5th Global edition

Digital Procurement Survey

CPO Insights:
Performance, CSR and Technology

pwc

On behalf of partners and employees, we are delighted to present the results of the 5th edition of our Digital Procurement Survey. This year the barometer of digital transformation took on an increasingly international dimension, covering around 1,000 companies in close to 60 countries across five continents.

Given the challenges posed by the succession of economic, geopolitical and environmental crises, procurement is more strategic than ever. It plays a key role in ensuring supply chain resilience and achieving innovation, and therefore in ensuring that business can run smoothly. The digitalisation of the procurement function is a real asset in this transition.

Patrick Marter
PwC UK Partner,
UK Procurement Practice Leader

Daniel Cameron
PwC UK Partner,
Value Creation and Realisation

Today procurement departments' roadmaps include CSR use cases that have become essential – such as CO_2 emissions monitoring, supply chain traceability and data transparency – which demonstrates their commitment to delivering a more sustainable performance.

Against this backdrop, the survey shows that the quest to improve internal and external performance is accelerating the digitalisation of the procurement function in companies across all industries. To support this transformation, procurement departments must ensure that users are on board and develop new functionalities covering areas such as CSR, CLM and SRM.

Contents

1.	Executive summary	04
2.	Procurement function priorities	08
3	Overview of digitalisation in the procurement function	11
4.	Roadmaps and future major transformations	16
5.	Key theme deep dive (CSR, CLM, SRM)	20
6.	Sector deep dive (industry and services)	25
7.	Regional deep dive	43

Executive summary

1

Digital procurement survey

Current state of digitalisation in procurement

- **Procurement departments continued to cite procurement performance, digital transformation and strategic sourcing** as the top priorities. **CSR issues** tied in third place.
- In addition to the traditional objectives of process optimisation and cost reduction, **digital transformation is now also driven by a need for transparency and compliance**.
- **The use of source-to-pay solutions is now the norm**, with 94% of survey respondents reporting that they use such platforms.
- Among the key success factors for implementing a digital solution, companies look first **at business criteria** (definition of needs and processes) before considering more technical aspects.

Future state of digital procurement

- **Procurement departments set very ambitious digitalisation objectives for 2027, with an average target of 70% digitalisation**. However, the target set out in the previous edition was not met, as investment was limited due to the different crises. But as resilience builds, it seems more likely that the new target will be met by 2027.
- **Small and medium-sized companies are continuing to increase investment** in the digital transformation of the procurement function (by a projected 6% between 2024 and 2027), while large and very large companies are stabilising their spending while maintaining **substantial capacity** to invest in digital transformation in this area.
- CPOs (Chief Procurement Officers) are focusing their roadmap on **data management**, **S2C process digitalisation and risk management** as well as on innovative **CSR** use cases and **contract lifecycle management**.
- In the area of CSR, managing **environmental issues** is the **top priority** for procurement departments for the next three years, reducing scope 3 emissions.
- **One in two companies plans to** invest in **upgrading or implementing** a contract lifecycle management tool (CLM) in the next three years. The main benefits they expect to get from this investment are time savings, cost reductions and greater compliance.

Read the survey to find out more

Industry benchmarks, PwC best practices and regional deep dives.

Survey sample

A global insight into the world of procurement

58
countries worldwide

on

5
continents

1,000
Procurement departments
(up 25% vs. 2022 edition)

3 main themes

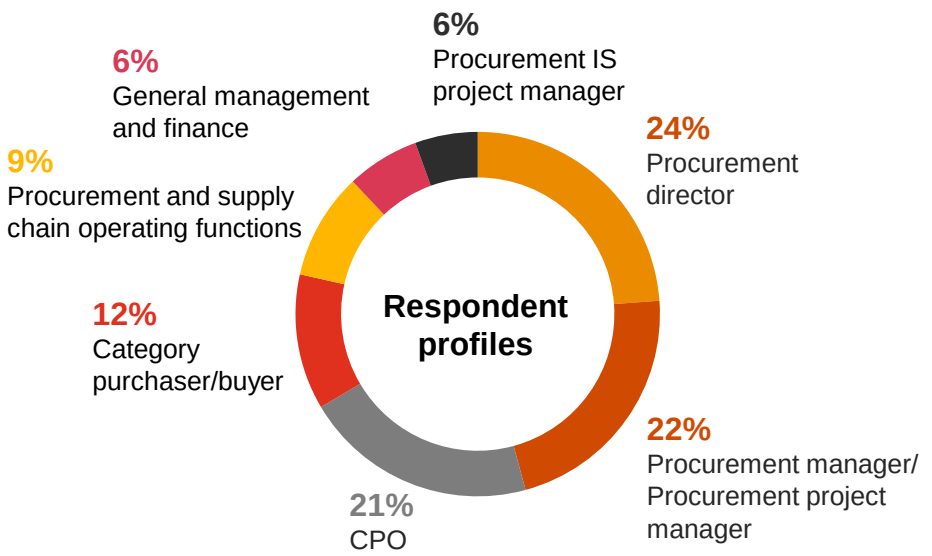
- Procurement function priorities
- Overview of digitalisation in the procurement function
- Roadmaps and future major transformations

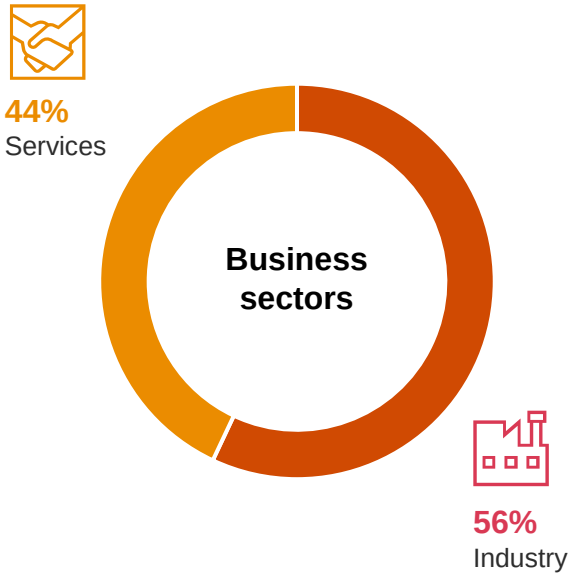
3 focus areas

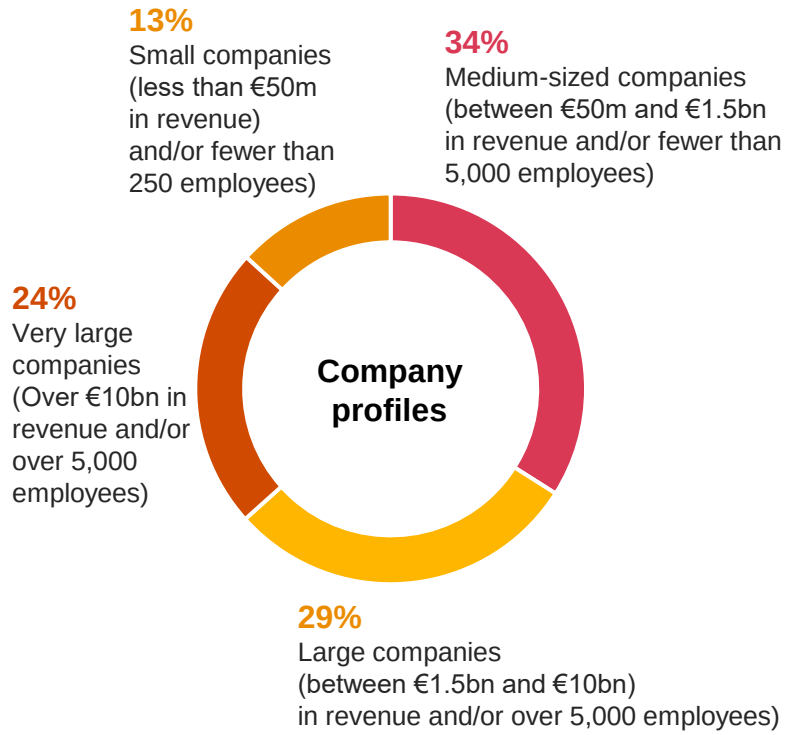
- Themes: CSR, CLM and collaborative platforms
- Sector-based
- Regional

Survey sample

A global insight into the world of procurement





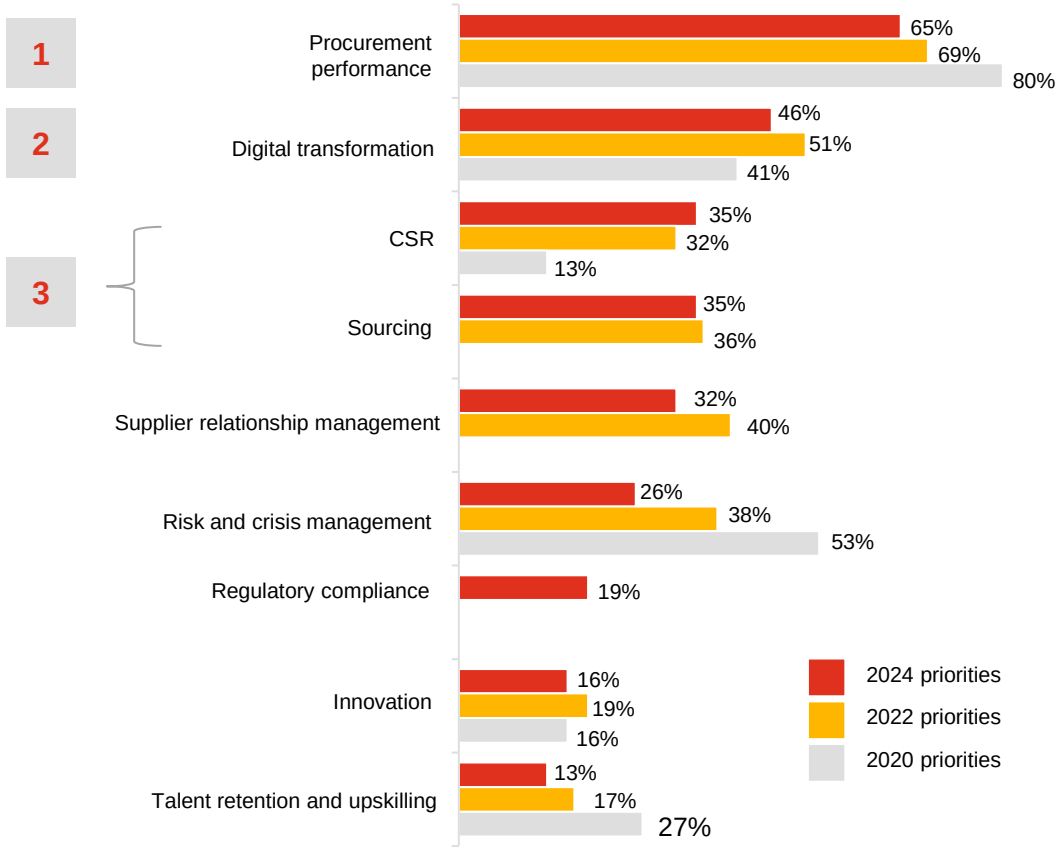


2

Procurement function priorities

Cost control remains the top priority for procurement departments

Ranking of procurement departments' strategic priorities



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)/* 2022 source data: PwC Digital Procurement survey, 4th edition (over 800 respondents).
Question: What are your procurement function's three strategic priorities for the coming year? (ranked from first to third)

65% of procurement departments name cost control as their top priority

In a post-COVID-19 environment marked by rising inflation and the Ukraine conflict, strategic priorities have become more focused on cost control.

Digital transformation is the second strategic priority

Digital transformation remains an important priority, despite efforts to keep a tight rein on cost, which could have resulted in less ambitious plans for investment in digital solutions.

This shows that procurement departments are expecting tangible results from digital transformation, particularly in terms of reporting, regulatory monitoring and operational efficiency gains.

CSR and sourcing in third place

CSR has climbed up the rankings compared with 2022 to become a priority for CPOs. This shows that the procurement function is considered to have a key role to play with regards to growing business and regulatory challenges (CSRD, CS3D, etc.) that impact direct and indirect suppliers. Sourcing, a key driver for procurement performance and risk management (multi-sourcing, reshoring, etc.), continues to be named as a priority year after year.

Procurement departments' priorities are expanding, with a new addition this year: regulatory compliance

The priority relating to regulatory compliance is now included in the ranking, and responds to new national, European and international challenges in areas such as e-invoicing, GDPR and reporting.

“

Digital transformation is a key driver of growth and development for organisations and businesses.

CPO
of an international industrial group

3

Overview of digitalisation in the procurement function

Through digitalisation, procurement departments are primarily seeking to strengthen overall performance

Efficiency gains, process transparency and procurement performance are the three main drivers of digitalisation

- Efficiency gains are the main driver as they are easily quantifiable and contribute directly to ROI, but they sometimes come in below expectations.
- Transparency, traceability and fairness may be more difficult to integrate into an initial ROI, but they contribute to significant qualitative benefits.
- The reported benefits of procurement performance are lower than expected (third place as a driver but fourth place in terms of benefits).

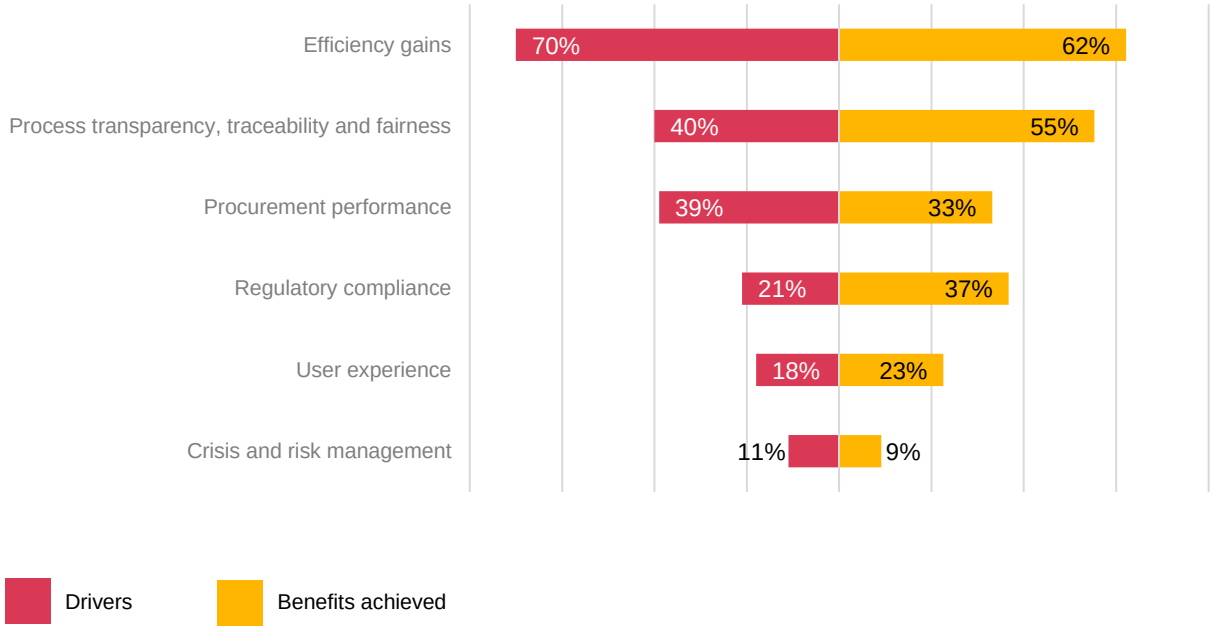
Regulatory compliance moved up one place in the ranking compared with the previous edition

Digital transformation fuelled by increasing regulatory requirements (e-invoicing, Sapin II law, CSRD, etc.) is delivering the expected tangible benefits.

User experience is emerging as a new key driver of digitalisation

- User take-up is currently one of the most limiting factors when it comes to the digitalisation of the procurement function, as the success of digitalisation efforts depends more on the quality of the user experience (ergonomics, change management, etc.) than on significant differences in performance between solutions.

Main drivers and benefits of digital transformation for the procurement function



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: What benefits have you observed from implementing digital procurement solution(s) in your company? (select three answers)/What are the main reasons for pursuing digital transformation in the procurement function? (select two answers)

“

In addition to the drivers and benefits mentioned, the external reasons for digital transformation include the obsolescence of information system tools, business transformation, new challenges and the need to change ERP.

Director and Procurement Digital Transformation Expert
PwC

S2P solutions are now a must-have

Procurement departments are becoming increasingly digital, both in terms of the procure-to-pay (P2P) process and the source-to-contract (S2C) process.

- 96% of companies now have a P2P solution.
  This increase was largely driven by market solutions (up 20 points).
- The same trend can be observed for S2C solutions, with 92% of procurement departments now using them.

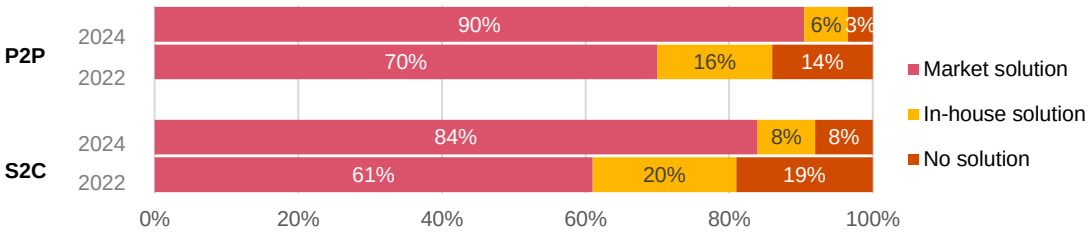
5% of companies reported that they don't use any solutions. This percentage has been halved in two years, for all types of company.

- 71% of these companies are small or medium-sized enterprises. They have chosen to use recognised solutions (see the increase in the percentage of companies using market P2P and S2C solutions).

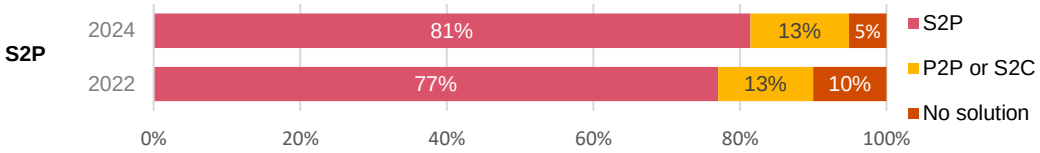
Companies cannot successfully digitalise their purchasing function without adopting S2P solutions

- To get the most out of these solutions, companies need to strengthen the implementation, user adoption and interface automation phases. This will enable them to maximise project success and derive maximum added value from their digital transformation.

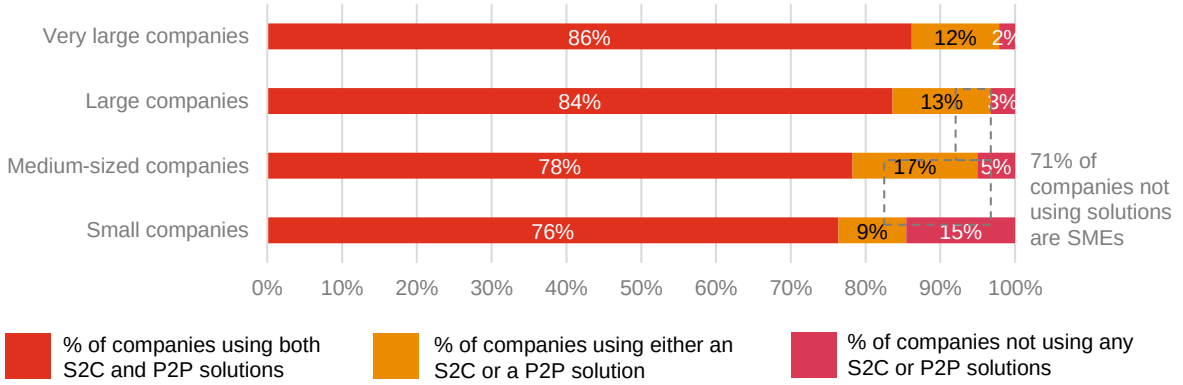
Percentage of companies with P2P/S2C solutions



Percentage of companies with S2P solutions



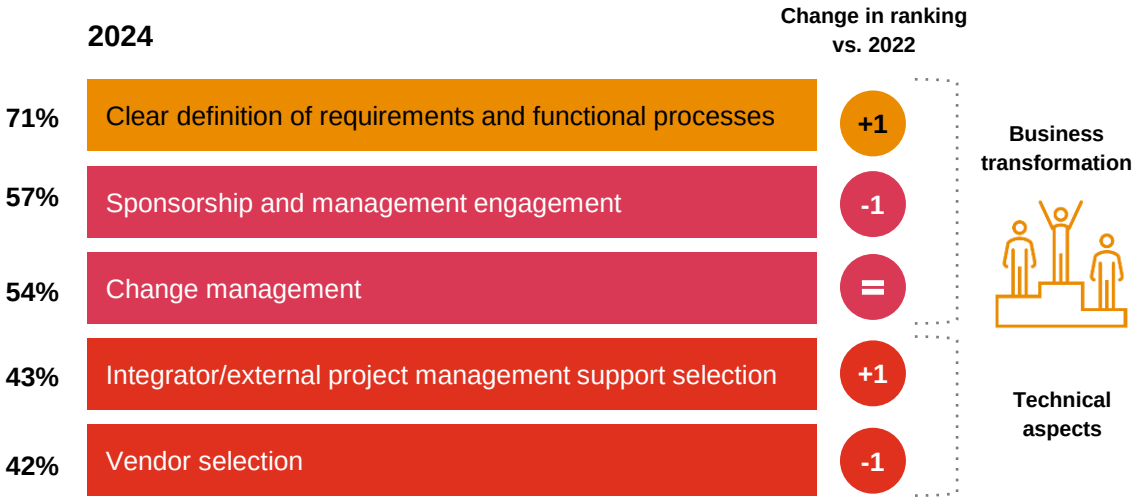
Percentage of companies with S2C/P2P solutions by company profile



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Questions: What digital solution(s) does your company currently use for the source-to-contract process? Procure-to-pay process?

Among the key success factors for implementing a digital solution, companies are focusing more on business criteria than on the more technical aspects

Key success factors for the deployment of a digital procurement solution



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: In your opinion, what are the key success factors when it comes to implementing digital solutions? (select three answers)

Processes and practices

- A clear definition of needs and processes is essential for harmonising and streamlining operating methods, and a key input for ensuring that the solution meets those needs.
- This factor has moved up one place since the previous edition, demonstrating the growing maturity of project teams.

Organisational and human aspects

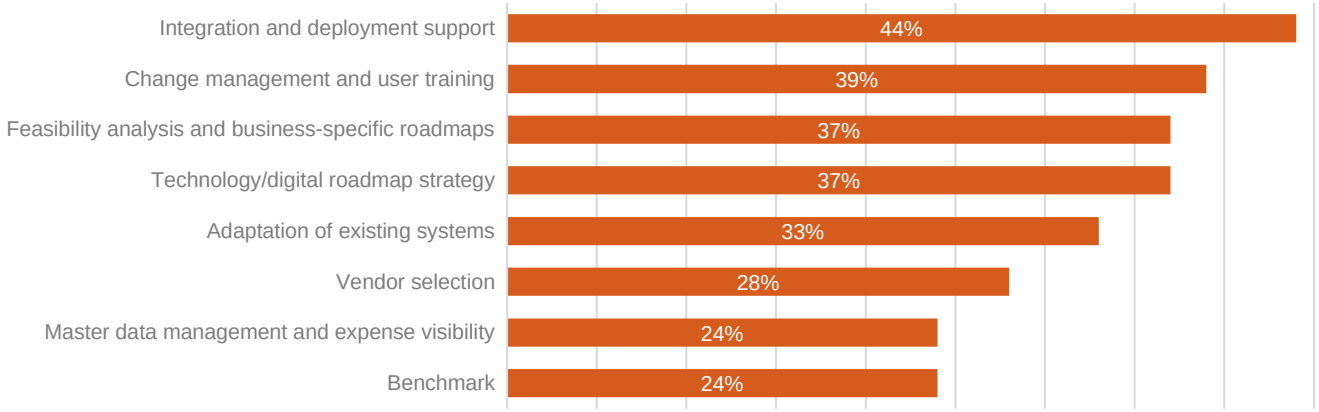
- The positive impact of change management is still seen as important.
- Management sponsorship slid one place in the rankings versus the previous edition. This can be interpreted in two different ways – positively, as a practice that is now seen as a given by procurement and IS organisations or, conversely, as a factor that is not given sufficient importance, which increases the risk of project failure.

Vendor and integrator selection

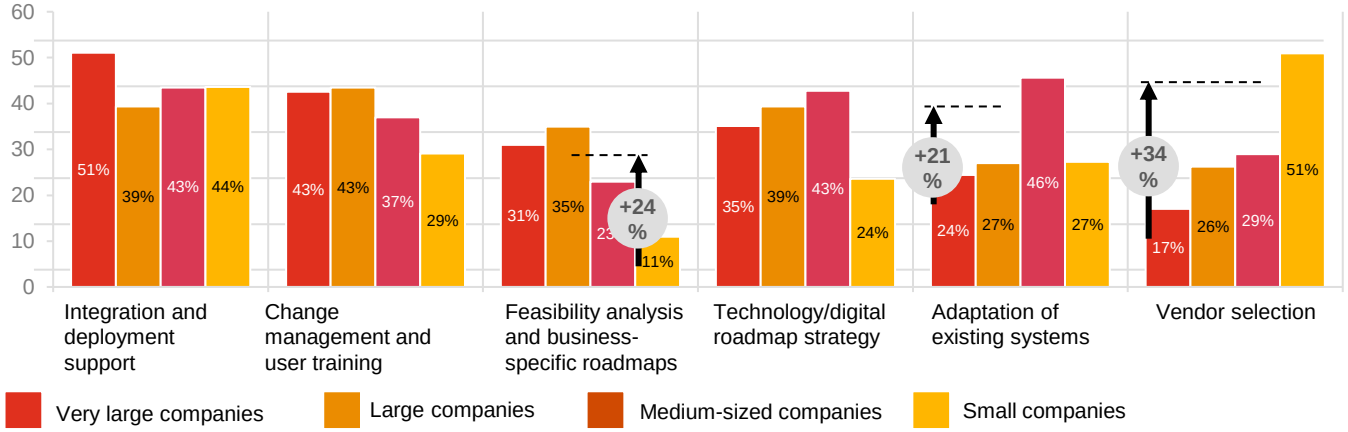
- Technical aspects, such as selection of the integrator or vendor, continue to be viewed as secondary success factors, as in the previous edition.
- This shows that such aspects have less of an impact than business transformation, in a context where the functional coverage of solutions and integrator skills are becoming more standardised.

Companies are opting for external support throughout the lifecycle of their digital project

Top external support needs for companies' digital transformation



Breakdown of external support requirements for digital transformation by company size



Companies' main external support needs concern all phases of the digitalisation project

- Activities requiring technical and business expertise are most likely to be outsourced, as maintaining these skills in-house is not an option due to low project volumes.

Significant differences depending on company size in the upstream phases of a digitalisation project

- Large and very large companies require less external support when it comes to adapting existing systems, as they can choose to adopt standard solutions and because the choice of solution is less critical.
- Medium-sized companies have a strong need for support in **adapting their existing systems**. These companies still seem to be in an "adapt" rather than "adopt" frame of mind, which is the current principle in SaaS and cloud-based solutions.
- Small companies have a greater need for external support when it comes to **choosing which digital solution** to implement as they lack expertise and are more focused on a one-off solution than on how it can be used and developed.

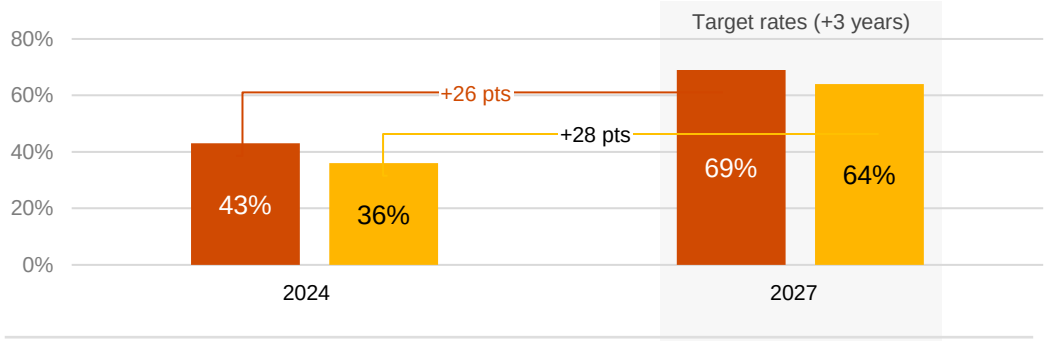
PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: For what needs do you use external support as part of the digital transformation of the procurement function? (select three answers)

4

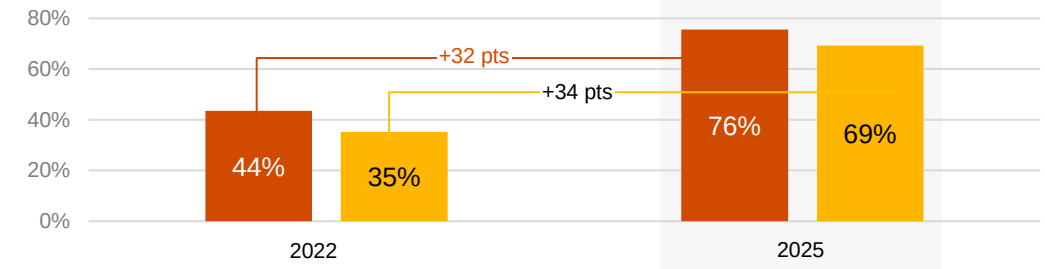
Roadmaps and future major transformations

While the rate of digitalisation of procurement departments has stabilised following the pandemic, ambitions for the coming years show little sign of slowing

Procurement process digitalisation rate for the next three years (2024-2027)



Recap of procurement process digitalisation rate for 2022-2025



Transactional processes:
Supplier data management, tender management, catalogue management, P2P, operational management of supplier relations.

Strategic processes:
Strategic sourcing, contract analysis, predictive processes, supplier development and co-innovation, reshoring, risk anticipation.

Digitalisation rate of around 70% by 2027

- Procurement departments continue to set themselves an ambitious three-year digitalisation objective, albeit slightly lower than in our previous survey.

Stagnation in the actual digitalisation rate between 2022 and 2024

- The actual rate reported in 2024 is unchanged from the 2022 rate.
- There are several possible explanations for this, including successive crises that have slowed investment, rapidly changing needs requiring greater digitalisation, and the time lag between the investment decision and its effects on digitalisation.

Optimistic outlook for digitalisation between now and 2027

- If by 2027 the crises impacting investment ease, the actual digitalisation rate is likely to increase significantly.
- Other drivers such as a change of ERP or regulatory constraints, can accelerate digitalisation.

PwC Global Digital Procurement Survey, 4th edition (over 800 respondents) + 5th edition (1,000 respondents).
Questions: For each type of process (transactional, strategic): What is the current level of digitalisation of procurement processes? What level of digitalisation are you targeting by 2027?

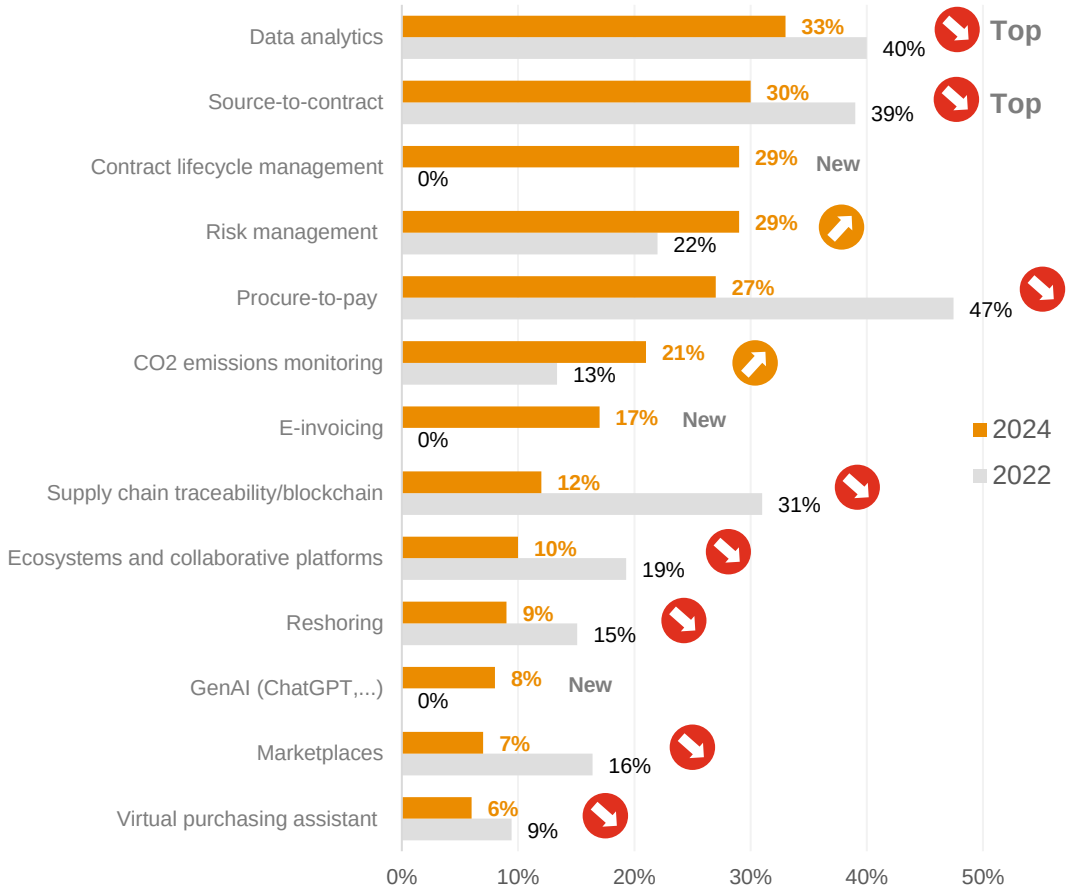
To achieve a higher level of digitalisation, companies need to focus on the following areas:

- the number of deployments and the completion of digitalisation projects
- the level of automation, by improving solutions and processes
- user adoption, by optimising solutions and making them more user friendly

Director and Procurement Digital Transformation Expert
PwC

Densification of companies' digital roadmaps for the next three years

Procurement roadmap use cases: target investment areas for 2027



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: What are your digital priorities over the next three years? (select three answers)

Top

Data analytics and S2C in first and second place

- Data analytics and S2C are the key use cases for ensuring procurement performance, in terms of both process and content.

Several use cases in steep decline, P2P and supply chain traceability

- Most companies already have P2P tools and therefore have a lower need in this area than before.
- Lower priority is given to use cases less directly linked to performance and regulatory compliance (traceability, ecosystems, marketplaces, etc.).

Risk management and CO_2 emissions monitoring move up the ranking

- Companies are seeking to strengthen their management and prevention capabilities across the whole spectrum of procurement risks.
- The obligation to monitor scope 3 emissions is being extended to an increasing number of companies through France's greenhouse gas emissions assessment (BEGES).

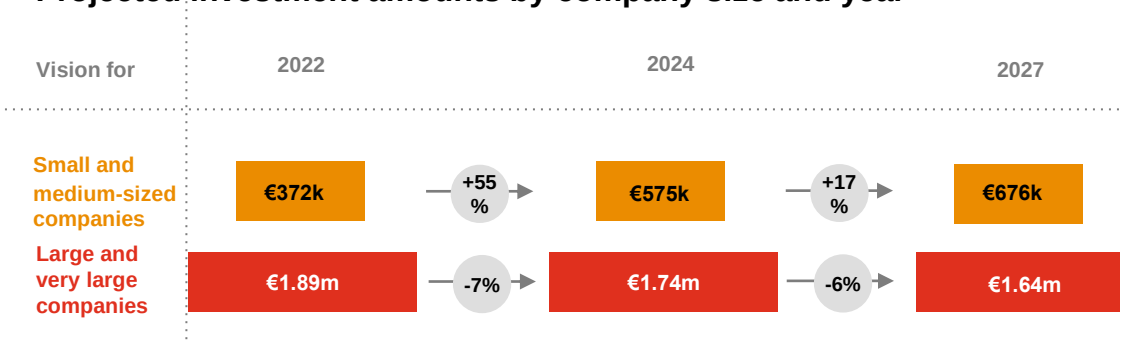
New

New use cases are being added to procurement function roadmaps

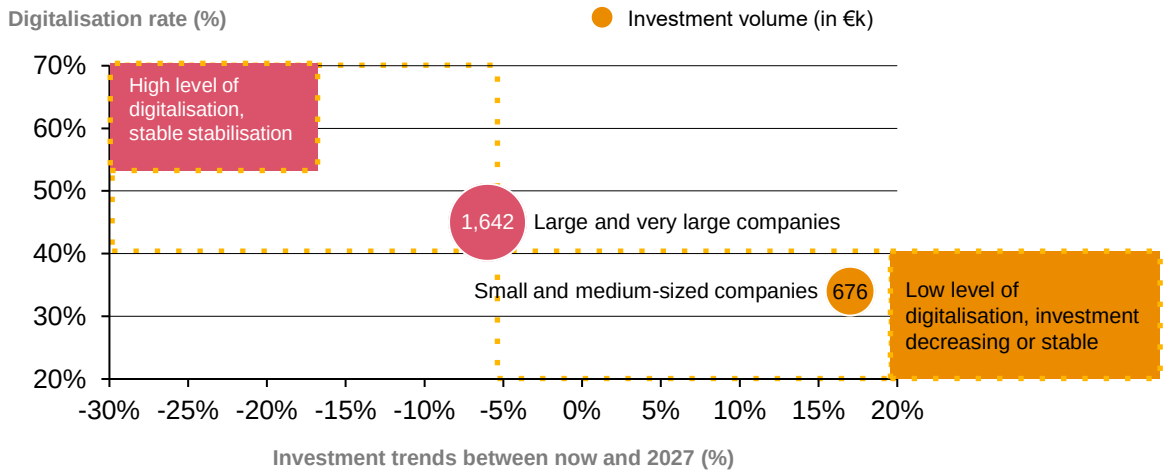
- Use cases linked to contract creation and management are becoming a priority, with the aim of enhancing both maturity and performance.
- Companies are having to comply with new e-invoicing regulations (2024 tax reform).
- Interest in the use of GenAI is on the rise, with companies looking at how it can be used on a day-to-day basis.

Investment remains stable overall

Projected investment amounts by company size and year



Digitalisation rate in relation to company size



Questions: PwC Global Digital Procurement Survey 3rd edition (over 400 respondents), 4th edition (over 800 respondents) What will the annual level of investment dedicated to digital transformation be in two years' time?
5th edition (1,000 respondents) What will the annual level of investment dedicated to your digital procurement transformation be in three years' time?

The average level of investment relative to company size has remained in the same order of magnitude since our 2020 survey

Companies are choosing to maintain a constant level of investment to deploy new tools and improve existing solutions.

Specific trends depending on company size

- Investment remains at a high level, driven by continued growth in investment by small and medium-sized companies
- Very large and large companies reduced their investment slightly, while maintaining significant capacity for digital transformation.

Companies tend to fall into two profiles: those who are increasing their investment, and those that are stabilising their investment

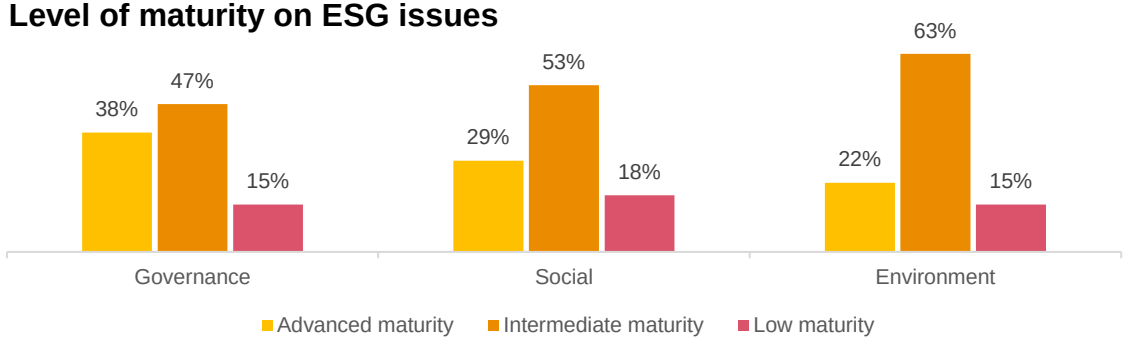
- **Companies increasing their investment** tend to be smaller companies with a **lower level of digitalisation.** Due to their smaller size, these companies can convert their investments into business value more quickly but must invest more per user to cover their digitalisation needs.
- **Companies stabilising their investment** tend to be large companies with a **higher level of digitalisation**. It takes them much longer to **convert** their investments into business value, but they benefit from economies of scale in terms of the level of investment per user.

5

Key theme deep dive

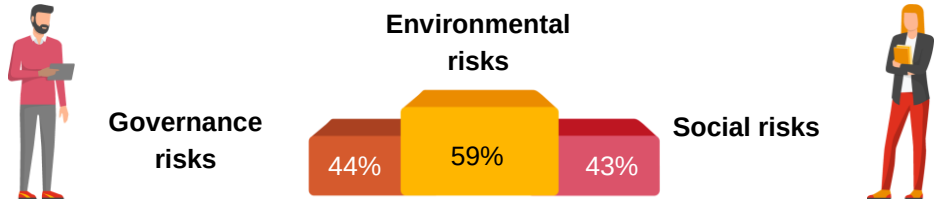
ESG issues: priority needs to be given to increasing the maturity of environmental risk monitoring

Level of maturity on ESG issues



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: How mature is your company when it comes to monitoring environmental, social and governance risks?

ESG priorities for the next three years



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: How do you plan to prioritise CSR issues over the next three years?

Intermediate level of maturity for the three ESG issues, slightly higher level of maturity for governance issues

- For several years, the management of corporate governance issues has been governed by national regulations (e.g., the Sapin II law in France), which explains why the level of maturity is higher in this area.
- For social and environmental issues, the wider variety of topics to be addressed means that achieving a high level of maturity is more difficult and complex.

Varying level of maturity depending on company size, due to different regulatory pressures

- Very large companies have a higher level of maturity as they have to comply with regulatory requirements and have the resources to do so.
- Most medium-sized and large companies have an intermediate level of maturity.
- Small companies must deal with ESG issues, but do not have the resources to achieve a high level of maturity and are still subject to non-binding regulations.

59% of procurement departments rank environmental risk management as their top priority for the next three years, mainly in the areas of:

- GHG emissions
- Biodiversity
- Water consumption
- Water, air and soil pollution
- Use of natural resources

Managing these risks enables procurement departments to limit exposure to the following impacts:

Financial
- Supply costs
- Compliance costs
- Environmental taxes
- Divestment

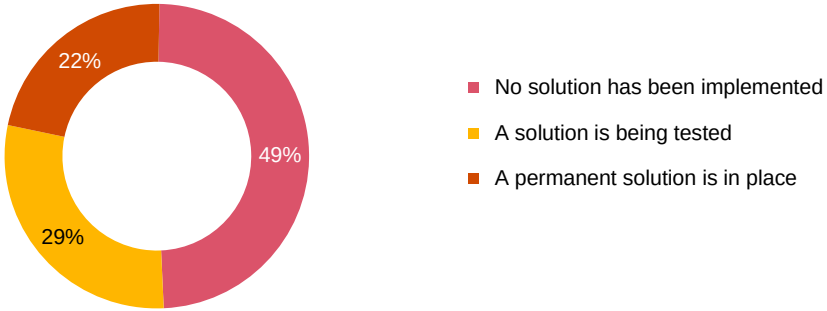
Regulatory
- Fines and penalties
- Compliance and risk prevention systems
- Third-party risk management

Social
- Reputational risk
- Attracting and retaining talent
- Political and socio-economic stability

Since the last edition, the use of carbon footprint monitoring solutions has doubled

Implementation of a solution to measure suppliers' carbon footprint

51%



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: What is your opinion on measuring the carbon footprint of suppliers within your organisation?

1 in 2 companies are testing or already use a CO_2 emissions monitoring tool

- Other companies do not see the value in monitoring suppliers' carbon footprints or have not found a solution that meets their needs. Nevertheless, companies need to get ready for the transition to carbon neutrality.
- In 2022, **only 27%** of respondents were using or testing a CO_2 emissions monitoring tool.

To address this issue, PwC has developed a series of digital assets and products:

Tool for environmental assessment and measurement

Environmental footprint insights

Carbon Cockpit

Cost and Carbon Manager

Top 5 sectors using or testing a CO_2 emissions monitoring solution

87% Chemicals and Metals

77% Aeronautics, Defence and Security

69% Technology, Software and Telecoms

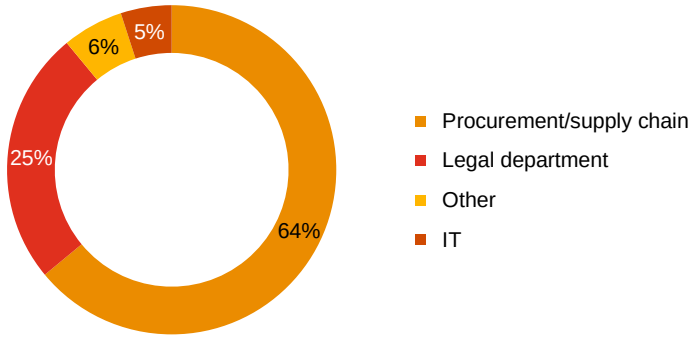
61% Consumer goods

59% Professional Services

Contract lifecycle management tools are on the rise, with increasingly powerful features

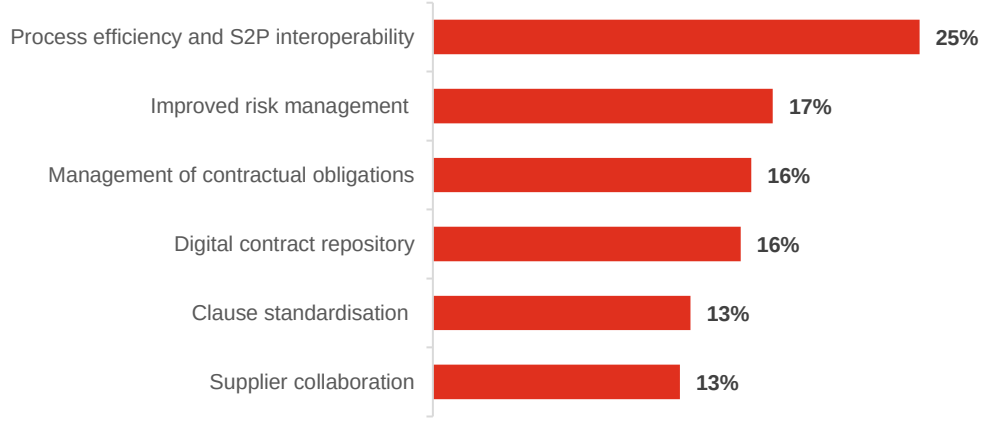
Two main sponsors: Procurement/supply chain functions (63%) and legal function (25%). These percentages are representative of the respective weighting of the two functions in the contract management and creation process

Sponsors of contract lifecycle management tools



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: Who are the main sponsors of contract lifecycle management in your company?

Ranking of the benefits of using a CLM tool



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: Where does the use of a CLM tool have the biggest impact in your organisation? Rank from 1 to 6

Proportion of companies planning to invest in CLM in the next three years

1 in 2 companies plan to invest in improving or deploying a CLM tool in the next 3 years

22% **already have an advanced tool**

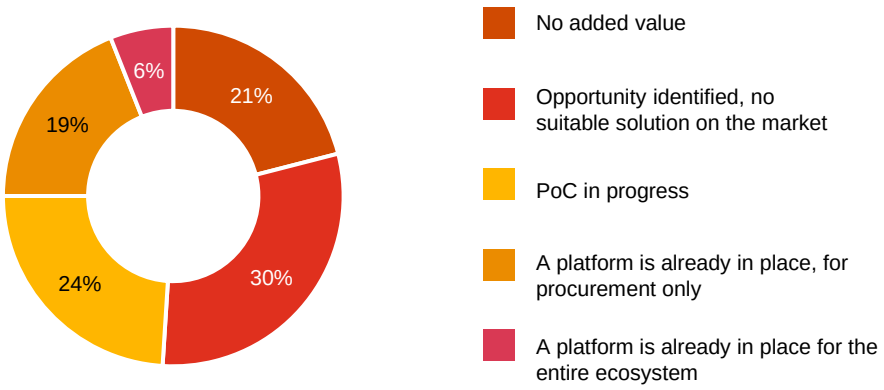
PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: Will CLM tools be a priority for your company in terms of new and/or additional investment over the next three years?

The three main benefits of using a CLM tool:

1. **Save time:** by improving processes and digitalising contracts/templates, drafting and negotiating contracts, and conducting research and analysis, is much quicker.
2. **Reduce costs:** thanks to carefully prepared CLM tool templates, high quality contracts and the ability to manage contract terms more easily all, the risk of contract claims and, therefore, potential additional costs, is lower.
3. **Improve compliance:** a CLM tool can be used to manage contractual obligations and standardise contract clauses.

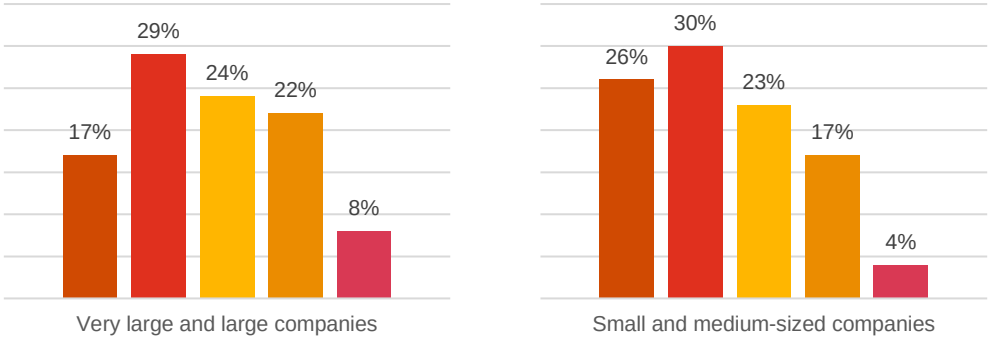
Use of collaborative supplier solutions and platforms growing rapidly

Use cases for collaborative supplier platforms



PwC Global Digital Procurement Survey, 5th edition (1,000 respondents)
Question: What are your views on the use cases for collaborative supplier tools and platforms?

Proportion of the use of collaborative platforms by company size



SRM solutions key to streamlining relations with tier 1 suppliers

- Very large and large companies often have very extensive supplier panels (over 5,000 suppliers). In such cases, SRM tools increase efficiency when it comes to managing supplier relations (transferring certain tasks to suppliers), maintaining visibility of supplier performance and managing risks (supplier dashboards)
- For these tools to be effective, securing supplier buy-in is key, both in terms of organisation and internal processes.

New use cases for improving visibility and collaboration in the supply chain

- Collaborative platforms are designed to streamline transactional processes (sourcing, P2P process digitalisation, etc.) and to help companies meet regulatory requirements (e-invoicing, e-reporting).
- The need to ensure supply chain continuity (in response to supply chain disruption) and rapidly evolving regulations in the area of ESG (duty of care, CSRD, etc.) mean that companies need to improve visibility beyond their tier 1 suppliers and streamline data sharing between stakeholders.

“

The use cases for enhancing visibility, collaboration and traceability in the value chain increasingly go beyond the customer-supplier relationship, prompting companies to organise themselves into ecosystems to better distribute increasingly complex investments.

Director and Procurement Digital Transformation Expert
PwC

6

Sector deep dive

Overview of sectors

Industry

- Manufacturing
- Energy and Utilities
- Healthcare and Pharmaceuticals
- Agri-Food Industry
- Consumer Goods
- Building and Infrastructure
- Automotive
- Aeronautics, Defence and Security
- Chemicals and Metals

Services

- Banking, Insurance and Financial Services
- Technology, Software and Telecoms
- Public Sector
- Distribution and Retail
- Transport and Logistics
- Professional Services
- Entertainment, Communications and Media

Manufacturing Industry

The manufacturing sector prioritises enhancing its financial performance and has ambitious plans for investing in data analytics by 2027

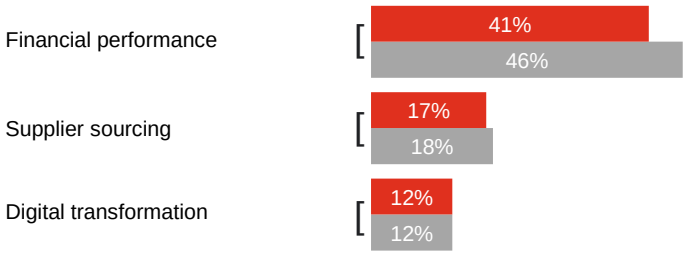
Financial performance and supplier sourcing are central to manufacturing companies as they are critical to profitability, competitiveness and the ability to meet customer demands. These aspects are closely linked to and influence the overall performance and long-term survival of manufacturing companies.

Furthermore, digital technologies enable manufacturing companies to optimise their operational processes. The digitization of procurement in the manufacturing industry revolutionizes how companies source materials and resources. Automation, IoT (Internet of Things), artificial intelligence and Big Data analytics help to optimise the use of resources. The desire to digitise procurement is reflected in significant investments, especially among small and medium-sized companies, which intend to invest 80% more than their peers in the industry sector.

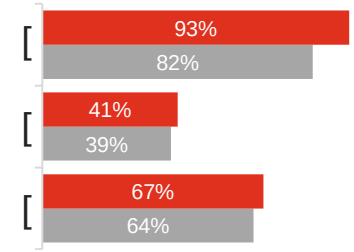
Companies recognise that the future of the manufacturing industry depends heavily on the ability to take advantage of digital transformation.

Current state of digital procurement

Top strategic priorities of procurement departments

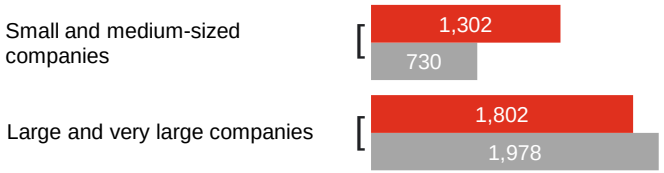


Digitalisation status

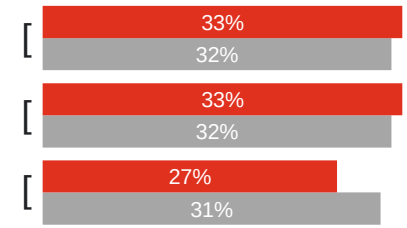


Future state of digital procurement

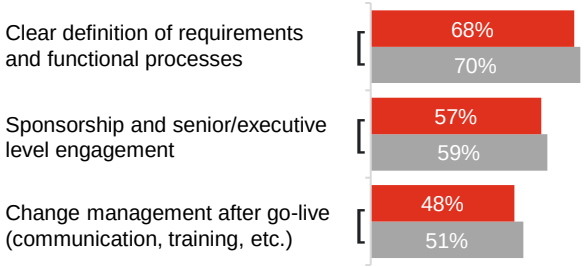
Investments in the digital transformation of procurement by 2027 (yearly – €k)



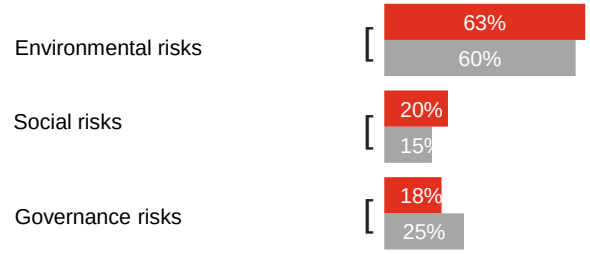
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Manufacturing

Energy and Utilities Industry

In the energy and utilities sector, enhancing efficiency and reducing costs through digital transformation directly impacts the bottom line as margins can be smaller due to high operational costs

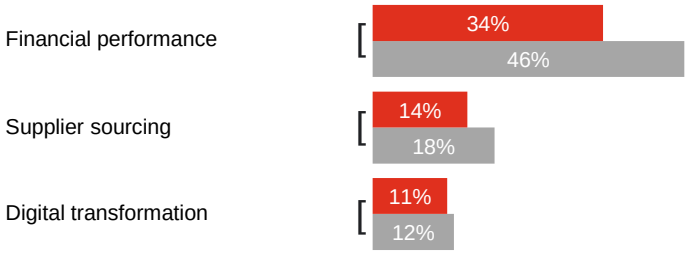
Although price volatility greatly affects the energy & utilities industry, the strategic priority regarding financial performance in procurement is low in comparison to other industries. Furthermore, financial performance remains the most important strategic priority in the industry, significantly ahead of digital transformation, particularly for small and medium-sized companies. Other strategic priorities are supplier sourcing and digital transformation, which are both slightly below the average.

For the coming three years, the energy & utilities sector has identified procure-to-pay (P2P), as the key area of focus for digital transformation initiatives within their procurement departments. While the significance of P2P in the energy and utilities sector is evident, the implementation of this process faces potential delays. Resistance to change, legacy systems, and a lack of awareness about the benefits of P2P can hinder adoption. It is imperative to overcome these obstacles to fully realize the potential advantages of streamlined procurement processes, improved financial management, and increased operational efficiency

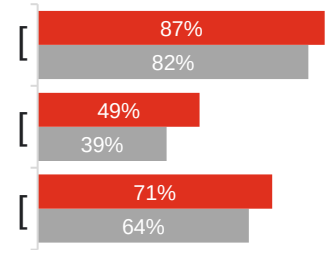
In this evolving landscape, procurement's role extends beyond traditional sourcing to support the integration of renewable technologies and contribute to the overall success of the energy transition.

Current state of digital procurement

Top strategic priorities of procurement departments

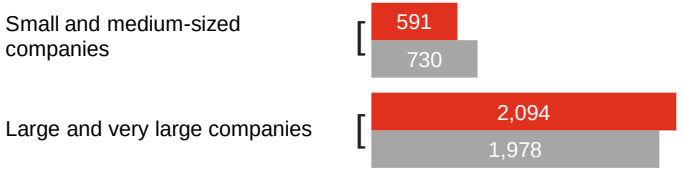


Digitalisation status

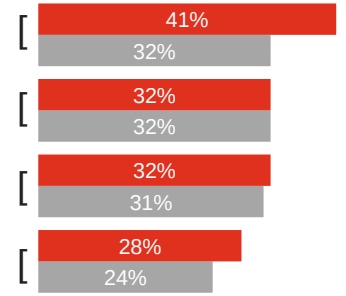


Future state of digital procurement

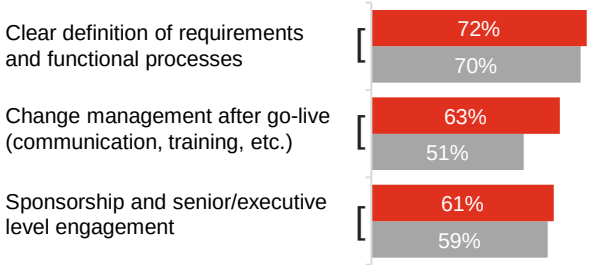
Investments in the digital transformation of procurement by 2027 (yearly – €k)



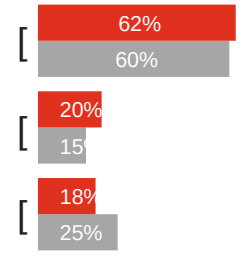
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Energy and Utilities

Healthcare and Pharmaceuticals Industry

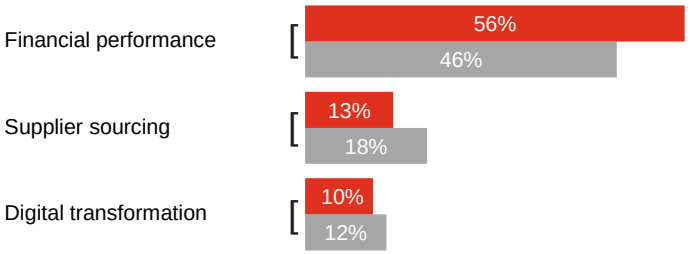
The healthcare and pharmaceuticals industry gives significant, above-average priority regarding financial performance and monitoring of governance risks

The healthcare and pharmaceuticals industry strategically prioritizes above average the financial performance of their procurement departments due to the critical role these departments play in managing costs, ensuring the availability of essential supplies, and supporting innovation. Given the complex and regulated nature of the industry, effective procurement directly impacts the ability to invest in research, maintain regulatory compliance, and navigate unforeseen challenges. A robust financial position in procurement enables these sectors to optimize resources, enhance operational efficiency, and sustain investments in crucial areas, ultimately contributing to the industry's ability to deliver quality healthcare solutions.

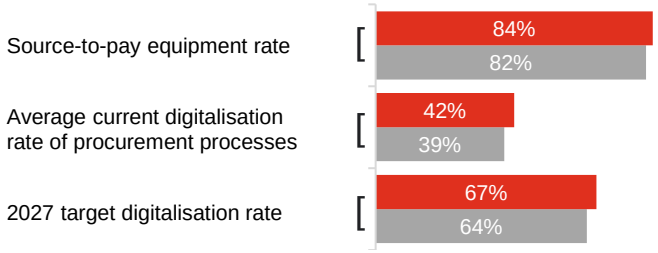
Monitoring governance risks is important in the healthcare & pharmaceuticals industry due to strict regulatory requirements and the need for high ethical standards. This oversight helps companies prevent legal sanctions, build trust with patients and consumers, and maintain the integrity of their research and products. It also helps to avoid financial and reputational damage and ensures sustainable business operations. The Healthcare and Pharmaceuticals industry is clearly above average in this area.

Current state of digital procurement

Top strategic priorities of procurement departments

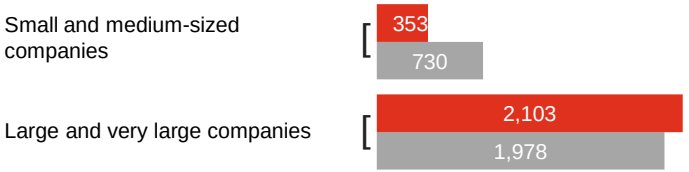


Digitalisation status

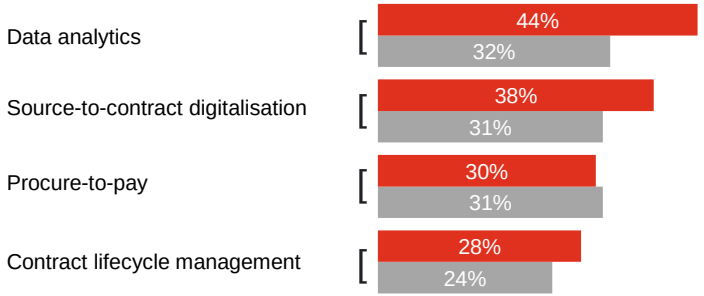


Future state of digital procurement

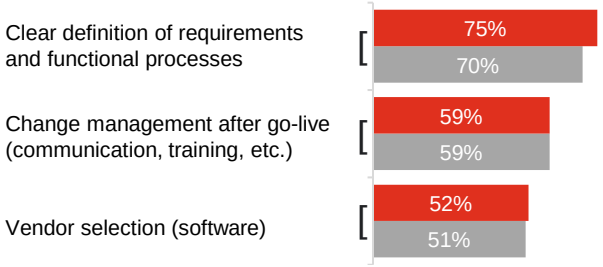
Investments in the digital transformation of procurement by 2027 (yearly – €k)



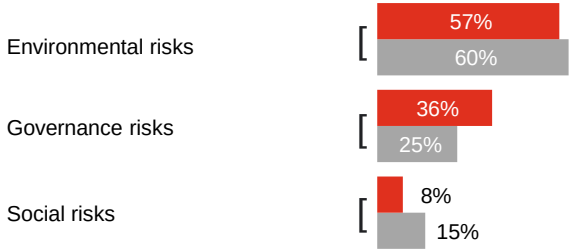
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Healthcare and Pharmaceuticals

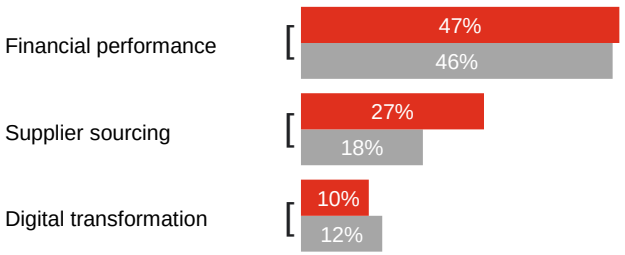
Agri-Food Industry

The agri-food industry will give priority to pursuing source-to-contract digitalisation as a use case on the digital roadmap for 2027.

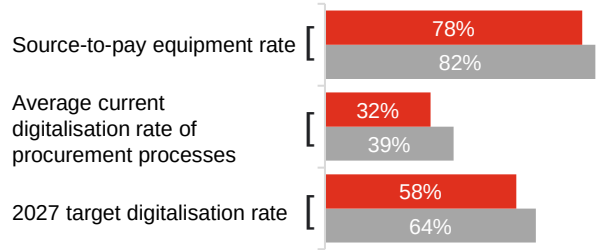
The agri-food industry is strategically committed to improving financial performance, refining supplier sourcing, and embracing digital transformation, mirroring trends in the broader industry sector.
Significant capital is being directed towards advancing source-to-contract digitalisation, reflecting a commitment to optimise the entire procurement process. This investment aims to streamline and enhance efficiency from sourcing suppliers to finalising contractual agreements.
Procure-to-pay processes represent an additional focus of the investment, indicating a coordinated effort to digitise and streamline the purchasing lifecycle. This strategic move not only improves transactional efficiency but also contributes to cost savings and operational effectiveness.
Furthermore, the agri-food sector is progressively acknowledging the importance of environmental risks, particularly due to its direct vulnerability to climate change and biodiversity decline. The increasing awareness underscores the necessity for sustainable approaches and adaptability in confronting evolving environmental complexities. As a field directly affected by climate-related changes and biodiversity issues, the heightened consciousness is propelling efforts toward environmentally conscientious agricultural and food production practices.

Current state of digital procurement

Top strategic priorities of procurement departments

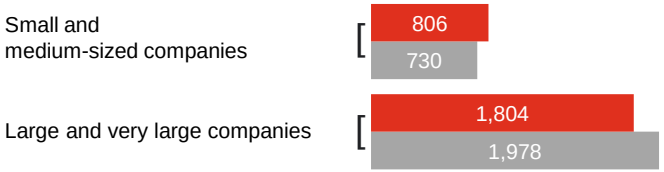


Digitalisation status

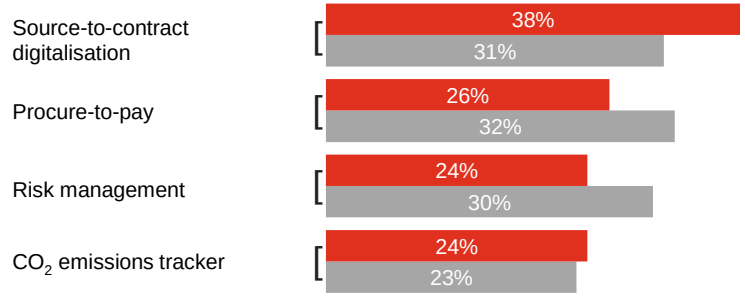


Future state of digital procurement

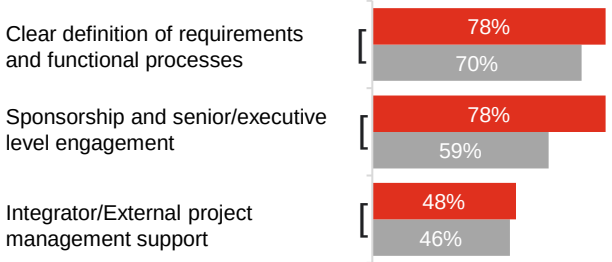
Investments in the digital transformation of procurement by 2027 (yearly – €k)



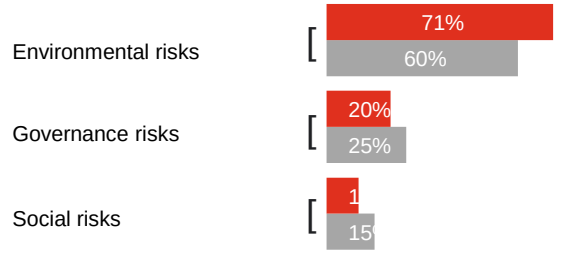
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Agri-Food

Consumer Goods Industry

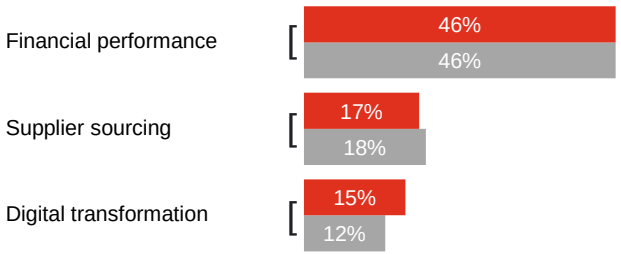
In a globalised and fast-paced economy, the digitalisation of procurement is key for companies to remain competitive and adapt to constantly changing market conditions.

When it comes to the consumer goods sector, the largest companies are the ones setting the pace for significant digital progress in procurement, aiming to complete this by 2027. The fierce competition and direct interaction with consumers make this industry unique. That's why having strong data analytics capabilities is so crucial here.

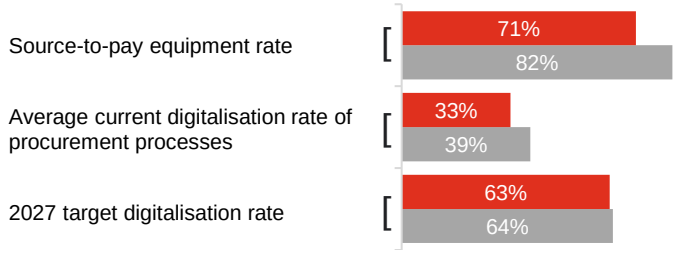
Data analytics is especially key in the consumer goods field, surpassing the typical improvements seen in other industries' purchase-to-pay processes. The utilization of data analytics enables seamless data continuity across Sales and Operations Planning (S&OP), forecasts, and supplier capabilities. It empowers procurement by facilitating scenario-making for supplier volumes and enhancing strategic decision-making. The insights derived from data analytics contribute to improved supplier relationships, streamlined processes, and greater overall efficiency in procurement operations within the consumer goods industry.

Current state of digital procurement

Top strategic priorities of procurement departments

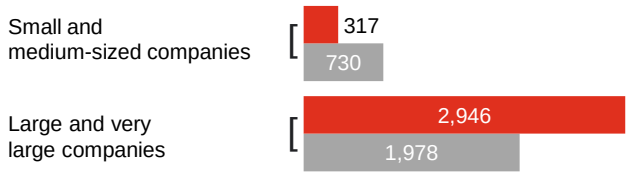


Digitalisation status

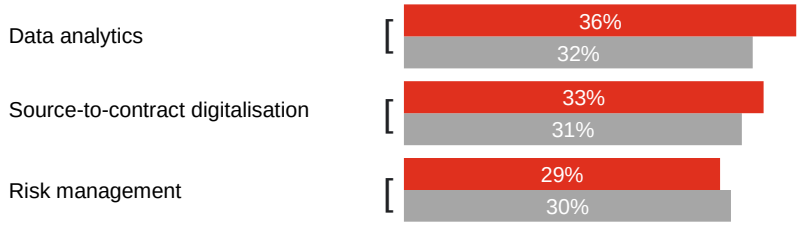


Future state of digital procurement

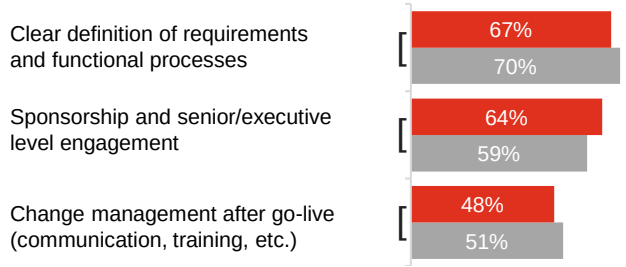
Investments in the digital transformation of procurement by 2027 (yearly – €k)



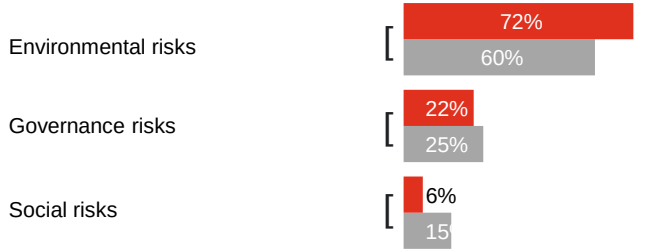
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Consumer Goods

Aeronautics, Defence and Security Industry

Elevating financial performance is a top strategic priority for the industry emphasizing the critical role of streamlined contract processes in cost optimization and fiscal responsibility.

The aeronautics, defence & security sector is strategically sharpening its focus on critical areas such as contract lifecycle management, e-invoicing, and source-to-contract digitalisation. However, these strategic investments are intentionally maintained below the industry average.

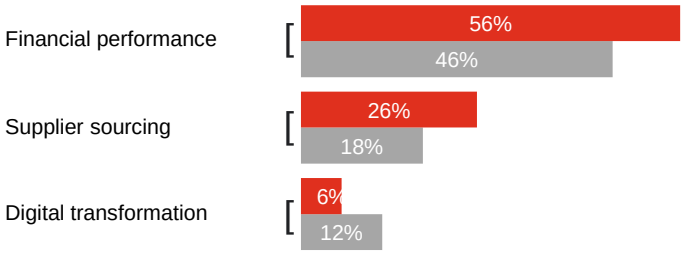
Contract lifecycle management takes precedence as a pivotal aspect of ensuring seamless and effective management of contractual processes given the extensive supplier bases and small to medium-scale series with substantial impact, especially in ramp-up scenarios.

The focus on e-invoicing arises due to the fact that companies are having to comply with new e-invoicing regulations (2024 tax reform). Further it has emerged as a significant component, reflecting the industry's commitment to digitising financial transactions. This not only to streamline financial processes but also aligns with broader trends in modernising financial management practices.

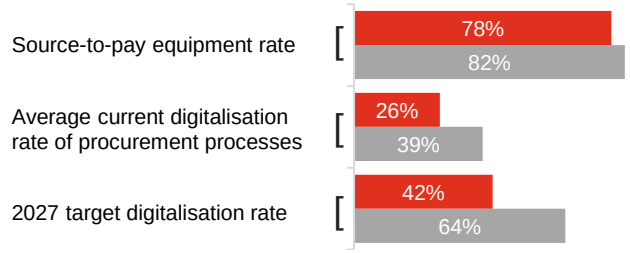
Investment forecasts for the digital transformation of procurement are notably low and under average in the Aeronautics, Defence and Security Industry, possibly indicating a cautious approach influenced by unique industry complexities, stringent regulations, and a focus on proven methodologies over emerging digital solutions.

Current state of digital procurement

Top strategic priorities of procurement departments

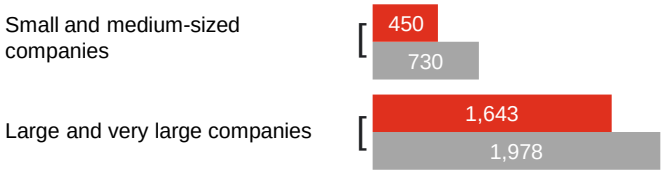


Digitalisation status

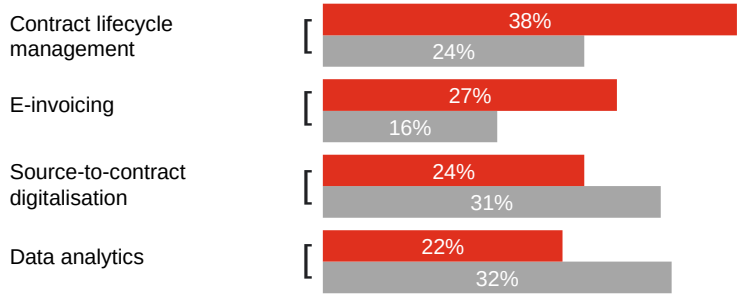


Future state of digital procurement

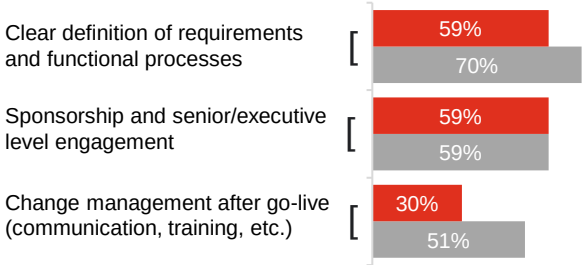
Investments in the digital transformation of procurement by 2027 (yearly – €k)



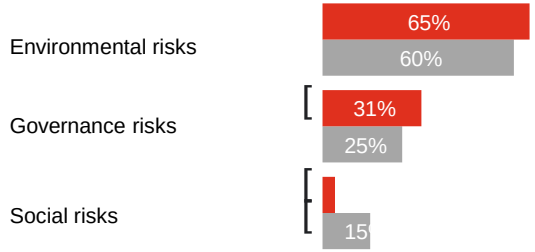
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector

Aeronautics, Defence and Security

Building and Infrastructure Industry

Despite a current lag in digital procurement investment in the building & infrastructure industry companies prioritize advancing source-to-contract digitalisation as the primary focus on their digital roadmap until 2027.

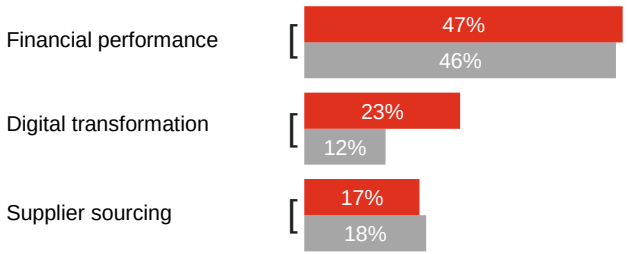
The building & infrastructure industry, compared to other industries, has not yet focused on the digitalisation of procurement. Even though it is ranked as the second strategic priority, the current level of digitalisation is still low.

Companies in the Building & Infrastructure Industry currently exhibit a lower investment in digital procurement, marked by an under-average level of digitalization, including low rates of source-to-pay equipment rate and currently limited digitalization of procurement processes. The industry plans to invest less in the digital transformation of procurement due to factors such as high cost pressure within the industry and low profit margins, which may limit available resources for technological advancements in procurement processes.

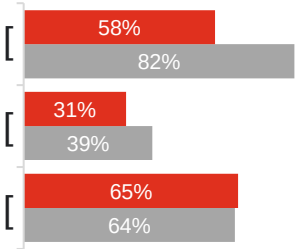
However, they prioritize source-to-contract digitalisation as the top use case on their digital roadmap for the next three years. This suggests a strategic shift toward enhancing the efficiency of contract-related processes, indicating an intention to catch up on digital transformation initiatives in procurement within the coming years.

Current state of digital procurement

Top strategic priorities of procurement departments

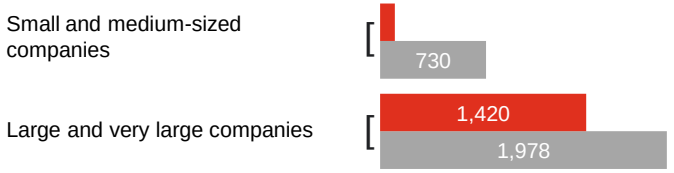


Digitalisation status

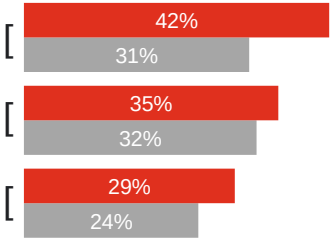


Future state of digital procurement

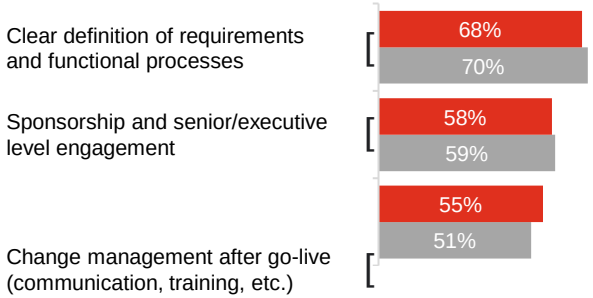
Investments in the digital transformation of procurement by 2027 (yearly – €k)



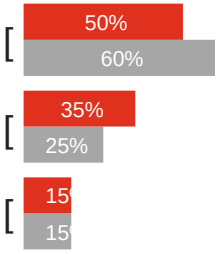
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector

Infrastructure

Automotive Industry

Environmental risk monitoring and CO_2 emissions tracking are the top priorities in the automotive industry and are far above the average.

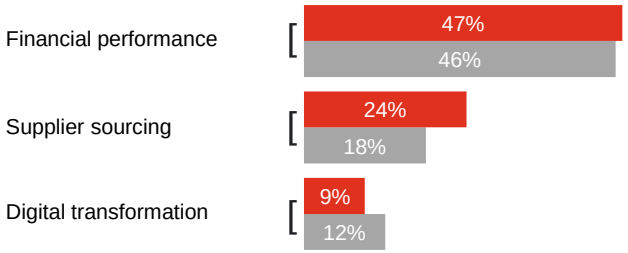
Among all the industries considered, only the automotive sector recognises CO_2 emissions tracking as a key application in its digital strategy by the year 2027. Additionally, for this sector, tracking carbon emissions takes precedence as the primary digital initiative over source-to-contract (S2C) and procure-to-pay (P2P) processes.

The automotive industry is subject to strict global and national emissions regulations. Therefore, many car manufacturers have committed to reducing their CO_2 footprints in order to achieve sustainability goals and respond to climate change.

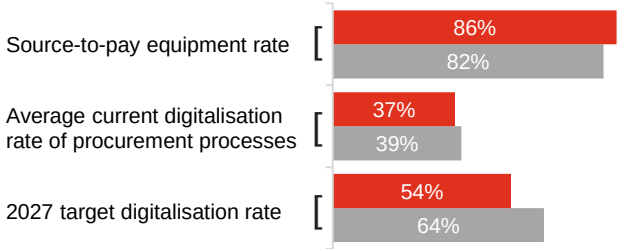
This use case is interdependent with that of risk management, which the automotive industry has also ranked and prioritised as the sole industry on their digital roadmap through to 2027. In the automotive industry, regulatory risks have a direct association with financial, reputational, and strategic risks.

Current state of digital procurement

Top strategic priorities of procurement departments

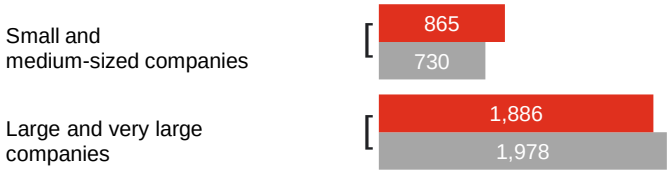


Digitalisation status

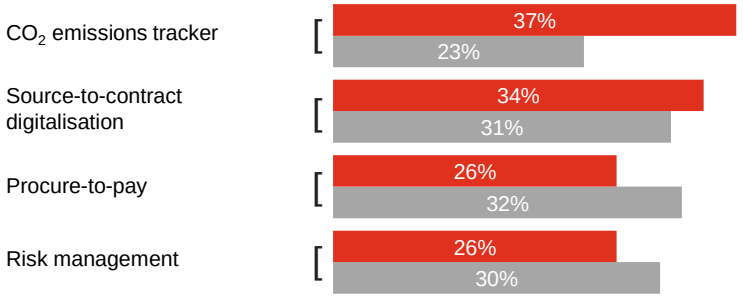


Future state of digital procurement

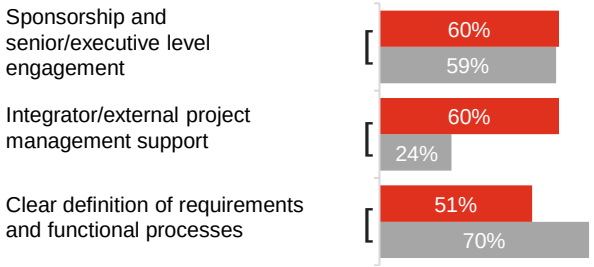
Investments in the digital transformation of procurement by 2027 (yearly – €k)



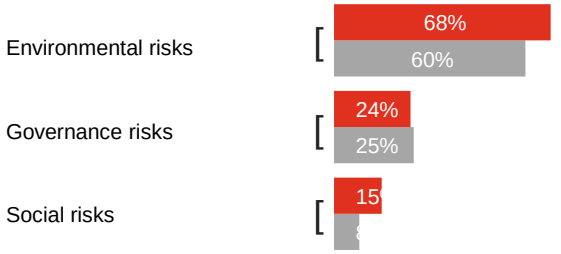
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Automotive

Chemicals and Metals Industry

In the Chemicals and Metals Industry, the source-to-pay equipment rate is at an impressive 96%, surpassing the industry average

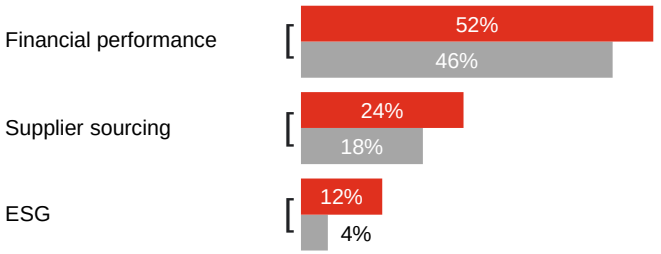
Within the chemicals and metals sector, survey's findings reveal that the source-to-pay equipment rate stands impressively above the industry average at 96%. Despite this very high equipment rate, the digitalization rate is quite low, and the the investment forecast in digital transformation of procurements under average.

Strategic investments are notably directed towards enhancing procure-to-pay processes, implementing source-to-contract digitalisation initiatives, and deploying CO_2 emissions tracker tools.

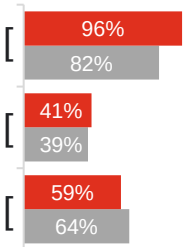
Survey participants emphasise critical success factors essential for a successful digital transformation journey, aligning with the results in the industry sector. A clear definition of requirements and functional processes emerges as a foundational element, paving the way for seamless and effective digital integration. Equally crucial is active sponsorship and engagement at the senior/executive level, underscoring the importance of leadership commitment in propelling transformative initiatives forward.

Current state of digital procurement

Top strategic priorities of procurement departments

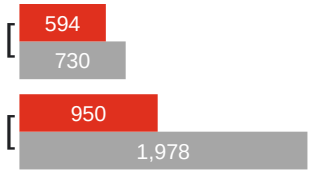


Digitalisation status

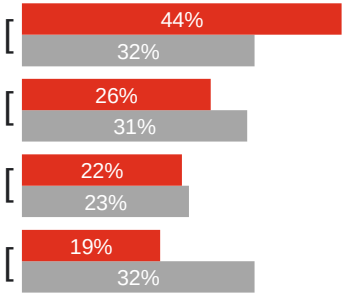


Future state of digital procurement

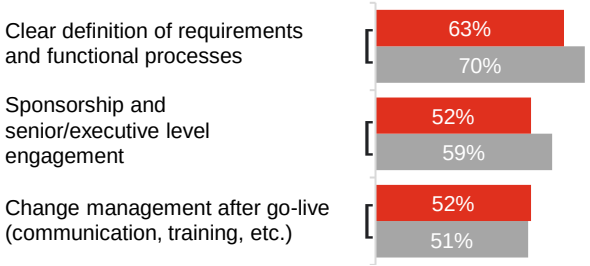
Investments in the digital transformation of procurement by 2027 (yearly – €k)



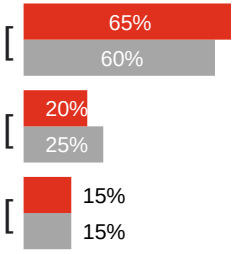
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Industrial sector Chemicals and Metals

Banking, Insurance and Financial Services

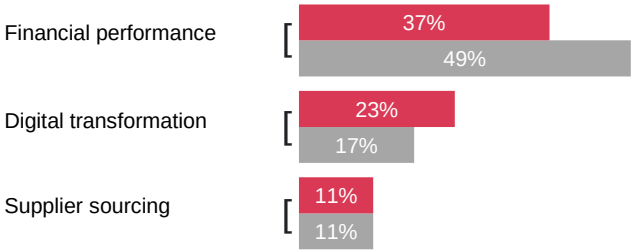
The banking, insurance, and financial services (FS) industry places significant emphasis on digital transformation and is planning substantial investment in data analytics and source-to-pay digitalisation by 2027

With increasing pressure on costs in banking, insurance and financial services, procurement departments are not spared, as improved financial performance appears as their most strategic priority but with significantly lower weight than the other services. It implies that other factorscurrently outweigh the emphasis on financial metrics in shaping the procurement strategy.

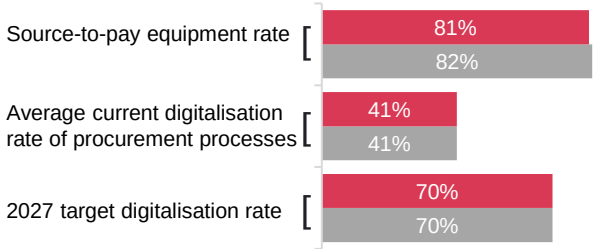
Reducing costs will require investment in digital transformation, which will primarily target data analytics solutions and source-to-contract digitisation.

Current state of digital procurement

Top strategic priorities of procurement departments

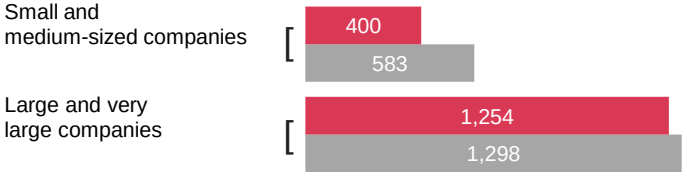


Digitalisation status

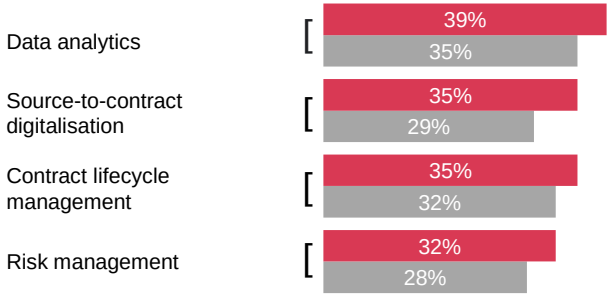


Future state of digital procurement

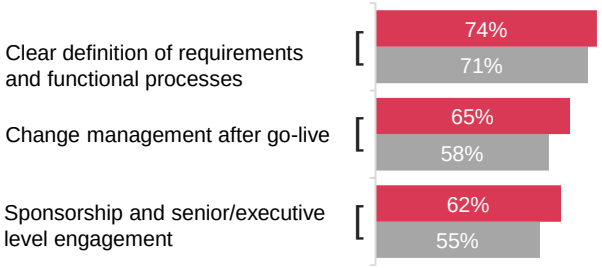
Investments in the digital transformation of procurement by 2027 (yearly – €k)



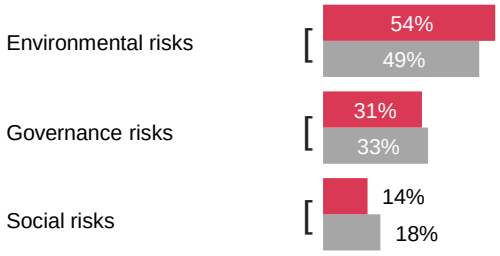
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Services

Banking, Insurance and Financial Services

Technology, Software and Telecoms Services

In technology, software, and telecommunications, measuring financial performance is considered the highest strategic priority, surpassing the average

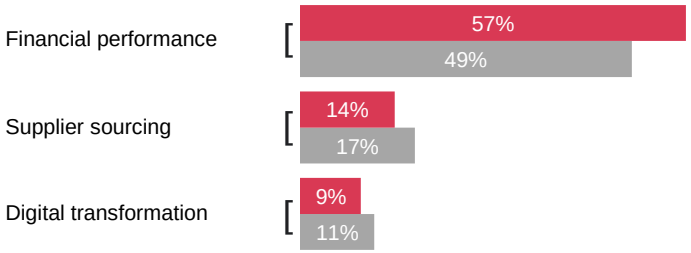
For the technology, software and telecoms service sector, financial performance, supplier sourcing and digital transformation remain the top strategic priorities. Companies operating within this service sector are striving to enhance profitability, efficiency, and overall economic health.

The source-to-pay equipment adoption rate in this sector surpasses industry standards. This heightened adoption reflects a dedication to modernising procurement processes and optimising the source-to-pay lifecycle.

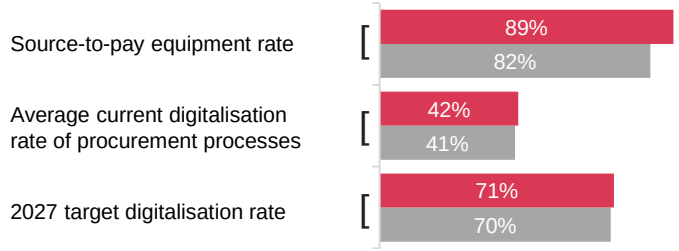
Notably, small and medium-sized companies are investing significantly beyond the industry standard in digital transformation. This trend highlights the recognition, particularly among smaller companies, of the critical role digital transformation plays in staying competitive and relevant.

Current state of digital procurement

Top strategic priorities of procurement departments

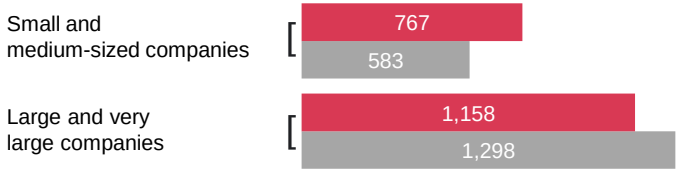


Digitalisation status

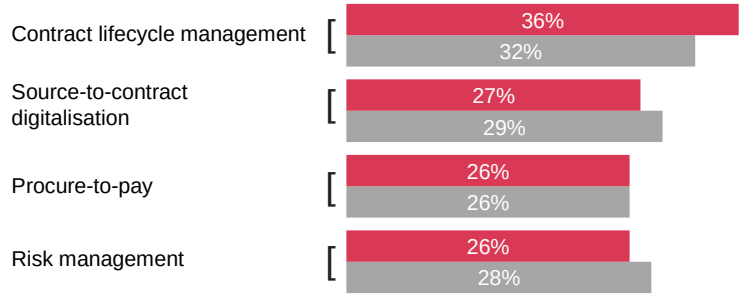


Future state of digital procurement

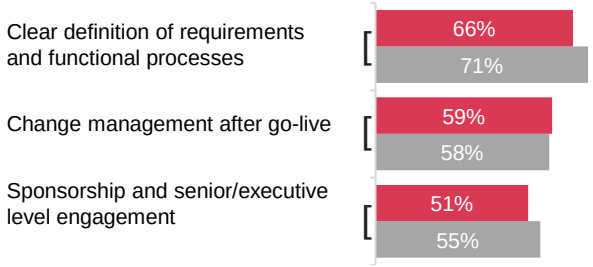
Investments in the digital transformation of procurement by 2027 (yearly – €k)



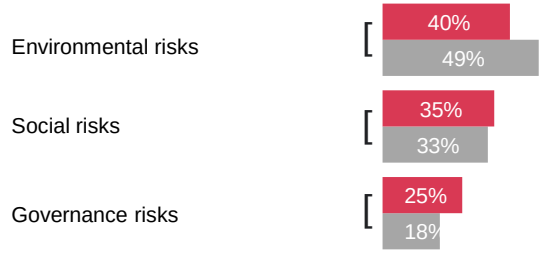
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Services

Technology, Software and Telecoms

Public Sector Services

Digital transformation, including contract lifecycle management, are the top priorities on the digital procurement roadmap.

In the public sector, procurement departments are strategically prioritising key areas to drive efficiency and effectiveness.

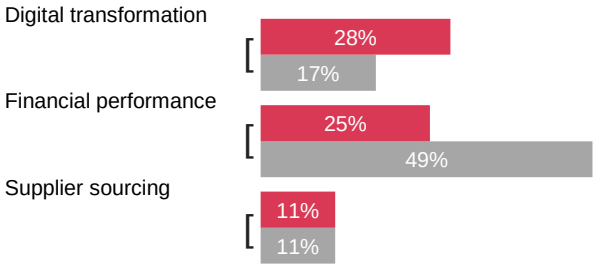
The main focus areas for these departments are digital transformation, financial performance improvement, and optimising supplier sourcing. What stands out here is that, among all the surveyed industries and services, only the public sector places digital transformation ahead of financial performance in terms of their top strategic priorities to improve internal efficiency of procurement processes and improve quality of services to citizens. The public sector exhibits a notably low strategic priority for financial performance compared to other services, potentially reflecting a focus on diverse and broader public service objectives over stringent financial outcomes, and a greater emphasis on societal impact rather than financial metrics.

Notably, large and very large companies within the public sector are demonstrating a commitment by investing more significantly in these priorities compared to other service sectors.

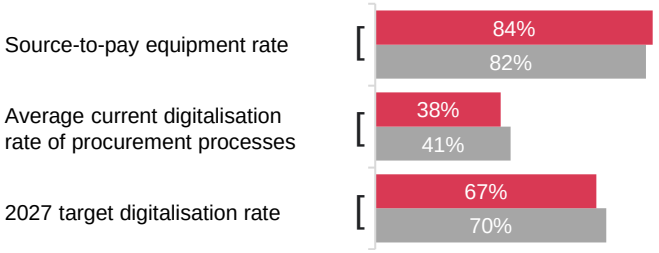
CO2 emissions tracking is absent from the list of use cases in the digital roadmap for the public sector by 2027. Their investments are concentrated on contract lifecycle management, source-to-contract, and procure-to-pay initiatives.

Current state of digital procurement

Top strategic priorities of procurement departments

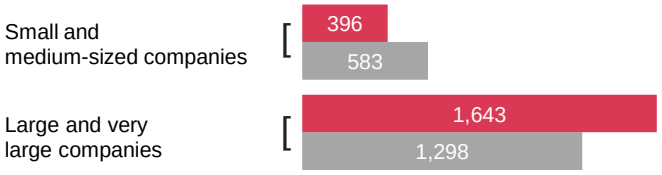


Digitalisation status

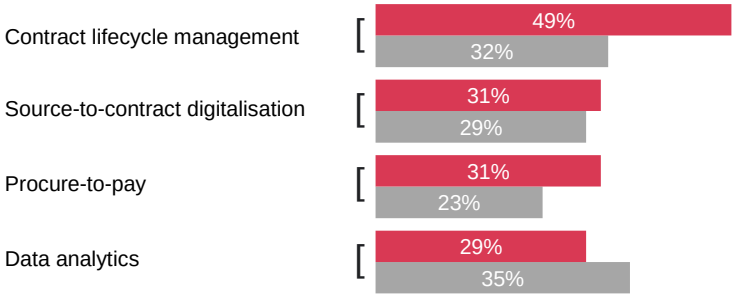


Future state of digital procurement

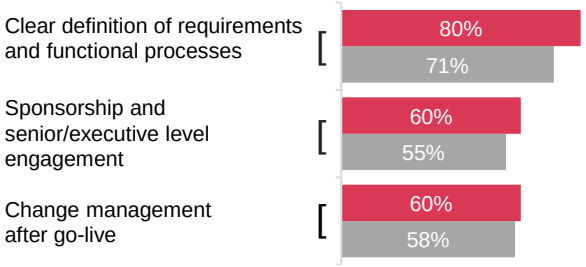
Investments in the digital transformation of procurement by 2027 (yearly – €k)



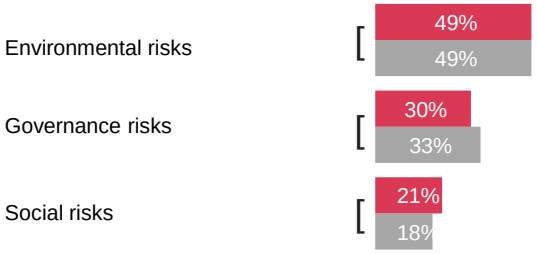
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Services Public Sector

Distribution and Retail Services

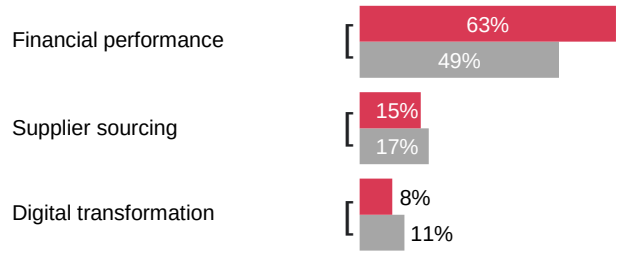
Enhanced procurement investment in Distribution and Retail with a clear focus on data analytics.

In the distribution & retail sector, companies are allocating investments that exceed the services sector average. Their primary area of focus for these investments is data analytics.

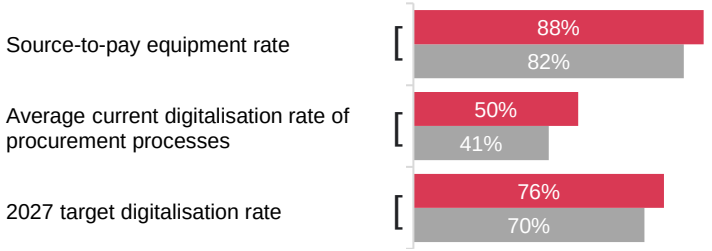
This heightened level of investment in procurement signals a profound recognition within the sector of the transformative potential offered by digital technologies and data-driven strategies. By placing a central emphasis on data analytics, companies are unlocking the power to gain invaluable insights into various aspects of their procurement processes. This includes a deeper understanding of supply chain dynamics, supplier performance, usage of intelligent negotiation tools, and market trends, which, in turn, empowers them to make more informed and strategic procurement decisions.

Current state of digital procurement

Top strategic priorities of procurement departments

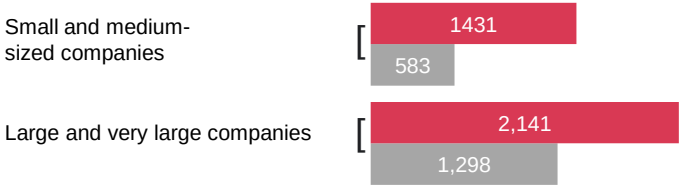


Digitalisation status

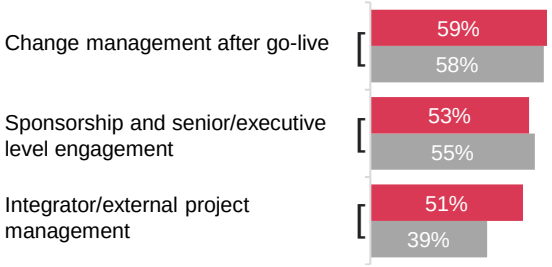


Future state of digital procurement

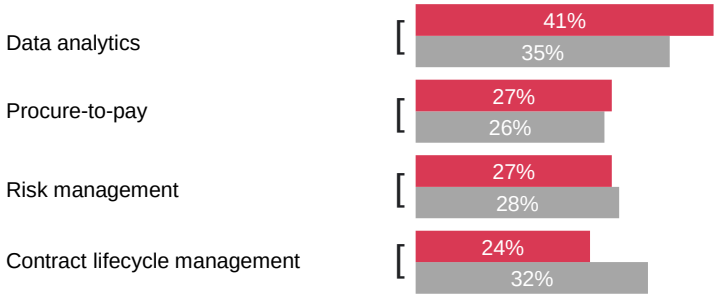
Investments in the digital transformation of procurement by 2027 (yearly – €k)



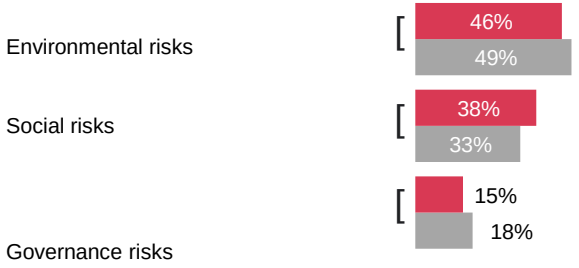
Key success factors for digital transformation



Use case digital roadmap by 2027



Prioritisation of ESG monitoring (as a %)



Services

Distribution & Retail

Transport and Logistics services

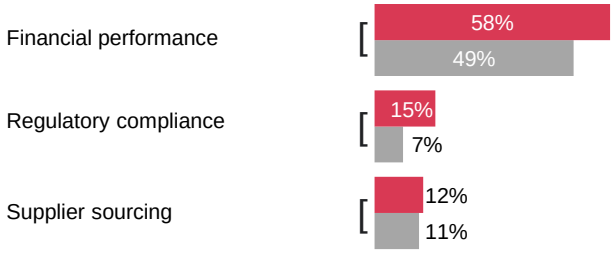
In the transport and logistics sector, overall investments are lower compared to the industry average. Particularly in regard to small and medium-sized companies.

Despite the lower overall investment in the digital transformation of procurement, the focus on data analytics is a remarkable trend. This underscores the sector's recognition of the pivotal role of data-driven solutions in improving decision-making, operational efficiency, and competitiveness. Data analytics serves as a key instrument for maintaining oversight of complex supply chains, monitoring supplier performance, and gaining insights into market trends.

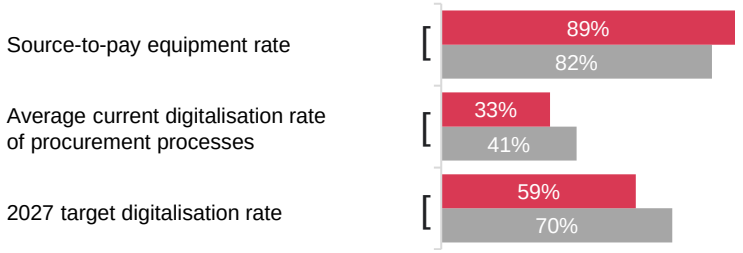
Moreover, the survey findings highlight that the strategic priority of improving financial performance is of high importance in the transport & logistics sector. CO2 emission tracking or CO2 as a whole is not identified as a priority or use case, due to a predominant focus on operational efficiency, cost management, and traditional procurement concerns in this sector, with sustainability measures taking a backseat in current digitalization priorities. In the transport and logistics service sector the need to optimise costs, ensure efficient financial management, and enhance overall financial performance remains a shared strategic objective.

Current state of digital procurement

Top strategic priorities of procurement departments

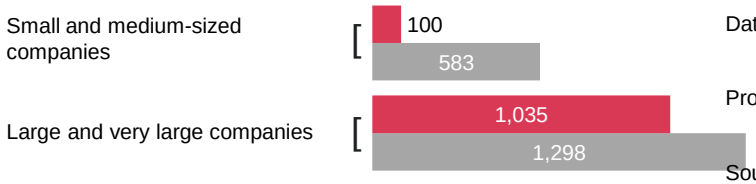


Digitalisation status

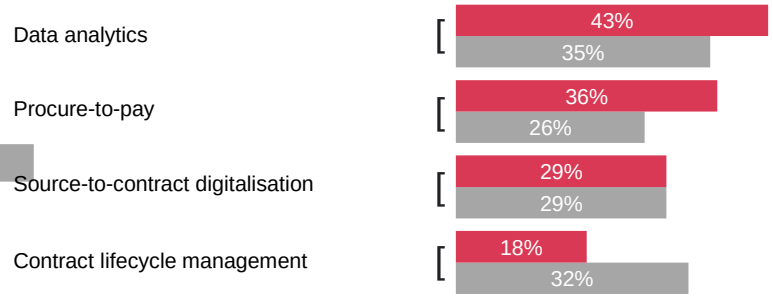


Future state of digital procurement

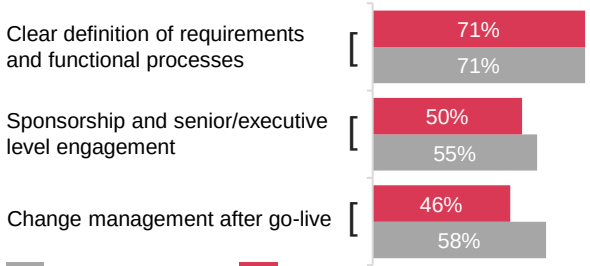
Investments in the digital transformation of procurement by 2027 (yearly – €k)



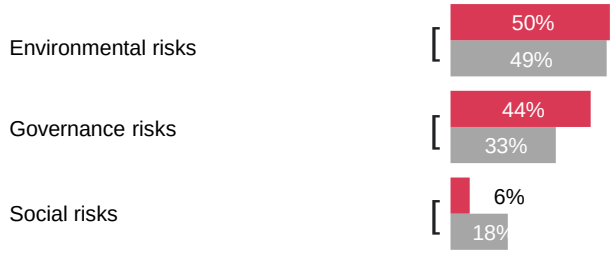
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Services

Transport and Logistics

Professional Services

Increased investment, particularly by large and very large professional services companies, with a focus on digital transformation and data analytics

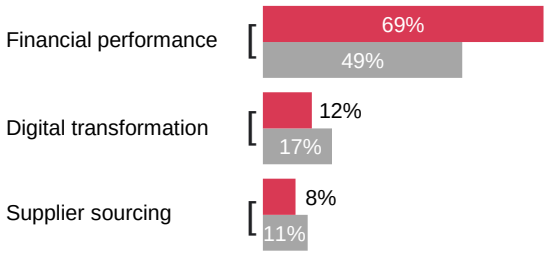
Large and very large companies in the services sector are demonstrating a commitment to elevating their procurement strategies, with investments exceeding the average for service industries.

Their primary investments areas include procure-to-pay, source-to-contract digitisation, and data analytics. These investments align with their strategic priorities of enhancing financial performance, driving digital transformation, and optimising supplier sourcing.

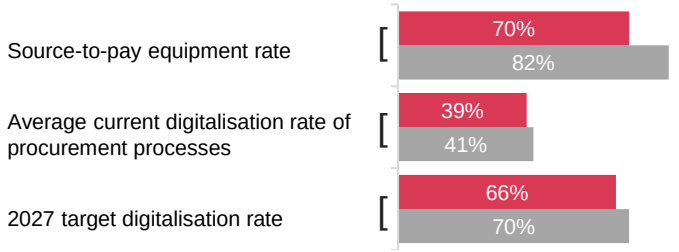
In a world marked by digital disruption and rapid changes, professional services companies recognise the need to evolve their procurement processes.
Data analytics is at the core of this investment, as it equips organisations with valuable insights into supply chain dynamics, supplier performance, and market trends. This data-driven approach empowers companies to make well-informed procurement decisions, enhancing their financial performance and competitive position in the marketplace.

Current state of digital procurement

Top strategic priorities of procurement departments

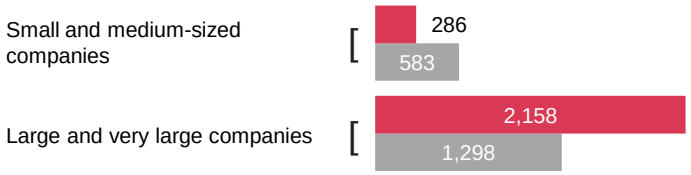


Digitalisation status

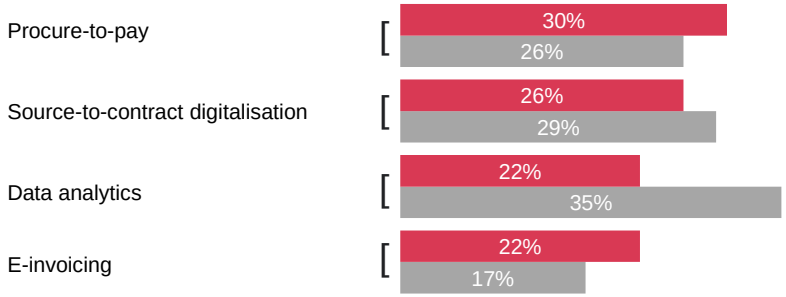


Future state of digital procurement

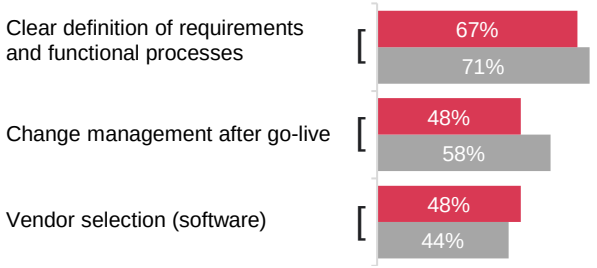
Investments in the digital transformation of procurement by 2027 (yearly – €k)



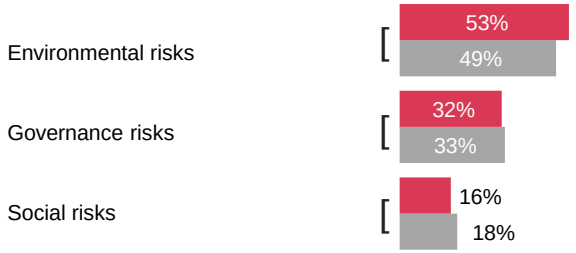
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Services

Professional Services

Entertainment, Communications and Media Services

Small and medium-sized companies invest more than twice the service sector average, while large and very large companies surprisingly invest below this average

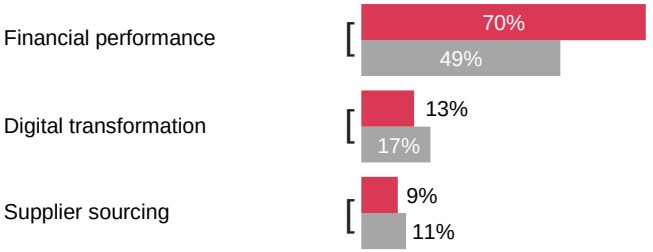
Within the entertainment, communications & media services industry, small and medium-sized companies are investing more than twice the average for the service sector. Notably, investment by large and very large companies is surprisingly below the industry average.

These substantial financial commitments are strategically channeled into key areas, with a predominant focus on data analytics, contract lifecycle management, and risk management. Additionally, investments are allocated to the development of collaborative portals and ecosystems. By creating platforms that facilitate collaboration and synergies, companies seek to build robust networks that can adapt to evolving market dynamics and drive innovation.

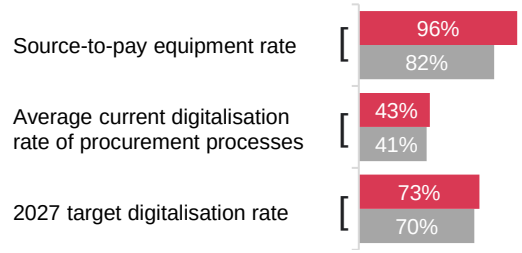
Ecosystems provide a holistic framework for integrating diverse digital technologies and solutions. This approach facilitates seamless connectivity between different facets of the industry, such as content creation, distribution, and customer engagement. By participating in ecosystems, companies can optimize their digital procurement processes, leverage shared resources, and stay agile in the rapidly evolving landscape of entertainment, communications, and media services.

Current state of digital procurement

Top strategic priorities of procurement departments

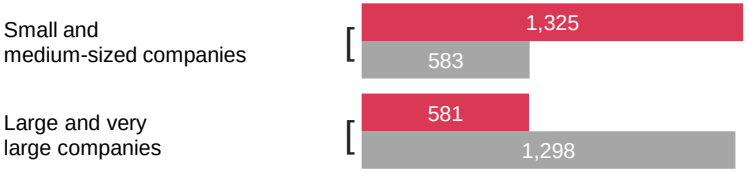


Digitalisation status

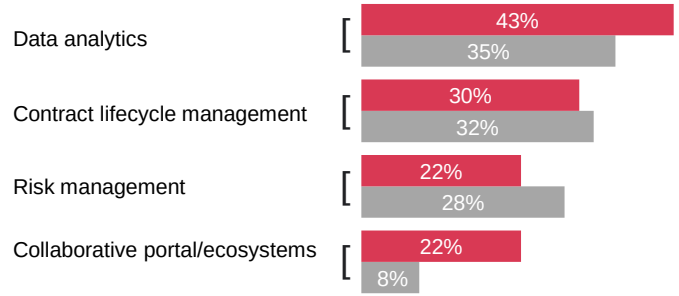


Future state of digital procurement

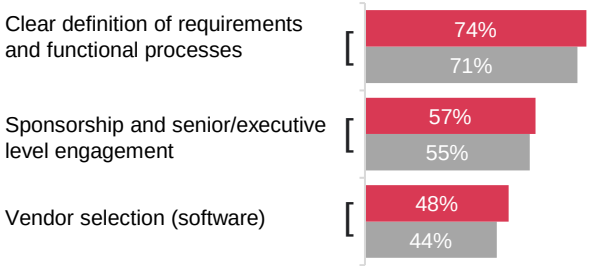
Investments in the digital transformation of procurement by 2027 (yearly – €k)



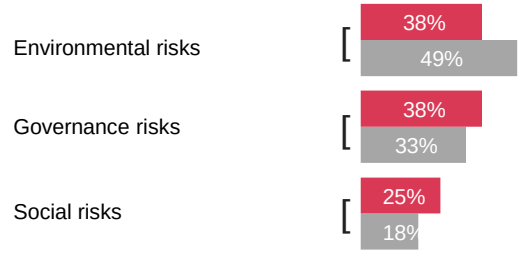
Use case digital roadmap by 2027



Key success factors for digital transformation



Prioritisation of ESG monitoring (as a %)



Services

Entertainment, Communications and Media

4

Regional deep dive

Global view of the digital transformation of procurement: All continents are already on board and will keep investing

	Africa	Americas	Asia/Oceania	Europe	Middle East
Source-to-pay solution equipment rate	74%	73%	86%	83%	86%
Current process digitalisation rate	37%	38%	39%	41%	33%
2027 target process digitalisation rate	70%	65%	60%	69%	64%
SMEs' yearly investments	€496k	€1,225k	€724k	€601k	NA
Large and very large companies' yearly investments	€1,304k	€2,110k	€1,643k	€1,600k	NA
ESG rate with high maturity	56%	27%	26%	44%	NA
CO_2 emissions tracker usage rate	50%	67%	35%	59%	NA
Strategic priorities	1. Financial performance (57%) 2. Digital transformation (14%) 3. Supplier sourcing (13%)	1. Financial performance (29%) 2. Digital transformation (24%) 3. Supplier sourcing (16%)	1. Financial performance (39%) 2. Supplier sourcing (23%) 3. Digital transformation (15%)	1. Financial performance (51%) 2. Digital transformation (12%) 3. Supplier sourcing (12%)	1. Financial performance (43%) 2. Digital transformation (29%) 3. Risk and crisis management (14%)
	► All continents are strongly focused on enhancing their financial performance and driving digital transformation	► All continents are strongly focused on enhancing their financial performance and driving digital transformation	► All continents are strongly focused on enhancing their financial performance and driving digital transformation	► All continents are strongly focused on enhancing their financial performance and driving digital transformation	► All continents are strongly focused on enhancing their financial performance and driving digital transformation
	► While it seems that Africa has currently one of the lowest digitalisation rates (37%) among other continents, this is not reflected in their ambitious digitalisation targets for 2027	► Companies in the Americas have planned to invest considerably to support digital transformation ► Digital transformation will be supported by significant investments	► Asia/Oceania is leading along with the Middle East in the procurement transformation race, with the highest source-to-pay equipment rate	► Europe is leading the procurement transformation race, with the highest process digitalisation rate	► The Middle East seems to have the lowest digitalisation rate, which makes data management a challenge ► The Middle East is concerned about risk and crisis management and places it as its third strategic priority

5th Global Edition

PwC UK Global Digital Procurement Survey

3 main themes:

- in Procurement function priorities
- Digitalisation the procurement function
- Roadmap and future major transformation

3 focus areas:

- Themes of: CSR, CLM, collaborative platforms
- Sector based
- Regional based

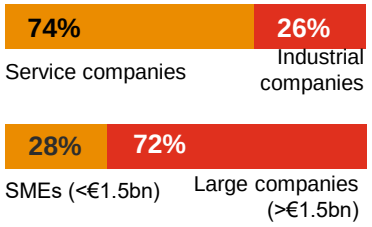
The Current State of Digital Procurement

- Procurement departments continued to cite cost reduction, digital transformation & strategic sourcing as top priorities.
- In addition to traditional objectives of process optimisation & cost reduction, digital transformation is also driven by need for transparency & compliance.
- S2P digitalisation is the “new normal” for procurement departments as 94% of respondents use either S2C or P2P solutions (81% use both).
- Among key success factors for implementing digital solutions, companies look first at business criteria (definition of needs & processes) before considering more technical aspects.

The Future State of Digital Procurement

- Procurement departments set ambitious digitalisation targets for ‘27, with an average of 70% digitalisation.
- Small & medium-sized companies continue to increase investment in digital transformation of the procurement function (projected 6% ‘24 - ‘27), whilst larger companies are stabilising spending while maintaining capacity to invest in digital transformation.
- CPOs (Chief Procurement Officers) are focusing their roadmap on data management, S2C process digitalisation & risk management as well as innovative CSR use cases & contract lifecycle management.
- 1 in 2 companies plan to invest in upgrading or implementing a contract lifecycle management tool (CLM) in the next 3 years for time saving, cost reduction and compliance.

UK & I - Respondent make up (61):



Procurement top strategic priorities (UK&I):

- Financial Perf. (45%)
- Comp. and Reg. (20%)
- Supplier Sourcing (15%)
- Dig. Transf. (8%)

Top drivers for digital transformation

- Efficiency and simplicity (77%)
- End user XP (30%)
- Compliance and regulatory (33%)
- Process transparency, traceability and fairness (28%)

Expected use for digital transformation in 3 years

- S2C digitisation (44%)
- Risk management (34%)
- Contract lifecycle management (43%)
- Procure to pay (26%)

Glossary: acronyms and technical terms

This survey contains acronyms and technical terms. Please refer to this glossary for clarification:

AI	Artificial Intelligence
Automation	Implementing a technology, software or programme to reduce. human interference
CEO	Chief Executive Officer.
CLM	Contract lifecycle management is a comprehensive management process that encompasses all stages of a contract, from its initial creation and negotiation through to its execution, monitoring and completion.
CO_2	Carbon dioxide (CO_2) is a gas with a molecular structure composed of two oxygen atoms and one carbon atom.
COVID-19	Coronavirus disease, an infectious disease caused by the SARS-CoV-2 virus.
CPO	Chief Procurement Officer.
CSR	Corporate Social Responsibility.
Data analytics	The science of analysing raw data to make conclusions about that information.
Digitalisation	Converting business processes to use digital technologies, instead sof analogue or offline systems such as paper or whiteboards.
Digital transformation	Leveraging emerging technologies to digitalise or automate operating processes.
ERP system	Enterprise resource planning, integrated management software.
ESG	Environmental, social and governance topics are used to assess a company's collective conscience to establish social and environmental factors.
GHG	Greenhouse gases, such as carbon dioxide (CO_2) and methane, contribute to global warming by trapping heat in the atmosphere.
IS	Information systems refer to all the technical, human and organisational resources used to collect, store, process and distribute information within an organisation.
Medium-sized companies	Medium-sized companies fall between small and large companies in terms of sales, workforce and assets.
P2P	Procure-to-pay. Also referred to as "transactional processes" for the purposes of the survey.
PoC	Proof of concept, a demonstration to verify that certain concepts or tools have the potential to be applied in real-life situations and on a large scale. In a nutshell, a PoC represents the evidence demonstrating that a project or product is feasible and worthy enough to justify the expense required to support and develop it.
ROI	Return on investment.
S2C	Source-to-contract. Also referred to as "strategic processes" for the purposes of the survey.
S2P	Source-to-pay.
S2P solutions	Complete or semi-complete suite of procurement tools covering all source-to-pay processes.
SRM	Supplier relationship management refers to the strategic management of supplier relations, aimed at optimising collaboration, performance and mutual value creation.

Global PwC Strategic Supply Management Network

Europe

Nicole Hackl
nicole.hackl@pwc.com
Austria

Peter Feyen
peter.feyen@pwc.com
Belgium

Jiří Jakoubek
jiri.jakoubek@pwc.com
Czech Republic

Jesper Hyche Lyngholm
jesper.hyche@pwc.com
Denmark

Tarmo Kekki
tarmo.kekki@pwc.com
Finland

Aurélien Corbin
Aurelien.corbin@pwc.com
France

Philippe Gaurois
Philippe.gaurois@pwc.com
France

Jan Herrmann
jan.hermann@pwc.com
Germany

Robert Weissbarth
robert.weissbarth@pwc.com
Germany

Athanasios S. Spanos
athanasios.s.spanos@pwc.com
Greece

Mark McKeever
mark.mckeever@pwc.com
Ireland

Ivan Lavatelli
ivan.lavatelli@pwc.com
Italy

Diana Kurpniece
diana.kurpniece@pwc.com
Latvia

Frederic Chapelle
frederic.chapelle@pwc.com
Luxembourg

Sander Gerritse
sander.gerritse@pwc.com
Netherlands

Cato Kaasa
cato.kaasa@pwc.com
Norway

Carlos Roxo Jeronimo
carlos.roxo.jeronimo@pwc.com
Portugal

Manuel Diaz Delgado
manuel.diaz.delgado@es.pwc.com
Spain

Patric Olsson
patric.olsson@pwc.com
Sweden

Mark Rajal
marc.rajal@pwc.ch
Switzerland

Ismail Karakis
ismail.karakis@pwc.com
Turkey

Daniel Cameron
daniel.cameron@pwc.com
United Kingdom

Asia/Oceania

Oliver Sargent
oliver.sargent@pwc.com
Australia

Rick Sun
rick.m.sun@cn.pwc.com
Hong Kong/China

Abhisek Ghosh
abhisek.ghosh@pwc.com
India

Takeshi Noda
takeshi.noda@pwc.com
Japan

Redha Shukor
redha.shukor@pwc.com
Malaysia

David Hodge
david.jc.hodge@pwc.com
Singapore

Marc Philipp
marc.philipp@pwc.com
South-East Asia

Jong Moon Baek
jong-moon.baek@pwc.com
South Korea

Pirata Phakdeesattayaphong
pirata.phakdeesattayaphong@pwc.com
Thailand

Africa and Middle East

Assia Benhida
assia.benhida@pwc.com
Algeria/Morocco/Tunisia

Ferreira Retief
ferreira.retief@pwc.com
East Africa

Mutasem AlNazer
mutasem.alnazer@pwc.com
Middle East

Emovwerha Nwaefuna
emovwerha.nwaefuna@pwc.com
Nigeria

Ferreira Retief
ferreira.retief@pwc.com
South Africa

Americas

Damian Vazquez
damian.vazquez@pwc.com
Argentina

Jean Melle
jean.melle@pwc.com
Brazil

Jamie Siu
jamie.y.siu@pwc.com
Canada

Gustavo Arijon
gustavo.arijon@pwc.com
Chile

Oscar Prada
oscar.prada@pwc.com
Colombia

Jose Luis de los Santos
joseluis.delossantos@pwc.com
Mexico

David Rosselli
david.rosselli@pwc.com
United States

Thank you.

pwc.co.uk

This publication has been prepared for general guidance on matters of interest only and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2024 PricewaterhouseCoopers LLP. All rights reserved. 'PwC' refers to the UK member firm and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.
RITM15141543