Transforming procurement with the adoption of agentic AI

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Unlocking value in procurement: from GenAI to agentic AI

Today, procurement organizations are at a crossroads of challenges and opportunities across their entire operating model. They are being asked to drive innovation, reduce costs and enhance efficiency. To meet these expectations, the adoption of digital procurement solutions has no longer become a luxury but a necessity. Within the digital procurement landscape, AI has emerged as a catalyst to capture accretive procurement value. Among the most notable developments is the rapid adoption of various AI solutions, from personal AI assistants like Microsoft Copilot to procurement-specific AI tools like Zycus, Arkestro, DocuSign and others. The most recent development in this space has been the emergence of agentic AI, which sits at the convergence of generative AI (GenAI) and automation. Agentic AI provides organizations with more flexibility and expands the scope of opportunities to augment manual processes with automation, as it leverages GenAI at decision points to trigger additional automation opportunities. The value proposition is clear – we are seeing organizations realize benefits across multiple levers, including cost reduction, productivity improvement, and reduction in contract leakage. With all these solutions available, procurement leaders must quickly figure out where to invest and how to leverage this newest enabler.

It is important to understand these two technologies and how agentic AI builds off GenAI's core functionality. GenAI creates content and insights whereas agentic AI takes intelligent automation a step further and autonomously acts, makes decisions and works in real time. The key

distinction between GenAI and agentic AI is the level of human interaction and involvement: GenAI assists, while the human is still in the loop, whereas agentic AI can act more independently.

AI agents perform tactical tasks with minimal human intervention by leveraging contextual awareness, adaptive learning based on prior experiences and interactions, and goal-oriented reasoning and behaviors. These agents can respond dynamically by evaluating the environment, independently make decisions and execute actions, all on a real-time basis. By embracing agentic AI, organizations can unlock new levels of efficiency, become nimbler and enable additional value.

For procurement, the implications are substantial. Imagine a world where procurement teams solely focus on high value initiatives such as developing category strategy, optimizing contract strategy, building risk resilient networks, enhancing supplier collaboration, relationships and overall innovation, while procurement AI agents autonomously adjust sourcing strategies based on commodity price changes, onboards suppliers based on rules, automatically flags and corrects contract term deviations, proactively makes decisions based on geopolitical risks, sources tactical buys, creates purchase orders and auto processes complex OCR-based invoices. These represent real, tangible capabilities that agentic AI solutions are starting to unlock for procurement.

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Navigating the evolving landscape of agentic AI solutions

To begin unlocking value, organizations are deploying agentic AI within their procurement function both through end-to-end procurement software suites, pointed AI-enabled solutions designed and built specifically for autonomous execution and in-house agentic AI solutions that leverage existing technology stack.

End-to-end procurement platforms such as GEP, Zycus, Coupa, SAP Ariba® and ServiceNow® are investing in AI capabilities across their source-to-pay modules. GEP is rolling out a multi-agent AI framework to manage source-to-pay workflows. Zycus has been recognized as a leader in the 2025 IDC MarketScape assessments for both AI-enabled source-to-pay and procure-to-pay application. Coupa recently presented a roadmap for Navi, a multi-agent ecosystem built for the source-to-pay processes and includes a "bring your own agent" capability, allowing integration with marketplace agentic AI solutions. SAP® is investing in Joule, an agentic AI copilot embedded within SAP® applications, including SAP Ariba®x1 that enables autonomous handling of source-to-pay tasks. ServiceNow's agentic AI capabilities help procurement teams streamline sourcing, purchasing and end-to-end supplier engagement, delivering added value while enhancing the end-user experience. While these platforms and current capabilities are value augmentative, these traditional suites are evolving to include more agentic AI capabilities that drive autonomy across end-to-end processes.

Niche agentic AI solutions focus on discrete use cases and are designed to execute tasks autonomously, acting with minimal human interaction. These prebuilt solutions are attractive to organizations that are seeking to pilot AI quickly without overhauling their technology stack. They often seamlessly integrate with ERP or source-to-pay solutions, making it flexible for most organizations. Niche agentic AI solutions include Fairmarkit, which offers autonomous agentic sourcing and requisitioning; Arkestro, known for its gain share model for predictive sourcing execution and Zip, an AI-driven intake orchestration and procurement operations platforms. These are just a few examples of dozens of solutions already making an impact in the market.

Alternatively, clients are also exploring the option of building agentic AI solutions within their environment and tech landscape. Pursuing this path, however, requires an organization to have the right people, processes and AI governance models in place, along with procurement domain knowledge or the support of a strategic partner to deploy these solutions. While this approach to deploying agentic AI does take more time to develop and requires higher upfront investment, it offers greater flexibility for customization and tailoring, higher cost-benefit potential and allows for full control over governance policies, auditability and safeguards.
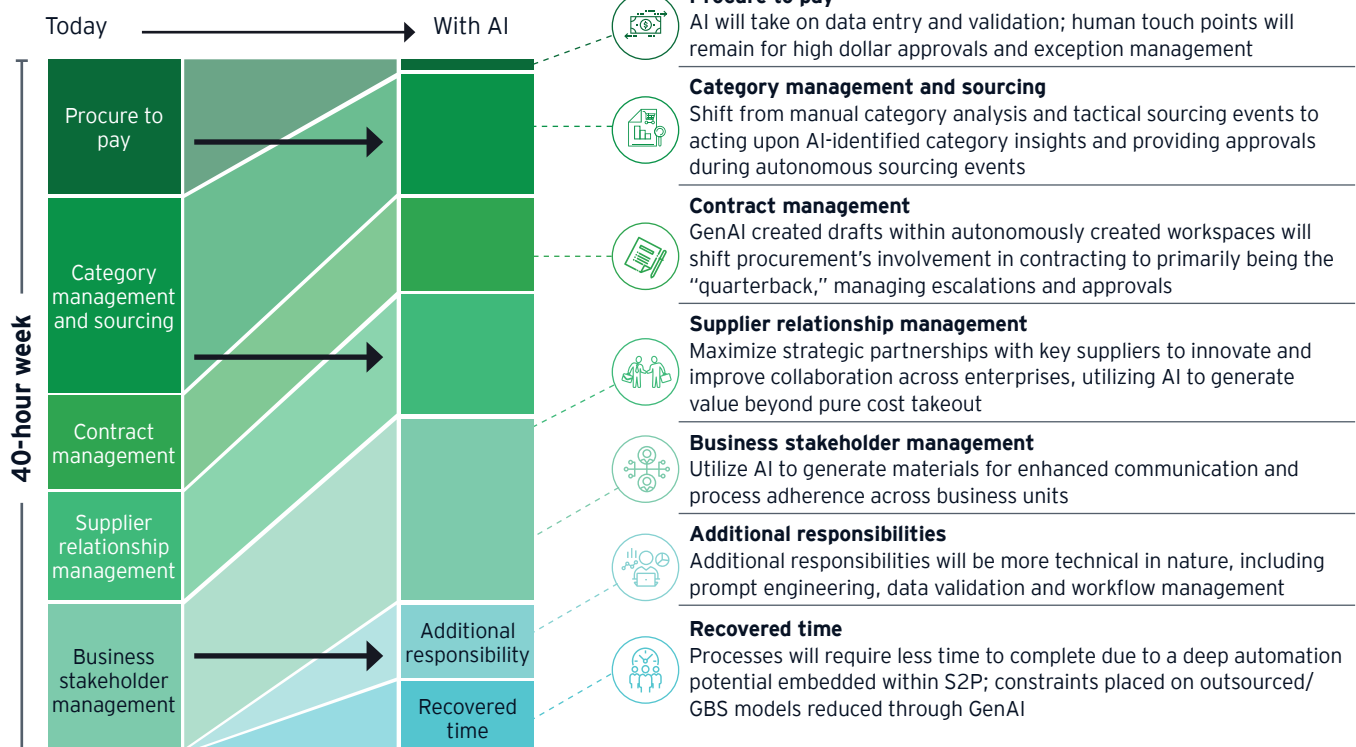
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The value of agentic AI in procurement
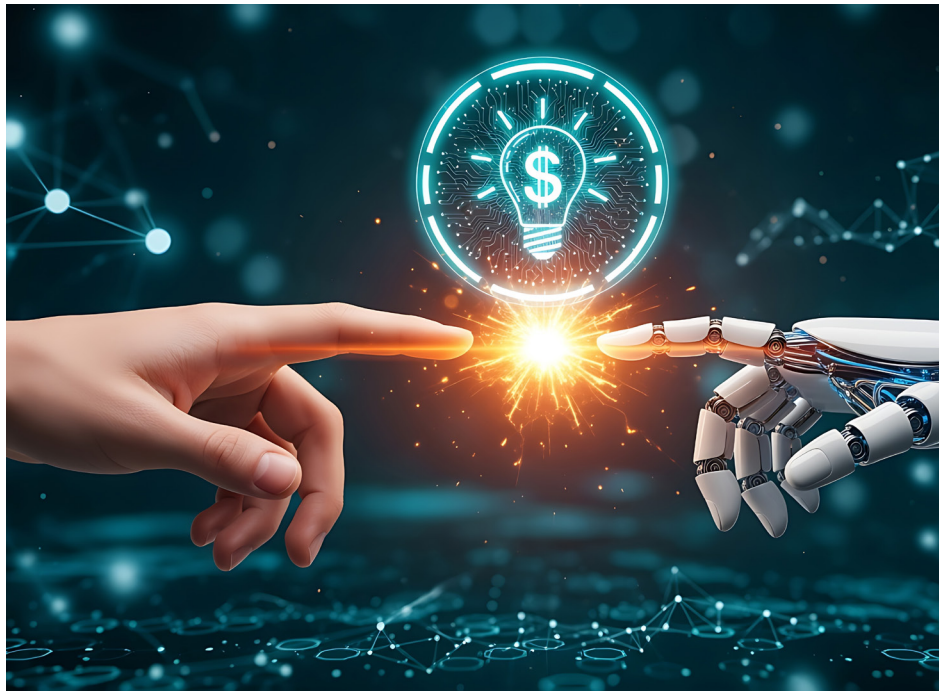
Agentic AI presents an opportunity to transform procurement into a strategic value driving function, enabled by an agent workforce. Initial agentic AI use cases should target procurement processes that are ripe for automation: rules-based, highly repetitive and high in volume. The chart below demonstrates the shift in activity and represents where agentic AI can deliver immediate and measurable impact.

Procurement operating model reimagined
AI can enhance and strengthen organizations and help drive cost reduction and improve productivity

Historical procurement activity split

Today ⟶ With AI

40-hour week

- Procure to pay
- Category management and sourcing
- Contract management
- Supplier relationship management
- Business stakeholder management
- Additional responsibility
- Recovered time

Shaded area represents time spend per activity bucket

AI-enabled procurement activity shift

Procure to pay
AI will take on data entry and validation; human touch points will remain for high dollar approvals and exception management

Category management and sourcing
Shift from manual category analysis and tactical sourcing events to acting upon AI-identified category insights and providing approvals during autonomous sourcing events

Contract management
GenAI created drafts within autonomously created workspaces will shift procurement's involvement in contracting to primarily being the "quarterback," managing escalations and approvals

Supplier relationship management
Maximize strategic partnerships with key suppliers to innovate and improve collaboration across enterprises, utilizing AI to generate value beyond pure cost takeout

Business stakeholder management
Utilize AI to generate materials for enhanced communication and process adherence across business units

Additional responsibilities
Additional responsibilities will be more technical in nature, including prompt engineering, data validation and workflow management

Recovered time
Processes will require less time to complete due to a deep automation potential embedded within S2P; constraints placed on outsourced/GBS models reduced through GenAI

Below are agentic AI hotspots in procurement that we've identified and/or delivered for our clients:

1. **Automated sourcing execution:** Agents help execute sourcing events by analyzing historical spend and supplier data, draft RFx documents, manage invites, Q&A, evaluate responses and recommend awards.

Value: Reduction in sourcing cycle times, increased value capture, reduced manual efforts in tactical execution

2. **Contract intelligence:** AI agents extract unstructured text and convert this into structured data that can be used to generate valuable insights from contracts to promote deeper understanding and proactive management of contracts of varying lengths and complexities.

Value: Reduction in manual contract review effort, realize discounts/rebates, avoid contract leakage, mitigate compliance/regulatory risk

3. **Supplier onboarding and enablement:** Agents can execute the end-to-end onboarding lifecycle by requesting documents, conducting checks, automating system entry, maintain supplier master and manage supplier enablement process, including creation and delivery of enablement documents.

Value: Faster onboarding, improved data quality, more spend through S2P systems

4. **Intake-to-invoice processing:** Agentic AI can autonomously fulfill purchase requests by interpreting unstructured free text or structured forms, identify the right buy channel and suppliers based on procurement policies and route via appropriate delegation of authority. Furthermore, AI agents can extract and validate invoice field data, match PRs and POs, resolve exceptions and trigger payment.

Value: Reduction in requisition-to-pay cycle times, improved compliance, reduced buyer and AP workload to triage requests, improved working capital

5. **Tail spend management:** Agents can autonomously manage nonstrategic purchases by auto sourcing from supply base, negotiate based on historical data and guidelines, and execute transactions.

Value: Improved control over tail spend that leads to cost savings

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How we help our clients build and sustain agentic AI value in procurement

At Ernst & Young LLP (EY US), we are helping our clients navigate the evolving landscape of agentic AI by providing guidance based on specific objectives, projected value, existing capability/tools and overall maturity. We assess factors such as speed to value, timelines, cost of ownership, current and future tech stack, and responsible AI practices to help organizations choose the optimal deployment path that unlocks the full potential of agentic AI securely and at scale. We understand that the successful deployment and sustainment of value realized from agentic AI in procurement hinges not only on technology but also on a well-defined and well-orchestrated strategy that incorporates people, processes, technology and data into a transformation roadmap. We are helping our clients realize the full potential of agentic AI by collaboratively defining the clear and adaptive strategy, deploying use cases with scalability and adoption in mind and reinvesting realized value into the organization.

To realize and sustain value, organizations must take a value-led strategic approach. We advise our clients to anchor AI initiatives within a robust enterprise AI strategy — one that serves as a fundamental transformation blueprint that aligns with enterprise objectives, goals, prioritizes high value AI use cases, and allows for flexibility as AI technology matures. Strategy should start with aligned strategic objectives and guided value levers such as cost, efficiency, revenue increase and working capital.

Through our deep industry experience and knowledge of procurement, we partner with procurement organizations to accelerate their path to becoming "AI ready," helping them assess and develop foundational elements to enable successful AI adoption. This includes developing AI-enabled operating models such as the stand-up of AI

procurement value offices that execute upon a specific strategy. These strategies help establish a governance model and framework for AI use cases, safeguard data quality via well designed architecture, and build robust change management and talent enablement frameworks — ensuring the organization is adopting AI at scale and realizing measurable value from AI.

Equally important, we guide procurement leaders on how to reinvest the value realized from early AI initiatives into strategic areas, enabling more focus on cost control, compliance, supply partnerships and innovation. Rather than view these early wins and benefits in isolation, we work with our clients to direct them into additional initiatives that drive long-term sustainable value.

Reinvesting value also includes reinvesting in people. The adoption of AI will fundamentally shift the role of the procurement teams. AI won't fully replace procurement teams — but it will reshape roles, responsibilities, ways of working and shift daily execution to strategic focus and warrant a new set of capabilities and skill sets. As AI maturity increases, these professionals will transition into strategic orchestrators and AI-augmented leaders, driving innovation, leading teams, and making adaptive, ethical decisions in collaboration with AI agents.

To be successful, organizations will need to train procurement professionals to develop skills beyond traditional procurement knowledge — developing AI literacy, agentic fluency and the ability to communicate effectively with AI, all while navigating change with agility. At EY US, we help organizations prepare their teams for this transformation by integrating capability-building, operating model redesign and AI governance into every deployment.

Conclusion

The advent of GenAI and agentic AI marks a critical moment for procurement – shifting the function to support a strategic advantage by unlocking automation, agile decision-making and autonomous execution at scale. At EY US, we recognize that agentic AI is not just a technology shift, but a transformation of how procurement operates, delivers value and builds future-ready teams. From strategy and use case identification to AI operating model design, use case deployment, and governance, we help organizations navigate the complexity and fast-paced evolution of AI with speed and confidence, equipping them with the capabilities, knowledge and frameworks to embed AI rapidly, scale it sustainably and reinvest realized value into future innovation, people and growth.

The future of procurement is already here – EY US can help you lead it.

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