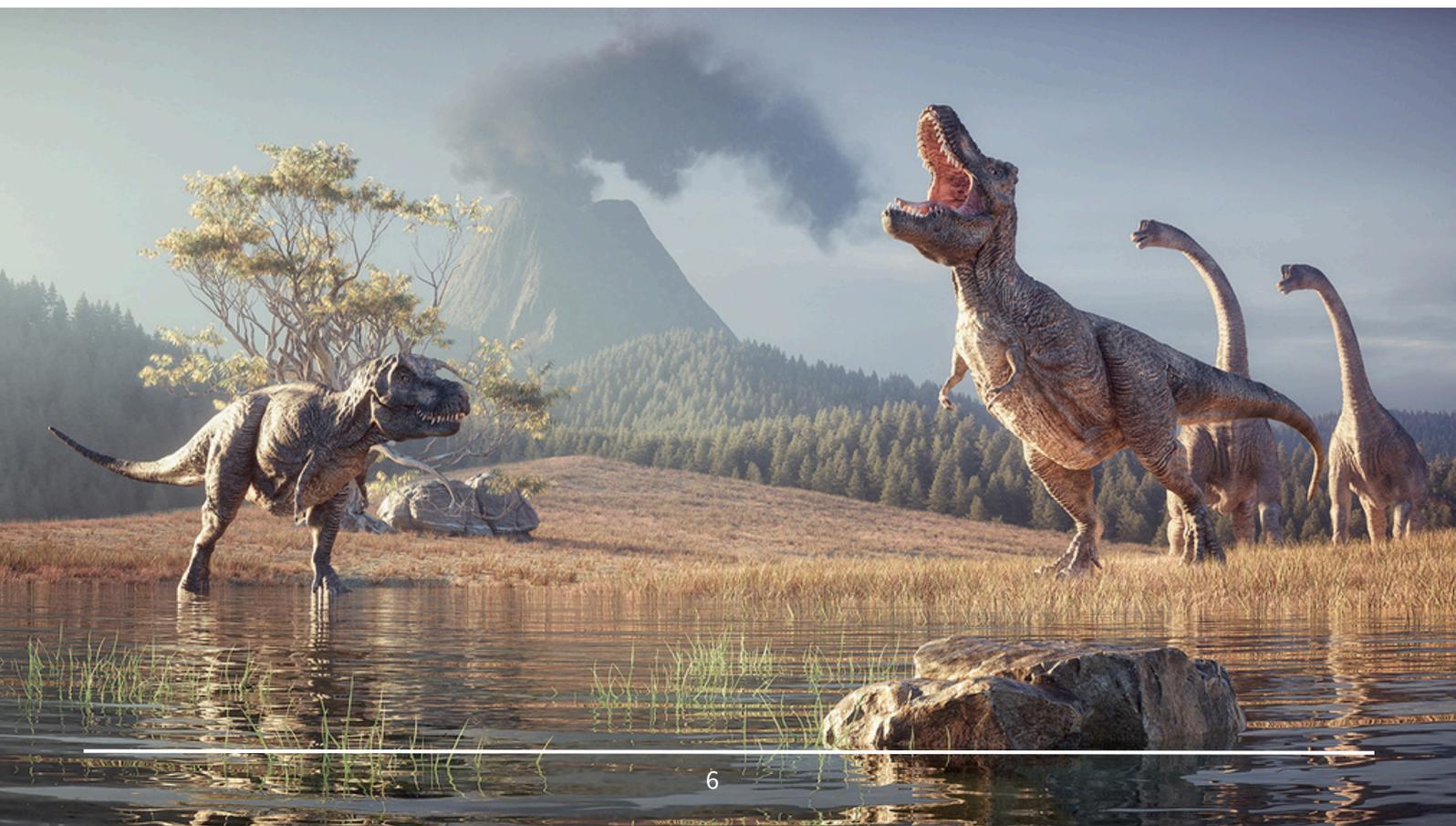
Figure 1 - Procurement’s future trajectory

Preparing For Procurement's Evolutionary Struggle For Survival

Facing Extinction

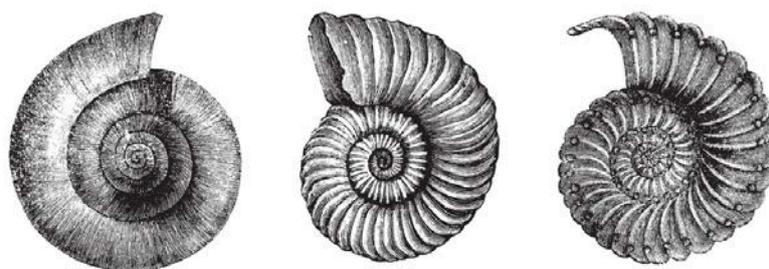
66 million years ago, a catastrophic meteoroid impact caused the extinction of the dinosaurs along with 75% of all life on Earth. In fact, there have been five mass extinction events in Earth's history, with the dinosaurs - or Cretaceous-Paleogene extinction event - being relatively recent by comparison. It is somewhat ironic that only 135 million years earlier, the Late Triassic extinction had eliminated many vertebrate species on land, paving the way for dinosaurs to become the dominant terrestrial animals.

Then there was the Permian-Triassic Extinction event around 252 million years ago which earned the more accessible name "The Great Dying" because it wiped out about 90% of all life on land and in the water. And we shouldn't forget the Late Devonian Extinction about 370 million years ago, which resulted in a significant loss of marine species. The earliest event, the End-Ordovician extinction some 444 million years ago, was caused by a period of glaciation followed by global warming, which led to the extinction of many marine species.



Mass extinction events have two things in common. First, it is rarely the event itself that causes the extinction, but rather the consequences that follow. For the poor dinosaurs, the meteor impact in Mexico's Yucatán Peninsula might have sent shock waves around the World, but it did not kill them outright. Instead, the dinosaurs were wiped out as a consequence of the chain of events that happened next. Clouds of debris thrown into the atmosphere by the impact, blocked out sunlight, creating an "impact winter" that disrupted the food chain and eventually brought about mass extinction.

Second, after a mass extinction event, evolution enters a phase of rapid diversification and evolutionary recovery. This phase is characterised by initial low diversity of species – only the most resilient survive. Evolution then works to fill vacant ecological niches, often shifting the dynamics of natural selection to favour different traits.



The Giant Meteor Heading Straight For Procurement

The procurement industry now faces the very real and growing threat: its own mass extinction, brought about by the giant AI meteor on a collision course with organisations and Procurement as we know it today. Despite AI being the only thing people seem to be talking about, the meteor has not yet struck, but we are standing in its shadow, and that shadow is spreading as the moment of impact approaches.

When it hits, with a seismic force probably beyond anything we have ever seen, our World and everything we know in it, will pivot. The impact will trigger a series of events propelling Procurement towards an evolutionary struggle. Procurement, along with every other back-office function, will be forced to fight for survival, jostling for existence in a rapidly redefined landscape. The 'weaker species' procurement functions will be taken by surprise and will lose this battle. In some organisations, Procurement extinction will become a reality in coming years. In others, it will endure, but only where those heading it up have already evolved the function to take up the new evolutionary niches that are already emerging.

These pioneers will rethink what Procurement is and what it does, so it can bring a new, unrivalled source of value to the organisation in an AI-driven world. For those who want to be pioneers of this change, the evolutionary struggle begins now.

AI's arrival is certain, it's just we have been somewhat blind to the series of consequential changes and what they mean for us going forward. However, if we can understand this and pivot the function now, we can have a future.

AI May Develop Faster Than We Can Easily Keep Up

AI offers humans benefits at a scale greater than anything that has gone before, and is set to have a more profound impact on humanity than the industrial revolution. AI holds the potential to add over trillions of dollars to the global economy, multiply the GDP of developed nations, and for the first time in human history, many of us won't have to work to survive. All in a new economic model we don't yet fully understand that creates a new purpose for humans to fill their days.

We can see with certainty how AI will advance over the next few years. Today, AI exceeds much of what has come before: it can better inform us; solve complex problems; generate high-quality content; uncover new insights; and even plan and book an entire holiday itinerary. Agentic AI (AAI) has now arrived, giving AI the ability not only to recommend but also to decide and act.

Until now, however, AI has been limited by the availability of data to inform or train it, with most AI agents excelling only at the single tasks they were built for. In its current form, AI is like a toddler with adult conversational skills: articulate, but lacking memory or knowledge, and capable of doing only a handful of things well.

We believe things will change at lightning speed. Data quality will improve, AI will learn exponentially and start to show us multi-domain and multi-task decision-making, with AAI powering everything we do. Our toddler will become a graduate – clever, informed, and capable in many areas, while brilliant in a chosen specialism.

Beyond this lies Artificial General Intelligence (AGI). Despite the hype, AGI is not “almost here”, as is often suggested. There is no roadmap or consensus on its feasibility, but if the current rate of AI progression continues, it could arrive as early as the next decade. This is dependent mostly upon whether leading nations of the World can expand electricity generation to power the new gargantuan data-processing infrastructure AGI will need – equivalent to roughly 34 new nuclear power stations by 2030, and the same again by 2035. AGI will bring human-like cognition, with systems that think, act, self-learn, and continually improve. At this point, our “graduate” would be as knowledgeable as all the graduates in the World, combined in one system, with an insatiable drive to learn and evolve.

Then there is scary AI, Artificial Super-Intelligence (ASI) – still hypothetical today. ASI would surpasses human intelligence in all aspects, including emotional understanding. It will outperform humans in virtually every intellectual task and will continually improve itself, leading to runaway intelligence growth. This raises the theoretical potential of a “technological singularity” – a point at which technological growth becomes so rapid and unpredictable that it defies human comprehension.

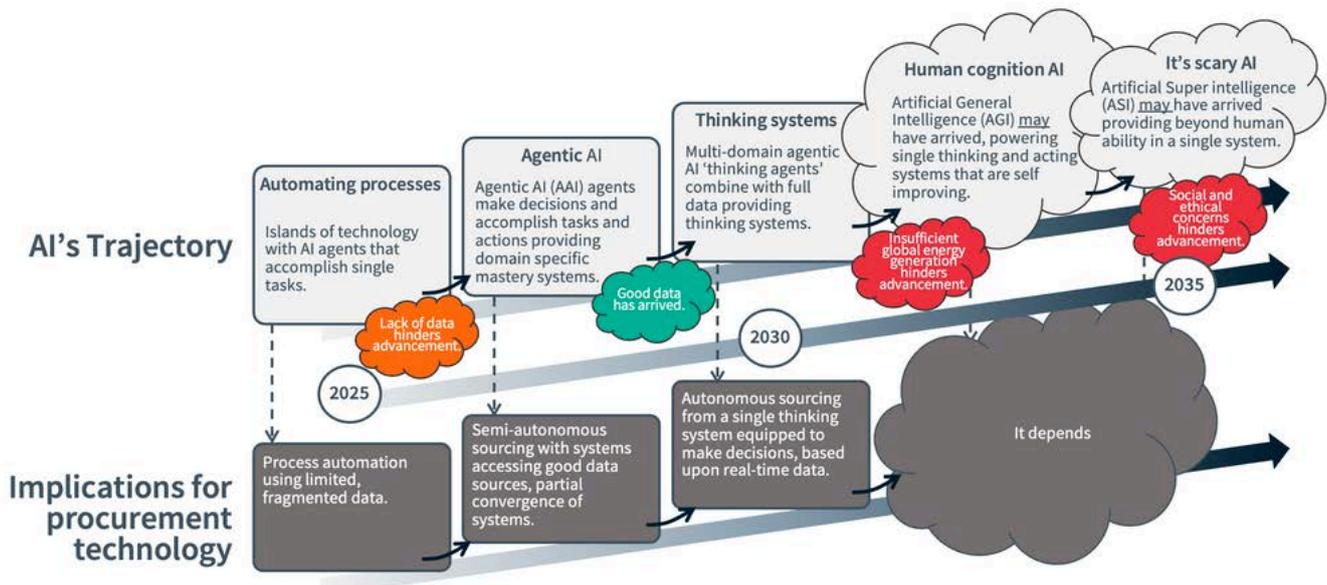


Figure 2 - How we can expect AI to advance in coming years and how this will define the evolution of systems within procurement

The pace of AI’s advance will likely outstrip the ability of many organisations to quickly and easily adopt it. Current thinking, planning and adoption is constrained by how organisations are structured today, and the misguided assumption that future functions will simply be more technological versions of existing ones. They will not. Failing to recognise what is heading towards us, or to anticipate the cloud of debris that will catalyse unprecedented organization redesign, could spell the demise of many functions as we know them. This risk is especially true for Procurement.

Expect Three New ‘Eras Of Procurement’

History marks out two distinct eras of procurement thus far – spans of time where what Procurement was and did, remained pretty much constant. The idea of an organised approach to managing organization spend, and seizing economies of scale to keep cost down, has been part of the corporate model for five decades or so. Then, for the more progressive organizations over the last three decades, the leap from tactical and reactive procurement, to a strategic function capable of connecting end-user aspirations with supply-side possibilities, delivered waves of next level benefits. This shift positioned good Procurement as the driver of new competitive advantage, innovation from the supply base, and a sustainable supply chain. Category management and supplier relationship management became strategic approaches which, if well implemented, proved they could deliver breakthrough benefits. This era has not ended, far from it. Many organisations have yet to contemplate strategic procurement at all and deep seems of untapped benefits are yet to be mined.

Whilst the present era has some time to run, technological advancement – and AI in particular - marks the dawn of the third era of Procurement. For some, this new era has already begun. But this new phase will only last a few years before giving way to a fourth, and potentially even a fifth, era of Procurement (or by whatever name we call it by then) – all within the next decade. What lies ahead is the *Age of Disruption*, followed by the *Age of Evolution*, and just a few pioneers that will make it to the next age - *The New World* (Figure 3).

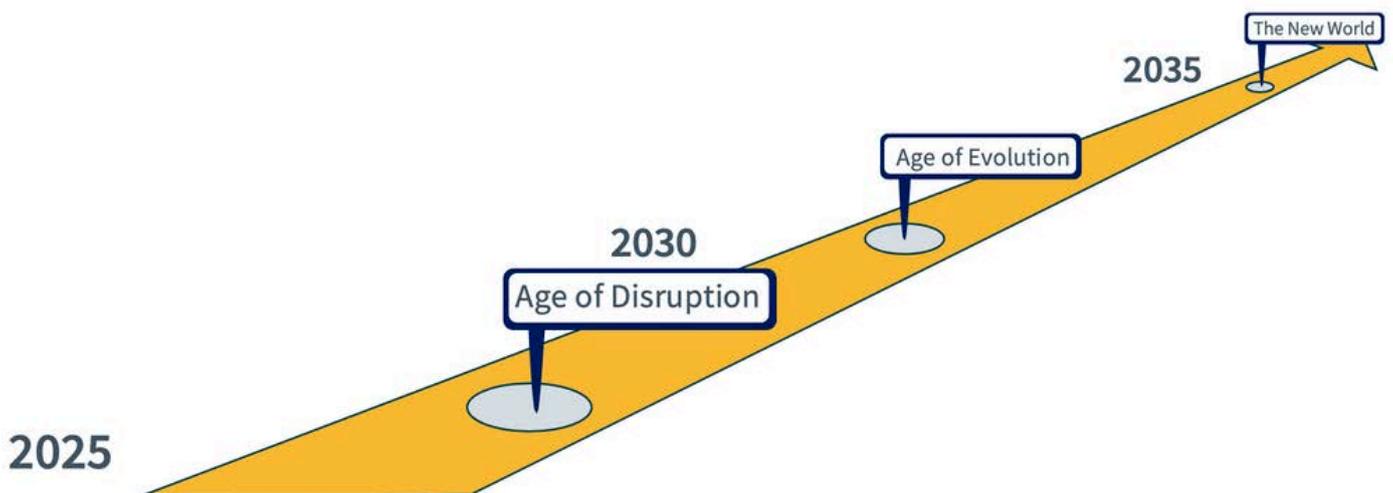


Figure 3 - The three likely ‘eras of Procurement’ we can expect over the next decade

There will be no choice as to whether an organisation wishes to embrace the next three eras of Procurement, rather, they will hit us and sweep us along like an express train. The only choice we will be able to exercise will be to pivot to survive or die. To survive, a battle lies ahead in the short term. The work to be battle ready must start now.

How Procurement Technology Will Change, And Change Again

Across the three eras, as AI advances, the procurement technology landscape will undergo a succession of rapid redefinitions. Many of the systems and vendors we know today will disappear within just a few years, superseded and replaced with new systems built on entirely different ways of working.

The typical balance of transactional, management, and strategic activities that define what Procurement does today will shift rapidly. A move away from transactional, or even managing transactional, is already underway and can be seen at play now. There is the potential for systems to facilitate a move to a business self-serve approach in coming years. In this approach, as technology develops, those who are Procurement's stakeholders today, will have access to smart systems that can execute procurement tasks well, these may or may not be orchestrated or overseen by Procurement.

At the same time, expect technology and AI to drive an uplift in strategic procurement activity. As systems gain access to richer, real-time data, humans will work alongside new agile, AI-powered decision-making engines that shape how the organisation buys and drives compliance more effectively like never before.

Figure 4 gives a prediction of how technology might evolve in the coming years, based on our evolution thus far, and what is possible and being worked on today. However, with this comes a health warning as we cannot predict with any certainty what will happen i.e. we will almost certainly be wrong but not completely!

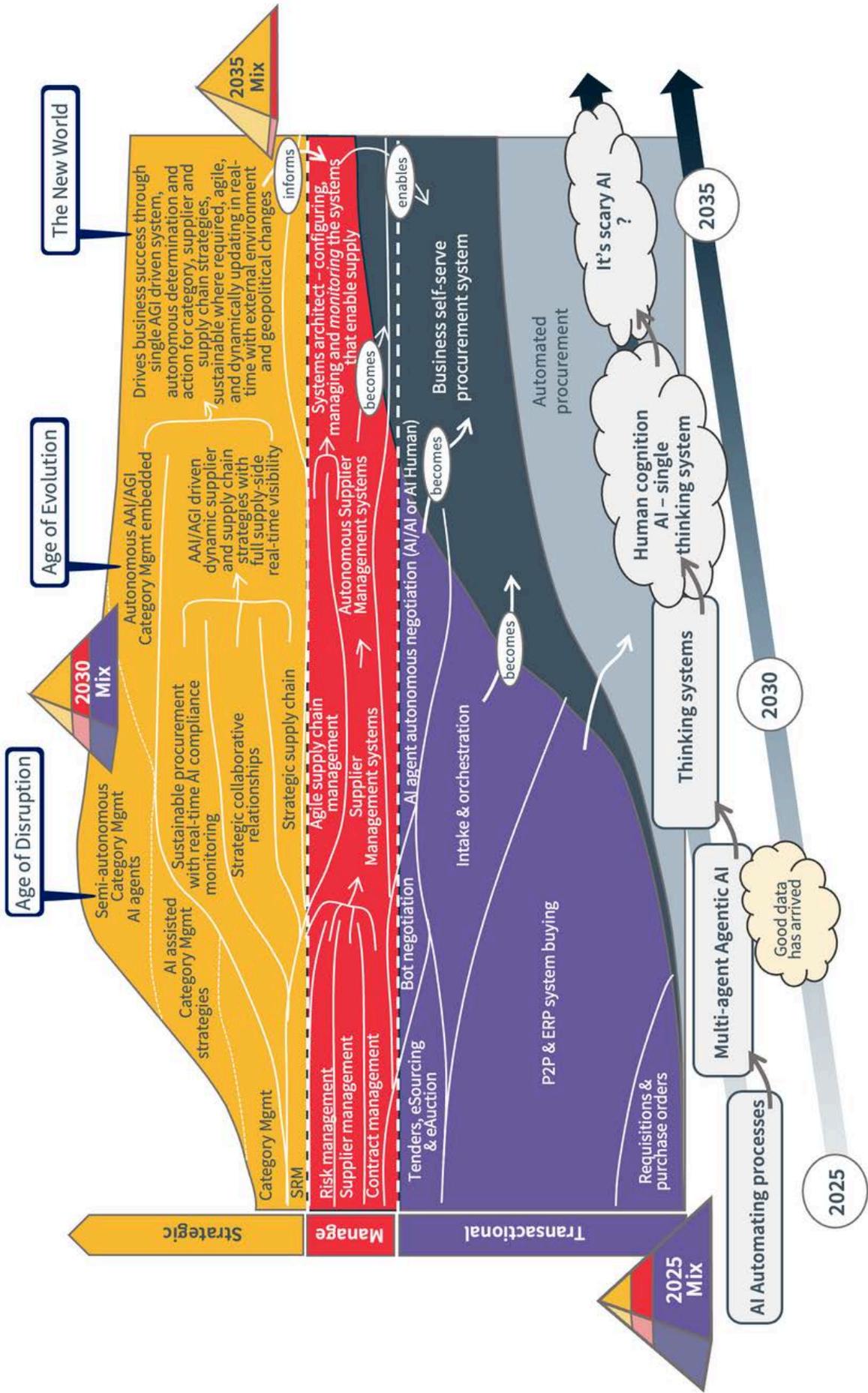


Figure 4 - The 'S-curve' shift predicting the mix of what Procurement does and the nature of AI and technology platforms that will most likely support it over the next decade

The Next (Third) 'Era' - The Age of Disruption (today - 2030)

The next (third) era of Procurement - the *Age of Disruption* has already begun and will continue until around 2030 at the latest (see Figure 5). This era is defined by the automation of procurement as we know it, driven by rapid advances in technology and AI.

In the next few years, we can expect AI to drive a series of iterative changes to what exists today. The automation of routine spend is a done deal, and we will see semi-autonomous procurement and negotiation solutions removing the need for most humans in the loop. Transactional systems will change beyond recognition.

Data - the rocket fuel for transformation - will become available at scale, combined with advancing AI and system capability. These advances will set the stage for Procurement to transition into a truly strategic function, capable of driving new waves of benefit through more agile and data driven approaches to how the organisation buys.

This evolution will happen in a number of different ways. Category management has for some, already become digital category management, and will continue to become more AI enabled. Powered by better data, it will be capable of autonomously developing category strategies, and perhaps we will see it even implementing them as systems join up. It's a similar trajectory for other high value-add procurement activities around supplier relationship management, supply chain management, sustainable procurement and how we manage suppliers.

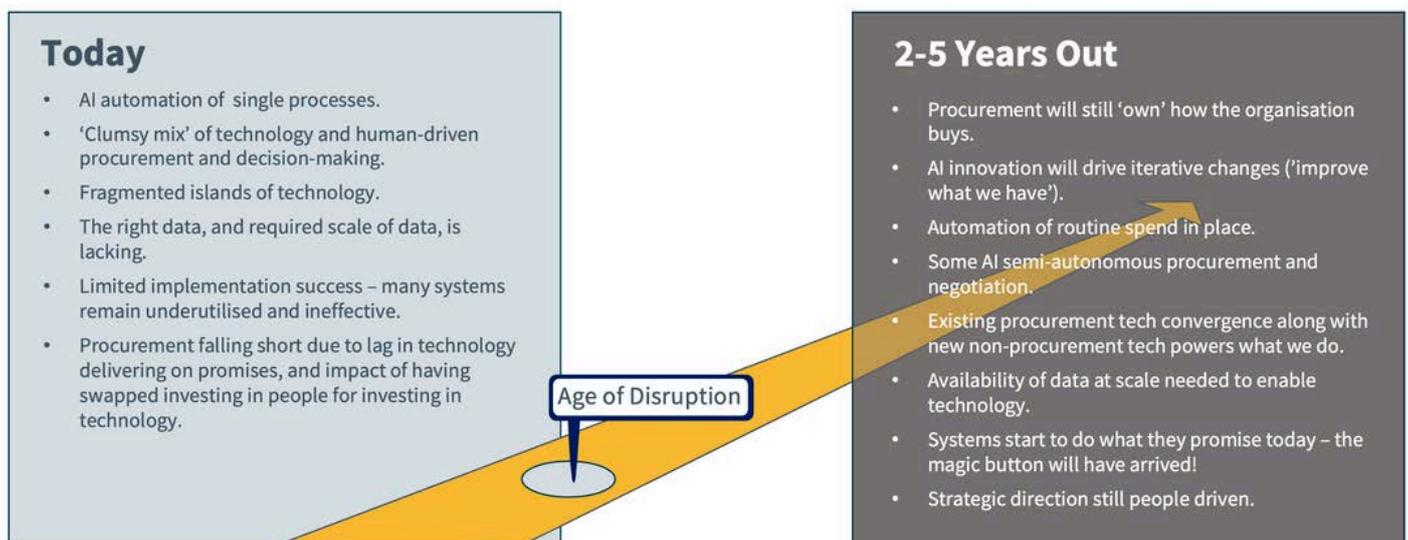


Figure 5 - The progression we can expect in the near term 'age of disruption'

By 2030 the Procurement function will still own 'procurement' for the organization, but only just.

The Problem with Disruption

The age of disruption is defined by experimentation and in particular jettisoning old ways in favour of emerging ideas and technology. This is well underway, with nothing short of an explosion of procurement technology buying happening right now. However, the benefits from this disruption don't seem to have become apparent, not yet anyway. In fact, the age of disruption has given rise to some significant problems:

1. Not quite there yet

Today, procurement technology, and the AI that powers it, is simply not good enough yet. This is a problem because we are in the midst of a gold rush, driven by fear in the Boardroom of being left behind, leading to edicts to 'make procurement better with AI,' and fuelled by the hype of some investor-funded technology firms promising a magic button solution. Reality check: there is no magic button. Not yet. But there will be.

2. Poor implementation

Technology rarely works straight out of the box and in the clamber to adopt technology fast, the hard effort required to implement it well and attend to the human change management factors, can get overlooked. Without intervention, this can result in low take-up, sub-optimum system outcomes, and people avoiding or even abandoning using the technology.

3. Talent decline

Increased spending on technology has diverted precious budget away from other areas such as people development, often in the hope that the former negates the need for the latter. But this is not the case; it has created conditions for a decline in talent at the very moment organisations need highly skilled procurement people to work alongside the emerging technology to ensure successful adoption.

4. A fragmented landscape

Today, Procurement operates through a clumsy mix of technology and human-driven procurement and decision-making. There is no single, integrated system, only fragmented islands of poorly connected technology with limited access to data at scale. AI is beginning to automate single processes, but its broader capabilities have yet to be fully embedded into procurement technology. But it will.

Together, these factors start to explain why the age of disruption has not yet advanced procurement. In fact, the challenges faced means Procurement may well be paralyzed, as decision-makers hesitate to act while being overwhelmed and waiting on clarity on what to do and how to make it work.

The Caveat - What Might Hold Us back

If all that wasn't enough, looking ahead there are further challenges we will need to navigate:

1. Pace of AI

AI will continue evolving faster than we can easily adapt and use it. As Agentic AI, and possibly AGI, take hold, they will rapidly embed themselves within the big technology platforms that power our lives, along with the data they crave (future incarnations of Google, ChatGPT etc.), By contrast, procurement technology in large corporates will probably lag significantly behind in capability.

2. Rate of adoption

Organizations will, in general, be slow to adapt, restructure, retrain, implement and use the potential AI available. As individuals, we tend to be quick to embrace new technology, but that same pace doesn't find its way through the various organizational structures and decision-making.

3. Resistance to change

The predicable human factors that surround implementing new technology haven't gone away. Fear of the unknown, especially resistance to change, are alive and well, and stand to determine whether or not adoption of new procurement technology succeeds or fails.



Get Ready For The Great Battle Of The Functions

Whilst the problems and challenges outlined so far could be tackled short-term, these soon become irrelevant and pale into insignificance when compared to the great battle of the functions that lies ahead. As AI and technology advances at an incomprehensible rate, Procurement faces a battle for survival with other functions as internal boundaries get reset. Every back-office function will be impacted, with AI progressively eliminating the need for entire swathes of job roles across organizations. Procurement will not be exempt. New systems capable of making decisions will reduce reliance on human procurement capability experts, and these systems will no longer need to sit within a traditional Procurement function.

Other functions will resist downsizing and corporate survival tactics will kick-in. They will be quick to look for new things to do and Procurement will fit nicely in their sights. Finance will have much of what it does automated with analysis and insight no longer needing skilled human teams. Those at risk of displacement will soon argue the logic of new AI-driven procurement systems becoming swallowed up into Finance to bring all the commercial activities 'under one roof' within the organization. Similarly, IT, also looking for new purpose, might argue that it looks after all the systems the business uses so bringing AI procurement into this is logical.

Operations might suggest procurement should now sit with them, and HR may even make a play. Similar plays for control will play out across businesses. As AI transforms how organisations work, functions will jostle with each other for survival. Displaced resources will seek to fill new evolutionary niches. Expect a large-scale redefinition of who does what. Procurement will find itself competing to retain procurement responsibility within the organization. That battle will be lost if we cannot demonstrate a credible reason to remain as a function in some form.

The Age of Evolution (Circa 2028+)

The power battle will happen sooner than you might think and will herald a shift into a new age – the *Age of Evolution*. The *Age of Evolution* could be as little as three years away. The battle will commence once AI and procurement system advancement is such that AI can make the decisions that require humans in Procurement today. At this point, and when internal functions get decimated and start to regard Procurement with envious eyes, the evolutionary struggle will begin. It will quickly shake out where Procurement survives and thrives, and where Procurement dies and gets consumed entirely into other functions as organizational boundaries are redefined. There are just two potential scenarios as shown in Figure 6.

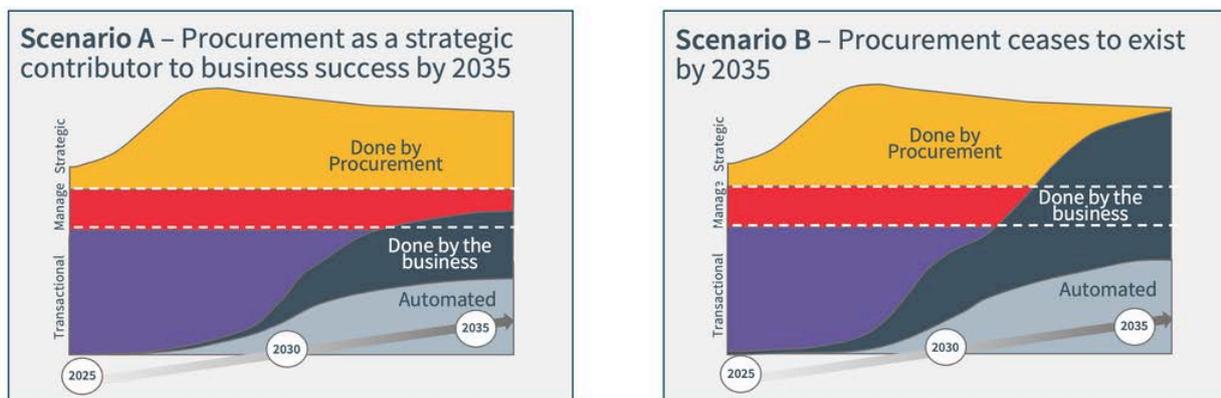


Figure 6 - A battle of the functions is likely in the age of evolution which will lead to either Scenario A or Scenario B

Scenario A

As much of what Procurement does today, becomes either automated or is done by the business, Procurement will remain as a mostly strategic function working alongside AI technology solutions to drive value.

Scenario B

Everything that Procurement does today gets automated, or is progressively taken over by the wider business, enabled by new AI technology solutions.

This is the age where the pioneers emerge and not all will make it, only those that figure out how to find Procurement's new evolutionary niche. Therefore, Scenario A shown in Figure 6, depends on the ability of Procurement to prevent Scenario B, by establishing itself as a strategic function that adds value to the organisation beyond that which can be done by other functions.

Finding Procurement's New Evolutionary Niche

Key to understanding what Procurement will cease to do in the near term comes by considering how important an area of spend is, and whether or not it is routine.

As system capability develops and organisations adopt it, all routine, tactical spend will be automated. Non-routine tactical spend will be accomplished via business self-serve systems and routine, while important spend will be managed and decided mostly by new AI autonomous systems. These could be housed anywhere in the business.

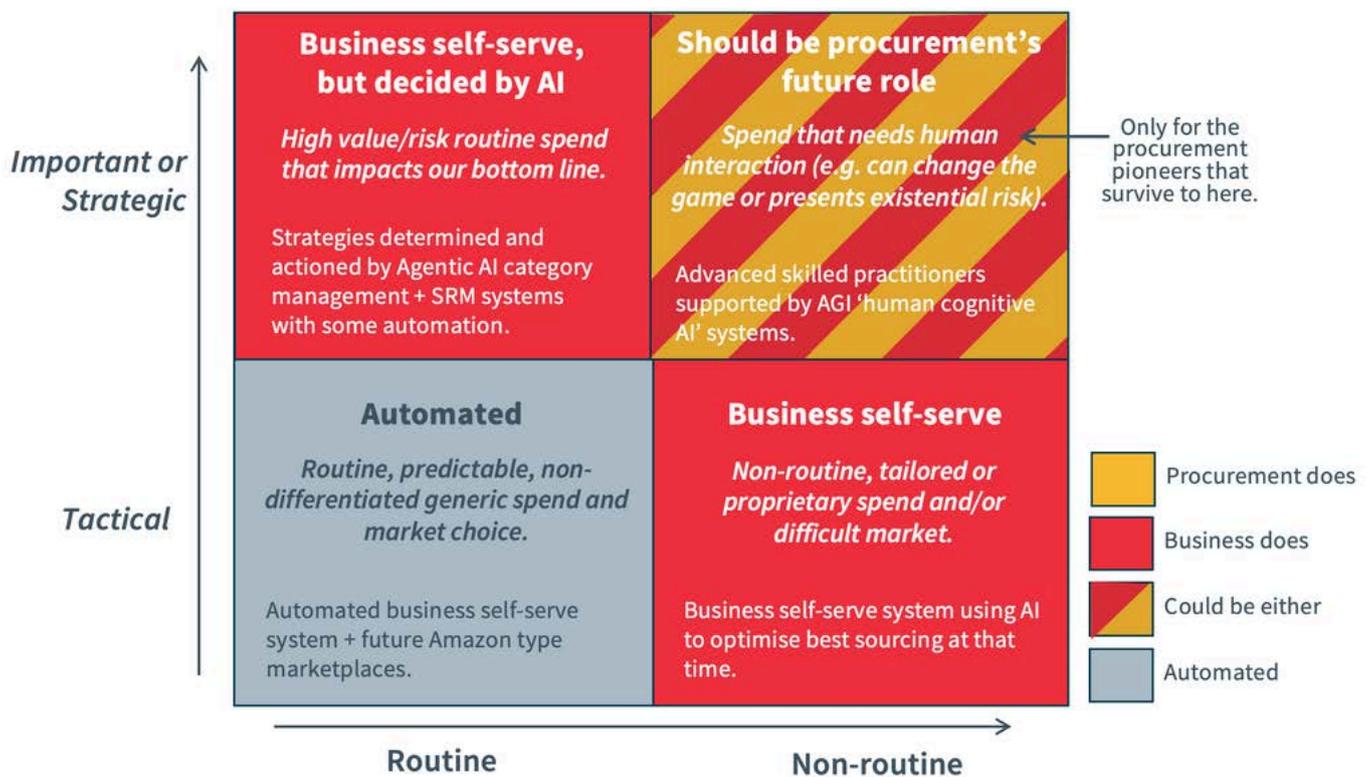


Figure 7 - How today's procurement activities will change in coming years according to importance and how routine the spend is

What might remain, and therefore establish a new future role for Procurement, is how the organisation can seize benefit for its important and strategic non-routine spend. Some routine spend might remain, but only if Procurement can reinvent itself to uniquely demonstrate new value that other functions cannot rival.

Finding the evolutionary niche is about Procurement transitioning to become primarily a 'strategic/managing' function (no transactional). It must use AI tools to determine optimum sourcing strategies, manage key suppliers and supply chains, and ensure that autonomous

sourcing systems are set up and optimised for non-routine spend and for selected routine or strategic spend. This means highly specialised practitioners will need to work alongside new AAI and perhaps AGI powered technology to bring competitive advantage to the business. It will be the future incarnation of today's strategic approaches such as category management and supplier relationship management that will be embedded within new autonomous or semi-autonomous procurement platforms. Highly skilled procurement and AI system professionals will optimise the system ongoing.



The New World (Circa 2032 - 2035) - A Commercial Hub

For the pioneers that make it to here, the organisations within which they reside will be very different from what they are today. In *The New World*, Procurement will only be a wholly strategic function, highly entrepreneurial, and a critical contributor to organisational success. It is very possible that Procurement will have become an integral part of some sort of new commercial hub, built by the procurement pioneers alongside others, and set up to optimise a firm's competitive advantage ongoing, including the contribution from the supply base. In *The New World* we can expect dramatic benefits. However, success is not final, and Procurement, or whatever we call it by then, will need to keep demonstrating its unique value contribution ongoing to maintain its position and relevance.

Procurement in the commercial hub will become the pilot of next generation corporate systems powered by AAI and maybe AGI that drives autonomous sourcing across the organisation. Its role will be two-fold: it will determine, at a strategic level, how the supply base can help realise corporate ambition, and it will become the architect of the systems that the organisation will use to deliver this. Furthermore, it will design, manage and monitor the systems that control supply, while continually optimising how the organisation buys ongoing. This will be achieved through the convergence of AI, technology, real-time data of everything supply-side, and human brilliance.

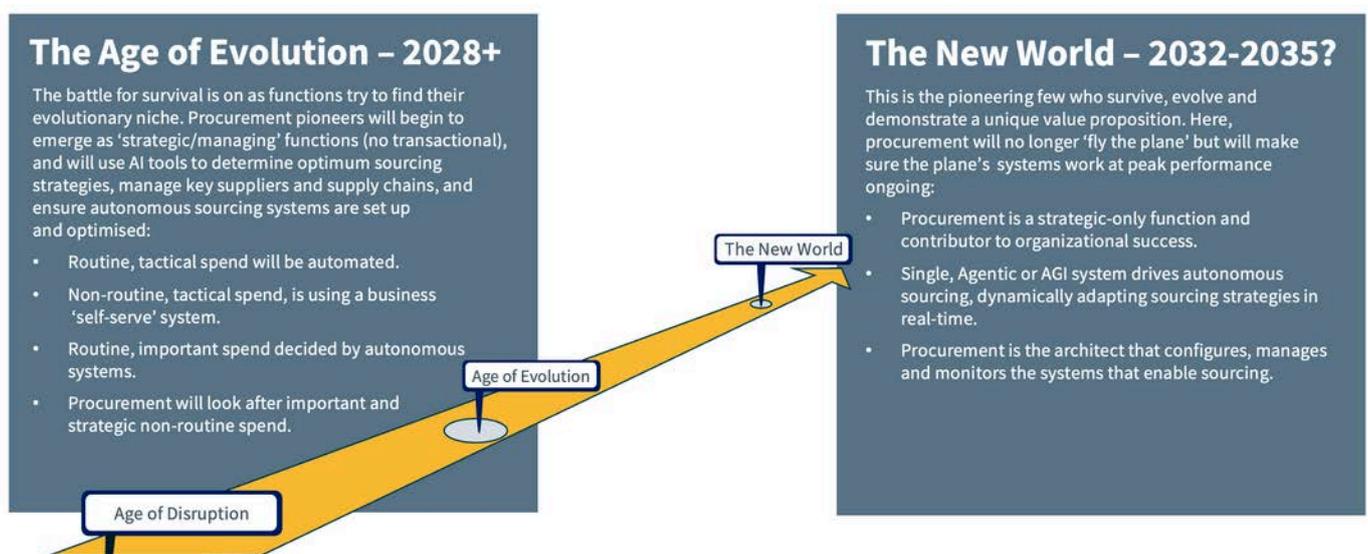


Figure 8 - What we can expect in the *Age of Evolution* and *The New World*

We will no longer fly the plane, but a small team of highly specialised professionals will be there in the cockpit working to ensure the plane's systems are working at peak performance, checking the flight path, and being ready to intervene if something goes wrong. It goes without saying that procurement in *The New World* will require a very different skillset from that of today.

Surviving The Impact, Becoming A Pioneer

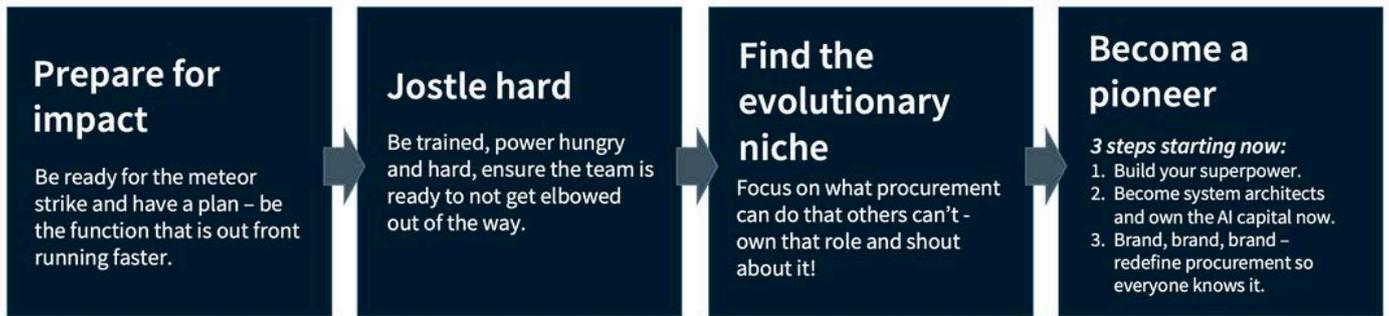
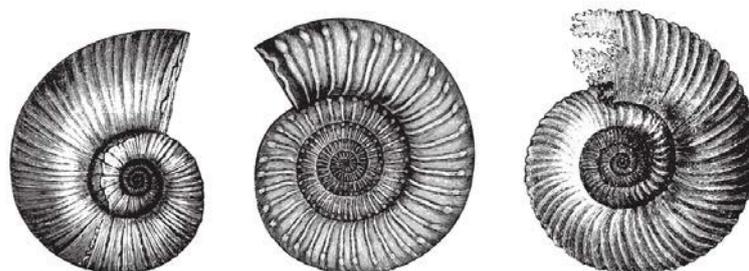


Figure 9 - How to survive and become a procurement pioneer

The battle for survival and the groundwork for the evolutionary struggle ahead must start now.

There are four things we must do (Figure 9):

1. In the short term we must prepare for the impact of AI. If we daydream into it, others will overtake us. Instead, get AI savvy and understand exactly what is coming down the tracks and what is likely to change and when, both in Procurement and the wider organization.
2. Be ready to jostle - have a battle plan good to go with the entire team on message so at the first sign of trouble you are out there, equipped and on the front foot.
3. Find the evolutionary niche early. Figure out what Procurement can do better than others and own the niche. Make sure everyone else knows it too.
4. Finally, and the most important thing, is to become a procurement future pioneer. In addition to everything we've just mentioned, the journey to do this must start now and there are three bold steps to take.



How To Become A Procurement Pioneer In Three Bold Steps

If procurement continues to think, operate and structure itself as it has done for the past decade, it won't exist by the end of the next decade.

Procurement is constrained by how Procurement is organised today. Future thinking often assumes a more technological version of what exists today. This is self-limiting and it is time to change the paradigm of what Procurement is and does, and how it will add unique value to an organisation in the years ahead. We must stop thinking of Procurement as the function that buys stuff, but instead, as system architects establishing how the organisation will engage the external market in future.

To survive and become a procurement pioneer we need to claim territory now and there is only a short window of opportunity. Here are the three bold steps you need to take:

1. Build Your Superpower

Establish the new structure and skills needed

If you have ever played fantasy football you will know what it is like to have to try and assemble the winning team. Faced with needing to outwit others playing in your league, you must decide, based upon track record, player potential, outcomes needed and with a good measure of gut feel, how to assemble a squad that will get you where you need to be. And you have a limited budget. Similarly, for Procurement we need to assemble the new team and be ready to restructure the function when the time is right. Less 'fantasy', more early thinking.

Procurement in the future will require fewer people with very different skills. Many of those in Procurement roles today simply won't cut it or won't want to transition. Little benefit is served in trying to force this. A few of the stars in procurement roles today have precisely what is needed. Others will need help and new skills to transition. In addition, we will need new people with skill sets that don't currently reside in most procurement functions.

The journey to build a new procurement superpower begins by thinking about future organisational structure and the skills needed, without being constrained by what exists today. Just as in fantasy football, think more along the lines of 'if we could do anything.'

Here's how to do it:

- **Lay the groundwork for a two-tier Procurement structure of the future** – the strategic cell that will go the distance, and the remainder of Procurement that will maintain what we do now until it transitions into something different.
- **Build the new strategic cell now** – assemble the best talent you have already, and where there are gaps, develop, recruit or poach people.
- **Develop or acquire the future skill set needed** in three areas:

1. **Strategic procurement** - Advanced knowledge of, and capability in, category management, supplier relationship management, sustainable procurement, supply chain management and negotiation. Contrary to what some (usually technology vendors) suggest, there is nothing outdated about any of these. Rather, when applied well, these tried and tested approaches provide the means to navigate complex economic, market and organisational change dynamics; none of which date.

Instead, the context of application has shifted and will continue to shift. The days of building category strategies in PowerPoint, or resource intensive data gathering, are already giving way to data enabled digital systems. As traditional process gets replaced with AI powered algorithms, an advanced knowledge of what should be happening 'under the hood' is critical. The pilot will still need to be an expert in how the plane works to ensure it flies well.

2. **AI, systems and data science** - Critical to enabling Procurement for the future, the right capability here will put Procurement out in front. This will require a range of technical and data specialists with capability in applying the latest AI, data wrangling, and analysing and maintaining the data lakes systems will use. It will require highly specialised technology and system engineers with the capability to adopt and embed the best new technology as it emerges. They will assemble, configure, integrate and enable the systems and interfaces needed as part of an overall technology roadmap.

3. **Implementation and change management** - Traditionally, implementing new technology systems has not been part of Procurement's remit. However, as we expect the business to pivot to adopt new technology, success will depend upon how well we implement it, particularly, how we attend to the human side of change and minimise resistance. This will require skilled individuals accomplished in change management and making implementations a success.

2. Become System Architects And Own The AI Commercial Capital Now

Start being the architects of the new systems that will enable and support how the organisation buys in all its forms, establish them across the business and have a plan to grow:

Build an AI, technology roadmap

Most procurement technology acquisitions are based upon what the market can offer. Instead, we need to build a vision of what our future requirements are, and then fit current, emerging and future technologies against it. How we invest should be based upon fulfilling our requirements. Whilst we can't know with certainty how the future will unfold, we can build a strategy and roadmap for how we anticipate the technology will advance and evolve.

Own the AI capital now and push it out there

Be out in front championing the implementation of the latest AI-powered procurement tools across the business. If we don't do this, it won't be long before other functions stumble across a new piece of emerging procurement technology and decide to go it alone. Being at the forefront of pushing AI tools out there will prevent this and cement our future role.

Jettison transaction spend as soon as possible

Our aim in the near-term must be to make Procurement as we know it, redundant. Managing transactional spend holds us back and continues to define us. Instead, the groundwork and systems for automation or business self-serve is there already, and we are likely to meet little resistance to empowering the business.

If you do not do it now, IT will take the space.

3. Brand, Brand, Brand - Redefine (And Possibly Rename) Procurement And Make Sure Everyone Knows It

In the 1950s, the ocean liner industry was decimated as new jet-powered airliners transformed transatlantic crossings and became the preferred way to cross the Atlantic. Ocean liner companies could not compete with what the jet age offered. Much like AI today, new, more efficient ways to get people and cargo across signalled their demise.

However, what is notable about this seismic shift is that the majority of ocean liner companies did not think to reinvent themselves. They clung to the mantra “we are in the ocean liner business” and hoped the tide would change and passengers would come back. They never did. A small handful, however, rose to the new challenge and found new evolutionary niches – repositioning themselves as new cruise lines, turning slow transit time into a positive and capitalizing on the experience.

There is a key lesson for Procurement here. The ocean liner companies that failed were the ones that believed they were only about “getting people and cargo across the ocean.” Right now, in Procurement, we are facing an ocean liner moment. If we continue to say “we are the function that looks after how the organisation buys” we may well signal our demise. Instead, we need to change the paradigm of what Procurement is now and what it will be. A more future-focused statement would be: “we are leading the charge to make sure we get the most from the supply base in the new AI-driven world.”

This requires us to not only change how we think of Procurement but also change how the rest of the business perceives us to cement our future position. To secure procurement’s future position, the function must be treated as if it were a new product about to be launched, deploying a similar branding and communications approach to put our product into the minds of those who might buy it.

Traditionally, procurement functions are not good at internal communications, so most will lack the capability or know-how to do this. It’s time to recruit expert help.

The key steps here are:

1. **Get a communications expert on the team** - Probably part time, perhaps external or regular part time secondment of someone from a corporate comms team. They must be highly accomplished at branding and communication. Tagging this responsibility onto an existing role without that proven track record, won't cut it.
2. **Build a communications strategy** - Focus on establishing Procurement's future role and purpose as critical to the business.
3. **Create a new 'mini-brand' for Procurement** - This should encapsulate and communicate the new vision and embed it in the minds of the wider business.
3. **Execute a detailed communications plan** - Deliver constant, ongoing messaging to both the business and our suppliers – goals, future roadmap, successes.



PLATE 42
FOSSILS FROM VARIOUS PERIODS

About The Authors



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Positive Purchasing



At Positive Purchasing our mission is to enable and equip companies for the new technology and AI-powered future. Our world-leading strategic procurement software platforms and renowned advanced training programs mean we can transform your procurement team to be the strategic function that drives new competitive advantage, ensuring you win the functional battle that lies ahead.

Building on our 22 year's experience transforming the world's most successful companies, we will boost your procurement capability with the next generation of AI-powered digital tools and advanced team capability. We will equip you to drive out breakthrough benefits powered by the most advanced, modern evolutions of category management and supplier relationship management, drive in exceptional negotiation capability, and help you realise sustainable procurement goals.

Find out more about **Procleus**® – the platform for strategic procurement, **Capella** – the guided category strategy creator® and **Ruby** – your negotiation co-pilot®, or our world-renowned procurement and negotiation training, at positivepurchasing.com.

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