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AGENTIC AI

FOR LEAN PROCUREMENT TEAMS

BETTER
VISIBILITY

FASTER
DECISIONS

TOTAL
CONTROL

PROCUREMENT AT THE SPEED OF THE MARKET



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Mid-market procurement teams face challenges in any macroeconomic environment. Some of those challenges reflect the fact that many small and mid-sized firms are both intensely focused on rapid growth and have not yet established the necessary structures and processes to make procurement as consistent, efficient, and transparent as possible.

The challenge can be especially acute when mid-market companies have various business units implementing their own procurement strategies and policies. There are real-world implications to a fragmented approach to procurement. From wasted staff time and unnecessarily high and unpredictable costs to greater risk of supply disruptions and poor financial visibility and control, an immature and ad hoc approach to procurement ultimately makes it far more difficult for mid-market companies to achieve their growth objectives.

If that immature approach to procurement limits growth during normal business cycles, it is even more problematic in today's business environment, which is defined by uncertainty. For example, 2025 has been a year of frequent and unpredictable changes in the tariffs the U.S. imposes on other nations (and the retaliatory tariffs other countries respond with). Often accompanied by geopolitical tensions and trade restrictions, tariffs can force companies of all sizes to reimagine their suppliers and supply chains.

This fluid and risky business environment exposes the deficiencies of procurement when it is managed with a patchwork of tools, spreadsheets, and manual work. Beyond the typical risk of errors and elevated costs, today's unsettled and often chaotic business environment also highlights the need for greater flexibility in responding quickly to changing conditions.



“Mid-size companies need to move fast,” said Alex Zhong, Senior Director of Product Marketing for GEP, a provider of procurement and supply chain software and services. “Limited resources mean they must operate with greater agility and resilience, making faster decisions and adjusting in real time rather than relying on buffers like excess inventory.”

The procurement dilemma mid-market companies face is driven both by people and process. Like large enterprises, fast-growing mid-market firms need structures, processes, and policies to effectively manage their spending. But when they attempt to implement new procurement tools and procedures, they are often met with resistance—especially when staffers are accustomed to informal purchase processes. If a new process feels like extra work, people will avoid it,” Zhong said. “But when procurement tools are easy to use and fit naturally into existing workflows, adoption becomes much easier.

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ALEX ZHONG, Senior Director of Product Marketing for GEP



THE EMERGENCE OF AGENTIC AI



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ALEX ZHONG, Senior Director of Product Marketing for GEP

Mid-market firms lacking defined procurement policies and systems can accelerate their maturity, standardization, and flexibility by implementing agentic AI. Unlike previous generations of AI, agentic AI systems are designed to act autonomously, make decisions based on pre-defined guidelines, and orchestrate the complex workflows across multiple systems that are so common in procurement.

To be clear, agentic AI is not the same as large language models (LLMs) like ChatGPT. While LLMs can answer complex questions and produce text and graphics to communicate answers, they depend on people for direction. Agentic AI builds on LLMs but extends beyond them, combining reasoning, orchestration, and action execution to operate autonomously toward business objectives.

Agentic AI can make sophisticated decisions, provided agents are built and trained to achieve complex outcomes. In procurement, for example, negotiation is a complex and nuanced task that requires synthesizing and analyzing external market data on production costs, competitor pricing, demand, policies such as tariffs, and other relevant information. “Agents aren’t generalists,” Zhong said. “They’re specialists, built around functions that can be as sophisticated as the decisions they’re designed to support.”

DATA IS THE FOUNDATION OF AGENTIC AI

Agentic AI's sophistication and capabilities depend on comprehensive and clean data from across an organization. This can be particularly challenging for mid-market companies. "AI can't work without data," said Raj Aggarwal, Director of Product Marketing at GEP. "It's a big problem when you have different systems with different types of data in different places, whether it's supplier data, ERP data, or other systems."

More specifically, the types of data mid-market companies need to begin leveraging the procurement potential of agentic AI include historical spending patterns, metrics evaluating the performance of suppliers—such as on-time delivery and product quality; and contract terms and pricing data.



Assembling, consolidating, and cleaning this data are necessary first steps for agentic AI. But the investment of time and resources is worthwhile because it builds a data foundation for several agentic AI use cases that solve specific mid-market procurement challenges, including:

SPEND VISIBILITY AND ANALYTICS

When data about company spending is stored in different databases and spreadsheets, there is little chance that employees will find time to rigorously assess whether that money is being spent wisely and strategically. When an AI agent has access to that data, it can raise concerns about spending that exceeds contractual agreements and pinpoint opportunities to consolidate vendors, leveraging the pricing power that comes with scale. “How am I spending? What does spending look like? Who am I spending it with? Can I improve that?” Aggarwal explained. “If I can push more goods or services to fewer suppliers, I can start to negotiate with them and make sure I’m getting the best prices.”

SUPPLIER RISK MANAGEMENT

Supplier risk is everywhere. From geopolitical and trade disputes to extreme weather and supplier financial instability, tracking potential supply chain disruptions is vital for mid-market companies to meet their growth projections. A supplier risk agent can continuously monitor potential supplier challenges, alert procurement teams when they arise, and suggest alternative suppliers.

CATEGORY MANAGEMENT

Mid-market companies often lack explicit and formalized category management structures. However, AI agents can still develop spending strategies for various categories, monitor market signals, and recommend necessary adjustments.

POLICY ENFORCEMENT

Establishing procurement policies is straightforward; consistently executing it is not. Procurement policy agents can help by automatically enforcing the policy and answering employee questions about how it should be applied.

SUPPLIER ONBOARDING

An AI agent can eliminate the labor-intensive work that goes into onboarding new suppliers. From requesting information, pre-filling supplier profiles, and conducting verification checks, agents can streamline the process of working with new partners. This is particularly important when the business environment is so fluid.



A TOTAL ORCHESTRATION APPROACH TO AGENTIC AI

GEP's approach to solving mid-market procurement challenges centers on what the company calls Total Agentic Orchestration (TAO) for S2P (source-to-pay)—a platform that embeds an orchestration layer directly into procurement workflows. Rather than requiring companies to abandon their existing systems or force all users into a single centralized portal, the orchestration layer connects disparate systems and enables AI agents to work across them.

This approach enables AI agents to apply “sense, think, and execute” capabilities to procurement workflows. To illustrate, consider how this shapes a company's response to tariff changes:

SENSE: AI agents can quickly gather data and information about the impact of a tariff and identify affected suppliers, including specific risks to current and future orders.

THINK: Using information about impacts, agents can then recommend alternative suppliers by assessing whether new partners can handle the volume of orders required, evaluating any risks new suppliers may face, and analyzing the impacts on pricing and delivery.

EXECUTE: Once mid-market leaders review proposed strategies, agents can autonomously manage implementation by identifying suppliers, conducting negotiations, and updating payment and tax information.

This orchestration layer enables agents to access data across multiple systems—such as ERP platforms, supplier databases, and payment systems—and present it through a simple interface. This allows mid-market companies to upgrade their procurement capabilities without the disruption of replacing entire systems.



THE VALUE OF DOMAIN-SPECIFIC KNOWLEDGE AND WHY PEOPLE STILL MATTER

A critical difference between agentic AI and basic LLMs is domain-specific knowledge. Deep expertise in mid-market procurement supply chain processes and best practices is what makes agentic AI effective.

“Domain-specific data is what will separate the success of these agents from others, because the others are pretty much just LLM-based,” Aggarwal said. Domain expertise refers to the system’s understanding of different user roles and the specific data each role requires. The domain knowledge also helps prevent hallucination, where general-purpose LLMs generate plausible-sounding but inaccurate information.

Procurement professionals may be understandably wary about implementing agentic AI over concerns that their jobs may become unnecessary. The skills, experience, and expertise of procurement workers remain essential. But how they apply those skills and work with agentic AI may change.

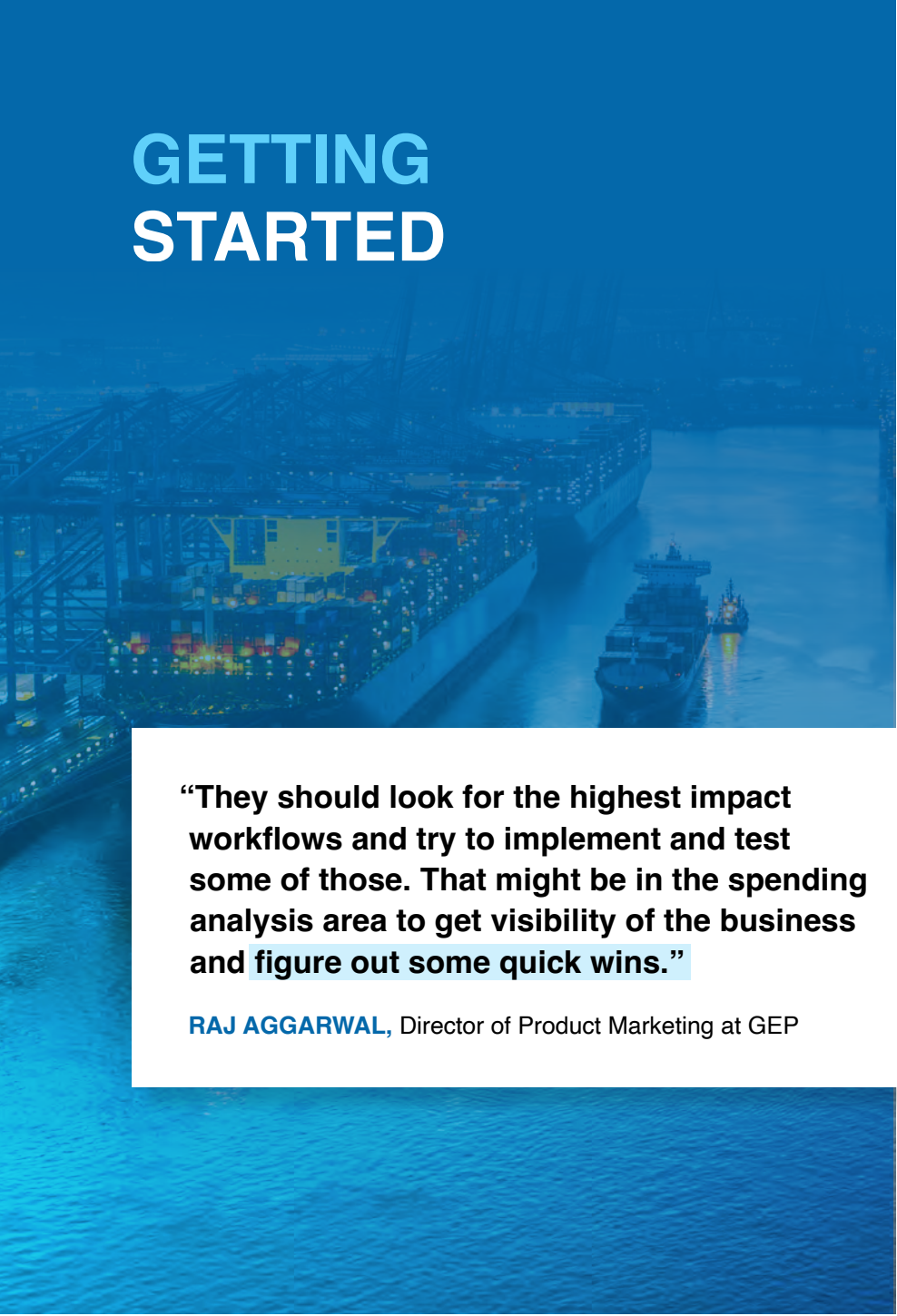
“The skills people need today are changing,” Zhong said. “It’s no longer just about asking questions, but about knowing how to frame goals, guide direction, and sequence instructions. Agentic AI responds to how you orient it, so clarity and intent matter. Those skills are essential to getting real value from agentic systems.” Procurement professionals who develop these skills will be better positioned to leverage agentic AI to handle time- and labor-intensive analysis and data gathering, which frees them up to focus their expertise on strategy development and complex decision-making.

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GETTING STARTED



“They should look for the highest impact workflows and try to implement and test some of those. That might be in the spending analysis area to get visibility of the business and figure out some quick wins.”

RAJ AGGARWAL, Director of Product Marketing at GEP

One of the primary obstacles to tapping agentic AI to improve mid-market procurement is pinpointing how to use it. Agentic AI has so many possible benefits that it may be tempting to pursue them all at once.

That’s not the right approach, cautions Aggarwal. “They should look for the highest impact workflows and try to implement and test some of those,” Aggarwal advised. “That might be in the spending analysis area to get visibility of the business and figure out some quick wins.”

Starting with easier-to-understand workflows helps build trust and adoption while procurement teams develop new skills for working effectively with AI agents.

Predictions about future market and business conditions are rarely correct. But regardless of how individual industries evolve, mid-market companies will always benefit from improving the maturity, efficiency, and flexibility of their procurement processes.

By enabling companies to sense market changes instantly, analyze alternatives, and execute new strategies quickly, agentic AI helps mid-market procurement teams gain a competitive advantage.



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