

# How procurement strategy is evolving amid dynamic global tariffs



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Chief procurement officers can turn challenges into opportunities by prioritizing data transparency and proactive risk management.

## In brief

- 01 Chief procurement officers seek strategies to navigate the complexities of global tariffs.
- 02 Key challenges include data transparency issues, sector-specific pressures and shifting supplier pricing behaviors.
- 03 To enhance resilience, organizations are establishing tariff “data rooms”, improving supplier collaboration and localizing sourcing efforts.

For the past nine years, Ernst & Young LLP and the Women’s Business Enterprise National Council (WBENC) have forged a strong relationship aimed at engaging chief procurement officers (CPOs) in meaningful discussions about emerging trends in procurement at an annual summit. A key focus for the 2025 CPO Summit was the timely and relevant discussion on strategies for CPOs to navigate evolving global tariffs.

As global trade dynamics become increasingly volatile, procurement organizations are compelled to adopt agile strategies that safeguard their operations against unforeseen disruptions. Recent events, including the US-China tariff discussion, have underscored the necessity for real-time response mechanisms. When surveyed, over half of CPOs at the 2025 CPO Summit expressed concern that their organizations are being directly affected by the tariffs.



# Key challenges facing procurement due to tariffs

## 1. Data transparency and verification

Organizations are struggling to obtain accurate, timely data from suppliers. This makes it difficult to assess the impact of tariffs and trace raw material origins. One CPO cited that “the biggest challenge isn’t our data, but our supplier’s data.” Another CPO echoed this, explaining that it is especially difficult to have accurate tracing down to the third and fourth tier of suppliers, especially for industries such as the consumer packaged goods (CPG) industry that may have products with many different ingredients and various packaging components.

## 2. Unique market dynamics

Each industry grapples with unique pressures that affect its resilience and response to the evolving landscape of tariffs and supply chain constraints. While the technology and healthcare sectors are often perceived as resilient due to their high-value products, they possess fundamentally different risk profiles in the current landscape. The technology sector has largely fortified its operations through aggressive supplier diversification and the adoption of “multi-node” manufacturing hubs, which allow for rapid pivots in response to geopolitical or economic shifts. Conversely, the healthcare sector exhibits a more brittle resilience. While financial demand for life-saving treatments remains steady, the underlying supply chain is often constrained by a lack of Tier N visibility and a heavy reliance on single-source suppliers for critical raw materials. Due to stringent regulatory requirements and multiyear timelines needed to qualify new pharmaceutical inputs, healthcare organizations cannot easily replicate the sourcing agility seen in technology, leaving them uniquely exposed to disruptions that smaller, more flexible industries can more easily circumvent. Industries such as agriculture and construction contend with both export restrictions and domestic material shortages that amplify tariff pressures.

## 3. Supplier pricing behavior

When tariffs are imposed, domestic suppliers often adjust their pricing strategies, raising prices to just below the new tariff-adjusted import cost. This effectively narrows or eliminates the expected cost advantage of sourcing domestically. In some cases, domestic prices even surpass pre-tariff import levels, leaving procurement teams with limited cost-effective options. These dynamics create volatility in total cost of ownership calculations and force organizations to re-evaluate sourcing timelines, contract terms and inventory strategies.



# Six ways procurement teams are employing strategies to stay ahead of tariff volatility

## 1. Creating tariff “data rooms”

- One of the most effective tools emerging from the shift in trade dynamics is the establishment of data rooms (or data command centers). These command centers empower teams to rapidly assess spend and supplier base in tandem with tariffs. They also help teams identify supplier risks across categories to allow for sophisticated, data driven, planning to shift sourcing or other tariff management strategies.
- This model is built on a centralized repository of supplier information, tariff rate information, and sophisticated shipping cost models that guide strategic decision-making. This allows procurement teams to simulate various scenarios and make informed choices quickly. While procurement often leads these initiatives, the success of data rooms hinges on full cross-functional alignment, ensuring that all relevant stakeholders, such as finance, legal, operations and global trade, are engaged and informed.

## 2. Enhancing data transparency

Two main technology approaches are emerging to address data transparency challenges. One uses cascading supplier questionnaires that rely on cooperation from Tier 2 and Tier 3 suppliers. The other applies data mining to analyze supplier relationships and uncover hidden dependencies. While each has limitations, the most effective solution combines both – mining data to identify risk areas while using questionnaires to validate and complete the picture of the supply chain.

## 3. Evolving sourcing methodologies

In response to earlier tariff rounds, procurement organizations have become more deliberate in their sourcing strategies. This includes revisiting existing contracts, rejecting suppliers who attempt to pass on tariff costs and cultivating a robust network of secondary suppliers. Companies are increasingly conducting thorough supplier assessments to identify those that can absorb tariff costs or provide alternative solutions. What began as a crisis-driven response has now evolved into a standard practice for risk management. For regulated industries, it is even more important to conduct these assessments proactively as switching suppliers can take time given the qualification process and current contracts can have clauses that also prevent exits.

## 4. Deploying proactive risk management through resiliency assessments

As part of a comprehensive risk management strategy, companies are conducting resilience assessments to identify sole-source items and heavily concentrated spend with suppliers. This proactive approach enables organizations to pinpoint vulnerabilities within their supply chains and develop contingency plans to mitigate potential supply disruptions. By analyzing supplier dependencies and evaluating the concentration of spend, businesses can diversify their supplier base and establish alternative sourcing options.

## 5. Driving localization and sourcing shifts

Companies are increasingly shifting their sourcing to suppliers located in countries with lower tariff risks and are even localizing parts of their operations to mitigate future disruptions. This localization not only reduces tariff exposure but also [enhances supply chain resilience](#) by shortening lead times and improving responsiveness.

## 6. Developing strategic inventory management

To buffer against future uncertainties, many businesses are proactively stocking up on high-risk inventory. The strategy of “buy now” has gained traction, particularly in categories susceptible to volatility. While this approach may lead to increased short-term costs and impacts on working capital, it provides essential supply assurance during periods of disruption. Companies are also exploring strategic partnerships with suppliers to create more flexible agreements that allow for rapid adjustments in response to changing market conditions.

## Conclusion

The evolving landscape of global tariffs presents both significant challenges and opportunities for CPOs. The need for agility and strategic foresight has never been more critical.

CPOs must prioritize data transparency and verification, not only to understand the immediate impacts of tariffs but also to build resilient supply chains capable of withstanding future disruptions. By leveraging innovative strategies such as tariff “data rooms”, enhanced supplier collaboration and strategic sourcing shifts, organizations can convert the challenges tariffs pose into competitive advantages.

As we look ahead, it is clear that the procurement function continues to play a pivotal role in shaping organizational resilience and adaptability. By embracing these strategies, CPOs can not only mitigate the risks associated with tariffs but also position their organizations for sustainable growth in an increasingly unpredictable global market.

How will you take the next steps in fortifying your procurement strategies against the uncertainties of global tariffs?

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## Summary

As global tariffs evolve, procurement leaders face significant challenges. Chief procurement officers can turn these into opportunities that foster greater resilience and drive sustainable growth within their organizations.



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