



The Procurement Leader's Guide to Managing Tariff and Inflation Risk

March 2025



Introduction

Tariffs and inflation are no longer temporary disruptions. They are now part of the long-term operating environment for procurement leaders. With rising import costs and CPI-linked contract terms, organizations face increasing pressure to control spend, maintain supplier relationships, and avoid costly surprises.

According to Gartner®, the current U.S. administration's trade policy and the ripple effect of global countermeasures are creating cost shocks and supply disruptions that impact sourcing decisions at every level. CPOs are being called to reassess supplier strategies, renegotiate key contracts, and reevaluate legacy cost-saving initiatives under new economic pressures ¹. (Gartner®, March 2025)

This guide offers a practical framework to help procurement leaders surface and manage tariff and inflation risk. It includes a category-based scorecard to identify where exposure lives, and shows how Levelpath's contract intelligence and supplier visibility tools help teams act faster, collaborate better, and avoid surprises before they hit the bottom line.

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Understanding the Risk Landscape

Tariffs and inflation are fundamentally reshaping the procurement landscape. Tariffs immediately raise the cost of imported goods, while inflation steadily undermines purchasing power. Together, these forces squeeze margins and create significant uncertainty. Procurement leaders face higher input costs, potential supply disruptions, and pressure on savings targets, demanding swift, strategic action.

With inflation still elevated at 3.8% year-over-year as of March 2025², cost pressures remain intense. This volatility makes proactive contract visibility essential. Knowing every supplier agreement in detail lets leaders anticipate tariff impacts, renegotiate terms, and mitigate risks before they escalate. Ultimately, only with full visibility and preparedness can procurement stay ahead of tariff and inflation shocks and safeguard enterprise value.



What this means for you:



Tariff shifts are unpredictable. Inflation clauses are quietly enforceable.



Visibility into contract terms is no longer a legal convenience, it is a cost-control necessity.



Proactive sourcing and contract intelligence have transitioned from strategic assets to baseline requirements.

Where the Risk Hides (Contracts)

Contracts are the silent source of most procurement risk. While teams often focus on pricing and delivery terms, clauses related to tariffs and inflation are just as impactful, yet far easier to miss.

Many agreements contain pricing adjustment language that activates under specific triggers like CPI changes, raw material costs, or newly imposed tariffs. These clauses may not appear in summaries or metadata, and without a searchable, centralized contract system, they often go unnoticed until a supplier invokes them.

Contracts stored across siloed systems: shared drives, PDFs, and emails are effectively invisible to procurement leaders trying to manage cost exposure at scale. This fragmentation creates blind spots that erode negotiation leverage and delay response to pricing actions.

According to Gartner®, existing contracts may require renegotiation to address increased costs tied to tariffs or CPI clauses¹. Without contract intelligence, teams can't proactively respond to economic shifts and may even approve inflated POs based on outdated or unverified terms.



Common clause language to look for:



"Subject to CPI adjustment"



"In the event of a tariff increase..."



"Supplier may increase prices due to material cost increases"



"Supplier may increase prices due to inflation or interest rates"

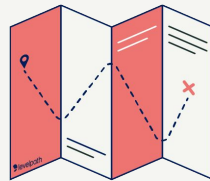
What Good Looks Like

Procurement teams need more than awareness, they need infrastructure. The right contract tools and workflows can turn reactive firefighting into proactive control.

Modern contract intelligence starts with centralized storage. Every agreement, past, active, or upcoming, should be uploaded, indexed, and searchable from a single source of truth. Levelpath applies OCR automatically at upload, enabling full-text search of every clause. Good contract management does not just store documents, it makes them searchable, actionable, and central to how procurement manages risk.

Key capabilities that matter:

- OCR and intelligent indexing on upload
- Keyword and metadata search for clauses like "CPI," "tariff," and "adjustment"
- In-platform collaboration between procurement, legal, and finance



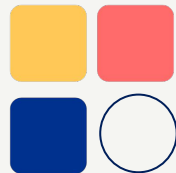
How a major healthcare provider navigated tariff volatility:

A Levelpath customer, a national health system serving millions of patients annually **scanned over 30,000 documents and instantly surfaced hundreds of CPI and tariff clauses**. The result: **3,350+ hours saved on manual review** and **\$2 million in potential cost exposure** without weeks of manual work.

The Scorecard for Assessing Tariff Exposure

Not all procurement risks are obvious, and that's especially true in indirect spend. Categories like IT hardware, MRO, furniture, and marketing materials may not carry obvious geopolitical exposure, yet they are often tied to global supply chains vulnerable to tariffs and inflation.

Use the table on the next page to assess exposure levels across common indirect categories. Each one includes the percentage of spend at risk, the nature of the threat, and how Levelpath helps mitigate it.



According to Gartner®...

Procurement leaders should treat indirect categories with the same strategic rigor as direct sourcing. When inflation or tariffs hit, overlooked categories like facilities or print can become unexpected cost centers, especially if contracts contain CPI clauses or have poor renewal governance.¹

Category	Tariff Exposure	% Spend Impacted	Key Risk	Gartner® Recommended Action	How Levelpath Helps
IT Hardware	High	75%	Rising component costs	Pull forward inventory, renegotiate contracts, review origin rules	OCR + clause search, contract visibility, vendor intake workflows
Print & Marketing	High	70%	Inflation-sensitive inputs	Renegotiate supplier contracts, review sourcing terms	OCR-enabled clause search, supplier metadata tagging
Office Furniture	Medium	60%	Import cost hikes	Local sourcing reassessment, review rules of origin	Keyword search in contracts, vendor visibility
Facilities / MRO	Medium	40%	Metal/material tariffs	Reevaluate local sourcing viability, logistics network reassessment	Supplier 360, searchable contracts, renewal tracking
Janitorial / Supplies	Medium	35%	Imported tools and plastics	Local sourcing reassessment, contract renegotiation	Supplier visibility, metadata, and risk clause identification
Travel & Lodging	Low	15%	Pass-through price hikes	Renegotiate with service providers if tied to CPI or cost hikes	Centralized vendor tracking, contract access
Training / L&D	Low	10%	Physical material delivery	Reevaluate local providers, review shipping logistics	Workflow routing for new vendor review, keyword-based contract search
Software / SaaS	None	0%	N/A	N/A	Contract repository, clause tagging, renewal alerts

Turning Risk Into Action

Visibility is only valuable if it leads to action. Once you have identified contracts or categories with tariff or inflation risk, the next step is operationalizing your response. The difference between managing risk and being managed by it? Process, visibility, and follow-through.

A practical action plan:

1. **Flag high-risk contracts** for renegotiation or early renewal
2. **Loop in legal, finance, and business leads** to align on mitigation options
3. **Automate intake workflows** for reviewing future agreements for CPI/tariff clauses
4. **Track progress** on risk remediation across supplier categories and business units



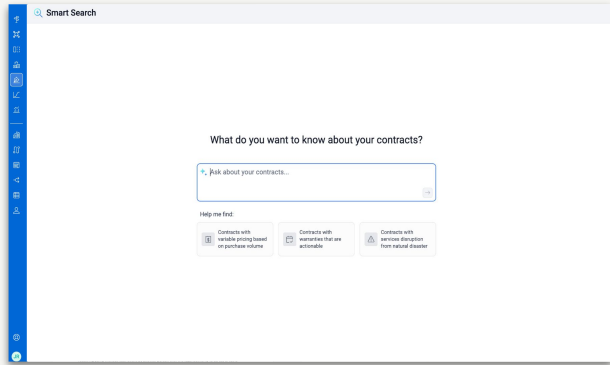
Gartner® Insight

Long-term resilience requires more than point-in-time fixes. According to Gartner®, CPOs must develop agile strategies to adapt to new tariffs, renegotiate supplier contracts, and maintain continuity to adapt as market and trade conditions evolve. Whether it's reshoring, scenario planning, or supplier diversification, risk mitigation must be continuous.¹

Conclusion

Tariff and inflation exposure are not going away, but they do not have to create chaos. With modern tools and workflows, procurement teams can proactively identify risk, plan smarter, and protect their budgets.

Levelpath gives you the intelligence, visibility, and control to manage change without increasing overhead, so you can stay focused on what matters.



Sources:

- 1: Gartner®, Developing Agile Procurement Strategies Amid Tariff Volatility, March 2025 (ID G00827849)
- 2: U.S. Bureau of Labor Statistics, Consumer Price Index Summary, March 2025



See Levelpath in action

[Schedule a demo](#) or [join our next monthly demo](#) to see how Levelpath helps procurement leaders turn contract visibility into cost control.