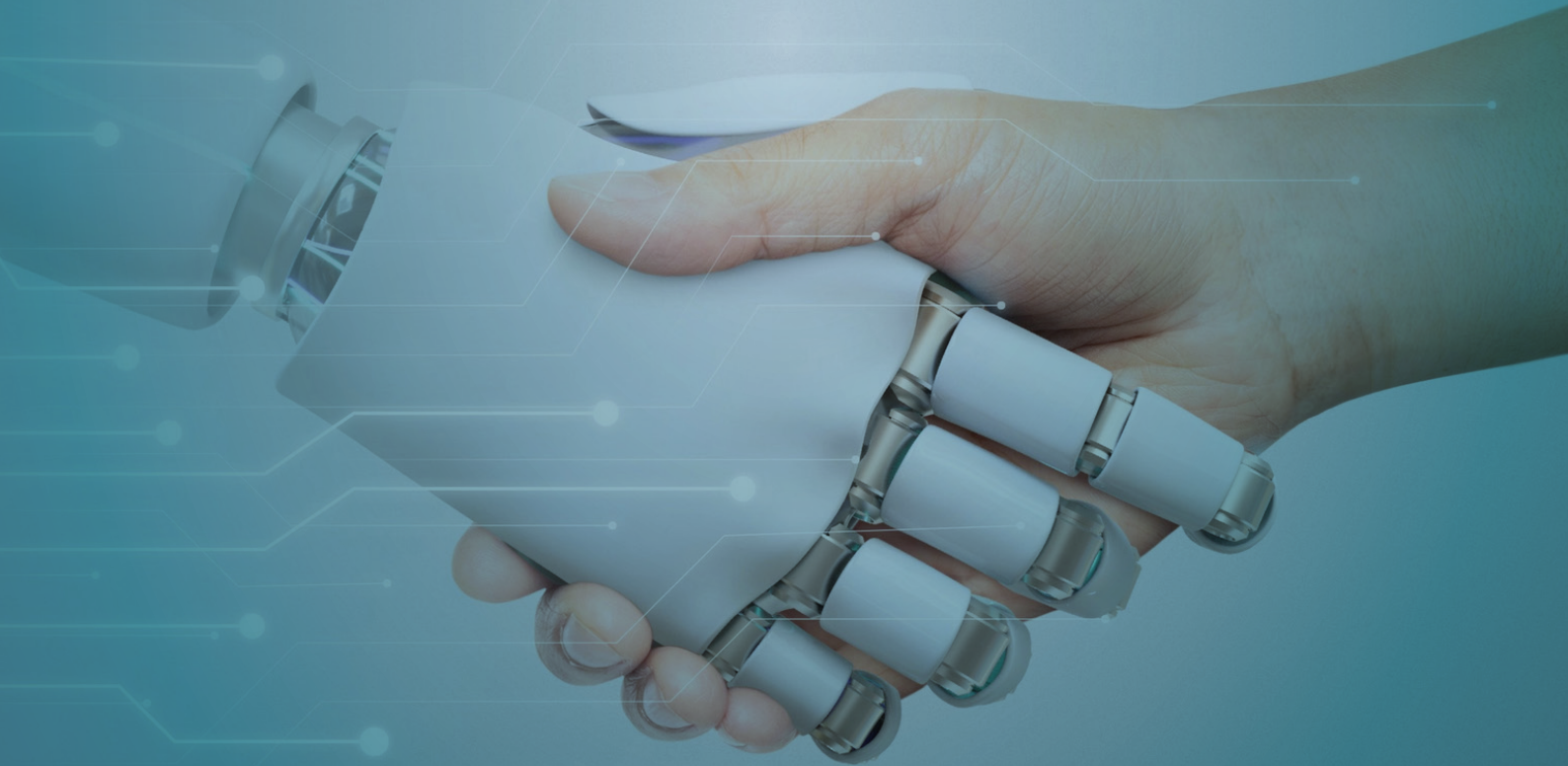# Smart procurement: The strategic use of AI in indirect procurement as a Game Changer
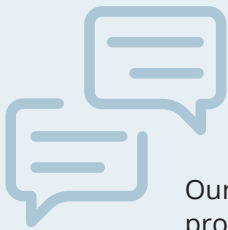
How artificial intelligence can transform your indirect procurement and secure a market advantage

CROWDFOX

The era of theoretical discussions about the use of artificial intelligence (AI) in procurement is over – the technology is already in use and is developing rapidly.

Our latest survey of procurement professionals shows that many companies currently see AI as a supporting tool, but the reality will soon change: Powerful AI agents will take over entire areas of work in the near future. This development should not be seen as a threat, but as an opportunity.

This white paper, based on our survey from the second half of 2024, sheds light on how AI increases efficiency in indirect procurement and creates strategic advantages. It highlights both the challenges and considerable potential of AI and provides concrete recommendations for the implementation of this transformative technology. Find out how companies are already benefiting from AI in procurement today and how your company can also achieve transformative advantages by utilizing this technology at an early stage.

AI is not just an option, but a necessity to automate processes, make informed decisions in real time and realize significant cost savings.

Christoph Kunel, Chief Product Officer, Crowdfox

Important areas of application in indirect purchasing

AI is primarily used in the following areas:

Internal data analyses

Companies analyze purchasing and supplier data to identify potential for optimization.

52 %

Product comparison

Automated price and quality comparisons ensure more efficient decisions.

47 %

ESG reporting

AI enables companies to better fulfil sustainability and compliance requirements.

41 %

Supplier management

AI helps to recognize supplier risks at an early stage and manage relation-ships strategically.

39 %

Four reasons why AI is becoming indispensable in indirect purchasing

01

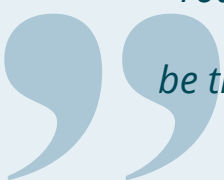### AI secures market advantages

Efficiency and competitive advantages: Companies using AI are experiencing significant efficiency gains and cost savings. The survey results show that 43 % of companies are already using AI in certain areas of procurement to make informed, data-driven decisions in real time.

29 % of companies are currently testing and implementing AI, while a further 24 % are interested but have not yet taken any concrete steps. Only 4 % are sceptical about the technology or have no plans to use it.

Strategic necessity: The integration of AI into procurement processes is no longer an option, but a strategic necessity to stay competitive. This technology makes it possible to automate processes and minimize operational activities, which not only increases process quality but also reduces incorrect purchases. In addition, the survey shows, companies that actively use AI achieve higher user satisfaction and supplier efficiency.

> *You need to be first to try AI. Only then you can be the one harvesting first too.*
>
> Matthias Dohrn, CPO, BASF
> (in his keynote speech, Digital Procurement World Amsterdam 2024)

02

## AI as a booster in existing ERP and purchasing systems

Internal resistance and data privacy: One of the biggest obstacles in implementing AI is internal resistance and data protection concerns. One in five survey participants sees this as a challenge. It is crucial to build trust through comprehensive information and transparent communication.

Technical integration: The integration of AI into existing systems presents many companies with technical challenges. Careful planning and the selection of suitable technologies are essential to control implementation costs and fulfil compliance requirements.

> *Finding the right solution and be ready to scale like hell.*
>
> Klaus Staubitzer, CPO, Siemens
> (in his keynote speech, Digital Procurement World Amsterdam 2024)
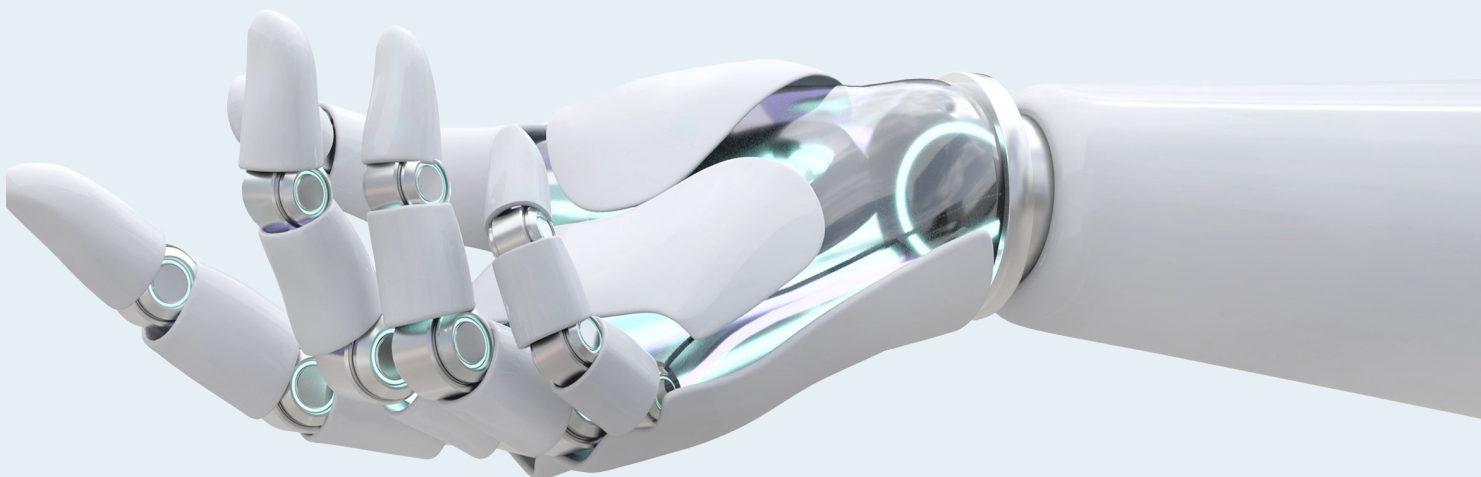
## 03 Optimized supplier management through AI

Dynamic supplier ratings: AI makes it possible to dynamically evaluate suppliers based on performance, risk and sustainability criteria. This leads to an improved supplier strategy and selection.

Risk management and compliance: By using AI, companies can recognize potential risks earlier and manage compliance requirements more efficiently. This not only protects against financial losses but also strengthens the brand and customer trust.

04 Humans and AI: a powerful team

Complementary capabilities: While AI can automate many tasks, human expertise remains irreplaceable for strategic decisions and maintaining supplier relationships. 39 % of respondents emphasize that AI serves as a support, not a replacement.

Building trust and collaboration: To realize the full potential of AI, it is important to promote a culture of collaboration and trust. Transparent AI governance structures can strengthen acceptance and trust in AI technologies. This is because one in three of those surveyed stated that a lack of trust in AI is a major obstacle to its wider use. 14 % of respondents call for better training for employees in dealing with AI.
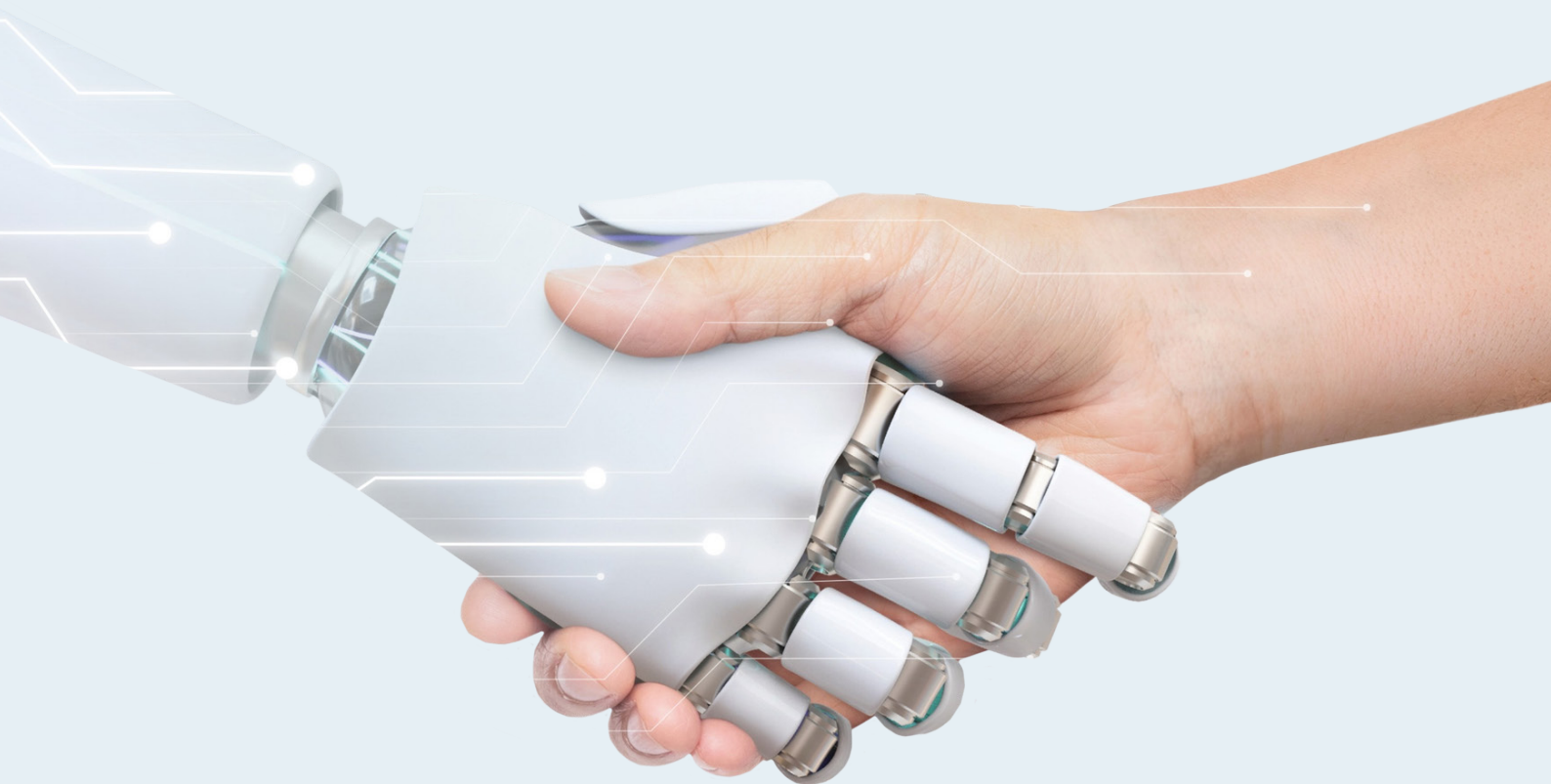
Outlook and recommendation for action

AI is not just a tool for increasing efficiency, but a transformative force that will fundamentally change business models. Companies must actively shape this change to remain competitive in the long term. Those who do not act now risk being overtaken by technological developments.

Testing phase and scaling: Start with small pilot projects to test the technology and scale it iteratively. 16 % of companies use agile test runs to optimize implementation and increase acceptance.

Preparing for transformative change: Automation through AI will not only take on supporting functions but will increasingly be able to replace complete work processes – Generative AI will make a significant contribution to automating offer comparisons. Adapt your business models and processes accordingly to utilize this technology as an integral part of your strategic planning.

Start strategically planning and implementing AI now to meet not only the demands of today, but also the challenges of tomorrow.

What can we do for you?

Crowdfox helps your company to reduce costs in indirect purchasing (12 % on average), simplify digital and manual ordering processes (average time saving of 7 minutes per shopping cart, reduction of free text orders by up to 80 %), create an improved user experience (up to 90 % higher user satisfaction) and improve your carbon footprint.

Until now, indirect purchasing has been difficult to optimize because the associated processes are often fragmented and unregulated. Only technology can efficiently solve the problem and realize potential. Crowdfox is easy to integrate into your existing procurement systems and can be combined with other best-of-breed tools.

Over 100,000 users in 34 countries, including six of the ten largest companies in Germany, use Crowdfox to achieve market advantages in indirect purchasing.
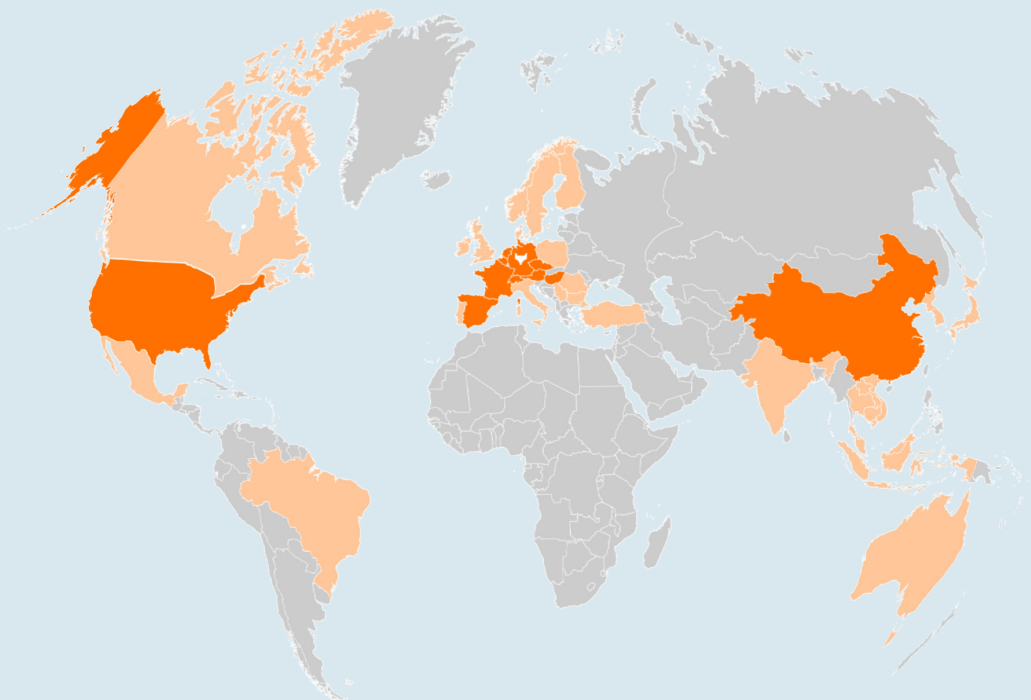
Crowdfox GmbH
Im Mediapark 8a,
50670 Cologne, Germany

Annette Benigni
Sales Development
+49 157 82219233
a.benigni@crowdfox.com

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