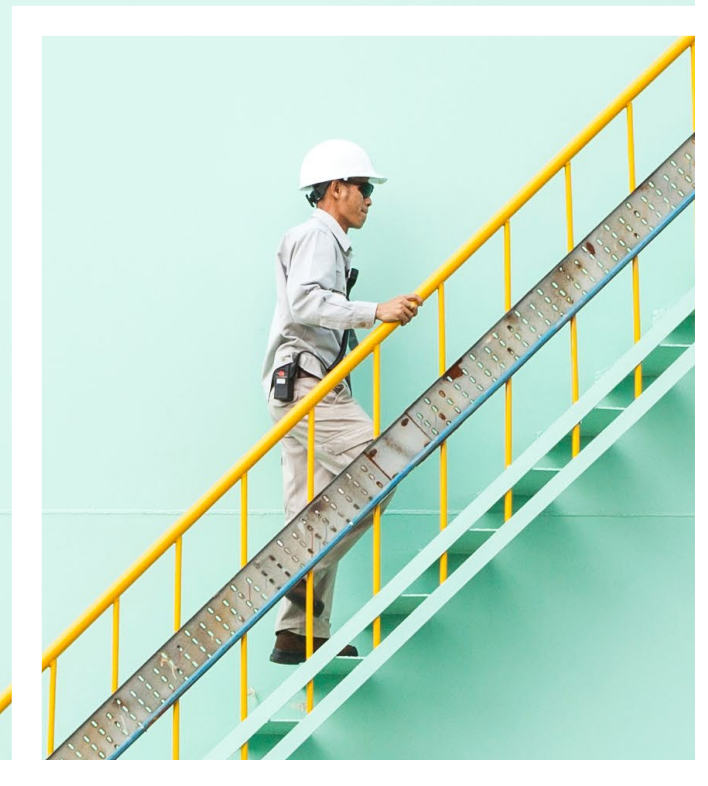


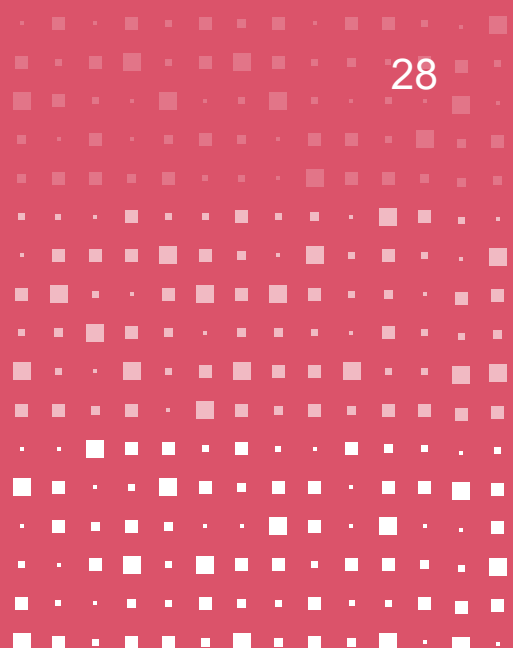
PwC Global Digital Procurement Survey 2022

4th edition



Agenda

Executive summary	03
Current state of Digital Procurement	05
Future state of Digital Procurement	15
Geographical overview	24
Industry benchmark	28



On behalf of PwC partners and employees, we are delighted to present the results of our 4th edition of the Digital Procurement Survey. This year, this barometer of digital transformation reaches an international dimension, with over 800 companies from more than 60 countries participating.

Navigating through supply chain disruptions, new remote working methods, soaring prices for many raw materials, ... Procurement has been repositioned more than ever at the heart of companies' activities following the COVID-19 crisis.

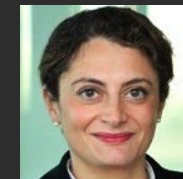
The emergence of these new risks has changed the perception of digital transformation by Procurement departments. While digitalisation continues to progress among companies in all sectors, it is now becoming a necessity to overcome the challenges of cost control, supply chain traceability and supplier relation securization.

Digital roadmaps are also embracing innovative use cases, such as CO2 emissions tracking, indicating that purchasing departments are preparing for the shift to sustainable development.



Dr. Norbert F. Fischer

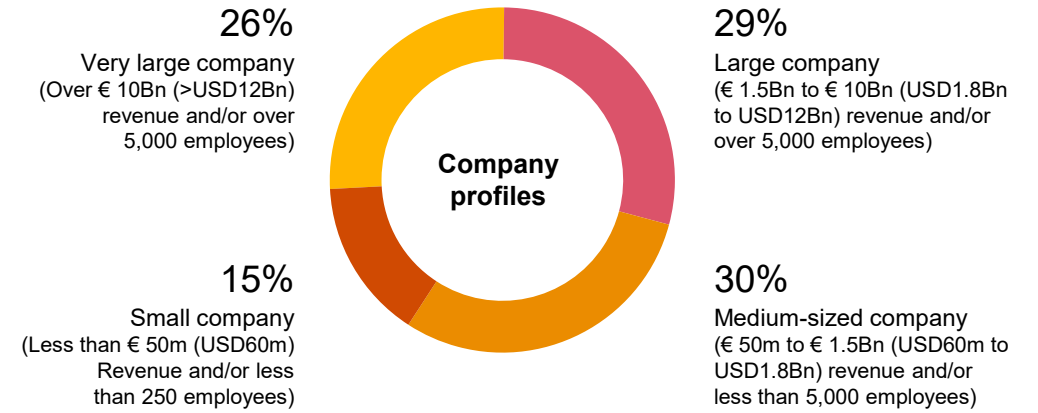
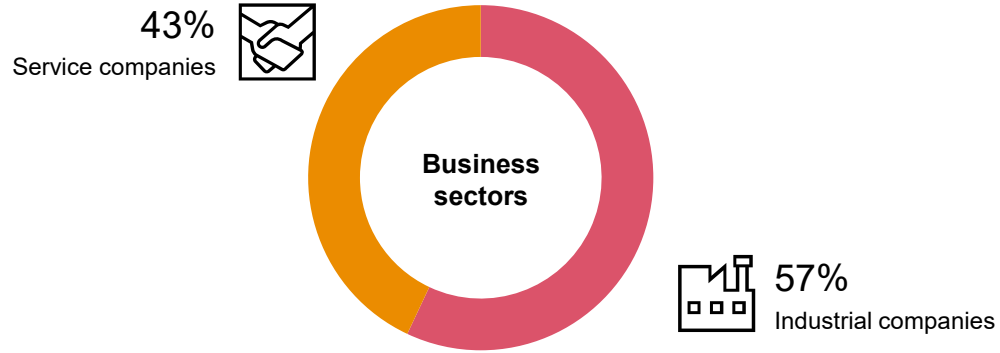
PwC Germany
Partner
Strategic Supply Management



Isabelle Carradine

PwC France
Partner
Strategic Supply Management

Survey sample: A global insight into the Procurement professionals' world

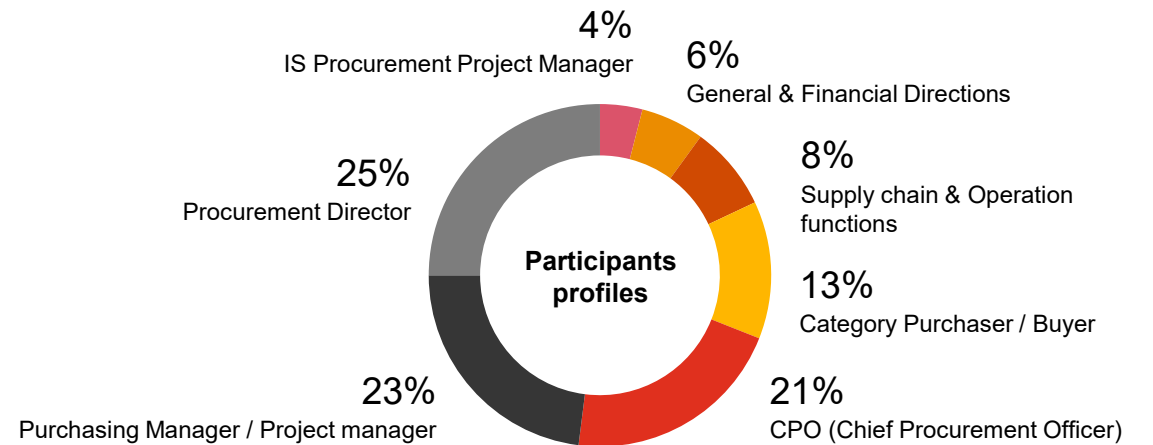


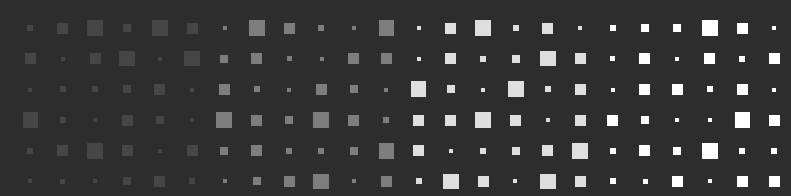
800+ Procurement professionals

64 countries worldwide in all **6** continents

4 themes covered including:

- The current vision of your Procurement organization
- Process automation
- Digital Procurement tools
- Roadmap and future transformation





Current state of Digital Procurement

Digital Transformation is progressing on CPOs' roadmap (+6 points), of which Cost reduction and Strategic Sourcing are still the spearhead (61%).

Digital transformation is now also motivated by Risk management and Compliance, in addition to traditional objectives of process optimization and cost reduction.

Source-to-Pay digitalisation has become the “New normal” for Procurement departments as 90% of respondents use either S2C nor P2P solutions and 77% use both of them.

80% of companies with a high level of process digitalisation succeed with value creation thanks to data availability. However, 55% of companies still struggle leveraging their data.



Find out more in the survey:
Industry benchmarks, PwC best practices,
Geographical overviews, ...



Future state of Digital Procurement

Procurement departments set very ambitious digitalisation objectives for 2025, with an average target of 72% of digitalisation. However, perception of actual digitalisation rates of Procurement processes ran into COVID-19 reality, with a 6% decrease to reach an average 41% digitalisation rate.

Middle market companies plan to strongly increase their investments in Procurement digital transformation (+50% between 2020 and 2022), while large and very large companies will maintain their budgets.

CPOs are focusing their roadmap on Source-to-Pay digitalisation as well as on innovative use cases of ESG and Supply chain traceability. The trends tend to a shift of digital roadmaps: focusing on proven added-value use cases while shelving exploratory digital use cases.

The tracking of suppliers' CO2 emissions is at a starting point to be a “Game-changer” for Procurement departments: already 27% of companies use or experiment this emerging use case within their organization.

The applicability of Blockchain in Procurement processes still needs to be clarified for 59% of Procurement departments. However, they see it as a vector of valuable improvements for the entire Supply chain processes.

1

Current state of Digital Procurement



Cost reduction and Strategic Sourcing are still the spearhead of CPOs, while Digital Transformation is expanding on roadmaps

61% of Procurement professionals keep focusing on Cost reduction (37%) and Strategic sourcing (24%) to address the challenging context

Shortages, price increase, inflation, health crisis, ... Procurement departments are strongly focusing on their core objectives within the company in these times of increasing threats on Supply Chains.

Building partnerships with suppliers, reshore strategic suppliers, review supplier panel to find alternatives sources are key initiatives to secure its supplies.

New challenges also appeared regarding costs, with the skyrocketing prices of raw materials, and decrease of activity for some sectors calling for drastic cost saving objectives.

Digital transformation is strongly anchored in Procurement departments' agendas

- It is the 3rd first priority, with an increase of 6 points compared to 2020
- It is mentioned by half of Procurement professionals as being an important priority for coming years

The necessity of digital has become mandatory to enable Procurement departments to navigate a context of rising uncertainty and digitisation of all business exchange. It helps at both reacting to immediate risks and at generating long-term Procurement transformation.

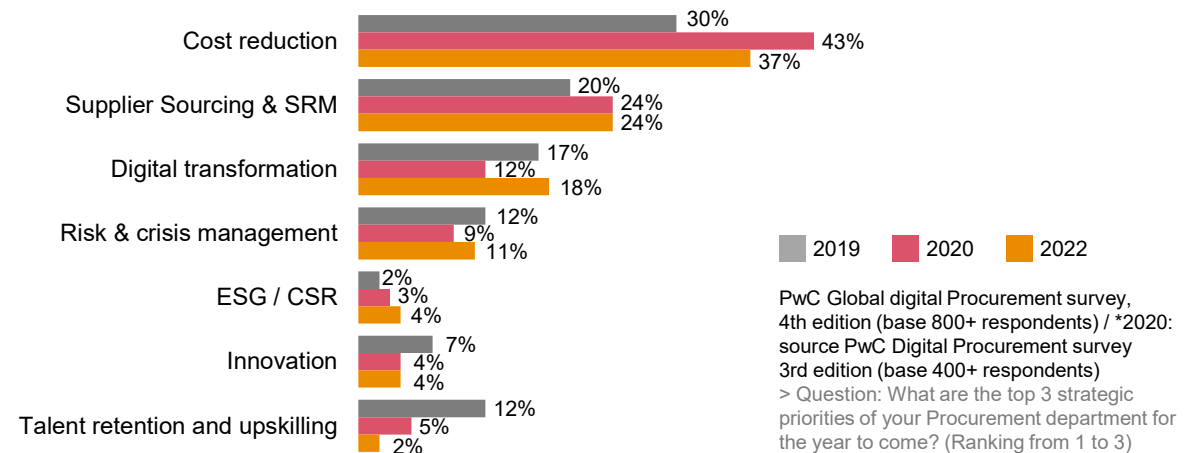
Procurement departments set aside Talent management and Innovation to focus on short-term strategic priorities

Despite their growing crucial roles in added value creation for the overall company, these priorities are mentioned by less than one 20% on CPOs agendas.

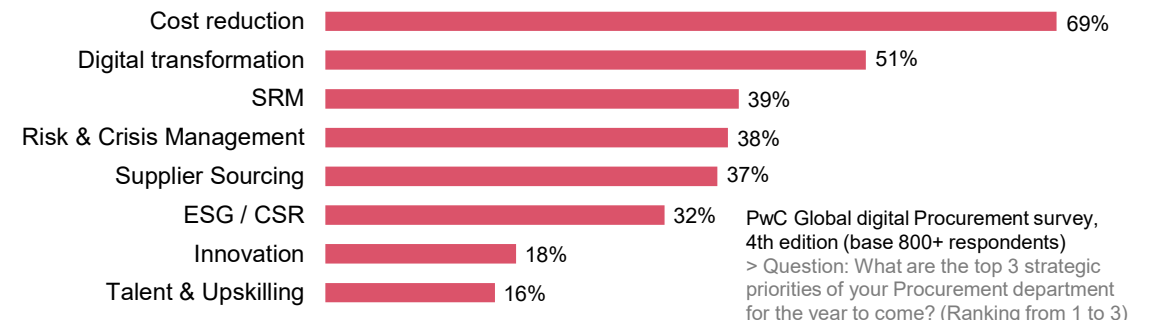
The current context of crisis required a focus on urgent matters such as securizing the supplies, manage supply chain risks, and price negotiations, while fields of deep transformation for future went secondary (including ESG / CSR).

It is especially true regarding Talent management, that shows a strong and consistent deficiency over the years. However, constantly evolving companies, ways of working and digital environment raise the necessity of considering Talent Management as a long-term investment for a sustainable future.

Top 1 strategic priority of Procurement departments



Most named strategic priorities of Procurement departments among their Top #3



In addition to traditional objectives of process optimization and cost reduction, digital transformation is now also motivated by Risk management and compliance

>57% of the companies declare process optimization as a main driver for digital transformation ...

Procurement professionals are striving for process efficiency and transparency through their initiatives of digital transformation. Indeed, a digital transformation project mostly aims at streamlining processes as well as business practices. It requires a deep knowledge of Procurement processes and defining an optimized target operating model that will suit business objectives and solution capabilities.



... that reveals a strong user-centric consideration

While Talent Management seems to be a declining strategic priority for CPOs, easing the pressure on the workforce remains an important driver of Procurement digital transformation. Optimizing processes will foster business efficiency as well as user experience and allow talent to focus on higher, added value tasks.

47% of companies aim to achieve cost reduction through digitalisation

Aligned with the high priority level of cost reduction, it is a key driver for digital transformation. It can be obtained through the use of sourcing modules and to leverage supplier data to identify savings opportunities.

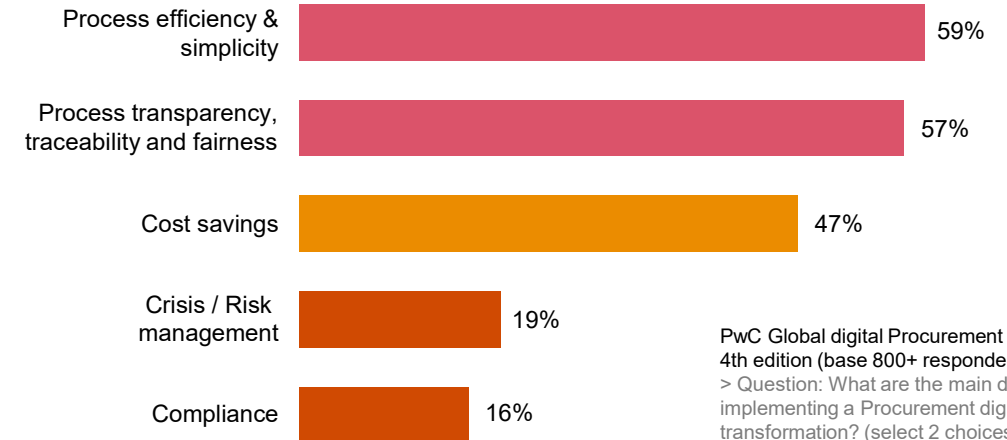


Risk management and Compliance are issues that appear as upcoming Digital Transformation drivers

COVID-19 highlighted the added value of digital Operations, while challenging companies to ensure business continuity. It also made risks more tangible, especially for Procurement and Supply Chain functions. Managing risks is then pointed out as an important driver for digital transformation and could increase over the next years.

Compliance is also named as being a driver in itself for Digital Transformation. The growing requirements for transparency, implied by regulations and triggered by customers, are steadily gaining traction and making compliance an essential for all companies.

Main drivers for Procurement digital transformation



PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
> Question: What are the main drivers for implementing a Procurement digital transformation? (select 2 choices)



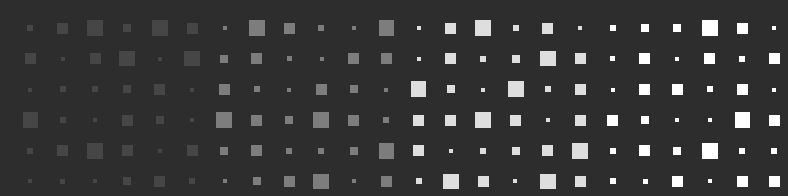
CPO vision



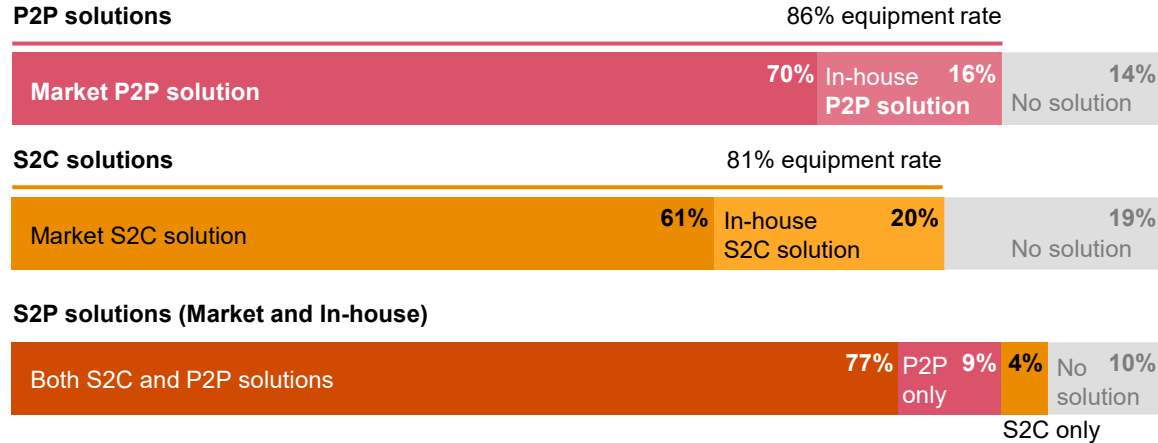
The main drivers for Procurement digital transformation are agility, greater control and consequently more efficiency.

CPO in a very large company of Banking, Insurance, Financial Services sector

Source-to-Contract (S2C) and Procure-to-Pay (P2P) solutions are the “New Normal” for Procurement departments



Digital solution equipment rate of Procurement departments



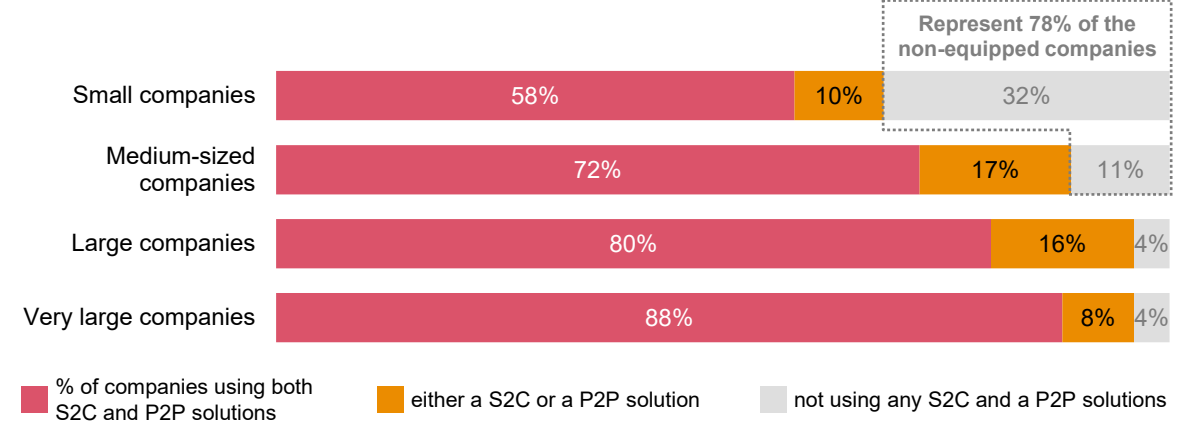
PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Questions: Which digital Procurement solution does your company currently use for Source-to-Contract process?
 Which digital Procurement solution does your company currently use for Procure-to-Pay process?

77 % of companies are already onboard: S2P digitalisation is now must-have and no longer a nice-to-have

The great majority of companies are already equipped with a P2P or S2C solution, or even both for 77% of them, confirming the shared vision on the fundamental aspect of the digitalisation of this processes. The efforts of transforming the Source-to-Pay processes has been a long-lasting effort and is today the new normal for Procurement departments.

However, among the companies using a dedicated solution for S2C or P2P, around one out of 5 companies is equipped with an in-house solution (16% for P2P and 20% for S2C). The evolving IT ecosystem will complexify the operability of such solutions in time. These in-house solutions will be more and more difficult to maintain.

Use of S2C and P2P solutions per company profile



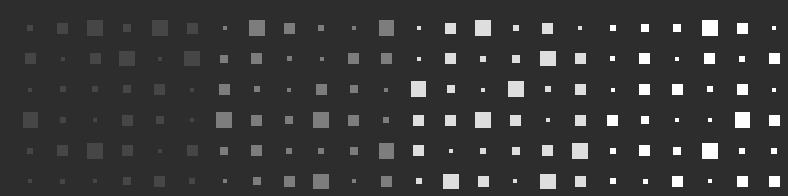
PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Questions : Which digital Procurement solution does your company currently use for Source-to-Contract process? Which digital Procurement solution does your company currently use for Procure-to-Pay process?

1/10 company are still non-equipped, but 65% of them plan to catch-up by investing in S2P solutions by 2025

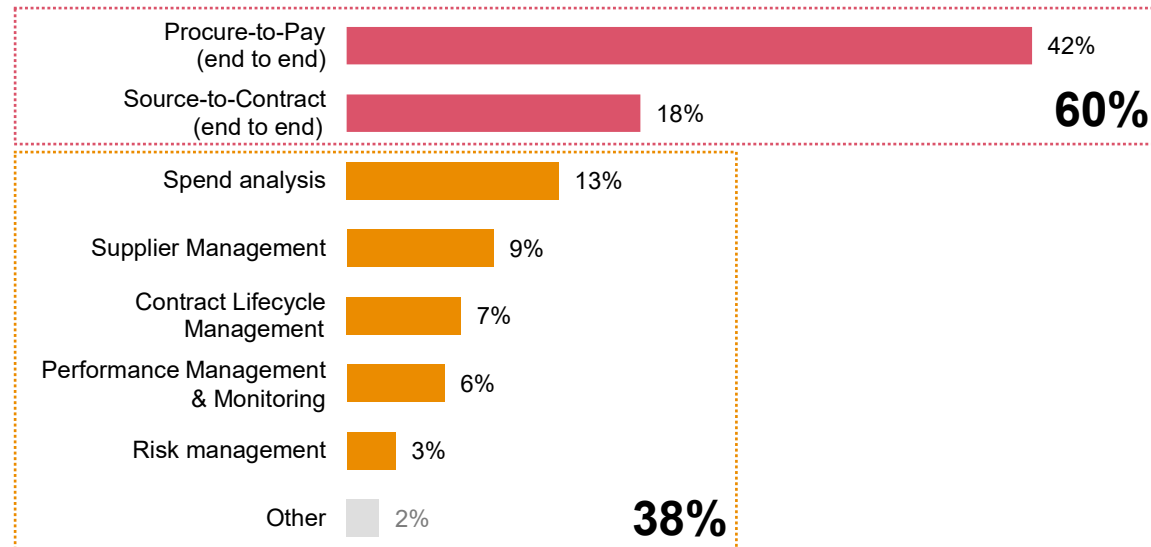
10% of companies use neither a S2C nor a P2P solution to manage their Procurement processes. It appears that the adoption of these solutions is proportional to the size, the number of users, and to the investment capacity of companies. Among the non-equipped companies, 78% are small and medium-sized companies.

However, small and medium companies plan to catch up with larger companies by prioritizing S2C and P2P transformation on their digital roadmaps, supported by strong investments.

Benefits from Procurement digital transformation go beyond Source-to-Pay processes



Which Procurement process improved the most with digitalisation?



PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Question: In which area of the Procurement process did you identify the greatest improvement brought by your digital tool?
 (please select 1 choice)

PwC best practice: ROI consideration

Respondents responding “Others” to this question declare having difficulties to identify the improvements brought by digital transformation due to unclear vision on ROI. The digital transformation of Procurement departments is to be considered as an investment, and should be based on a business case for validating the opportunity, and make sure that the added value tracking plan is prepared for monitoring the results of such an initiative. Make sure the added value creation is tracked along the digital transformation. It is advisable to start the transformation with less complex Procurement processes. This results in higher acceptance as well as immediate efficiency gains.

The most common perception of improvements brought by Digital solutions is on the end-to-end Source-to-Pay processes

As 80% of respondents are equipped with S2C and P2P solutions, the greatest improvements brought by digital are without surprise focused on the processes addressed by these solutions. P2P is one of the transactional processes that is the most digitalized and represent the first step to the path of Procurement digital transformation. P2P is recognized as a process that provides visible short-term ROI while being less cumbersome than others to digitalise.

However, around 40% of respondents perceive the best added value through spot processes

The digital transformation of Procurement departments does not limit itself to the S2C & P2P processes, it can cover the Procurement processes on a 360° perspective, from strategy to execution to reporting. Spend analysis, SRM, CLM, Performance and Risk management are fully part of the role of Procurement departments within the company, and can be strongly enabled by Digital Transformation.

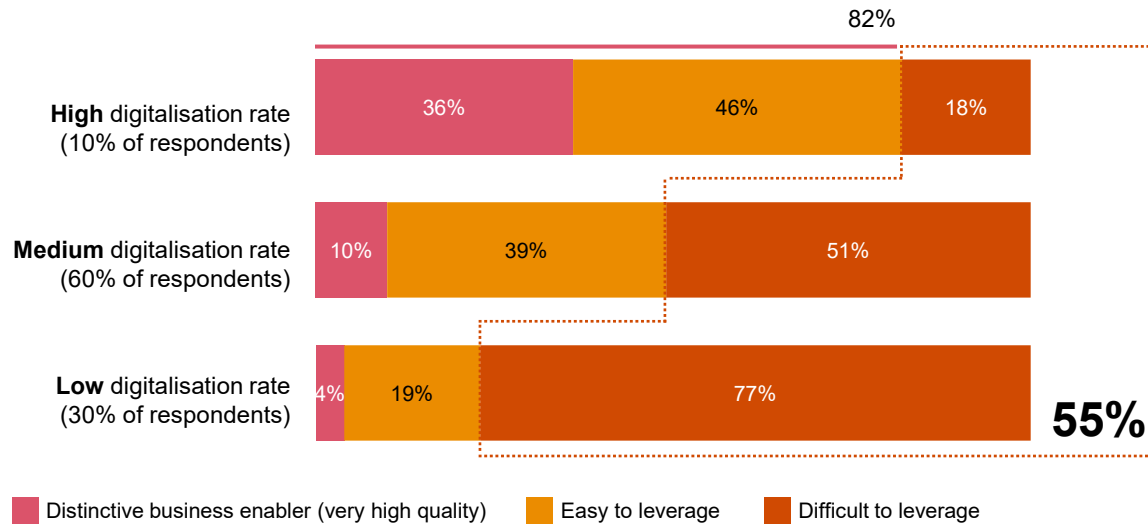
Perception of improvements on process is the reflection of digital solution vendor market

Digital solution market is composed by two main categories of vendors: the full suite S2P editors, and the specialists on specific processes.

The specific solution providers are often best-of-breed solutions on their segment and will allow a comprehensive coverage of Procurement processes. However, implementation can appear as more complex as integration with numerous other systems is to be developed. This painpoint can be addressed by full suites, which work at developing complementary modules – through organic or external growth.

Data management is still a struggle for many Procurement departments, whereas process digitalisation is a significant driver of data quality and leads to data value creation

Perceived quality level of Procurement data depending on process digitalisation rate



PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Question: How would you assess the quality level of your Procurement data? (suppliers, articles/SKUs, spend, contracts, ...)
 Processes digitalisation rates : High >75% – Medium 25% to 75% – Low <25%

82% of companies with a high level of process digitalisation create value from their Procurement data

The ability to exploit and leverage data is directly linked to the digital maturity of Procurement departments making digitalisation a real driver of data quality management. Indeed, more than 75% of companies with a low level of digitalisation within their Procurement department declare having difficulties leveraging their data.

55% of respondents struggle to make the most of their data, showing that a lack of process digitalisation makes it difficult to use data for Procurement decision making

The majority of respondents struggle with Data Management, while only 10% claim that the quality level of their Procurement data is high enough to be a real distinctive business enabler.

In the 2017 edition of the Digital Procurement survey, 43% of respondents stated that their biggest challenge in using Procurement data analytics was its very low quality whereas 34% noted a lack of expertise in leveraging their data. The amount of data multiplies from year to year, complicating the levels of analysis and processing, and thus requiring a system of continuous improvement in data management.

Throwback to 2017

PwC Global digital Procurement survey, 2017 edition
 > Question: What are the biggest challenges in using Procurement data analytics? (multiple choices)

43% Poor existing data quality

34% Lack of skills in Procurement staff

33% Poor access to relevant data

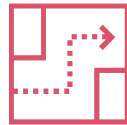
19% Inability to identify relevant data

PwC's Best Practices: Handling data management for Procurement departments

Data challenges for the Procurement departments:

- **Growing amount of digital exchanges** among Procurement ecosystem (purchasers, suppliers, internal clients, 3rd parties, ...) which increases the information flows;
- Structuration of data: complexity of purchased goods and services, and multiplication of stakeholders and intermediaries can create **unstructured data**;
- Manage, consolidate, maintain **multiple sources of data**: large catalogs, supplier data, spend data, ...
- Leverage the potential of data for **sourcing improvement**, automation of market research can lead to valuable competitive advantage.

The skills needed to improve data value creation rely on:



Data strategy

Establish a roadmap and prioritize topics according to the company's strategy

Know your purchasing maturity as well as that of one's operational teams, whether they are buyers or other roles in the organization



Data management & data governance

Have up-to-date and easily available repositories for the business

Master standard market references & repositories

Maintain & demand data quality from provider to avoid "garbage in"

Distribute roles and responsibilities between Procurement, Supply, Operations and IT



Data analytics

Automate analysis "on the flow" to have the ability to serve long term performance supervision as well as real time alerts in case of emergency

Develop capabilities to process unstructured data such as contracts, technical documents and specifications, ...

Leverage transactional data when supplier portal is available



Data platform

Develop a data hub (not necessarily a data lake) that focuses on data sharing and flow rather than storage

Ensure interconnection with other business Information Systems

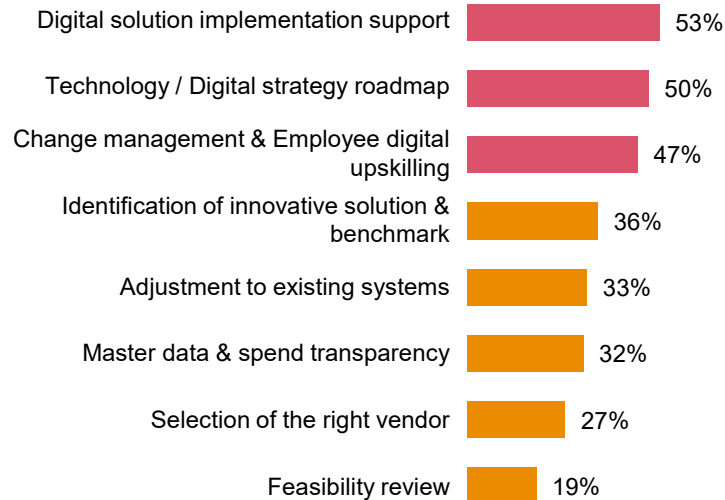
Supervise the company's inputs via the use of "Digital Twins"



A company's value stream starts with its purchases. It is therefore necessary to have a rigorous and complete control of all the physical and digital assets.

Third-party support is an enabler, but focusing on internal upskilling and continuous improvement will support long-term digital transformation

Need for external support in Procurement digital transformation



PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Question: Where do you see the greatest need of external support in Procurement digital transformation? (please select 3 choices)



From roadmap definition, to implementation support, the most named drivers for calling an external support cover the complete digital transformation process

Companies have a diverse need for expertise to help achieve the digital transformation of their procurement department. Among them, Digital strategy roadmap support is named by 50%. It may reveal an unclear view on the direction to give to their digital transformation and on how to address it. Building a strong and realistic roadmap is a key success factor in implementing a sustainable and effective digital transformation.



Digital transformation is not all about technology. Upskilling and developing a digital culture are key for ensuring a sustainable and resilient transformation

Digital transformation requires specific skills to develop and maintain in order to secure a successful implementation and sustainable adoption by users. In the long term, developing employees digital skills will support an in-depth change in the organisation.

It can be enabled by creating a digital culture, through implicating employees in roadmap definition, taking the digital projects from a collaborative approach, and involving the teams in transformation projects.



A third-party support in digital transformation projects will bring specific knowledge and know-how

Even if internal upskilling is a key lever to go digital, the third-party supports have a specific added value to bring in a more immediate way. In addition to external resources to strengthen a project, their external position create an ability to challenge current beliefs in the organisation. Their experience provides robust feedbacks on transformation projects, benchmarks and knowledge on digital vendor market, and best practices regarding processes and change management approach.



CPO vision: needs for external support



External benchmarks

CPO from small company of Professional Services sector

Leading and obtaining buy-in from key stakeholders for change management

Procurement Director from very large company of Public sector

Process re-engineering

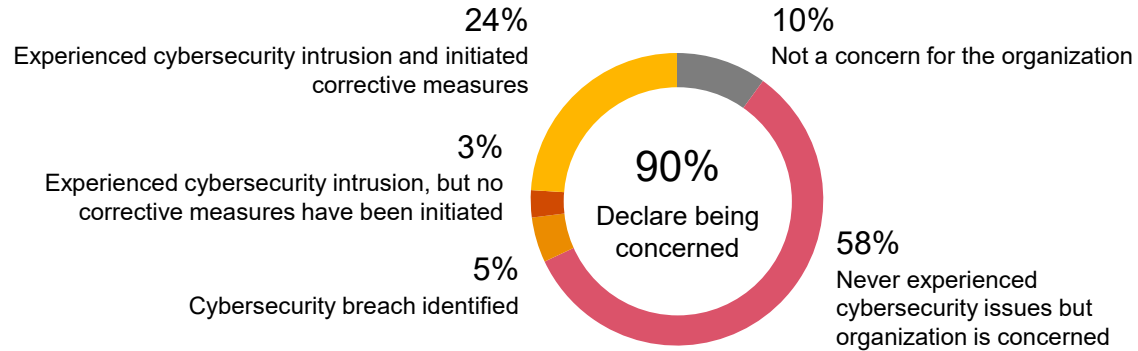
CPO from large company of Healthcare and Pharmaceuticals sector

Lessons learnt from similar implementations

CPO from medium company of Public sector

Cybersecurity is a rising concern for all companies, and Procurement departments are not spared from it

Procurement perception of cybersecurity

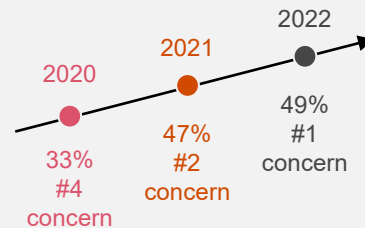


PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Question: What is your degree of concern in terms of cybersecurity within your Procurement department?

CEO perspective

Cyber threats are on the rise according to CEOs

Cyber has fast become a major source of anxiety. Now the number two concern, it was cited by 49% of CEOs, compared with 33% in 2020. Among CEOs in North America and Western Europe, it was the top threat. Likely influencing the response was the uptick in high-visibility cyberattacks during 2020 and 2021.



Source: PwC 23rd, 24th, 25th Annual Global CEO Survey
 > Question: How concerned are you about these potential threats to your organisation's growth prospects? ('extremely concerned' responses)

Procurement departments are not spared from cybersecurity concerns: 90% of them declare being concerned by cyber threats and 27% of them already experienced an intrusion.

Malware via software update, attack on cloud services, ransomware, business email compromise, attack on supply chain, ... the cyber threats are numerous and can come from many sources such as Cyber criminals, and also vendors and third-party, and even past and current employees.

Procurement are a preferential witness of business commercial exchanges, and are then exposed to these risks specifically through the payment process of suppliers. They have then a significant role to play in protecting their company, for which a first step would be to align process compliance with the company standards.

Company size is not an obstacle for cyberattacks: 63% of the companies that already experienced intrusion are large & very large companies, and 37% are small & medium companies.

CIO perspective

Shrink the large blind spot hiding the risks in your business relationships

You can't secure what you can't see, and most respondents to the PwC 2022 Global Digital Trust Insights Survey seem to have trouble seeing their third-party risks — risks obscured by the complexities of their business partnerships and vendor/supplier networks.

Only 40% of survey respondents say they thoroughly understand the risk of data breaches through third parties, using formal enterprise wide assessments. Nearly a quarter have little or no understanding at all of these risks — a major blind spot of which cyber attackers are well aware and willing to exploit.

Source: PwC, 2022 Global Digital Trust Insights, October 2021.

PwC's Best Practices: Approach cybersecurity in Procurement departments

Procurement departments are catching up digitalisation through significant investment. This digital transformation, coupled with the rise of connected technologies, is transforming the means of access to information and data, both within the company and with its partners, and is increasing the exposure and vulnerabilities of information systems (IS).

The transformation of working methods and tools is leading to the emergence of cyber risks that can have a direct impact on the operational activities of companies, particularly in terms of:



Productivity

The increasing dependence on digital tools (marketplaces, electronic signature, etc.) could, in case of unavailability, affect the proper conduct of business.



Competitiveness

Procurement departments have a variety of data that may be of interest to malicious actors and face the same risks as the whole company (e.g. theft, espionage, sabotage, etc.). Data that is binding on external third parties is the main data at risk, particularly data relating to their business activities (data from calls for tender, studies and plans, negotiated prices, etc.).

Still too often, cybersecurity is perceived by Procurement departments as an IT risk that does not concern them, and remains a secondary issue after the digitalisation of working methods and tools, whereas a few fundamental principles would make it possible to reduce cyber risk:

- **Incorporate cybersecurity natively**, by relying on the company's internal experts, from the design stage of any initiative involving IT/digital technology in order to protect against cyber risks from the outset.
- **Keep control of security**, do not make the classic mistake of relying solely on vendors of digital solutions, and regularly check that these solutions respect the commitments taken in terms of data protection, access control and security supervision.
- **Secure the entire IT chain**, particularly unstructured data spread across the information system or on exchange platforms with partners.
- **Map the data and tools used**, whether internal or external, as you can only protect what you know.
- Finally, **simplify the tools and services used** as much as possible, as any complexity increases the exposure to new vulnerabilities to technical debt.



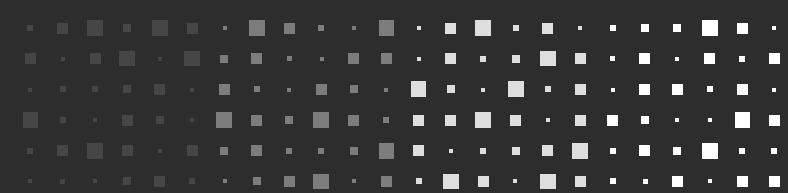
The productivity brought by new tools and technologies can be a lure if the associated risk is poorly controlled

2

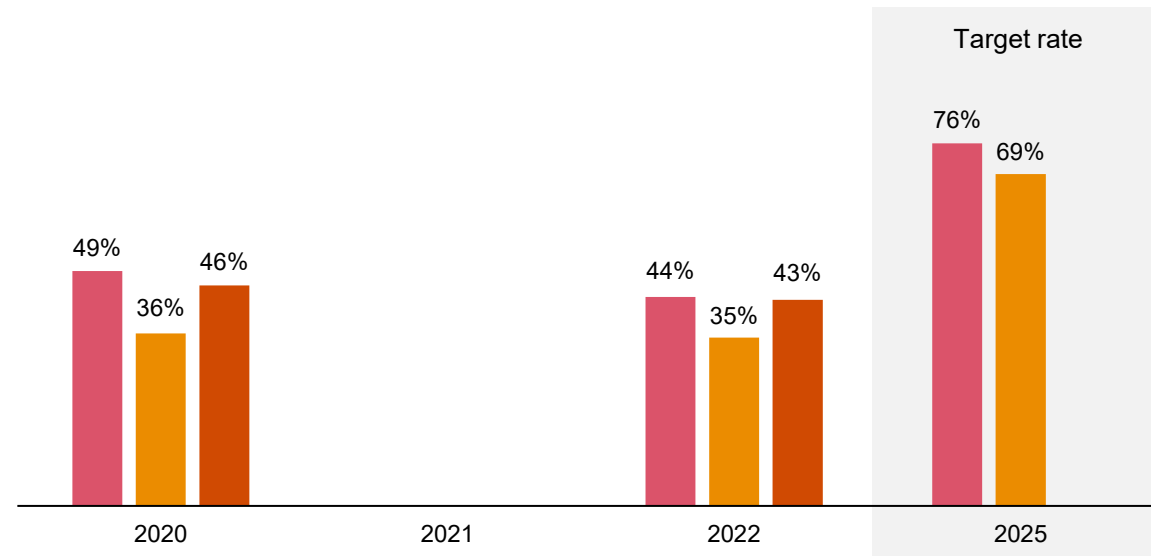
Future state of Digital Procurement



Perception of actual digitalisation rates of Procurement processes ran into COVID-19 reality, yet without discouraging ambitions for coming years



Digitalisation rates of Procurement processes



Strategic processes: Strategic sourcing, supplier search, contract management, predictive processes, supplier relationship management, risks anticipation.

Transactional processes: Supplier data management, tender management, catalog management, engagement processes (Procure-to-Pay).

Purchasing reporting: Spend analysis, business intelligence, economic performance management.

PwC Global digital Procurement survey, 4th edition (base 800+ respondents)

> Questions: For each process type (transactional, strategic, reporting): Today, what is the current level of digitalisation of strategic processes within your Procurement department? By 2025, what will be the targeted level of digitalisation of strategic processes within your Procurement department?

Process digitalisation rates have been downgraded by Procurement Professionals, by 6% on average

Optimism on actual digitalisation rates has been reviewed following COVID-19 crisis

Indeed, the global situation characterized by important supply chain pressure and the necessity for remote collaboration raised awareness on the actual rates of digitalisation perception. Possible blind spots over the Procurement processes have been identified during the crisis, and the perceived scope of digital transformation has been extended.

COVID crisis challenges the quality of Procurement digital transformation, enlightening both effective achievements & missing bricks.

Procurement departments slowed down their digital transformation in order to focus on immediate challenges

While crisis priorities appeared such as cost pressure, supply chain risks, supplier panel review, ... the digital transformation projects were put on hold by Procurement departments.

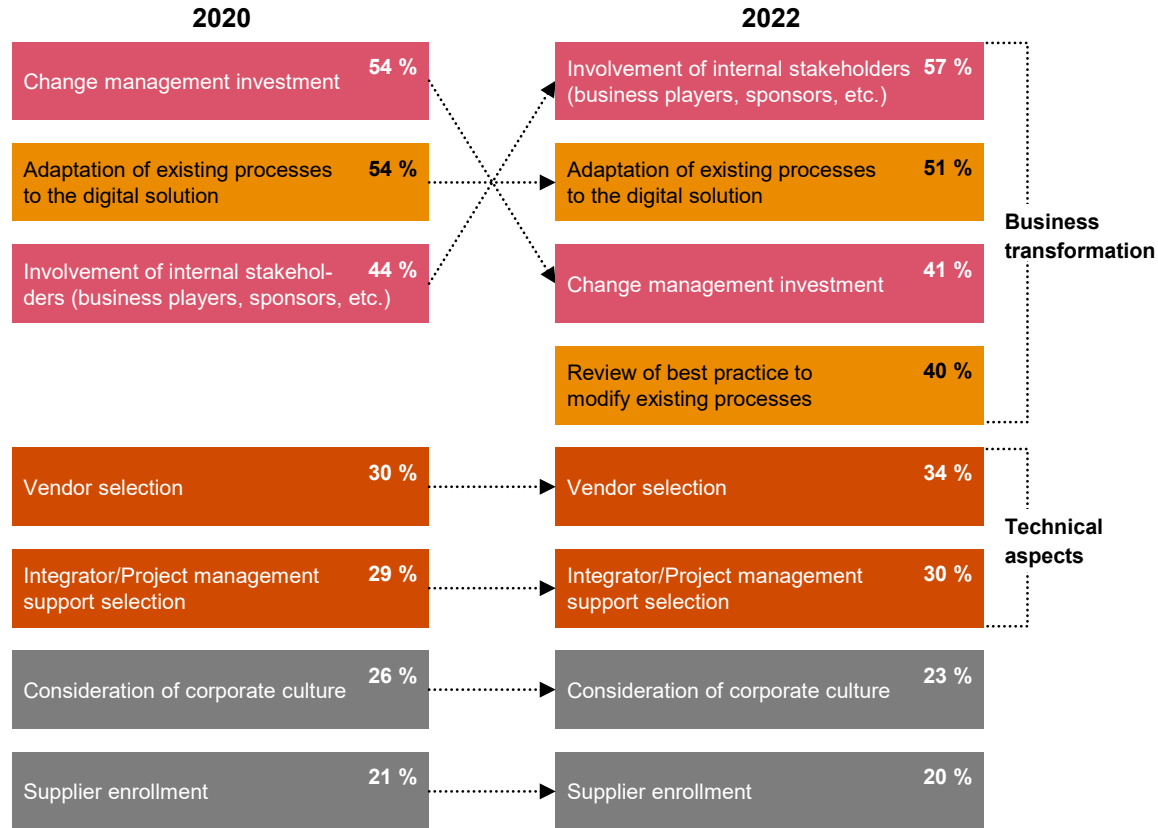
The efforts concentrated on managing immediate risks, rather than on longer term initiatives.

However, Procurement departments set very ambitious digitalisation objectives for 2025

COVID crisis also raised the necessity for going digital to properly manage and address the supply chain and Procurement risks in a resilient manner. Procurement professionals will accelerate their transformation in the coming years, and get closer to a 360° Procurement digital approach, with digitalisation rates around 70% for both strategic & transactional processes.

Business transformation including process, organizational and human aspects remains the major key success factor for digitalisation

Key success factors for implementing a digital Procurement solution



PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Questions : In your opinion, what are the key success factors for implementing a digital Procurement solution?
 (please select 3 choices)

Organizational & Human aspect

Organizational and human aspects remain the most important key success factors for implementing a digital Procurement solution, maintaining their position in the top 3. They are part of a **comprehensive business transformation**.

Their importance has been confirmed with an accelerated awareness of the crucial role of **cooperation**, induced by the health crisis and remote working models, which led “Involvement of stakeholder” to be named the most significant key success factor.

Process & Practices

The critical role of **business process re-engineering** is confirmed once again this year as being a key component of a successful digital transformation.

These process-oriented key success factors are aligned with the initial reasons for driving digital transformation, which is process optimization and efficiency. Adaptation of processes is to be considered from a user and a solution perspective in order to be successfully and sustainably implemented, while relying on best practices inspiration.

Vendor & integrator selection

Technical aspects such as the integrator or the chosen solution are secondary success factors. The focus on process re-engineering and stakeholder buy-in, instead of solution features and capabilities, reveals that even the best tailored solution requires to be implemented considering the above.

CPO vision

“ Procurement management must be fully integrated into the organization's end-to-end processes.

Procurement Director of a very large company in the Healthcare industry

Investments will significantly increase over the next two years for small and medium companies

42 % of Procurement professionals do not have a clear vision on their investments

Many professionals claim not knowing the investment budget of their company within Procurement transformation, 15% of them being CPOs. Apart from the confidential nature of this information, this important proportion reveals that many Procurement departments do not have yet a comprehensive vision on their digital roadmap.

On average, the companies will invest €1.28m annually in the coming years to support their digital transformation

These ambitious investment forecasts offer support for the implementation of Procurement departments' digital roadmaps. They show the expected tangible return on investment and therefore, the importance given to the digital transformation of the Procurement function.

CEO vision

In 2021, nearly half of CEOs planned to increase their rates of digital investments by 10% or more

Today's digital focus contrasts with the situation in 2010, after the global financial crisis, when the biggest investment priority for CEOs in our survey was gaining cost efficiencies.

Increase moderately 3–9%

34%

Increase significantly >10%

49%

> Question: How do you plan to change your long-term investments in the following areas over the next three years, as a result of the COVID-19 crisis?

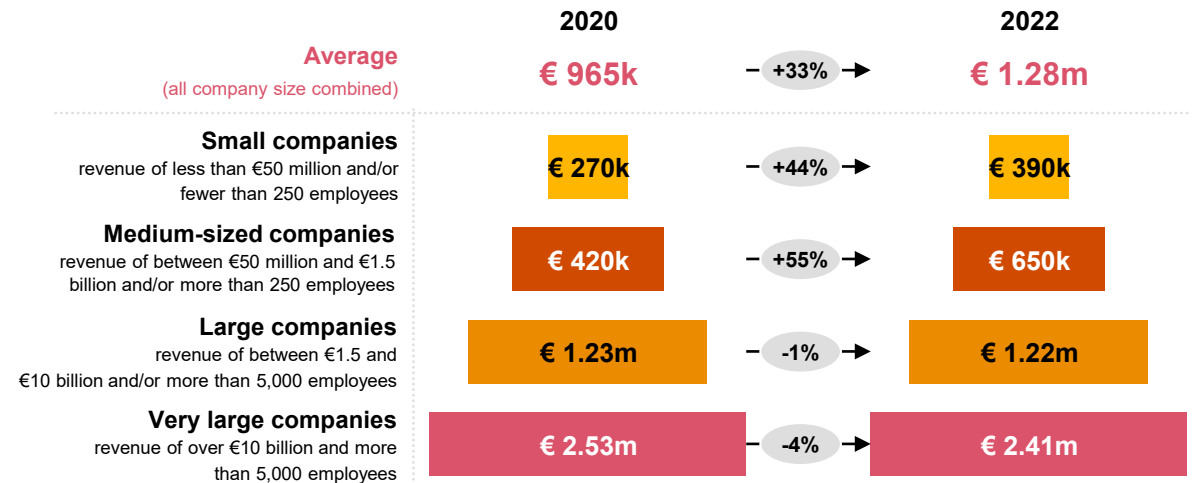
Source: PwC 24th Annual Global CEO Survey

While large & very large companies maintain their investments over the years, Middle market companies (small & medium) plan to strongly increase their investments in digital transformation

Compared with 2020 results, small & medium size companies show a strongly increasing interest on Procurement digital transformation with around 50% of budget augmentation.

After the slowing of digital transformation due to COVID-19, these companies are today strongly willing to support their digital transformation with actual investments.

Annual investment forecast for the digital transformation of Procurement departments over the next two years

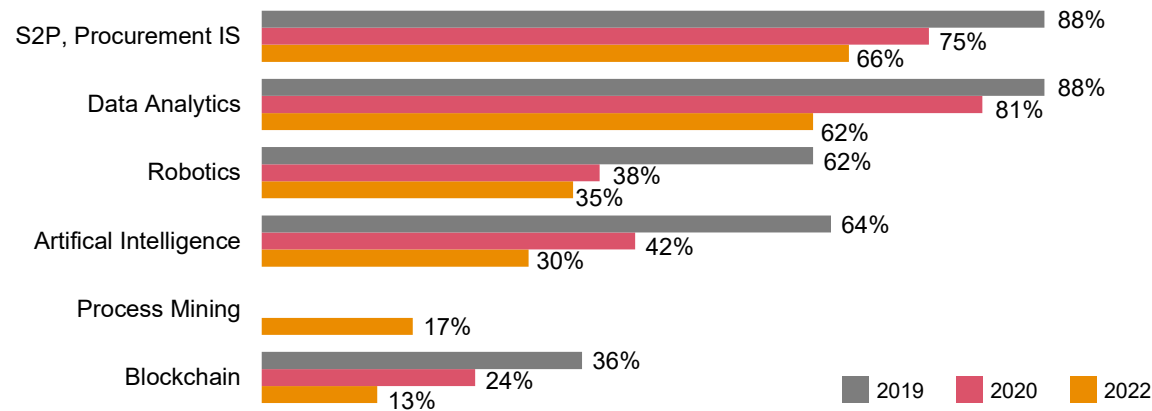


PwC Global digital Procurement survey, 4th edition (400+ respondents)/*2020: source PwC Digital Procurement survey 3rd edition (base 400+ respondents)

> Questions :By 2025, what will be your annual investment level dedicated to your Procurement digital transformation? (Investment can include: e.g. e-Procurement license, maintenance fees, upskilling training, etc.)

The technological roadmap of Procurement departments is rationalizing and quitting experimenting mode, with decreasing interest on emerging technologies such as Blockchain & AI

Targeted technologies to invest in within 2025



2022: PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 2020: PwC Digital Procurement survey, 3rd edition (base 400+ respondents)
 2019: PwC Digital Procurement survey, 2nd edition (base 200+ respondents)
 > Question 2022 : By 2025, which of the following technologies will be the target of investments as part of your Procurement digital transformation project?

The number of targeted technologies on roadmap is getting rationalized over the years

Average number of technologies on Procurement departments roadmaps

Technologies



Procurement professionals are not into an experimenting mode anymore as many technologies see a lowering interest

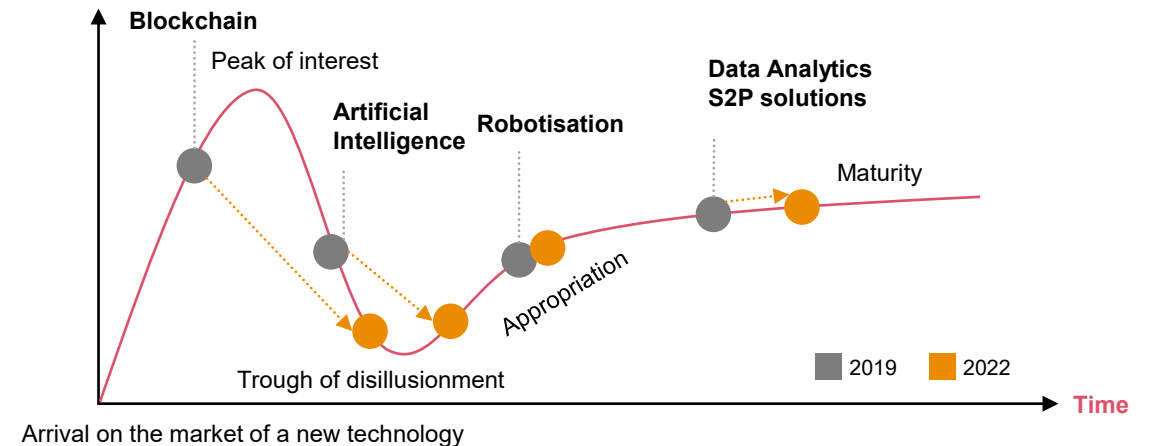
Procurement technology of Source-to-Pay solutions and Data analytics are still animating a large interest through Procurement professionals roadmaps. Robotics, AI, and Blockchain see an important loss of interest on transformation roadmaps over the years.

Investments intentions are concentrating on the proven added value technologies providing applicable use cases, while the “hype” around new technologies is running out of steam.

If technological investment is not an objective in itself anymore, these technologies are nevertheless being implemented in more and more companies through full suite solutions that integrate Artificial Intelligence in their solutions for instance.

Technology Maturity curve

Expectations



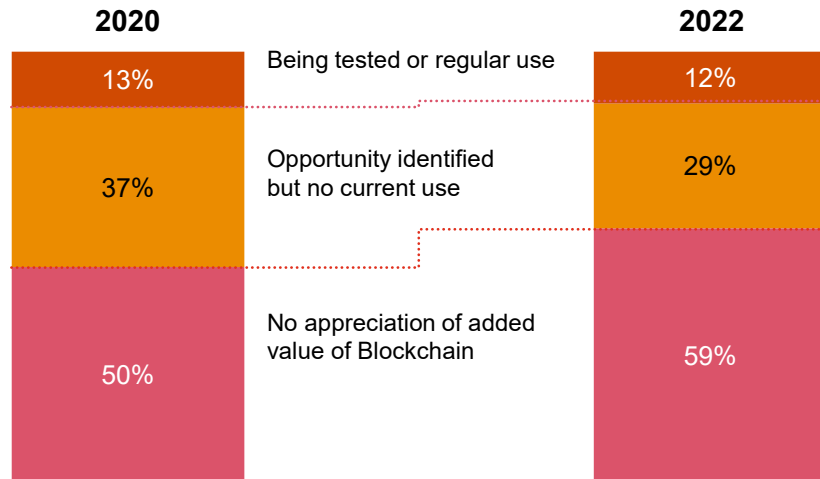
Blockchain can bring very significant value, however it is inspiring less and less Procurement professionals due to its unclear applicability

Blockchain is not perceived as a relevant digital use case for Procurement operations

While the number of companies testing or using Blockchain remain stable, the share of respondents who do not perceive potential added value in this technology is increasing.

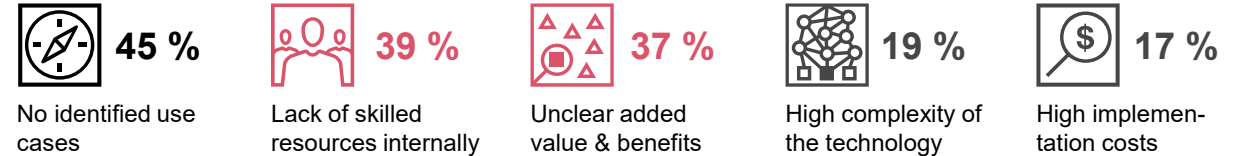
Blockchain is on the slow path of maturity, which includes a deception on the initial “hype” around a new technology. The inflated expectations are decreasing for Procurement Professionals, that are expecting more tangible use cases applicable to their field.

Perception of Blockchain by Procurement Professionals



2022: PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 2020: PwC Digital Procurement survey, 3rd edition (base 400+ respondents)
 > Question 2022 : “Blockchain - Supply Chain traceability & supplier knowledge” – What is your opinion about this use case applied to your Procurement department?

Reasons for not testing or using Blockchain



2022: PwC Global digital Procurement survey, 4th edition (base 600+ respondents)

> In your opinion, what are the main barriers for using Blockchain in your Procurement department? Select 1 to 3 answers (only if responded “I cannot appreciate the potential added value of Blockchain for my Procurement department” or “I identified an opportunity, but no relevant offer is available on the market” at previous question)

Unidentified or unclear opportunities & lack of skilled resources are the main entry barriers to benefit from Blockchain technology

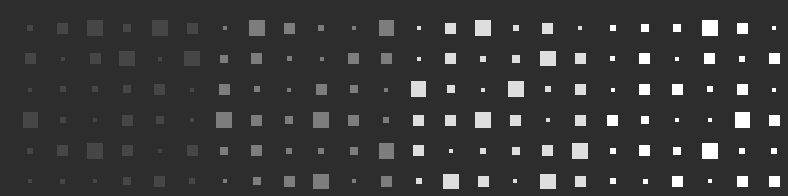
For Procurement departments that have not yet tested or implemented Blockchain methodology, some entry barriers are still preventing them from deploying the technology. Blockchain suffers from a lack of understanding of this technology, then of costing and implementation requirements, and struggle to identify use cases and value creation opportunities.

However, it is a vector of valuable improvements on Procurement and Supply chain processes

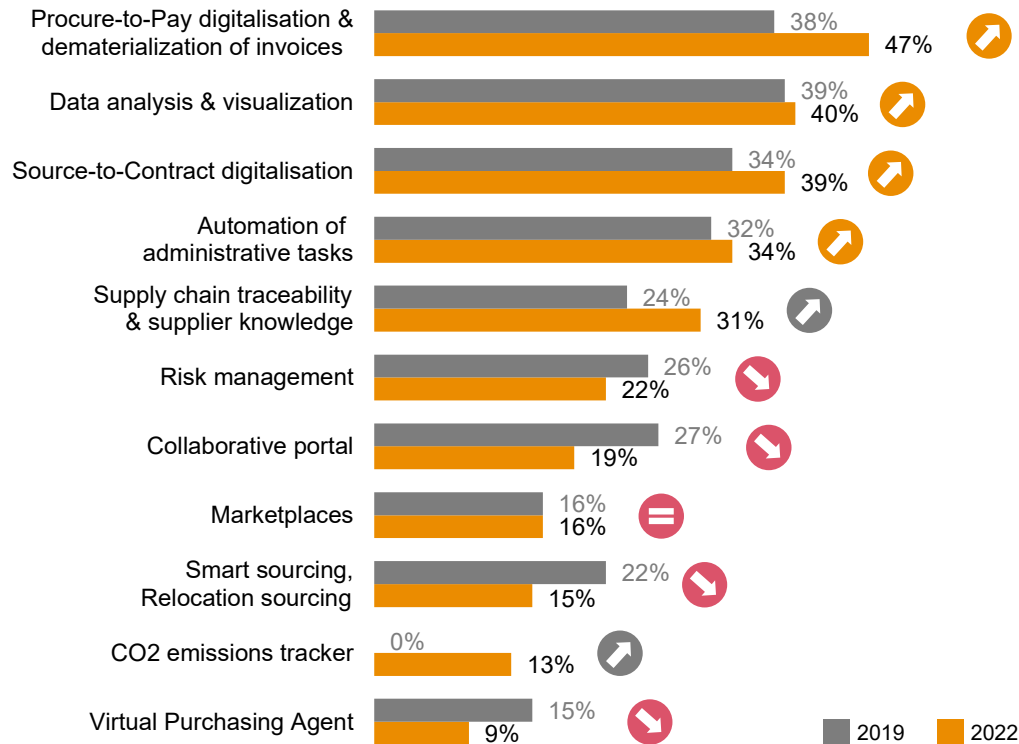
Thanks to its transparent, reliable and secure data storage and transmission technology, Blockchain can allow buyers to gain agility and simplicity throughout the Procurement process as well as in the overall extended Supply Chain operations. For instance:

- Monitoring supply chain flows, including complex supply chains (medical devices, aeronautical or automotive industries, ...)
- Create a platform to certify the origin of components of products or services
- Draw up a map of n-tier suppliers to protect the company's sovereignty in the event of a systemic crisis
- Generate a digital ID for each of the different stakeholders in the supply chain

Procurement departments shifted their digital roadmaps, focusing on proven added value use cases while shelving exploratory use cases



Presence on Procurement roadmaps of digital use cases: targets to invest in within 2025



2022: PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 2020: PwC Digital Procurement survey, 3rd edition (base 400+ respondents)
 > Question 2022 : By 2025, which use cases will be the priority targets in the digital transformation project of your Procurement department? (up to 3 choices)

↑ Fundamental use cases are the target of increasing investments

These use cases related to core Procurement activities were already the main targets of digital transformation in 2020, and is even on the roadmap of more companies this year. Procurement departments are more likely to invest on proven added value use cases. 50 % of companies declare process optimization as a main driver for digital transformation, and confirm this objective by setting S2P use cases and automation as top investment targets.

↓ Most of developing and high potential use cases are de-prioritized on a short term perspective

Many use cases that showed interesting development perspective have been de-prioritized by Procurement departments for the coming years. These use cases are seen as a risky ROI, that may not be worth the effort of implementation on a 3-year perspective at this time.

↑ Supply chain traceability is the only developing use case that gained momentum on Procurement roadmaps

Supply chain traceability moves up by a strong 7 points, arising from COVID-19 awareness raise, while risk management sees a decline of 4 points compared to 2020. Traceability could overlap risk management in parts of the supply chain where a higher transparency helps companies to assess potential disruptions, following the objective of achieving an extensive digital supply chain tower.

↑ Sustainability use case makes a good entrance on Procurement digital roadmaps

The use case for monitoring CO2 emissions from Procurement perspective makes its first entry in the list with 13 % of respondents claiming it to be on their digital roadmap for the upcoming two years, supporting the general growing interest in applying sustainability in Procurement.

CO2 tracker emission solution can be a game changer for sustainability application in Procurement departments



Sustainability will be a future game-changer as many companies (27%) already implemented or experienced an emission tracking system

Many respondents already started the offensive. Tracking CO2 emissions is becoming regulatory and socially mandatory. Therefore, Procurement has the opportunity to play a key role in this initiative. Gather relevant supplier CO2 data and map supply chain emissions are the first steps towards improvement paths, to make Procurement a valuable business partner for the company and the overall society.



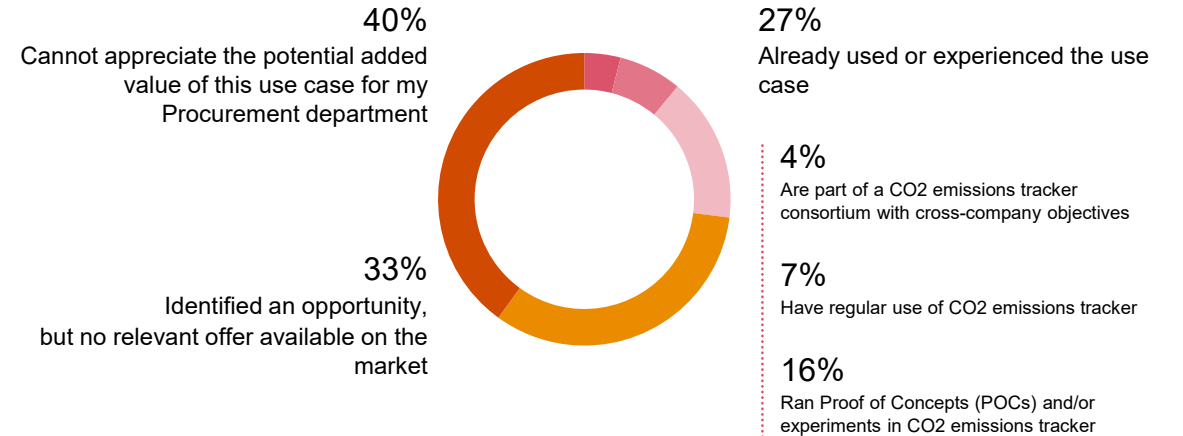
The advantage of tracking supplier's emissions is recognized but lacks in execution due to market offering

Another 30% of the respondents are already facing the change to net zero. Although, they are lacking in a structured way to tackle the problem and are in need of a tool. As the market for sustainability and emission tools is still emerging, PwC developed a Procurement-tailored tracking solution, not only for Co2 emissions but also many more ESG criteria.

40% of the companies do not perceive interest in tracking the suppliers CO2 emissions

Even though sustainability and thus tracking CO2 emissions is prevalent in industry discussion, the value-add often remains unclear, especially monetary savings. Starting with business case can help approach the use case definition: limit the rise of CO2-taxes through vehicle fleet motorisation review, assess supplier portfolio location to review transportation practices and gain better TCO control through limited price volatility, optimize CO2 footprint to comply with Emission Trading System in EU and avoid additional charges, valuation of reputational improvement with customers, ...

Procurement perception of CO2 emission tracker use case



PwC Global digital Procurement survey, 4th edition (base 800+ respondents)
 > Question: "Tracking of suppliers' CO2 emissions in your Supply Chain" –
 What is your opinion about this use case applied to your Procurement department?"

Industry vision

Top #5 Industry using or experiencing CO2 emission tracker use case



Sustainability Focus: Procurement departments play a key role in integrating CSR practices for their companies at each stage of Procurement processes



Strategic Sourcing

Supplier panel evolution

- Einführung einer nachhaltigen Establish a sustainable sourcing strategy
- Identification of innovative suppliers, sustainable sectors, circular economy, local suppliers, ...

SRM management

- Optimize CSR aspects with suppliers
- Influence tier-N suppliers



Supplier selection

Supplier offer analysis (CSR/TCO)

- Identify CSR risks & opportunities for international suppliers
- Integrate CSR specifications in mission statements, ensure evaluation transparency

Carbon footprint verification

- Measure environmental footprints for the entire value chain



Contract and risk management

Contract creation

- Integrate CSR aspects in Procurement contracts (e.g. CSR charter, specific clauses, ...)

Monitoring of contract application

- Establish a clear CSR action plan for the supplier
- Integrate CSR performance in contract management
- Evaluate suppliers in respect with CSR engagements
- Open alerts devices



Supply management

Compliance monitoring

- Ensure the application of the CSR charter for the entire supply chain

Supply chain traceability

- Reduce the number of supplier intermediaries
- Downsize the number of interactions between buyers and suppliers thanks to automation
- Secure supplies for tier-N suppliers



Supplier payment

Payment digitization

- Implementation of e-signature, e-invoicing, e-archiving to reduce paper waste

Payment delays optimization

- Optimize working capital requirements with respect to local laws and regulations

Continuous improvement

- Strengthen the CSR performance of suppliers



PwC's Sustainability Tracker

Although participants' opinions vary widely on whether CO2 tracking is important, PwC has already spotted the importance and trend in 2019. With the help of the PwC Sustainability Tracker, a customer gets the opportunity to achieve 100% transparency over his entire upstream supply chain. The tracker not only shows environmental factors such as CO2, water consumption or land use, but also gives the client insight into the social and economic impact. The tool is based on PwC's ESCHER method, which has proven itself for more than 10 years in various projects with different customers.

Do you want to get more information about the tool? Send us an e-mail to GBL_sustainability_tracker@pwc.com

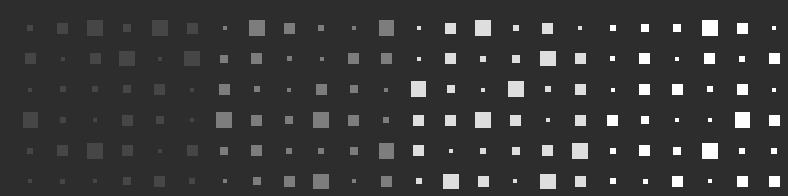
3

Geographical overview

Find out more
For more geographical insights, do not hesitate to reach your local PwC contact!



Global view of Procurement digital transformation: All continents are already on-board and will keep investing

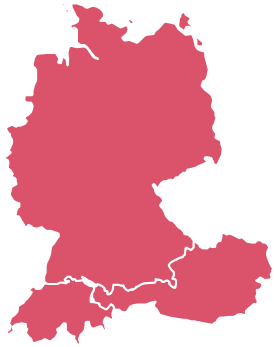


	Africa	America	Asia/Oceania	Europa	Middle East
Source-to-Pay solution equipment rate	67%	72%	77%	79%	86%
Current process digitalisation rate	44%	36%	41%	41%	45%
2025 target process digitalisation rate	76%	73%	71%	72%	77%
Managing creating value from Procurement data	61%	32%	46%	43%	70%
SMEs yearly investments	€ 780k	€ 820k	€ 530k	€ 510k	€ 850k
Large & very large companies' yearly investments	€ 1,790k	€ 1,920k	€ 1,400k	€ 1,730k	€ 1,720k
Presence of CO2 emission tracker on roadmaps	8%	13%	13%	15%	3%

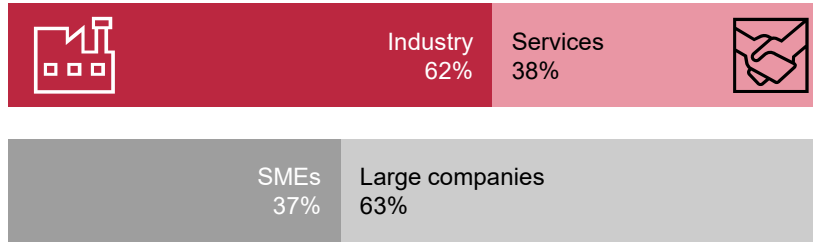
Strategic priorities	Africa	America	Asia/Oceania	Europa	Middle East
	1. Cost reduction (35%) 2. Supplier Sourcing (32%) 3. Digital transformation (12%)	1. Cost reduction (33%) 2. Digital transformation (20%) 3. Supplier Sourcing (14%)	1. Cost reduction (41%) 2. Supplier Sourcing (18%) 3. Digital transformation (17%)	1. Cost reduction (36%) 2. Digital transformation (18%) 3. Supplier Sourcing (15%)	1. Cost reduction (43%) 2. Digital transformation (25%) 3. Supplier Sourcing (23%)



- Africa is strongly focused on Supplier sourcing, to support supplier portfolio diversification and foster innovation;
- While being less equipped in S2P solutions than other continents, Africa is performing at creating value from its Procurement data;
- Digital transformation will be supported by significant investments.
- The continent seems to have the lowest digitalisation rates, which makes data management a challenge;
- However, America has planned to invest considerably to support digital transformation;
- Risk Management use cases are getting investment intentions, on around 30% of transformation roadmaps.
- ESG / CSR is the 4th strategic priority of continent's CPOs, which is the best ranking among other continents. 70% of respondents perceive value potential in ESG digital use cases;
- Investments are around 15% lower than global average, however the priority is set on S2C and P2P digitalisation, which gather important shares of roadmaps.
- Europe is concerned about Risk Management, and place it as 4th strategic priority;
- To address this stake, Europe is betting on innovative use cases such as Risk management and Supply chain traceability;
- CO2 emission tracking is also on the agenda for 15% of respondents, while over 30% already experienced it.
- Middle East is leading the Procurement transformation race, with the highest equipment and digitalisation rates;
- It will keep on this track by setting digital transformation as 1st priority for 25% of Procurement departments, and by strongly investing in S2P digitalisation.
- The innovative use case of Smart sourcing / relocation sourcing is also emerging on roadmaps for 35% of respondents (13% globally).



52 respondents



Procurement digitalisation status

		D-A-CH-region	Global
Source-to-Pay solutions equipment rate		87%	77%
Digitalisation rate of Strategic processes	Current	24%	35%
	2025 target	68%	69%
Digitalisation rate of Transactional processes	Current	41%	44%
	2025 target	82%	75%

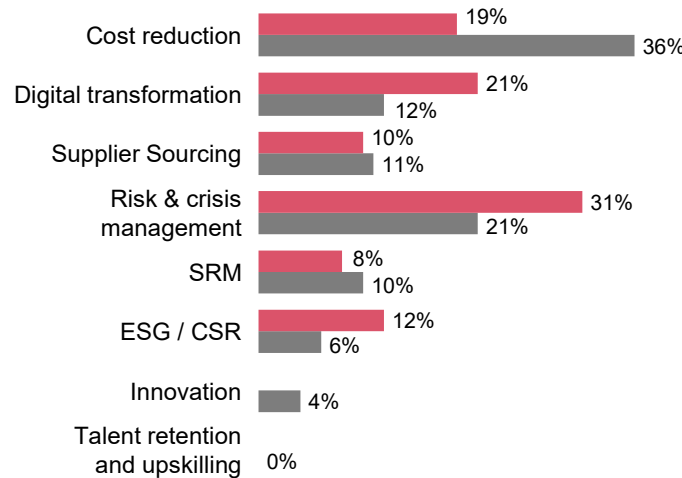
The strategic priorities from the D A CH-region differ intensively from the global strategic priorities reference

The region sees risk and crisis management as the highest strategic priority, while the global reference cites cost reduction as the most important topic. Digital transformation is gaining a slightly higher share of interest in the D-A-CH region, with 21% of respondents citing it as a strategic priority, compared to 18% of respondents in the global average. The increasing ESG/CSR topics are more interesting for respondents in the D-A-CH region than globally.

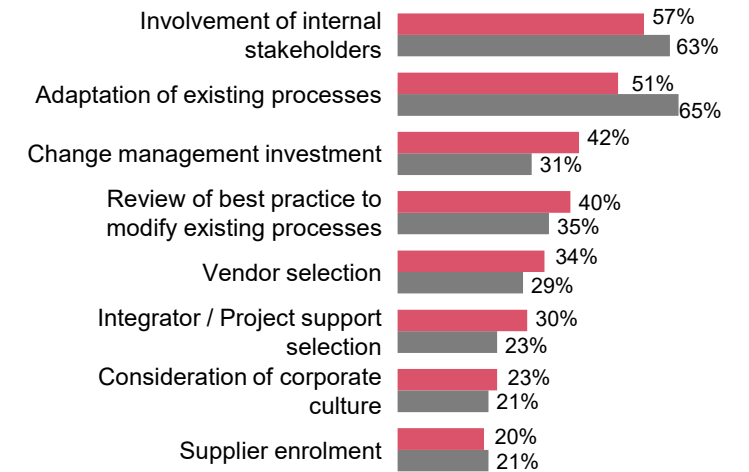
The key success factors for digital transformation of the D A CH-region are close to the global reference

The regions' first three success factors are the adaption of existing processes (65%, global: 51%), involvement of internal stakeholders (63%, global: 57%), and review of best practice to modify existing processes (35%, global: 40%). In the top right corner of the page, the equipment rate for S2P solutions is given as a high 87%. This is 10% more for the D-A-CH region compared to the global average. In addition, the digitization rate of transactional processes is expected to double from the current 41% target to 82% in 2025.

Strategic priorities of Procurement departments



Key success factors for digital transformation

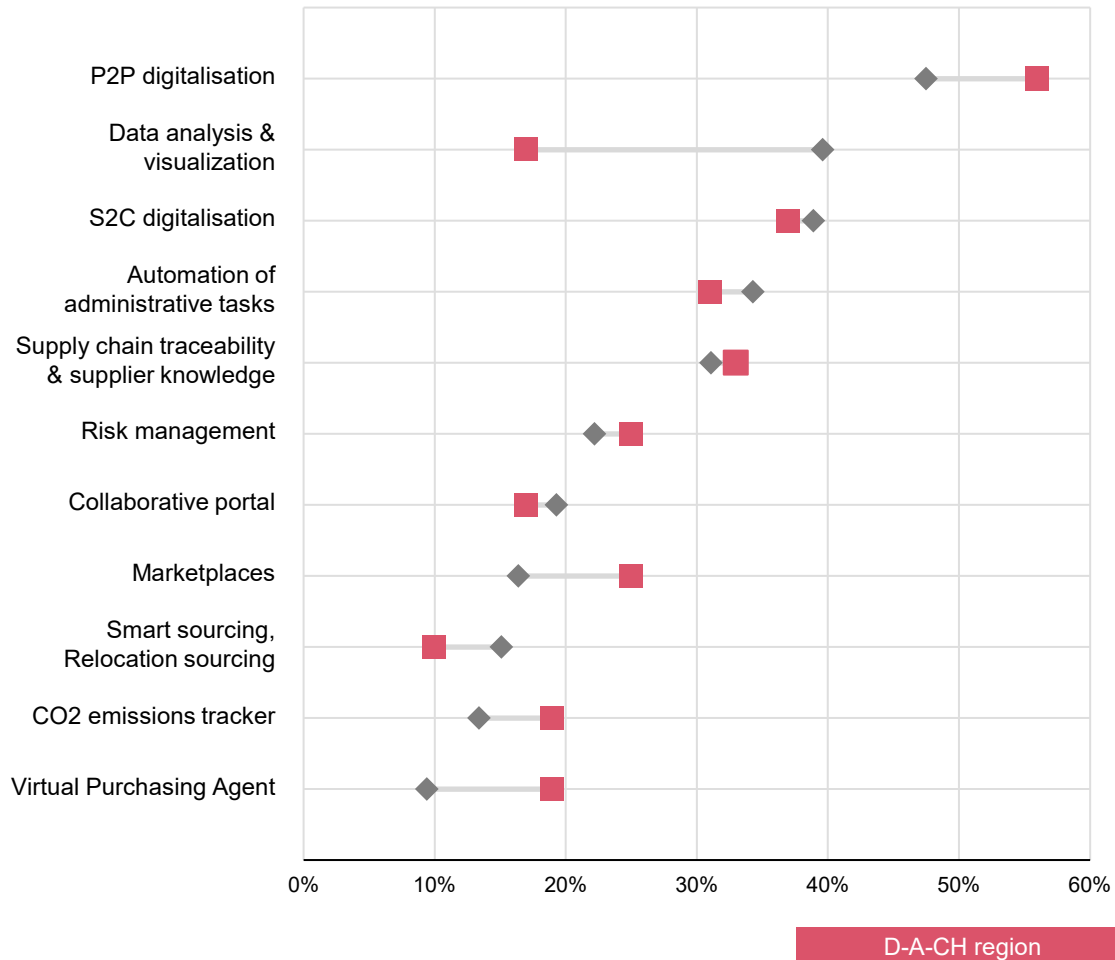


D-A-CH-region

Global

The roadmap for 2025 shows process-related use cases as the main focus for the D-A-CH region supported by an investment plan above the global average

Presence rate of Digital use cases on 2025 roadmaps



Investments in Procurement digital transformation by 2025 (yearly)

	D-A-CH-region	Global
Small & Medium companies	€ 780k	€ 530k
Large & Very large companies	€ 1.890k	€ 1.780k

The D-A-CH region sees use cases in data analysis and visualization as less relevant in contrast to the global understanding

P2P digitization is the most interesting use case for the D-A-CH region and Smart Sourcing/Relocation Sourcing the least interesting. The high relevance of process-related use cases in the area of digitization is also underscored by the above-average interest in marketplaces and virtual purchasing assistants. In addition, entry into new supplier marketplaces is seen as an opportunity to strengthen the supplier base and competition.

For the D-A-CH region, tracking CO2 emissions is on the list as a relevant use case and is rated at 19%. In particular, the European law on due diligence in the supply chain increases the relevance as an external driving force. However, global opinion on this use case is still mixed.

The D-A-CH region is willing to invest a significantly higher amount in the digital transformation of purchasing, which applies in particular to small and medium-sized enterprises

The average annual investment in digital transformation of purchasing by 2025 is above the global average at €780,000 for small and medium-sized companies and €1,890,000 for large and very large companies in the region. Investments in processes and tools, including implementation, can be considered more comprehensive than investments in data analytics. Therefore, the higher average investments are appropriate.

4

Industry benchmark

Industrial



Manufacturing



Energy & Utilities



Healthcare & Pharmaceuticals



Consumer goods



Building & Infrastructures



Automotive industry

Services



Banking, Insurance, Financial Services



Technology, Software, Telecoms



Distribution & Retail



Transportation & Logistics



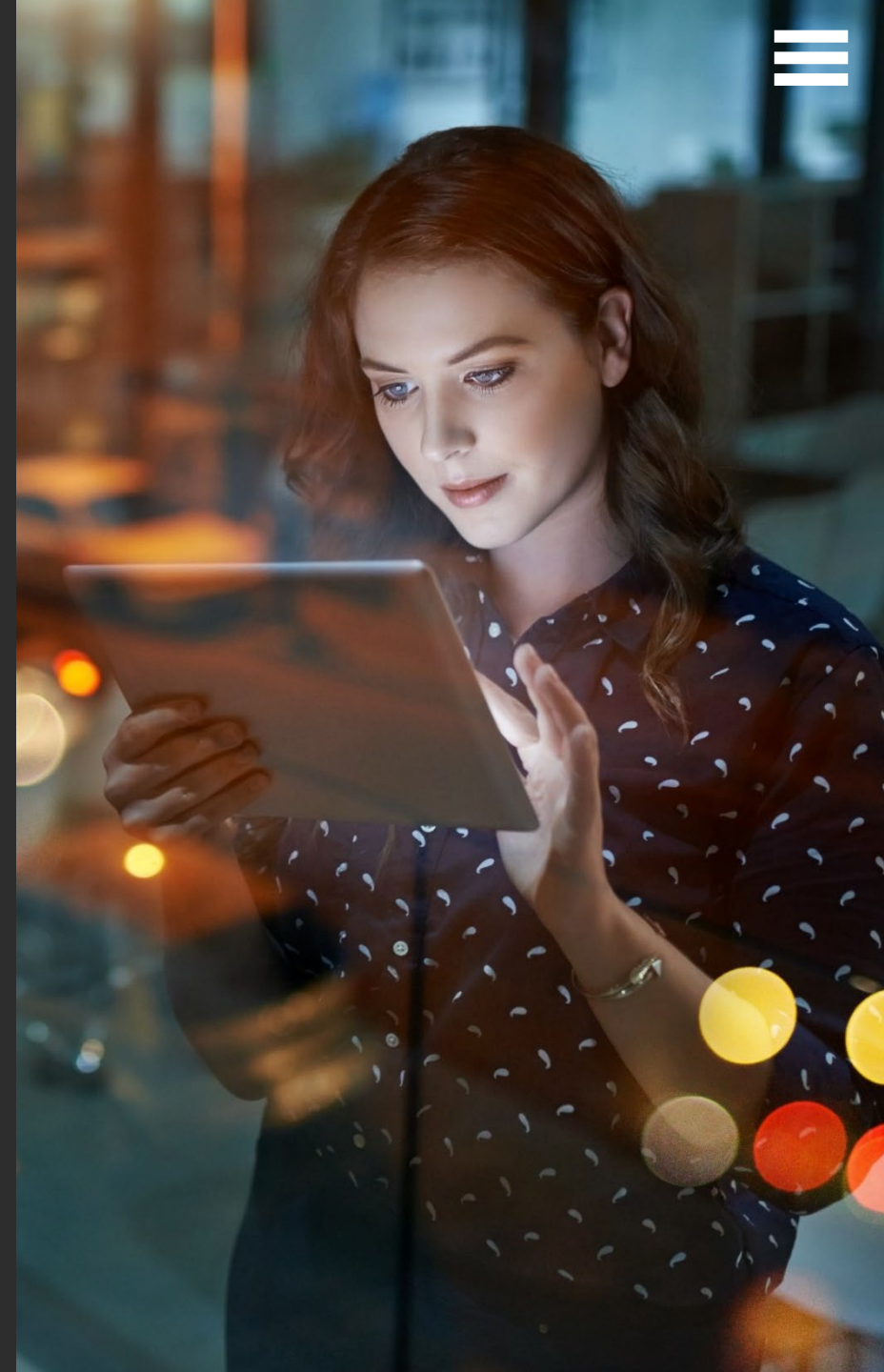
Professional Services



Public Sector

Find out more

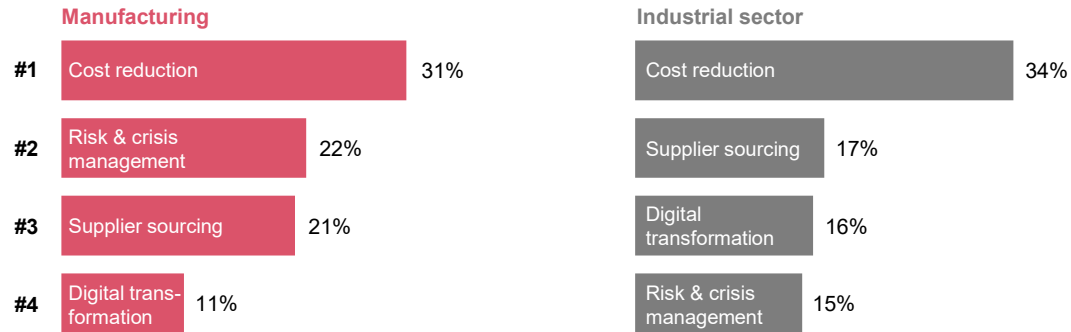
Purchasing issues and practices can vary widely from one industry to another. That's why we wanted to study the digital characteristics of Procurement departments in the industries most represented in this survey, so as to benchmark them within their sector and observe what is specific about them.





Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Manufacturing	Industrial sector
Source-to-Pay equipment rate	79%	77%
Average current digitalisation rate of Procurement processes	38%	40%
2025 target digitalisation rate	69%	71%

Component manufacturers and assembly activities have resumed business after the Covid downturn and need to remobilize their globalized supply-chain as they are strained by Copper, Aluminum inflation and shortages in plastic parts. This implies higher attention towards capital expenditure and investments, that are lower by 10% vs. previous years.

An ever more challenged access to resources such as supply and logistic threats, skills shortages, freedom of movement force players to aggressively secure suppliers and develop new sources. Risk-management approaches influence criteria to select suppliers for a "stress test" of resilience as economies re-open: sole-sourcing situations and previous supply chain failures are closely considered on top of the costs to serve.

Qualifying and developing capable suppliers at an early stage, defining commercial agreements and mutualizing capabilities are key in situations of supply base attrition & strong industrial recovery: up to 30% output increase in 2022 versus 2021 is not uncommon for equipment manufacturers.

Base: 97 respondents

Main challenge is to rapidly & safely exchange data of post-Covid recovering demand with an even more heterogeneous & disrupted supplier base

Future state of Digital Procurement

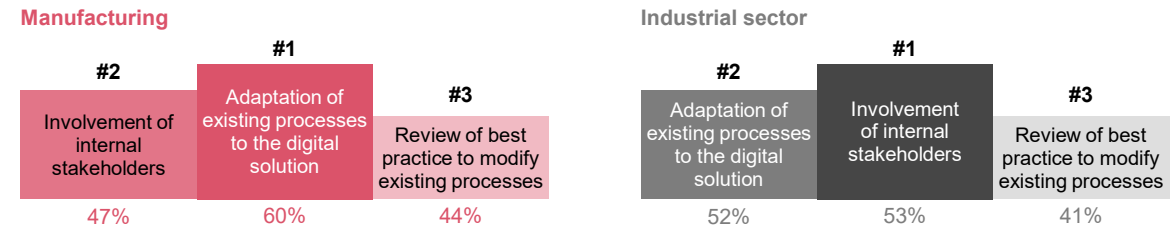
Investments in Procurement digital transformation by 2025 (yearly)

	Manufacturing	Industrial sector
Small & Medium companies	€ 570k	€ 600k
Large & Very large companies	€ 1,540k	€ 1,720k

case digital roadmap by 2025

	#1	#2	#3	#4
Manufacturing	Procure-to-Pay digitalisation 56%	Supply chain traceability 38%	Source-to-contract digitalisation 37%	Data analysis & visualization 35%
Industrial sector	Procure-to-Pay digitalisation 50%	Data analysis & visualization 41%	Source-to-contract digitalisation 37%	Supply chain traceability 32%

Key success factors for digital transformation

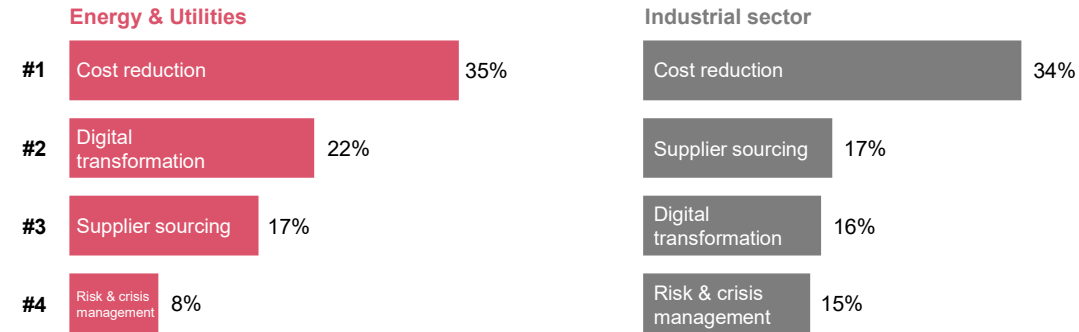


Manufacturing companies favor investments related to P2P digitalisation and improved traceability (including CO2 Trackers), but are still lagging behind in terms of S2C digitalisation and data analytics. Clients who face severe capacity constraints at their Tier-1 and -2 suppliers plan to setup platforms of Collaborative Demand versus Capacity pooling. This supposes a higher level of mutual transparency than traditional supplier 'mailbox' portals. Co-financing on Capex and more flexibility on OEM specifications are creative levers with trusted suppliers.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Energy & Utilities	Industrial sector
Source-to-Pay equipment rate	75%	77%
Average current digitalisation rate of Procurement processes	41%	40%
2025 target digitalisation rate	76%	71%

The Energy industry is facing price increases in several - especially direct - categories. Increasing copper prices for cables for instance, increasing wages and workforce shortage for constructions, as well as the societal and governmental pressure of the energy transition heavily affects the Procurement departments. Thus, cost reduction remains the top priority next to digital transformation.

Supplier sourcing is also a key priority of Procurement departments, supply securization being a prevalent topic in the industry. New suppliers and sources are required to secure the constant supply of material, especially in a shortage context where portfolios have been deeply challenged by COVID-19 crisis. The strong regulatory influence applied to this industry makes Risk & crisis management the fourth strategic priority of the Procurement departments, 7 points less prioritary than their Industrial peers.

Base: 95 respondents

Future state of Digital Procurement

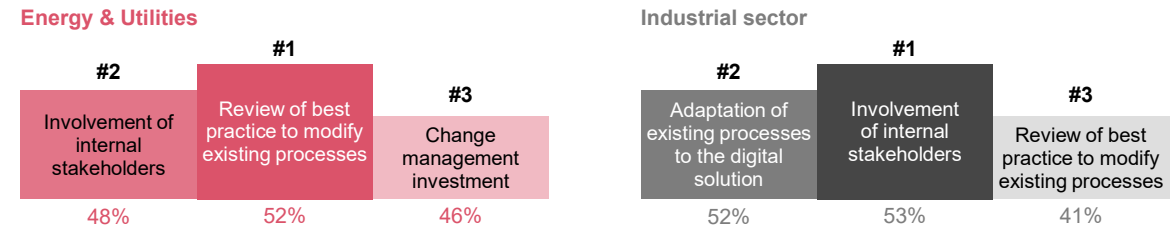
Investments in Procurement digital transformation by 2025 (yearly)

	Energy & Utilities	Industrial sector
Small & Medium companies	€ 970k	€ 600k
Large & Very large companies	€ 1,650k	€ 1,720k

case digital roadmap by 2025

	#1	#2	#3	#4
Energy & Utilities	Procure-to-Pay digitalisation 53%	Data analysis & visualization 45%	Source-to-contract digitalisation 37%	Supply chain traceability 31%
Industrial sector	Procure-to-Pay digitalisation 50%	Data analysis & visualization 41%	Source-to-contract digitalisation 37%	Supply chain traceability 32%

Key success factors for digital transformation



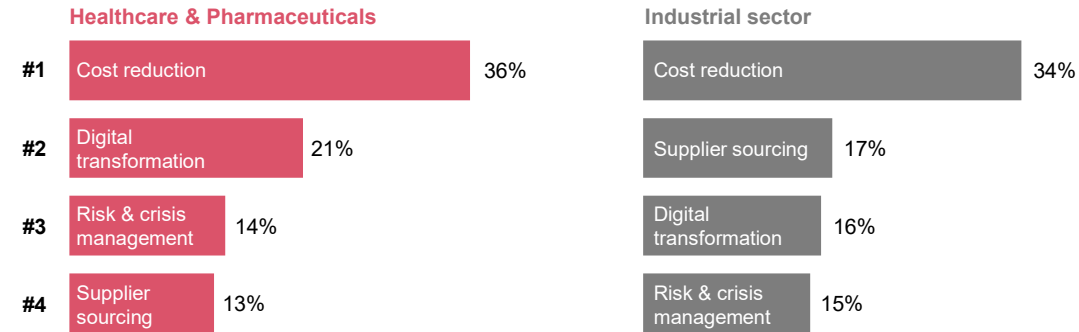
Small and medium sized companies in Energy & Utilities plan to invest more than the overall industrial sector average, as the equipment rate in Source-to-Pay solutions is currently lower than the average. Like the industrial sector, E&U identified Procure-to-Pay digitalisation as the priority of its digital transformation roadmap.

Process transformation through best practice identification is named the most important key success factor to digital implementations. E&U companies could benefit from a wide benchmarking panel, due to the important number of actors in a geographically oriented repartition of the global market.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Healthcare & Pharma.	Industrial sector
Source-to-Pay equipment rate	70%	77%
Average current digitalisation rate of Procurement processes	36%	40%
2025 target digitalisation rate	74%	71%

The Healthcare & Pharmaceuticals sector, facing a multitude of challenges and pressure on innovation, is continuously forced to invest in research and development, resulting in the constant need to optimize costs. The health situation has simply accentuated this trend, which is actually inherent to the sector. Cost reduction is then the number one strategic priority for Procurement departments (36%).

Sourcing new suppliers remains a complex issue in the Healthcare & Pharmaceutical sector. The numerous specific developments, complex technical standards and historical collaborations often imply strong dependencies on suppliers, which makes it challenging to switch suppliers.

Base: 56 respondents

Future state of Digital Procurement

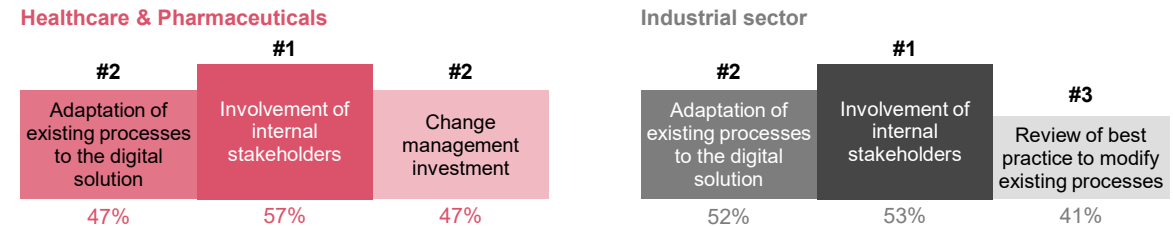
Investments in Procurement digital transformation by 2025 (yearly)

	Healthcare & Pharmaceuticals	Industrial sector
Small & Medium companies	€ 550k	€ 600k
Large & Very large companies	€ 2,230k	€ 1,720k

case digital roadmap by 2025

	#1	#2	#3	#4
Healthcare & Pharma.	Data analysis & visualisation 53%	Procure-to-Pay digitalisation 47%	Automation of administrative tasks 35%	Source-to-contract digitalisation 33%
Industrial sector	Procure-to-Pay digitalisation 50%	Data analysis & visualisation 41%	Source-to-contract digitalisation 37%	Supply chain traceability 32%

Key success factors for digital transformation



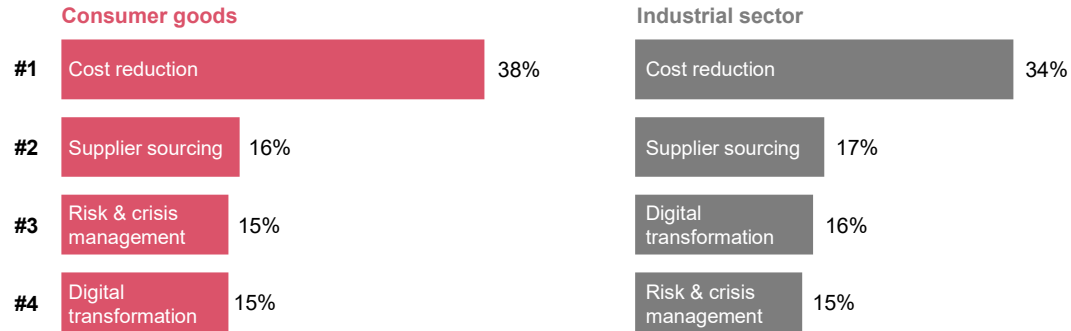
This industry has a lower degree of digitalisation than the average, but intends to catch up by 2025. Indeed, digitalisation has proven to be a major support in these crisis times, especially in a sector where capacity needs have not stopped increasing and where no supply interruption is conceivable, especially for product categories such as DMTIs (Drugs of Major Therapeutic Interest).

This desire to digitize the function is reflected in significant investments, especially among large companies that intend to invest 30% more than their peers in the industry sector. As a result, professionals in the sector are fully aware that such large-scale transformation projects will require investment in change management and commitment from all stakeholders.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Consumer goods	Industrial sector
Source-to-Pay equipment rate	76%	77%
Average current digitalisation rate of Procurement processes	39%	40%
2025 target digitalisation rate	68%	71%

Procurement departments in the Consumer goods sector naturally attach great importance to cost reduction and consider it as the first strategic priority (38%), due to high sensitization to margin optimization and logistics efficiency.

Cost reduction can be supported by digitalisation of Procurement process, for instance with the adoption of catalogues and marketplaces, that could considerably optimize the product flow, speed up the processes, and help achieve a more effective cost control. The increasing development of marketplaces is also to be considered as a business driver that allows to find both new suppliers and clients. 22% of Consumer goods Procurement departments are planning to invest in Marketplaces within 2025, against 16% in average for Industrial companies.

Base: 55 respondents

Future state of Digital Procurement

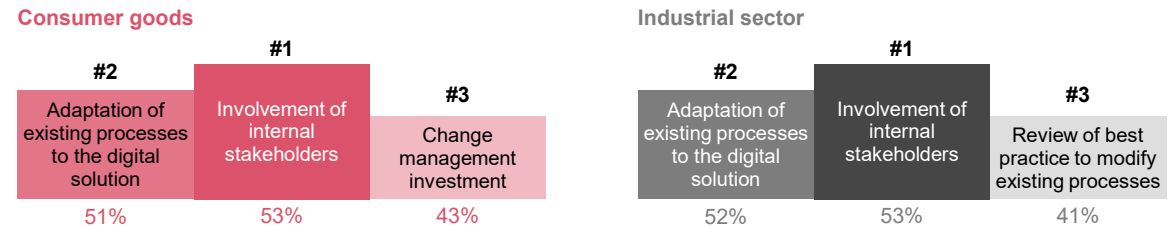
Investments in Procurement digital transformation by 2025 (yearly)

	Consumer goods	Industrial sector
Small & Medium companies	€ 420k	€ 600k
Large & Very large companies	€ 2,200k	€ 1,720k

case digital roadmap by 2025

	#1	#2	#3	#4
Consumer goods	Data analysis & visualization 51%	Source-to-contract digitalisation 45%	Procure-to-Pay digitalisation 35%	Automation of admin. tasks 33%
Industrial sector	Procure-to-Pay digitalisation 50%	Data analysis & visualization 41%	Source-to-contract digitalisation 37%	Supply chain traceability 32%

Key success factors for digital transformation

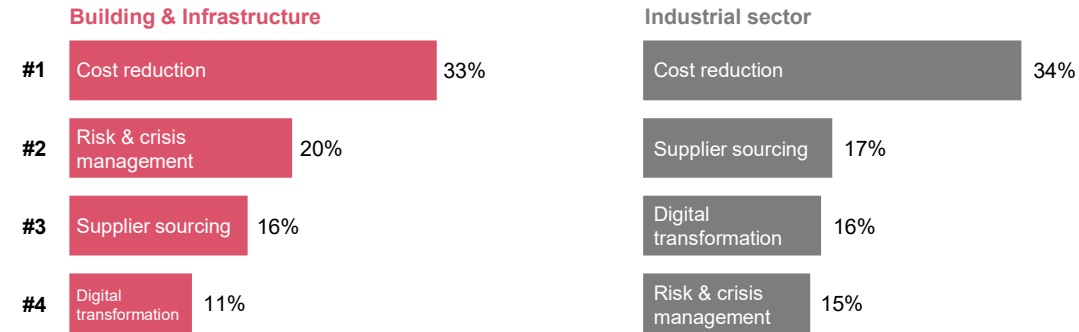


The sector's investment culture and the high investment capacity of large companies lead to investment forecasts that are much higher than the sector average (around +30%). These investment projects are primarily focused on product-oriented use cases, specifically data analysis and the source-to-contract part of the purchasing process. In this way, these use cases will enable price breakdown and thus target product margins transparency, as well as supplier panel optimization (rationalization or diversification involving strategic sourcing).



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Building & Infrastructure	Industrial sector
Source-to-Pay equipment rate	75%	77%
Average current digitalisation rate of Procurement processes	40%	40%
2025 target digitalisation rate	74%	71%

Building & Infrastructure Procurement departments make Risk & crisis management their second priority. Indeed, the operational approach into project mode often make short term contingency management a key driver of activities, including for Procurement departments that have to stick to this reality for categories that are hard to plan and to centralize. In this context, digital transformation is not perceived as a top priority. It is led by cost reduction objectives for 60% of respondents, surpassing traditional drivers of process optimisation.

The human considerations are strongly perceived as success factors of digital transformation, change management also being the first reason for calling external support. In order to secure user adoption of new digital tools, with a wide variety of habits and processes, the challenges are to earn a strong sponsoring from the overall organisation, and to make sure that adoption obstacles are limited through focusing on user experience capabilities of solutions. As an illustration, Marketplaces are gaining importance in digital Procurement roadmaps, with 25% of companies willing to invest (vs 16% in Industrial sector), as this use case will allow to conciliate user and Procurement benefits.

Base: 45 respondents

Future state of Digital Procurement

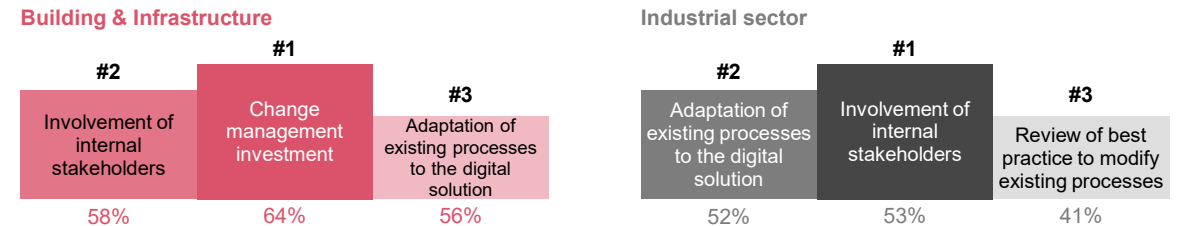
Investments in Procurement digital transformation by 2025 (yearly)

	Building & Infrastructure	Industrial sector
Small & Medium companies	€ 490k	€ 600k
Large & Very large companies	€ 1,740k	€ 1,720k

case digital roadmap by 2025

	#1	#2	#3	#4
Building & Infrastructure	Procure-to-Pay digitalisation 50%	Source-to-contract digitalisation 44%	Data analysis & visualization 41%	Automation of admin. tasks 41%
Industrial sector	Procure-to-Pay digitalisation 50%	Data analysis & visualization 41%	Source-to-contract digitalisation 37%	Supply chain traceability 32%

Key success factors for digital transformation

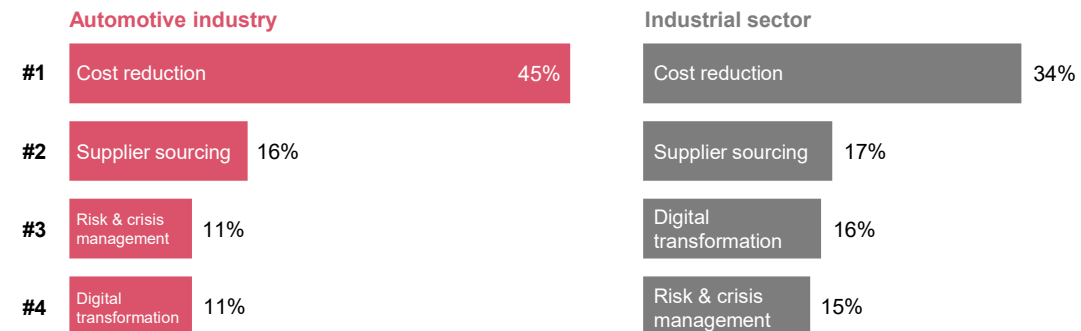


Sustainability appears as an upcoming challenge that Building & Infrastructure companies are willing to address. 25% of their Procurement departments plan to invest in a CO2 emission tracker use case within 2025, against 14% in Industrial sector. The in-depth transformation to sustainable and eco-friendly activities will involve all the actors of the value chain, from raw materials extraction to waste management, passing by innovative materials and ways of building. Digitalisation may support this shift by providing visibility on improvement fields and connecting the supply chains.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Automotive industry	Industrial sector
Source-to-Pay equipment rate	85%	77%
Average current digitalisation rate of Procurement processes	43%	40%
2025 target digitalisation rate	72%	71%

E-mobility transition brings new challenges to Automotive manufacturers regarding sourcing, creating the necessity to secure new supply sources on competitive categories across multiple markets, making sourcing the second priority of this industry. This challenge may be illustrated by the recent global chip shortage, that however did not lead to a significant shift in strategic priorities for the automotive industry compared with Digital Procurement survey 2020 results.

“Due to low capacity utilization caused primarily by the global chip shortage, cost reduction remains one of the top priorities in the automotive industry. Especially Tier 1 to n suppliers are under pressure to fight for keeping their margins in order.”

Michael Thon, Partner PwC Procurement Germany



Base: 38 respondents

Already strongly digitalised, Automotive companies are willing to go further by increasing their investments in order to tackle new challenges of e-mobility

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Automotive industry	Industrial sector
Small & Medium companies	€ 1,230k	€ 600k
Large & Very large companies	€ 2,240k	€ 1,720k

case digital roadmap by 2025

	#1	#2	#3	#4
Automotive industry	Automation of admin. tasks 39%	Procure-to-Pay digitalisation 35%	Source-to-contract digitalisation 32%	Data analysis & visualisation 29%
Industrial sector	Procure-to-Pay digitalisation 50%	Data analysis & visualisation 41%	Source-to-contract digitalisation 37%	Supply chain traceability 32%

Key success factors for digital transformation



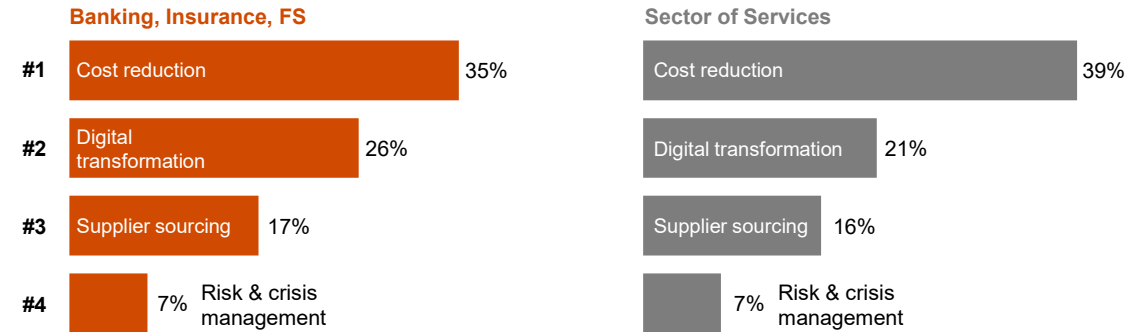
Investments by 2025 significantly outperform the industrial sector average for both small & medium companies and large & very large companies, while this industry is already performing well regarding its Procurement digital transformation. This enlightens the strategical aspect of Procurement departments within Automotive companies.

The automation of administrative tasks is leading the race followed by process digitalisation. Contrary to the 2020 results, the involvement of internal stakeholders is seen as the key success factor for digital transformation. The adoption of existing processes to the digital solution ranks second place followed by consideration of corporate culture.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Banking, Insurance, FS	Sector of Services
Source-to-Pay equipment rate	71%	76%
Average current digitalisation rate of Procurement processes	40%	42%
2025 target digitalisation rate	76%	75%

With increasing pressure on costs in the Financial Services, Procurement Departments are not spared from it as cost reduction appears as their most strategic priority. Reducing costs will require digital transformation investments, they will primarily target Source-to-Pay digitalisation for which equipment rate is lower compared to other services.

"A key challenge to transform Procurement in the Financial Services sits in the capacity of organization to mobilize and enhance collaboration between internal stakeholders, most often shared between Procurement and Finance functions."

Timothée Huignard, Director, PwC Financial Services France

Base: 88 respondents

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Banking, Insurance, FS	Sector of Services
Small & Medium companies	€ 560k	€ 530k
Large & Very large companies	€ 1,790k	€ 1,780k

case digital roadmap by 2025

	#1	#2	#3	#4
Banking, Insurance, FS	Procure-to-Pay digitalisation 48%	Automation of admin. tasks 48%	Source-to-contract digitalisation 38%	Data analysis & visualization 35%
Sector of Services	Procure-to-Pay digitalisation 44%	Source-to-contract digitalisation 41%	Automation of admin. tasks 38%	Data analysis and visualization 37%

Key success factors for digital transformation

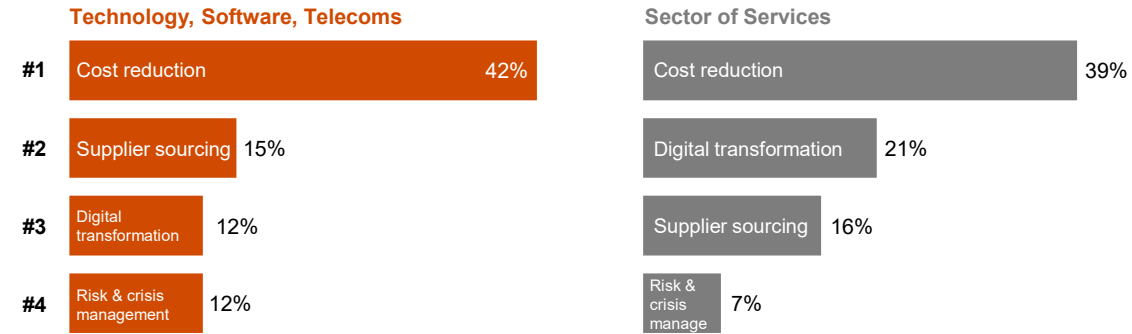


Despite efforts to make processes smoother internally and for the suppliers, average digitalisation rate for Source-to-Pay remains below Sector of Services average by 5 points. This gap could be moderated with expected improvements of financial results in 2021 among this industry as investments in Procurement digital transformation are expected to get back on the agenda.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Technology, Software, Telecoms	Sector of Services
Source-to-Pay equipment rate	92%	76%
Average current digitalisation rate of Procurement processes	53%	42%
2025 target digitalisation rate	79%	75%

For Technology, Software, Telecoms industry, cost reduction and supplier sourcing appear as the top priorities. Indeed, the sector has been affected by the chip shortage and the according raw material crisis, which led to an important pressure on cost to preserve margins, and to a re-evaluation of the supplier portfolios.

The industry ranks at the top of the Procurement digital transformation race, with higher solution equipment rate (92%, +16 points vs. Service average) and digitalisation rates of processes, inherited capability from their technology-native mindset. As transformation is already deeply engaged, digital transformation only appears on 3rd place of Procurement strategic priorities.

Base: 65 respondents

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Technology, Software, Telecoms	Sector of Services
Small & Medium companies	€ 320k	€ 530k
Large & Very large companies	€ 2,095k	€ 1,780k

case digital roadmap by 2025

	#1	#2	#3	#4
Technology, Software, Telecoms	Supply chain traceability 43%	Source-to-contract digitalisation 39%	Data analysis & visualization 36%	Procure-to-Pay digitalisation 32%
Sector of Services	Procure-to-Pay digitalisation 44%	Source-to-contract digitalisation 41%	Automation of admin. tasks 38%	Data analysis and visualization 37%

Key success factors for digital transformation

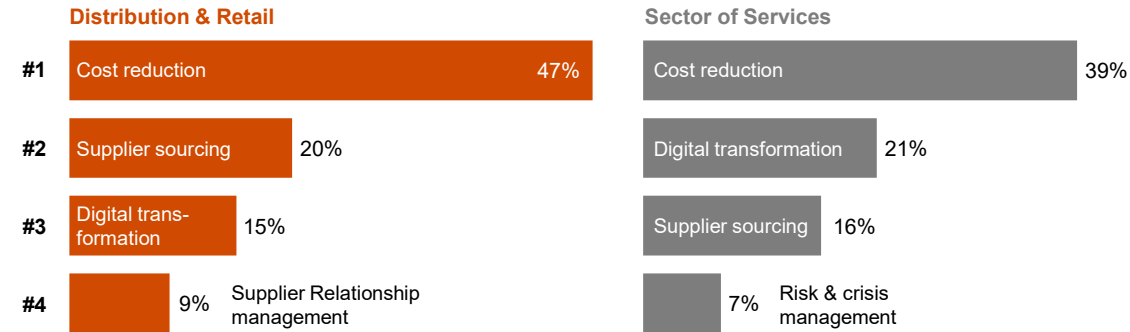


As the large technology companies have the ambition to keep their leading position in digitalisation, the investments in transformation are higher than the average. Due to the already high degree of equipment rate, supply chain traceability, data & analysis and visualization, and Smart / Relocation sourcing (25% of roadmaps vs. 16% for Services average) are the logical next use cases building up on successful digitalisation efforts.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Distribution & Retail	Sector of Services
Source-to-Pay equipment rate	71%	76%
Average current digitalisation rate of Procurement processes	36%	42%
2025 target digitalisation rate	71%	75%

Cost reduction is the most important strategic priority for half the Procurement departments of Distribution & Retail industry. It is explained by the rising transportation and raw material costs, excess inventory, combined with narrow margins in this very competitive market.

Surprisingly on the second place the respondents answered Supplier Sourcing due to increasing customer demands regarding sustainability. Sustainability is becoming a key market differentiator in this industry, that can strongly be supported by Procurement departments.

Digital Transformation is only placed third even though clients, particularly in the discount retail area, demand for it. Procurement departments need to adapt to disruptive changes within the Distribution & Retail sector as new entrants with new concepts challenge the market and supply dynamics.

Base: 55 respondents

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Distribution & Retail	Sector of Services
Small & Medium companies	€ 740k	€ 530k
Large & Very large companies	€ 1,495k	€ 1,780k

case digital roadmap by 2025

	#1	#2	#3	#4
Distribution & Retail	Procure-to-Pay digitalisation 48%	Source-to-contract digitalisation 48%	Data analysis and visualization 35%	Automation of admin. tasks 35%
Sector of Services	Procure-to-Pay digitalisation 44%	Source-to-contract digitalisation 41%	Automation of admin. tasks 38%	Data analysis and visualization 37%

Key success factors for digital transformation



Small and medium companies in Distribution & Retail plan to invest more in Procurement digital transformation by 2025 than the average service sector. The smaller retailers invest in digitalisation as they are trying to catch up with the larger retailers and increase their margins, by achieving cost reduction through process optimization.

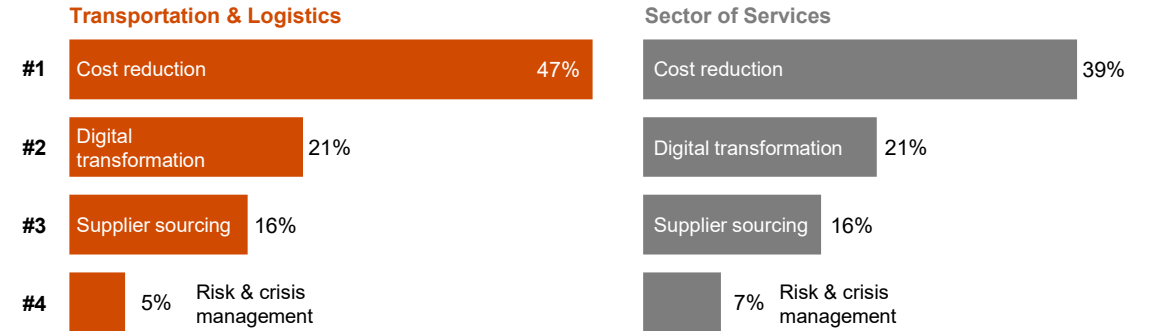


Transportation & Logistics Services

Procurement departments as part of core business activities are seeking for cost optimization, while digitalisation aims at serving overall operational performance

Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Transportation & Logistics	Sector of Services
Source-to-Pay equipment rate	83%	76%
Average current digitalisation rate of Procurement processes	41%	42%
2025 target digitalisation rate	73%	75%

Transportation & Logistics industry's Procurement departments are integrated in the core business of their company, which aims at serving supply chain efficiency. This orientation is also expressed in the way of approaching Procurement digitalisation, with a process and operational performance driven transformation.

Indeed, this industry is better equipped with digital solutions covering the S2P processes (>80%), and set Sourcing as the first target of their transformation roadmap. Supply chain traceability is also on the agenda to address a need for developing a 360° vision on their supply activities. Processes and technical capabilities of solutions are named as the requirements for a successful digitalisation project, while other companies of Service sector are betting on human transformation.

The panorama of digital solutions of Transport & Logistics industry differs from the traditional ProcureTech actors. It is also composed by specialized « all in one » solutions that allow a complete management of Transportation operations, including Procurement activities, that may suit better the specific needs of the industry.

Base: 43 respondents

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Transportation & Logistics	Sector of Services
Small & Medium companies	€ 320k	€ 530k
Large & Very large companies	€ 1,410k	€ 1,780k

case digital roadmap by 2025

	#1	#2	#3	#4
Transport. & Logistics	Source-to-contract digitalisation 55%	Procure-to-Pay digitalisation 48%	Supply chain traceability 42%	Data analysis & visualization 39%
Sector of Services	Procure-to-Pay digitalisation 44%	Source-to-contract digitalisation 41%	Automation of admin. tasks 38%	Data analysis and visualization 37%

Key success factors for digital transformation

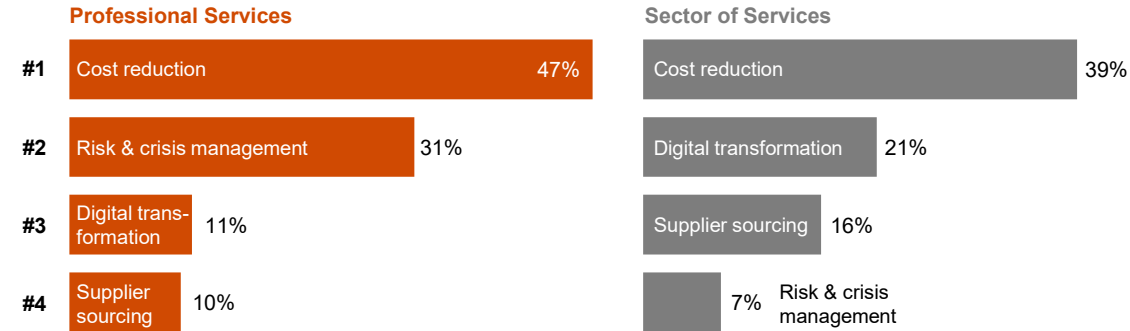


Cost reduction appears as a strong preoccupation of CPOs from Transportation & Logistics industry. It is the first priority for around 50% of them. Indeed, the recent market context witnessed an exacerbated volatility, especially on fuel and transportation prices. In addition, this industry is also subject to a very competitive environment, which tends to lower the margin of sales and to make cost control a necessity.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Professional Services	Sector of Services
Source-to-Pay equipment rate	68%	76%
Average current digitalisation rate of Procurement processes	40%	42%
2025 target digitalisation rate	71%	75%

Professional Services companies are mainly focused on indirect Procurement such as intellectual expertise, often managed by Operational teams, and on classical indirect categories (IT, T&E, Utility, Marketing, ...). Historically attached to Finance departments, the performance of Professional Services Procurement departments inherited of a financial culture of measurement, which leads to set Cost reduction as the first priority for around 50% of respondents.

Some items are then secondary priorities, such as Digital Transformation. Professional Services companies are currently 12% less equipped with Source-to-Pay solutions than the Service sector average, and are willing to invest around 25% less in digital roadmap. However, Digital Transformation is a strong vector of cost reduction with proven ROI, through process optimization and reduction of administrative tasks for both Procurement and Operational teams.

Base: 38 respondents

While cost reduction is a cultural priority for Procurement departments, ESG appears as the upcoming issue to tackle

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Professional Services	Sector of Services
Small & Medium companies	€ 370k	€ 530k
Large & Very large companies	€ 1,490k	€ 1,780k

case digital roadmap by 2025

	#1	#2	#3	#4
Professional Services	Procure-to-Pay digitalisation 36%	Data analysis and visualization 36%	Automation of administrative tasks 36%	Source-to-contract digitalisation 33%
Sector of Services	Procure-to-Pay digitalisation 44%	Source-to-contract digitalisation 41%	Automation of admin. tasks 38%	Data analysis and visualization 37%

Key success factors for digital transformation

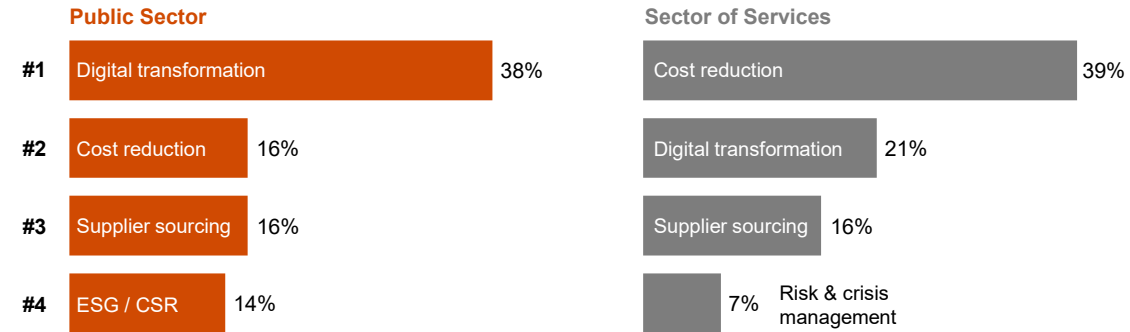


Professional Services companies have a balanced digital roadmap, focusing on fundamental Procurement use cases, as well as on innovative ones. For instance, 21% of respondents are willing to invest in ESG use case such as CO2 Tracker, against 12% for Service sector, while it is currently used by respectively 15% and 27%. ESG appears as an upcoming issue for this industry, through monitoring internal and supplier CO2 emissions, and achieving more socially inclusive Procurement. The challenge will be to step in this transformation and to materialize ESG initiatives within Procurement.



Current state of Digital Procurement

Strategic priorities of Procurement departments



Digitalisation status

	Public Sector	Sector of Services
Source-to-Pay equipment rate	82%	76%
Average current digitalisation rate of Procurement processes	40%	42%
2025 target digitalisation rate	73%	75%

Digital Transformation is at the top of the agenda for 38% of Public Sector institutions VS 21% for companies in the sector of services. Moreover, the Public Sector have a clear vision on the different use cases to implement within their roadmap by 2025. As a clear strategic priority, Digital Transformation is supported by a high level of investment with 2.220 k€ per year by 2025 for large institutions VS 1.780k€ for large services companies.

“If change management and involvement of internal stakeholders are clearly identified as key success factors, we can wonder if the importance of adapting existing processes to the digital solution is not underestimated regarding the constraints linked to purchasing processes in the public sector.”

David Martin, Director, PwC Public Services France

Base: 37 respondents

Future state of Digital Procurement

Investments in Procurement digital transformation by 2025 (yearly)

	Public Sector	Sector of Services
Small & Medium companies	€ 790k	€ 530k
Large & Very large companies	€ 2,150k	€ 1,780k

case digital roadmap by 2025

	#1	#2	#3	#4
Public Sector	Procure-to-Pay digitalisation 52%	Data analysis and visualization 52%	Source-to-contract digitalisation 48%	Automation of admin. tasks 48%
Sector of Services	Procure-to-Pay digitalisation 44%	Source-to-contract digitalisation 41%	Automation of admin. tasks 38%	Data analysis and visualization 37%

Key success factors for digital transformation



The global momentum for ESG, supported by most governments, can be identified through the importance of ESG as a strategic priority for Procurement departments in public sector services.

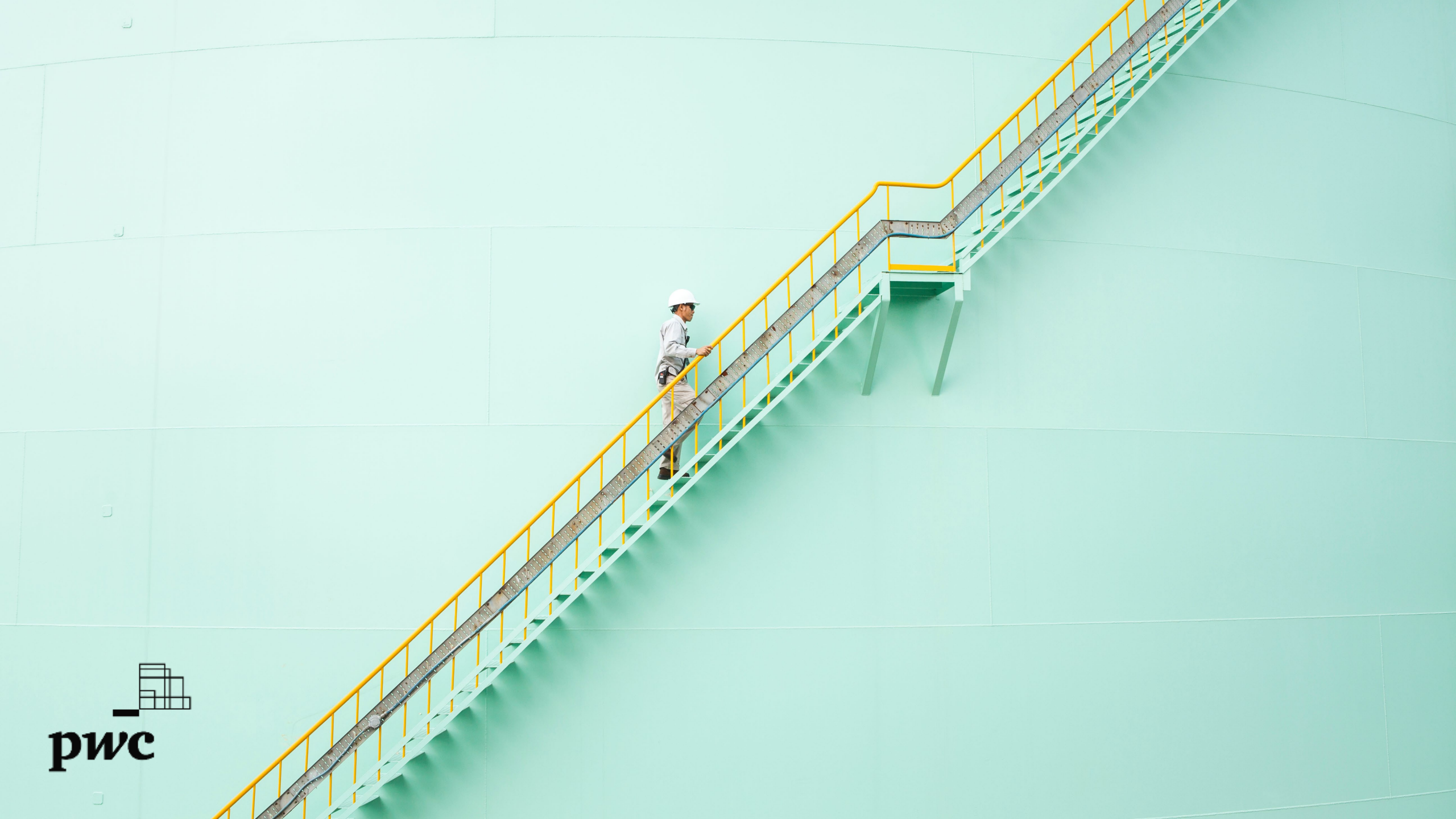
The priority given to cost reduction is not as high than in the whole sector of services despite a high level of debts for most governments, due to the Covid pandemic. The priority given in most public services institutions to local and national suppliers may justify the secondary consideration for cost reduction.

Glossary: Acronyms & technical terms

This survey contains numerous acronyms and technical terms. Please refer to this Glossary in case of understanding doubt.

AI	Artificial Intelligence
Automation	To implement a technology, software or program in order to accomplish a procedural outcome with little or no human interference
BI	Business intelligence (BI) is a technology-driven process for analyzing data and delivering actionable information that helps executives, managers and workers make informed business decisions. Also named “Reporting Processes as part of the survey”.
Blockchain	A system in which a record of transactions made across several computers that are linked in a peer-to-peer network
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
CO2	Carbon Dioxide (CO2) is a gas with a molecular structure composed of two oxygen atoms and one carbon atom.
COVID-19	Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus.
CPO	Chief Procurement Officer
Cybersecurity	Computer security, cybersecurity, or information technology security is the protection of computer systems and networks from information disclosure, theft of or damage to their hardware, software, or electronic data, as well as from the disruption or misdirection of the services they provide.
Data analytics	Data analytics is the science of analyzing raw data to make conclusions about that information.
Digital Procurement Tools/Solutions	Is a full-suite or half-suite Procurement tool covering the entire purchasing processes e.g. Coupa, Ivalua, Jaegger, SAP Ariba

Digital Transformation	Leverage emerging technologies to build new business systems by integrating several workflows for a singular objective
Digitalisation	To convert business processes over to use digital technologies, instead of analogue or offline systems such as paper or whiteboards
Digitization	To convert something into a digital format, and usually refers to encoding of data and documents
ERP	Enterprise Resource Planning
ESG	Environmental, Social, and Corporate Governance is an evaluation of a firm’s collective conscientiousness for social and environmental factors.
KPI	Key Performance Indicator
KSF	Key Success Factors
MDM	Master Data Management.
P2P	Procure to Pay. Also named “Transactionnal Processes” as part of the survey.
POC	A proof of concept (POC) is a demonstration to verify that certain concepts or theories have the potential for real-world application. In a nutshell, a POC represents the evidence demonstrating that a project or product is feasible and worthy enough to justify the expenses needed to support and develop it.
Process Intelligence	Process intelligence is data that has been systematically collected to analyze the individual steps within a business process or operational workflow
ProcureTech	Ecosystem of digital solutions & technologies addressing the Procurement processes
ROI	Return On Investment
S2C	Source to Contract. Also named “Strategic Processes” as part of the survey.
S2P	Source to Pay
SME	Small and Medium-sized Enterprises



Contact us!

Global PwC Strategic Supply Management network



Europe

Dr Norbert F. Fischer
norbert-f.fischer@de.pwc.com
Germany

Jan Herrmann
jan.herrmann@pwc.com
Germany

Robert Weissbarth
robert.weissbarth@pwc.com
Germany

Harald Dutzler
harald.dutzler@pwc.com
Austria

Marc Rajal
marc.rajal@pwc.ch
Switzerland

Ismail Karakis
ismail.karakis@pwc.com
Turkey

Slaven Curic
slaven.curic@pwc.com
Balkans

Isabelle Carradine
isabelle.carradine@pwc.com
France

Hubert Verweij
hubert.verweij@pwc.com
Sweden

Patrick Marter
patrick.marter@pwc.com
United Kingdom

Frederic Chapelle
frederic.chapelle@pwc.com
Luxembourg

Athanasios S. Spanos
athanasios.s.spanos@pwc.com
Greece

Manuel Diaz Delgado
manuel.diaz.delgado@es.pwc.com
Spain

Thomas Siersbæk Heller-Njor
thomas.siersbaek.heller-njor@pwc.com
Denmark

Mikko Kultanen
mikko.kultanen@pwc.com
Finland

Selim Sumer
selim.sumer@pwc.com
Norway

Lorenzo Paolo Brunello
lorenzo.paolo.brunello@pwc.com
Italy

Mark McKeever
mark.mckeever@pwc.com
Ireland

Peter Feyen
peter.feyen@pwc.com
Belgium

Jiří Jakoubek
jiri.jakoubek@pwc.com
Czech Republic

Xander De Jong
xander.de.jong@pwc.com
Netherlands

Asia / Oceania

Ho-Seung Shin
ho-seung.shin@pwc.com
South Korea

Marc Philipp
marc.philipp@pwc.com
South East Asia

Avinash A
avinash.a@pwc.com
India

Justin Meade
justin.meade@pwc.com
Australia

Takeshi Noda
takeshi.noda@pwc.com
Japan

Edmund Lee
edmund.ym.lee@hk.pwc.com
Hong Kong / China

Pirata Phakdeesattayaphong
pirata.phakdeesattayaphong@pwc.com
Thailand

Africa & Middle East

Alex Murage
alex.murage@pwc.com
East Africa

Ferreira Retief
ferreira.retief@pwc.com
South Africa

Assia Benhida
assia.benhida@pwc.com
Algeria / Morocco / Tunisia

Dr Bashar El-Jawhari
bashar.el-jawhari@pwc.com
Middle East

Emovwerha Nwaefuna
emovwerha.nwaefuna@pwc.com
Nigeria

America

Meghan Murray
meghan.l.murray@pwc.com
USA

Jose Luis de los Santos
joseluis.delossantos@pwc.com
Mexico

Angela Ma
angela.ma@pwc.com
Canada

Rodrigo Damiano
rodrigo.damiano@pwc.com
Brasil

Boris Miranda
Boris.Miranda@pwc.com
Chile

Oscar Prada
oscar.prada@pwc.com
Colombia

Damian Vazquez
damian.vazquez@pwc.com
Argentina

Thank you

Authors



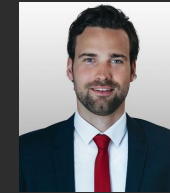
Dr Norbert F. Fischer



Alexandre Roux



François Haas



Alexander Platsch



Isabelle Carradine



Florian Tué



Laura Schäfer



Janis Meintrup

Graphism

Creative Lab – PwC France

Special thanks for contribution

Alex Kennewell

Elodie Vial

Kai Dresch

Matthieu Costa

Timotheé Huignard

Augustin Ausseur

Faïda Assoumani

Lu Yu

Maxence Jouvenot

Tyler Shackman

Constanze Häbel

Felix Kesselberg

Luca Grieco

Michael Thon

Dan Michaux

Frédéric Malagoli

Mansour Shouman

Nicolas Staquet

David Martin

Hendrik Spoering

Marc Damez-Fontaine

Olivier Tcheng

Gavin Morton

Jean-Paul Bouteloup

Marine Boisgontier

Philippe Gaurois



© 2022 PricewaterhouseCoopers Audit. All rights reserved.

PwC Société d'Avocats is a member of PricewaterhouseCoopers International Ltd, an English private company.