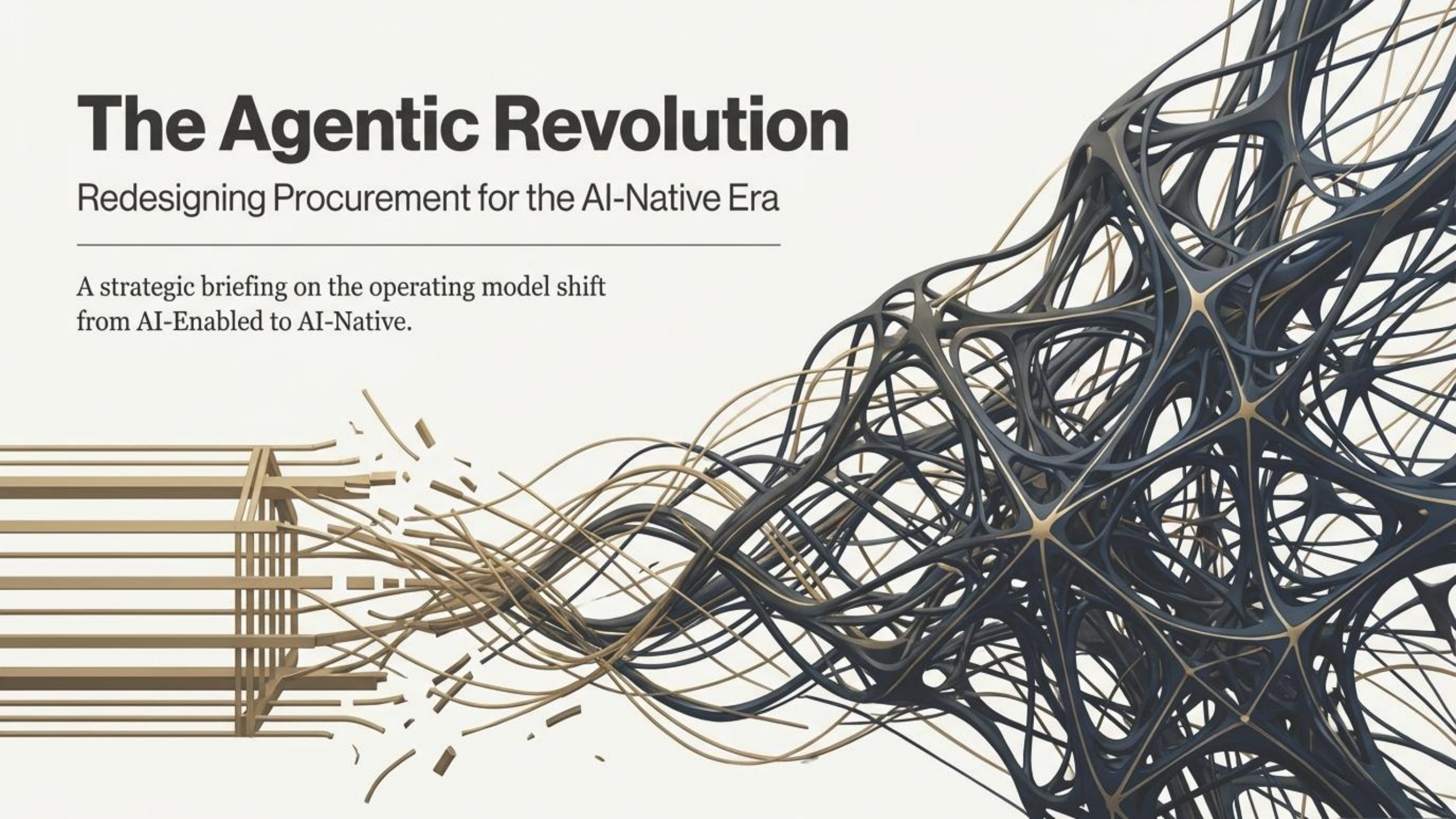
The Agentic Revolution

Redesigning Procurement for the AI-Native Era

A strategic briefing on the operating model shift
from AI-Enabled to AI-Native.

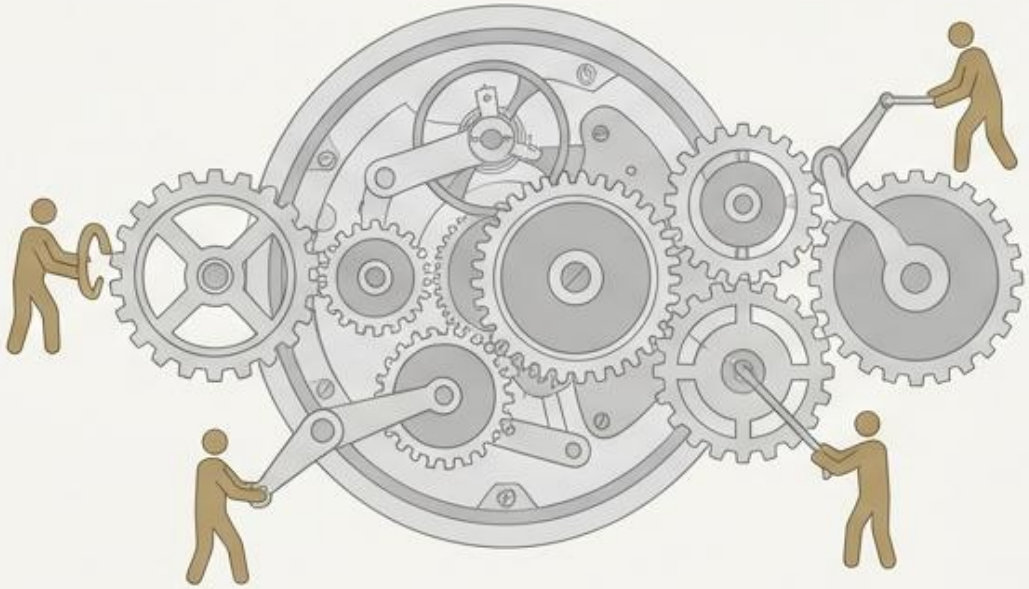


This is not another AI tool. It's a new way of operating.

64% of procurement leaders believe GenAI will fundamentally change how their teams operate within five years.

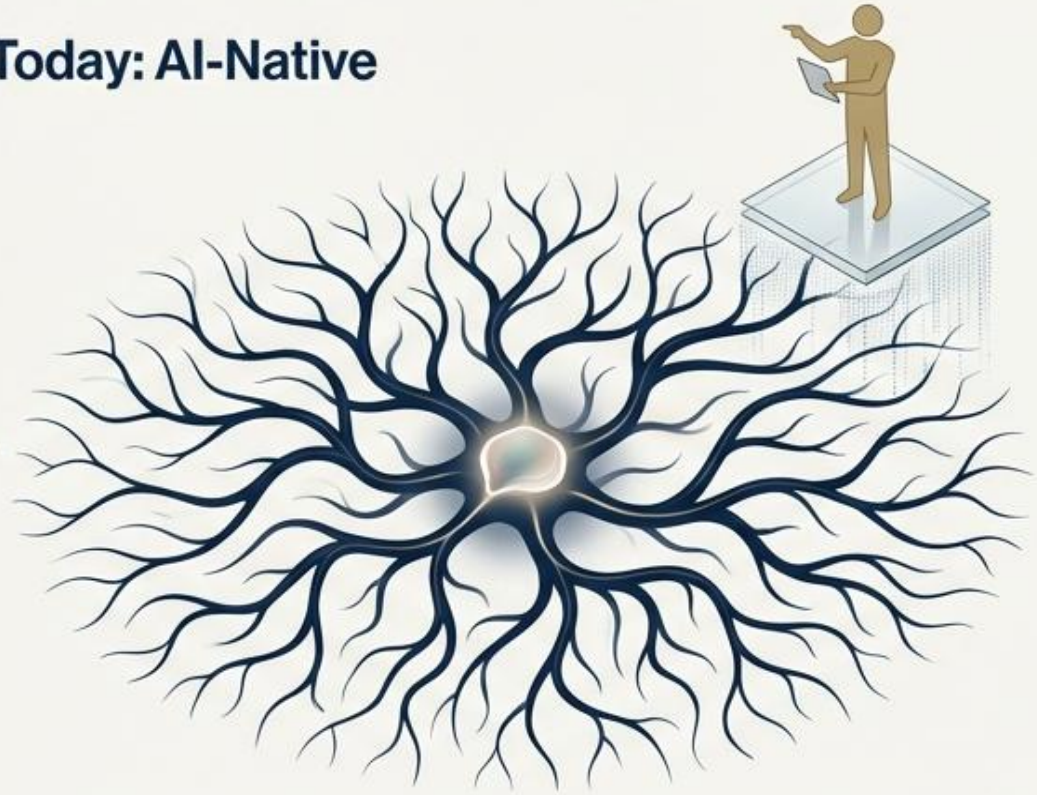
Source: The Hackett Group

Yesterday: AI-Enabled



AI provides recommendations and assists humans who remain "in the loop" for every step of a workflow.

Today: AI-Native



Agentic AI autonomously plans, orchestrates, and executes entire workflows. Humans move "above the loop" to set goals, define policy, and manage exceptions.

Procurement is the natural epicenter for the AI-Native enterprise

Boundary-Spanning Position

Procurement is the nexus of internal stakeholders (business units, finance, legal) and the external supplier ecosystem. This is where agentic orchestrators create the most leverage.

Finance

Legal

Business Units

High Transaction Volume & Variable Risk

The function manages a spectrum of transactions, from low-value "tail spend" to strategic agreements. This creates a perfect gradient for defining and testing agent autonomy with clear guardrails.

Policy-Intensive Workflows

Buying channels, supplier standards, and approval matrices are codified policies. These can become machine-readable rules that agents enforce consistently and at scale.

The New Reality: From Manual Requisitions to Intelligent Orchestration

Use Case: Conversational Intake

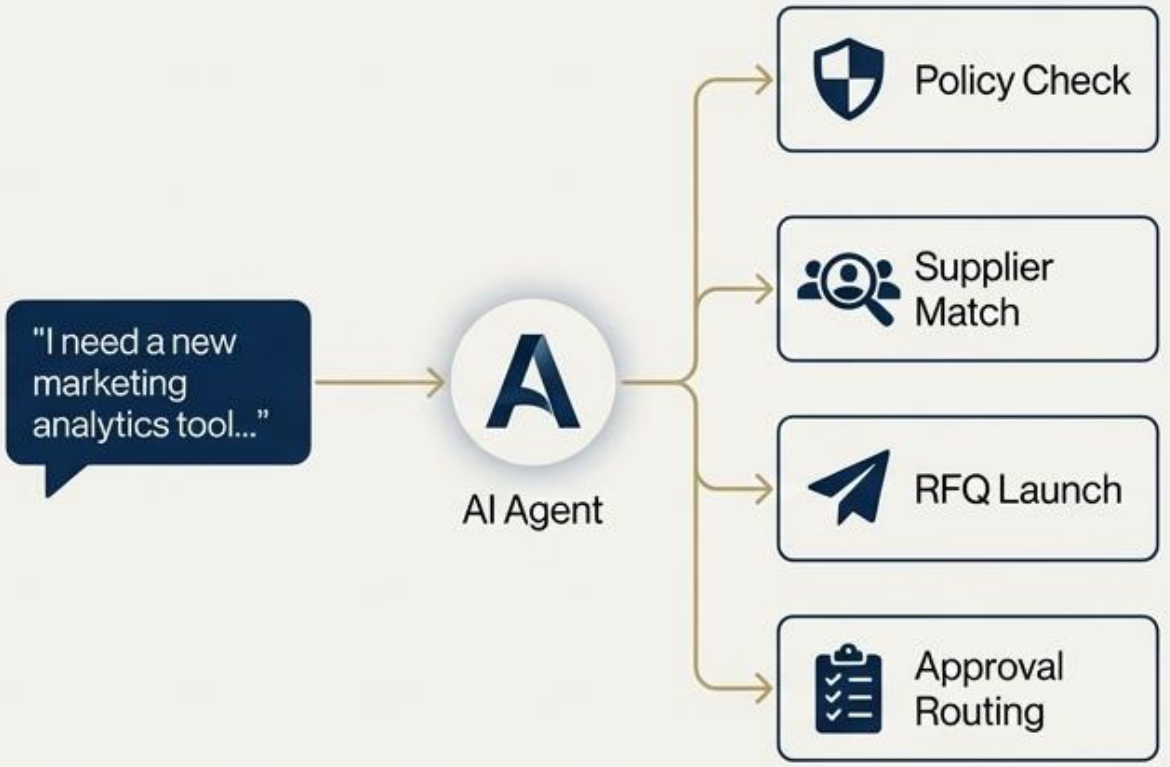
Instead of filling out complex forms, a user has a conversation with an agent: “I need a new marketing analytics tool.” The agent infers intent, checks budgets, applies guided buying policies in real-time, and launches a compliant sourcing event.

In Practice

- Agents autonomously handle intake, guide buying, and initiate sourcing.
- They converse with users, apply policy, recommend suppliers, and launch RFQs.

Evidence

- Vendors: Tonkean, Zip, Keelvar, ORO Labs.
- Metric: Keelvar’s deployment at Coca-Cola enabled up to a 90% reduction in manual effort for tactical sourcing events.



The New Reality: Unlocking Value at Scale with Autonomous Negotiation

Negotiation agents handle thousands of supplier deals simultaneously, particularly for "tail spend" that is often unmanaged. Operating within defined guardrails (price bands, payment terms), they escalate only complex exceptions to human experts.

Flagship Case Study: Pactum & Walmart. AI agent negotiated with over 2,000 long-tail suppliers, also extending payment terms by 35 days.

Strategic Nuance: Programming Agent Behavior

A recent study found that **competitively** prompted bots achieve better economic outcomes (price, terms), while **collaboratively** prompted bots build more trust and desire for future interaction. This highlights the strategic choice in programming agent behavior.

The New Reality: Proactive Risk Management and Continuous Insight

Use Case: Continuous Monitoring

Agents automate the end-to-end supplier onboarding process, from data collection to risk assessment. These agents don't just act once; they provide continuous monitoring of the entire supplier landscape.

In Practice

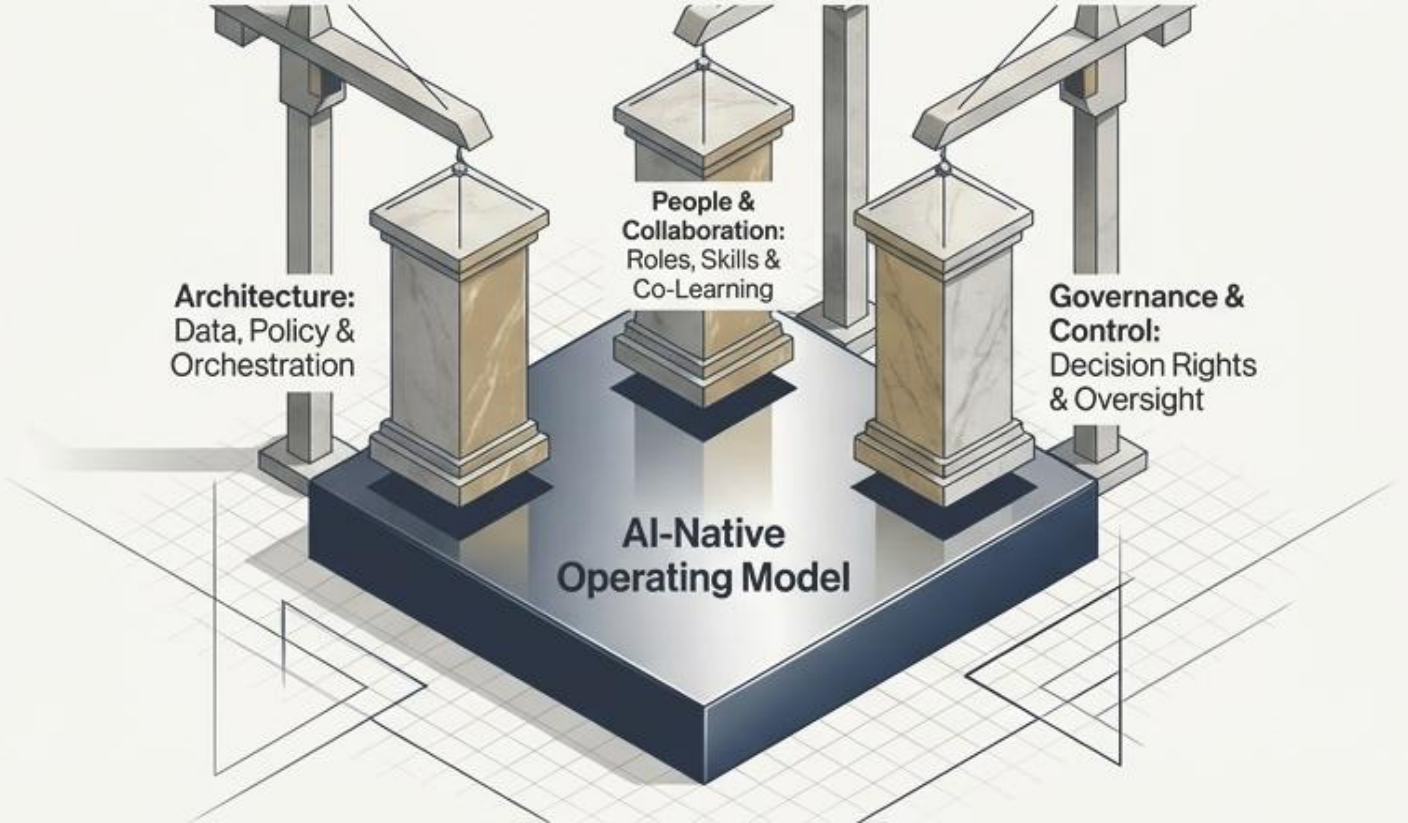
- Agents run "Know Your Supplier" (KYS) checks against external data sources.
- Agents continuously monitor risk signals (financial health, compliance changes), supplier performance, and ESG metrics.
- Agents turn spend, contract, and supplier data into a continuous landscape of opportunities and risks.

Evidence

- **Capability:** Suplari's AI automatically classifies spend and links transactions to contracts, enabling agents to flag risks.
- **Adoption:** Supplier risk assessment is a mature AI use case, with 58% of implementations already in production. (Source: ISG)

Success is not about technology adoption. It's about operating model redesign.

Layering AI agents onto legacy processes, roles, and governance structures will lead to fragmentation and failure. The full value of Agentic AI is only unlocked by creating an 'AI-Native' operating model.

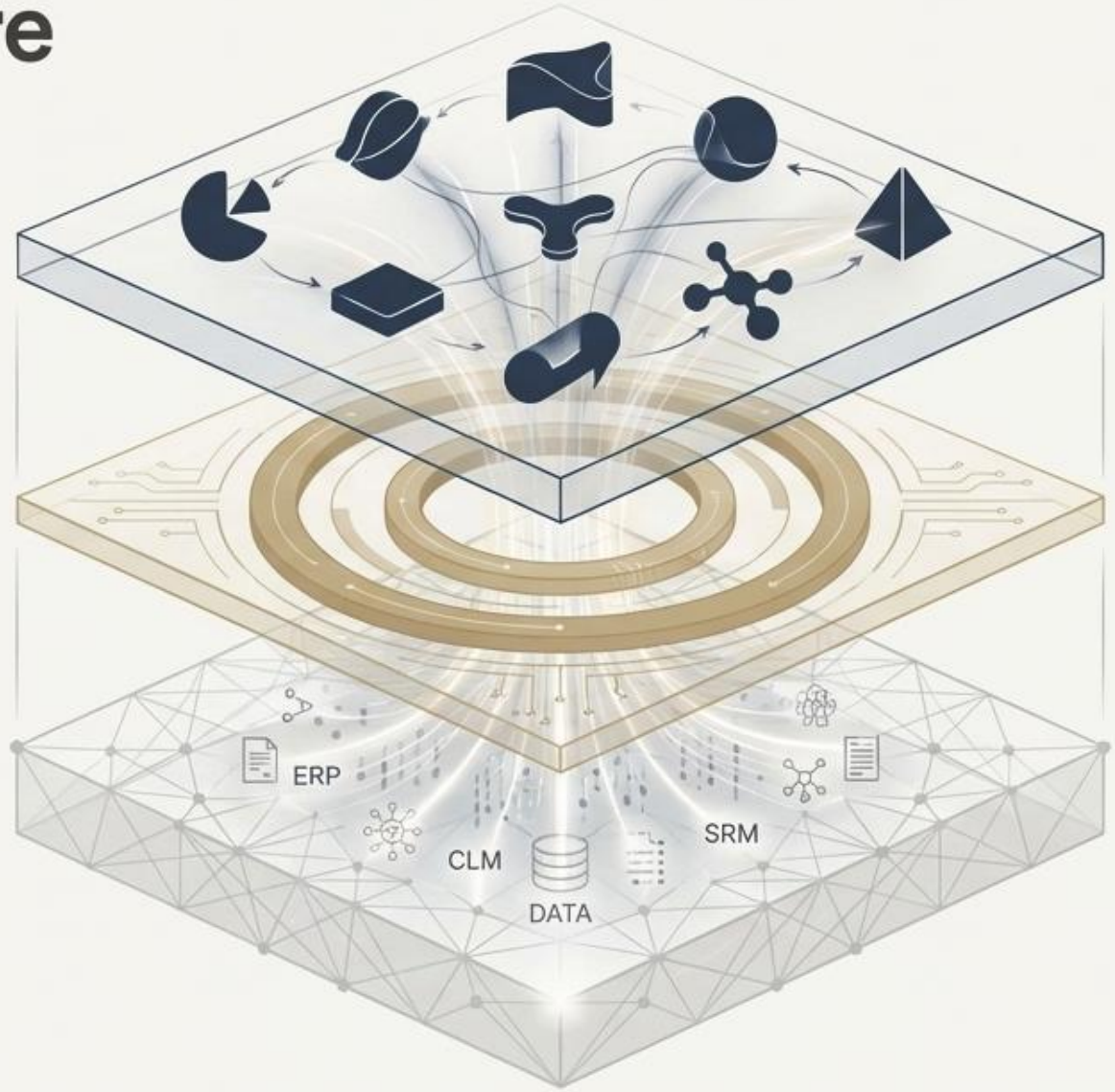


Pillar 1: Building the AI-Native Hub Architecture

Agent Orchestration Layer: The "factory floor." This is where different types of agents (intake, negotiation, risk) are deployed, monitored, and coordinated to execute workflows.

Policy & Control Layer: The guardrails. Translates business rules (spend thresholds, preferred suppliers, risk criteria) into a machine-readable format that agents can check and enforce in real-time.

Data & Intelligence Layer: The foundation. Unifies spend data (ERP), contract terms (CLM), and supplier data (SRM) into a single, accessible model. AI is used here to clean, classify, and enrich the data.



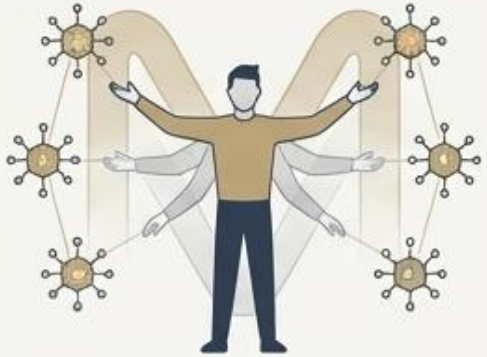
Pillar 2: Shifting from Executing Tasks to Orchestrating Outcomes

The "Co-Learning" Model

A continuous cycle where humans teach AI and simultaneously learn from it in the flow of work.
(Source: Accenture)

The New Human Roles (Source: McKinsey)

M-shaped Supervisors



Broad generalists who orchestrate hybrid (human + agent) workflows across domains.

T-shaped Experts

Deep specialists who handle complex exceptions, safeguard quality, and fine-tune agentic systems.

AI-Augmented Frontline

Employees who use AI to augment their core human skills like relationship-building and strategic judgment.

The Readiness Gap

84% of executives expect AI collaboration, but only 26% of workers have received the necessary training.
(Source: Accenture)

Pillar 3: Programming Trust with Explicit Governance and Control

The Core Governance Challenge: How do we safely grant autonomy to agents? The answer is through explicit **Decision Rights**, defined by:

- **Scope:** Which categories, regions, and processes can an agent act within?
- **Magnitude:** What is the maximum monetary or risk threshold an agent can operate under without human approval?

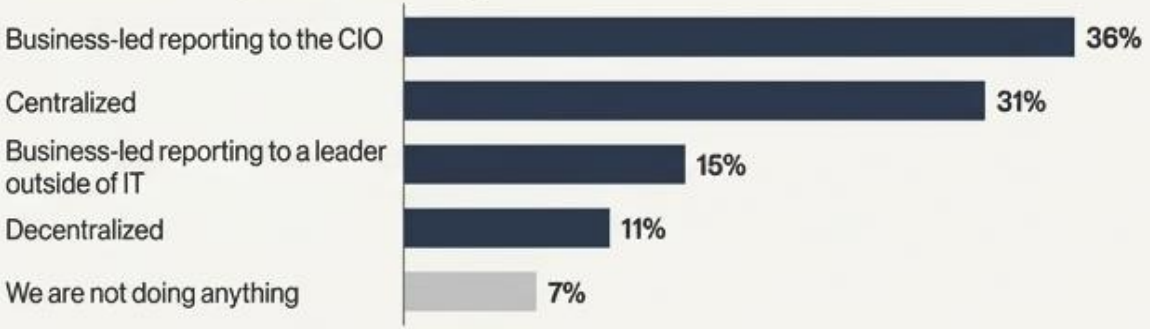
The Legal Context:

While laws like UETA and E-SIGN provide a framework for "electronic agents," liability for an agent's actions defaults to the **user**. This makes robust internal governance paramount.

Peer Governance Models:

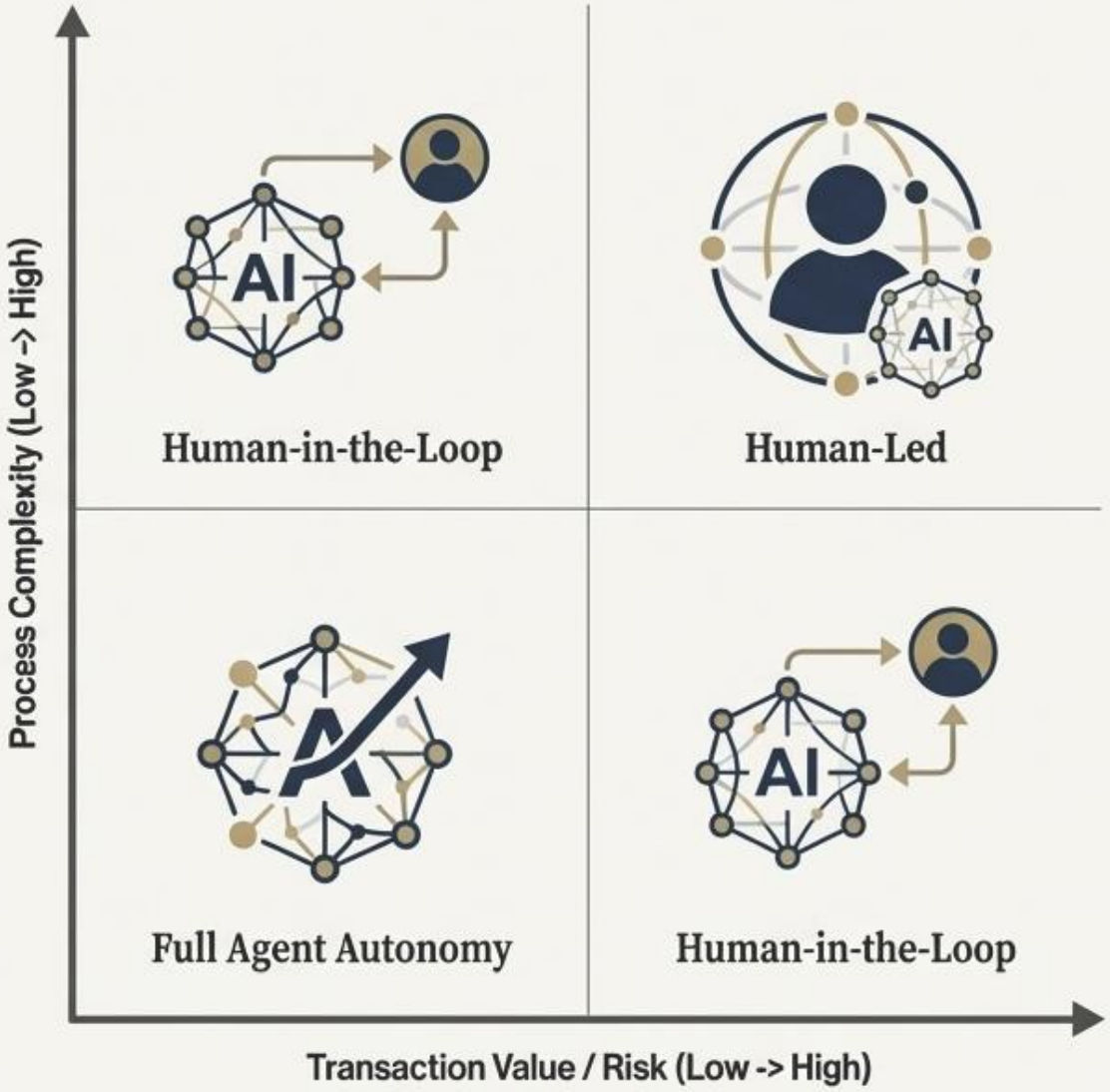
The most common approach for GenAI governance is a **"Business-led reporting to the CIO"** model. This reinforces the need for a CPO-CIO partnership.

Generative AI governance approaches



Source: The Hackett Group

Agent Decision Rights Framework



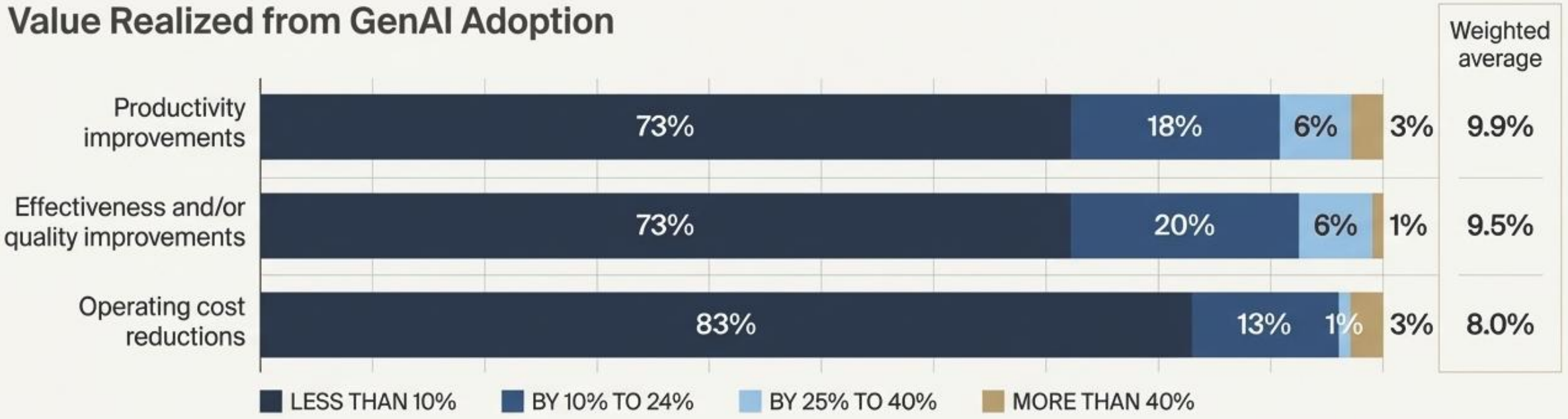
The ROI of AI-Native is Real and Measurable.

+9.8%
Projected Increase in Procurement Workload

+1.0%
Projected Increase in Procurement Headcount

This 8.8% productivity gap makes technology-driven productivity essential, not optional. (Source: The Hackett Group)

Value Realized from GenAI Adoption



Source: The Hackett Group, 2025 Procurement Agenda and Key Issues Study

A 6-Step Journey to an AI-Native Procurement Hub

Part 1: Building the Foundation

01

Diagnose Readiness

Assess maturity across process digitization, data foundations, and existing governance. Categorize domains as “agent-ready,” “foundation-building,” or “deferred.”

02

Define the Target Operating Model

Map the division of labor between humans and agents. Define new roles, decision rights, and cross-functional interfaces.

03

Build Data & Policy Foundations

Invest in a unified data layer (spend, supplier, contract). Codify business policies into machine-readable rules.

From Foundation to Scale.

Part 2: Launching and Scaling

04

Establish an “Agent Foundry”

Create a cross-functional team (procurement, AI, data, risk) to build, test, deploy, and monitor agents.

05

Launch Bounded Pilots

Start with high-leverage, low-risk use cases (e.g., tail-spend negotiation for one category, guided buying for one country). Measure performance against baseline metrics.

06

Scale with Guardrails

Gradually expand agent scope (more categories, higher thresholds). Integrate agent governance into enterprise-wide AI risk frameworks.

Manage agents as a portfolio of capabilities.

The Agentic Era is an Opportunity to Lead, Not Follow.

- Agentic AI is not an incremental upgrade but a fundamental redesign of the enterprise operating model.
- Procurement is the ideal starting point for this transformation.
- Success requires a joint CPO-CIO initiative focused on architecture, new human roles, and explicit governance.
- The goal is to unlock new levels of value, agility, and strategic impact.

*"Leaders cannot wait for perfect clarity... **act now to shape the new era—instead of waiting to be shaped by it.**" - McKinsey*