

THE AI GAP IN PROCUREMENT: WHY HIGH-GROWTH FIRMS MUST CATCH UP NOW



For high-growth (mid-market) companies, the challenge isn't just about expanding — it's about keeping up.

As they scale, procurement inefficiencies, supply chain risks and outdated processes threaten to slow them down.

The pressure to optimize operations while staying agile has never been greater. The next phase of growth depends on one critical shift: the strategic adoption of AI technology.

As businesses navigate a fast-evolving landscape, they must ensure their processes are resilient and agile enough to support expansion. At the heart of this transformation lies the procurement function — an area that can become a powerful driver of long-term growth for the business.

Overcoming Growing Pains in Procurement

High-growth firms face a unique challenge: the faster they scale, the harder it is to keep procurement operations efficient. Many rely on small procurement teams and outdated, manual processes to handle critical tasks such as requisition requests, purchase orders, invoicing, sourcing and contract management. These inefficiencies are not just costly; they are unsustainable in a high-growth environment where agility and precision are paramount.

To meet these demands, leaders must address several pressing challenges:

- **Resource Constraints:** Expansion outpaces budget growth, requiring strategic allocation of resources to high-value projects.
- **Talent Scarcity:** Finding and training procurement professionals who understand AI, automation and risk management is difficult.
- **Disruptions Amplified:** Supply chain delays — no matter how minor — can derail operations. Quick recovery is critical.
- **IT Infrastructure Gaps:** Managing procurement data, cybersecurity and integrations requires a robust system, not a patchwork of disconnected tools.
- **Lack of Visibility:** More spend, more suppliers, more risk. Without real-time visibility, companies struggle to enforce procurement policies and optimize costs.

AI-Powered Intelligent Automation: The New Non-Negotiable

AI and machine learning (ML) are no longer optional for high-growth firms; they are essential. These technologies address inefficiencies, provide actionable insights and enhance decision-making in real-time.

A recent survey by RSM US LLP found that 78% of executives in high-growth companies (mid-market firms) have reported using AI formally or informally. So the value of AI is not lost on these leaders — but its application remains uneven. While AI is gaining traction in customer experience, marketing and finance, procurement remains one of the least digitized functions in mid-market companies.

Despite its potential to streamline operations, improve visibility and reduce costs, many procurement teams still rely on outdated, manual processes. The gap between AI enthusiasm and actual implementation in procurement presents both a challenge and an opportunity

Consider the traditional budgeting and spend management processes, often siloed and inefficient. AI-powered solutions bridge these gaps by providing a holistic view of budgets, costs and payouts. This integration ensures alignment between financial planning and actual spending, enabling firms to optimize resources and reduce waste.

Automation also plays a pivotal role. AI can reduce time spent on procurement processes by up to 80%, streamlining workflows and improving procurement cycle times. By automating routine tasks — from requisitions to payments — AI frees teams to focus on strategic priorities. It identifies patterns in budgets and expenditures, flags areas for improvement and ensures compliance with procurement policies. The result is not only efficiency but also a more agile response to market changes.

Smarter Spend Management Is Critical for High-Growth Companies

For high-growth firms, managing spend effectively can be the difference between success and stagnation. AI-powered spend analytics offer unparalleled visibility into financial performance. These tools organize and analyze data from multiple sources, providing user-specific customization and self-service reporting. Teams gain item-level visibility across the enterprise, reducing procurement costs, improving compliance and increasing savings.

Moreover, AI's predictive capabilities uncover hidden opportunities for optimizing spend. By analyzing historical and real-time data, these tools guide procurement teams in rationalizing suppliers, optimizing payment terms and reducing maverick buying. This level of insight enables firms to make smarter, faster decisions.

Intelligent Procurement: A Strategic Advantage

AI is transforming how companies anticipate and manage risks in procurement. By continuously analyzing geopolitical shifts, financial fluctuations and operational vulnerabilities, AI-powered systems provide real-time risk assessments.

These insights allow procurement teams to identify potential disruptions before they escalate, ensuring supplier stability and supply chain resilience. Instead of reacting to crises, businesses can proactively adjust sourcing strategies, diversify supplier bases and negotiate better terms with at-risk vendors. This AI-driven approach not only safeguards operations but also enhances long-term supplier relationships and business continuity.

Take sourcing, for example. AI is flipping the script on how businesses find and work with suppliers. It pinpoints the best options, streamlines collaboration across teams and geographies and even automates RFPs. Instead of sifting through bids manually, procurement teams get AI-powered evaluations that cut through the noise and highlight the best choices in record time.

Contract management, another traditionally effort-intensive function, also gets an upgrade. AI keeps an eye on terms, conditions and performance metrics, flagging risks before they turn into problems. It ensures compliance and gives procurement teams tighter control over supplier performance.

This AI-driven approach isn't just about efficiency — it's about staying ahead of the competition. Companies that embrace intelligent procurement now will be the ones setting the pace, not scrambling to catch up.

Different Industries Have Their Own Unique Procurement Challenges

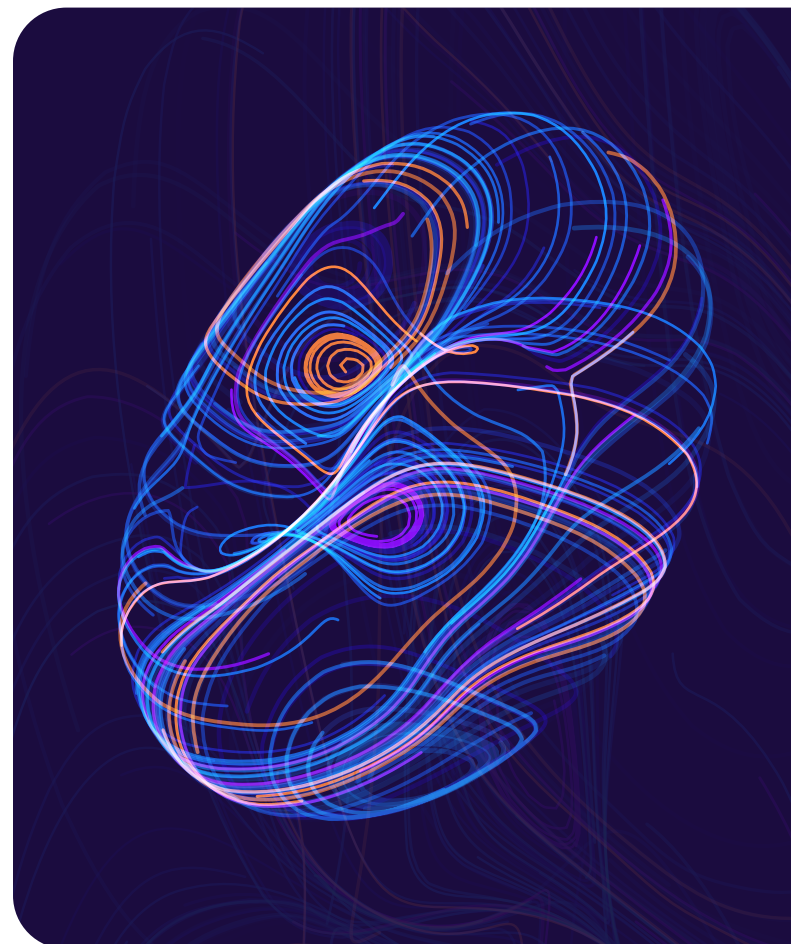
Across industries, procurement teams struggle with inconsistent PO processes, poor visibility into orders and slow supplier onboarding. These inefficiencies lead to higher risks, operational slowdowns and lost revenue. Implementing a streamlined P2P system improves compliance, strengthens governance and sets the stage for long-term growth.

While the source-to-pay (S2P) process presents challenges for all high-growth firms, procure-to-pay (P2P) processes often reveal industry-specific pain points:

Construction: The construction sector's reliance on strict project codes to track and manage expenses is crucial for maintaining budget control. Without effective P2P systems, organizations risk overspending due to inadequate tracking or non-compliance with project parameters. A robust system enforces governance and provides real-time visibility into costs, ensuring that expenditures align with project goals and timelines. Furthermore, automated workflows reduce delays in approvals, which are critical for fast-moving construction projects.

Biotech and Life Sciences: Speed and adaptability define success in this sector. Researchers and lab managers need real-time insights into procurement processes to ensure timely access to critical supplies. Delays in onboarding suppliers or processing orders can have a cascading effect on research timelines. P2P solutions tailored for biotech allow seamless integration with supplier systems, enabling just-in-time delivery and reducing administrative overhead. Moreover, centralized dashboards provide complete visibility into procurement activities, enhancing operational agility.

Legal Services: Precision and accountability are non-negotiable in legal operations. Every expense must be accurately allocated to specific cases, whether it involves external vendor payments or internal resource utilization. Manual processes often lead to errors and inefficiencies. Implementing a structured P2P process ensures faster approvals and precise tracking of expenditures. Tools designed for the legal industry also streamline vendor onboarding, monitor compliance and maintain clear documentation, which are essential for audits and client reporting.



Enhancing Procurement Efficiency With a Unified Source-to-Pay Platform

A unified procurement platform can transform operations for high-growth firms. By centralizing data and automating processes, such platforms address several key needs:

1. **Reducing Manual Work:** Automation minimizes human error, accelerates processes and reduces costs.
2. **Enhancing Visibility and Control:** End-to-end visibility enables better management of budgets, sourcing and payments.
3. **Improving Compliance:** Built-in compliance tools reduce risks associated with maverick spend and regulatory violations.
4. **Boosting Collaboration:** Shared data platforms foster collaboration across teams and geographies, enhancing decision-making.
5. **Supporting Scalability:** Scalable solutions grow with the business, ensuring long-term value.

GEP's AI-Powered Procurement Software: Smarter, Faster, and Built for Growth

GEP's comprehensive Source-to-Pay (S2P) solution — GEP SMART — is designed to empower high-growth firms by addressing procurement complexities with a data-driven, AI-powered approach. The platform delivers measurable benefits through:

- **Scalable, Flexible Solution:** GEP's solution adapts to the evolving needs of businesses, allowing for phased implementation that minimizes disruption while accelerating value realization.
- **User-Centric Design:** A seamless, intuitive interface ensures rapid adoption, reducing training time and improving overall efficiency.
- **Data-Driven Insights:** Advanced analytics help procurement teams make smarter decisions by leveraging market intelligence, spend analysis and category insights.
- **Strong Supplier Ecosystem:** GEP's platform facilitates seamless supplier collaboration, improving onboarding processes, vendor evaluations and long-term supplier relationships.
- **Proactive Automation:** AI-driven workflows proactively identify risks, enforce compliance and provide recommendations to optimize procurement processes.
- **Field-Tested, Proven Track Record:** Our S2P solution delivers real results for hundreds of high-growth companies globally, across industries.

Upgrade Your Procurement Tech Stack Now or Fall Behind

High-growth companies face an inevitable choice: transform or stagnate. The procurement function is no longer just about cost control — it's about enabling growth, mitigating risks and building resilience. AI and automation provide the tools to make procurement a competitive advantage, but companies must take action. To move forward, businesses should:

- **Prioritize Automation** – Eliminate inefficiencies and free up teams for strategic initiatives.
- **Leverage AI for Smarter Decision-Making** – Use real-time insights to optimize costs and strengthen supplier relationships.
- **Strengthen Risk Management** – Identify disruptions before they escalate and adjust sourcing strategies proactively.
- **Adopt a Unified Procurement Approach** – Integrate sourcing, contract management and payments into a seamless AI-powered system.

Companies that act now will streamline operations, mitigate risks and make procurement a strategic advantage rather than a cost center.



GEP® delivers AI-powered procurement and supply chain solutions that help global enterprises become more agile and resilient, operate more efficiently and effectively, gain competitive advantage, boost profitability and increase shareholder value.

Fresh thinking, innovative products, unrivaled domain expertise, smart, passionate people — this is how GEP SOFTWARE™, GEP STRATEGY™ and GEP MANAGED SERVICES™ together deliver procurement and supply chain solutions of unprecedented scale, power and effectiveness. Our customers are the world's best companies, including more than 1000 Fortune 500 and Global 2000 industry leaders who rely on GEP to meet ambitious strategic, financial and operational goals.

A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC, ISG, and Spend Matters.

GEP is also regularly ranked a top procurement and supply chain consulting and strategy firm, and a leading managed services provider by ALM, Everest Group, NelsonHall, IDC, ISG and HFS, among others. Headquartered in Clark, New Jersey, GEP has offices and operations centers across Europe, Asia, Africa and the Americas. To learn more, visit www.gep.com.



GEP SMART is an AI-powered, cloud-native software for direct and indirect procurement that offers comprehensive source-to-pay functionality in one user-friendly platform, inclusive of spend analysis, sourcing, contract management, supplier management, procure-to-pay, savings project management and savings tracking, invoicing and other related functionalities.



GEP NEXXE is a unified and comprehensive supply chain platform that provides end-to-end planning, visibility, execution and collaboration capabilities for today's complex, global supply chains.

Built on a foundation of big data, artificial intelligence and machine learning, GEP NEXXE is next-generation software that helps enterprises make supply chain a competitive advantage.

100 Walnut Avenue, Clark, NJ 07066 | P 732.382.6565 | info@gep.com | www.gep.com

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