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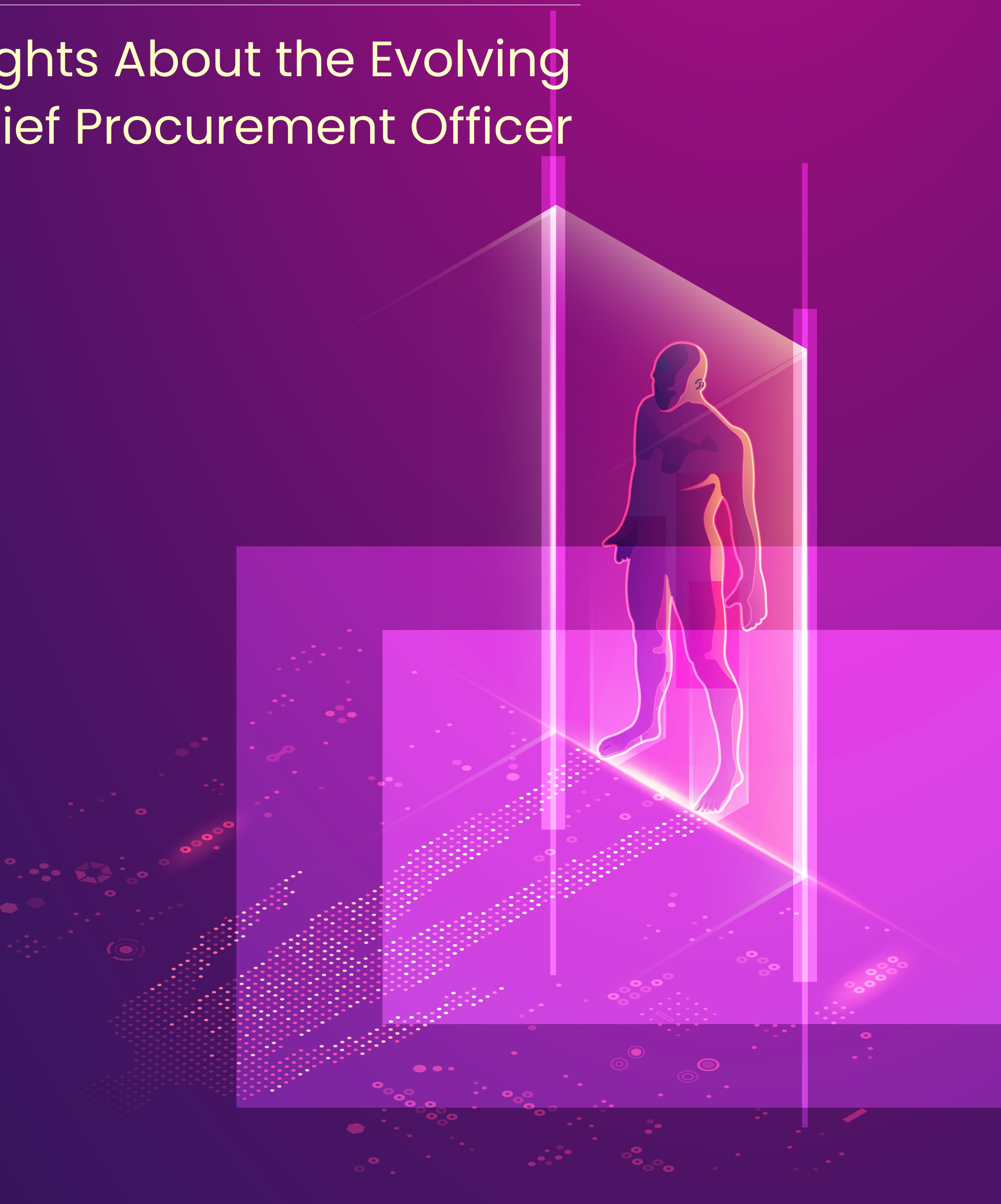
THE 2026 ANNUAL

PROCURECON CPO REPORT

Emerging Insights About the Evolving Role of the Chief Procurement Officer



ProcureCon INSIGHTS

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THE 2026 ANNUAL PROCURECON CPO REPORT

Emerging Insights About the Evolving Role of the Chief Procurement Officer

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EXECUTIVE SUMMARY

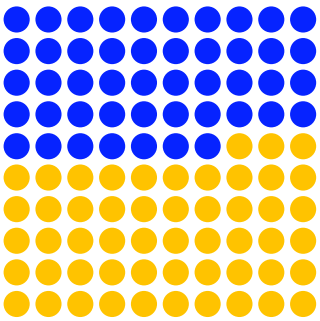
This report examines how chief procurement officers are expanding their strategic influence within organizations. Based on a survey of senior procurement, supply chain, and risk management leaders, respondents report that their CPOs are playing a greater role in high-level decision-making, continuing trends from 2025.

However, there are some key differences when these results are compared to last year's report. Artificial intelligence is playing a larger role in procurement leaders' strategic priorities, just as it is causing disruptions to procurement practices and hiring. Costs are also a much greater concern as organizations continue to search for savings amid rising prices, tariffs, and supply chain disruptions.

Here, readers will discover what's next for CPOs, AI integration, and the role of the procurement function with the business.

ABOUT THE RESPONDENTS

Spend Under Management:



- 47% More than $250 million
- 53% Less than $250 million

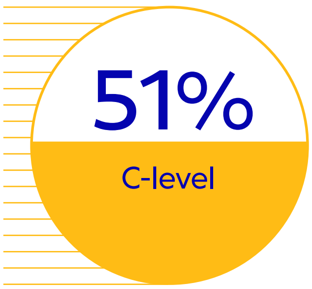
Industries Represented:

- Pharmaceutical
- Manufactured goods
- Telecom, electronics, & high-tech
- Chemicals, plastics, & polymers
- Industrial manufacturing
- Medical devices
- Energy, oil, & gas
- Aerospace & defense
- Automotive
- Consumer products

Roles:

- 42% Supply Chain
- 36% Procurement
- 22% Risk Management

Seniority:



KEY INSIGHTS

89% say their CPO plays a greater role in high-level decision making.

82% expect their CPO's role in decision making to increase.

11% Only 11% describe their CPO as a "core member" of the executive team.

11% Only 11% are "fully ready" to leverage AI.

CPOs' biggest strategic priorities in the next 12 months:

- Enhancing strategic partnerships (55%)
- Implementing AI-driven automation (45%)
- Supporting business growth (42%)

CPOs' biggest challenges in the next 12 months:

- Securing digital and analytical talent (54%)
- Balancing cost reduction with growth (52%)
- Meeting increasing sustainability demands (46%)

The three biggest barriers to AI readiness among those not "fully ready":

- Data privacy, security, and compliance (67%)
- Insufficient data quality and integration (54%)
- Concerns about AI overreach (51%)

How Procurement AI Agents Can Help Companies Protect Margins in a Shifting Cost Landscape

Tariffs, fluctuating input costs and persistent supply chain fragility continue to put pressure on margins. Procurement teams are expected to absorb these shocks while still delivering savings, ensuring continuity and supporting growth. Traditional tools surface problems only after they appear—often too late to prevent margin loss.

AI agents enable a more proactive model. They rapidly analyze spend data, contracts and supplier information, uncovering risks and opportunities earlier than manual processes. Within defined scopes, they can act autonomously or escalate with context. Instead of reacting to volatility, teams can intervene before it impacts the P&L, and in some cases, even have AI agents intervene for them.

Below are four ways AI agents help procurement respond faster, negotiate smarter and protect profitability.

1. Recover Hidden Savings

Tail spend often grows quietly. AI agents manage tail spend autonomously once permitted, analyzing thousands of small transactions and taking predefined actions to consolidate purchases or trigger automation. They also identify savings opportunities by uncovering patterns rarely visible in periodic manual reviews, and they can initiate next steps such as supplier outreach or workflow creation where appropriate.

Agents help organizations optimize contract value by scanning agreements for missed rebates, pricing discrepancies and performance gaps. When allowed, they can recommend or trigger corrective actions to capture more negotiated value with less manual intervention.

2. Strengthen Sourcing Strategy Before Costs Rise

High-spend categories are often hit first when costs rise. AI agents help procurement drive strategic sourcing for high-spend categories by benchmarking suppliers, modeling scenarios and recommending sourcing paths. Once permitted, they can suggest vendors, propose awards or counteroffers, and prepare RFQs, accelerating sourcing cycles.

Agents also automate should-cost modeling, giving teams a clear, defensible view of fair market pricing to challenge increases more effectively and act earlier on emerging cost shifts.

3. Reduce Tariff Exposure Early

Tariffs affect categories and regions differently, and impacts can escalate quickly. AI agents pinpoint tariff-exposed spend by analyzing supplier footprints, country-of-origin details and evolving trade policies, and then suggest next steps. With this insight, teams can diversify supply, refine sourcing strategies or renegotiate terms before tariff changes affect financial performance.

4. Build Resilient, Localized Supply Options

AI agents recommend alternative sourcing and localization strategies by scanning markets in real time and identifying suppliers closer to key markets or in tariff-neutral regions. This strengthens continuity, reduces landed costs and provides resilience against disruptions.

By giving procurement teams earlier visibility into cost drivers and emerging risks, sharing recommendations, and operating independently within established guardrails and human oversight, AI agents enable faster action, smarter negotiations and stronger protection of enterprise margins while reinforcing long-term resilience.

ABOUT GEP

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 550 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.

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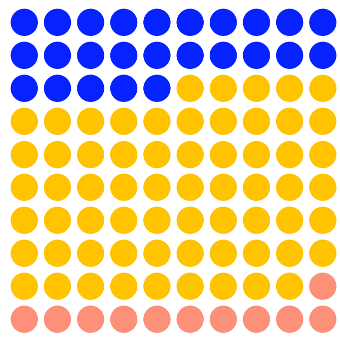
THE EXPANDING STRATEGIC ROLE OF THE CPO

The chief procurement officer role has evolved dramatically in recent years. Survey respondents this year confirm this transformation shows no signs of slowing.

Despite some similarities to trends discovered in last year's study, CPOs are expected to drive some important new changes in 2026.

A striking 89% of respondents indicate their CPO now plays a greater role in high-level decision-making compared to previous years, with 25% describing this increase as "significant." This data suggests procurement has moved firmly beyond its traditional operational boundaries.

In the past 12 months, how has your CPO's role in high-level decision-making evolved?

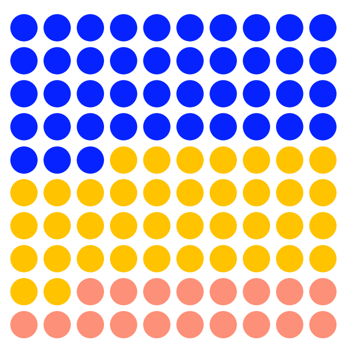


- 25% The CPO plays significantly more of a role in high-level decision-making.
- 64% The CPO plays somewhat more of a role in high-level decision-making.
- 11% The CPO's role in high-level decision-making has remained about the same.
- 0% The CPO plays less of a role in high-level decision-making.

Looking ahead, organizations expect this strategic evolution to accelerate. In total, 82% of respondents anticipate their CPO's impact on decision-making will continue to rise, while only 18% expect no change. This represents an increase compared to last year's study, in which only 63% expected their CPO's role to increase.

Notably, none of the respondents predict a decline in CPO influence (compared to 1% last year). This growing influence reflects how deeply procurement has become embedded in broader business strategy.

How do you expect your CPO's role in high-level decision-making to change over the next 12 months?



- 43% The CPO will play significantly more of a role in high-level decision-making.
- 39% The CPO will play somewhat more of a role in high-level decision-making.
- 18% The CPO's role in high-level decision-making will remain about the same.
- 0% The CPO will play less of a role in high-level decision-making.

Perhaps most telling is how respondents describe their CPO's current standing within leadership.

While 11% report their CPO serves as a core executive team member with an equal voice in all strategic decisions, the majority (48%) describe their CPO as a regular participant in strategic planning with significant procurement-related input. Though this positioning demonstrates progress, it falls short of the full integration needed for CPOs to become true strategic equals at the executive table.

Nearly all organizations see the influence of the CPO growing. However, only one in ten currently treat their CPO as a true strategic equal.

Procurement leaders must close this gap to move from being consulted on decisions to actually shaping them.

Which of the following best describes your CPO's current level of involvement in executive strategic planning?

PRACTITIONER PERSPECTIVES:
HOW PROCUREMENT HELPS LEAD THE ORGANIZATION

At ProcureCon events, practitioners have confirmed that procurement has moved from being a back-office function to having a strategic seat at the executive table. Leaders report that they now participate in discussions regarding many different aspects of the business beyond spending. These include strategy, technology adoption, and sustainability initiatives, among others.

This expanded influence allows procurement to drive its own objectives with organizational support while building credibility and trust with top management. Making these inroads is often critical for the department, especially when it needs executive backing for transformative changes and investments.

CPO PRIORITIES AND CHALLENGES IN 2026

The respondents reveal a clear picture of where CPOs plan to focus their energy in 2026. However, they also shed light on what keeps them up at night.

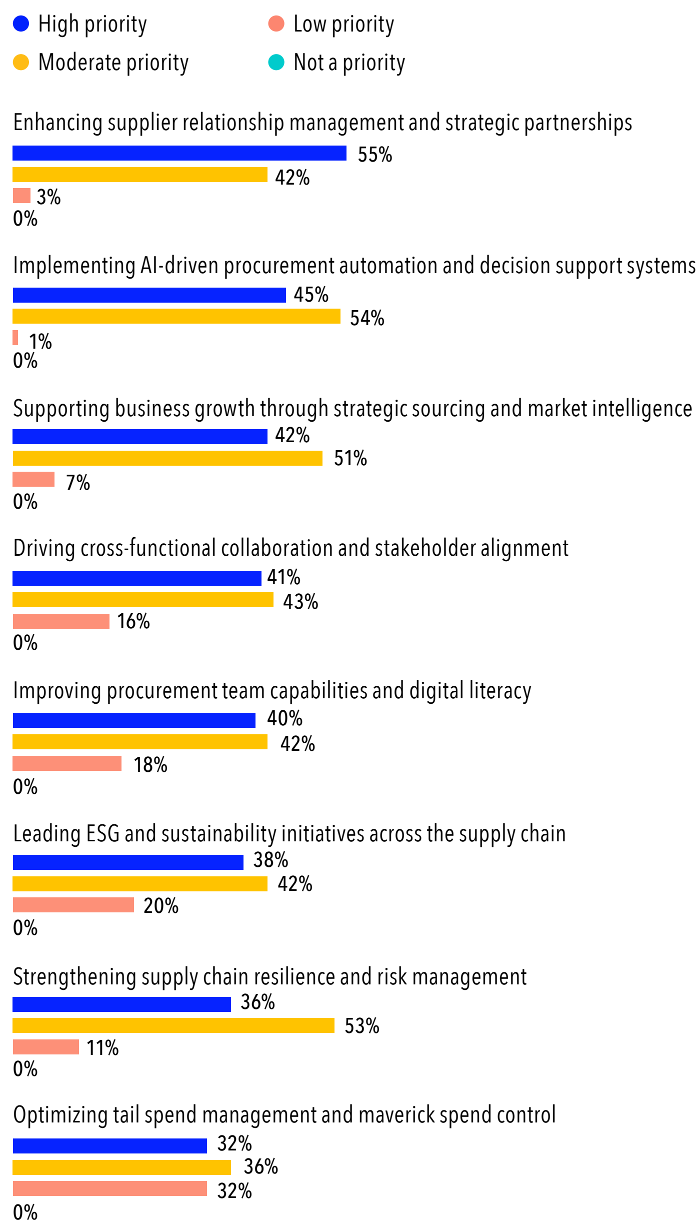
Enhancing supplier relationship management and strategic partnerships tops the list of "high" strategic priorities at 55%. This is followed by implementing AI-driven procurement automation (45%) and supporting business growth through strategic sourcing (42%).

This ranking suggests procurement leaders recognize that technology alone cannot transform their function. They need interpersonal relationships with suppliers to achieve cost reduction, risk reduction, and transformation. Rather than treating suppliers as interchangeable vendors, CPOs increasingly see them as partners who can drive innovation and resilience.

Meanwhile, the focus on AI-driven automation indicates two things. For one, procurement teams want to free themselves from routine tasks to concentrate on higher-value work. Artificial intelligence offers the opportunity to focus more on strategy.

Second, procurement leaders recognize the transformative potential of AI, as well as how imperative it has become to develop AI-powered programs. Most companies are now competing based on AI implementation and readiness.

How much of a priority will the following efforts be for your CPO in the next 12 months?

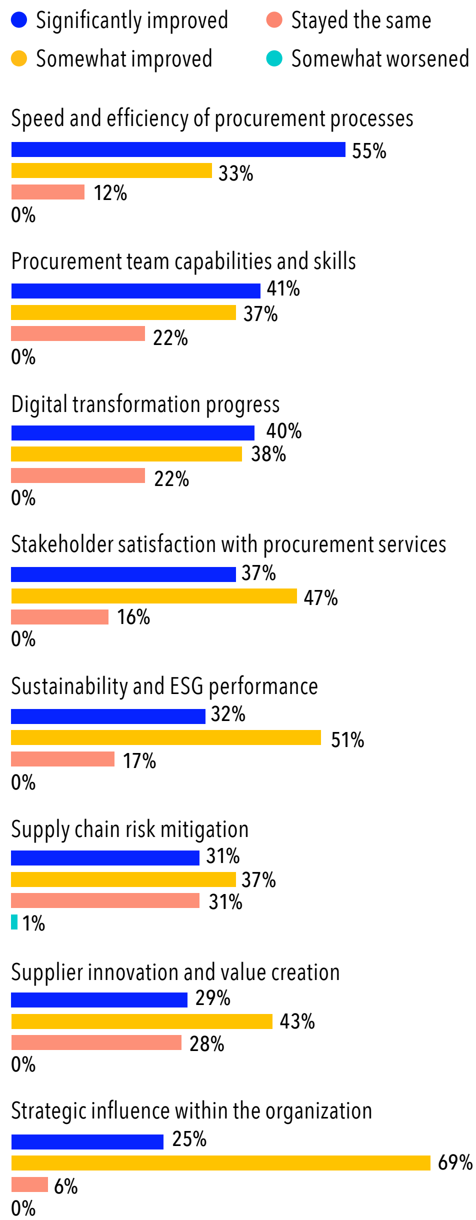


These priorities appear to be delivering results.

A majority of respondents (55%) indicate that the speed and efficiency of procurement processes have significantly improved due to their CPO and procurement team's efforts. This improvement creates a foundation for tackling more ambitious goals, such as enhancing the department's overall capabilities, making further progress on digital transformation, and improving stakeholder satisfaction.

In another important finding, 69% of the respondents say procurement's strategic influence within the organization has "somewhat improved." Although this progress may be slow, this significant majority suggests that previous leadership efforts have paid off.

Considering the efforts of your CPO and your procurement team, have the following performance indicators improved, worsened, or stayed the same over the past 12 months?



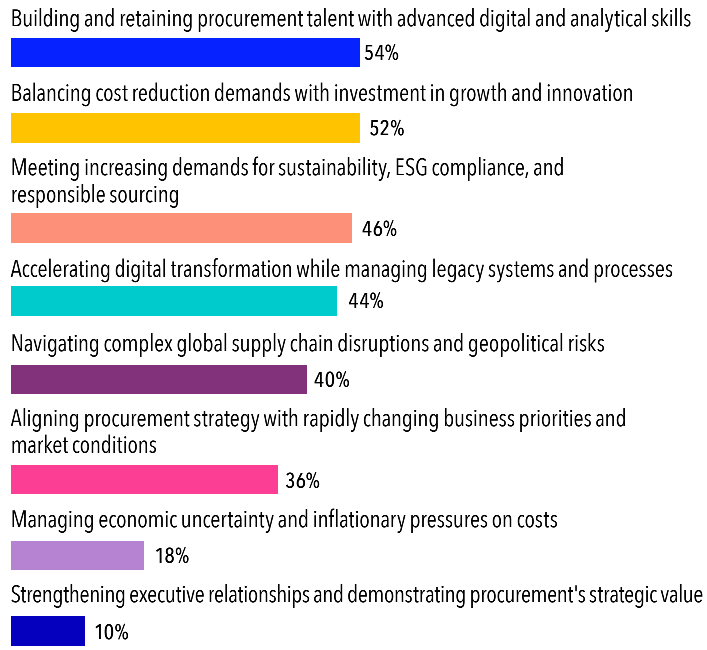
However, significant obstacles loom on the horizon. The three biggest challenges facing CPOs over the next 12 months include securing talent with advanced digital and analytical skills (54%), balancing cost reduction demands with investment in growth and innovation (52%), and meeting increasing demands for sustainability, ESG compliance, and responsible sourcing (46%).

These results are a shift compared to last year's study, in which respondents claimed digital transformation and reducing supply chain risk were the biggest challenges.

The talent challenge stands out because it creates a potential bottleneck: Organizations cannot implement sophisticated AI systems or build strategic supplier partnerships without people who possess the right skills to execute these initiatives.

Cost reduction has also moved to the forefront this year amid price increases, tariffs, shifts in supply networks, and other stressors.

What are the three biggest challenges facing your CPO over the next 12 months?



PRACTITIONER PERSPECTIVES:
HOW PROCUREMENT OVERCAME CHALLENGES IN 2025

At ProcureCon events, procurement leaders said overcoming challenges in 2025 required adaptability and cross-functional collaboration.

Practitioners have told ProcureCon Insights that breaking down data silos, addressing budget constraints, and aligning departmental priorities were critical hurdles. To address these issues, they partnered closely with finance and IT departments to enable better outcomes.

Procurement professionals report that investing in integrated technology platforms and establishing formal governance mechanisms also helped them address coordination gaps. Practitioners consistently advised embracing change management strategies and fostering cultures of innovation to navigate the increasingly complex procurement landscape.

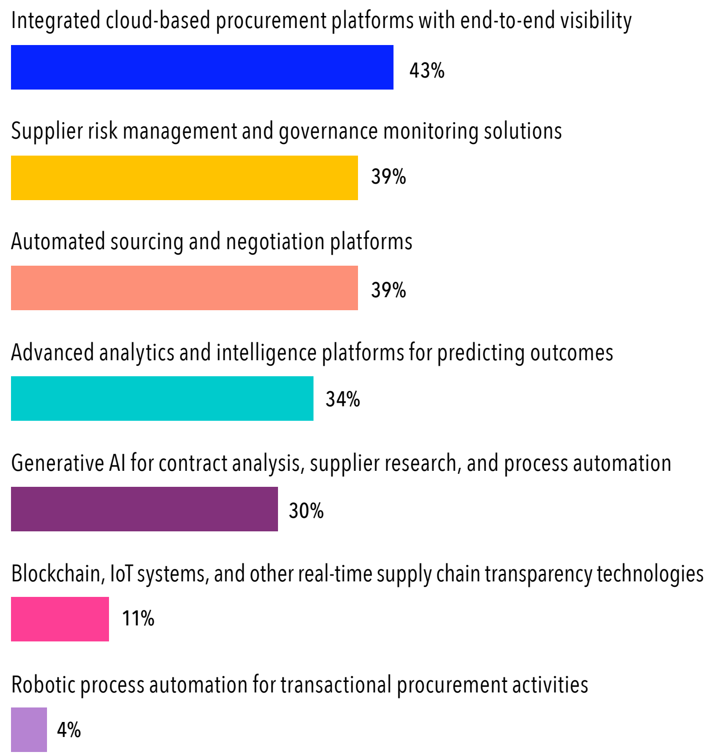
PROCUREMENT'S ROLE IN TECHNOLOGY IMPLEMENTATION AND AI READINESS

The respondents' plans for technology investment reveal how procurement leaders intend to modernize their operations. Integrated cloud-based procurement platforms lead among the top two planned investments at 43%, followed by automated sourcing and negotiation platforms and supplier risk management solutions, each at 39%.

This investment pattern suggests organizations want connected systems that provide visibility across procurement activities while automating repetitive processes and protecting against supply disruptions. The interest in cloud-based platforms reflects a broader push toward consolidation. Many procurement teams still operate with fragmented tools that don't communicate with each other, creating data silos and manual workarounds.

Unified platforms promise to eliminate these inefficiencies while providing the analytics capabilities that modern procurement requires.

Which of the following technologies will be most critical for your CPO's success over the next 12 months?

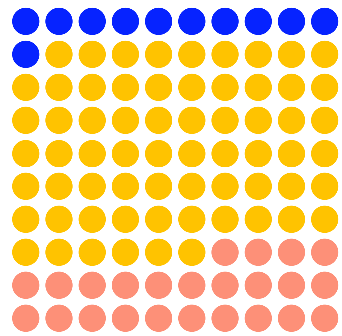


Despite the enthusiasm for technology, organizations admit that they are still not entirely ready for AI implementation. Most of the respondents (69%) say AI initiatives in procurement are funded as part of the organization's broader digital transformation investments. Only 24% say they have a dedicated AI budget.

Furthermore, most organizations rate themselves as only "mostly" or "somewhat" ready for AI adoption in procurement, with 65% currently piloting AI initiatives and 24% building capabilities or evaluating opportunities.

Only 11% say they are "fully ready" to leverage AI and ML in procurement operations. They are already implementing AI solutions, and they have had a measurable impact.

How would you rate your CPO's readiness to leverage artificial intelligence and machine learning in procurement operations?



- 11% Fully ready: We're already implementing AI solutions with measurable impact.
- 65% Mostly ready: We have clear AI strategy and are piloting solutions.
- 24% Somewhat ready: We are building capabilities and evaluating AI opportunities.
- 0% Not very ready: We have limited AI knowledge and no clear implementation plan.
- 0% Not ready at all: We currently have no AI strategy or capabilities in place.

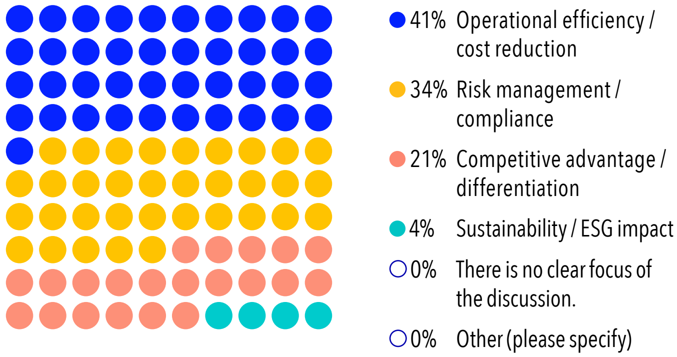
Among organizations not yet fully implementing AI, respondents identify three major barriers: data privacy, security, and compliance concerns (67%); insufficient data quality and cross-system integration (54%); and resistance to change rooted in concerns about AI replacing human judgment (51%).

Organizations must prioritize data quality, which is fundamental to AI success. AI systems require clean, consistent data to deliver actionable insights, yet many procurement organizations operate with fragmented data scattered across incompatible systems. Data integration and quality must be resolved before AI can deliver meaningful value.

Since you indicated your CPO is not fully ready to leverage AI, which of the following factors are the biggest barriers?

When asked what dominates leadership discussions about AI's role in procurement, respondents point to **operational efficiency and cost reduction (41%) and risk management and compliance** (34%). These focus areas suggest executives still view AI primarily through a cost and risk lens rather than as a tool for strategic innovation.

When AI is discussed in procurement leadership meetings, which lens dominates the conversation? Choose the best option.



PRACTITIONER PERSPECTIVES:

ARTIFICIAL INTELLIGENCE AND PROCUREMENT TRANSFORMATION

At ProcureCon events, practitioners say implementing AI requires a planned, stepwise approach and that organizations will run risks if they charge forward unprepared. Nonetheless, AI delivers tangible benefits, including improved risk management, enhanced supplier relationships, and increased transparency.

Successful AI adoption requires equal attention to technology implementation and cultural transformation. While AI automates routine tasks, procurement remains a relationship business that requires human judgment for negotiations and strategic decision-making.

HOW THE CPO ROLE WILL CHANGE IN THREE YEARS

Our research identified four critical themes shaping the CPO role over the next three years: CPOs will continue their growth as strategic partners, take on more of a leadership role on sustainability, act as arbiters for AI governance among suppliers, and, most notably, become "storytellers" for the business.

The CPO's Role as a Strategic Partner Will Continue to Grow

Many confirm what the study suggests and what has been established as a trend over the past few years. They envision CPOs evolving from transactional operators into strategic architects who shape organizational direction.

As one respondent puts it, the role will shift "from operational management to strategic leadership."

The respondents believe CPOs will become enterprise-wide integrators. They describe future CPOs collaborating more closely with almost every other section of the business to drive organizational goals.

"CPOs will be enterprise-wide strategists, leading the collaboration of procurement, marketing, and R&D for market responsiveness," says a respondent. This cross-functional orientation represents a departure from procurement's historically siloed position.

CPOs Will Serve as Interdepartmental Leaders on Sustainability

Sustainability is another defining dimension of the future CPO role. Respondents predict CPOs will "increasingly serve as a bridge between CFO's and sustainability officers" and become "active participants in circular economic efforts."

Several mention that procurement and sustainability leadership will blur, with CPOs taking responsibility for tracking emissions across supplier tiers and influencing corporate sustainability narratives for investors and regulators.

CPOs Will Drive AI Governance Standards Among Suppliers

Technology governance also features prominently in respondents' predictions. Future CPOs will bear responsibility for "embedding AI governance and transparency principles into supplier evaluation processes" and "steering AI toward responsible and commercially desirable outcomes."

As one respondent notes, "data ethics will become the signature responsibility of CPOs."

CPOs Will Become "Business Storytellers"

Perhaps most striking is the respondents' expectations for CPOs' influence, specifically when it comes to storytelling. Multiple respondents describe future CPOs as "business storytellers" who will translate procurement insights into compelling narratives for boardrooms and external stakeholders.

Success will depend on "narrative and influencing capabilities," with CPOs playing a defining role in shaping external perceptions of corporate credibility.

PROCURECON IN 2025:
EXAMPLES OF PROCUREMENT LEADERS IN ACTION

Procurement leaders have shared transformative success stories that demonstrate the function's strategic impact and validate the critical role of the CPO. Many of these examples align with respondents' beliefs about the future of the role.

One procurement leader transformed struggling processes by identifying internal champions, engaging stakeholders early, and implementing technology that improved policy compliance and stakeholder buy-in.

Another practitioner, operating in the facilities management sector, described how a procurement leader centralized operations across global facilities. Their efforts helped to drive the standardization of disparate spending practices within the organization, leading to cost savings.

This procurement leader even spearheaded facilities expansions, completing office buildouts ahead of schedule while maintaining full spend visibility.

In other cases, procurement leaders reduced cycle times and expanded purchases under management through process redesign and improved orchestration. These improvements transformed procurement's organizational reputation from a cost center to a strategic partner.

CONCLUSION: CPOS HAVE A CRITICAL STRATEGIC VOICE IN EVERY DECISION

This study confirms established CPO trends while revealing important new developments. Respondents identify emerging dimensions of the CPO role and offer insights into where the position is heading over the next three years.

Procurement is transforming from a cost and compliance function into a strategic business discipline. While this shift was identified in earlier research, CPOs are now assuming an even more expansive role than previously anticipated. Not only will they bring new efficiencies to the business, but they will shape corporate strategy, drive sustainability commitments, and govern emerging technologies, including AI.

What distinguishes these findings is the strong alignment between current momentum and future expectations. Organizations already see their CPOs gaining strategic influence, and they expect this trajectory to continue.

The challenges identified, such as talent acquisition, technology readiness, and sustainability pressures, are significant. However, they are addressable with deliberate investment and focus.

CPOs face both an opportunity and an imperative. Those who cultivate strategic supplier relationships, implement AI thoughtfully, and align procurement outcomes with enterprise value will define the next generation of the role.

KEY SUGGESTIONS

Identify the ways procurement adds strategic value to position it as a strategic partner: Procurement and CPO influence is growing, but getting a "seat at the table" requires active positioning and the demonstration of business value.

Prioritize building talent pipelines with digital and analytical capabilities: The ability to execute on AI initiatives, strategic supplier partnerships, and digital transformation depends entirely on having skilled team members.

Develop your narrative and storytelling capabilities for the boardroom and beyond: Future CPO success will depend on translating procurement insights into compelling business stories that resonate with executives, investors, and external stakeholders.

Address data quality, integration, and governance challenges before scaling AI investments: AI systems require clean, consistent data to deliver meaningful results, and many procurement organizations struggle with fragmented tools and data silos.

ABOUT THE AUTHOR

ProcureCon INSIGHTS

ProcureCon Insights, the industry research and digital publishing arm of ProcureCon, delivers cutting-edge data and analysis on trends, challenges, and opportunities in the procurement and supply chain management sectors. Through comprehensive research reports, webinars, and thought leadership initiatives, we empower senior-level procurement leaders to make informed strategic decisions and stay ahead in the rapidly evolving procurement landscape.

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