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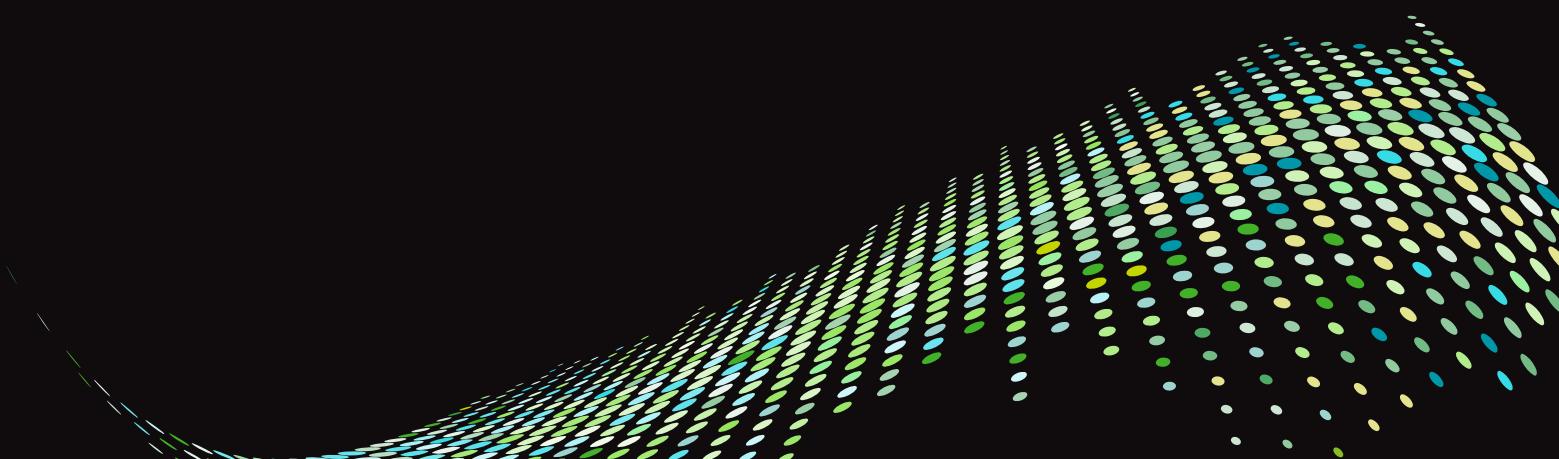


2025 Global Chief Procurement Officer (CPO) survey

Agents of change:
Procurement's big bet on digital

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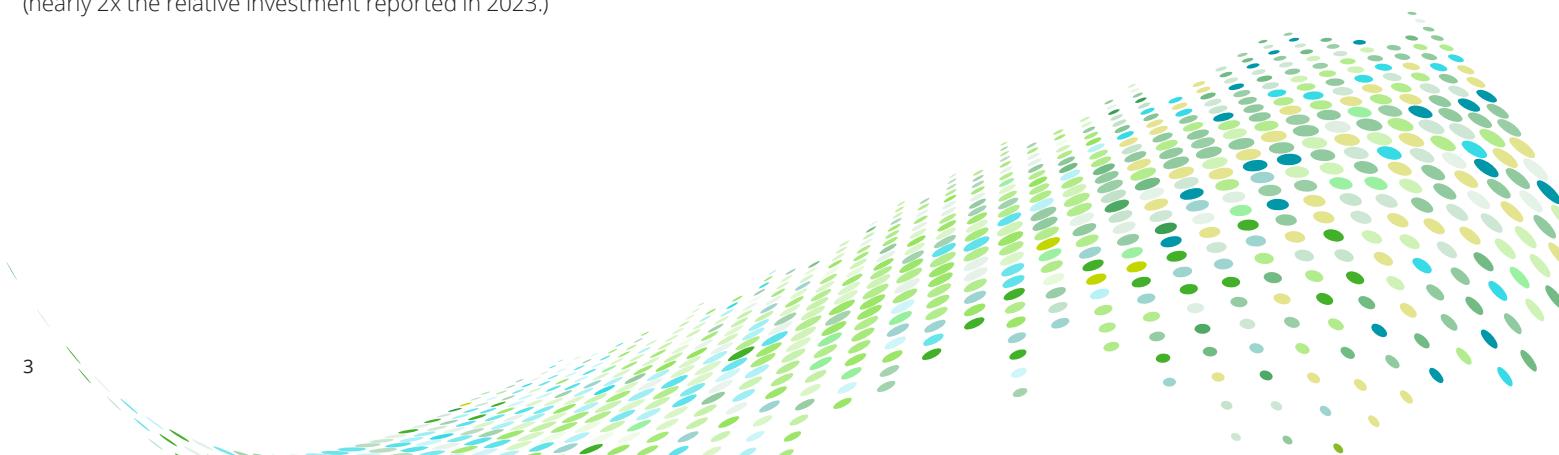
Executive summary

The 2025 Deloitte Global Chief Procurement Officer (CPO) Survey finds procurement at a true inflection point, with ever increasing external and internal complexity alongside both the challenges and promise of technology disruption fueled by the rise of Generative AI (GenAI) and Agentic AI. Procurement is used to being asked to do more with less, but with increased pressure from an inflationary global market and an emerging trade war, those aims have become harder to achieve. Equipping the next generation of the workforce with the right skills and capabilities will be a critical differentiator for those companies that become Digital Masters. A digital-adept and digital-capable workforce will only help organizations accelerate their ability to achieve their strategic priorities and deliver value to the business, which will become more challenging with a more quickly evolving external environment.

Although procurement is taking on more responsibility and delivering more value, this success has increased demand for its services in the increasingly complex and volatile global trade environment, and in a resource-constrained internal environment. Many CPOs are focusing on digital procurement and artificial intelligence (AI), betting that these emerging solutions will help them solve this dilemma.

Can these bets on digital and AI in procurement pay off? This twelfth edition of the Deloitte Global CPO Survey captures insights with more than 250 CPOs across 40 countries and reveals procurement's continued push toward digital transformation. We also find that the Digital Masters in the study are making substantial, but focused bets on technology and operating model changes.

CPOs are telling us that enterprise-aligned digital transformation and disciplined GenAI adoption are the means to deliver on this expanding value proposition. They're voting with real investment, allocating approximately 20% of their budget to procurement technology (nearly 2x the relative investment reported in 2023.)



This tech-for-labor swap is more pervasive at Digital Masters that are extricating themselves from lower-value tasks to focus on higher-impact value creation. These Digital Masters¹ are becoming agents of change within their organizations by making smart bets on a portfolio of iterative self-funding, cross-functional projects. These projects go beyond traditional enterprise resource planning (ERP) and source-to-pay (S2P) transformations to improve broader enterprise capabilities, such as third-party risk management (TPRM)², tariff management, commercial management and the underlying technology-enabled process orchestration, analytics, and data management, to power them. By the same token, in addition to placing bets on digital, Digital Masters are placing bets on equipping their workforces with the next generation of skills and capabilities to excel in the age of digital.

These bets are paying off, with digital leaders demonstrating superior outcomes across all performance metrics, including cost savings, stakeholder influence and satisfaction, as well as risk management. Their digital literacy and ability to leverage emerging technologies, particularly GenAI, advanced analytics and emerging agentic capabilities, deliver measurable returns. Digital Masters achieved an average 2.8x return on GenAI investments, while Followers saw only 1.6x.

This report provides a road map for CPOs to accelerate their evolution to become true agents of change, capable of helping their organizations safely capture the power of increasingly digital supply markets while freeing precious resources to focus on higher-value strategic activities.



"Procurement is used to being asked to do more with less, but with increased pressure from an inflationary global market and an emerging trade war, those aims have become harder to achieve."

- 2025 CPO Survey Response

¹ The “orchestrators of value” framework established in the 2023 survey analysis evaluates the characteristics of top quartile performers that are also top quartile in demonstrated capabilities. We have updated the framework to now include generative AI capabilities that are impacting performance and other capabilities.

² Third-party risk management (TPRM) as a proactive approach to identifying, assessing, and managing risks associated with external entities, including vendors, suppliers, partners, and contractors. It supports the broader domain of GRC (Governance, Risk, and Compliance) and can also integrate into deeper supply-related risk management domains such as Supply Chain Risk Management.

The evolving procurement landscape

Enterprise priorities in 2025

As organizations confront economic uncertainty, geopolitical tensions, and technological disruption, procurement's strategic priorities continue to evolve. The survey reveals the top enterprise priorities in 2025 are:

1. Improving margins via cost reduction and cost avoidance.
2. Driving operational efficiency to do more with less.
3. Undertaking digital transformation and GenAI to elevate procurement capabilities.
4. Expanding organically to support revenue uplift in a potential stagflationary market.
5. Enhancing risk management to keep supply lines flowing while meeting regulatory requirements.

When emerging from the COVID-19 pandemic, supply chains were significantly disrupted, forcing companies to reevaluate their supply network, supplier footprint, and even product designs. During that time, some organizations made short-term changes to secure supply and improve resiliency. While supply chain resilience remains a priority, rising macroeconomic uncertainty has shifted the focus toward cost-to-serve and margin protection, with tariffs, interest rates, and geopolitical instability emerging as key drivers. Procurement's spend influence aperture now includes tax expense, and procurement must collaborate even more closely with supply chain, finance (tax and treasury), product/marketing teams, and suppliers to apply a full set of levers to improve the top priority of margins.

Procurement performance

The survey demonstrates that procurement organizations are delivering more value across multiple KPIs (Key Performance Indicators), marked improvement from the previous survey and a testament to the evolution of the function. Compared to 2023 findings, more CPOs report meeting or exceeding their plans for cost savings, cost avoidance, cash improvements, sustainability, and innovation. However, results in risk management, revenue uplift, and internal stakeholder satisfaction show room for improvement.

Figure 1: Top enterprise priorities in 2025

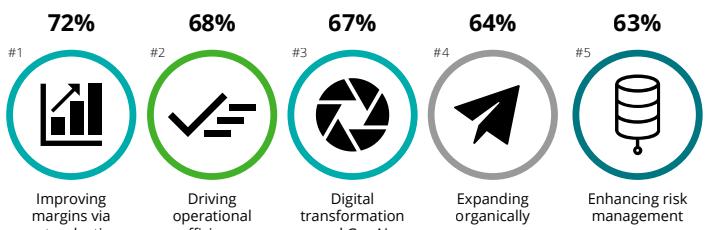
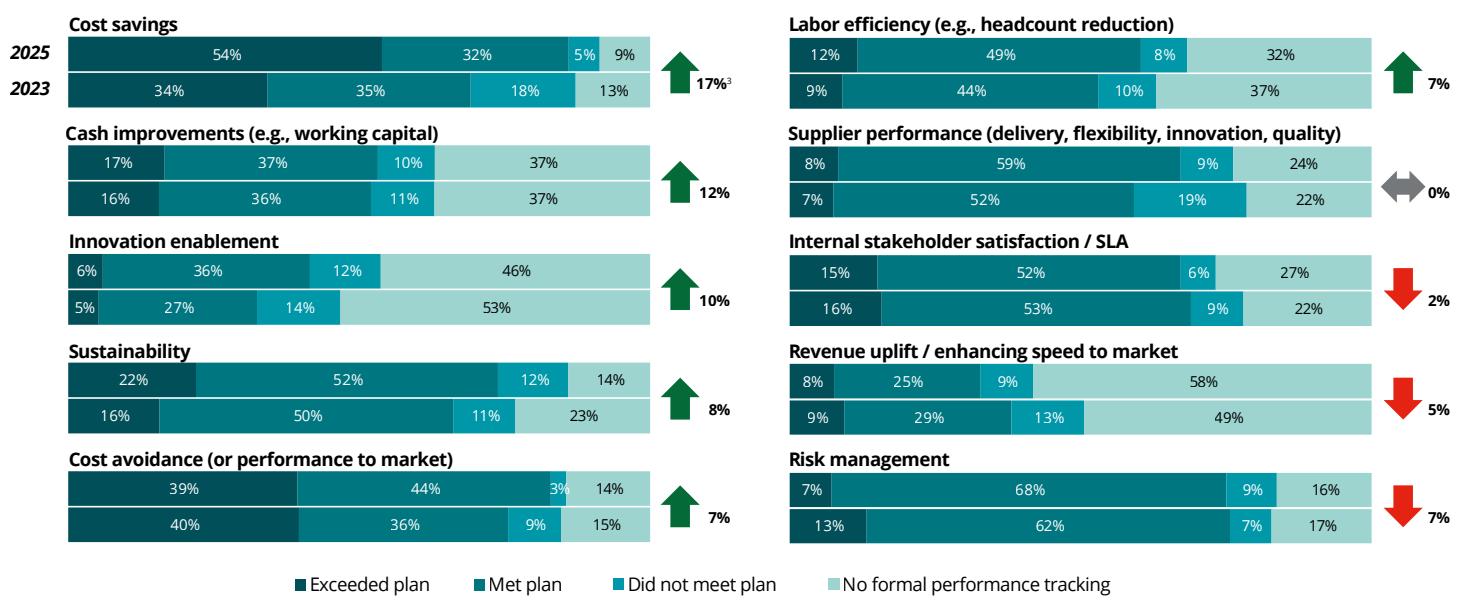


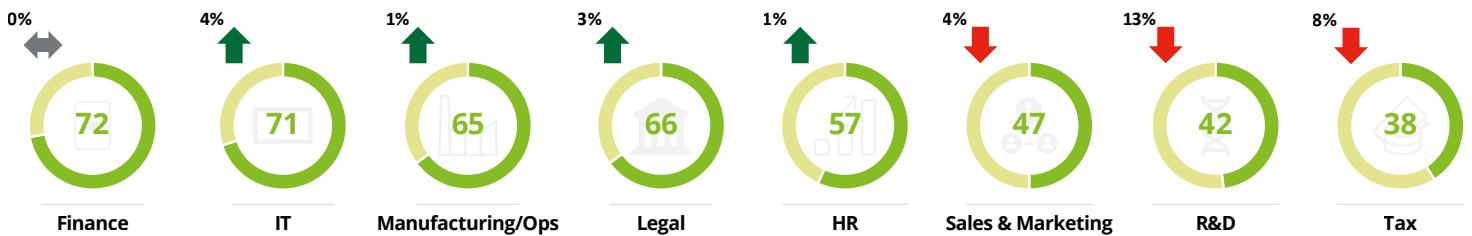
Figure 2: Perception of performance in procurement by category



³ Increase in % of CPOs who have met or exceeded the plan

Procurement's effectiveness as a strategic business partner is also mixed. Although procurement's influence has increased across most functions since 2023 in finance (72%), information technology (IT) (71%), and manufacturing/operations (65%), the collaboration with research and development (R&D) functions has declined by 13% — a concerning trend as supply chain agility requires robust design capabilities, especially in the context of tariff optimization and new product development.

Figure 3: Perception of effectiveness



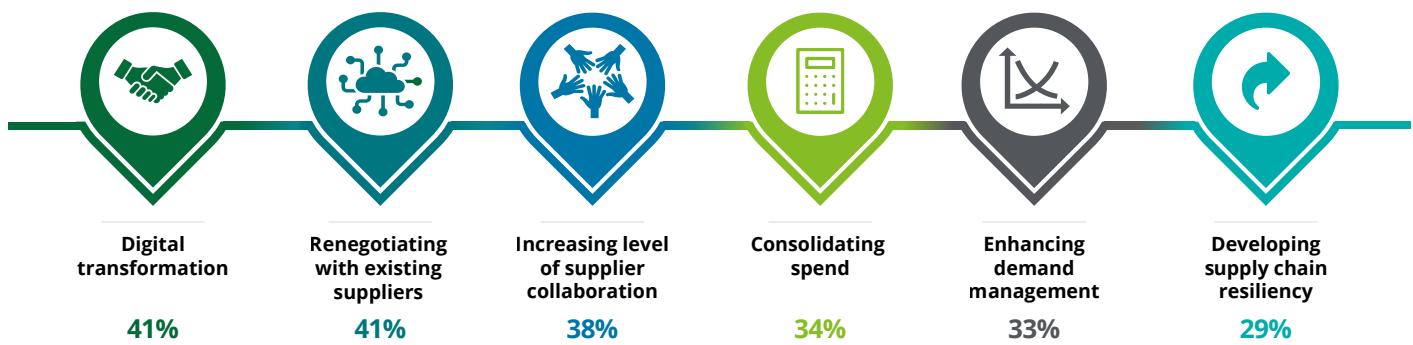
The percentages indicated above are an increase or decrease in comparison to the 2023 survey outcomes.

Strategic focus areas

When asked about the strategies that are expected to actually deliver the most value in 2025, CPOs highlighted:

1. **Digital transformation (41%)** as both a driver for change and also as a key enabler for every other strategy listed below.
2. **Renegotiating with existing suppliers (41%)** to accommodate volume volatility and stave off potential inflationary price increases.
3. **Increasing level of supplier collaboration (38%)** to find latent win-win opportunities.
4. **Consolidating spend (34%)** for traditional sourcing opportunities and complexity reduction (e.g., SaaS spend consolidation).
5. **Enhancing demand management (33%)** to align supply management to demand-driven value chain changes.
6. **Developing supply chain resiliency (29%)** in a continuing volatile global trade environment.

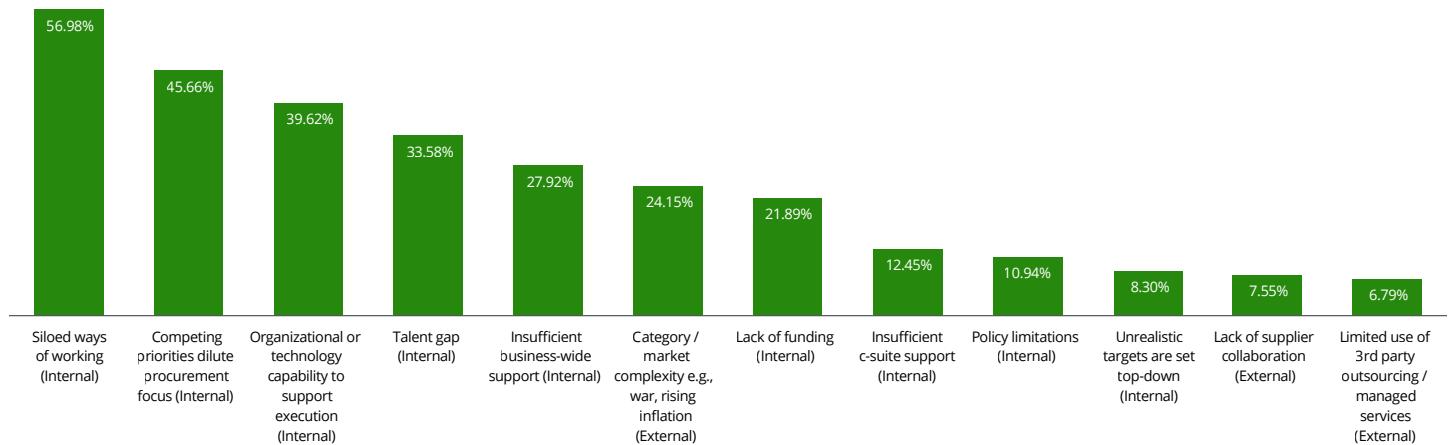
Figure 4: Top strategies to deliver the most value in 2025



Procurement also continues to take on additional responsibilities in areas such as supply chain resilience, TPRM, sustainability, and IT sourcing. This expansion of scope, while validating procurement's broadening strategic influence, continues to leave many CPOs and their teams overstretched (a recurring theme consistent with previous CPO surveys). Many CPOs are focusing on intake and triage capabilities to manage the growing volume of business requests, indicating an ongoing need not just to get closer to business stakeholders, but to build automated guidance via process orchestration to preferred sourcing/purchasing/paying process paths and suppliers (and not just the virtual "front door" to react to late-stage stakeholder requests). The collaboration with IT will continue to rise in importance given the need to integrate emerging digital solutions into procurement's ways of working.

With these competing priorities in an increasingly resource-constrained environment, very few CPOs feel that their teams are fully ready to deliver on their strategy, and even the Digital Masters have room to improve (although their strategic ambitions are admittedly more difficult to realize). The issue of conflicting priorities is the number two barrier preventing procurement value delivery, and the top barrier is the inability to align cross-functionality across organizational silos. Without a serious investment in developing talent and breaking away from siloed operating models, procurement is at risk of losing its ability to align with and influence business units and partner functions.

Figure 5: Percentage of CPOs listing the following as top-three barriers



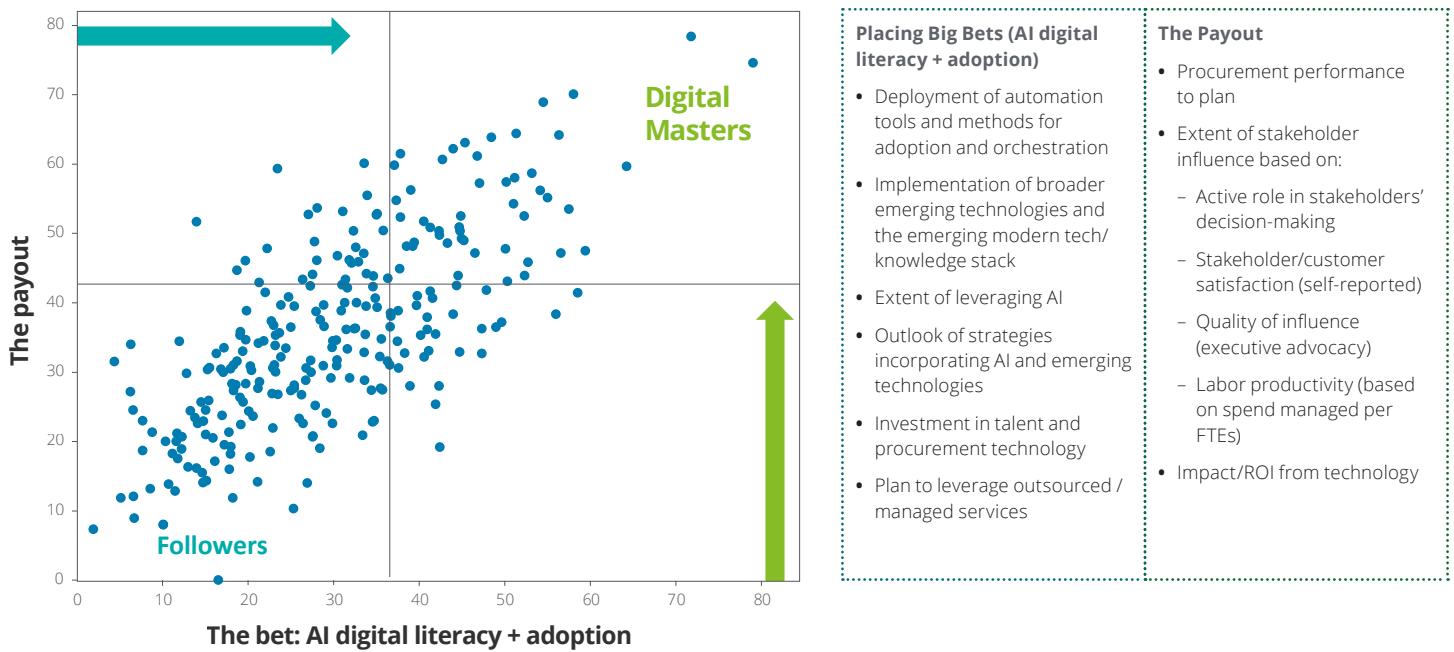
Similarly, although these Digital Masters spend 34% higher allocation of their time on strategic activities vs. their Followers, they are still getting bogged down on the 'tyranny of the tactical' with roughly two-thirds of their time spent on nonstrategic activities. The opportunity to use AI to finally move towards more autonomous processing of nonstrategic activities cannot be overstated when considering the opportunity cost of these teams not driving the significant return on investment (ROI) that procurement organizations can deliver.

Placing bets: Human-centered digital transformation

Although technology like GenAI has evolved to an incredible level of sophistication, human talent must implement it. This is no small feat given the complexity of current tech stacks within S2P and across the broader enterprise and the hard work needed to remediate this tech fragmentation, organizational silos, poor data, and change management hurdles. Even so, procurement simply cannot scale its services without advanced technology implemented by digitally literate staff.

The survey reveals a strong correlation between the combination of technology and talent competencies to deliver better performance. CPOs can only invest in limited areas, and although the big technology bet right now is GenAI, there are other emerging tech modernization approaches, such as data-centric⁴ tools like knowledge graphs and intelligent process orchestration that use agentic workflows to augment process orchestration technology. These technologies are still emerging, but smart procurement organizations are implementing them incrementally to learn them before further refinement and scale-up. These capabilities are included in our enhanced Digital Masters framework introduced in 2023 and now enhanced with GenAI insights (based on the tech capabilities that correlate with performance) rolled into the characteristics summarized.

Figure 6: Placing bets to earn higher payouts



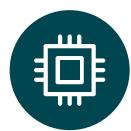
4 A "data centric" approach prioritizes information and knowledge as a central flexibly modeled asset for applications to access and manage. This differs from the status quo application centric strategy of merely throwing more applications at a business process (which fragments data and introduces complexity, cost, and risk to manage that data).

These organizations disproportionately invested in the two main resource areas of digital (technology) and people (talent):

1. **Digital adoption:** Using fit-for-purpose, stakeholder-adopted, future-proofed solutions that incrementally develop capabilities and deliver performance improvements.
2. **Talent development:** Focusing on upskilling talent so they can deliver on the higher-value work that digital and AI adoption enables them to do, and successfully attracting and retaining talent (with some digital knowledge), who are inherently curious and aggressive about learning and applying new technologies.

Organizations that prioritize smart betting aided by in-context decision support are seeing positive benefits, similar to how online poker tournaments have been transformed by players/teams using AI⁵.

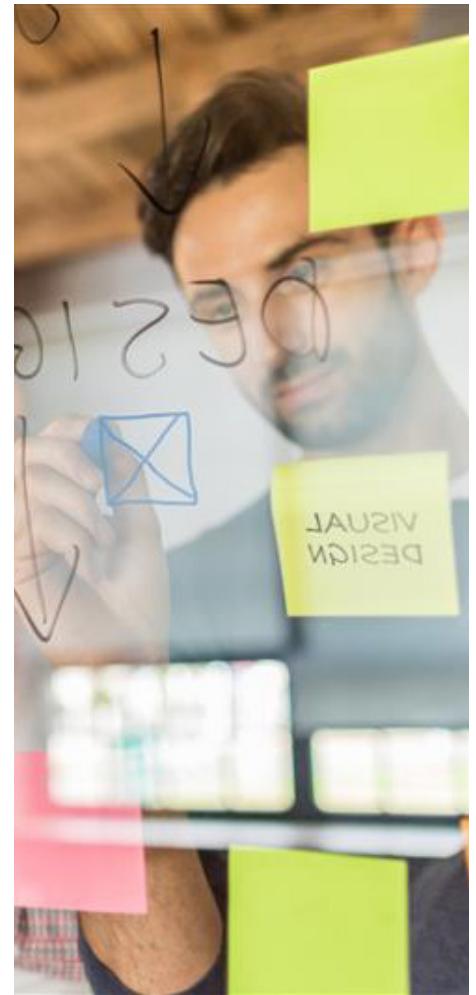
Figure 7: Disproportionate investment areas



Utilizing configured end-to-end integrated processes and next gen solutions / AI

Digital Masters

- Invest more on procurement technology (~26%+) and have a higher focus on leveraging best of breed tools.
- Would invest any additional budget in technology as their #1 priority (GenAI).
- ~1.5x more likely to fully/moderately enable processes using next-gen technologies.



Talent development including digital literacy



Focusing on upskilling and being successful to attract and retain talent

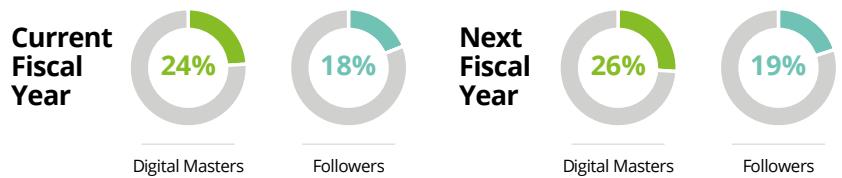
Digital Masters

- Understand the importance of digital and business process training to ensure improvements.
- Slightly less challenged when it comes to attracting talent as compared to Followers.
- Focus ~40% more on flexible automation tools.
- Focus more on internal agile workforce development.

Investment in procurement technology

Digital transformation requires investment (with commensurate expected financial returns), and Digital Masters use more advanced technology (1.5x more than their peers). Although the average procurement groups (and supporting IT functions that often hold these budgets) spend ~20% of their budget on technology, the Digital Masters spend 24% currently (increasing to 26% next fiscal year) compared to their peers (18% currently, increasing to 19%). These leaders also indicated that they would invest additional budget in technology as their #1 priority rather than hiring additional headcount, and sometimes forcing that incremental headcount requests be replaced by emerging technologies. This will likely increase with AI. For example, the CEO of the eCommerce firm Shopify told employees in a memo that they will be expected to prove why they "cannot get what they want done using AI" before asking for more headcount and resources. He cited a "fundamental expectation" that staff adopt AI because of its potential, citing "I've seen many of these people approach implausible tasks, ones we wouldn't even have chosen to tackle before, with reflexive and brilliant usage of AI to get 100x the work done."

Figure 8: Percentage of budget spent on procurement technology



⁵ An interesting and illustrative side story in procurement involves a Dr. Tuomas Sandholm, a Carnegie Mellon professor, who helped create the area combinatorial bid optimization in large-scale sourcing events and made waves by creating Libratus, an AI system that defeated the world's top professional poker players in a landmark tournament. It was a demonstration of how AI can master uncertainty, hidden information, and data-backed negotiations strategies. The use of AI in negotiations, including game theory, is available in the market with a few sourcing tools, but the broader takeaway is that the path to better outcomes lies not in big risky, one-time bets, but in using AI to make a series of smart, data-informed decisions — small, adaptive bets that compound over time to maximize value and reduce risk through continuous learning and improvement. With the advent of AI agents, this trend will only accelerate.

This increased investment reflects both the growing importance of digital capabilities and the expanded opportunities presented by emerging technologies, particularly GenAI. With digital transformation ranking as the third-highest enterprise priority and the top strategy focus area for CPOs (Figure 1), technology has become the core enabler of procurement's broader strategic objectives and its roles in helping the business accomplish its broader objectives.

Automation and AI adoption help manage workloads

Digital Masters are differentiating themselves through strategic approaches to workload management. When asked about strategies to manage potential workload volatility and enable greater agility, Digital Masters reported:

- 62% are emphasizing GenAI deployment, outpacing Followers (15%) by more than fourfold.
- 60% use more flexible automation tools and methods, versus 18% of Followers—a threefold increase. This encompasses process orchestration tools (beyond intake management) supporting workflow, self-service integrations, and low-code/no-code approaches.
- 48% emphasize workload management enhancement (vs. 27% of Followers) that allows for both process sequencing and integration to existing applications and resource planning and assignment in program and project management.

Figure 9: Strategies to manage workload—Digital Masters vs. Followers

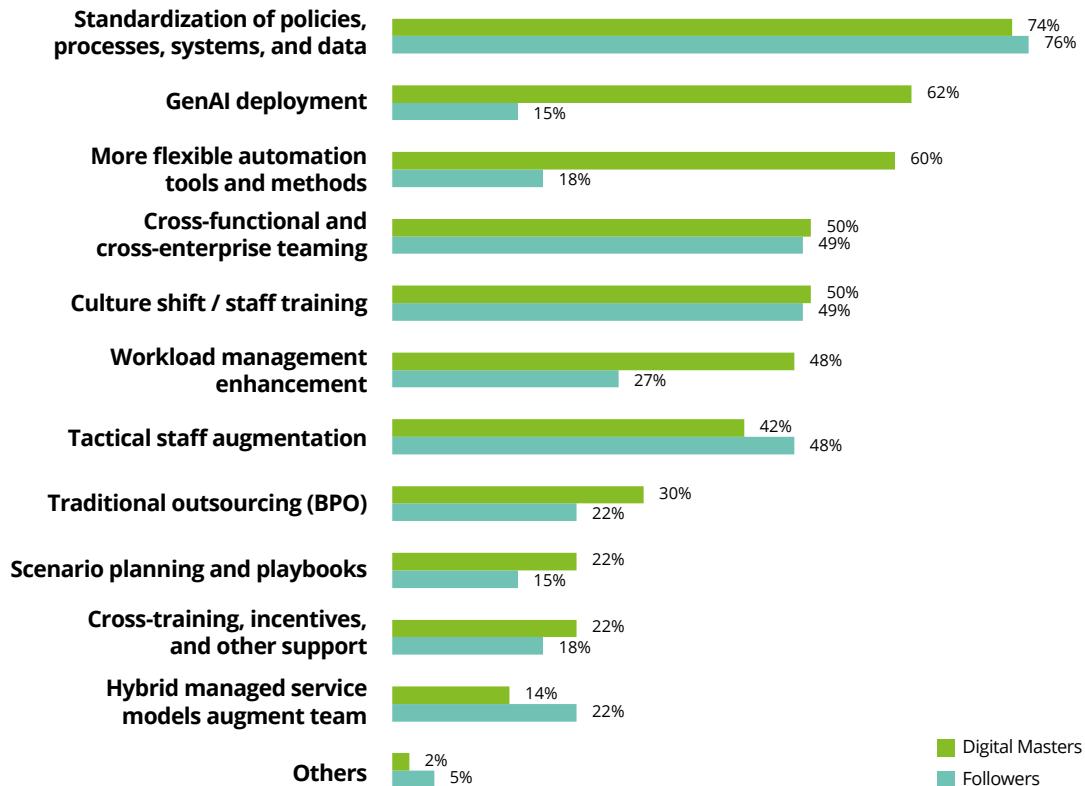
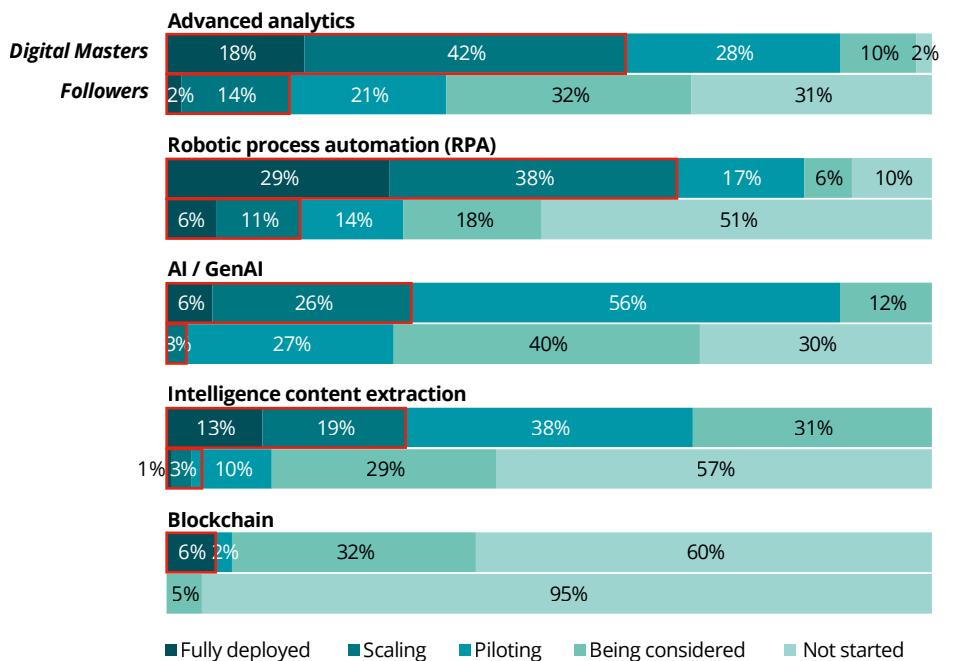


Figure 10: Level of deployment of next-gen technologies



While it is important to note that there is broader spectrum growth of next-gen technologies beyond AI, GenAI has been exploding. This is due to intelligent chatbots and how GenAI complements the traditional (non-GenAI) approaches used in spend analytics, risk prediction, forecasting, and intelligent content extraction performed on contracts and invoices.

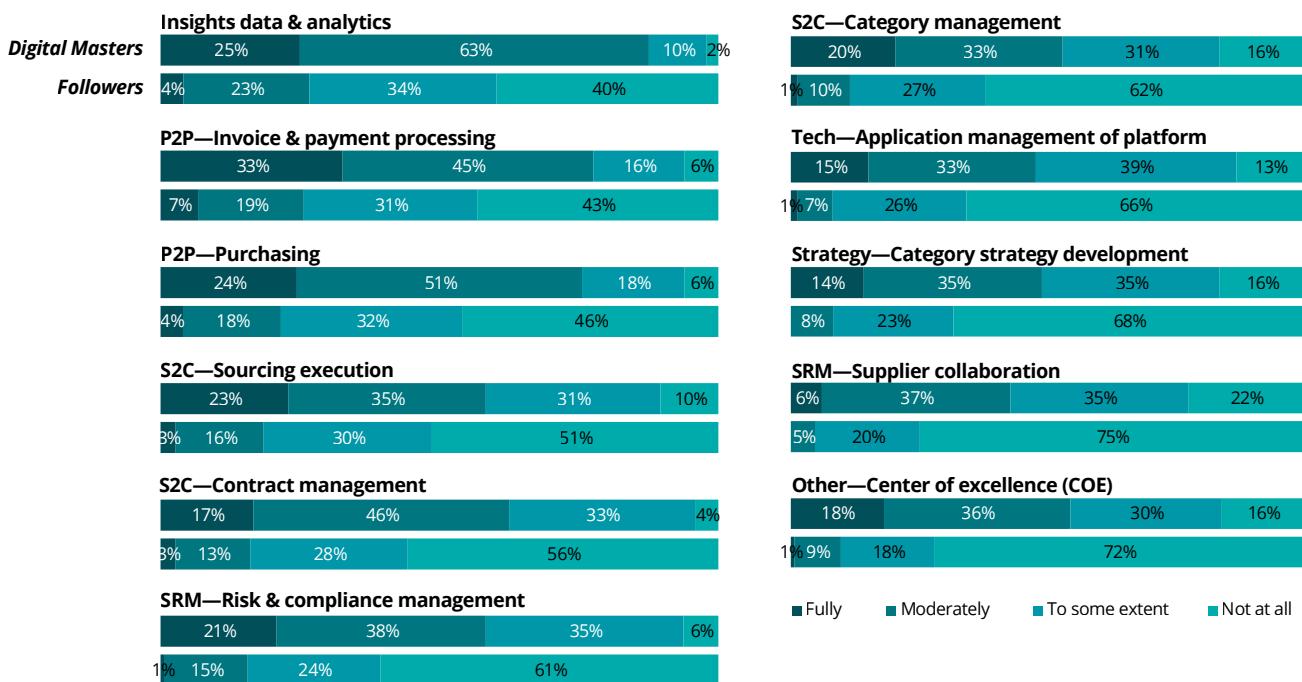
The digital performance gap is accelerating, with Digital Masters (shown in red in Figure 10) reaching full or scaled deployment of advanced analytics and RPA at **4x the rate of others, and AI deployment at an impressive tenfold difference.**

The good news is that ~40% of all procurement organizations are at least piloting AI deployment and have increased their level of AI and RPA since 2023. RPA has grown 31% due in part to the prevalence of improved integration tools, process orchestration systems, and the emergence of agents and agentic workflow tools that may finally make process automation more intelligent.

Digital Masters use next-generation technology in the right places

Overall, CPOs report that the top three areas of next-gen technology adoption are data analytics (88%), invoice and payment processing (78%), and purchasing (75%). Analytics help spot opportunities, while procure-to-pay (P2P) helps execute transactional process efficiency and helps ensure compliance. The Digital Masters are approximately 1.5x more likely to fully or moderately enable their processes using next-generation technologies, with the greatest technology advantages occurring in more sophisticated process areas, such as category management, supplier collaboration, and more process enablement via Centers of Excellence.

Figure 11: Extent of using next-gen technology in processes





This higher level of adoption/deployment translates into the higher impact realized by Digital Masters as shown in Figure 12.

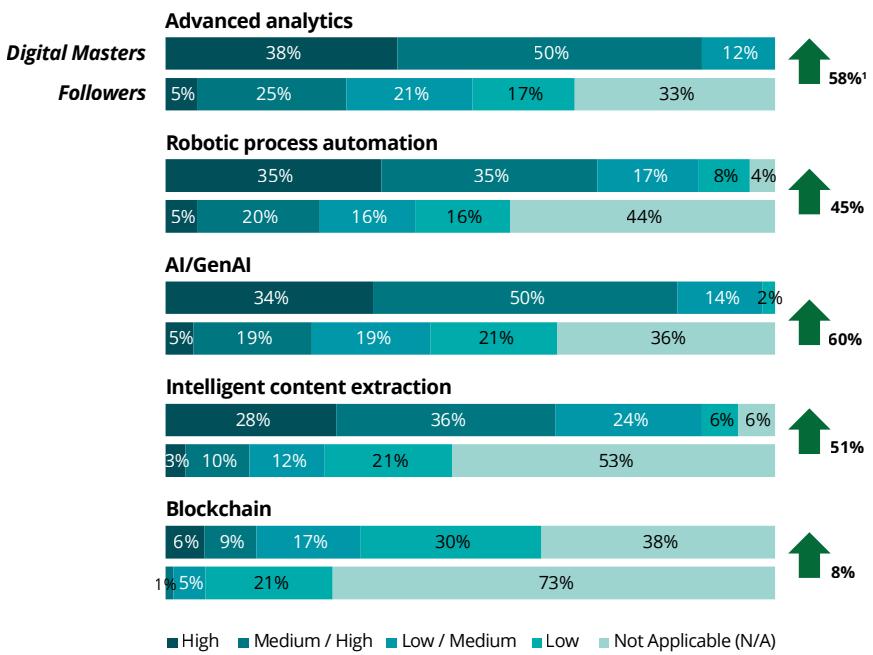
Interestingly, the areas with the highest impact are the bottom two technologies (Intelligent content extraction and blockchain as noted in Figure 12), that use AI, and this edition of the CPO survey dives into the details of AI — specifically GenAI.

Before diving into GenAI adoption insights, it's also important to compare the broader digital strategies adopted by the Digital Masters versus their Followers. Although the Digital Masters tended to use best-of-breed suites more than ERPs as suites (and they also use best-of-breed tools integrated via an API framework 50% more than their Followers), they also:

- Deployed business process management/orchestration tools at 2x the rate as their peers (23% vs. 10%).
- Utilized GenAI technology from platforms beyond that of their current S2P vendors at nearly 3x the rate (31% vs. 12%).

The Digital Masters are simply following good practice to explore new supply market capabilities firsthand to see the actual value and then adopt and scale up what proves to be useful.

Figure 12: Impact of next-gen technologies



The GenAI revolution in procurement

GenAI has captured the business world's imagination, especially with the increasing power of large language models (LLMs) and associated chatbots and copilots that have become increasingly embedded in S2P business applications. LLMs have proven themselves useful at summarizing, analyzing, translating, harmonizing, and, of course, generating semistructured complex content, such as contracts, request for pricing (RFx) documents, and statements of work SOW.

The commercial LLMs⁶ have been trained on a massive amount of data to execute the tasks listed above, and they can be refined with more specific datasets for various verticals and use cases.

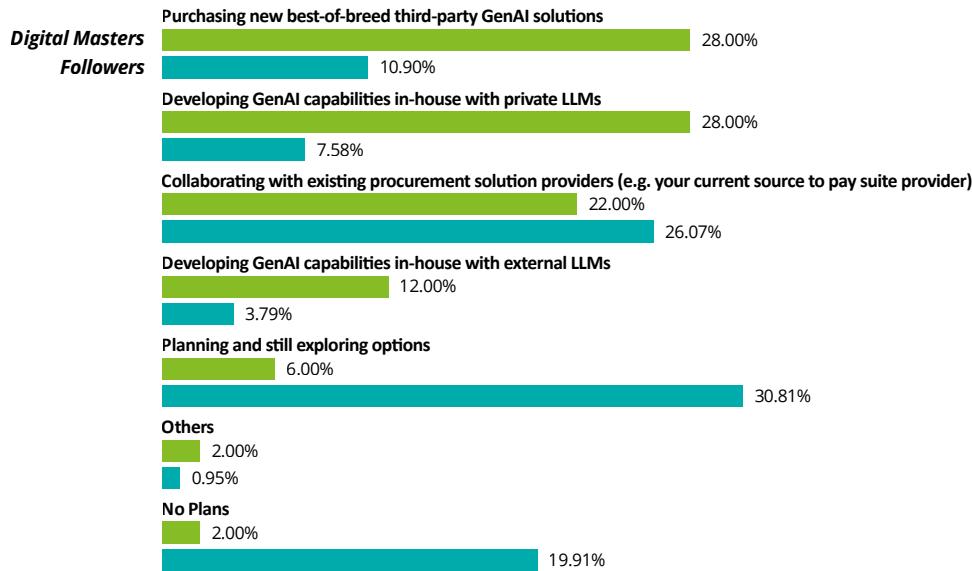
LLMs are becoming increasingly powerful and agentic with built-in memory, reasoning, and the ability to operate tools, (e.g., applications or web searches) and they are becoming woven into existing business applications using workflow/coding/integration platform technology to build out true AI agents.⁷

Although this technology is complex and nascent, it is becoming more manageable to business users and an important technology area for procurement talent to understand and deploy in conjunction with IT staff and third-party vendors.

While ERP and S2P suite providers are increasingly incorporating AI capabilities into their platforms, there is a growing ecosystem of specialized vendors that complement these major platforms. More sophisticated procurement organizations are building their knowledge and skills by working with IT and GenAI startups, whereas less sophisticated groups simply wait for their current application vendors to build-in GenAI:

- Digital Masters are more likely to purchase best-of-breed third-party GenAI solutions (28% vs. 11% of Followers).
- Digital Masters are more likely to develop GenAI capabilities in-house (28% vs. 8% of Followers).
- The majority of Followers are still in the planning stage or have no plans to assess GenAI capabilities.

Figure 13: Plans to assess GenAI capabilities in sourcing and procurement



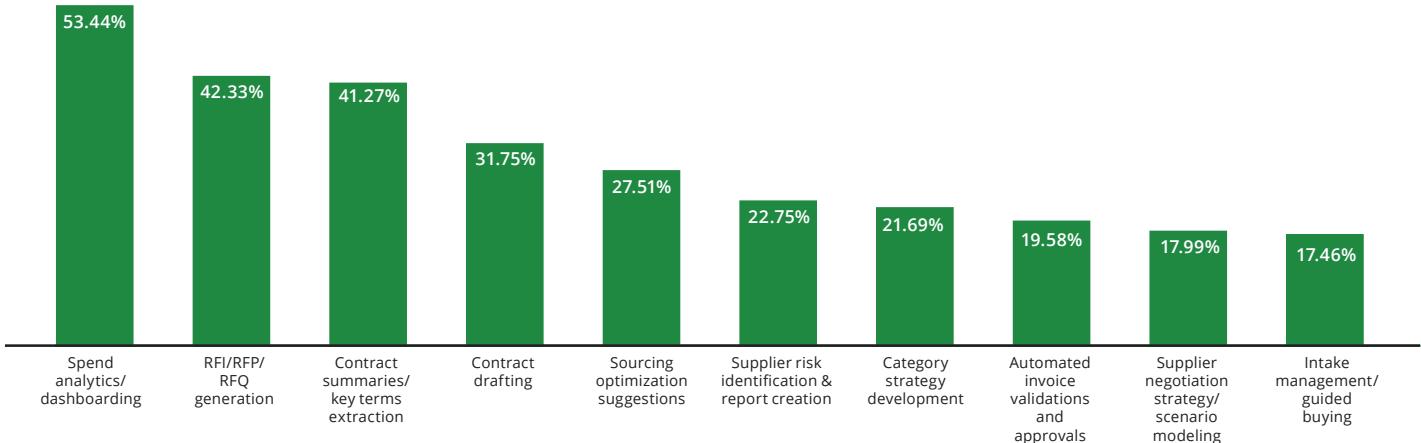
GenAI use cases in procurement

The survey highlights the top 10 GenAI use cases (Figure 14). It's no surprise to see RFx generation, contract management, sourcing optimization, category management, and supplier risk identification among them, as organizations tend to prioritize areas with the greatest financial impact.

However, the top selection of spend analytics and dashboarding is an interesting result. We suspect that this is because of the need for GenAI (e.g., using data agents) to assist in improving inefficient data pipelines and poor data quality from fragmented systems and lack of data management rigor. Also, there may be some analysis and support of conversational user experience (UX) to allow users to talk to the data/analytics through simple agentic analytics.

6 From vendors like OpenAI, Anthropic, Google, xAI, Meta, Amazon, and Mistral.

7 An AI agent is software that understands goals/context, plans, makes decisions, takes actions, and learns based on inputs (from humans or other agents).

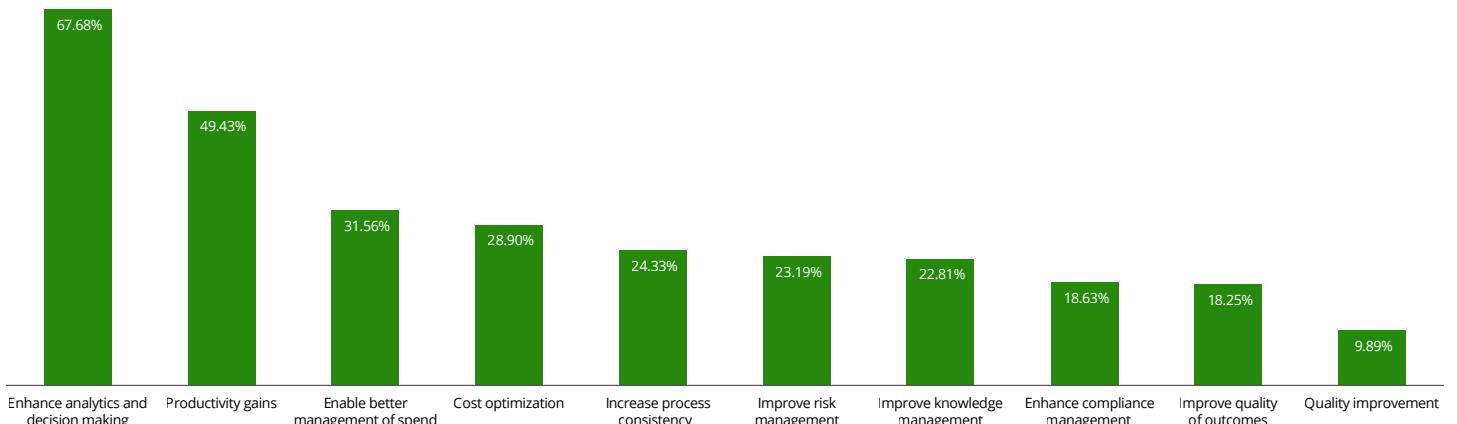
Figure 14: Top 10 use cases for GenAI in procurement

The payout from GenAI

Although 42% of CPOs report that next-gen technologies (which include AI, advanced analytics, and process automation tools like RPA) have delivered high or medium-to-high value, many questions often arise about the value of GenAI. Many executives understandably perceive GenAI as personal productivity enhancement and task augmentation tool that improves efficiency, but doesn't drive big dollar savings.

The data shows, however, that while productivity gains comes in second place in the rankings for value created by GenAI, the first place spot again goes to improved analytics (and associated decision making). There's an important insight here that the content generated by GenAI is ultimately about data, but it's transcending its current focus on indexing it linguistically and in a probabilistic manner to one that must be integrated into the structured data world of spending, suppliers, costs, risks, plans, demand, specifications, opportunities, targets, etc. Firms that can better define their data through formal modeling (e.g., via knowledge graphs that can integrate the deterministic structured data world of S2P application data) into LLMs using techniques, like GraphRAG⁸ and others, will be able to harness the power of GenAI and integrate it into their business processes and business logic (e.g., via agentic workflow management).

Another interesting finding is that risk management (Figure 15) is cited more than knowledge management. Next-gen knowledge management (i.e., knowledge representation/modeling) is becoming critical in AI to integrate probabilistic LLMs to the structured deterministic data world of typical SaaS business applications like S2P suites. Knowledge is neural and semantic just like LLMs, but it's also structured/symbolic like in SaaS applications. We are seeing the emerging technology of knowledge graphs as a promising approach to improve the accuracy, efficiency, and explainability of LLMs.

Figure 15: Value drivers from GenAI for sourcing and procurement

⁸ GraphRAG is an advanced AI framework that combines knowledge graphs with generative AI to deliver more accurate, context-rich answers that minimizes hallucinations. Unlike standard AI search, which pulls isolated text snippets, GraphRAG connects related facts and relationships—helping you get reliable, multistep insights from complex structured data, not just surface-level responses based on predictive text generation.

In terms of actually quantifying these value streams into a hard numeric ROI, the surveyed CPOs estimated a ROI of roughly 2x on the delivered value from their GenAI investments. It's a compelling figure, but Digital Masters estimated an even higher figure of 3.2x compared to Followers at 1.6x.

Figure 16: Average return on GenAI investments

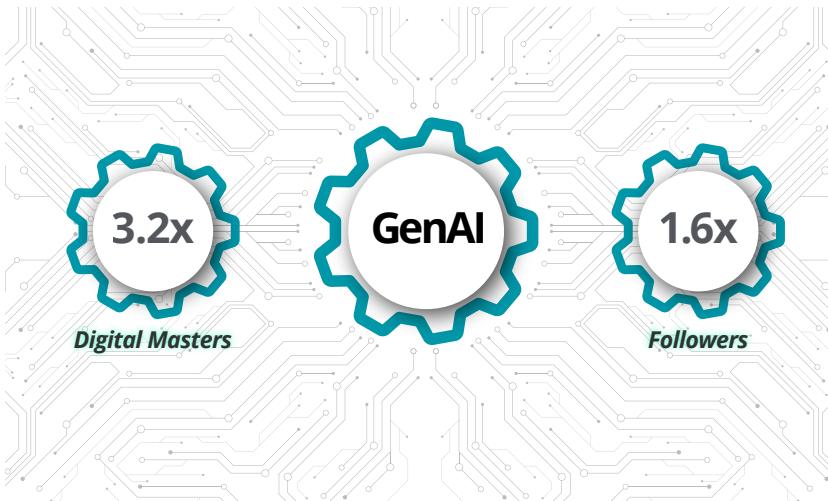
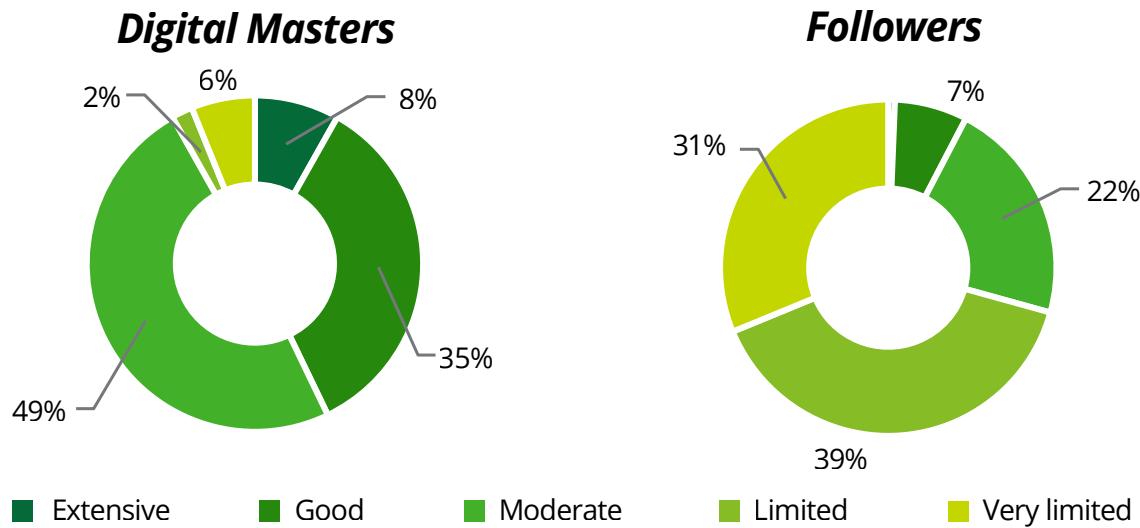
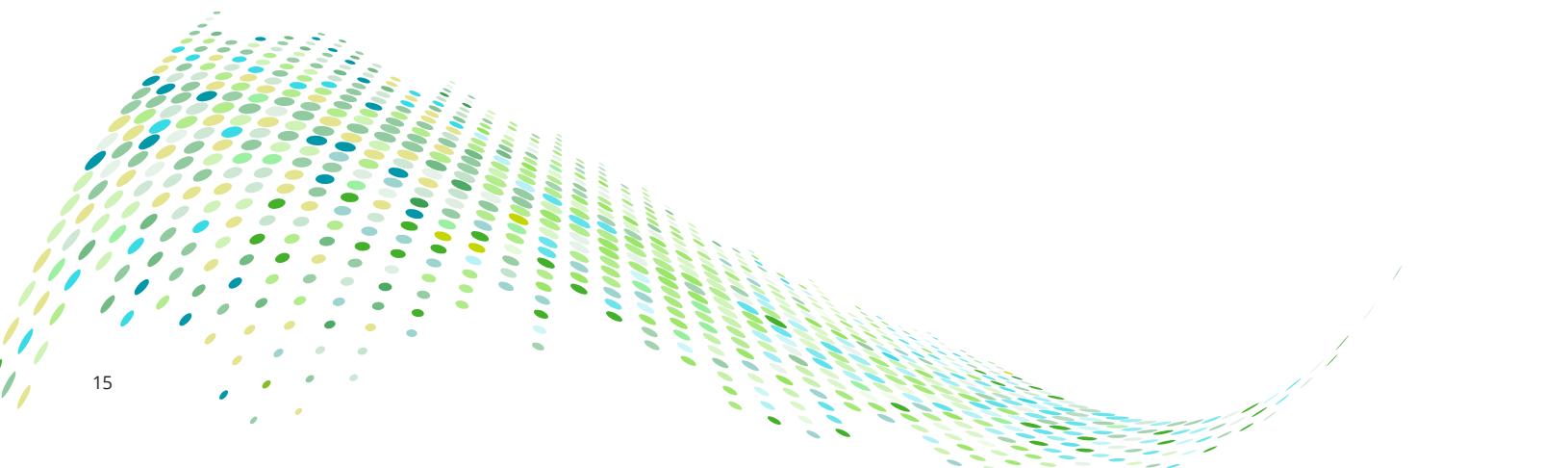


Figure 17: Procurement organization's understanding of AI



Investing in talent development (and budget for technology experimentation) gives employees a stronger and deeper understanding of GenAI and other technologies allowing them to feel confident investing and working to ensure ongoing payouts for those smart technology bets.



Perceived risks related to implementing GenAI

In addition to how talent within organizations understand and approach GenAI, CPO's also ranked their top three internal and external risks of implementing GenAI into their organization. An interesting finding is that CPO's ranked talent (both internal capabilities and external talent in the industry) understanding of GenAI and AI capabilities in their top three internal and external risks (Figure 18 and Figure 19). These findings and risks further support the need for further education, talent support both within the organization and externally.

The top two internal risks identified by CPO's (Figure 18) included governance, security concerns and compliance (35.41%) and data quality (43.97%). Conversely, the two external risks identified (Figure 19) included solution provider capabilities and maturity (43.72%) and data privacy and security (68.02%). It is apparent that data and governance is a major concern for CPO's both internally and externally in the areas of quality, privacy and security. Solution providers have a massive opportunity to not only show their capabilities of their platform, but to build trust by also sharing how they manage data quality, privacy, governance and security concerns so their clients feel confident selecting them as a vendor of choice.

Figure 18: Percentage of CPOs who rank their top three internal risks with implementing GenAI

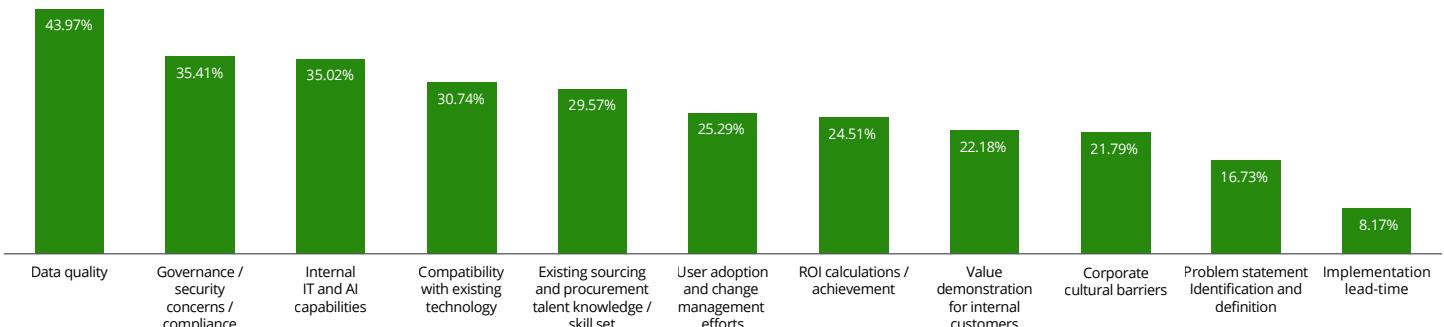
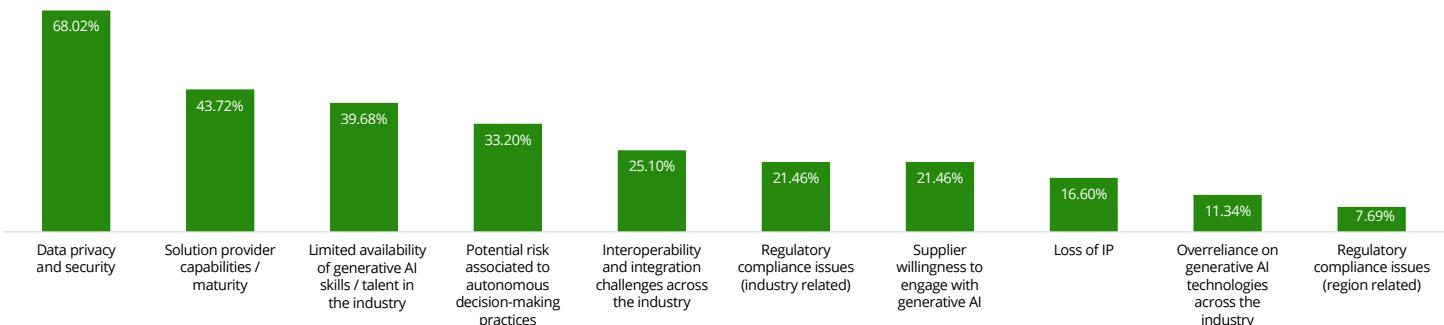


Figure 19: Percentage of CPOs rank their top three external risks with implementing GenAI



Building digital-ready procurement teams

Digital literacy is the key competency not just individually, but collectively as a function

Procurement is at a pivotal moment of transition. In addition to delivering value to the core business, procurement has an evolving role in addressing broader needs in supply chain, risk and compliance, finance, and IT.

CPOs are trying to meet the moment and fulfill stakeholder requirements with targeted strategies and plans for execution. However, execution is a challenge because it relies most heavily on talent and technology.

This challenge is evidenced by only 4% of CPOs having complete confidence and 49% having confidence (to a large extent) in their team's ability to execute, and it's especially a challenge for the majority of Followers where CPOs feel that their teams don't have the skills/capabilities necessary to deliver on their current procurement strategy (let alone a more sophisticated ambition strategy that never gets developed because of CPOs' lack of confidence in execution) (Figure 20).

Since technology is becoming increasingly supportive and integrated into talent (e.g., the notion of agentic skills filling more tasks/roles in the evolving operating model), digital literacy has become essential for procurement professionals, focusing on:

- Developing and applying skills and knowledge to perform core processes.
- Understanding how technology can automate and augment traditional procurement processes and roles in new ways.
- Identifying where and how to best combine human talent and digital skills into new capabilities for knowledge management and agentic workflows.
- Staying in touch with the latest technology developments.

The most successful organizations are not just doing basic digital literacy training for individual staff members, but also developing the skill as a function. In cross-functional teams, hands-on training of advanced technologies like process orchestration, data analytics, and AI agents pushes the simpler technology and automation to tools and agents — and allowing humans to drive the change. This is why CPOs have identified digital skills/competencies as the most pressing talent gap. The ability to drive the change via consulting and soft skills wrapped around core procurement knowledge, comes in second place (Figure 21):

1. Digital skills (36%)
2. Consulting skills (28%)
3. Technical procurement skills (22%)
4. Soft skills (18%)

Interestingly, the Digital Masters already have talent that is generally skilled in technical procurement methods and soft skills (i.e., they have smaller talent gaps), but they still need support for digital and transformational internal consulting change management (Figure 22).

Figure 20: Percentage of CPOs who report their teams completely or to a large extent have the necessary skills and capabilities to deliver the procurement strategy

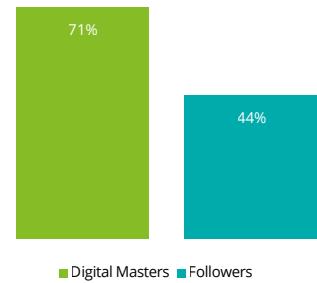
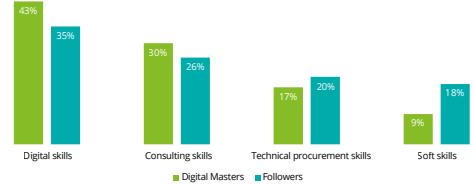


Figure 21: Single biggest skill/competency gap



Figure 22: Procurement skill/competency gaps



Attracting the procurement leaders that will also be digital leaders

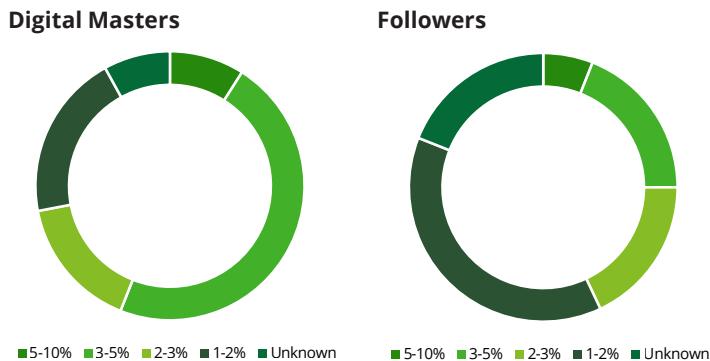
Attracting top talent is a perennial challenge. The issue has lessened somewhat since 2023, but approximately 45% of CPOs still struggle with attracting talent, and 31% of them struggle to retain talent. Perhaps not surprisingly, Digital Masters have carved out 1.5x more budget for talent compared to Followers.

To attract new talent, 60% of Followers use full-time hires as the primary hire, but only 41% of Digital Masters do the same. They focus more heavily on alternative talent sources, such as internal agile workforce (e.g., hiring within the business), on-demand category expertise, and Managed Service Providers (MSPs) for ongoing specialized support.

Talent development priorities

To retain top talent, tailored training is needed to meet the needs of staff and the business. Procurement allocates roughly 3% of its budget to talent development, a figure that has grown modestly over the past four surveys. Digital Masters allocate, on average, 3.5% to talent development compared to Followers at 2.7%.

Figure 23: Average percentage of spend allocated to talent development



The most interesting finding was the 20% relative growth of online learning platforms (since 2023 study). Thirty-five percent of CPOs cited using them (45% for Digital Masters and 28% for Followers). It is expected this trend will accelerate with the use of GenAI to help build highly personalized training plans and engaging curriculum content and activities tied to organizational needs (and specific projects and targeted metrics).

The top development areas identified were digital (72%) and sourcing (70%), (Figure 23). Although digital capability development ranked in fifth place as a development priority for the next 12 months, conversely, Digital Masters consider this as the number one priority and data/analytics as the third (Followers place this fourth).

Data analytics tools primarily help improve processes like sourcing and sustainability management, but they also impact other processes because everything involves data and analysis. Leading organizations recognize that the best talent involves more than static domain expertise; it cleverly uses technology to improve or even transform processes. With increasingly powerful AI technology emerging, the constraint is no longer the technology; it is the ability of procurement humans to help stakeholders tap the power of these technologies.

Attracting top talent

The shortage of procurement staff with the needed skills for emerging digital areas, such as advanced data and analytics (and increasingly with GenAI and agentic AI), has not improved. As with those who chose to place their bets on emerging technologies, organizations who place their bets on evolving talent who demonstrate the ability to learn are well positioned to win in the future.

Attracting talent remains quite a challenge, but the good news is that retaining talent has grown easier. In this global landscape, making a career move requires significant consideration and an evaluation of personal risk. The best talent is harder to land, but will likely be easier to attract and retain if you invest in them by ensuring access to leading technologies and a commitment to continuous training, development, mentoring, and sponsorship.

It is great to see that there has been an increase in spending on learning and development (L&D); however, many are still prioritizing traditional procurement skills, such as category management, over leading digital capability. This may be a mistake given the role of technology in enabling the practices and techniques. This disciplined investment in digital capability will both ensure organizations are fit for the future and enhance the speed of adoption.

By upskilling procurement teams now to move up the value chain in their activities and relationships, you will remove the fear of technology eliminating jobs and encourage procurement teams to embrace digital tools that will improve their insight and effectiveness.

Armed with data insight and more time, there remains a continued requirement to focus on softer skills, such as business partnering, influencing, and story-telling. Adopting a more agile approach to the composition of the procurement team also comes through as a leading characteristic of more ambitious and dynamic businesses.

A strong core procurement function enhanced with an agile workforce when specific needs arise comes through as a key characteristic of those with a great payout on their procurement investment.

So, as with technology, place your bets on your people, invest in future skills, and do not stop evolving your strategy. This will keep you ahead of the pack when it comes to talent attraction and retention and the resulting ROI you will enjoy. While technology dominates our thinking, it is still the human in the loop who will be the differentiator.

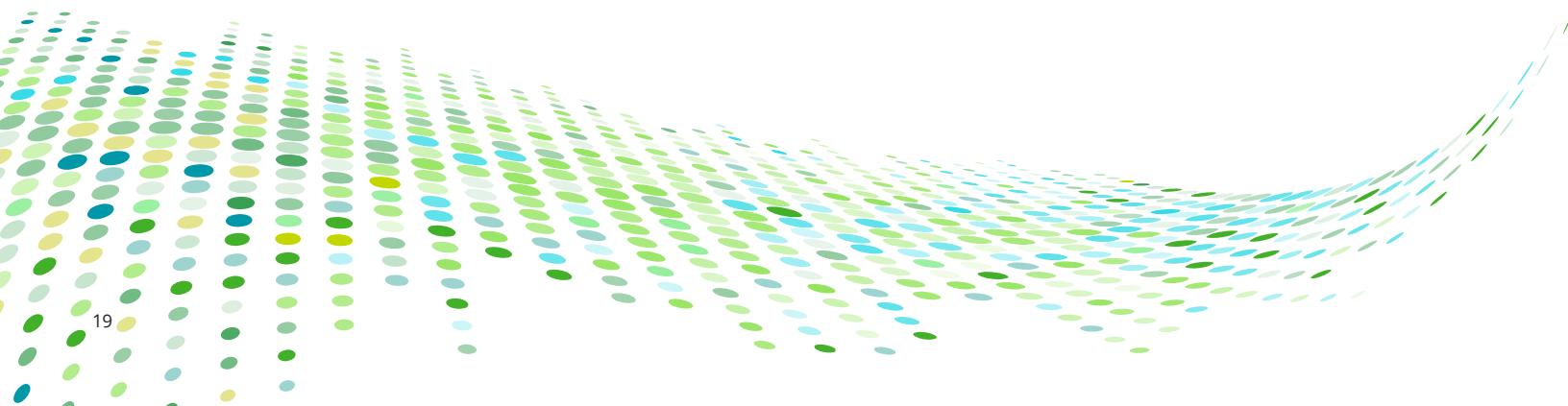
—Lucy Harding, Partner and Global Head of Practice, Procurement and Supply Chain at Odgers Berndtson

Figure 24: Training planned over the next 12 months



Figure 25: Targeted development areas

Rank	Digital Masters	Followers
1	Digital (72%)	Sourcing/catman (64%)
2	Sourcing/catman (70%)	Sourcing/neg (53%)
3	Data/analytics (57%)	Sustainability (44%)
4	Sustainability (57%)	Data/analytics (44%)
5	Sourcing/neg (48%)	BPRM (38%)
6	BPRM (41%)	Leadership (38%)
12	Diversity (11%)	Diversity (6%)



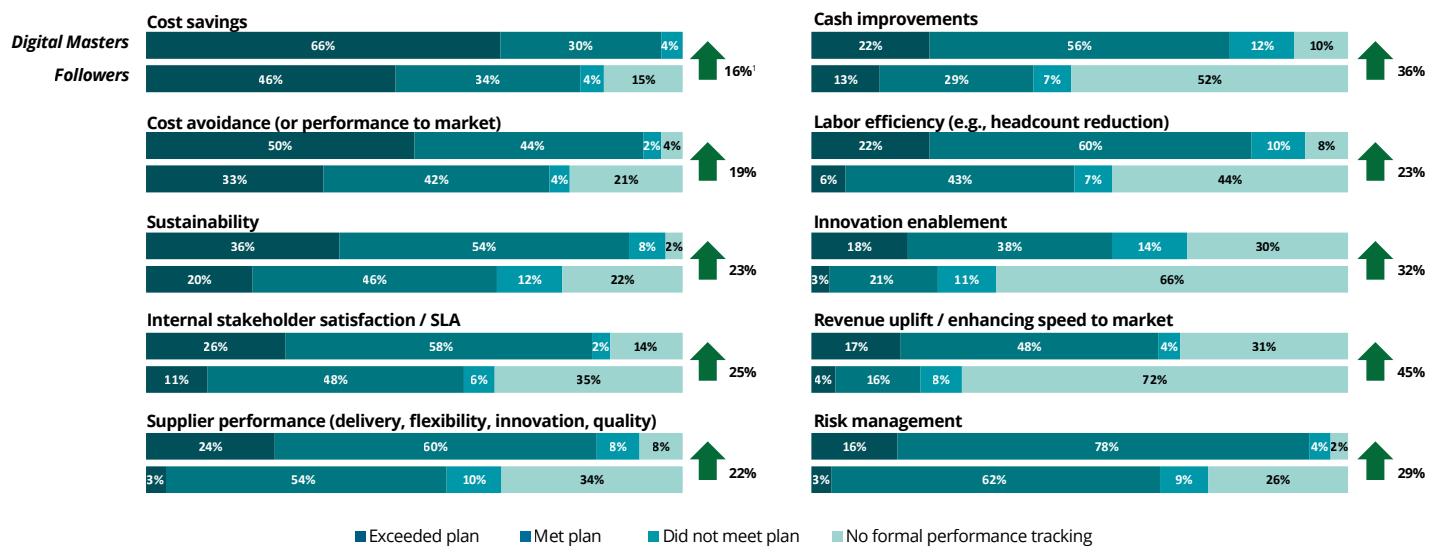
The payouts: Measuring digital investment returns

Investments in talent and the digital tools that support them ultimately aim to improve performance, and the survey shows that Digital Masters significantly outperform Followers across all performance metrics. They report superior results in areas such as:

1. Cost savings (96% met/exceeded plan vs. 80% of Followers).
2. Cost avoidance (94% met/exceeded plan vs. 75% of Followers).
3. Internal stakeholder satisfaction (84% met/exceeded plan vs. 59% of Followers).
4. Supplier performance (84% met/exceeded plan vs. 59% of Followers).
5. Innovation enablement (56% met/exceeded plan vs. 24% of Followers).

Looking beyond the performance gaps on measured KPIs, the biggest capability gap that Followers can close is simply to set KPIs for areas such as cost avoidance, stakeholder satisfaction, supplier performance, working capital, revenue uplift, and supply risk. Several 2025 CPO survey respondents stated, "You cannot manage what you cannot measure," and nobody else in the organization other than procurement may be doing so either (which is an opportunity to step up and fill that gap).

Figure 26: Procurement performance across key areas: Past 12 months



Follow the value: Spend influence, savings, and ROI

The CPO survey is not a formal procurement benchmark like the kind Deloitte performs with clients, but the survey does clearly demonstrate procurement's value and the comparative financial advantage of the Digital Masters who manage roughly \$20M in spend per procurement employee (which is 6x higher than the Followers) and have an estimated spend influence of 80% compared to 65% for Followers. Using a 2.5% annual value creation rate (with sourcing savings being a main component) and \$100K compensation figure for an illustrative conservative back-of-the-envelope, Procurement ROI calculation yields a 5x ROI for the Digital Masters. This ROI is clearly an attractive opportunity for CFOs and CEOs to pay attention to, but it also shows the positive financial impact that Followers can have closing the performance gaps.

Also, for all of the appropriate focus on procurement creating value beyond cost savings, the procurement foundational value proposition of reducing costs has never been higher. In fact, 40% of the CPOs reported their savings targets being revised due to geopolitical developments. Four out of five of CPOs reported those savings targets being increased. This continues to be both an opportunity and a challenge for procurement organizations.

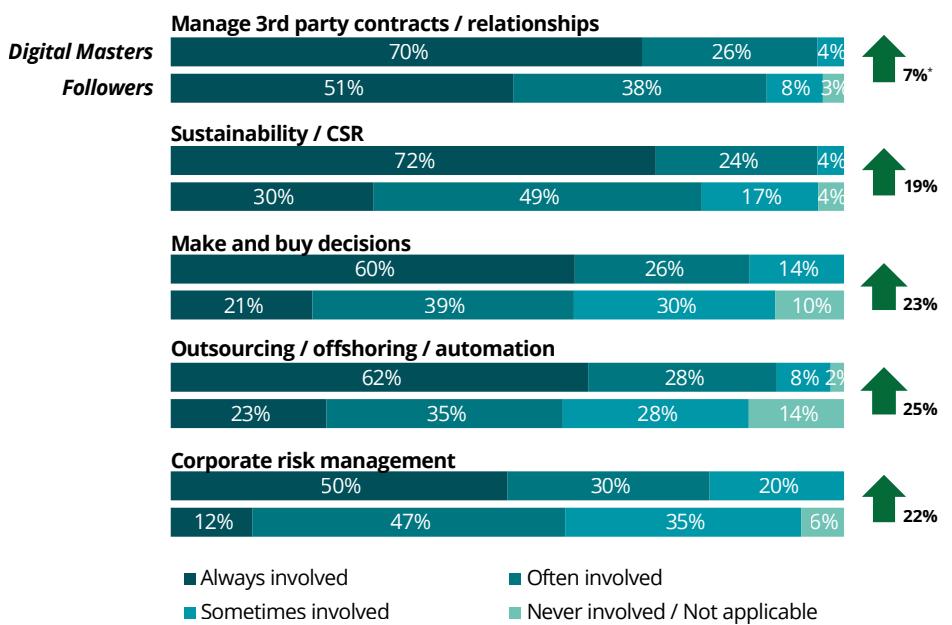
Stakeholder influence and impact

True spend influence only comes from strong stakeholder management. As such, Digital Masters report greater involvement in organizational decision making about various business/enterprise-level concerns (Figure 27). Third-party management (not just risk management, which is also a key performance differentiator) is a key strategy, but given the current focus on global trade (e.g., tariffs), procurement has an opportunity to systematically embed itself in formalized make/buy and outsourcing/offshoring/automation decisions.

Stakeholder management is strongest in the following areas:

1. Corporate risk management (80% always/often involved vs. 59% of Followers).
2. Sustainability/corporate social responsibility (CSR) (96% always/often involved vs. 79% of Followers).
3. Outsourcing/offshoring/automation (88% always/often involved vs. 58% of Followers).
4. Make or buy decisions (86% always/often involved vs. 60% of Followers).

Figure 27: Top five decision making focus areas

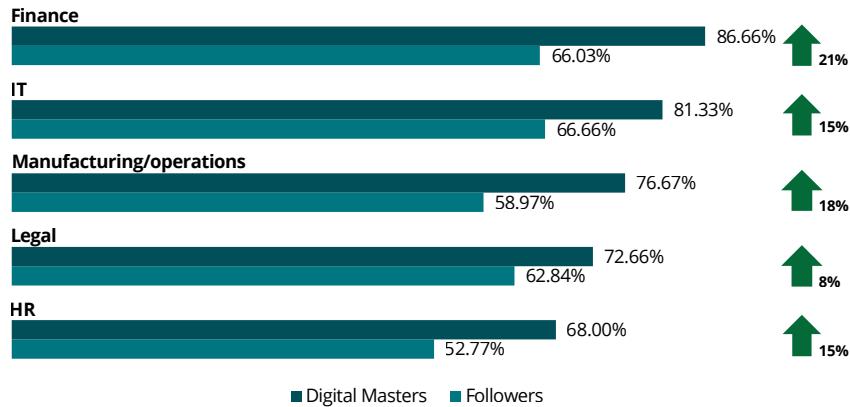


Digital Masters also report more effective partnerships with key functions, including finance, IT, manufacturing/operations, legal, and human resources (as shown in Figure 28). This outperformance on partner function alignment is not only critical to help those key functional budget owners get more value from their spend and external partners (suppliers, vendors, contractors, etc.), but also to work with them to help serve business units within integrated processes (e.g., P2P integration with finance, direct spend management in supply chain, commercial excellence via contracts with legal, and digital spend/supply management delivered with the help of IT).

The influence of Digital Masters is also apparent in their alignment with sales/marketing, R&D/product, and tax, but all organizations need to improve their alignment here because of the need for an integrated enterprise response to tariffs which are additional taxes (and total cost elements) in global sourcing that impacts profits (which brings in sales/marketing alignment) and product design choices. Procurement organizations have not typically had formal responsibility for tax expense, but taxes, other total cost of ownership (TCO) /cost-to-serve factors, and margin impact must all be considered simultaneously for effective scenario planning and decision support in tariff optimization. This latest risk offers an opportunity to align procurement with these groups to build new capabilities that can improve procurement's systemic influence and alignment with these key functions.

Procurement's influence on decision-making related to sustainability (as shown in Figure 27), is also important to consider because corporate sustainability statements of value (regardless of how broad or narrow) should inform the Risk & Compliance (a.k.a., the "R" and "C" in "GRC") requirements placed on the supply base/chain. These requirements are essential for managing TPRM and supply risk/compliance, and should be integrated into supplier risk/compliance within supplier management processes.

Figure 28: Effectiveness of procurement as strategic business partner



"Data silos were a huge problem for us. Even with powerful models and computing resources, finding and accessing the right data was incredibly difficult. Centralizing our data strategy under one leader broke down those barriers and eliminated duplicate data, which really accelerated our progress with AI-enabled automation."

- 2025 CPO Survey Response



Protecting payouts: Risk management in a volatile environment

The evolving risk landscape

The risk landscape continues to evolve, has shifted from supply assurance to profit assurance, as rising costs and inflation are placing increased pressure on margin attainment. However, this data understates the commercial risk present in the current global trade environment, given the shifting tariff policy announcements from the US administration. This situation, however, is consistent with a risk lens that has shifted from supply assurance to profit assurance, as the potential for economic downturn and deflation has emerged as the greatest risk facing organizations.

The top current significant risk impact areas identified by CPOs are:

1. Rising cost/spend pressures.
2. Regulatory compliance issues.
3. Supply shortages/constraints.
4. IP/cyber attacks.
5. Loss of critical talent.

Heralding a new era of intelligent and proactive supplier risk management with AI

Despite ongoing investment, many organizations continue to struggle to keep pace with the increasing size, complexity, and criticality of third parties within their supply chains, as well as the inherent risks these third parties create.

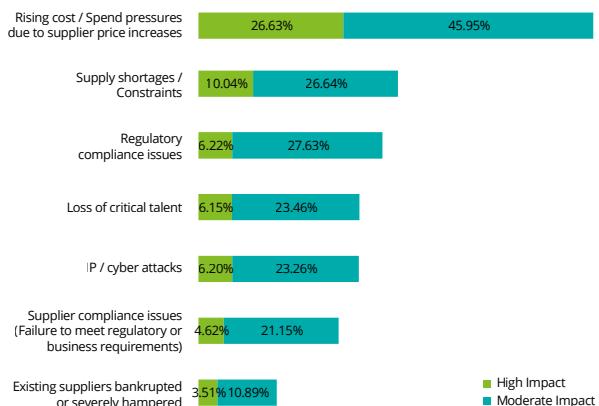
The impact of any failure by such third parties, embedded in delivering critical organizational functions, such as sourcing, also continues to increase amid growing risks and geopolitical uncertainty in the macro-economic environment.

Against this backdrop, we carried out a pulse survey focused on the rise of AI in maximizing third-party opportunities while managing the risks.

The results of this survey highlight a significant gap that exists today between aspiration and reality in using AI and GenAI to enhance TPRM.

- Despite low maturity levels, respondents are ambitious about embracing intelligent automation, while managing both the risks of AI within their organizations and those arising from third-party AI usage.
- The business case for doing so is primarily driven by the need to be more cost-effective while being agile and resilient in their navigation of the ever-changing external environment.
- The data shows that inherent risk determination on a dynamic basis and due diligence activities present the greatest potential for using intelligent automation and AI for efficiency and effectiveness.
- The potential of AI in contract management for proactive risk mitigation should not be overlooked.
- However, data quality and integration must be prioritized to maximize the effectiveness of AI usage in these areas

Figure 29: Current risk impact areas affecting all industries



Deloitte's point of view and predictions:

We believe that sophisticated risk intelligence platforms combining AI, analytics, and data visualization to provide real-time insights and actionable recommendations will emerge.

- Collaborative risk management will become increasingly important.
- Concerns about integration, financial justification, and lack of expertise can be addressed through a strategic approach that demonstrates clear ROI, measures cost and time savings, and uses KPIs to showcase improved risk management.
- A phased implementation plan, starting with high-impact areas, can demonstrate tangible results and secure buy-in.

The way forward:

Respondents indicate that they would need to orchestrate their approach to this AI-enabled transformation through a combination of making their own investments in talent and technology alongside assistance from carefully chosen providers of external assistance and expertise, while managing the risks that this new technology creates for them. Larger organizations may consider investing in their own AI-powered platforms and upskilling their teams (hybrid TPRM managed service model), whereas smaller organizations can benefit from more holistic managed service solutions.

For more information, please visit: <https://www.deloitte.com/uk/en/services/consulting/research/third-party-risk-management-survey.html>

—Kristian Park, Global TPRM leader, Deloitte LLP

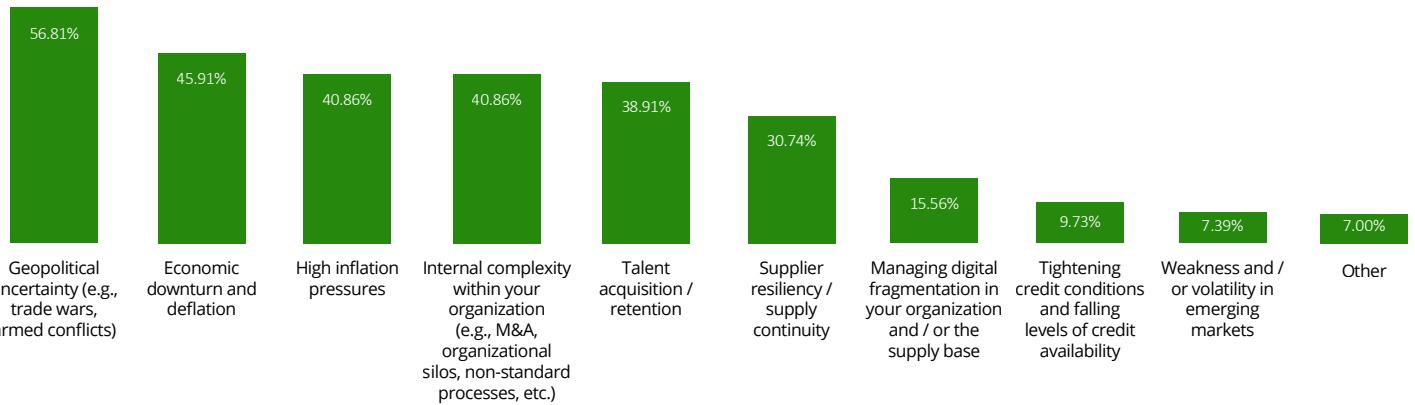
The highest risk area is the cost pressure from suppliers, who are either attempting to pass on tariff costs or restricting the supply of unprofitable items due to their similarly increased costs (this risk is also reflected in the third-biggest issue of supply shortages). Both of these areas can be affected by internal and external policy changes, as well as uncontrollable forces.

Not every organization can respond to these changes (see the previous two installments of the Deloitte CPO Survey on these topics), but it is imperative to plan for future risks and develop mitigation strategies. In terms of the greatest risks going forward, the inflationary concerns and geopolitical uncertainty that is driving most types of risk are pervasive. Stagflation is a massive concern right now.

Greatest risks going forward

Figure 30: Primary concerns for procurement leaders

As pointed out in previous Deloitte CPO survey editions, internal complexity can be just as complex as external factors and can hinder an integrated risk management capability to deal with external risks. That complexity also drives up internal costs, which hinders in more strategic capabilities like supply resilience.



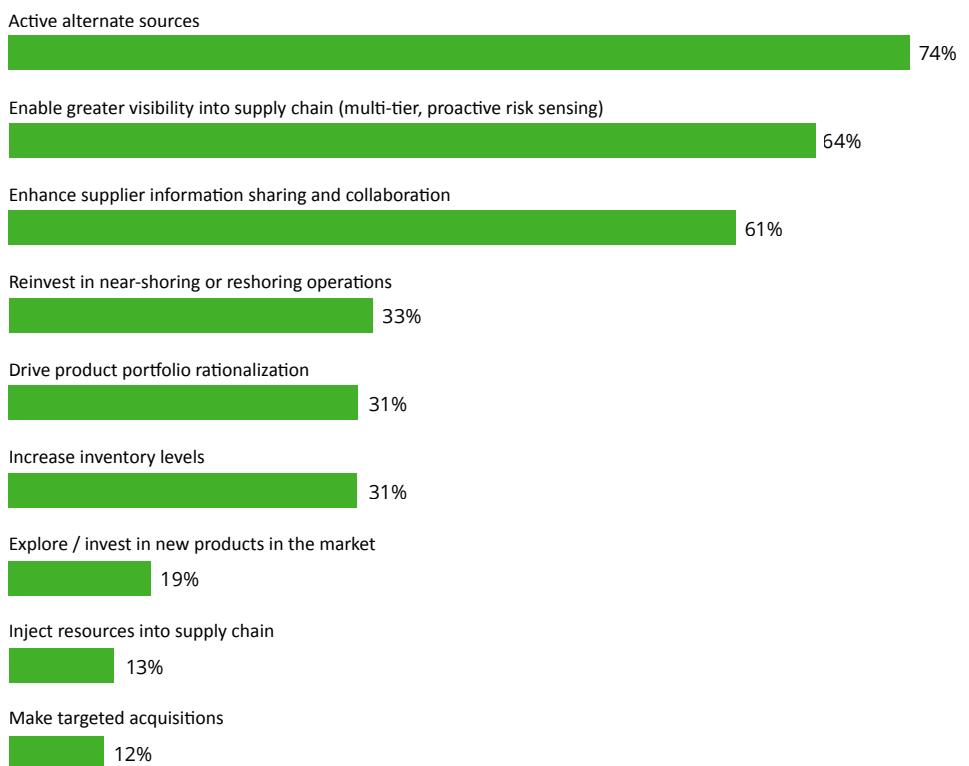
Risk mitigation strategies

With geopolitical uncertainty intensifying, effective risk mitigation strategies have become increasingly important. The survey found that:

- 74% of CPOs identified maintaining active alternative sources as the most effective mitigation strategy.
- 64% prioritized enabling greater visibility into the supply chain.
- 61% focused on enhancing supplier information sharing and collaboration.

These top three strategies are certainly foundational and complementary with each other, but broader global trade responses are being implemented in the short term and considered for the longer term, (e.g., investing in reshoring or other ongoing strategies (Figure 31), for tariff optimization integrated within sourcing and extended supplier network redesign.

Figure 31: Most effective mitigation strategies



Most effective cost risk mitigation strategies

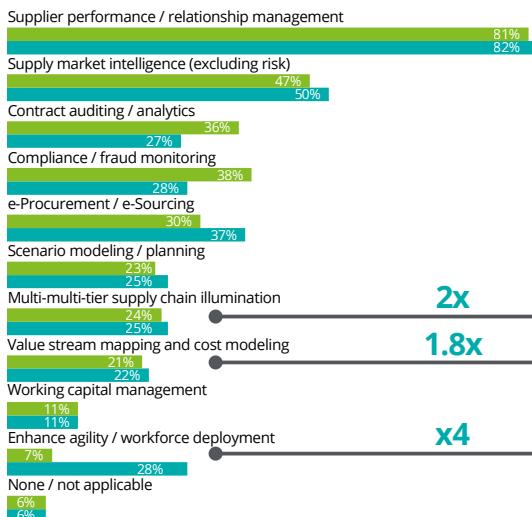
Digital Masters unsurprisingly differentiate themselves through more sophisticated approaches to risk management (Figure 32). Compared to Followers, they focus:

- 4x more on agility enhancement and workforce deployment.
- 2x more on multi-tier supply chain illumination.
- 1.8x more on value stream mapping and cost modeling.

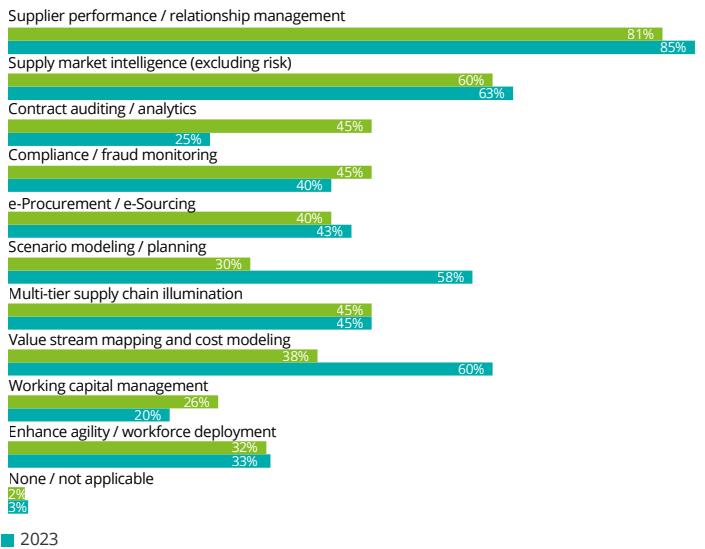
These investments reflect a more mature approach to risk management, moving beyond reactive measures to proactive risk mitigation and strategic resilience building.

Figure 32: Focus areas for procurement capability improvement following supply chain disruption

Followers



Digital Masters



Managing impact of evolving tariff policy

Modern global supply chains are extremely complex, with procurement organizations needing to balance many different sources of increasing risk and cost. One area which has suddenly been thrust to the forefront is the ongoing and rapidly changing environment around tariffs. CPOs and other leaders are grappling with the operational effects of these policy measures, implementing strike teams in their organization to understand new legal and customs requirements and change their processes to implement mitigation strategies. Whether through global trade methods like Foreign Trade Zones and Duty Drawback or complete overhaul and requalification for sources of supply, this affects organizations across all industries and demands immediate changes in environments where qualification cycles are historically measured in months or years. The daily cost of a wait-and-see approach rapidly outstrips the cost to stand up these teams, leading organizations to rapidly assemble both triage and operational teams to mitigate their tariff exposure in a way that has never before been seen.

From insights to action: Becoming an agent of change

The path to digital leadership

The survey results make a compelling case for procurement organizations to become true agents of change. As the name suggests, the adoption of agentic workflows and eventually true autonomous AI agents will provide an opportunity for companies that are positioned to embrace the technology. The companies that also use this opportunity to rethink their operating and talent models to take advantage of the added efficiency and insight will see the biggest payout.

Becoming an agent of change

To become true agents of change, CPOs should help their organizations safely capture the power of increasingly digital supply markets. This requires working with other functions and suppliers to ruthlessly simplify and automate lower-value processes, and ensuring that people have the skills to deliver higher strategic value.

Key to this transformation is the emerging power of GenAI and agentic AI. CPOs who are change agents will need to:

1. **Transition capabilities** from human to digital while retaining human-centric values and strategic oversight. This requires integrating talent management and technology management and developing technology that accommodates human needs through improved UX and context-aware AI.
2. **Be deliberate and opportunistic** in funding approaches, building toward a longer-term vision while remaining agile through quick-win projects implemented in collaboration with the business – and realizing that as with any new technology, there will be bumps in the road.
3. **Hedge bets** by leveraging third-party managed services that offer superior capabilities, with the option to insource activities when appropriate. This approach aligns digitalization (in partnership with IT and the third-party ecosystem) with externalization (tapping into increasingly digital supply market power).

The path to digital leadership requires strategic investments in both technology and talent, with a focus on:

• Digital strategy and adoption:

- Identifying the largest digital gaps that are sapping productivity and hampering critical spend/supply management performance and broader business outcomes.
- Developing a digital procurement strategy that is actionable, impactful, and properly resourced – and ideally backed by a business case. This means increasing technology investment as a percentage of the budget and realizing payback from those investments through focused technology adoption and measurable capability/performance improvements.
- Deploying GenAI and flexible automation tools to manage workloads.
- Implementing advanced analytics, RPA, and AI capabilities.
- Integrating next-generation technologies into core procurement processes.

• Talent development:

- Creating a talent strategy that allocates more budget for talent development.
- Investing in training for sourcing/category management, negotiation, and analytics.
- Addressing skill gaps in digital capabilities.
- Building business process knowledge and soft skills alongside technical skills.

• Strategic risk management:

- Enhancing agility and workforce deployment.
- Improving multi-tier supply chain visibility.
- Developing value stream mapping and cost modeling capabilities.
- Building supplier collaboration and information-sharing mechanisms.

Conclusion:

CPO accomplishments, concerns and excitement

The survey reveals both the concerns and opportunities that energize CPOs as they look to the future. Since 2023, CPOs have shifted their business strategies, with most polled strategies dropping in support likely in response to not overextending and not delivering on procurement's expanding value proposition. This is especially true during the current market turmoil, when procurement will be relied upon more than ever to deliver measurable financial impact. In turn, procurement simply cannot do all this while expanding its value without a fundamental shift in its operating model, supporting talent bench, and technology stacks working in concert.

Looking instead at the most impactful activities of the past 12 months, CPOs mention digital transformation, spend analytics, artificial intelligence, talent development, and automation – a clear focus on leveraging technology. They have directed the most work towards digital transformation and implementing some kind of artificial intelligence, with transformational aspirations. Specific quotations we received from CPOs about these efforts include:

- “Laying the data foundations for AI and unleashing talent in that direction.”
- “Blueprint our AI road map and starting to execute.”
- “Deploying AI into our accounts payable process to free up headcount and create a new target operating model with more investment in strategic activities.”

Just as the efforts of CPOs mirror the shift in the tech market, so too do the worries plaguing CPOs broadly reflect the current uncertainty in the global market. The most cited problems were economic and global trends. Lesser, but still pressing, concerns were talent acquisition and retention, supply chain resilience, and business continuity challenges.

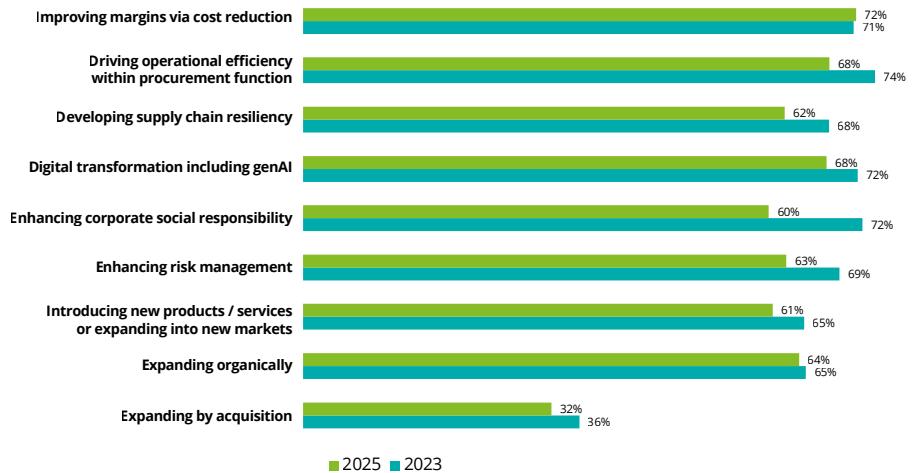
The moment we are in has its challenges, but tackling these challenges has given CPOs renewed vigor. CPOs have found themselves most excited and energized by:

1. Digital transformation and AI integration.
2. Talent development and management.
3. Strategic value and business impact.
4. Sustainability and social impact.
5. Organizational growth and transformation.

Procurement is at an inflection point, and CPO's have a choice. Organizations that are placing bets on digital capabilities, especially GenAI and other emerging technologies, while coupling workforce transformation initiatives to embrace digital, are seeing returns on those bets. With external challenges more rapidly, investments in digital and talent now are more critical than ever for organizations to thrive.

These agents of change will not only drive cost savings and operational efficiency; they will also deliver measurable value to their organizations and assist with broader strategic objectives. They can only do this, however, with a thoughtful orchestration of technology, talent, and processes.

Figure 33: Priority of business strategies



Looking forward:

The following self-reflective questions, with which this report concludes, can help CPOs position themselves as these agents of change:

1. What digital transformation initiatives are successfully deployed, in progress, or planned for the next 12 months to improve your procurement function's digital capabilities?
2. What automation tools are you using to manage workload volatility and focus on strategic areas rather than operational or transactional tasks?
3. What is your overall talent strategy to attract, upskill, and retain professionals with both next-gen technical skills and core procurement competencies?
4. How are you leveraging technology to integrate strategic suppliers with your processes to gain synergy?
5. Have you identified high-value use cases for GenAI in your procurement function? Consider defining two to three strong digital use cases if you have not already (start small, act fast, think big).
6. For GenAI deployments already under way, what KPIs are you monitoring to measure impact?
7. What barriers do you foresee in implementing GenAI within your organization, both internally and externally?
8. What governance model have you established for seamless implementation of GenAI and next-gen technologies?

Appendix

Survey demographics and participation overview

The 2025 Global CPO Survey represents a robust cross-section of procurement leadership, capturing insights from more than **250 CPOs** across **40 countries** and **10 industries**. The geographical distribution demonstrates global representation, with particular concentration in key economic regions:

Industry representation

The survey captured diverse industry perspectives with strongest representation from five primary mega industries shown below:

1. Energy, Resources, and Industrials
2. Technology, Media, and Telecommunications
3. Financial Services
4. Consumer
5. Life Sciences and Health Care

The full industry breakdown is shown below.

Responses by region



Responses by industry



- Energy, Resources & Industrials
- Technology, Media & Telecommunications
- Financial Services
- Consumer
- Life Sciences & Health Care
- Government & Public Services
- Transportation, Hospitality & Services
- Power & Utilities
- Professional Services
- Automotive

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