

EY Global CPO Survey

2025 outlook

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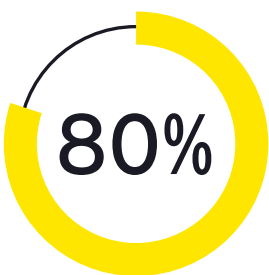
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The Global CPO Survey: 2025 Outlook

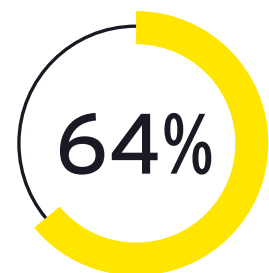
Procurement: an untapped lever for competitive advantage

In the dynamic world of 2025, chief procurement officers (CPOs) are at the forefront of navigating a landscape marked by technological innovation, geopolitical shifts and rising environmental, social and governance (ESG) standards. The convergence of these factors presents both challenges and opportunities, underscoring the growing importance of strategic third-party collaborations and cutting-edge procurement capabilities in a post-COVID-19 era.

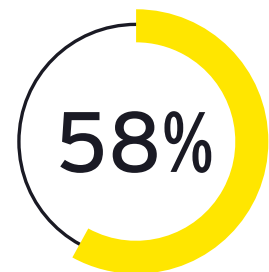
Across this landscape, we are forecasting that organizations will invest and transform the function to harness procurement as an untapped lever to impact top-line growth while creating margin expansion utilizing new digital capabilities, new organizational design and enhanced supplier oversight capabilities.



of global CPOs surveyed plan on deploying generative artificial intelligence (GenAI) in some capacity over the next three years to accelerate what teams can deliver, with a near-term focus in spend analytics and insights along with enhanced contract management. Today, only 36% have GenAI deployed in a meaningful manner.



of procurement organizations are aligned to activating organizational-wide targets (e.g., sustainability goals, regulatory compliance, ethical sourcing) where leaders are actively integrating responsible procurement practices into their strategies.



of global CPOs are prioritizing supplier relationships and performance management as an investment for future development as it has not been fully explored within organizations to command a strategic role in organizational success.

Perspective from the EY Global Procurement Leadership team

Looking ahead in 2025 and beyond, we foresee a marked rise in the reliance on CPOs by executive leadership to drive margin expansion in response to the external factors affecting supply costs.

To navigate this landscape, procurement leaders will need to leverage advanced technologies and data-driven insights, not only optimizing costs, but also fostering innovation, sustainability and resilience throughout the supply chain.

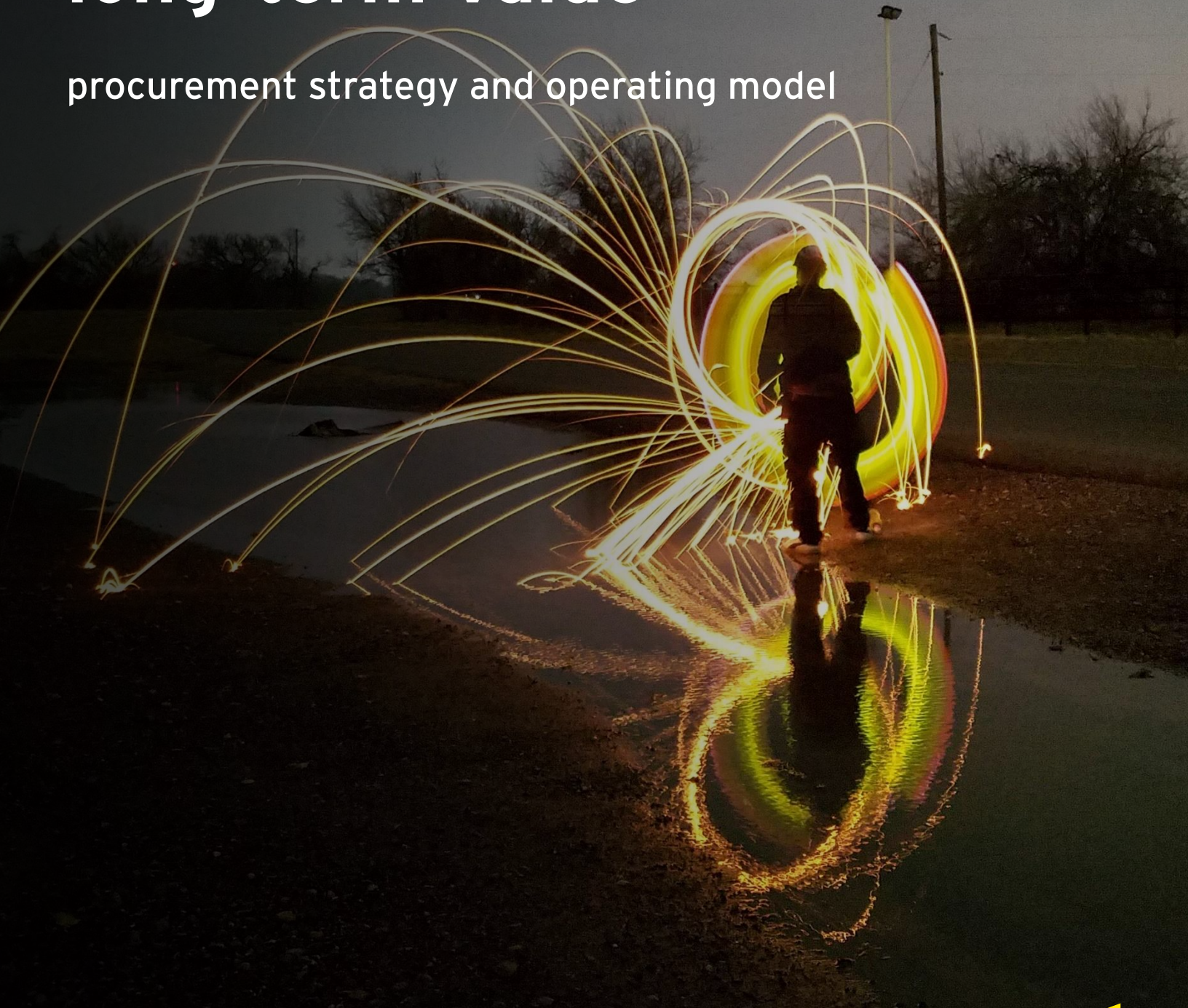
The future of procurement hinges on its capacity to create value beyond traditional boundaries, empowering organizations to thrive in an increasingly complex and dynamic market environment.

In the forthcoming sections, we will share deeper insights into the 2025 CPO agenda backed by data, knowledgeable commentary and analysis based on the inputs from client conversations and approximately 75 CPO survey respondents. The respondents encompassed a diverse range of companies from across the globe, various industries and revenues spanning from \$500m to US\$20 billion.

Chapter 1

CPOs are directing their strategies toward creating long-term value

procurement strategy and operating model



Strategy and operating model

Inflation, trade politics and shifting market conditions are the most pressing concerns for procurement leaders, with rising costs and instability prompting a re-evaluation of procurement strategies. This focus on adapting to economic pressures underscores the need for more focused sourcing strategies to withstand market volatilities. According to the EY 2025 Geostrategic Outlook, the transition from political leaders focusing on elections to governing will lead to significant changes in policies and regulations, affecting procurement strategies globally.

The outlook highlights that policymakers are likely to double down on policies to help ensure economic competitiveness and sovereignty, expanding trade protectionism and industrial policies. This trend will impact procurement by diversifying supplier locations and potentially perpetuating inflationary pressures. Lastly, persistent geopolitical rivalries will complicate the global economy, creating competing standards and systems for cross-border business activities, influencing the markets from which organizations can source inputs and products.

Q. Rank the following market trends in terms of the level of impact they will have in defining your procurement strategy and operating model in the next year.

Market trends:	Americas	EMEIA	Asia-Pacific
Rising inflation and challenging market conditions	1	1	1
Emphasis on supply chain risk management and resilience	2	3	4
Rise in regulatory changes and compliance requirements	3	2	3
Increasing focus on sustainability and responsible sourcing	4	4	5
Adoption of GenAI for automation of operations	5	5	2
Shift toward localized supply chains and nearshoring	6	6	7
Growing importance of supplier diversity and inclusion	7	7	8
Expansion of as-a-service and cloud-based procurement solutions	8	8	6

Strategy and operating model

We are finding consistency in the underpinning themes that will support 2025 CPO decisions in investments across their procurement operating models. The top three identified value drivers of value, savings, supplier performance and supplier resiliency around the globe remain consistent across region. These drivers lean toward a distinct value that the full potential of an external ecosystem can provide. By leveraging third parties more strategically, they can inform and help enable more holistic benefits, addressing cost, cash, working capital and revenue generation opportunities. Relationships with suppliers and external partners can also unlock innovation, sustainability gains and efficiency ripe for investment and growth.

Q. Rank the following value drivers in terms of how important they are to your procurement strategy and operating model design in the next year. (1 = most important)

Value drivers:	Americas	EMEIA	Asia-Pacific
Value/savings	3	1	1
Supplier performance	2	3	2
Supplier resiliency	1	2	3
Financial risk and controls	4	4	6
Speed and experience	5	5	4
ESG	6	6	5



Chapter 2

CPOs are investing in talent to drive efficiency and value within their organization

Capabilities, organization and talent

Capabilities, organization and talent

59%

of procurement organizations plan to innovate through technology

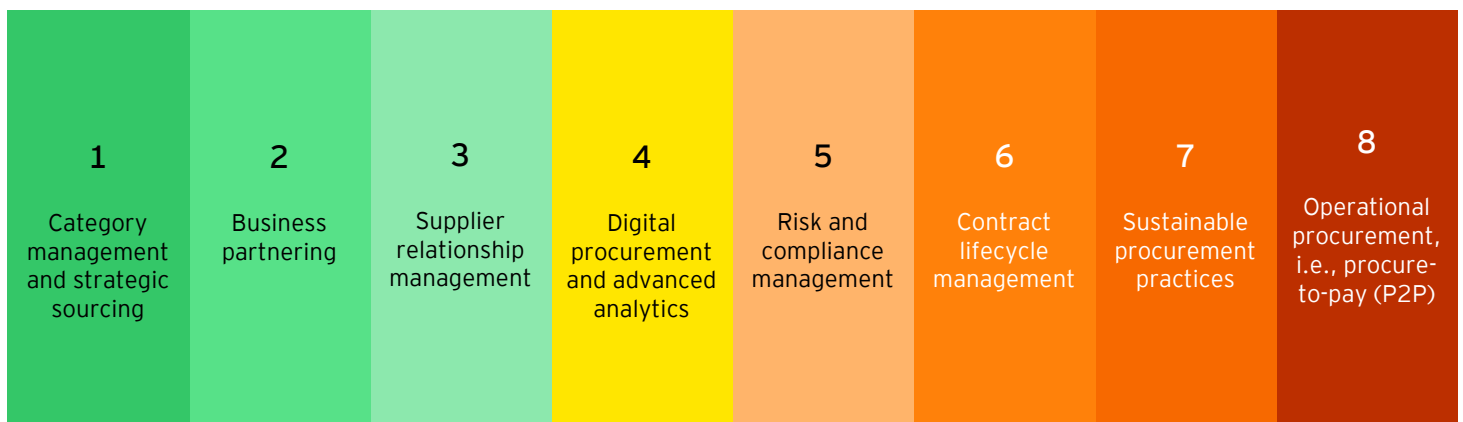
Enhancing talent and skills within the procurement team is a priority identified by 84% of survey respondents to help ensure the function is generating long-term value for the business. However, CPOs are facing challenges in retaining, developing and attracting strong talent. Our recent EY 2024 Work Reimagined Survey of global employees and employers across the globe have highlighted that workforce has evolved into one “with personalized experiences and expectations” with business success impacted by their ability to achieve a “talent advantage” across five key dimensions: talent health and flow; work technology and GenAI; total rewards priorities; learning, skills and career pathways; and culture and workplaces.¹

CPOs need to work with their talent leaders to establish that their strategies for procurement professionals consider these factors to nurture an impactful workforce.

CPOs are focused on building category management, business partnering and supplier relationship management capabilities. These critical capabilities highlight the importance of human elements, both internally and externally, to better understand business, customer and supplier needs, elevating the strategic importance of talent management for the overall success of the function. These required strengths are not just typical procurement skills but also “soft skills,” such as negotiation, communication, teaming and collaboration skills.

Q. Rank the following procurement capabilities in the order that you are prioritizing them for future investment and development. (1 = highest priority)

Average distribution:



¹ How the future is shaped by an untethered workforce, ey.com.

Capabilities, organization and talent

Without a doubt, adaptability and agility are key to procurement organizations. A majority of CPOs are looking toward emerging capabilities, such as GenAI technologies, to automate and anticipate critical business needs to optimize processes holistically.

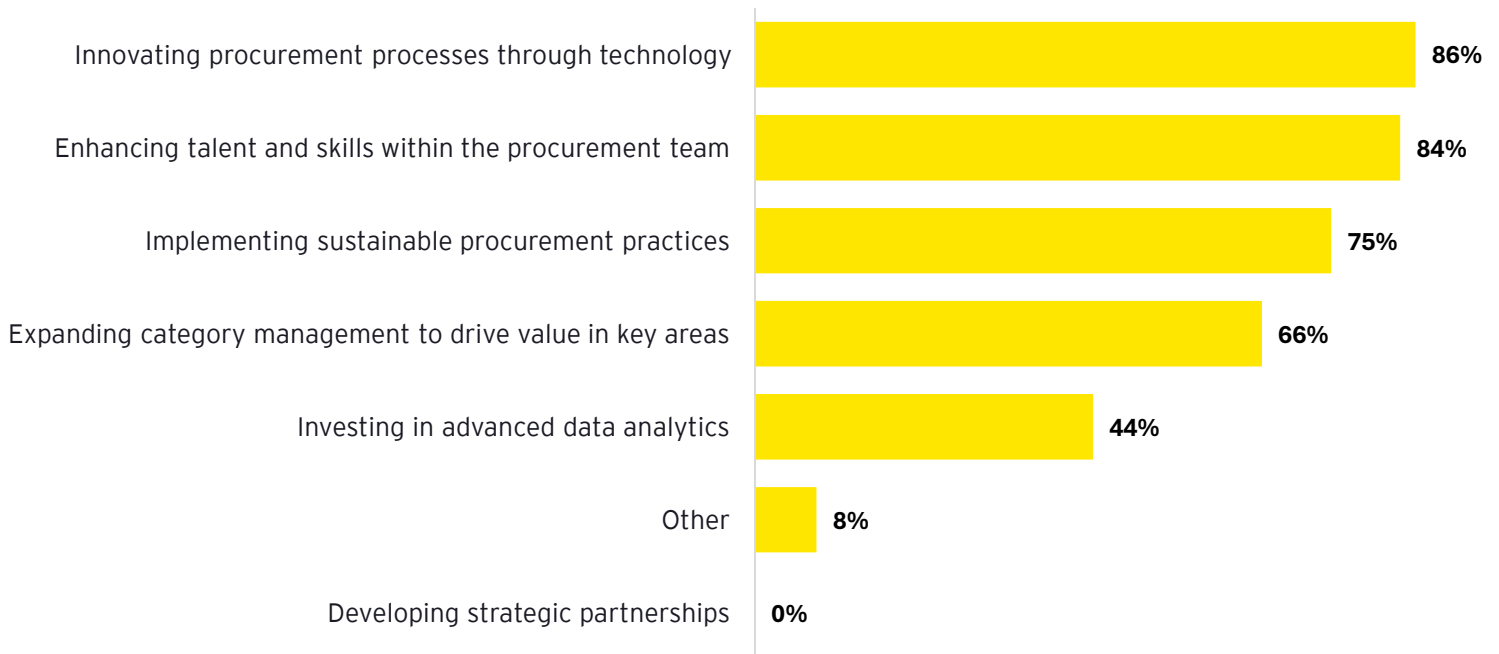
GenAI is a high priority for APAC and holds significant importance for NAM and EMEA. The technology's potential to streamline operations and enhance decision-making is top of mind for executives globally. The varied ranking of GenAI across regions indicates a need to further explore the scalability and implementation of this emerging capability.

86%

of CPOs are prioritizing category management, strategic sourcing and business partnering capabilities

Moving into long-term value creation, our analysis demonstrates a strong correlation between technology, talent and sustainability initiatives, suggesting a holistic approach by procurement to deliver greater value to the organization. Talent enhancement within procurement teams, selected as a top action in 84% of responses, aligns with this technological push, clearly indicating that innovation is as reliant on human ability and knowledge as it is on new tools.

Q. What actions does your procurement organization plan to take in the next year to ensure it is generating long-term value for the business? Please select all that apply.



Note: Responses for "Other" included maintaining a positive culture, nearshoring and risk monitoring.

Capabilities, organization and talent

80%

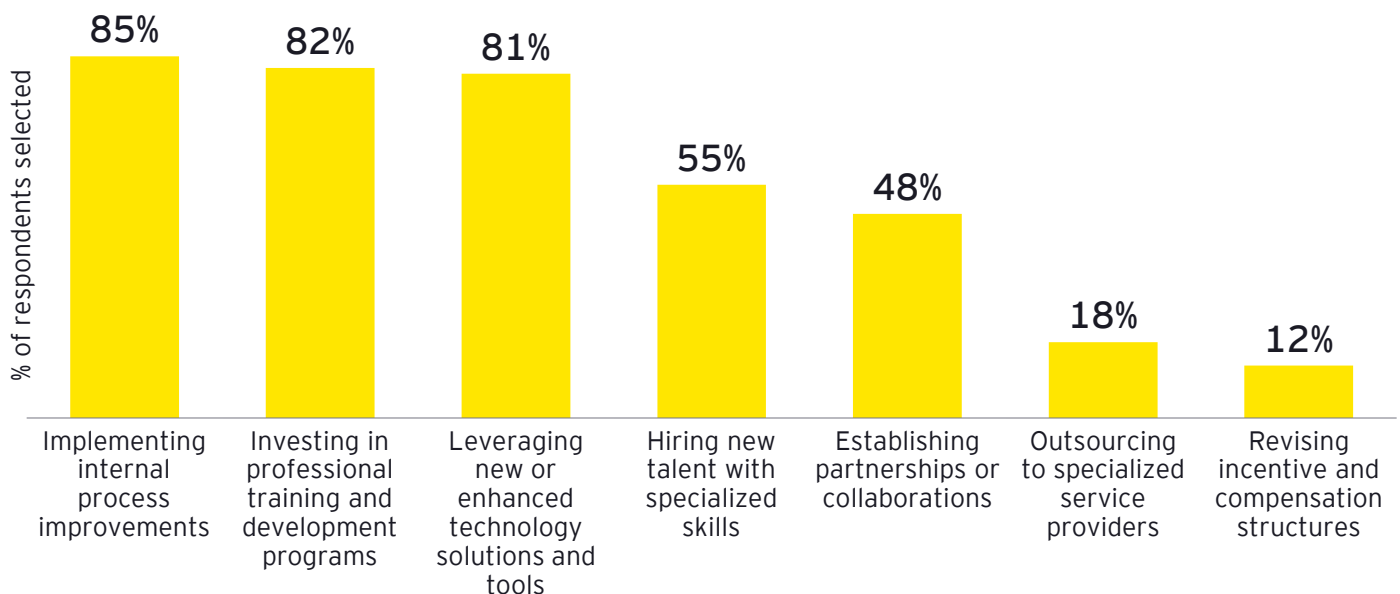
of CPOs surveyed are planning to implement three major strategies to enhance procurement capabilities in the coming year

Top three strategies for CPOs:

- 1. Process improvements:** CPOs need to develop processes that drive efficiencies, productivity gains, value creation and risk mitigation. Standardizing, streamlining and automating processes are critical to improve the experience of procurement professionals and internal and external partners, while enhancing the value that these stakeholders can deliver.
- 2. Professional training and development programs:** Recognizing the importance of a skilled and knowledgeable workforce, CPOs are investing in comprehensive training initiatives to upskill their teams. These programs include the latest industry knowledge, process and policy best practices, advanced analytics and financial modeling capabilities necessary to navigate the complexities of decision-making of modern procurement teams.
- 3. Enhanced technology solutions and tools:** The adoption of digital tools and data analytics platforms is critical to gain deeper insights into business operations, improve decision-making and overall procurement performance.

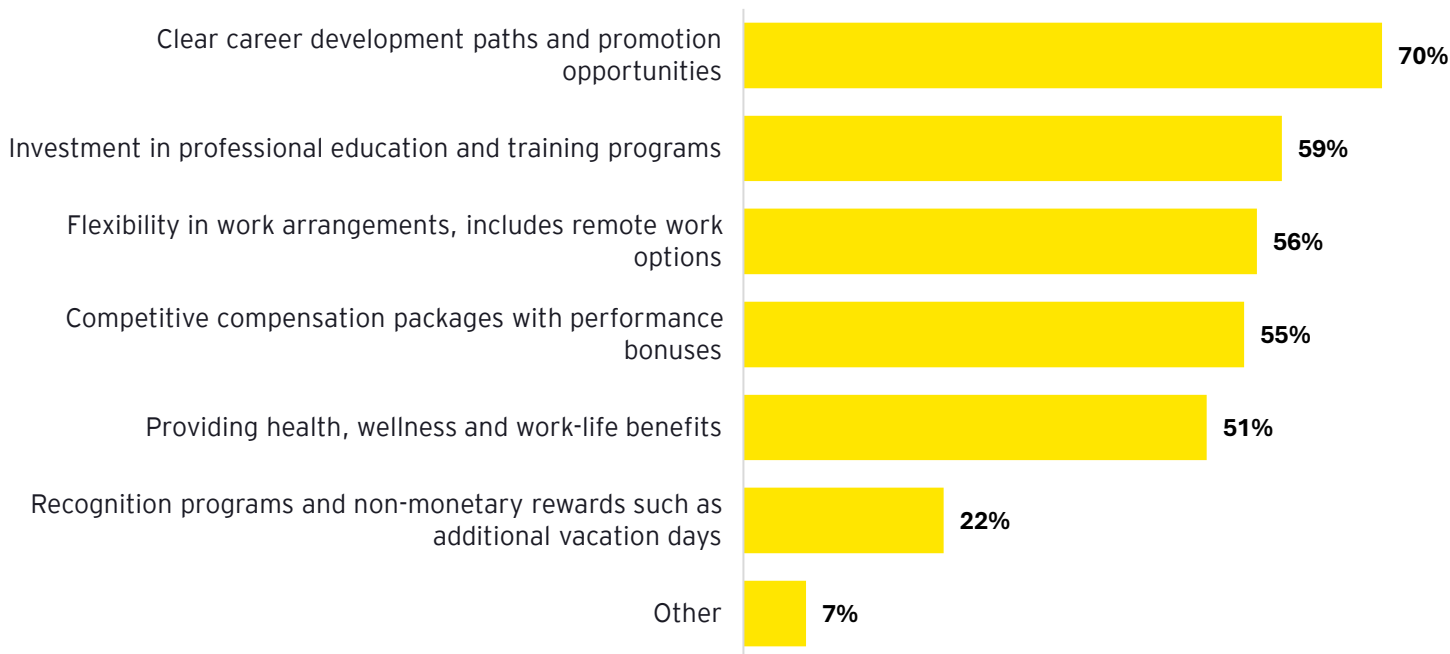
These three complimentary strategies are particularly important in the context of an evolving workforce environment.

Q. How are you planning to enhance these procurement capabilities within your team over the next year?



Capabilities, organization and talent

Q. What strategies or incentives do you plan to leverage to attract top procurement talent to your organization and ensure their retention over the next year?



Note: % indicates proportion of total respondents who plan to leverage that strategy or incentive over the next year.

To attract and retain top talent, CPOs are implementing clear career development paths and promotion opportunities within their organizations – a priority for 70% of survey respondents. Organizations are leveraging rotational programs, horizontal promotions and more career development opportunities across the broader supply chain to help ensure that procurement professionals have a defined trajectory for growth and advancement. This is crucial for maintaining a motivated and engaged workforce, and delivering holistic value for the organization.

Flexible work arrangements, competitive compensation packages and other benefits are also a priority for 50% of respondents. This diversity of approaches is aligned with the need for employers to offer a “more holistic and personalized view of rewards programs” raised through the EY 2024 Work Reimagined Survey.¹

The importance of a leading edge and a collaborative and strong culture were the dominant themes in the “Other” responses. Organizations need to evolve how they foster a cohesive culture in the context of their diverse workforce and hybrid working conditions.

CPOs must focus on creating a “talent advantage” for their organization to help ensure they are attracting, developing and retaining high-quality procurement professionals in a constrained environment.

¹ How the future is shaped by an untethered workforce, ey.com.

Chapter 3

CPOs look to AI and digital tools to unlock new competitive advantages

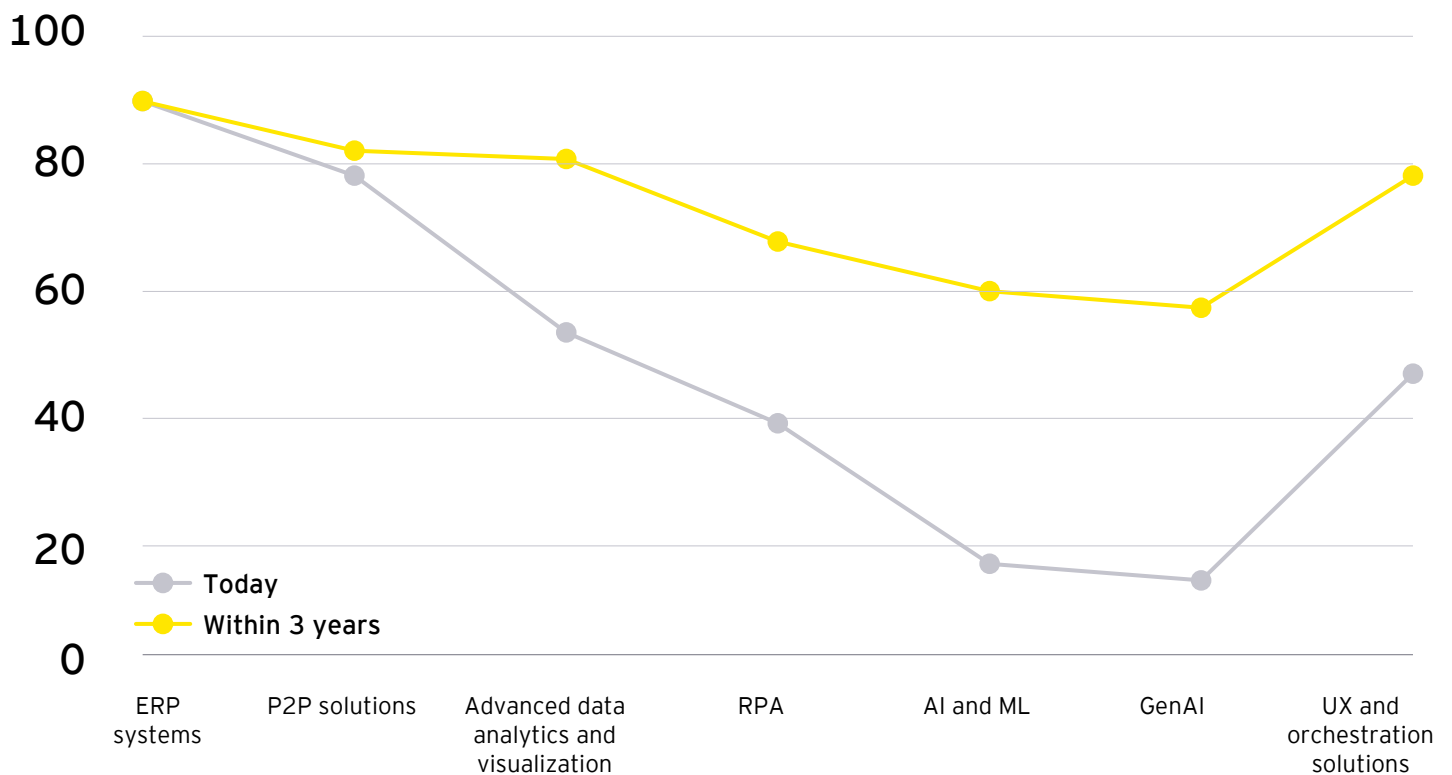
Experience, digitalization and AI

Experience, digitalization and AI

The procurement function stands on the brink of a pivotal transformation to deliver competitive advantages to the business. Our data indicates an evolution in how technology helps enable procurement, with a differential focus in the next three years in areas such as advanced data analytics, robotic process automation (RPA), machine learning (ML), AI, GenAI and user experience (UX), which is an increased focus for CPOs compared to three years ago.

Traditionally, enterprise resource planning (ERP) systems and P2P solutions have been the bedrock of procurement operations. Their widespread deployment signals a maturity that paves the way for next-generation technologies. The evolution toward more sophisticated tools hints at a shift in strategic focus, moving from established systems toward predictive analytics and decision-making engines.

Percentage of respondents that have deployed the following technologies either in some areas or at scale today vs. plan to over the next three years.

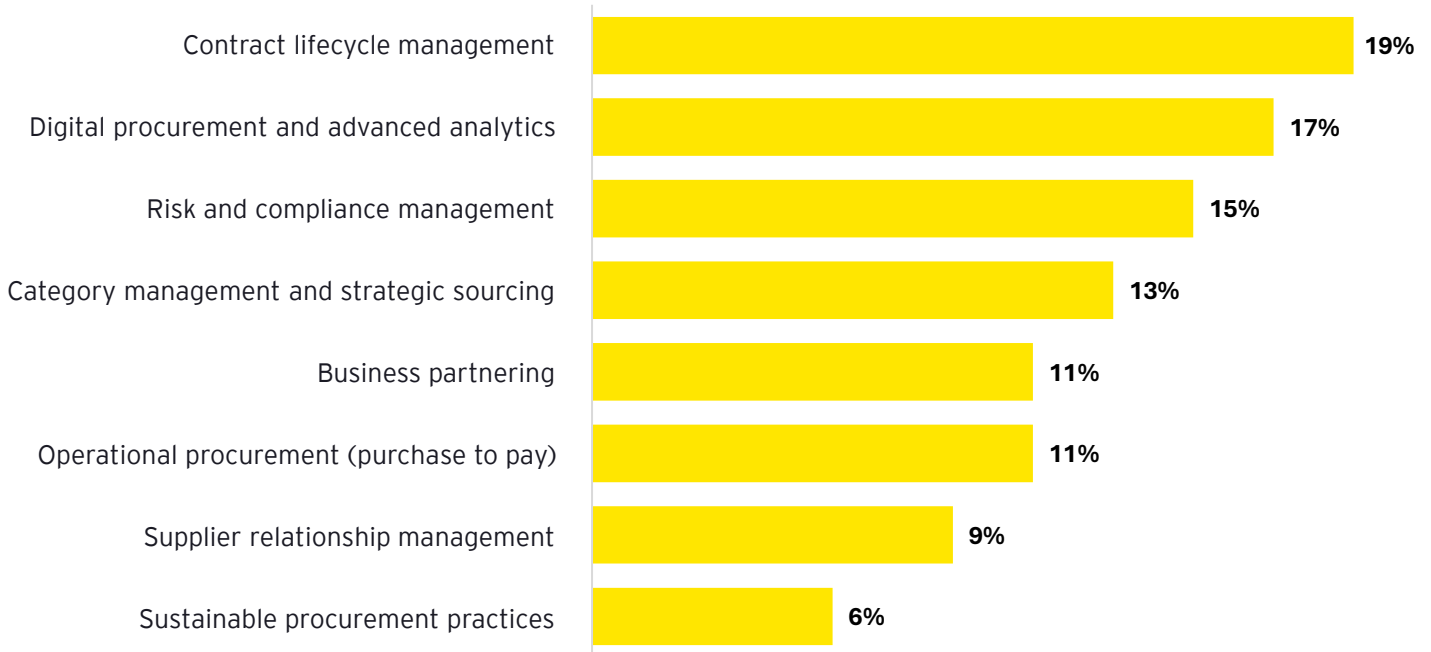


Within this milieu, the AI trajectory is particularly striking. Today, a fringe segment of procurement functions dabble in AI or GenAI, illustrating early exploration stages. Only 20 respondents have AI or GenAI solutions deployed to some degree currently; that number more than doubles in a three-year outlook. The readiness for AI is tangible, with numerous organizations actively vetting or rolling out AI and GenAI tools for procurement processes.

Experience, digitalization and AI

The scope of AI is further delineated by the procurement capabilities companies aim to optimize. From the contract lifecycle to digital analytics, AI is seen as a catalyst for transformation across various facets of procurement. This sentiment is reflected in the budget, where a sizable contingent signals 6%-15% earmarked for technological advancement.

Q. Please select all the procurement capabilities you aim to address with AI or GenAI.



59%

of respondents estimate 6%-15% of their procurement budget going forward will be allocated specifically for investment in technology

Advanced data analytics and UX solutions emerge as focal points for investment, mapped against procurement's long-standing efficiency and agility goals. Advanced Data Analytics and Visualization are expected to see a substantial increase in deployment, with 40% of organizations planning to use them at scale and 42% in some areas. As companies investigate and assess technologies that seamlessly integrate through procurement operations, these tools stand out as forerunners of a new, more interconnected era.

The data weaves a story of a function in transition, ready to embrace a landscape where technology is not an adjunct but the crucible of strategic innovation. As organizations calibrate their sails toward this digital horizon, procurement's competitive advantage is highlighted as a critical driver of enterprise agility and growth.

Chapter 4

CPOs are aligning procurement strategies with broader organizational sustainability targets

Sustainability and diversity

Sustainability and diversity

We continue to see a growing importance in sustainable procurement and sourcing, with 42% of respondents selecting Sustainability and Diversity as one of their top three concerns for next year's procurement strategy. This reflects an increasing commitment to integrating sustainability into procurement practices, even amidst challenges such as inflation, market conditions, supply chain risk and regulatory changes.

In the short term, CPOs are still primarily focused on traditional metrics such as value and savings, supplier resiliency and supplier performance.

With respect to the long-term vision, there is a shift toward sustainability. Seventy-five percent (75%) of CPOs plan to adopt sustainable procurement practices in the next year to drive long-term business value.

By exploring how CPOs will achieve their objectives with investments, we see that:



Regarding budget allocation for sustainability within procurement, 51% of respondents believe their organizations allocate sufficient funds to make a significant impact on sustainability goals. However, 73% report that less than 5% of the procurement budget is specifically dedicated to sustainability initiatives that exceed basic compliance requirements. This highlights the need for careful consideration of how sustainability funds are allocated to help ensure they effectively support the organization's sustainability objectives.

Sustainability and diversity

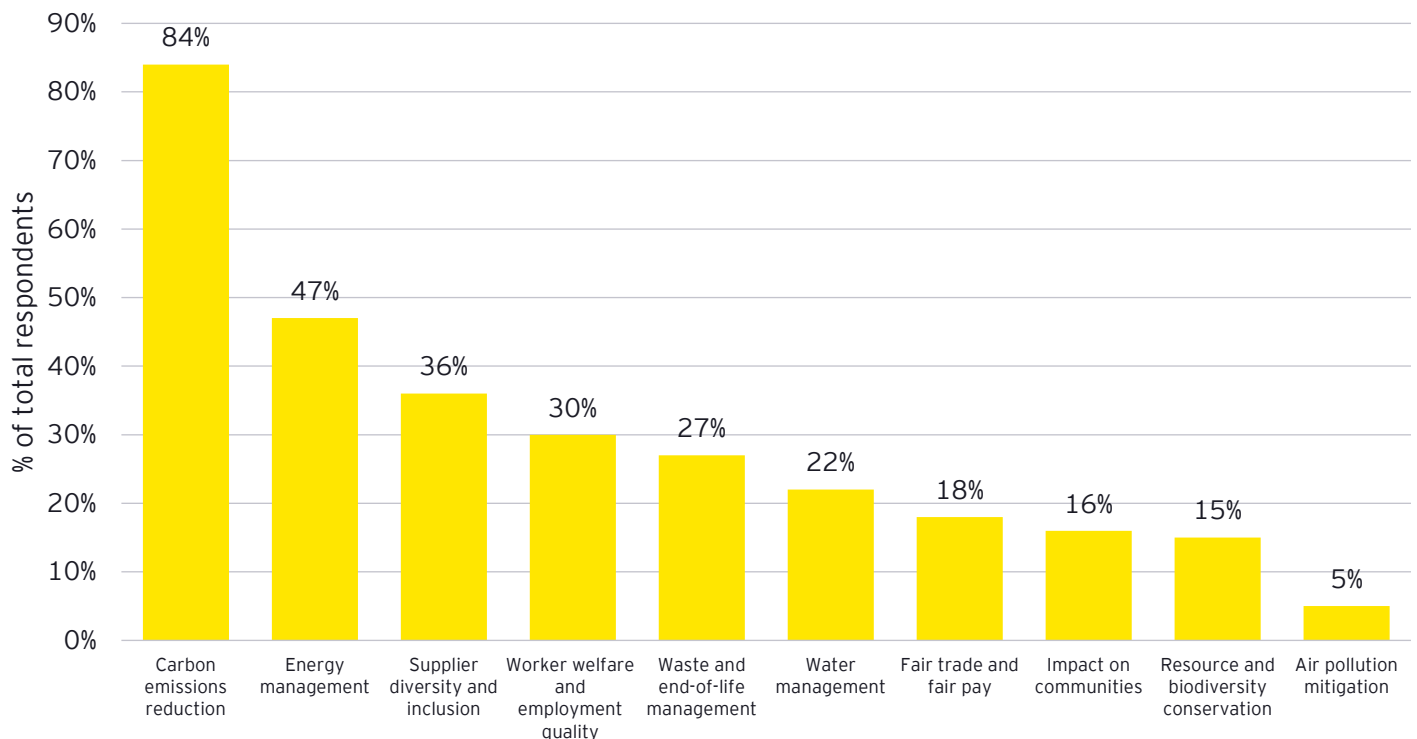
When assessing procurement's activation of organizational sustainability strategies, a vast majority (91%) have already aligned their procurement strategies with wider organizational sustainability targets. However, in 30% of those cases, procurement runs stand-alone sustainability initiatives, not linked to organization-wide goals. This gap indicates the need to realign goals to maximize value. If corporations can align their sustainability goals alongside procurement, it allows for them to address complex issues while maintaining efficiency.

91%

of CPOs have aligned their procurement strategies with wider organizational sustainability targets

Out of a number of key sustainability issues, decarbonization remains as a focus area for 84% of respondents. This is followed by energy management and supplier diversity and inclusion (respectively, 47% and 36%). Energy management, closely tied to greenhouse gas reduction, complements the primary focus on carbon emission reduction.

Q. Select the three primary areas of focus for sustainability initiatives within your procurement organization. The percentage (%) indicates the proportion of respondents who chose that item as a top three focus area.



Sustainability and diversity

78% of respondent organizations with a formal supplier diversity program are based in the Americas

Organization actions on supplier diversity and inclusion vary significantly across geographical locations and sectors, 77% of CPOs with headquarters in the Americas report having a supplier diversity and inclusion program, which is significantly higher compared to Asia-Pacific and EMEA (33% and 26%, respectively). This regional concentration is likely attributed to the historic roots of supplier diversity in the US, a longstanding practice born out of the Civil Rights Movement. It's important to note this study did not delve into supplier diversity characteristic definitions, which vary significantly globally.

Although resource and biodiversity conservation ranks second to last across industries, it's a key priority in the consumer and retail sector, as 78% of respondents who selected it as a focus area are from consumer and retail. It has emerged as an important sustainability topic for the sector, with procurement teams gaining more experience due to the sector's direct reliance on natural ecosystems and agricultural goods, as well as its responsiveness to key regulatory triggers like the EU Deforestation Regulation (EUDR).

Call to action

- 1** **Get ahead of the market** – Utilize AI-enabled category management and strategic sourcing to adapt quickly, assess total cost of ownership and identify value creation opportunities your third-party spend can deliver.
- 2** **Harness the power of AI and orchestration** – Don't hesitate to implement AI, analytics and UX solutions within your function. Automation will drive speed to value, efficiencies and rapid response to market changes.
- 3** **Invest in talent development** – Foster talent, skills and career growth through professional learnings, rotational programs and new incentives to empower individuals to reach their full potential.
- 4** **Commit to long-term sustainability** – Align procurement sustainability initiatives with organizational prioritized goals to maximize impact and value.
- 5** **Business partnering** – Create trusted, mutually beneficial and strategic partnerships oriented to your stakeholders to unlock innovation, efficiencies and value creation from suppliers.

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