

COLLABORATIVE PROCUREMENT

how to fix the broken links

Executive Summary



The procurement landscape has never been more complex. As teams face heightened challenges, collaboration is a strategic necessity that can turn challenges into opportunities. Building strong relationships with both suppliers and internal stakeholders gives procurement teams a competitive edge to effectively navigate ESG requirements, mitigate supply disruptions, manage costs effectively, accelerate time to market, and proactively address recession risks.

Procurious and SAP joined forces to survey 172 procurement leaders, aiming to uncover the current state of procurement collaboration. Our findings provide valuable insights into the challenges and opportunities in this area, shedding light on the pivotal role of digital tools, such as AI and B2B collaboration platforms, in driving meaningful change.

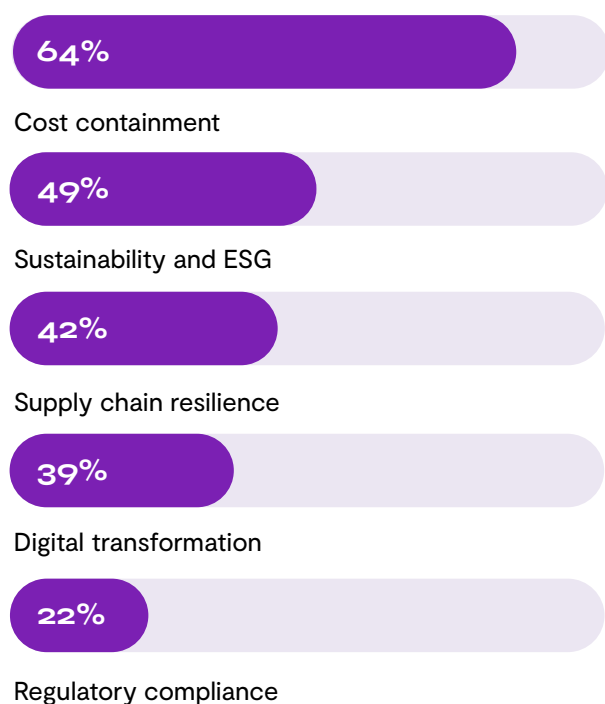
“While procurement’s influence and impact continue to expand, insufficient data confidence hinders its ability to make strategic decisions, drive desired outcomes, and shed its reputation as a cost center. Procurement must ensure it has enough reliable data ‘in the tank’ to enable it to build influence with the c-suite and unlock its full potential.”

– Nate Moon, Global Head of SAP Business Network for Finance, SAP.

Procurement Priorities: Balancing Financial and ESG Goals

Cost containment is the number one priority for 64% of procurement professionals in the next 12 months. Inflation and economic uncertainties have elevated the urgency of these efforts. Procurement teams are also putting a growing emphasis on sustainability and ESG goals (49%), reflecting the broader trend of companies being held accountable by consumers, regulators, and investors alike to prioritise sustainability and demonstrate corporate responsibility. This marks a significant shift as organisations increasingly see the value of balancing financial performance and environmental responsibility.

Procurement's Top 5 Priorities for the Next 12 Months



Yet, progress in these priority areas is hindered by poor collaboration – both internally, and externally with suppliers. Just 50% of procurement teams actively collaborate with their finance teams around cost containment. Even fewer (35%) collaborate with suppliers. This gap represents a missed opportunity to align financial and supply chain strategies more closely.

Collaboration plays a key role in optimising costs and mitigating financial risks. Working with finance and suppliers to optimise spend and identify areas for greater efficiency is essential. This collaborative effort will not only help to uncover cost-saving opportunities, but also to negotiate mutually beneficial terms with suppliers and optimise resource allocation.

On the sustainability front, only 18% of procurement teams collaborate with suppliers to advance ESG objectives, which suggests there is ample room for improvement in supplier engagement to meet evolving expectations. Since a majority of emissions arise from Scope 3, which involves emissions that occur within an organisation's supply chain, it is imperative that suppliers be engaged in sustainability initiatives to see any improvements.

Similarly, only 22% of procurement teams collaborate with suppliers on supply chain resilience and disruptions – a significant missed opportunity to identify and mitigate potential risk, and position the organisation to evaluate alternate sourcing options and protocols for quick response in case of disruption.

Visibility Challenges: Procurement's Blind Spots

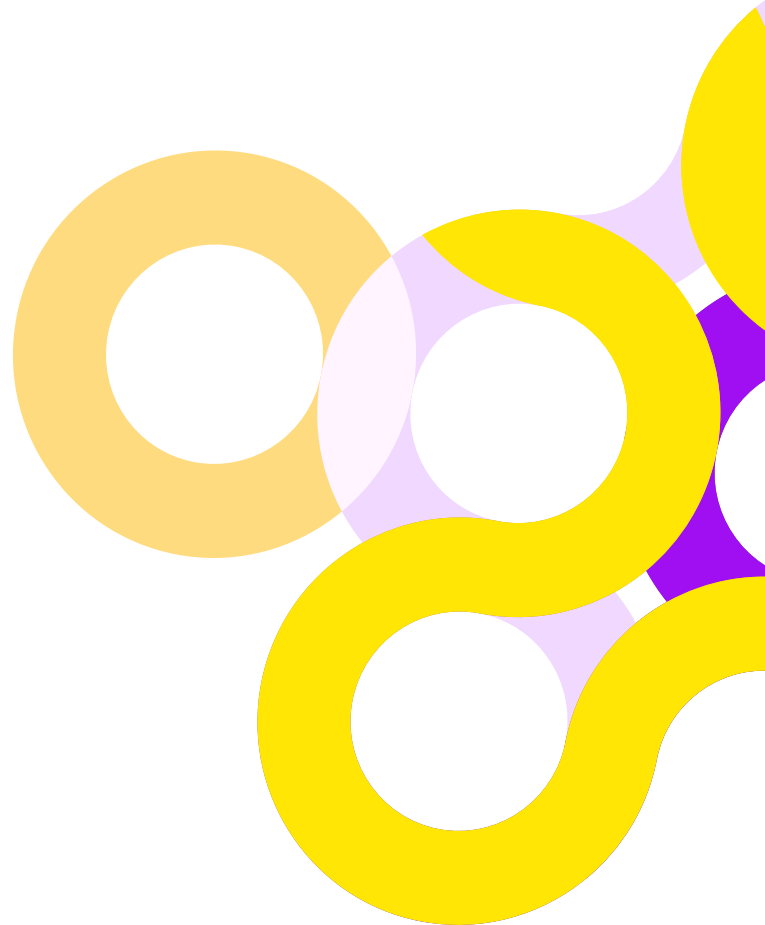
Procurement's lack of collaboration with various stakeholders is closely tied to their lack of visibility into key business priorities. **Only 19% of procurement professionals reported having complete visibility into their suppliers' priorities and over a third (31%) reported having minimal or no visibility at all.** Without a clear understanding of what drives their suppliers, procurement teams are flying blind, which can lead to misaligned strategies, delayed responses, and missed opportunities.

Internal visibility isn't much better, further negatively affecting the ability of procurement teams to collaborate effectively with suppliers and meet regulatory requirements. Twenty-one percent of respondents have minimal or no visibility into the priorities of the chief supply chain officer, while 27% said they lack visibility into the chief operating officer's priorities. Another quarter (25%) struggle to understand the goals of the finance and compliance/risk teams.

This disconnect hinders procurement's role as a strategic partner, complicating efforts to align planning, inventory, and sourcing decisions with company-wide objectives and regulatory obligations. As a result, it becomes more challenging to ensure supplier relationships support compliance and mitigate risk.

"Information shared is exponential power. That's going to enable us to solve the tough problems that we can't do with only one side of the coin."

– Kate Vitasek, Faculty – Graduate and Executive Education, University of Tennessee & Founder, Vested.



The Cost of Missed Collaboration

Outside of the fact that a lack of collaboration can have a significant impact on both supplier and stakeholder relationships, it also has a direct impact on business performance and outcomes.

Nearly half (47%) of procurement professionals reported product quality issues that could have been avoided with better supplier collaboration. Another 44% cited material shortages and 43% referenced product delays as other critical disruptions linked to weak collaboration.

In a world where supply chain agility is key, these disruptions can have ripple effects throughout the business, affecting everything from operational efficiency to brand reputation.

The data is clear: procurement teams that fail to invest in stronger supplier relationships are setting themselves up for preventable problems.

Consequences of Poor Collaboration with Suppliers

47%

Product quality issues

44%

Material or component shortages

43%

Product quality shortages and delays

36%

Delays in paying invoices

30%

Inventory obsolescence/too much inventory

From an internal perspective, delays in paying invoices (40%) and decreases in customer satisfaction (30%) were also identified as areas where better collaboration could have mitigated the damage. This highlights the broader point that effective collaboration isn't just about external supplier relationships—it's also about internal alignment and coordination across departments.

Benefits of Effective Supplier Collaboration

The benefits of enhanced supplier collaboration extend far beyond transactional advantages. Deeper partnerships with suppliers contribute to strategic, long-term value that benefits all parties involved.

Three quarters (75%) of procurement professionals said enhanced supplier collaboration results in better outcomes for both the buyer and supplier. Specifically, respondents cited product availability (48%), product innovation (47%), and increased revenue/profitability (44%) as some of the other top benefits.

With closer collaboration, suppliers can better anticipate demand and optimise their production to meet buyers' needs more effectively, reducing the risk of stockouts. Working together also enables procurement and suppliers to adapt faster to changing market needs and ultimately bring differentiated products to the market. When businesses can tap into new market opportunities, improve product differentiation, and create added value for customers, profitability also increases – a win-win for buyers and suppliers, and another direct result of improved collaboration.

By investing in digital platforms and strategies to foster collaboration, businesses can build transparency, agility, and resilience into their supply chain, setting themselves up not only for immediate success but for sustainable, long-term growth.

Business Benefits of Enhanced Supplier Collaboration

75%

Better cost outcomes for both buyer/supplier

48%

Product availability

47%

Product innovation

44%

Increased revenue/profitability

43%

Product sustainability

41%

Product quality

Breaking Down the Barriers: Leveraging Technology for Enhanced Collaboration

Despite the clear benefits, significant barriers continue to hinder supplier collaboration. Many procurement teams often lack the tools and frameworks needed to fully integrate with their suppliers. When asked about the top roadblocks to more effective and efficient collaboration with suppliers, 57% cited poor information as the top inhibitor of success. Capacity constraints are another major issue, with more than half (55%) of respondents indicating that they simply don't have the bandwidth to manage these relationships effectively. Without this basic foundation, it's no surprise that collaboration stalls.

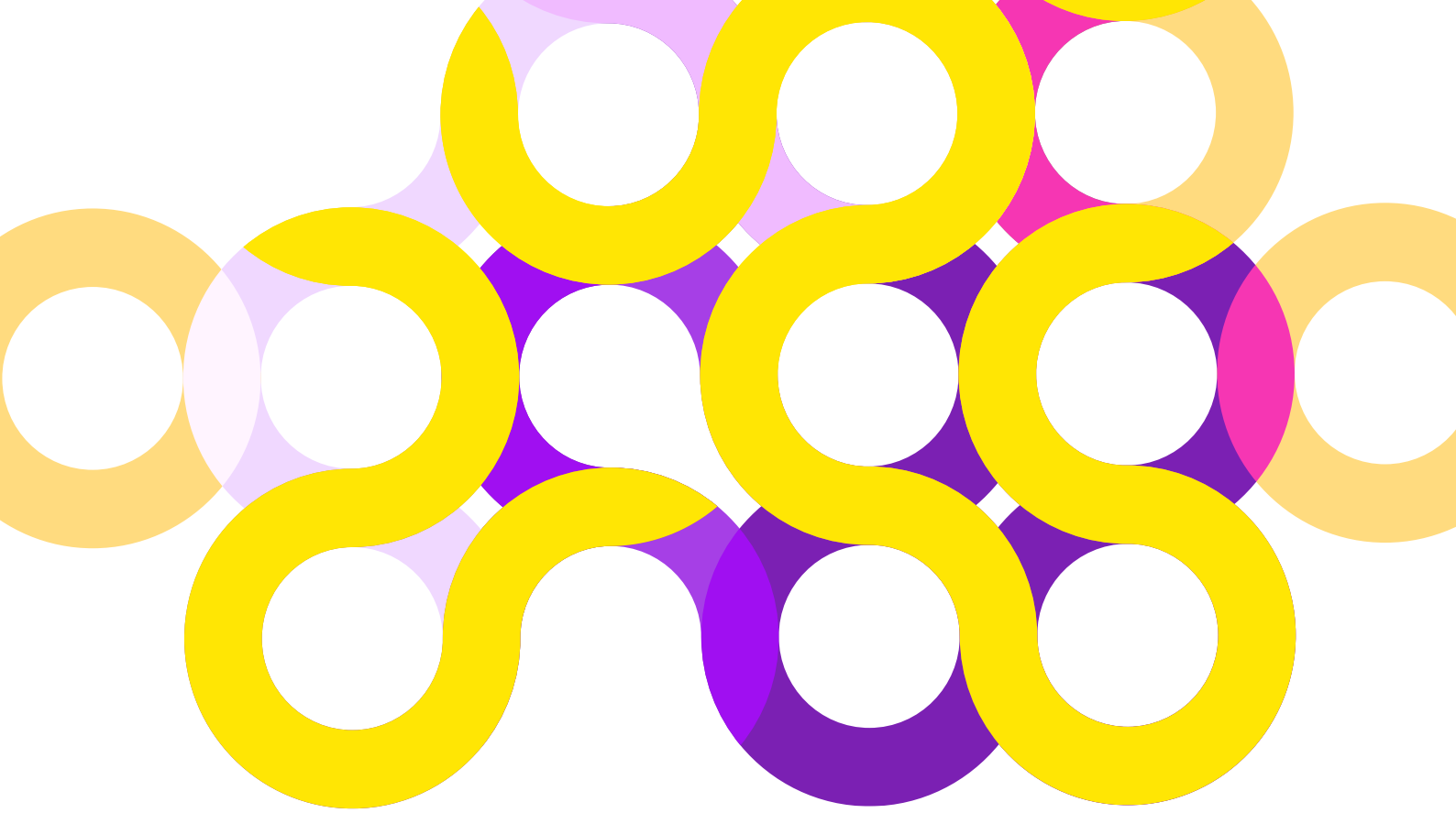
Technology can directly address these challenges. **Yet, 30% of respondents pointed to poor or non-existent collaboration tools as another barrier to progress.** This isn't a surprise given that over a quarter (26%) said their processes for engaging with suppliers are either mostly or 100% manual – a clear indication that procurement's digital transformation is far from complete.

Effective and efficient procurement collaboration is possible, but it requires the adoption of innovative, digital technologies. One such solution is participation in a business network that modernises how procurement and supply chain processes are connected across companies to build stronger supply chains. Business networks close the gap between buyers and suppliers by enabling digital transactions, information sharing, and trading partner discovery. This helps companies gain greater visibility into their supply chain, increase operational efficiency, and ensure compliance.

In addition, because a business network automates commerce transactions, it opens the door for better data analysis and decision-making, enabling companies to harness insights for strategic growth. Procurement and supply chain professionals are already starting to recognise the potential of generative AI in improving collaboration and compliance among suppliers and internal stakeholders. More than half of respondents (54%) said they view generative AI as an enabler of better engagement and information sharing, as well as to identify non-compliant documents or processes.

AI's ability to analyse data, predict trends, and automate routine processes has the potential to free up time and resources, allowing procurement and supply chain professionals to focus on more strategic initiatives, such as cultivating stronger supplier relationships through streamlined communication and information availability. In addition, AI can help to identify non-compliant processes or exceptions that need to be addressed by human resources. This transformative power of AI and digital technologies presents a significant opportunity for business leaders to elevate their procurement strategies and drive sustainable growth.





Moving Forward with Digital-First, Collaborative Procurement

Collaboration is no longer optional—it's a necessity for modern procurement teams. By addressing the barriers to supplier collaboration, such as poor information sharing and capacity constraints, and by leveraging the power of technology, procurement teams can strengthen their partnerships, improve efficiency, and drive better outcomes for the entire business.

The organisations that will thrive in 2025 are those that embrace collaboration, invest in technology, and view their suppliers as true partners. The future of procurement is collaborative, and the time to start fixing the broken links is now.

“Collaboration can help us to gain a competitive edge, allowing us to reduce costs to out-manoeuvre recession risks, minimise inefficiencies and improve our visibility. While we will continue to face daily challenges, the future is bright when collaboration is our secret weapon!”

— Tania Seary, Founder of Procurious

About SAP

As a global leader in enterprise applications and business AI, SAP stands at the nexus of business and technology. For over 50 years, organisations have trusted SAP to bring out their best by uniting business-critical operations spanning finance, procurement, HR, supply chain, and customer experience.

SAP Business Network modernises how procurement and supply chain processes are connected across companies. It closes the break points between buyers and suppliers by enabling transaction exchange, information sharing, and trading partner discovery, leveraging AI and configurable business rules. This helps organisations gain greater visibility into their supply chain, increase operational efficiency, and ensure compliance.

For more information,
www.sap.com/business-network

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- Build your personal brand
- Advance your career
- Network with peers, thought leaders and decision makers
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