

## The Strategic Power of Procurement: Leading the Next Decade

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Procurement in 2025 is no longer a cost-control function, it is a strategic enabler of business value. This article explores the evolution of procurement across six key dimensions: strategic influence, risk management, digital transformation, sustainability, talent development, and future-readiness. It provides actionable insights for organisations seeking to elevate procurement's role from a tactical function into a strategic powerhouse, driving innovation, resilience, and ESG compliance.

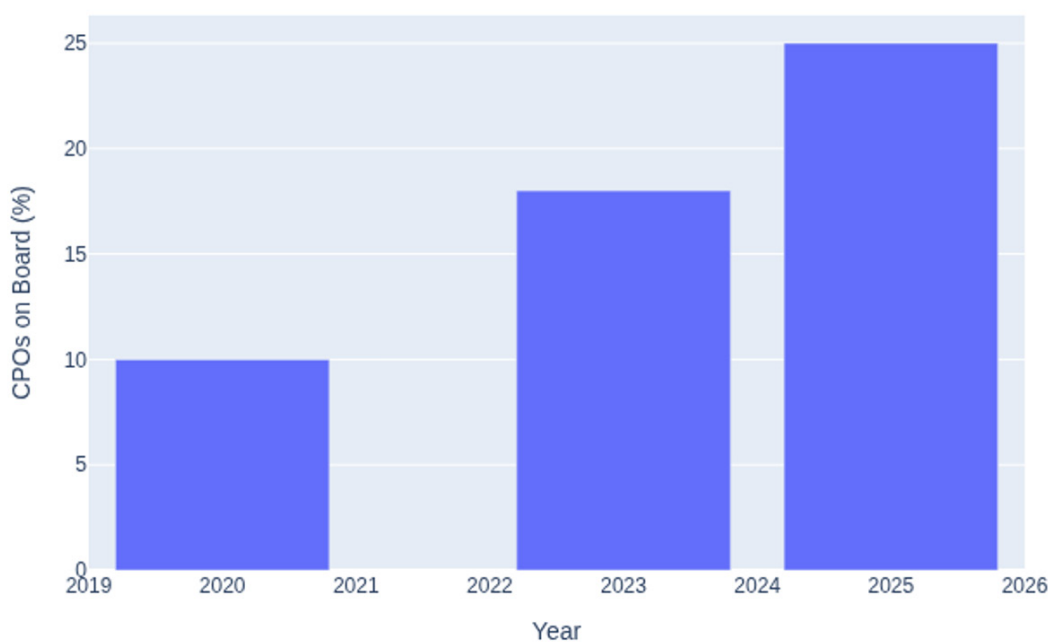




## Procurement's Strategic Ascendancy

Leading organisations are embedding procurement into strategic planning cycles. For example, pharmaceutical firms are involving procurement in R&D supplier selection, while automotive companies use procurement to drive innovation through co-development with suppliers. This shift demands procurement professionals to develop commercial acumen and cross-functional collaboration skills. According to the CIPS Global State of Procurement & Supply 2025 report, Procurement's influence is growing, with a quarter of Chief Procurement Officers (CPOs) now holding a permanent seat on the board. This reflects procurement's expanding role in risk management, supplier relationship management, sustainability leadership, and digital transformation.

Board-Level Representation of CPOs



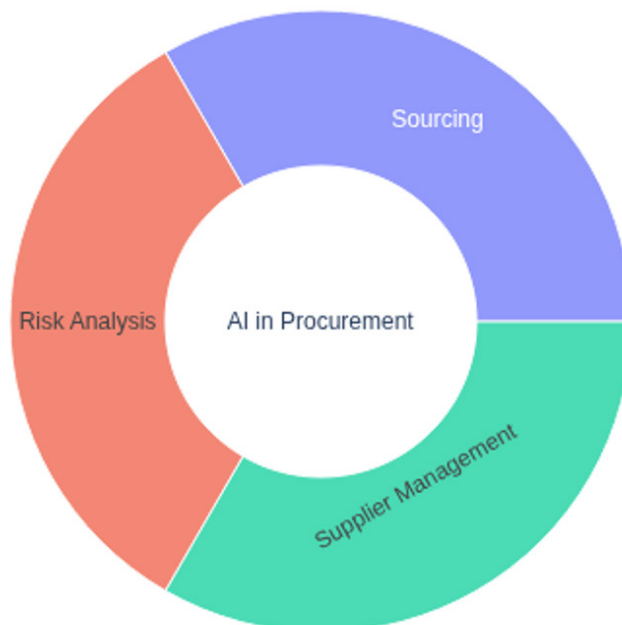
# Inflation, Risk, and Supply Chain Complexity

According to the CIPS & RS Indirect Procurement Report 2025, inflation is the top concern for 62% of procurement professionals—up from 37% last year. Supply chain risk and political uncertainty are also rising, with organisations facing expiring long-term contracts, increased supplier base complexity, and talent shortages. Deloitte’s CPO Survey 2025 highlights that leading organisations are using predictive analytics and AI to mitigate these risks which reduced disruption by 30%. Retailers are diversifying sourcing regions to mitigate geopolitical risks, while manufacturers are renegotiating contracts to include inflation-adjusted clauses.

# Digital Transformation and AI Integration

Digital transformation is no longer optional. Top-performing procurement teams, dubbed ‘Digital Masters’, allocate up to 24% of their budgets to technology. AI is being used to automate supplier onboarding, detect fraud in invoices, and forecast demand with 95% accuracy. For instance, a global FMCG company reduced sourcing cycle time by 40% using AI-powered tools. Blockchain pilots in aerospace are improving traceability of critical components, enhancing compliance and safety.

AI Use Cases in Procurement





## Sustainability Takes Centre Stage

Sustainable procurement is now a strategic imperative. CIPS Sustainability in Procurement Survey 2025 shows that the number of organisations with a formal sustainability policy has doubled from 26% in 2023 to 53% in 2025. Procurement is driving circular economy initiatives by sourcing recycled materials and designing for reuse. In construction, firms are using procurement to select low-carbon cement suppliers. ESG scorecards are being integrated into supplier evaluations, and some companies are linking executive bonuses to sustainable procurement KPIs.

## Talent, Skills, and the Future Workforce

Procurement teams are evolving. In 2025, they span multiple generations—from Baby Boomers to Gen Z—with diverse expectations and skill sets. The top skills leaders aim to develop include sustainability expertise, digital fluency, and strategic sourcing capabilities. Procurement leaders are partnering with universities to shape curricula and create talent pipelines. Gamified learning platforms and AI-based skill assessments are being adopted to accelerate capability building. Deloitte and McKinsey both emphasise the importance of cross-functional skills and agile leadership in procurement.

## The Road Ahead: Recommendations for Leaders

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Leaders must foster a culture of innovation within procurement. This includes funding pilot programs, celebrating quick wins, and integrating procurement into digital transformation roadmaps. Building supplier ecosystems and leveraging shared platforms will be key to scaling impact. Governance models must evolve to support agile decision-making.



## Future Outlook: Procurement 2030

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By 2030, procurement will be fully integrated into enterprise strategy, powered by autonomous systems and real-time data. Smart contracts, AI-driven negotiations, and predictive risk management will be standard. According to the World Economic Forum, quantum computing and digital twins will further enhance supply chain resilience and transparency. Sustainability will evolve from compliance to innovation, with procurement leading circular economy models. Talent will be globally distributed, with digital skills and ESG fluency as core competencies.



## Conclusion

Procurement is at a pivotal moment. As organisations face mounting pressures and unprecedented opportunities, those that embrace transformation will not only survive, but lead. By combining technology, sustainability, and strategic foresight, procurement can unlock new value and shape the future of business.

Organisations must act now to future-proof procurement. Engage your leadership team, assess your digital maturity, and align procurement goals with enterprise strategy.

**ERA Group can help you design and implement a transformation roadmap tailored to your industry and objectives. Contact us to start your journey.**

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