

## Hype Cycle for Procurement and Sourcing Solutions, 2025

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By: Kaitlynn Sommers, Micky Keck, Lynne Phelan, Cian Curtin, Chaithanya Paradarami, Martin Shreffler

Initiatives: [Procurement Digital Transformation](#); [Sourcing and Procurement](#)

Procurement can accelerate its key value propositions by investing in emerging technologies to optimize and automate across processes. Procurement technology leaders should use this Hype Cycle to understand the maturity, adoption and benefit of sourcing and procurement technologies.

## Analysis

### What You Need to Know

Procurement organizations are navigating a complex landscape marked by several pressing challenges that require strategic foresight and adaptability. As global supply chains become increasingly interconnected, procurement is grappling with disruptions caused by geopolitical uncertainties, volatile market conditions and complex, ambiguous regulatory requirements. Additionally, the rapid advancement of technology necessitates a shift toward digital procurement solutions to enhance business agility, efficiency and transparency, as well as data-driven complex decision making.

Amid these challenges, procurement must also manage cost pressures while maintaining quality and compliance and fostering strong relationships with stakeholders and suppliers. As organizations strive to remain competitive, procurement technology leaders are tasked with balancing these multifaceted demands while making strategic technology investments to position procurement as a critical driver of business resilience and innovation.

In this year's Hype Cycle, many of the core procurement technologies, such as supplier risk management, RPA, and source-to-pay suites, are climbing the Slope of Enlightenment. In this stage, demonstrated benefits have been realized by earlier adopters. It is a prime time for investment for more risk-averse organizations. All of these technologies are expected to reach the Plateau of Productivity within two to five years.

Meanwhile, a few technologies have reached the Peak of Inflated Expectations, including predictive analytics, autonomous sourcing and intake management. Interest in these solutions is high from procurement organizations, but significant hype has created some uncertainty over perceived versus real value.

AI continues to be a hot topic, with many use cases spanning across the Innovation Trigger, Peak of Inflated Expectations and Trough of Disillusionment. Advanced contract analytics spans multiple use cases of AI with varying stages of maturity, while generative AI for procurement slips into the Trough of Disillusionment this year, as early adopters have had mixed results when deploying use cases. This is paired with an evolution of the AI narrative into agentic AI, newly added to the Hype Cycle at the Innovation Trigger. The first procurement use cases of agentic AI are in development across many vendors and procurement processes. Examples of early, simple agents include intelligent negotiation, report creation, and contract initiation.

Procurement technology leaders can use this Hype Cycle to understand these emerging technologies and weigh their maturity, benefits, value drivers and potential risk of missed expectations against more established solutions with proven ROI when prioritizing investments.

## The Hype Cycle

The core technologies in sourcing and procurement, such as those defined in source-to-pay suites, continue to mature with additional adoption across industries and organizational sizes. Gartner has expanded the definition of source-to-pay suites to include prominent emerging technology solutions like intake management and category management as their importance and adoption expands.

An increase in disruption across global supply chains, varying geopolitical tensions and increased regulatory compliance requirements continue to put pressure on procurement organizations to digitize, optimize and automate their processes. While most technologies are maturing at a market typical pace, we see slower than average maturity around analytics and quicker than average acceleration in generative AI.

The most notable aspects of this year's Hype Cycle include:

**Generative AI enters the Trough of Disillusionment.** Generative AI use cases in procurement are now widely available. While most organizations are choosing to adopt GenAI embedded in procurement solutions, some organizations are building their own or leveraging more generic solutions like Microsoft Copilot to approach adoption. Early prominent use cases include contracting, sourcing and supplier management, but do span the full source-to-pay life cycle. Early adopters report mixed ROI, but most organizations report an increase in productivity. Gaining adoption at the individual contributor level can be a challenge despite executive support for investment. Gartner expects GenAI in procurement to continue to evolve somewhat rapidly, reaching the Plateau of Productivity in two to five years.

**Agentic AI makes its debut in the early Innovation Trigger phase.** Agentic AI systems are designed to operate autonomously, making decisions and executing tasks with minimal human intervention, thereby increasing efficiency and reducing the potential for human error. These AI agents will analyze vast amounts of data to identify trends, predict market shifts, and recommend and execute strategic workflows in a complex environment. Early agents will act as assistants and conduct simple tasks before maturing into more advanced, complex operators.

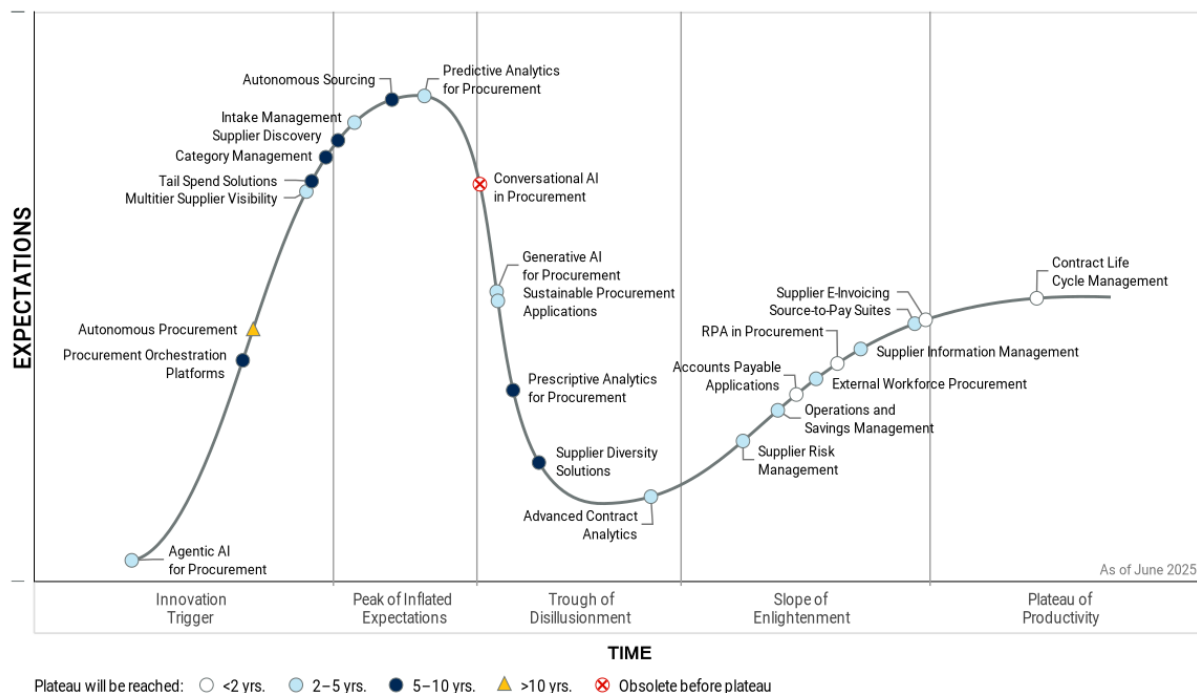
Agentic AI use cases in procurement are just emerging but have vast potential, as the technology promises to transform traditional procurement functions into proactive, strategic operations that can adapt quickly to changing market conditions. By leveraging agentic AI, procurement can achieve greater agility, enhance supplier relationships and drive significant cost savings, ultimately contributing to a more resilient and competitive organization. As these use cases emerge and evolve quickly from simple to more complex agents, Gartner expects agentic AI to reach the Plateau of Productivity within two to five years.

As the pace of change we are seeing in procurement technology quickens, some procurement organizations will find it difficult to stay current. Agentic AI use cases will likely be widely available before widespread procurement adoption is prevalent.

Multitier supplier visibility is added as it climbs the Peak of Inflated Expectations. Multitier supplier visibility is increasingly important, as it addresses the growing need for transparency and risk management in today's increasingly complex and globalized supply chains. While this technology is still emerging and maturing, it can enable procurement to see beyond their direct (Tier 1) suppliers to more proactively manage supplier risks, drive compliance to regulatory changes and support sustainability goals.

**Figure 1: Hype Cycle for Procurement and Sourcing Solutions, 2025**

**Hype Cycle for Procurement and Sourcing Solutions, 2025**



## The Priority Matrix

This Hype Cycle includes a variety of solutions that differ in terms of adoption, maturity and benefit. Organizations looking for operational advantages need to balance investments that offer short-term, incremental improvements with those that offer high, and even transformational, benefits in the longer term. This Hype Cycle includes multiple high-impact technologies that are increasing in maturity, which are great for organizations looking to avoid the early investment risk of missed expectations that can come with newly emerging technologies. That said, organizations may still want to consider developing proficiency in a transformational technology earlier in its life cycle that will deliver long-term operational advantages.

The innovations included on this Hype Cycle are mapped to the Priority Matrix to help procurement technology leaders set a strategy and timeline for adoption.

**Table 1: Priority Matrix for Procurement and Sourcing Solutions, 2025**

(Enlarged table in Appendix)

| Benefit<br>↓     | Years to Mainstream Adoption                                                            |                                                                                                                                                                                                                                                             |                                                                                     |                         |
|------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------|
|                  | Less Than 2 Years<br>↓                                                                  | 2 to 5 Years<br>↓                                                                                                                                                                                                                                           | 5 to 10 Years<br>↓                                                                  | More Than 10 Years<br>↓ |
| Transformational |                                                                                         | Agentic AI for Procurement<br>Generative AI for Procurement                                                                                                                                                                                                 | Procurement Orchestration Platforms                                                 | Autonomous Procurement  |
| High             | Accounts Payable Applications<br>Contract Life Cycle Management<br>Supplier E-Invoicing | Predictive Analytics for Procurement<br>Supplier Risk Management                                                                                                                                                                                            | Autonomous Sourcing<br>Prescriptive Analytics for Procurement<br>Supplier Discovery |                         |
| Moderate         | RPA in Procurement                                                                      | Advanced Contract Analytics<br>External Workforce Procurement<br>Intake Management<br>Multitier Supplier Visibility<br>Operations and Savings Management<br>Source-to-Pay Suites<br>Supplier Information Management<br>Sustainable Procurement Applications | Category Management<br>Supplier Diversity Solutions<br>Tail Spend Solutions         |                         |
| Low              |                                                                                         |                                                                                                                                                                                                                                                             |                                                                                     |                         |

Source: Gartner (June 2025)

## On the Rise

### Agentic AI for Procurement

Analysis By: Micky Keck

**Benefit Rating:** Transformational

**Market Penetration:** Less than 1% of target audience

**Maturity:** Embryonic

#### Definition:

Agentic AI is an approach to building AI solutions based on the use of one or multiple software entities that are classified, completely or at least partially, as AI agents. AI agents are autonomous or semiautonomous software entities that use AI techniques to perceive, make decisions, take actions and achieve goals in their digital or physical environments.

#### Why This Is Important

Agentic AI in procurement is crucial as it enhances efficiency, reduces costs, and minimizes human error by automating tasks. It enables data-driven decision making, optimizing supplier selection and faster execution. By predicting demand and monitoring compliance, it mitigates risks and ensures alignment with strategic goals. This allows procurement teams to focus on strategic initiatives, fostering innovation and supplier relationships, ultimately driving competitive advantage.

#### Business Impact

Agentic AI directly impacts procurement by automating tasks such as order processing and supplier evaluation, which increases efficiency and reduces errors. It enhances decision making through real-time data analysis and enhancement. Spend analysis becomes more precise, identifying cost-saving opportunities and automating execution. Compliance monitoring is improved, ensuring adherence to policies and reducing risks. Overall, it streamlines operations and cuts costs.

#### Drivers

- **Cost reduction:** Organizations are continually seeking ways to cut costs, and Agentic AI can automate processes, optimize supplier choices and improve spend analysis, leading to significant savings.

- **Efficiency and speed:** The ability to process large volumes of data quickly and make informed decisions accelerates procurement cycles, enhancing operational efficiency.
- **Data-driven insights:** With access to real-time data analytics, procurement teams can make more informed decisions, improving supplier management and contract negotiations.
- **Risk management:** Agentic AI can monitor compliance and detect anomalies, reducing risks associated with fraud and policy violations, then execute mitigation actions.
- **Scalability:** As businesses grow, AI systems can scale to handle increased procurement demands without a proportional increase in resources.
- **Innovation and competitive advantage:** Early adopters of AI in procurement can differentiate themselves by leveraging technology to innovate and maintain a competitive edge in the market.
- **Sustainability goals:** Agentic AI can help organizations meet sustainability targets by optimizing supply chains for reduced waste and better resource management.
- **Supplier relationship management:** Agentic AI can analyze supplier performance data to enhance relationships by identifying the most reliable partners, identifying underperforming suppliers and fostering long-term collaborations.
- **Customization and personalization:** Agentic AI systems can tailor procurement processes to specific organizational needs, allowing for more personalized supplier interactions and custom-made contract terms.
- **Integration with digital ecosystems:** As businesses increasingly adopt digital platforms, AI can seamlessly integrate with existing ERP and supply chain management systems, enhancing overall digital transformation efforts and ensuring cohesive operations.

## Obstacles

- **Data governance:** AI systems require large volumes of accurate and clean data to function effectively. Inconsistent or incomplete data can hinder Agentic AI performance and insights.



- **Change management:** Implementing Agentic AI requires significant reimagination of workflows and processes, which can face resistance from employees accustomed to traditional methods.
- **Integration challenges:** Integrating Agentic AI with existing legacy systems can be complex and costly.
- **Implementation cost:** The initial investment for Agentic AI technology, including software, infrastructure and training, can be substantial, posing a barrier for some organizations.
- **Compliance concerns:** Ensuring that Agentic AI systems comply with regulations, such as data privacy laws, can be challenging and require ongoing oversight.
- **Trust and reliability:** Building trust among stakeholders is essential, as concerns about reliability and decision-making transparency can impede adoption.

## User Recommendations

- **Start with clear objectives:** Define specific goals for Agentic AI adoption, such as cost reduction or efficiency improvements, to guide implementation and measure success.
- **Ensure data readiness:** Invest in data governance to ensure high-quality, clean, accessible data, which is crucial for effective Agentic AI performance.
- **Invest in skills development:** Provide training for staff to bridge skill gaps and foster a culture of Agentic AI literacy and innovation within the procurement team. Agents can support both highly skilled and entry-level personnel.
- **Pilot and scale:** Begin with pilot projects to test Agentic AI applications in controlled environments, learn from these experiences, and scale successful initiatives.
- **Focus on change management:** Engage stakeholders early, communicate benefits and address concerns to facilitate smooth transitions and adoption.
- **Monitor and adapt:** Continuously evaluate Agentic AI performance and adapt strategies to evolving business needs and technological advancements.

## Gartner Recommended Reading

[Emerging Tech: Tech Innovators in Agentic AI](#)

## Emerging Tech: Agentic AI Maturity Roadmap

### Procurement Orchestration Platforms

Analysis By: Chaithanya Paradarami

Benefit Rating: Transformational

Market Penetration: Less than 1% of target audience

Maturity: Emerging

#### Definition:

Procurement orchestration platforms prescribe and execute end-to-end source-to-pay process workflows to fulfill specific business outcomes. They aggregate procurement data from multiple sources, enrich it with network insights and simulate the impact of procurement decisions on target business outcomes.

#### Why This Is Important

Procurement orchestration platforms enable fulfillment of business outcomes by executing optimized procurement decisions based on enriched data. Before executing such decisions through the existing procurement automation software landscape, these platforms simulate the impact of such decisions on key procurement outcomes and prescribe decisions that are most likely to achieve target business outcomes.

#### Business Impact

Procurement orchestration platforms enable procurement and sourcing leaders to achieve strategic business outcomes by using enriched procurement data to augment decisions and execute required workflows. This orchestrated approach empowers procurement and sourcing leaders to influence and demonstrate the impact of their operational decisions on desired business outcomes.

## Drivers

- Procurement leaders strive to tightly couple procurement decisions with organizational objectives, necessitating orchestration capabilities that support the strategic alignment.
- Distributed data sources require intelligent aggregation and enrichment to improve decision quality through data-driven insights.
- Procurement is eager to leverage greater value from supplier relationships by driving the adoption of orchestration platforms that automate the processes of strategic sourcing, supplier collaboration and identification of innovative partnership opportunities.

## Obstacles

- The market for procurement orchestration platforms is emerging, with most vendors offering partial capabilities.
- Vendors in intake or process workflow management are claiming to offer orchestration capabilities, but it's important to note that quite often, these are not the comprehensive procurement orchestration platform capabilities described here.
- Absence of real-time quality procurement data and network insights can hinder the effectiveness of an orchestrated procurement process.
- Data harmonization across legacy and current databases and applications requires ongoing data mapping, cleansing and integration to ensure seamless information flow and avoid data silos.
- Integration between the orchestration platform and existing procurement applications to enable execution of prescribed decision workflows is challenging.

## User Recommendations

- Assess whether your incumbent procurement solutions or software and infrastructure applications vendor has a roadmap for procurement orchestration platforms to avoid redundant investments.
- Ensure the solution offerings from intake or process workflow management vendors meet the current and future procurement orchestration platform expectations.
- Target high-impact procurement processes involving multiple stakeholders and systems as the target use cases for a procurement orchestration platform.
- Ensure access to accurate, real-time data from disparate internal and external sources while ensuring data quality and governance to improve quality of operational procurement decisions.
- Enable a modern integration architecture with flexible prebuilt connectors to streamline connectivity between the orchestration platform and disparate applications landscape, such as supply chain, procurement, ERP and other related enterprise applications.

## Sample Vendors

Coupa; Focal Point; GEP; ORO Labs; SAP; Tonkean; Zip

## Gartner Recommended Reading

[Market Opportunity Map: Supply Chain Management Software, Worldwide](#)

[GMs: Harness the Power of Process, AI and Data Orchestrators via Platform Software](#)

## Autonomous Procurement

Analysis By: Micky Keck

Benefit Rating: Transformational

Market Penetration: Less than 1% of target audience

Maturity: Embryonic

**Definition:**

Autonomous procurement uses advanced technologies, such as AI and agentic AI, to automate and optimize the procurement process. It involves minimal to no human intervention, enabling systems to independently manage tasks such as demand sensing, supplier selection and order creation.

**Why This Is Important**

Autonomous procurement is the ultimate state of procurement ordering efficiency. Automating the entire process of determining what to buy, selecting a source of supply and creating a purchase order would free organizations to reassign resources to more-valuable work. Professionals would focus on only the highest value, unpredictable and most complex spend categories, with AI and automation handling everything else.

**Business Impact**

Autonomous procurement offers a high return on investment and compliance with organization policies and goals, due to its potential to completely reshape how procurement is executed. Autonomous procurement will free organizations to redeploy resources to higher-value activities. The combined reductions in labor costs, noncompliant spending and errors will bring immediate savings to the bottom line.

## Drivers

- **Agentic AI:** Agents that can take action on their own, and can access both internal and external information, can close the gap left by older technologies such as robotic process automation.
- **Advances in generative AI (GenAI):** Areas such as source of supply discovery, understanding of product substitutions and pattern recognition of spend across the organization are rapidly improving in accuracy, increasing the scope of spend that can be addressed.
- **Expansion of capabilities:** Automation and enhancement of surrounding processes, such as sourcing and intake, are adding layers of intelligence in the prebuy phase of the procurement process. This automation can address tasks that might typically happen after the order is placed, such as approvals or competitive bids to meet policy.
- **The need for policy and contract compliance:** An autonomous procurement solution will always follow procurement policies and buy only from optimal suppliers. Buying from preferred suppliers diverts more spending to negotiated contracts, thus increasing the value those contracts provide.
- **Cost savings and operational efficiencies:** Order volumes can be aggregated across the business, allowing for consolidated ordering to reduce shipping and processing fees. Inbound deliveries can be coordinated to reduce peaks or ensure capacity is available at receiving docks and warehouses. Improved timing of deliveries may also reduce the need for storage space, avoid productivity loss due to an organization running out of a key item, and enable the just-in-time model to be more widely utilized.
- **Multitenant SaaS solutions with large pools of cross-customer data:** These solutions have access to the large datasets that would be required to enable autonomous procurement.

## Obstacles

- Autonomous procurement is poorly suited to infrequent purchases or purchases of items that change rapidly. In both these scenarios, it would be very difficult to collect a deep-enough pool of data to train an AI decision engine.
- AI's poor track record of dealing with highly variable environments is a major reason for skepticism about autonomous procurement. AI is very good at finding patterns, but very limited when it comes to predicting previously unseen events.
- Autonomous procurement requires large amounts of historical transaction data and clean supporting master data. Additionally, the AI requires a significant amount of human training in the early stages, as the fit and function of purchased items can be highly subjective.
- Disjointed or disconnected multitechnology ecosystem means that automation across the full procurement process is very challenging.

## User Recommendations

- Watch out for advances in AI automation tools as procure-to-pay (P2P) applications start incorporating GenAI and agentic AI. The success or failure of early versions will provide valuable data on the impact of the technology and the pace of advancement. P2P suite vendors are developing derivatives of this technology as first movers. However, given the technology's rapid development, new point solution providers with expertise in AI are likely to appear as alternatives.
- Assess the potential impact of automation by analyzing spend data to understand the number of one-time buys in comparison with repeat spend. Organizations with high levels of repeat spend are more suitable for automation.
- Prepare your organization by cataloging viable data sources and promote readiness by storing new data sources to feed an autonomous procurement engine.
- Check the roadmap of your existing procurement technology vendors. They may be looking for early testers or co-development partners.

## Sample Vendors

Arkestro; Coupa; GEP; JAGGAER; SAP; Zycus

## Gartner Recommended Reading

[Generative AI Use Cases in Sourcing and Procurement](#)

## Multitier Supplier Visibility

Analysis By: Cian Curtin

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Emerging

### Definition:

Multitier supplier visibility solutions are advanced applications designed to provide organizations with comprehensive insights into their entire supply chain network. They extend beyond Tier 1 suppliers (with whom you have a direct relationship) to include Tier 2 suppliers (the suppliers of your suppliers), and so on to provide full upstream visibility of the supply chain (Tier n). These solutions address the growing need for transparency and risk management in global supply chains.

### Why This Is Important

Multitier supplier visibility is essential for organizations navigating intricate global supply chains, as it offers insights that extend beyond Tier 1 suppliers to encompass the entire supply ecosystem of an organization. Companies need to understand beyond the suppliers with whom they have a direct relationship, so they can proactively prepare for potential supply chain disruptions, collect emissions data and perform due diligence on human rights or deforestation issues.

### Business Impact

Multitier supplier visibility empowers companies to proactively bolster supply chain resilience by addressing compliance risks and potential disruptions across their entire supply ecosystem — issues they have no knowledge of when visibility is restricted to Tier 1 suppliers. This comprehensive visibility serves as a competitive differentiator, allowing businesses with enhanced oversight to swiftly adapt to market fluctuations and evolving customer demands, thus securing a competitive advantage.



## Drivers

- The increasing complexity and globalization of supply chains make them vulnerable to various risks, including geopolitical tensions, extreme weather events and supplier insolvency. Multitier visibility helps companies identify and manage these risks proactively, ensuring continuity and stability.
- With stringent regulations and standards governing supply chains, companies often need visibility into their end-to-end supply chain to ensure compliance. This visibility can help them avoid legal penalties and reputational damage.
- As consumers and stakeholders demand more sustainable and ethical practices, businesses are driven to ensure their entire supply chain adheres to these standards. Visibility allows companies to monitor, engage and manage sustainability efforts across all tiers of their supplier network.
- By gaining insights into the entire supply chain, companies can optimize inventory levels and improve demand forecasting, leading to significant cost savings and improved financial performance.
- Enhanced visibility fosters better collaboration and communication with suppliers at all levels, leading to improved supplier performance.

## Obstacles

- There is no comprehensive global database that provides multitier visibility across all industries and regions. Different technology approaches are better suited to some use cases. For example, an AI autonomous mapping approach is less suitable for a sustainability use case.
- Collecting multitier supplier data and keeping it updated is extremely time-consuming. This can take months, if not years, to build and is hard to maintain. For this, companies take a focused approach to the supply chains they want to map vs. having one tool to map their entire supply chain.
- Different countries and regions have varying regulatory requirements that can impact data sharing and visibility. Compliance with these regulations can be a barrier to achieving visibility.
- Suppliers may resist efforts to increase visibility due to concerns over competitive disadvantage, increased scrutiny, loss of autonomy or fear of being held accountable for issues beyond their immediate control.

## User Recommendations

- Document what you know about your company's existing supply ecosystem, focusing on product- and supplier-location-specific information. This foundational knowledge is crucial for building on and mapping out the multitier supplier network.
- Articulate a vision for your use of the multitier visibility. Concentrate on prioritizing supply chains linked to high-risk products and strategically organize your data collection initiatives.
- Be mindful of suppliers' circumstances, utilizing a blend of commercial incentives and contractual requirements to obtain the essential data.
- Utilize previously acquired technology that may have multitier mapping capabilities, or invest in new, specialized vendor solutions that offer multitier supplier visibility features.
- Assess how cutting-edge technologies, such as AI and graph technology, are being used by potential solution providers to provide multitier supplier visibility without relying on supplier surveys.

## Sample Vendors

Altana; Everstream Analytics; Exiger; interos.ai; Prewave; Resilinc; Sayari; Sphera; Transparency-One; Z2Data

## Gartner Recommended Reading

[How Regulatory Complexity Will Shape the Future of Procurement](#)

[Navigating the Fragmented Supplier Management Solutions Market](#)

[Market Guide for Supplier Risk Management Solutions](#)

[Quick Answer: Use Supply Chain Visibility to Meet Sustainability Regulations](#)

## Tail Spend Solutions

Analysis By: Lynne Phelan

Benefit Rating: Moderate

Market Penetration: 5% to 20% of target audience

**Maturity:** Emerging

**Definition:**

Tail spend procurement solutions help process and fulfill spend on low-value goods and services, which are provided by suppliers that are not actively managed by procurement. This spend is not usually significant or is potentially not frequent enough to manage through traditional sourcing and procurement processes.

**Why This Is Important**

Procurement organizations routinely focus on managing high-spend, high-risk and strategic categories, leaving the “tail” spend unmanaged. Managing tail spend can be both expensive and time-consuming. Poor tail spend management may lead to excessive costs and risks for relatively low value. Emerging solutions allow end users to make decisions on minor purchases without involving the procurement department, streamlining the process and reducing unnecessary involvement for low-threshold purchases.

**Business Impact**

Proactively managing tail spend improves spend visibility and coverage, operational efficiency and purchasing controls. Tail spend procurement solutions can unlock additional savings for procurement organizations without adding more resources, enabling end users to make one-time purchases to do their jobs without adding to procurement’s workload. Incorporating tail spend procurement solutions into the organization’s procurement technology can significantly improve compliance and mitigate risks.

## Drivers

- Procurements are looking for savings in spend areas they would not traditionally attempt to control due to both economic pressure and the maturing of other spend categories.
- Gaining control over spot purchases, which can account for at least 20% of total spend, is the last frontier in expanding procurement's spend influence.
- As digital transformations progress, procurement teams have more options for enabling controlled, self-service buying channels to address their organizations' unmanaged purchases.
- Tail spend solutions can often integrate into existing procurement applications, increasing an organization's ability to track a higher percentage of its spend rather than adding another stand-alone tool.
- Tail spend can still present some level of risk to organizations, which spurs the need for greater control and visibility to the overall spend portfolio.
- Visibility and control over tail spend can provide opportunities to improve or track supplier diversity.
- Advancements in data analytics offerings and its adoption by procurement organizations provide enhanced visibility into spending and forecasting, thereby enabling the visibility into the tail spend.

## Obstacles

- Tail spend, though a smaller part of total spend, involves numerous transactions across many suppliers. This complexity makes visibility challenging and management often cost-prohibitive for procurement.
- The nature of tail spend prevents effective preplanning to direct spend to preferred suppliers.
- The low overall value of tail spend makes building a positive business case for technology challenging.
- Preferred supplier programs and purchasing cards often are simpler ways to deal with the many challenges of tail spend, thus reducing the need for technology.
- The market for tail spend solutions is evolving but is fragmented. It can include a marketplace, quick sourcing functionality, vendor recommendation solutions and payments.
- There are barriers to utilizing some tail spend solutions such as marketplaces where it is common to find vendors with specific regional functionality that lack global presence.

## User Recommendations

- Compare the capabilities and suitability of each solution based on your spend categories. Solutions are emerging, and capabilities vary. Some solutions are better suited for managing certain spend categories, whereas others have a broader appeal.
- Convert tail spend to influenced spend through the use of e-catalogs, buying desks and spot-buy solutions.
- Adopt a multifaceted approach that combines technology and labor arbitrage to keep operating costs down while tapping into the efficiency gains. A single tail spend technology will not solve the entire challenge.
- Explore the partner ecosystem of your procure-to-pay vendor for tail spend procurement solutions.
- Use caution when building the business case for a tail spend solution. Ensure that the opportunity for savings and the consolidation of spend justifies an additional technology investment.
- Consider the maturity of your buying organization, as tail spend solutions are ultimately a low priority for many immature buying organizations.

## Sample Vendors

Amazon Business; Candex; Fairmarkit; Paystand (Teampay); Simfoni; Unite (Mercateo); Verusen

## Gartner Recommended Reading

[Quick Answer: Top 8 Solutions for Managing Tail Spend](#)

[Toolkit: 5 Steps to Develop an IT Tail Spend Strategy](#)

[Consider Value and Master Data Management Maturity When Picking a Tail Spend Solution](#)

[Innovation Insight: Managing Tail Spend Technology Solutions](#)

## Category Management

Analysis By: Kaitlynn Sommers

**Benefit Rating:** Moderate

**Market Penetration:** Less than 1% of target audience

**Maturity:** Emerging

**Definition:**

Category management solutions allow category managers to create and monitor execution against their short- to long-term spend strategy. This includes collecting market intelligence, identifying projects, setting up measurable objectives and tracking the progress of executing category strategy activities to meet goals.

**Why This Is Important**

Organizations develop category strategies to manage activities within a spend area toward a defined set of objectives. To create a strategy, category managers collect and analyze category intelligence (spend analytics, market data and enterprise priorities) to prioritize projects. Centralizing category intelligence, simplifying project identification and connecting category strategies to the execution workflows can significantly improve speed, agility and stakeholder alignment.

**Business Impact**

For category managers, these solutions make the strategy development process less ambiguous, thereby reducing cognitive overload. For chief procurement officers, these technologies aid data federation, governance and tracking progress against ever-expanding goals from the C-suite. Key benefits are delivered to the procurement organization through centralizing data, guiding strategy creation and tracking execution against key goals. These solutions are applicable across all categories and industries.

## Drivers

- Cost reduction, risk management/resilience and sustainability are key value drivers for procurement in 2025. Category management solutions can help organizations prioritize activities across their categories to deliver on key value drivers.
- The use of generative AI is expanding across the category management market with vendors leveraging it as an opportunity to support automated category strategy creation, propose action plans and quickly pull back category data.
- Extended periods of disruption and rapid transformation have increased the complexity of procurement's operating environment, highlighting the need for better category management and the weakness of manual solutions. Manual tools leave category managers without a full picture of the impact category-specific decisions may have on the organization's supply chain.
- Economic volatility increases the pressure on category management teams to deliver value. Cost savings may be difficult to come by. That's why it is crucial for category managers to take an expanded view of what is within the realm of the possible, to include contributions toward objectives such as resiliency, speed, innovation, quality, sustainability and diversity.
- Increased digital maturity in buying organizations is allowing for acquisition of more strategic tools. Category management is a key priority, and as the processes and governance of managing spend mature, these tools will gain higher value.

## Obstacles

- Most procurement organizations are still struggling with data. Much of the data needed to create an effective category strategy is internal and if not accessible, the ability to inform opportunity assessments and long-range planning is limited.
- Extended periods of economic uncertainty have shifted procurement's ability to negotiate cost savings across strategic categories. This reemphasizes event-driven sourcing to achieve savings or cost avoidance wherever possible, challenging more-strategic category planning.
- Adoption of these solutions is limited by the current state of category management processes. This is especially true for indirect spend categories.
- The cost of category management solutions varies greatly and can be significant for large enterprises. In a cost-constrained world, it can be difficult to justify investment in yet another technology application, especially if process maturity is low.



## User Recommendations

- Assess the maturity of the category management team, process and governance around category strategy. Without the right level of commitment to building out strategic category management from an organization and process perspective, software tools will add little value.
- Design simplicity into category management activities like collecting intelligence, identifying projects and organizing project plans. As momentum and maturity grow, invest in a solution to streamline and scale these steps.
- Review the category management capabilities of your existing vendors. Consider entering into co-development arrangements if a long-term commitment with a provider is in place. If this isn't the case, explore solutions from other providers.

## Sample Vendors

akirolabs; Cirtuo; Coupa; GEP; Ivalua; JAGGAER; SAP

## Gartner Recommended Reading

[Tool: Universe of Category Strategy Projects For Procurement Leaders](#)

[Ignition Guide to Implementing Category Management](#)

[Tool: Category Manager Cost Optimization Checklist](#)

[Toolkit: Category Intelligence Document Template](#)

[Quick Answer: How Is the Category Manager Role Evolving?](#)

## At the Peak

### Supplier Discovery

Analysis By: Cian Curtin

Benefit Rating: High

Market Penetration: 1% to 5% of target audience

Maturity: Emerging

#### Definition:

Supplier discovery solutions assist organizations in identifying, assessing and incorporating new supply sources for goods and services within their procurement processes. These solutions generally maintain an extensive database of supplier information and frequently utilize artificial intelligence and graph technologies to match sourcing criteria with potential suppliers, thereby optimizing the competitiveness of the supplier portfolio.

#### Why This Is Important

Supplier discovery solutions enable organizations to uncover new supply sources. In the face of supply chain disruptions, capacity constraints, cost optimization strategies, and innovation targets, procurement teams must efficiently identify and qualify alternative suppliers. These solutions strengthen supply chain resilience, elevate market competition, and offer risk mitigation, diversity and cost savings, while reducing the effort involved in discovering and qualifying new suppliers.

#### Business Impact

Supplier discovery solutions can automate the manual process of identifying new suppliers. These solutions offer verified supplier information and can recommend suppliers that meet organization-specific criteria. By enabling procurement teams to efficiently discover appropriate suppliers, this technology ensures that the organization's supply base becomes more resilient and agile. It also helps incumbent suppliers stay cost-competitive while maintaining satisfactory performance standards.

#### Drivers

- Persistent disruptions and supply shortages in global markets over the past few years have intensified the demand for swiftly identifying highly qualified alternative supply sources.

- Supplier discovery solutions can enhance an organization's objectives regarding supplier diversity and sustainability, both of which are a focus for procurement organizations.
- Certain supplier risk management vendors are investigating methods to incorporate discovery as an integral part of risk management, which is a crucial investment focus for procurement organizations.
- The supplier discovery sector presents significant opportunities for growth, allowing existing sourcing and procurement vendors, along with new entrants, to expand their capabilities. An increase in options for customers will expedite the adoption process.
- Manually identifying qualified suppliers can be a time-consuming endeavor that understaffed procurement and sourcing departments may find challenging to manage.

## Obstacles

- A unified global supplier database does not exist. The market is fragmented, with variations in the number, type of suppliers and data enrichment available.
- Compiling high-quality supplier profiles poses challenges. Discovery solutions necessitate supplier engagement to develop comprehensive datasets.
- Supplier discovery generally requires working with vendors that have a multitenant solution architecture and commercial agreements that permit the exchange of fundamental, noncompetitive information, provided it is not publicly accessible. This could reveal sensitive intellectual property information.
- Supplier qualification processes differ across organizations, posing challenges for solutions to effectively match and recommend suppliers beyond fundamental information.
- Prolonged qualification procedures and the absence of automation reduce the value of a supplier discovery solution.

## User Recommendations

- Initiate pilot supplier discovery solutions within low-risk, indirect categories to complement current manual supplier discovery approaches, such as employee referrals and web searches, with a more robust and digitally automated option.

- Collaborate with your existing source-to-pay vendors to ascertain whether they are focusing on supplier discovery in their strategic roadmap or partnering with a supplier discovery solution. If they are, evaluate this option as a priority.
- Investigate AI and graph technology solutions to establish an autonomous supplier discovery process that operates independently from other systems.

## Sample Vendors

Altana AI; apexanalytix; Arkestro; Coupa; Fairmarkit; Globality; Graphite Connect; SAP; Scoutbee; TealBook

## Gartner Recommended Reading

[Quick Answer: Use Technology Options to Enhance a Supplier Discovery Process](#)

[Market Guide for Supplier Risk Management Solutions](#)

## Intake Management

Analysis By: Chaithanya Paradarami

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Emerging

### Definition:

Intake management software improves end-user experience by navigating preconfigured process workflows such as initiating, routing and tracking status of procurement requests, such as purchase requests, contract requests and supplier onboarding requests, in a hybrid application ecosystem. These solutions streamline procurement support by providing a single contact point for requests, routing them to the appropriate endpoint application or individual for fulfillment.

## Why This Is Important

Procurement leaders can improve end-user experience by layering intake management on existing applications, increasing adoption and their returns on investments in such software. Intake management also provides procurement leaders with insights about end-user demands, requirements and expectations. These solutions may help drive governance through procurement policy updates, improve compliance, reduce maverick spend and support costs.

## Business Impact

Intake management can enhance adoption of existing procurement software. Intake solutions infused with AI automate the creation and routing of procurement requests, allowing procurement teams to dedicate more time to strategic activities and decision making. Procurement policies and strategies can potentially be modified by using end-user demand and expectation insights gathered through intake management. Lastly, it requires little to no end-user training.

## Drivers

- Procurement leadership requires new tools to deliver a human-centric procurement end-user experience. The new generation workforce, accustomed to empathetic, device-agnostic user experiences from consumer applications, is changing expectations for enterprise end users. Procurement leaders need to deliver an updated experience that fulfills these evolving expectations to ensure adoption of existing applications by this new workforce.
- Most organizations have a multivendor enterprise application landscape with technologies of varying legacies. They need software capabilities that route an end user's request to the most appropriate software in a varied application landscape.
- Without intake management solutions, end users manage their procurement journey independently through complex procurement workflows. This could lead to increased noncompliance, and negatively impact end-user experience.
- First line of support for end users who have questions about procurement policy, processes or workflows has been traditionally poor, resulting in such users emailing procurement leaders their queries. This leads to incomplete request data that is easily lost and difficult to track, in addition to consuming the bandwidth of procurement leaders and resulting in a poor end-user experience.
- Many procurement leaders face moderate to high purchase regret over major software investments due to implementation challenges, protracted deployments and poor user adoption, all of which hinder the expected business impact. To maximize returns from procurement software, leaders are exploring intake management tools as a complementary solution to drive user adoption and realized value.
- The higher the number of procurement solutions used in an organization, the more value an intake management tool can bring by providing a consistent end-user experience.

## Obstacles

- Tight procurement budgets will focus on procurement process automation applications that support getting work done over additional investments in intake management software.
- The business case for intake management solutions will include more derived business impact (such as increased adoption and compliance) than direct business impact (such as cost reduction), which will make securing budget approval more challenging.
- Buying organizations that have mature procurement functions will find lower value in intake management tools, as procurement is already embedded throughout the organization.
- Intake tools initiate processes but lack comprehensive orchestration capabilities, requiring integration with other systems or manual interventions to impact business outcomes beyond improved end-user adoption.

## User Recommendations

- Avoid duplicating capabilities by assessing whether existing procurement or other enterprise application software includes procurement intake capabilities.
- Assess how collaborative your current procurement staff is with the business. If procurement is engaged too late to support new opportunities, intake management tools can help.
- Consider the cost reduction and business impact of deploying and maintaining such tools in your business case for a procurement intake application, which can replace the need for expensive source-to-pay suites for simple procurement workflows.
- Monitor the market for solutions offering both intake and orchestration capabilities, should your needs evolve past intake. Many vendors offering intake capabilities are expanding their product portfolio to support procurement orchestration.

## Sample Vendors

Focal Point; Levelpath; Opstream; ORO Labs; Productiv; ServiceNow; Tonkean; Zip

## Gartner Recommended Reading

[Innovation Insight: Procurement Intake Management Boosts End-User Engagement](#)

[3 Tips for Introducing New Intake and Triage Processes Through Employee-Centered Rollouts](#)

[Drive Strategic Success Through Business-Driven Legal Intake and Triage](#)

[Tool: Customizable Contract Intake Form Template](#)

[Seven Steps to Creating a Best-in-Class Contracts Intake Form](#)

## **Autonomous Sourcing**

**Analysis By:** Lynne Phelan

**Benefit Rating:** High

**Market Penetration:** Less than 1% of target audience

**Maturity:** Emerging

### **Definition:**

Autonomous sourcing solutions use AI and advanced technologies to streamline and automate the sourcing process and facilitate decision support for awarding spend to suppliers. Capabilities vary but can include automated event creation, lot/line structuring, dynamic event timing, automated supplier feedback, response scoring, analysis and award.

### **Why This Is Important**

Autonomous sourcing solutions reduce the cycle time to execute sourcing events and optimize capacity without adding resources. Automating the creation, execution, negotiation and award decisions of spend allows staff to focus resources on more strategic negotiations and category management. Automated events can increase objectivity and policy compliance and help organizations deliver against goals beyond just savings (such as environmental, social and governance).



## Business Impact

Greater automation in the sourcing process boosts the procurement organization's speed, agility and effectiveness, allowing staff to focus on more valuable tasks. It can also optimize the supply base and suggest supplier awards by reviewing project specifications, internal and external constraints and market conditions. These insights boost procurement's strategic advisory role, democratize sourcing, achieve cost savings and ensure compliance.

## Drivers

- Extended periods of economic uncertainty increase pressure for procurement organizations to deliver value when cost savings are not easily achieved. Autonomous sourcing solutions make the process more efficient, increasing the capacity to take on new spend projects and introduce new suppliers to the competitive landscape.
- Autonomous sourcing includes using internal and external data to improve decision support. Automated analysis of bids results in better, more informed award decisions.
- Autonomous sourcing features machine learning (ML), generative AI and agentic AI to achieve higher levels of event automation over traditional e-sourcing, freeing up sourcing teams to focus on more value-added activities such as supplier relationship management.
- Solutions providing recommended buying patterns, such as when to buy, what to buy and whom to buy from, learn from the actual buying decisions made in comparison to the recommendation. As these recommendations are refined, they can be fully automated and trusted to make sound decisions for the organization.
- Complex scenario analysis and what-if award analysis done manually are tedious and require an advanced analytical skill set. Autonomous sourcing reduces the manual work and can allow buyers to skill up in alternative competencies such as negotiation tactics.
- Limitations on sourcing talent are moving companies to automated presourcing processes, such as requirements gathering and statement of work creation.
- Automated sourcing facilitates the transition of tail spend from being unmanaged to optimized, uncovering previously untapped savings opportunities.

## Obstacles

- Successful use of these solutions requires the end user to provide solutions with data, context and parameters. Accessing and managing cleansed, consumable data to train AI models is often scarce, preventing more rapid maturity.
- Compared with indirect spend categories, direct spend categories often have better internal data available (such as demand forecasts, material plans and historical part data) and external commodity data to accelerate automation. However, the ability to change the source of supply can be limited. This means category automation success may vary due to factors outside the control of sourcing.
- Qualifying new suppliers to participate in automated events can be challenging as organizations have different methods for how they qualify sources of supply.
- In the instance where the autonomous sourcing tool is accessible to a wider group of stakeholders outside of procurement, adoption can still be a challenge as some stakeholders may already have preferred suppliers.

## User Recommendations

- Assess your current process and data maturity. Autonomous sourcing applications rely on mature processes and historical data to build their models. Don't try to deploy an autonomous sourcing application without this foundation.
- Conduct a risk-benefit analysis before investing in autonomous sourcing. Proceed if your organization can take advantage of the benefits of these solutions at their current maturity.
- Embrace a composable approach. Autonomous sourcing is mostly enabled by stand-alone vendors and requires a third-party investment and integration into your existing procurement solutions.
- Pilot with nonstrategic categories first, ideally those with a longer procurement history and that are reasonably well known. This will allow for an accurate assessment of the sourcing automation and recommendations.

## Sample Vendors

Arkestro; Fairmarkit; Globality; Keelvar; Zycus

## Gartner Recommended Reading

[Market Guide for Sourcing Applications](#)

## Predictive Analytics for Procurement

Analysis By: Martin Shreffler, Chaithanya Paradarami

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Adolescent

### Definition:

Predictive analytics is a form of advanced analytics that examines data or content to answer the question, “What will happen?” or, more precisely, “What is likely to happen?” Predictive analytics is characterized by such techniques as regression analysis, cluster analysis, multivariate statistics, pattern matching, predictive modeling and forecasting.

### Why This Is Important

By anticipating future trends, predictive analytics enables procurement organizations to make informed decisions when responding to evolving business requirements. Predictive analytics allows business users to focus on execution, rather than manual data mining. There are many successful examples of the use of predictive analytics, spanning demand forecasting, supplier risk monitoring, price variances and spend category opportunity assessment.

### Business Impact

Predictive analytics helps identify and provide an understanding of likely future outcomes to enable improved decision making and threat/opportunity identification. As a result, organizations can be proactive, rather than reactive (e.g., using demand prediction for things such as optimal inventory, fraud detection and dynamic pricing). Interest and investment continue to grow in new use cases and more-traditional applications of predictive analytics.

## Drivers

- Predictive analytics adoption is increasing continuously due to advanced modeling techniques.
- Early adopters have proven and refined use cases with clear value and are now expanding these applications to include AI-driven insights for deeper analysis.
- Procurement organizations that have relied heavily on human domain experience are now looking to leverage data and analytics to help them in understanding trends and anticipating future environments.
- Shortage of skilled procurement talent, alongside inflation challenges, is driving the need for automating processes, such as demand forecasting and supplier risk predictions, with a focus on scalability.
- Predictive analytics has traditionally targeted problems in the strategic and tactical time horizon, such as long-range forecasting and demand planning. Now, with more advanced techniques, predictive analytics can be deployed in real time or near real time, in areas such as dynamic pricing, spend analysis, category management, product quality testing, risk management and demand sensing.

## Obstacles

- Poor data quality presents obstacles. As with other advanced analytics techniques, the timeliness and accuracy of the input data will determine the accuracy and usefulness of the predictive analysis output.
- Analytics suffers from a lack of maturity to drive further adoption of predictive analytics. Organizations are working toward integrating predictive insights into strategic planning to overcome this hurdle.
- There can be a lack of technical talent to help build and maintain predictive analytics models.
- There is a lack of transparency around how more complex predictive models work, making it difficult for stakeholders to trust the results, necessitating efforts to improve model explainability.
- A lack of understanding and trust in predictive scoring and forecasting solutions is hindering organizations' ability to support human decision making.

## User Recommendations

- Assess data integrity before investing specifically in predictive analytics or any other advanced analytics techniques.
- Determine whether your analytics capabilities will be delivered by the procurement platform, an external analytics platform or a combination of both, and ensure seamless integration for optimal results.
- Create proof of concept (POC) areas of focus. Target areas that benefit from improved plan and forecast accuracy.
- Use stakeholder centricity as the key anchor point for all kinds of decision making and concentrate on building analytics models that have the maximum impact in meeting those objectives.
- Evaluate the availability and relevance of third-party data to enhance and improve statistical results. Many of the packaged predictive forecasting tools lack external data ingestion.
- Identify and integrate multiple data sources to have a single source of truth that works as the foundation for your predictive analytics models, enhancing data reliability and insights.

## Sample Vendors

Coupa; HunterAI; Microsoft; RapidRatings; Sievo; Simfoni; SpendHQ

## Gartner Recommended Reading

[Augment Predictive and Prescriptive Analytics With Generative AI](#)

[Predicts 2024: How Artificial Intelligence Will Impact Analytics Users](#)

## Sliding into the Trough

### Conversational AI in Procurement

Analysis By: Chaithanya Paradarami

**Benefit Rating:** Moderate

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Adolescent

#### Definition:

Conversational AI platforms (CAIPs) are SaaS or PaaS-based services upon which conversational applications can be developed. They include low-code/no-code capabilities to design, build and maintain such applications. CAIPs for procurement use a mix of AI and rules accessed through natural language interfaces such as voice and text chat, including messaging platforms, to enable people (and machines) to answer queries regarding policy clarification, status of requests and more.

#### Why This Is Important

Conversational AI enables user interaction through voice or written natural language. Virtual assistants and chatbots can guide users through requisitioning and recommendations, and help with queries. In addition, conversational AI can be used for supplier management such as registration, qualification, and invoice and payment status. In the short term, conversational AI's capabilities are expected to improve and eventually merge with generative AI (GenAI) and agentic AI solutions as those technologies evolve.

#### Business Impact

Conversational AI provides productivity benefits across the entire source-to-settle process. It has the capacity to improve user experience and reduce training costs, as users can interact with the tool to get the data and information they need rather than navigating the platform or engaging with a procurement representative. Procurement application users who are unable to interact with a traditional user interface will have access to procurement processes via voice and/or chat.

#### Drivers

- Conversational AI has the potential to transform the way users interact with technology by allowing easy voice- or text-based requests, eliminating the need for complex forms and input methods. Examples include chatbots for suppliers to answer common questions and guided-buying virtual assistants for procurement.
- The utilization of conversational AI in the sourcing phase can assist in supplier discovery and evaluation, efficiently handle supplier queries and provide insights into supplier performance.
- Improved guided buying is the most common use case in development by Source-to-Pay (S2P) suite vendors.
- Other important drivers include simplifying contract creation and data analysis, saving time and reducing the need for training.
- Conversational platforms make it easy for users to navigate the buying process and remain in compliance without needing to understand policy or process.
- The adoption of GenAI initiatives in procurement organizations makes it easier to understand how to derive more value from conversational AI platforms and identify the types of requests they can assist with.

## Obstacles

- In procurement, GenAI-based solutions are increasingly offering capabilities that match or surpass conversational AI. GenAI models will enhance and improve conversational AI systems and are likely to replace them.
- Benefits of conversational AI can be realized only if it seamlessly integrates with existing workflows and systems. With AI agents capable of handling more complex and diverse tasks, the investments may shift to agentic AI.
- Conversational AI systems need high-quality, diverse training data, but acquiring it can be challenging, risking suboptimal performance or biased outputs.
- Providing multilingual and cross-cultural support through conversational AI can be a significant challenge for global enterprises.
- Conversational AI systems demand ongoing maintenance, with dedicated teams to monitor performance, gather feedback and retrain models with new data to adapt to evolving needs and language patterns. Neglecting updates can degrade performance and relevance.

## User Recommendations

- Monitor the progress of GenAI solutions and their potential to replace or enhance conversational AI in procurement. Stay updated on agentic AI and emerging technologies, and be ready to adjust procurement strategies accordingly by working with your core procurement platform provider.
- Evaluate and proceed with caution, and start with small pilots in sourcing and procurement only if your current platform provides conversational AI.
- Prioritize and evaluate sourcing and procurement vendors with conversational platform capabilities, as well as other emerging technologies like GenAI (or agentic AI for risk-tolerant organizations).
- Include conversational platform capabilities in the overall evaluation for risk-averse organizations without overemphasizing its value, as change management issues could completely derail any project.

## Sample Vendors

Agiloft; Coupa; Evisort; GEP; Google; Icertis; Ivalua; JAGGAER; SAP; Zycus

## Gartner Recommended Reading

[Emerging Tech: GenAI Is Driving Investment for Conversational AI](#)

[Market Guide for Conversational AI Solutions](#)

[Emerging Tech: Use Generative AI to Transform Conversational AI Solutions](#)

[Generative AI Brings Opportunity and Risks to the Conversational AI Market](#)

## Generative AI for Procurement

Analysis By: Kaitlynn Sommers

Benefit Rating: Transformational

Market Penetration: 1% to 5% of target audience

Maturity: Emerging



**Definition:**

Generative AI (GenAI) technologies can generate new versions of content, strategies, designs and methods by learning from large repositories of original source content. GenAI has profound business impacts, including on content discovery, creation, authenticity and regulations; automation of human work; and customer and employee experiences. It can accelerate tasks, documents and workflows in sourcing and procurement while integrating various tasks into procurement applications.

**Why This Is Important**

GenAI has been a highly disruptive and sought-after capability for procurement organizations. Early use cases of generative AI are proving to drive process efficiency, improve access to data and information, and cost savings. GenAI is applicable across the entire source-to-pay spectrum, enabling improved scalability and productivity, so there is continued interest in leveraging and adopting it.

**Business Impact**

GenAI-enabled procurement applications will target time-consuming and repetitive tasks like knowledge discovery, summarization and contextualization, workflow, and execution in the procurement context. With these tools at their disposal, procurement organizations can improve productivity, efficiency and capability, thereby reducing cost with an optimal workforce to focus on higher-value tasks such as strategic decision making and supplier management.

## Drivers

- Procurement application vendors are integrating third-party LLMs to provide more affordable access to GenAI capabilities compared to developing proprietary GenAI tools from scratch. Some vendors can utilize multiple LLMs, allowing tasks to be routed to the most effective model for execution.
- LLMs can adapt to individual preferences. In the procurement context, they can be personalized to provide recommendations and support based on roles such as category manager, buyer, etc., thereby enhancing the overall user experience.
- Organizations are making enterprisewide investments in GenAI tools, such as Microsoft Copilot, fueling individual departments to explore potential use cases and ways to use these solutions in procurement to drive productivity.
- Investment and demand are fueling the advancement of large language models (LLMs) like GPT (aka generative pretrained transformer), enabling text-to-text applications like contract analysis and invoices.
- Text-to-process and workflow are common use cases. Offerings enable users to generate workflows or instruct agents in natural language, integrating generative tasks into applications. Use cases include automating contract management workflows (drafting, negotiation, review, signature), project scoping with supplier recommendations and autogenerating RFx.
- GenAI offers the potential for cost savings while maintaining or even enhancing output quality and capabilities, aligning with organizational goals.
- Early adoption of GenAI can provide a strategic competitive edge over businesses that are hesitant to embrace this disruptive technology.

## Obstacles

- Fragmented and low quality data across various systems in procurement hinders accurate and reliable data insights.
- Job security concerns, skepticism of AI insights, and lack of understanding create resistance to the shift toward AI-driven sourcing and procurement processes.
- Open source models are freely available, but GenAI capabilities embedded into solutions often come with a high and variable price tag.
- Emerging regulations and certification requirements for GenAI add further hurdles to its adoption in procurement. Unclear regulations around GenAI raise privacy, IP protection and overall trust concerns.
- Integrating a stand-alone GenAI solution with existing procurement systems can be complex due to differing technical specifications.
- Early adopter experiences with generative AI have been varied. Some organizations are reaping rewards, while others are struggling to define ROI or have missed targets.

## User Recommendations

- Invest in data infrastructure to standardize and integrate data across systems (e.g., document tagging) for reliable insights.
- Explore procurement vendors for embedded GenAI capabilities through demos and roadmaps. If your organization has an enterprise strategy with a GenAI provider, consider the resources and data needed to integrate and use these solutions for procurement use cases.
- Evaluate AI solutions that are process-specific for future needs (e.g., sourcing, contract management, supplier risk, etc.).
- Embrace change management by encouraging learning and adapting procurement processes using data insights and automation.
- Monitor statutory regulations by staying informed on evolving regulations and seeking expert guidance for compliant implementation.
- Begin to upskill talent with an increased focus on new skills introduced by more AI-enabled processes such as digital dexterity, human-machine interaction and prompt engineering.

## Sample Vendors

Coupa; GEP; Globality; Ivalua; JAGGAER; Levelpath; Microsoft; Oracle; SAP; Zycus

## Gartner Recommended Reading

[Innovation Insight for Generative AI](#)

[How to Pilot Generative AI](#)

[Generative AI Use Cases in Sourcing and Procurement](#)

[Impact of Generative AI on IT Sourcing](#)

## Sustainable Procurement Applications

Analysis By: Miguel Cossio

Benefit Rating: Moderate

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

### Definition:

Sustainable procurement applications help buying organizations assess the performance of their suppliers across multiple environmental, social and governance (ESG) topics. These applications are used to collect supplier data using surveys (e.g., supplier self-assessments) across multiple ESG topics and enable organizations to measure how well suppliers meet sustainability requirements.

### Why This Is Important

A fast-evolving and ever-growing regulatory landscape, increased customer expectations, and heightened awareness of a broad set of ESG topics are placing increased pressure on companies to report how suppliers meet sustainability requirements. Sustainable procurement applications enable companies to simplify and scale the data collection process from their supply base using self-assessments to assess supplier performance across multiple ESG topics and identify areas for improvement.

## Business Impact

Nearly all organizations will benefit from a sustainable procurement application. Stakeholder expectations and regulatory changes will continue to evolve and force organizations to scale sustainable procurement initiatives. By deploying a sustainable procurement application, companies can prove that the right level of due diligence is being exercised to ensure supplier adherence to multiple ESG topics, helping them proactively manage reputational risks.

## Drivers

- Sustainable procurement is increasingly being included as part of the priorities that procurement teams are focused on, alongside cost, service and quality (see [2024 Sustainable Procurement Benchmark Findings](#)).
- A changing regulatory landscape across geographies is creating pressure on organizations to assess their supply base across a broad range of topics, such as modern slavery, climate change, deforestation and water stewardship.
- Customers increasingly request evidence that organizations are performing the due diligence needed to identify and resolve sustainability risks in their supply chains.
- Companies are looking to drive growth by including sustainable practices and products in their value proposition for competitive advantage.

## Obstacles

- Europe is easing regulatory requirements through an omnibus package, reducing the scope of companies mandated to report on ESG metrics, thereby reducing compliance requirements for medium and small enterprises.
- Poor supplier experience driven by survey fatigue and lack of improvement insights can limit supplier adoption of a sustainable procurement application.
- The technology landscape for sustainable procurement applications is fragmented, with vendors having diverse capabilities and varying geographical or industry focus. As a company's sustainable procurement ambition grows, several applications might be needed.
- Sourcing groups often find sustainable procurement initiatives hard to enforce and sustain. Some initiatives are perceived to be overheads that do not deliver direct value to their organization.
- Other challenges include a lack of executive sponsorship, too many suppliers to manage effectively, and difficulty in justifying the business case.

## User Recommendations

- Assess the need to invest in a supplier sustainability application by looking at the scope of your program and understanding the sustainability features of previously acquired technology. Sometimes, existing procurement tools with basic sustainability functions might suffice.
- Create a shortlist of vendors based on the ESG topics and regulations you want to address and the capabilities needed to support this. Less mature organizations should prioritize vendors that can provide materiality guidance and data validation capabilities.
- Select applications that emphasize a positive supplier experience and enable suppliers to reuse data across multiple customers to reduce the reporting burden on them. This will help increase the rate of supplier adoption.
- Partner with strategic suppliers to get their input on which solutions they use and believe are most valuable. Supplier insights will not only be valuable for your selection process but will also offer a step forward in the eventual adoption.

## Sample Vendors

Achilles; Assent; EcoVadis; ImpactBuying; IntegrityNext; NQC; osapiens; Sphera; Transparency-One; Worldfavor

## Gartner Recommended Reading

[Market Guide for Sustainable Procurement Applications](#)

[Tool: Vendor Evaluation Matrix for Sustainable Procurement Applications](#)

[Tool: Vendor Evaluation Matrix for Scope 3 Digital Tools](#)

## Prescriptive Analytics for Procurement

Analysis By: Martin Shreffler, Chaithanya Paradarami

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Early mainstream

### Definition:

Prescriptive analytics is a set of capabilities that specifies a preferred course of action and, at times, takes automated actions to meet a predefined objective. The most common types of prescriptive analytics are optimization methods, a combination of predictive analytics and rules, heuristics and decision analysis methods. Prescriptive analytics differs from descriptive, diagnostic and predictive analytics in that this technology explores multiple outcomes and provides a recommended action.

### Why This Is Important

Prescriptive analytics is critical to making data-driven, fact-based decisions. It generates actionable recommendations, using statistical and mathematical techniques, and takes into account procurement data, spend and relevant constraints, conditions and costs. Through prescriptive analytics, an organization can develop strategies to meet its objectives by balancing trade-offs among conflicting goals.

## Business Impact

- Strategic, tactical and operational decisions to forecast, reduce risk, maximize profits, minimize costs or more efficiently allocate scarce or competing resources
- Recommendations for a course of action that best manages the trade-offs among conflicting constraints and goals
- The simulation of multiple scenarios, patterns and comparisons of recommended courses of action
- Support for both strategic and tactical time horizons, as well as real-time or near-real-time decision making

## Drivers

- Advances in generative and agentic AI capabilities, which will provide additional avenues of growth for prescriptive analytics, enabling more personalized scenario simulations and decision-making processes
- Maturing and expanding data science initiatives, easier-to-use tools, better algorithms, more cost-effective and cloud-based computing power and a substantial increase in available data
- Improvements in analytics solutions, data quality, skills and broader acceptance of predictive analytics recommendations
- An increase in procurement digital transformation initiatives with focus on adopting advanced analytics and AI capabilities
- Increased demand to focus more on proactive reporting than the traditional reactive approach, which emphasizes prioritizing actionable, proactive insight



## Obstacles

- Despite the availability of data, there is a lack of consumable data, because prescriptive analytics relies on a lot of other parameters, where data quality can pose challenges to recommend a certain course of action.
- There is a shortage of skilled expertise on how and where to apply prescriptive techniques.
- The lack of formal operationalization methods and best practices causes the results of prescriptive analytics implementations to vary.
- Analytics maturity is hindering adoption of prescriptive analytics. Many organizations have not yet integrated AI-driven insights into their decision-making processes.
- Security and privacy concerns are increasing as data usage grows, necessitating more robust governance and compliance measures.

## User Recommendations

- Identify a business problem or decision, which involves complicated trade-offs to be made, multiple considerations, constraints and objectives.
- Consolidate, cleanse and enrich data by building relations with external data sources.
- Identify successful examples of where prescriptive analytics is being used and look to expand/extend those initiatives.
- Evaluate the breadth of prescriptive analytics approaches and decision models available, focusing on those that incorporate AI and machine learning for enhanced accuracy.
- Gain buy-in and willingness from stakeholders — ranging from senior executives to frontline workers carrying out the recommended actions — to rely on analytics recommendations.
- Invest in training programs to build internal expertise and ensure teams are equipped to leverage advanced analytics tools effectively.

## Sample Vendors

Coupa; GEP; hunterAI; JAGGAER; LevaData; Sievo; Simfoni; SpendHQ; Zycus

## Gartner Recommended Reading

[Predicts 2024: How Artificial Intelligence Will Impact Analytics Users](#)

[Use Advanced Analytics to Make Better Procurement Decisions](#)

[Augment Predictive and Prescriptive Analytics With Generative AI](#)

## Supplier Diversity Solutions

Analysis By: Lynne Phelan, Kaitlynn Sommers

**Benefit Rating:** Moderate

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Adolescent

### Definition:

Supplier diversity solutions help organizations establish, grow, track and measure diverse supplier programs. Common capabilities include data enrichment, supplier registration/data collection, supplier discovery, spend analysis and economic impact reporting.

### Why This Is Important

Organizations with goals to support and grow diverse supplier engagement are often left unsupported by traditional spend management solutions. Tracking, maturing and scaling a supplier diversity program is difficult without the right technology to identify and engage with diverse suppliers across the source-to-pay (S2P) process.

### Business Impact

Diversity and inclusion are crucial to environmental, social and governance (ESG) operations. Procurement teams enhance supplier diversity programs to support these efforts, focusing on aiding underserved communities by increasing visibility and fostering business with diverse suppliers. These programs enable scalability and provide a framework for validating metrics and diversity data as they mature, ensuring effective and measurable progress in diversity initiatives.

## Drivers

- Supplier diversity is a high-visibility initiative and should be supported by not only procurement teams but also by high-level executives, including the C-suite.
- Procurement organizations are confirming the commitment to supplier diversity programs by having at least one employee fully dedicated to these initiatives.
- When making spending decisions, customers favor organizations that prioritize ESG initiatives.
- Some organizations with more mature diversity programs are driving cost savings and negotiating tax breaks through reporting on their diversity spend and economic impact.
- While diversity programs are more prevalent in the U.S., there is a demand for global program support. Technology providers are exploring ways to define and enable programs on a more global scale and are leveraging tactics such as relying on existing third-party certifying entities as well as creating their own certification process.
- S2P suite and supplier management vendors are increasingly prioritizing supplier diversity capabilities. While some are partnering with other vendors, others are providing native capabilities and driving the adoption of supplier diversity through the S2P process.

## Obstacles

- Organizations face complex challenges in managing supplier diversity in high-uncertainty environments, particularly in light of recent U.S. executive orders aimed at limiting DEI programs.
- Organizations are split in their program maturity. Some have had diversity programs for years, while others are still in the early stages. Those embarking on new initiatives need to define program success outcomes before building a business case to invest in technology.
- An understanding of diversity in the data helps lay the foundation for a sound diversity program. Organizations will struggle to quantify their current state and growth against goals without data enrichment to validate diversity status.
- Supplier diversity is well-defined and qualified by many certifying bodies in the U.S. Solutions are better equipped to support this region, but often struggle to support diversity initiatives globally.

## User Recommendations

- Identify both risks and potential areas of opportunity with precision. Engaging in supplier diversity initiatives is important for employees and stakeholders, and for existing reporting requirements.
- Invest in different capabilities to support supplier diversity as your program matures. At early maturity, consider data enrichment, supplier discovery and spend tracking; at midmaturity, take into account strategic sourcing considerations; and at advanced maturity, consider economic impact reporting and supplier development.
- Explore solution providers based on your specific requirements. Vendors in this market offer different capabilities and support different use cases. Only a few offer comprehensive technology and services.
- Evaluate expansion to a more global scale as your program matures.
- Target outcome-oriented metrics by moving away from solely measuring diverse spend to also including outcomes that the program wants to achieve.

## Sample Vendors

AdaptOne; Coupa; Dun & Bradstreet; Proximo; Scoutbee; Simfoni; Supplier.io; SupplierGateway; TealBook; VIVA

## Gartner Recommended Reading

[3 Steps to Manage Both Risk and Opportunity of Supplier Diversity](#)

[Quick Answer: 3 Steps to Choosing Supplier Diversity Technology](#)

[Communicate Supplier Diversity Value Using Gartner's Input to Outcome Metrics Framework](#)

[Affirmative Action Rulings Implications on Supplier Diversity](#)

[Retain to Grow: Getting More From Your Supplier Diversity Programs](#)

## Advanced Contract Analytics

Analysis By: Kaitlynn Sommers, Kerrie McDonald

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Adolescent

### Definition:

Advanced contract analytics solutions use AI techniques such as natural language processing, machine learning and generative AI (GenAI) to analyze in-progress or executed contracts to extract provisions and create structured, usable data. This data can be analyzed to highlight deviations from enterprise standard provisions, identify missing provisions, score risk, and recommend process or provision changes.

### Why This Is Important

Advanced contract analytics solutions help organizations gain visibility into their signed contracts, drive efficiency in the contract review and risk assessment processes and provide opportunities for continuous improvement. These solutions are positioned to improve contract processes across the legal, procurement and sales domains.

## Business Impact

Advanced contract analytics solutions serve multiple use cases, including contract visibility, contract review, risk analysis and continuous improvement. Many organizations have been successful in increasing efficiency and consistency in their presignature contract process and improving postsignature risk mitigation, audit and regulatory compliance adherence. Organizations are increasingly using these solutions to support revenue- and cost-related initiatives.

## Drivers

- GenAI capabilities have evolved both the contract visibility and automated contract review use cases, bringing more vendors into the market and increasing efficiency delivered through automated redlining.
- The emergence of AI agents is poised to accelerate adoption of advanced contract analytics, as it will further drive efficiency in the contract process. For example, in the presignature phase of the contract life cycle, AI agents can be used to draft and review contracts. Postsignature, AI agents can monitor contract terms and automatically initiate necessary actions such as sending reminders to relevant stakeholders for obligations and compliance management.
- Legal departments are seeking efficiency that can be gained through these solutions. This is particularly desirable during the negotiation cycle with third parties in an effort to improve workload across in-house legal teams without hiring additional resources or bringing outsourced legal work back in house.
- Pressure to ensure visibility into contract terms remains as we see increased regulations emerge and organizations face new challenges such as new tariffs with trade pricing implications.
- Organizations with regular mergers and acquisitions activity have a high need for advanced contract analytics solutions to expedite review of the acquired company's contract portfolio and its implications for the acquirer.
- Cross-functional use cases for contract analytics solutions are growing. Business stakeholders need quick access to contract documents and can benefit from risk analysis when managing third-party relationships. Joint ownership of these solutions increases ROI and the likelihood of business case approval.
- Leading contract life cycle management (CLM) vendors are rapidly investing in contract analytics as the next competitive field; organizations that are mature in their CLM processes are seeking this advanced capability.

## Obstacles

- The cost for these solutions can be high. Often, the pricing model scales with the number of documents needing review — meaning those that have the greatest need for the solution also incur the greatest cost.
- While these solutions are maturing and have become more reliable, some use cases require a deep understanding of an organization's definition of risk, templates and term acceptance. Most organizations lack organizational readiness for some use cases.
- The market is highly fragmented and maturity within a single use case varies significantly. Most solutions enter the market serving a single use case. Organizations may need more than one solution to address all of their requirements.
- As AI agents emerge, end users need to build trust to fully leverage these solutions to their maximum value, allowing them to action processes in a fully autonomous manner.

## User Recommendations

- Define your requirements, use cases and desired business outcomes first.
- Survey the market for solutions suitable for addressing your use cases. The market is highly fragmented and terminology can be interchanged and confused, so be clear about the business outcomes you want to support and create a suitable shortlist of vendors based on these use cases.
- Accept that you may need more than one vendor to support multiple use cases. You should consider your CLM vendor and the use cases it can support.
- Run pilots to assess the benefit and reliability of contract analytics to reduce contract review time, increase visibility and manage contract risk.
- Review new features and expanded use cases regularly to determine whether your chosen solution can contribute further to enterprise goals. As these solutions mature, there may be opportunities for broader enterprise use.

## Sample Vendors

BlackBoiler; Cognitiv+; DraftPilot; Knowable; LEGALFLY; LegalSifter; LexCheck; Pramata; Summize

## Gartner Recommended Reading

[Market Guide for Advanced Contract Analytics](#)

[Quick Answer: Generative AI Use Cases in Contract Life Cycle Management](#)

[Magic Quadrant for Contract Life Cycle Management](#)



## Climbing the Slope

### Supplier Risk Management

Analysis By: Cian Curtin

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Adolescent

#### Definition:

Supplier risk management solutions enable procurement teams to manage risk events that impact their supply chain and initiate risk response plans. Capabilities include event monitoring and acting upon potential risk factors relating to subtier mapping; finance; capacity; compliance; sustainability; environmental, social and governance; cyber risk; and performance.

#### Why This Is Important

The dynamic and ever-changing landscape of supply chain disruptions necessitates that chief supply chain officers and chief procurement officers be more proactive in their risk management strategies. Leveraging technology is crucial for successfully managing supplier risk, as it allows for the effective analysis of structured, unstructured and real-time data.

#### Business Impact

Gaining early insights into events that may disrupt the supply chain enables procurement teams to deploy response plans and minimize revenue impact of disruptions effectively. Prompt and efficient alerts regarding risks (such as financial instability, adverse weather conditions, cyberthreats and geopolitical events that could affect suppliers) can offer a competitive edge by bolstering resilience and agility.

#### Drivers

- The demand for supplier risk management solutions has experienced a continuous resurgence, due to the persistent effects of supply chain disruptions.

- Historically, risk management solutions have either been utilized to assess past events or monitor occurrences in real time. However, the integration of AI/machine learning (ML) and graph technology now enables solution providers to deliver more sophisticated offerings. These advancements include enhanced financial risk scoring, improved impact modeling, and the initial stages of predictive and prescriptive analytics.
- As the market evolves and enabling technologies advance, supplier risk management applications will increasingly leverage emerging technologies, such as ML, graph technology and AI, including agentic AI. These innovations will facilitate the extraction and enhancement of structured and unstructured data.

## Obstacles

- This rapidly expanding and fragmented market comprises numerous technology vendors and solutions that provide insights into diverse risk landscapes and applications.
- Constructing a business case based solely on ROI is challenging, as quantifying the value of managed risk in advance is difficult to substantiate.
- Many companies believe that a technology vendor and solution will fully address their risk management challenges. However, those companies that prioritize technology often experience inflated expectations and unmet risk management needs.
- Some organizations aim to manage supplier risk across multiple tiers within their supplier network. Achieving visibility into multiple tiers of a supplier network is a feature of more mature supplier risk management solutions. However, the accuracy of this data can vary and necessitates validation.

## User Recommendations

- Develop a robust process framework and establish a comprehensive set of metrics prior to assessing a technology supplier risk management vendor.
- Assess the relevance and importance of each information source to supply chain processes, and construct a dependency matrix to swiftly translate pertinent events into actions that affect specific processes.
- Incorporate input from various functions, such as finance, IT and sustainability, into supplier risk management initiatives.

- Examine your existing application landscape to identify tools that may support supplier risk management efforts.
- Assess potential software vendors by evaluating their application deployments in comparable organizations, the maturity of their foundational technologies and their geographic reach.
- Evaluate data quality and trustworthiness for each monitoring source annually. Certain data sources may deliver suboptimal data, a challenge that might not be immediately apparent.

## Sample Vendors

apexanalytix; Aravo; Craft; Everstream Analytics; Exiger; interos.ai; Moody's; Prewave; Resilinc; Sphera

## Gartner Recommended Reading

[Market Guide for Supplier Risk Management Solutions](#)

[Navigating the Fragmented Supplier Management Solutions Market](#)

[Ignition Guide to Supplier Risk Management](#)

## Operations and Savings Management

Analysis By: Micky Keck

Benefit Rating: Moderate

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

### Definition:

Operations and savings management solutions help organizations manage, track and report projects across the procurement organization. This typically focuses on savings initiatives from sourcing and other cost-reduction activities; however, can include other policy and process improvement work. They include workflow capabilities for approval, project status tracking and analytics. After the contract signing, more advanced solutions track savings, capture rates and component cost drivers.

## Why This Is Important

Generating quantifiable cost savings is the lifeblood of most procurement organizations — and one of the key metrics used to determine performance. Spreadsheets are still the most common tool, yet technology vendors are stepping up to provide savings tracking and management. The additional demands of nonprice goals such as environmental, social and governance (ESG) have forced organizations to track an expanded scope of work outside of savings to validate procurement performance.

## Business Impact

Chief procurement officers gain comprehensive oversight of all ongoing procurement projects. This strategic visibility allows them to effectively allocate resources and balance workloads, enhancing team productivity. At the same time, such visibility increases financial outlook accuracy while also promoting objective individual job performance metrics. Properly calculated savings and reliable forecasting will vastly increase the credibility and strategic impact of the procurement department.

## Drivers

- Spend analytics tools integrating category management and savings identification processes as an extension of the standard analytics offering.
- Improved sourcing automation solutions that allow procurement to drive savings in new commodities where coverage was previously not possible.
- Community data provided by SaaS solutions that allow for savings benchmarking and estimating.
- Higher inflation is forcing procurement to take cost increases, making the tracking and reporting of cost avoidance a higher priority.
- The desire for distributed organizations to have a central location to track projects and their impact on staff workload to help manage savings targets.
- ESG goals are driving policy-compliance-related projects that require the same level of tracking and reporting.

## Obstacles

- Buyers' ability to obtain a budget to invest in yet another tool. The potential ROI is not as high as other procurement technology.
- Organizations track, calculate and report savings differently, which makes building a market-viable product difficult for vendors.
- Procurement teams commonly lack access to clean sourcing and procurement data.
- Buyers seek tools in which the output can flow into financial planning processes to reduce manual touchpoints with the finance department. However, most tools in this space are still not able to fully integrate with financial systems.

## User Recommendations

- Involve the finance department in savings management initiatives to develop common savings definitions and establish credibility.
- Engage internal line-of-business stakeholders to update and monitor savings initiatives.
- Track indirect savings — for example, reduced or avoided cost increases and lower costs for new or one-off purchases — which are equally important to track. Do not focus only on year-over-year savings.
- Investigate functionality to ensure that it is not just a project management tool that supports the entering of savings information. Savings tracking tools will allow you to track probability of success, booked versus planned savings, budgets and allow ad hoc metadata capture.
- Determine whether your vendor offers a savings tracking solution or has one on its product roadmap — especially for organizations using spend analysis or e-sourcing solutions.

## Sample Vendors

Focal Point; JAGGAER; Raindrop; Sievo; Simfoni; SpendHQ; Zycus

## Accounts Payable Applications

Analysis By: Micky Keck, Mike Helsel

Benefit Rating: High

**Market Penetration:** 20% to 50% of target audience

**Maturity:** Early mainstream

**Definition:**

Accounts payable applications (APAs) automate the capture, validation and processing of invoices. These solutions automatically match invoices to purchase orders (POs), goods receipts, contracts and other documents — or automatically code those invoices that do not have a PO. The expanded scope of APAs includes advanced capabilities, such as n-way matching, fraud detection, recovery, regulatory compliance and payments.

**Why This Is Important**

APA technology is not new, but AI technologies, increasing government invoicing regulations and workforce expectations have changed the scope of customer expectations. Use cases have evolved well beyond simple document digitization and approval, forcing organizations to seek solutions that solve complex problems and integrate into multiple systems. Government invoice regulations will force the technology to evolve as e-invoicing becomes mandatory in more countries.

**Business Impact**

APA solutions can significantly reduce the effort and cost required to receive and approve invoices for payment. Additional benefits include improved legal compliance, reduced supplier invoice inquiries, faster invoice dispute processes, improved cash management visibility and fraudulent payment reduction. Consistent on-time payments to suppliers can improve suppliers' willingness to accept better payment terms and pricing.

## Drivers

- The increasingly successful application of AI technologies for capture, matching, coding, real-time auditing and validation processes is driving enhanced automation levels.
- Government e-invoice regulations are removing the problem of dealing with paper as part of the process, while also driving the need for solutions that comply with those regulations.
- Widely distributed organizations with manual accounts payable (AP) processes are increasingly adopting SaaS cloud-based, work-from-anywhere solutions.
- Customers seeking to take advantage of supply chain finance solutions find APA solutions as an easy way to acquire that capability.
- The APA capabilities that traditional financial and ERP solutions provide are typically focused on how to account for an invoice — and not on streamlining the end-to-end process.
- Invoice documents contain critical data that is used in analytics across the supplier-facing side of the business. These analytics can result in improved contract terms with suppliers that lower the overall cost of doing business.
- Additional savings can be generated from real-time fraud and anomaly detection, stopping payments on bad invoices.

## Obstacles

- Optical character recognition capture technology still does not provide high-enough accuracy rates to achieve full automation for paper- or image-based invoices.
- Line-level account coding for expense or non-PO-based invoices is still difficult to get consistently correct.
- Changing government regulations around legal invoices make it difficult for buyers to find a global-compliant solution.
- APA solutions from different vendors are generally not interoperable, so suppliers submitting invoices often stick with email to reduce complexity on their side. Standard bodies and technology vendors are working to address this pain point, but a universal solution remains a distant goal.
- Organizations with very complex use cases may not find a solution that addresses all of their requirements.

## User Recommendations

- Invest in APAs as part of a larger AP or even a procurement process transformation strategy, which includes invoice capture through payment. APA solutions often come with a range of extended capabilities beyond invoice automation (such as e-invoicing, payment and AP audit).
- Work with the vendor to understand their roadmap for AI matching, analytics and legal compliance if your current solution does not have these capabilities. If there are no near-term plans for these capabilities, consider an alternative vendor strategy.
- Evaluate vendors on their range of capabilities, including invoice digitization, matching or account coding, exception handling, and analytics capabilities.
- Work with the treasury to develop cash management programs that allow the organization to take advantage of early pay discounts. These discounts will be much more attainable with a reduced invoice processing cycle time.

## Sample Vendors

Basware; DataServ; Direct Commerce; Esker; Medius; OpenEnvoy; SoftCo; Vic.ai; Yokoy

## Gartner Recommended Reading

[Magic Quadrant for Accounts Payable Applications](#)



## Critical Capabilities for Accounts Payable Applications

### External Workforce Procurement

Analysis By: Kaitlynn Sommers

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

#### Definition:

External workforce procurement solutions support the sourcing, onboarding and governance of contingent worker hiring and services procurement based on a statement of work (SOW). Core functionalities include requisition and SOW life cycle management, CV/resume comparison, rate comparison and negotiation, rate cards or service catalogs, onboarding and offboarding, task tracking, supplier self-receipt and burn-rate tracking.

#### Why This Is Important

External workforce procurement solutions, also commonly known as vendor management systems (VMSs), enable procurement leaders to gain access to a skilled external workforce, automate hiring, improve compliance, optimize sourcing, and mitigate risks of contingent workforce and SOW-based services projects. They provide visibility into contingent labor spend, often considered as a category of indirect spend.

#### Business Impact

External workforce procurement solutions provide:

- Improved rate comparison, task tracking and cost reporting
- Better visibility of labor rates, time and materials charges, and milestone payments
- Simplified worker onboarding and offboarding
- Tighter spending controls to eliminate duplicate charges and overpayments
- Ability to use multiple talent channels, including staffing suppliers, and public and private talent pools
- Identification and mitigation of potential risks for SOW-based projects

## Drivers

- Talent shortages put pressure on organizations to look beyond hiring for full-time roles to fill open positions and skills gaps with contingent workers.
- Reducing the cost of managing a contingent workforce while improving the process efficiency and experience of business users is a priority for organizations, enabled by adopting external workforce procurement solutions. Manual management of these programs is slow and cumbersome.
- The solution options for managing external workforce procurement are expanding. While VMS vendors support the most comprehensive functionality, procure-to-pay suite vendors, HR applications vendors and freelancer management solution vendors are also adding functionality. As vendors begin to offer extended capabilities to increase the business impact, the adoption of external workforce management solutions will increase.
- Leading emerging technology themes, such as AI and automation, advanced analytics, and direct sourcing, improve the efficiency and adoption of external workforce management solutions.

## Obstacles

- The increasing number of freelance workers and the emphasis on skills-based hiring challenge the value of these solutions as gig-worker platforms increase in popularity.
- There are many stakeholders involved in contingent workforce management. This can include procurement, HR, IT and direct departmental hiring managers. Navigating the priorities of multiple stakeholder groups can make choosing a solution and gaining adoption a challenge.
- Many managed service providers provide technology or proprietary processes for managing a contingent worker program, which limits the adoption of stand-alone technology.
- Organizations with limited services are less likely to prioritize an investment in external workforce management solutions over procurement solutions that address broader spend categories.
- Supplier-funded models are aging as the market shifts to largely subscription-based pricing. This can make it more challenging to sell the business case for a technology investment.

## User Recommendations

- Evaluate the benefits of external workforce management solutions by analyzing your spend data and determining the size of your service program spend. Gartner typically recommends that organizations with \$25 million in contingent labor and services spend generally have a solid business case for investing in a solution.
- Assess your existing application portfolio to determine whether you can extend the capabilities of an existing vendor to manage your external workforce. Carefully review the capabilities to ensure they fully meet the requirements.
- Ensure that the fee structures are fair and reasonable for the buying organization and its suppliers, as some solution vendors require suppliers to pay fees.

## Sample Vendors

Beeline; Coupa; Magnit; Pixid Group; SAP; SimplifyVMS; Workday

## Gartner Recommended Reading

[Market Guide for Contingent Workforce Management Solutions](#)

[Contingent Labor: Streamlining Temp Labor Order Processes](#)

[Offboarding Considerations for Gig Workers](#)

## RPA in Procurement

Analysis By: Chaithanya Paradarami

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

### Definition:

Robotic process automation (RPA) technology uses scripts to guide automation to replicate the user interface (UI) that a human would use to conduct procurement tasks on structured data. These scripts integrate applications via the UI and are orchestrated via a controller dashboard, which automates routine, repetitive, rule-based and predictable procurement tasks using structured digital data.

## Why This Is Important

RPA is not a panacea, but it can be a quick way to reduce manual work. RPA can execute scripted tasks around the clock faster, with fewer errors and at less cost than manual execution, provided the tasks are routine, repetitive, rule-based and predictable. RPA can be offered as a stand-alone technology or as an integrated part of a broader procurement suite. RPA serves as the gateway to the procurement automation journey.

## Business Impact

RPA is available 24/7 and can increase productivity and cost savings by automating routine procurement tasks that are heavily labor-based, such as invoice data cleansing and supplier master data enrichment. This enables procurement teams to focus on strategic activities while significantly reducing process costs and error rates, and improving quality and process compliance. Potential savings will depend on how much automation already exists in an organization's legacy IT applications.

## Drivers

- Enterprises and public service organizations continue to adopt RPAs to digitize manual tasks and processes. RPA helps enterprises to kick-start their hyperautomation journey.
- RPA helps improve employees' experience by eliminating repetitive and tedious work, allowing them to focus on other tasks that require more strategic decisions or creative work.
- Increased focus on transformation initiatives and macroeconomic volatility has forced institutions to refocus their budgets on technological solutions that provide a quick ROI.
- Procurement technology leaders are hindered by the complexity and cost of making legacy system updates. As a result, procurement organizations resort to manual processes and workarounds, which lead to added costs and more processing errors. RPA can be used in these instances to automate these processes, with little assistance from IT, which increases speed and quality, and reduces costs.
- Quantifiable ROI and cost savings through automation makes RPA attractive when clear ROI metrics and a pipeline of automation use cases exist.
- Recent progress in generative AI and its integration with RPA expand the scope of tasks that can be automated by providing RPA bots with the ability to interpret unstructured data.

## Obstacles

- RPA works best with structured data, and its value is limited to highly standardized and simple rule-based processes.
- Broader transformation of the automation landscape to AI-driven solutions may shift the focus away from traditional RPA.
- RPA is positioned in the market as a business tool, but in reality, deployment requires not only business knowledge but also IT skills.
- Siloed purchasing of RPA is causing a rise in shadow IT and technology duplication. This may lead to increased organizational cost and greater scrutiny of future RPA investment if intended objectives are not achieved.
- Organizations can underestimate the effort required to support ongoing governance, maintenance of scripts, data privacy and compliance with regulations. The risk here is that RPA ends up costing more than it saves.
- Integrating RPA with legacy systems, accessing applications through user interfaces, and handling system upgrades can pose technical challenges.

## User Recommendations

- Avoid using RPA to solve efficiency gaps between modules within a single SaaS-based source-to-pay suite. If the source-to-pay vendor addresses the gaps, the RPA work is quickly rendered obsolete.
- Start RPA projects by automating simple, repeatable, rule-based processes to deliver quick wins before scaling up to other relatively complex processes. For example, start with procurement activities that involve simple processes, such as opening emails and attachments from suppliers, or copying and pasting data from supplier invoices. Then move on to more complex tasks, such as reviewing contract terms, creating tail spend purchase orders, and maintaining vendor/supplier master data.
- Create a centralized and vetted RPA sandbox that allows business stakeholders to experiment. Be sure to establish a set of RPA guidelines for the business to follow, but be careful not to slow things down.
- Prepare a strategy to maintain input data quality along with enhanced security controls.

## Sample Vendors

Automation Anywhere; Infosys; NICE; Nintex; Pegasystems; SS&C Blue Prism; Tungsten Automation; UiPath; WorkFusion

## Gartner Recommended Reading

[RPA and Beyond: Optimize Automation for Maximum Business Value](#)

[Secure Robotic Process Automation Initiatives With These 4 Essentials](#)

[Quick Answer: Where Can RPA Drive Automation in Procure-to-Pay?](#)

## Supplier Information Management

Analysis By: Martin Shreffler

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

### Definition:

Supplier information management (SIM) solutions support the collection, organization and maintenance of supplier information. This is achieved through supplier self-service data entry, data enrichment and validation, and internal workflows.

### Why This Is Important

Supplier information management solutions are essential for efficient supplier qualification and onboarding. Leveraging AI and machine learning, SIM solutions automate data collection and validation, enhancing accuracy and efficiency. These tools support risk management and compliance and serve as the single source of truth for supplier data, enabling informed, data-driven decisions and improving supplier collaboration while reducing manual workload.

## Business Impact

SIM solutions that collect, organize and maintain information by delegating this responsibility to suppliers themselves significantly reduce the workload of procurement. Other benefits include better synchronized supplier master data across disparate applications; faster supplier communication, especially when mass communication is required; improved spend reporting; more accurate and holistic risk management analytics; enhanced supplier compliance; and reduction in incorrect transactions.

## Drivers

- The lack of a centralized supplier information location to support an organization managing an ever-growing supplier base and ever-increasing requirements from that information is the main driver. Examples include regulatory and compliance needs, including sustainability and modern slavery/forced labor.
- Organizations are heavily focused on better management of risk, now leveraging AI and machine learning to automate risk assessment and supplier onboarding processes.
- The automation of key supplier master data such as banking information, diversity certifications and sustainability data is used to create a digital supplier entity.
- Emerging solutions have identified generative AI use cases to curate supplier data and track the supplier life cycle and performance, enhancing predictive analytics for supplier management.
- The future of SIM solutions is set for significant evolution, driven by global supply chains that are becoming more complex and interconnected. The need for robust SIM solutions is increasingly critical to ensure sourcing efficiency, compliance and risk management. Niche vendors with extended service offerings will act as content providers for the broader platforms.

## Obstacles

- SIM is one of the foundational elements of source-to-pay (S2P) suites. However, most S2P SIM offerings are just housing the information and not executing any significant operations or analytics.
- Even though foundational, the approval of a business case to support a SIM solution can be an issue with approvers either unconvinced of the value that can be derived or under the assumption they already cover this activity. Increased focus on demonstrating ROI through pilot projects and case studies is needed.
- Full-featured SIM applications are in the market. However, S2P suite vendors and risk management vendors continue to build on their offering.
- Limited dedicated supplier information management providers are left on the market, as they have expanded their offerings since the competition from suite vendors has increased. This makes determining which system to use, what data to store and where to store it a troublesome master data management issue.

## User Recommendations

- Utilize SIM solutions to enable suppliers to submit and manage their own information while also building in validations and controls.
- Engage suppliers in data maintenance activities by making them contractually accountable for data quality terms in new and renewed supplier contracts, with penalties for nonperformance.
- Evaluate S2P SIM functionality, as this typically captures enough supplier data to support S2P processes but does not support collecting data needed for other internal systems and processes. This means that buying organizations should carefully consider whether SIM applications, which are offered as elements of broader procurement suites, will meet their needs.
- Make e-sourcing events more efficient by using SIM data and creating cross-functional dashboards and workspaces related to specific vendors.
- Coordinate SIM and supplier master data management activities, as the two are closely linked, and integrate AI-driven insights for proactive supplier management.

## Sample Vendors

apexanalytix; Bedrock; Graphite; HICX; Scoutbee; TealBook; Trust Your Supplier



## Gartner Recommended Reading

[How to Navigate the Fragmented Supplier Management Solutions Market](#)

[Build a Supplier Portal to Improve Supplier Management](#)

## Source-to-Pay Suites

Analysis By: Micky Keck

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

### Definition:

A source-to-pay (S2P) suite is an integrated set of applications that supports procurement and sourcing activities across the organization. Standard base modules include e-sourcing, spend analytics, contract life cycle management, supplier information, risk and performance management, and procure-to-pay (P2P).

### Why This Is Important

S2P suites manage a wide breadth of sourcing and procurement processes in a single vendor-integrated set of modules. These suites address both strategic and operational processes that help organizations manage spend and suppliers. Implementing an S2P suite can increase an organization's visibility, control and compliance, in addition to boosting the procurement team's efficiency and effectiveness.

### Business Impact

S2P suites offer an integrated platform with a normalized data model, analytics, standardized UI and best-practice workflows. The potential for end-to-end visibility and traceability from sourcing to payment allows for tighter business controls and policy compliance. Increased cost savings can be realized by using spend analysis and e-sourcing, as procurement professionals spend more time executing insights provided by an S2P tool.

## Drivers

- Interest in S2P suites has increased as companies face a high degree of global uncertainty, compounded by limited skilled talent availability. Seeking a single vendor to digitize their S2P processes can minimize administrative oversight while improving process centralization.
- Enterprises managing procurement processes traditionally through ERP systems increasingly look toward bringing their varied procurement needs in a single S2P suite to enhance operational efficiency and increase compliance.
- S2P suites' native integrations across functional modules reduce data duplication, provide a common UI and user experience (UX), and typically lower total costs when compared to a best-of-breed strategy.
- S2P suites continue to move toward mainstream adoption, as customers now have a more informed and realistic idea of the pros and cons to consider. While large enterprises made up the bulk of early adopters for S2P suites, midmarket organizations are accelerating their technology investments. Gartner expects more significant growth in this market segment over the next two to five years.
- Midmarket organizations are more likely to select a S2P suite, due to limited resources for managing multiple vendors and a lower level of process maturity, likely to be met by a suite vendor.
- S2P suites allow stakeholders to manage their more strategic purchasing requirements in the same tool that covers the basic sourcing needs for a more cohesive experience across users.
- S2P suites are rapidly investing in new technology trends including AI/generative AI (GenAI), category management, intake and procurement orchestration to increase scalability and productivity in an evolving market.

## Obstacles

- Most leading P2P application vendors have built their offerings to support the full S2P process, but there are trade-offs to consider. For example, finding a single system to handle both direct and indirect spend still remains a challenge.
- Modules that don't meet functional depth are commonly supplemented with a specialty solution, such as supplier risk management, contract life cycle management, advanced sourcing optimization and payments.
- Stand-alone apps are typically quicker to address emerging tech use cases than suites, which drives cutting-edge buyers to look elsewhere.
- Organizations with budget and resource constraints find it challenging to implement S2P suites due to the complex and time-consuming nature of implementations, which requires planning and upfront investment.
- Intake management solutions have become a lower cost option to normalize the UI layer while integrating together existing disparate procurement technology, rather than completely replacing it with a S2P suite.

## User Recommendations

- Document and prioritize your requirements for an S2P suite. This will help shortlist vendors and determine whether a suite or an ecosystem approach best suits your needs. Organizations with use cases that have limited crossover to other functional areas and require little specialized functionality will benefit most from a single S2P suite.
- Evaluate S2P vendors' portfolios by profiling product maturity and client counts for each module. Many vendors have uneven suites.
- Test integration between modules. Some vendors have assembled suites through acquisition, and integration isn't always as complete as buyers expect.
- Evaluate strategic sourcing applications and P2P suites individually. Do not compromise on functionality to get a full S2P suite, unless you can gain significant value from it.
- Assess, as a midsize company, the likelihood of gaining greater benefits from S2P suites. They can be a good enough improvement on the procurement modules offered by your ERP vendors.

## Sample Vendors

Coupa; ebidtopay; Esker; GEP; Ivalua; JAGGAER; Oracle; Raindrop; SAP; Zycus

## Gartner Recommended Reading

[Magic Quadrant for Source-to-Pay Suites](#)

[Critical Capabilities for Source-to-Pay Suites](#)

[Explore Source-to-Pay Technology Pricing Models and Costs to Build a Better Budget](#)

## Supplier E-Invoicing

Analysis By: Alexandre Oddos, Balaji Abbabatulla

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

### Definition:

Supplier e-invoicing software automates the processes required to electronically receive, validate and archive B2B invoices between suppliers and buyers, replacing traditional paper-based methods following new regulations and mandates from countries all around the world.

### Why This Is Important

New global regulations establish standards that organizations must follow to achieve compliance. For procurement leaders, these regulatory mandates offer a concrete opportunity to analyze invoice data to identify anomalies and patterns and to support working capital optimization strategies. Procurement leaders can enhance processes such as purchase order confirmations, delivery notifications, and payment with reconciliations, ultimately creating a more integrated and seamless supplier experience.

### Business Impact

Supplier e-invoicing solutions enable procurement leaders to:

- Support compliance with government e-invoicing mandates to avoid penalties and streamline operations

- Facilitate the AP process to reduce handling errors and facilitate processing
- Enhance invoice workflow to speed up payment cycles and capitalize on early payment discounts
- Increase automation to achieve higher touchless processing rates, reducing manual intervention, enhancing accuracy and reliability in financial records.

## Drivers

- Compliance with increasing government e-invoicing mandates
- Digitization of paper-based invoice receipt and archival processes
- Reduction of time and manual effort in accounts payable
- Simplification of electronic invoicing submission and reception to streamline operations
- Initiation of supplier management digitization to enhance efficiency
- Improvement of cash management and facilitation of on-time payments according to cash receipts, optimizing financial operations and strengthening supplier relationships

## Obstacles

- Monitoring government regulations, which are often changing and continuously evolving
- Integration with government e-invoicing infrastructure, either directly or through partners depending on local government requirements, in every country of operation covered by individual mandates
- Reluctance of suppliers to evolve their current invoice processes to embed e-invoicing requirements
- Difficulty in following up with infrequent suppliers to ensure receipt of electronic invoices
- Lack of an e-invoice for some categories of spend, such as travel expenses which creates volatility, uncertainty, complexity and ambiguity (VUCA)
- Differentiating the value proposition of various types of providers: incumbent ERP software providers, specialized tax software providers, adjacent software providers like S2P or AP/IA, and service providers
- Lack of resources for global geographic and technical coverage by vendors, forcing enterprises to work with multiple providers

## User Recommendations

- Evaluate the capability of your current application software providers IT landscape to support e-invoicing regulatory compliance.
- Start evaluating supplier e-invoicing software now, regardless of your company's size.
- Define a business case that covers supplier inbound and customer outbound e-invoicing as most regulations tend to cover these processes.
- Create a cross-functional and regulatory e-invoicing compliance strategy that includes procurement, finance, IT and risk.
- rs.
- Engage with internal entities who may already use some mandates and leverage their experience with supplier knowledge, which will limit derailment factors. E-invoicing is already a common practice in certain countries, such as Brazil, Mexico, Italy, Greece, Romania, Malaysia and India.
- Prioritize countries based on strategic business importance, high invoice volume and complexity of regulatory requirements.
- Be prepared to use a mix of supplier e-invoicing compliance platforms and specialized providers that have certified solutions for specific countries, as some countries require local partnerships.

## Sample Vendors

Avalara; Basware; Cegid; EDICOM; Esker; Generix; SAP; Sovos; Thomson Reuters (Pagero); Tungsten Automation

## Gartner Recommended Reading

[Supply Chain Brief: September 2026 E-Invoicing Mandate in France: What Chief Procurement Officers Must Know](#)

[Advance the Maturity of Your Accounts Payable Process](#)

## Entering the Plateau

### Contract Life Cycle Management

Analysis By: Lynne Phelan

**Benefit Rating:** High

**Market Penetration:** More than 50% of target audience

**Maturity:** Mature mainstream

#### Definition:

Contract life cycle management (CLM) solutions are used to proactively manage contracts from the initiation stage through the drafting, negotiation, compliance and renewal stages. In this context, a contract is any agreement or contractual document containing rights and obligations that affect an organization now or in the future (such as a nondisclosure agreement).

#### Why This Is Important

Actively negotiating and managing legal documents and obligations with third parties is critical for all organizations to minimize risk and exposure. Interest in CLM remains high, as organizations seek to digitize their processes, manage compliance, minimize risk and eliminate inefficiencies related to contracting. Contracting efficiency and AI are becoming more important as organizations' contracting processes continue to mature.

#### Business Impact

CLM appeals to companies of all sizes in all industries and geographies. Implementing it can lead to significant improvements in revenue management, cost savings and efficiency. Understanding and automating CLM can also reduce an organization's liability and risk while increasing its compliance with legal requirements. Without a CLM solution in place, stakeholders commonly spend a significant amount of time negotiating, extracting, managing and reporting terms and pricing arrangements.

#### Drivers

- CLM solutions provide a centralized repository and administrative alerts to avoid lost contracts, unexpected expirations and a lack of visibility. This can help legal teams and contract stakeholders manage third-party relationships more effectively.



- Digitizing and automating CLM can reduce an organization's liability and increase its compliance with legal requirements.
- Implementing a CLM solution can lead to significant improvements in internal and external process efficiency, especially when contracts and clauses need to be reviewed by different departments within the organization.
- Digital workflows can provide increased governance over what is signed, when and by whom, as well as the assurance that the correct contract terms are live. Such processes also provide deeper insights across all contractual agreements by analyzing content, conditions and risk.
- Innovative CLM solutions are offering AI-based capabilities that improve contract review, assessment and reporting to minimize contract risk.
- Standardized and custom reports allow CLM users to monitor aspects like cycle times, obligations, compliance and metadata management in a configurable dashboard.
- Generative AI has driven innovation in the CLM market. Use cases such as precision and surgical editing for contract redlining and chatbots for the interrogation of a contract repository have brought higher expectations and renewed hype to the market.

## Obstacles

- CLM adoption levels vary widely. Mixed adoption levels are often a result of lower-maturity contracting processes rather than limitations of technology itself. However, in some instances, technology rigidity can also affect adoption.
- Mature CLM processes require cross-functional collaboration between commonly siloed departments. Prioritizing and meeting the needs of all departments in one solution can be a challenge.
- A key CLM use case is establishing an enterprise source of truth, a significant yet often underestimated task. Many solutions claiming to support enterprisewide contracting lack necessary partners and integrations.
- Emerging AI use cases in contracting attract CLM buyers, but the capabilities are highly fragmented across the market, leading to lower realized value and uncertainty around whether the investment in AI is justified.

- As vendors offer generative AI, organizations must enhance IT security assessments to ensure alignment with data privacy requirements.

## User Recommendations

- Evaluate CLM solutions from strategic sourcing suite vendors when seeking a buy-side contract management solution, and look for CLM solutions that integrate with CRM or configure, price and quote suites when seeking a sell-side solution.
- Assess CLM solutions that integrate with enterprise legal management suites when a solution for the legal department is a priority.
- Consider (often existing) content services platform solutions when a solution to organize and track contract expirations is needed.
- Explore proofs of concept with vendors to get a better understanding of what to expect from the CLM before implementation.
- Assess the potential use cases for AI and generative AI as CLM vendors have a heavy focus on building out AI within their tools.
- Analyze CLM vendors' growth and financial viability. The market is crowded, and consolidation is inevitable.
- Ascertain how vendors will migrate contracts into the system to understand the labor, effort and time the migration will require.

## Sample Vendors

Agiloft; Conga; ContractPodAi; Docusign; Evisort; Icertis; Ironclad; LinkSquares; Malbek; Sirion

## Gartner Recommended Reading

[Magic Quadrant for Contract Life Cycle Management](#)

[Critical Capabilities for Contract Life Cycle Management](#)

[Quick Answer: How Do I Build a Budget for a CLM Solution?](#)

[Toolkit: RFP for Contract Life Cycle Management](#)

Appendixes

See the previous Hype Cycle: [Hype Cycle for Procurement and Sourcing Solutions, 2024](#)

Hype Cycle Phases, Benefit Ratings and Maturity Levels

Table 2: Hype Cycle Phases

(Enlarged table in Appendix)

| Phase                                | Definition                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Innovation Trigger</i>            | A breakthrough, public demonstration, product launch or other event generates significant media and industry interest.                                                                                                                                                                                                                                                                                                           |
| <i>Peak of Inflated Expectations</i> | During this phase of overenthusiasm and unrealistic projections, a flurry of well-publicized activity by technology leaders results in some successes, but more failures, as the innovation is pushed to its limits. The only enterprises making money are conference organizers and content publishers.                                                                                                                         |
| <i>Trough of Disillusionment</i>     | Because the innovation does not live up to its overinflated expectations, it rapidly becomes unfashionable. Media interest wanes, except for a few cautionary tales.                                                                                                                                                                                                                                                             |
| <i>Slope of Enlightenment</i>        | Focused experimentation and solid hard work by an increasingly diverse range of organizations lead to a true understanding of the innovation's applicability, risks and benefits. Commercial off-the-shelf methodologies and tools ease the development process.                                                                                                                                                                 |
| <i>Plateau of Productivity</i>       | The real-world benefits of the innovation are demonstrated and accepted. Tools and methodologies are increasingly stable as they enter their second and third generations. Growing numbers of organizations feel comfortable with the reduced level of risk; the rapid growth phase of adoption begins. Approximately 20% of the technology's target audience has adopted or is adopting the technology as it enters this phase. |
| <i>Years to Mainstream Adoption</i>  | The time required for the innovation to reach the Plateau of Productivity.                                                                                                                                                                                                                                                                                                                                                       |

Source: Gartner (June 2025)

Table 3: Benefit Ratings

| Benefit Rating          | Definition                                                                                                                                            |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Transformational</i> | Enables new ways of doing business across industries that will result in major shifts in industry dynamics                                            |
| <i>High</i>             | Enables new ways of performing horizontal or vertical processes that will result in significantly increased revenue or cost savings for an enterprise |
| <i>Moderate</i>         | Provides incremental improvements to established processes that will result in increased revenue or cost savings for an enterprise                    |
| <i>Low</i>              | Slightly improves processes (for example, improved user experience) that will be difficult to translate into increased revenue or cost savings        |
|                         |                                                                                                                                                       |

Source: Gartner (June 2025)

**Table 4: Maturity Levels**

(Enlarged table in Appendix)

| Maturity Levels          | Status                                                                                     | Products/Vendors                                     |
|--------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------|
| <i>Embryonic</i>         | In labs                                                                                    | None                                                 |
| <i>Emerging</i>          | Commercialization by vendors<br>Pilots and deployments by industry leaders                 | First generation<br>High price<br>Much customization |
| <i>Adolescent</i>        | Maturing technology capabilities and process understanding<br>Uptake beyond early adopters | Second generation<br>Less customization              |
| <i>Early mainstream</i>  | Proven technology<br>Vendors, technology and adoption rapidly evolving                     | Third generation<br>More out-of-box methodologies    |
| <i>Mature mainstream</i> | Robust technology<br>Not much evolution in vendors or technology                           | Several dominant vendors                             |
| <i>Legacy</i>            | Not appropriate for new developments<br>Cost of migration constrains replacement           | Maintenance revenue focus                            |
| <i>Obsolete</i>          | Rarely used                                                                                | Used/resale market only                              |

Source: Gartner (June 2025)

## Document Revision History

[Hype Cycle for Procurement and Sourcing Solutions, 2024 - 20 June 2024](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2023 - 19 July 2023](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2022 - 1 August 2022](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2021 - 10 August 2021](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2020 - 31 July 2020](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2019 - 7 August 2019](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2018 - 18 July 2018](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2017 - 24 July 2017](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2016 - 2 August 2016](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2015 - 3 August 2015](#)

[Hype Cycle for Procurement and Sourcing Solutions, 2014 - 29 July 2014](#)

[Hype Cycle for Procurement, 2013 - 31 July 2013](#)

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## Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Understanding Gartner's Hype Cycles](#)

[Tool: Create Your Own Hype Cycle With Gartner's 2024 Hype Cycle Builder](#)

[Procurement Digital Transformation Primer for 2025](#)

[AI Use-Case Comparison for Sourcing and Procurement](#)

[Quick Answer: Digitizing Source-to-Pay — One Vendor or a Mix of Solutions?](#)

[Magic Quadrant for Source-to-Pay Suites](#)

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Table 1: Priority Matrix for Procurement and Sourcing Solutions, 2025

| Benefit<br>↓     | Years to Mainstream Adoption                                                            |                                                                                                                                                                                                                                                             |                                                                                     |                        |
|------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------|
|                  | Less Than 2 Years ↓                                                                     | 2 to 5 Years ↓                                                                                                                                                                                                                                              | 5 to 10 Years ↓                                                                     | More Than 10 Years ↓   |
| Transformational |                                                                                         | Agentic AI for Procurement<br>Generative AI for Procurement                                                                                                                                                                                                 | Procurement Orchestration Platforms                                                 | Autonomous Procurement |
| High             | Accounts Payable Applications<br>Contract Life Cycle Management<br>Supplier E-Invoicing | Predictive Analytics for Procurement<br>Supplier Risk Management                                                                                                                                                                                            | Autonomous Sourcing<br>Prescriptive Analytics for Procurement<br>Supplier Discovery |                        |
| Moderate         | RPA in Procurement                                                                      | Advanced Contract Analytics<br>External Workforce Procurement<br>Intake Management<br>Multitier Supplier Visibility<br>Operations and Savings Management<br>Source-to-Pay Suites<br>Supplier Information Management<br>Sustainable Procurement Applications | Category Management<br>Supplier Diversity Solutions<br>Tail Spend Solutions         |                        |

| Benefit | Years to Mainstream Adoption |                |                 |                      |
|---------|------------------------------|----------------|-----------------|----------------------|
| ↓       | Less Than 2 Years ↓          | 2 to 5 Years ↓ | 5 to 10 Years ↓ | More Than 10 Years ↓ |
| Low     |                              |                |                 |                      |

Source: Gartner (June 2025)



Table 2: Hype Cycle Phases

| Phase                                | Definition                                                                                                                                                                                                                                                                                                                                                                                                                       |
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Source: Gartner (June 2025)