



Procurement Orchestration Tools: Streamlining Procurement Processes with AI and Automation

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Market Report
Executive Brief



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Procurement lifecycle orchestration

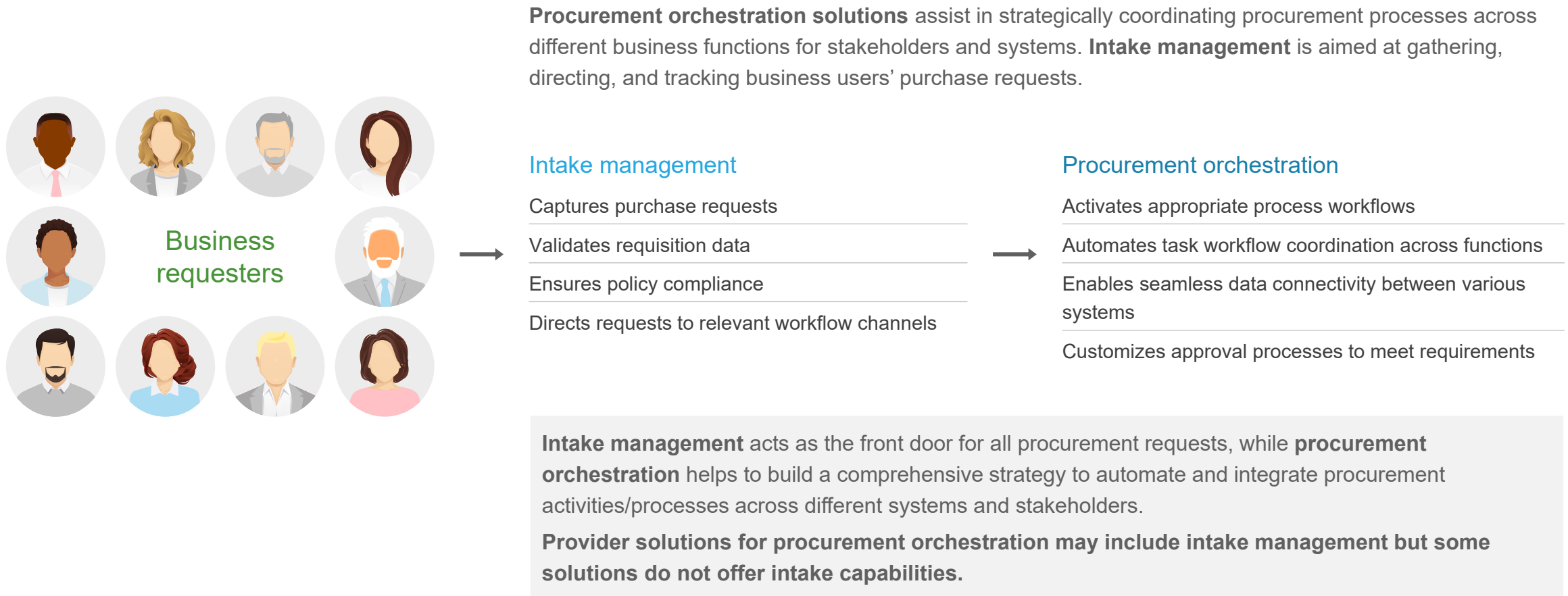
Procurement intake and orchestration

The case for procurement orchestration tools

Definition and scope of procurement orchestration tools

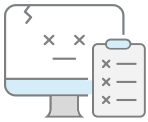
Overview of underlying technologies and architectures

Procurement orchestration tools serve as integrating layers across systems, processes, and stakeholders, with intake management as the centralized entry point



Source: Everest Group (2024)

Inefficiencies in legacy processes and procurement teams' and business users' systems impede overall productivity, driving the need for orchestration



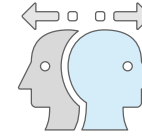
Disparate systems

Traditional procurement involves disparate systems, causing data fragmentation and limited visibility. While point solutions such as supplier management, spend management, contract management, and others can be integrated into Source-to-Pay (S2P) suites, such suites are often complex and rigid.



Fragmented processes

Different business functions handle separate parts of the procurement process for which they often use complex documents to enforce the processes. This makes it difficult for business users to follow the task flow, leading to inefficiencies in the process and poor policy compliance.



Lack of collaboration

Disjointed workflows, resulting from disparate systems and processes, result in the absence of guidance and common procedures. This lack hinders user adoption and collaboration among diverse stakeholder groups, including requestors, approvers, procurement teams, finance, suppliers, and other functions.

Impact on outcomes

Cycle time for procurement process increases due to disparate systems

Reporting and analytics capabilities missed due to decentralized data sources

Compliance violations due to the lack of automated enforcement

Maverick spend due to the lack of procurement policies' enforcement

Stakeholder satisfaction affected by the lack of visibility and coordination

Cost-saving opportunities missed due to the lack of visibility across stakeholders

Procurement orchestration tools streamline processes and data flows across functions and systems, creating a unified user experience

Procurement orchestration tools



Integrate

- Entire procurement tech stack, including all suites and/or point solutions for supplier management, spend management, contract management, and other tools
- Core IT, finance, procurement, and other systems
- Cross-functional business processes
- Approval and task workflows



Automate

- Audit trails
- Compliance checks
- Data mapping
- Progress tracking
- Workflows



Facilitate



Stakeholder engagement



Process standardization



Real-time visibility



Supplier collaboration



Unified and intuitive user experience

Procurement orchestration tools help to:

- **Integrate** disparate systems, fragmented processes and policies, and business functions across the procurement life cycle into a unified platform
- **Automate** workflows, audit trails, compliance checks, self-service status updates, data mapping, and other procurement tasks, increasing efficiency

Its integration and automation capabilities facilitate collaboration among stakeholders, including requesters, approvers, procurement teams, finance, legal, and suppliers, by providing real-time visibility, stakeholder engagement, and a unified user experience.

AI and generative AI power procurement orchestration tools, offering no-code customizable workflows and guided buying to enhance user experience

[NOT EXHAUSTIVE]

Streamlining procurement with AI



Smart workflows

Allows users to customize workflow templates based on requirements such as spend categories and spend thresholds without requiring coding expertise



Guided buying experience

Provides real-time guidance to business requesters when initiating procurement requests and simplifies the understanding of procurement policies



Data mapping

Connects and standardizes information from multiple disparate systems and databases, creating a seamless data flow and facilitating automated workflows

Advanced AI features for orchestration tools



Generative AI capabilities

- Leveraging Large Language Models (LLMs), pre-trained on procurement, helps to create intelligent intake experiences
- These AI-driven tools could assist procurement in drafting RFPs, RFQs, and RFIs, conduct market research, and analyze data
- LLMs trained on large supplier data volumes help procurement gain insights into market trends, supplier performance, and potential risks
- Multimodal LLMs, trained on diverse data forms, promise even more advanced capabilities in procurement automation and analytics



Dynamic machine learning capabilities

- Machine learning-driven process optimization analyzes usage patterns, proposes changes, and seamlessly optimizes processes upon approval
- This approach is often necessary when procurement needs to modify workflow templates to align with changing processes or procedures, ensuring scalability

Key capabilities and functionalities

Key features of procurement orchestration tools

Stakeholder impacts and benefits

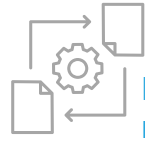
Enterprises should prioritize process automation, workflow management, compliance, data integration, and cross-functional collaboration capabilities when selecting suppliers

Procurement orchestration tools' value propositions



Process automation and workflow management

- No-code workflows
- Automated status updates
- Automated renewal workflows with sentiment analysis
- Centralized approval process
- Automated self-service requests
- Smart recommendations to reduce app overlaps



Data integration and management

- Data integrated across disparate systems and business functions
- Access to relevant data, ensuring visibility into SLAs and decision flows
- Real-time analytics dashboard to provide early visibility into spend, with streamlined data collection



Compliance management

- Supplier compliance checks
- Workflows' adherence to industry regulations and internal policies
- Risk review, privacy review, info security review, and approval review incorporated, with automatic routing



Effective collaboration

- Enhances task flows and document-sharing, prevents information overload, and reduces redundant communications
- Provides company-wide visibility, ensuring transparency
- Supports real-time collaboration on purchase requests

Other capabilities



Supplier management

Facilitates the supplier onboarding process by collecting necessary information, ensures compliance throughout the registration process, and mitigates risks, while providing a platform for real-time collaboration with suppliers



Orchestration library

Includes pre-built customizable workflow templates, pre-configured connectors and APIs for integration, built-in audit trails for tracking changes, and smart recommendations to reduce app overlaps

Procurement orchestration solutions align IT, finance, business requesters, and procurement with organizational goals to maximize operational efficiencies and optimize costs



Procurement

- Procurement leaders can shift their focus from routine tasks to strategic initiatives
- This shift enables procurement to play a strategic role in fulfilling the organization's growth objectives by positively impacting the bottom line and driving organization-wide innovation



IT

- IT teams play a crucial role in implementing and maintaining procurement systems
- Procurement orchestration tools reduce IT's burden by offering user-friendly interfaces and automation, minimizing the need for extensive custom development and ongoing support
- IT teams can then focus on strategic IT initiatives, system improvements, and innovation



Business requesters

- Procurement orchestration tools improve user satisfaction by providing faster turnaround times
- These tools offer transparency and easier access to necessary services
- The improvements support the organization's operational needs



Finance

- Procurement orchestration tools enable finance teams to enforce financial controls and reduce maverick spending. They ensure that procurement activities align with the organization's financial goals
- These tools improve financial governance and accountability

Provider landscape

Overview of key providers and their positioning

Enterprise procurement orchestration use cases

The procurement orchestration provider landscape comprises many providers, each offering diverse functionalities

[NOT EXHAUSTIVE]



- Intake self-service
- Smart triage
- Task and project tracking
- Automated requests and updates
- Centralized supplier management



- Intake management
- Intelligent data management and workflow integration
- Synchronized procurement functions
- Real-time customizable dashboards



- Intelligent workflows and data insights
- Centralized supplier management
- Collaborative workspaces
- AI-powered reporting capabilities



- Intelligent intake
- Automated approval workflows
- Supplier auto-renewals
- Third-party risk management with automated risk tiering
- AI-powered reporting and analytics



- Smart intake
- Buying channel guidance
- Optimized supplier onboarding
- Comprehensive supplier risk assessments
- Real-time data visibility and analytics





- Intelligent intake workflows
- Real-time budget and savings visibility
- AI-powered central contract repository
- Dynamic approvals routing
- Automated kick-off for supplier renewal workflows

Source: Everest Group (2024)

Procurement teams are using orchestration tools for intake management, workflow automation, and supplier management to gain visibility and control over company-wide spend

[NOT EXHAUSTIVE]

Organization		
Pain points addressed with procurement orchestration	<ul style="list-style-type: none">• Duplicate expenses• Fragmented approval process	Lack of spend visibility
Details	Implemented Zip’s AI-powered procurement orchestration tool to enable cost savings and increase visibility across the end-to-end procurement life cycle	Partnered with Oro Labs to streamline its supplier and procurement processes and implement smart workflows to improve visibility

Source: Everest Group (2024)

Adoption drivers and challenges

Key adoption drivers

Potential implementation challenges

Procurement orchestration tools enhance procurement teams' strategic focus by automating routine tasks as well as complex procurement processes

Key adoption drivers for procurement orchestration tools



Increased visibility

Procurement orchestration tools provide stakeholders with real-time insights into all tasks, workflows, and data, facilitating better decision-making.



Effective collaboration

Procurement orchestration improves cross-functional collaboration through its centralized platform, which ensures seamless communication among all stakeholders.



Improved compliance

These tools can automate compliance checks, reducing manual errors and ensuring better adherence to organizational policies.



Enhanced supplier relationship management

Automated processes optimize supplier selection and help strengthen supplier relationships, creating long-term mutual value.



Streamlined processes

Processes can be made more efficient with orchestration because it can automate and integrate all procurement activities.

Enterprises need to solve for challenges such as data quality issues, integration difficulties, security risks, and resistance to change to successfully implement orchestration solutions



Unstructured data

Bad quality training data can lead to wrong decisions and is a major hindrance in implementing procurement orchestration tools.



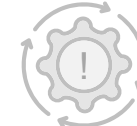
Incompatibility with legacy systems

These tools can be successfully integrated only when they are compatible with enterprises' legacy systems or in-house tools.



Security concerns

The use of AI and generative AI in procurement orchestration tools can increase cyberthreats and risk organizations' data privacy.



Change management

Employees could resist adopting existing and new digital tools, which are essential to make the shift to a digital-first approach and ensure the procurement orchestration initiative's success.

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