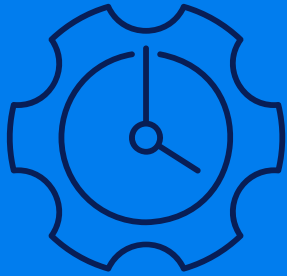


# How to Leverage AI in Procurement: Smart CPOs are saving millions

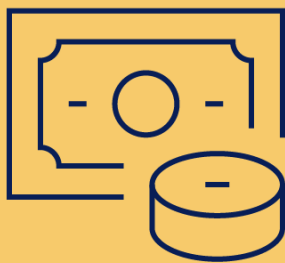
2026 Edition



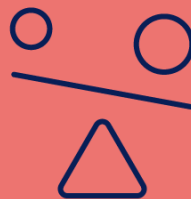
Gen AI in procurement  
improves productivity by 25%



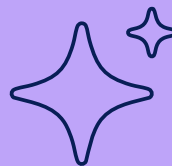
increases return  
on investment by 3.2X



Spend  
Optimization



Risk  
Management



Agentic AI

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## INTRODUCTION

Procurement has become a strategic asset that boosts competitive advantage. [Deloitte's 2025 Global CPO Survey](#) reveals that top-performing procurement organizations achieve 3.2x greater returns on GenAI investments compared to their peers, demonstrating the powerful impact of strategic AI adoption. Forward-thinking enterprises are embracing these data-driven strategies not only for efficiency but also for resilience. [McKinsey research](#) highlights that AI-enabled supply chain management delivers reductions in logistics costs by 15%, improvements in inventory accuracy by 35%, and service level enhancements of up to 65%. This compelling evidence reinforces what market leaders already know: a robust AI procurement infrastructure is not just an operational upgrade, it is the foundation for sustained business success.

The role of enterprise procurement involves balancing compliance, cost management, and innovation. Tools like advanced analytic and intelligent automation enable better decision-making, enhance supplier relationships, and streamline workflows. As procurement continues to evolve as a strategic function, organizations that adopt AI solutions will increase their transparency, efficiency, and operational flexibility.

This paper will explore how leading organizations are transforming their procurement with AI, moving from traditional methods to a more strategic, value-driven approach. It will discuss the key factors, challenges, and opportunities this shift presents, aiming to guide procurement leaders toward impactful business strategies.

### 68% of CPOs are prioritizing AI investments in 2025



Figure 1: Percentage of Chief Procurement Officers prioritizing AI investments (Gartner, 2024)

# HOW AI TRANSFORMS PROCUREMENT INTO A STRATEGIC FUNCTION

AI transforms procurement into a strategic function by shifting teams from manual processing to proactive, insight-driven decision-making that improves speed, accuracy, and business impact. As markets become more complex, businesses are turning to AI for automation and real-time insights. [Deloitte's State of Generative AI in the Enterprise](#) report confirms that AI adoption optimizes operations, enhances supplier relationships, and unlocks new strategic opportunities.

AI procurement platforms shift procurement from a reactive cost center to a proactive business enabler. These platforms automate workflows, streamline contract management, and improve stakeholder collaboration. Centralized procurement platforms also provide real-time visibility, compliance, and data-driven decision-making, which are all essential for keeping up with today's fast-changing markets.

By consolidating information across systems, AI procurement platforms give teams a clearer view of spending patterns and supplier performance. This unified perspective also supports tighter alignment between procurement, finance, legal, and operations by ensuring that every stakeholder is working from the same source of truth. As a result, organizations can make faster, more confident decisions that reinforce business continuity and long-term resilience.

Findings from [McKinsey's State of AI in 2025 report](#) show that many organizations are beginning to experiment with agents, signaling a shift from passive analytics toward more autonomous, decision-oriented tools. This evolution creates a natural bridge from today's AI-powered procurement platforms to more proactive systems that can anticipate needs and manage complexity in real time.

AI agents are intelligent systems that can interpret data, make decisions, and take action across digital workflows with limited human input, combining reasoning, memory, and planning. These capabilities allow them to understand context, analyze real-time signals, and move tasks forward without constant oversight. In procurement, this means agents can track spend patterns, monitor supplier activity, and identify when an opportunity, risk, or renewal requires attention.

These capabilities elevate procurement platforms by adding intelligence that improves accuracy and speed. AI agents surface insights earlier, prompt the right next steps, and help ensure that processes run consistently and reliably. Their ability to learn from historical outcomes strengthens forecasting, compliance, and supplier strategy. As a result, procurement teams are able to rely on agents for manual, fragmented work and have more time for the strategic work that requires human strategy.

But adopting AI is not just about technology; it requires a cultural shift. Companies must invest in data accuracy, workforce upskilling, and strong governance to maximize AI's potential. Aligning procurement with broader business goals ensures long-term success and resilience.

# COMMON CHALLENGES IN PROCUREMENT AND HOW AI SOLVES THEM

Most procurement challenges stem from fragmented data, manual workflows, and limited visibility, and AI solves these issues by centralizing information, automating analysis, and improving decision quality.

Despite the increasing recognition of procurement's strategic importance, many organizations still rely on manual error-prone tools like spreadsheets, email chains, and legacy software systems. Manual processes create inefficiencies, increase risk, and limit procurement's ability to drive real business value. [The Hackett Group reports](#) that organizations piloting Generative AI in procurement achieve up to 25% improvements in productivity and effectiveness, helping teams move beyond transactional tasks and into more strategic roles.

At [McKinsey's Procurement Executive Forum](#) in November 2025, executives reported that less than 20% of procurement data is actually used to drive decisions and create value. In other words, more than 80% of critical insights across suppliers, contracts, spend, and risk never reach the people who need them.

This lack of real-time visibility and usable data is one of the biggest roadblocks. Without it, decision-making slows, and cost-saving opportunities slip through the cracks. AI-powered procurement platforms can change that, automating repetitive tasks, improving collaboration, and interpreting massive streams of data to provide insights that help you make smarter, data-driven decisions. AI agents take this a step further by continuously monitoring data, spotting emerging opportunities or risks, and initiating the right next steps, strengthening spend analytics and enabling faster, more strategic decision-making. Unlocking that unused 80% of data is where the next decade of procurement value will come from.

Beyond internal challenges, procurement is also dealing with external pressures like supply chain disruptions, economic uncertainty, and rising costs. AI-powered supplier management tools help procurement stay ahead by analyzing performance, strengthening partnerships, and mitigating risks. Additionally, AI-powered contract automation streamlines negotiations, reduces errors, and ensures compliance by tracking obligations and flagging potential risks before they become problems.

“

Leading organizations leverage intelligent automation and real-time analytics to optimize procurement operations and enhance supplier collaboration.

– Deloitte’s State of Generative AI Report

## HOW TO OVERCOME BARRIERS TO AI ADOPTION IN PROCUREMENT

Organizations overcome barriers to AI adoption by improving data quality, strengthening governance, and enabling teams with tools and skills that support effective use of intelligent systems. Integrating AI into procurement is a complex but necessary transformation that requires strategic focus, patience, and cross-functional collaboration. Organizations that address key barriers, such as data accuracy, governance, and workforce enablement, can unlock AI’s full potential to drive procurement excellence.

The shift from manual procurement processes to AI-driven automation is improving efficiency, compliance, visibility, and savings. Companies implementing AI-powered procurement platforms can eliminate long-standing inefficiencies such as fragmented data, slow approvals, and limited supplier engagement.

The following case studies illustrate how industry leaders have successfully leveraged AI-driven procurement strategies to enhance operations, mitigate risks, and create new value across the enterprise.

## THE CHALLENGE

SiriusXM faced inefficiencies in contract management, relying on outdated processes and a makeshift Google Form solution. The procurement team struggled to handle high request volumes, leading to delays and workflow bottlenecks. A new solution was needed to streamline operations and process requests efficiently.

## THE SOLUTION

### **Improving Contract Centralization:**

SiriusXM used Levelpath's platform to centralize contracts, streamlining approvals and reducing bottlenecks in the process.

### **Streamlining Workflow Coordination:**

Levelpath enabled SiriusXM to coordinate cross-functional teams more effectively, reducing the likelihood of contract expirations and renewals due to delays.

### **Automating Procurement Requests:**

With Levelpath's AI, SiriusXM automated requests, processing 40-50 within weeks and boosting efficiency.

“

Levelpath has transformed SiriusXM's procurement process from a scattered, manual effort to a streamlined, centralized system. It's not just a tool; it's a delightful catalyst for organizational change.

– VP of Strategic Procurement





10X

Capacity for RFPs

\$3.5M

Savings from  
AI Contract Analysis

29%

Day One Shop Adoption  
Rate

## THE CHALLENGE

GATX relied on manual tools like SharePoint, Excel, and email to manage sourcing events, capital projects, and contract data which created inefficiencies. The procurement team was struggling to consistently compare bids, maintain visibility across capital workflows, and process information quickly. A more efficient, centralized solution was needed to streamline operations and support strategic decision-making.

## THE SOLUTION

### Expanding Sourcing Capacity:

Levelpath's AI Assistant automated RFP creation, data extraction, and bid analysis, giving GATX the ability to run more sourcing events.

### Centralizing Capital Project Workflows:

GATX used Levelpath to consolidate capital projects, contract data, and documentation into a single, unified system for better visibility.

### Unlocking Hidden Contract Savings:

Levelpath's Contract Discovery Agent searched through their contract repository for certain language and identified overlooked pricing terms, surfacing savings for them.

“

Sometimes we don't really have the availability to do an RFP, but with Levelpath we are able to do 10 in the same time it used to take to do 1.

– VP Strategic Sourcing, Procurement, and Materials Management





## THE CHALLENGE

Ace Hardware managed procurement across thousands of stores and distribution centers using fragmented workflows and siloed systems. Supplier data lived in multiple tools, and distribution centers lacked visibility into requests and approvals, creating delays and extra work for procurement and legal teams. A centralized platform was needed to organize supplier information, simplify processes, and improve transparency.

## THE SOLUTION

### Centralizing Supplier Data:

Levelpath unified vendor records and enriched supplier information, helping Ace simplify their supplier landscape and view their network with a new focus.

### Improving Visibility for Distribution Centers:

Facility managers gained a single platform to submit requests, track progress, and collaborate efficiently with procurement and legal partners.

### Streamlining Procurement Workflows:

The system connected previously siloed processes, reducing administrative-heavy coordination and accelerating procurement cycle times.

“

Levelpath has become our cornerstone for stakeholder transparency and visibility. By centralizing our operations within their platform, we're not just solving today's challenges, we're building the framework for tomorrow's success.

– Director of Category Management and Operations



# HOW TO BUILD A STRONG BUSINESS CASE FOR AI IN PROCUREMENT

A strong business case for AI in procurement focuses on proven ROI, operational efficiency gains, risk reduction, and the strategic value unlocked by intelligent workflows.

Imagine your procurement team spending 80% of its time on strategic initiatives that drive real business value. Picture supplier partnerships that foster innovation and growth. Envision a risk management approach that anticipates challenges before they arise. These are not just possibilities, they are the real outcomes organizations achieve with AI-driven procurement solutions.

By leveraging advanced tools, companies unlock new levels of efficiency, adaptability, and business impact. Yet, despite the clear benefits, many organizations still struggle to gain approval for these critical technology investments.

## OVERCOMING ORGANIZATIONAL RESISTANCE

A common misconception is that procurement automation is only for processes like procure-to-pay, yet strategic functions like supplier evaluation and contract management still rely on manual tools and remain inefficient without AI solutions.

Viewing procurement as just a cost center limits investment, but market leaders show that intelligent procurement technologies significantly improve operations, manage costs strategically, and optimize supplier negotiations, delivering substantial ROI.

## DELIVERING STRATEGIC VALUE WITH AI-POWERED PROCUREMENT

For procurement leaders seeking to make a compelling case for investment, framing procurement technology as a business enabler is crucial. AI-powered tools enhance sourcing and supplier management in ways that directly support enterprise-wide goals:

### Implementing Guided Buying:

AI-driven analytics provide real-time insights into supplier data and performance, enabling procurement teams to make faster data-driven decisions.

### Enhanced Contract Management:

Automating contract workflows improves compliance, reduces risk, and accelerates contract execution, eliminating bottlenecks in the procurement cycle.

### Stronger Supplier Relationships:

AI-powered tools streamline supplier communication, foster transparency, and improve collaboration, driving long-term strategic partnerships.

## 50% of procurement organizations will centralize risk management by 2029

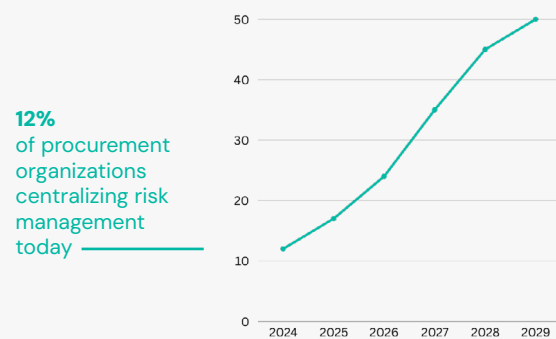


Figure 2: Projected percentage of procurement teams centralizing risk management in 2024 (Gartner, 2024)

## THE ROI OF AI-DRIVEN PROCUREMENT

Leading organizations have successfully demonstrated the tangible benefits of AI adoption in procurement. The Deloitte Global CPO Survey reveals that top-performing organizations achieve 3.2x return on investment from GenAI in procurement compared to 1.6x for followers. This underscores the effectiveness of AI in procurement, reinforcing its role as a strategic imperative for modern enterprises.

Beyond cost savings, AI in procurement enhances compliance, reduces supplier risks, and improves overall business resilience. Companies that proactively invest in AI-driven procurement solutions gain a competitive advantage by increasing visibility, agility, and efficiency across their sourcing operations.

## A COMPETITIVE IMPERATIVE

Market leadership demands procurement excellence. Enterprises that hesitate to reevaluate their procurement functions risk substantial competitive disadvantages. Modern procurement teams require sophisticated tools that elevate their role beyond cost management into strategic business catalysts. AI-powered procurement solutions position organizations to capture immediate cost savings while building foundations for sustainable growth, supplier-led innovation, and operational superiority.

The acceleration of digital transformation across industries signals a clear mandate: procurement leaders must position AI-powered solutions as mission-critical investments that drive overall enterprise performance. These solutions deliver measurable improvements in operational efficiency, risk mitigation, and financial outcomes. Smart procurement transcends traditional cost reduction to enable sophisticated, rapid, and strategic business decisions throughout the organization.

Top-performing organizations achieve

**3.2x**

return on investment from GenAI in  
procurement compared to

**1.6x**

for followers from [Deloitte 2025 CPO Survey](#)

# LEVELPATH: TRANSFORMING PROCUREMENT THROUGH ARTIFICIAL INTELLIGENCE

Levelpath is the leading AI procurement platform for enterprises. With an AI-native platform that streamlines workflows, enhances supplier relationships, and drives smarter decision-making, Levelpath is leading the procurement revolution. Its user-friendly interface and advanced automation help teams eliminate inefficiencies, improve collaboration, and proactively manage risks in a complex business landscape.

Levelpath was built as an AI-native platform, which means that intelligence is integrated into every workflow rather than added on top of legacy systems. This foundation allows the platform to connect and enrich data through the Hyperbridge reasoning engine, giving teams a complete, reliable view of sourcing, suppliers, and contracts. With clean and connected data, procurement gains faster insights and more consistent decision-making across the entire lifecycle.

AI-native design also improves adaptability for the business. The Front Door experience and mobile friendly interface make it simple for any stakeholder to begin a sourcing request, review a contract, or manage supplier information. Because the platform is intuitive, secure, and unified, organizations avoid the usual implementation barriers and maintain data quality, accuracy, and visibility as they scale.

With **Levelpath's AI-driven procurement solutions**, organizations can take advantage of:

## **Real-Time Operational Intelligence:**

Our dynamic dashboards provide instant visibility into procurement activities, enabling proactive management and strategic resource allocation.

## **Intelligent Supplier Relationship Management:**

Automated workflows streamline supplier interactions while AI-driven insights foster more valuable partnerships.

## **Advanced Risk Protection:**

Sophisticated compliance monitoring and governance tools safeguard operations while minimizing exposure to potential disruptions.

## **Strategic Decision Optimization:**

Data-driven analytics unlock deeper insights that guide smarter sourcing strategies and maximize value creation.

### **AI Assistant**

JD John Doe

What are the cost differences between Supplier A and Supplier B over a 12-month contract, factoring in volume discounts and shipping fees?

 AI Assistant

Supplier A would cost about \$182K per year. Supplier B is cheaper at around \$170K, thanks to better discounts and lower shipping. Supplier B is the better deal for your current volume.

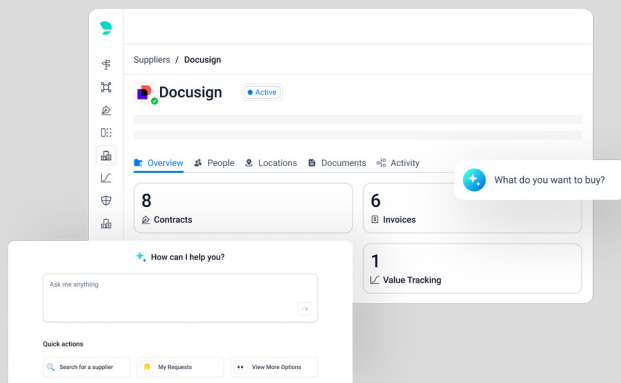


In addition to its advanced features, Levelpath helps organizations overcome implementation challenges. The Hyperbridge reasoning engine connects and enriches data across one unified platform, maintaining data integrity and consistency. The Front Door experience provides a user-friendly interface that eases adaptation to technological changes, while its mobile-friendly design ensures accessibility everywhere.

Transforming procurement into a strategic asset, Levelpath drives enterprise success. The AI platform empowers teams to optimize costs and make informed decisions, building sustainable competitive advantages globally. Levelpath uses smart automation and advanced analytics to deliver delightful, value-driven procurement.

Levelpath extends its AI-native foundation with a set of AI Agents that support sourcing, suppliers, and contract management. These AI Agents analyze information in real time, identify opportunities or risks, and guide teams toward the next best action. Levelpath's Agents include the AI Assistant, which creates RFPs, extracts data, and analyzes bids, the Contract Discovery Agent, which returns clause-level answers from existing agreements, and the QBR Agent, which prepares supplier performance reviews using connected, enriched data.

These AI Agents help procurement teams move faster and operate with greater precision. They eliminate manual review work, surface insights that might otherwise go unnoticed, and ensure that decisions are based on accurate and current information. By managing routine tasks and providing timely recommendations, AI Agents allow procurement to focus on strategic priorities, optimize costs, and support enterprise wide success.



**See Levelpath's AI-native platform in action and experience delightful procurement.**

**Book a Demo**