

PROCUREMENT EVOLVED

Unlocking AI's Full Potential

Hyper-accelerating Procurement
Transformation



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The transformative potential of AI is unparalleled.

But how can procurement leaders practically realise it?

When AI capabilities first entered the mainstream, they dominated headlines in procurement and beyond. But years on, the hype around AI hasn't died down – quite the opposite in fact.

Enthusiasm around AI continues to rise at an astounding pace. Today, we often hear that the projected ROI for AI-enabled technologies and processes is expected to outpace traditional methods by 2-5x. It's widely hypothesized that when AI is applied in the right ways across procurement, it could accelerate processes and amplify value creation manyfold.

Yet tangible progress towards AI adoption in procurement varies.

A recent [CPO report](#) by WNS Procurement and WBR Insights found that while many businesses have an appetite for AI tools, less than 50% reported having implemented AI solutions into select process areas.

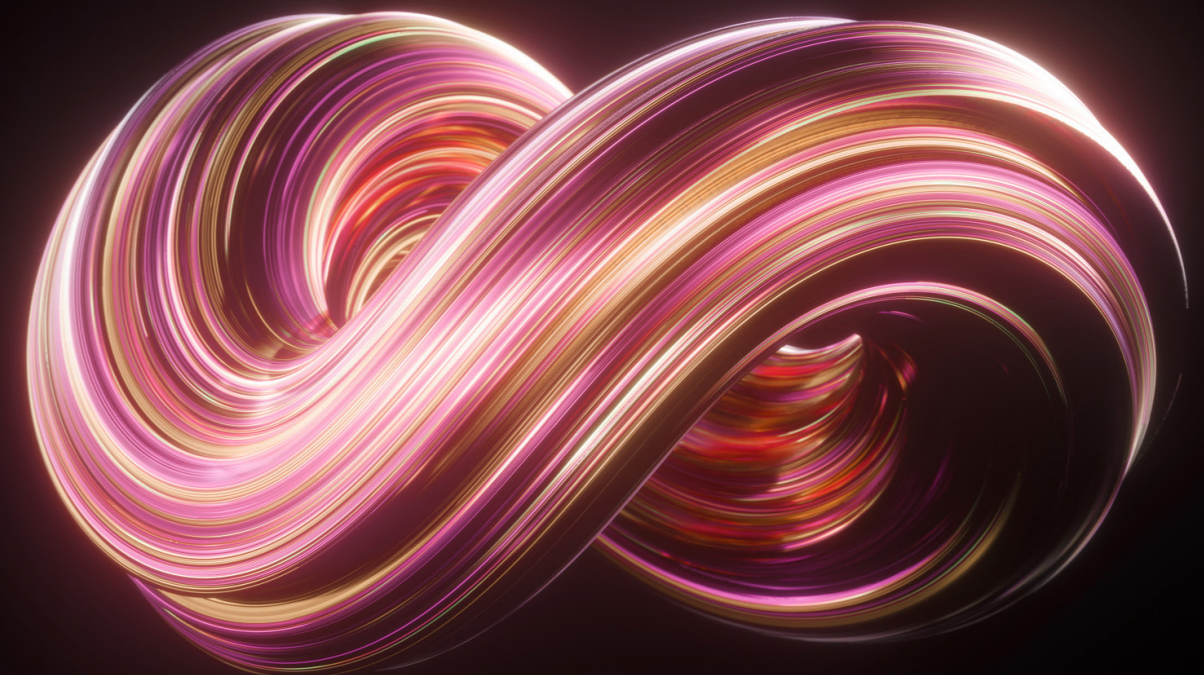
For many, what's missing is a clear idea of how AI's full potential can be realized. AI isn't a magic wand that instantly solves your problems. To realize its value, it must be implemented strategically, in a way that augments and extends human intelligence and impact first – a clearly defined AI+HI approach.

In this whitepaper, we'll outline a path to AI-powered procurement transformation, and help you take the first steps towards realising its productivity-boosting and value-creating potential across your procurement organization.

Defining AI

AI comes in many forms. Most procurement teams have used AI in some capacity for many years, whether through large language models to extract insights from data or advanced analytics to help them monitor key categories.

But today, when we're talking about the latest developments that help maximize productivity and efficiency, we're almost always talking about generative AI. For this paper, that's where we'll focus: on how procurement organizations can begin to harness the full potential of generative AI.



Data: The foundation of AI success

Generative AI can be incredibly powerful. But it's important to remember that what you get out of it is only as strong as what you put in. So, the first step in any procurement AI strategy should always be to address your underlying data needs and build a robust, AI-ready data foundation.

Before applying AI across its workflows, a procurement organization needs data that's:

- ▶ Of a **high enough quality** to support the delivery of reliable AI outputs.
- ▶ **Complete and contextualized** enough to draw valuable and relevant conclusions from.
- ▶ **Well-structured and searchable** so that AI tools can easily interpret insights from it.
- ▶ **Supported by robust governance processes** to ensure that all new data gathered and ingested by procurement systems remains of high quality without the need for continuous manual cleansing and restructuring.
- ▶ **Deeply contextualized** for the purposes of procurement, so that any AI tools or agents processing it can draw the right conclusions and recommend relevant actions for end users.

AI success starts with standardized data

Today's procurement teams hold hundreds of thousands of data sources, often in diverse formats and created to very different standards. This can make it difficult to interpret insights from those sources at scale and understand the quality and reliability of those insights.

Before leaping into adopting generative AI, procurement teams must invest in standardising their data and establishing a clear, common view of all the information they want AI to leverage. Manual standardisation at this scale can be an immensely time-consuming and resource-intensive process. But fortunately, some other forms of AI can help.

AI capabilities like large language models (LLMs) and interpretation tools can automate complex data standardisation tasks and help procurement teams quickly establish the consistent format of data they need to start generating any actionable insights or outputs from it.

External data sets bring context, quality, and completeness

Procurement decision-making is dependent on constantly shifting external forces. This means the internal data held by procurement teams only offers a partial view of what's happening across the business, the supplier and competitor landscapes, and key categories.

To generate the most valuable outputs and next best actions, procurement teams should supplement their own data with expertly curated external data sets. These data sets bring much-needed wider context to the data generated internally by procurement teams and are typically maintained to a very high quality – making them AI-ready by design.

With external data sets, sometimes less is more

When supplementing your internal data sets with additional data from external providers, keep in mind that quality is often more important than quantity. The data you bring in should be highly relevant to your business and procurement needs, deeply contextualized for your organization, and built by suppliers with a strong understanding of procurement AI use cases.

Don't ask where AI could take you. Tell it where you want to.

One of the most dangerous misconceptions about AI is that it's capable of immediately solving your biggest procurement challenges straight out of the box. As previously mentioned, AI isn't a magic wand. Rather, it's a tool that – when applied in the right places and ways – can significantly accelerate progress towards your procurement and business goals.

How you should apply AI will vary depending on what you want to achieve. So, when planning your AI transformation journey, it's important to carefully consider how the needs of both your procurement organization and the wider business are set to change over the coming years.

Five questions to set you on the path to AI-enabled procurement hyper-acceleration

If you feel like your AI plans lack direction, start by thinking about where you want to go. Consider questions like:

01

What are our strategic goals for the next three to five years, and how can the procurement function enable the business to achieve those goals?

This question can be broken down into three phases. First, identify what your business wants to achieve at a high level over the coming years. Then, explore how – in an ideal world – procurement could drive progress towards those goals. Then, think about what procurement would need to drive that progress as effectively as possible.

For example, if you determine that procurement's focus should be on helping to improve financial performance so that the business can achieve ambitious profitability goals, it might make sense to explore AI use cases that help you make better-informed spend decisions, or surface inefficiencies.

02

What are the biggest challenges our procurement organization is facing today that prevent us from delivering maximum business value?

This question will help you identify key points of friction that AI may be able to help you transform across the procurement function. The blockers you

identify might not always be things that are *easily* solved using AI, but they will almost always represent some of the most impactful transformation opportunities within procurement.

03

What is it that we fundamentally want procurement to be able to do more of, or deliver more of?

With so many potential applications of AI in procurement, it can be useful to start by identifying what you want procurement to achieve more effectively. Then, explore how AI could support your teams in delivering those outcomes, both directly and indirectly.

For example, if you want your team to negotiate better prices and contracts with suppliers, those are complex tasks you might not fully entrust to AI. However, AI can indirectly support this by automating time-consuming tasks like invoice processing or managing the supplier onboarding process. This frees up your team to focus on strategic contract negotiations.

04

What are the most important outcomes of transformation for our team and our stakeholders?

Remember, when you're transforming procurement, you're also transforming

daily workflows for a lot of people. While it may be helpful to understand what people want to change, your focus should also be on identifying the best processes for your specific environment and context. Engage with your team and key stakeholders to gain alignment on these optimized processes. This will help you pinpoint areas of inefficiency where AI can have the most impact, while also increasing your stakeholders' readiness for change by demonstrating a more effective way forward with AI capabilities.

05

As the needs of your business change, how will ways of working evolve across procurement in the years to come?

By starting your AI implementation journey, you're entering the next chapter of procurement's digital future. Don't just consider what you want to transform today – think very carefully about how your procurement organization is likely to evolve over the coming years. Then, consider how AI could best support your desired state for procurement, not just augment your current one.

AI and HI are more powerful together. Put people at the heart of your strategy.

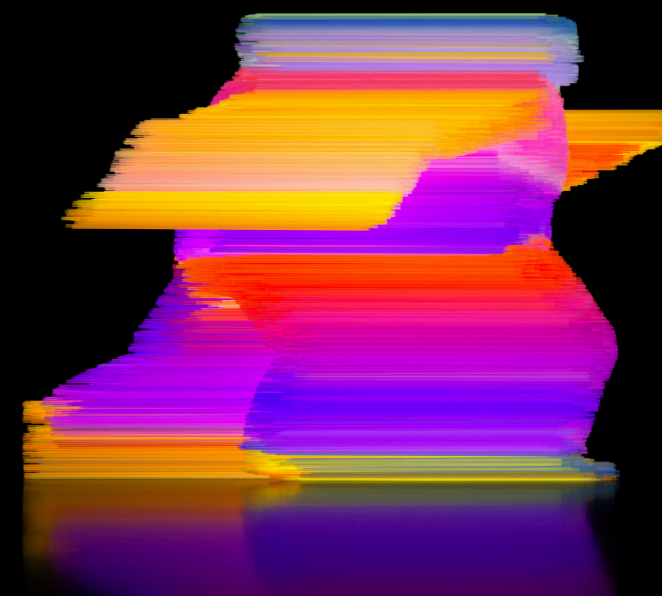
One day, AI capabilities may be able to fully replace some human agents in procurement and engage in activities like negotiations automatically. But for most activities, we're not there yet.

Procurement decisions carry a huge amount of value and risk, so it's essential that human teams validate and translate outputs from even the most robust AI capabilities into relevant actions.

That's why WNS Procurement advocates for a co-pilot approach to AI, where the technology supports, augments and extends human intelligence (HI) across the procurement function, rather than replacing that intelligence.

Under this approach, AI handles vast quantities of processing and analysis work, providing humans with the insights and recommended actions they need to conduct complex, high-risk tasks like negotiating and spend optimisation. AI also supports humans by handling time-consuming routine tasks like contract generation, giving them more time to focus on the things they do best.

By blending AI and HI, procurement leaders can amplify the value and impact of both, at a minimal level of risk. AI brings the ability to hyper-accelerate procurement processes and decision-making, and HI brings the crucial context and guardrails required to ensure every decision made is the right one.



How to put humans at the centre of your AI strategy

To ensure you apply AI in ways that increase the efficiency, impact and effectiveness of your human procurement teams, and that deliver real value to all stakeholders, take time to explore:



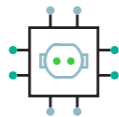
How people across your procurement team work today and what their most common or frustrating points of friction are.



What skills are needed to support effective human-AI interactions, and where those skills already exist across your teams.



Which tasks people want to spend less time focusing on and which they wish they had more time for.



Where the greatest appetite is for AI adoption across your teams and wider business and where you may be more likely to encounter resistance.



The relative risk level of decisions made by your people and which ones need the greatest levels of human oversight and control.

Together, those areas will help you build a clear picture of precisely how and where your teams could most benefit from new AI capabilities and where AI is most likely to be welcomed into the procurement organization.

Like any other digital transformation, AI adoption requires careful change management. But by consulting with your teams and building your AI strategy around them, you can avoid many of the biggest change management challenges, such as overcoming resistance to new technology.

How to effectively balance AI and HI

Striking the right balance of AI and HI – and doing so in a way that maximizes the effectiveness of both – sounds complicated. But in practice, as long as you take a human-centric approach to AI adoption, it can be quite straightforward. Here are three tips to help you get started:

01

Treat AI and HI as a spectrum

Every procurement task carries a different level of risk and requires slightly different skills. So, the perfect balance of AI and HI can vary significantly between tasks. For routine practices like generating RFPs, AI could be applied to manage almost 100% of the activity. Whereas, for higher-risk actions and decision-making like supplier negotiations, AI will likely only play a minor supporting role for human teams in the medium-term.



02

Adjust your talent strategy alongside your AI strategy

If you want AI and humans to get the most out of one another, you can't just build your AI strategy and capabilities around your human teams, leaving them to carry on as before. You also need to build the right skills among your teams to ensure they can fully utilize the AI capabilities you empower them with.

That might mean making some new hires to bring in additional skills, conducting training and upskilling activities, or defining new roles to support your AI-augmented workflows.

03

Start small and iterate towards AI success

One of the biggest reasons why organizations fail to realize significant value from their AI investments is that they try to do too much, too quickly. By taking a strategic, iterative approach to AI adoption, you can identify issues as they emerge and take steps to mitigate them.

Give people the chance to get hands-on with capabilities early on. Start small by rolling AI out to limited teams with a high appetite for change and transformation. And once everyone seems happy with how you're transforming their workflows, expand outwards and scale up from there.

Unlock AI's full potential in your procurement organization today

While the headlines about AI's transformative potential may appear sensational, when it's applied in the right ways, AI truly can enable never-before-seen levels of productivity and efficiency in procurement.

To make that happen, procurement leaders need three key things:



A robust foundation of standardized, high-quality data



An AI strategy that's tightly aligned with business strategy



Engagement from the people whose intelligence will be augmented by AI

There are many potential paths to take and directions to turn when it comes to adopting AI in procurement. But we hope this guide helps you discover exactly where your organization should start and supports you to take the first step towards AI-enabled procurement hyper-acceleration with confidence.

To learn more about how WNS Procurement enables procurement organizations to harness the power of AI+HI, maximize productivity, and become one of the top value creators in the modern business, [get in touch with us today](#).

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Procurement teams of the Global 2000 across industries partner with WNS Procurement to become the top value creator in their business by implementing transformational operating models that are category-driven, insights-led and digitally enabled.

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