

The State of Source-to-Pay Digitization

2025

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The State of S2P Digitization 2025

In 2025, as global trade tensions and economic uncertainty continue to reshape the procurement landscape, Source-to-Pay (S2P) technology has proven to be a steadying force and foundational element in high-performing procurement operations. The top procurement teams are not simply automating tasks; they're using S2P platforms to create visibility, drive consistency, and respond faster when conditions shift. Increasingly, AI is beginning to enhance these systems by supporting smarter workflows, surfacing better insights, and streamlining decision-making at key moments. While its impact is still emerging, the long-term potential of AI to fundamentally elevate the intelligence and adaptability of S2P systems is significant. In a world where agility matters more than ever, S2P helps provide the structure, intelligence, and flexibility that enables procurement to act with precision and lead in volatile times.

Ivalua commissioned Ardent Partners to conduct this second annual "State of Source-to-Pay Digitization" research effort. To complete this report, Ardent Partners utilized the survey and interview responses of 358 procurement executives around the world to examine the market today and the pivotal role that procurement leaders play in managing uncertainty and driving business value.

The report studies core S2P technology ("now with AI"), including adoption levels, attained benefits, obstacles to value, planned investment levels, and broader digitization strategies. The report also examines how "S2P Innovators" are leveraging S2P technology to outpace their rivals, respond to new challenges and market dynamics, and begin to harness the full potential of AI.



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1 S2P TRANSFORMATION IN THE NEW NORMAL

The State of Source-to-Pay Digitization 2025

The S2P Moment Arrives

It is, once again, an uncertain time for global business.

Tariffs are rising, trade policy is shifting rapidly, and economic signals remain mixed at best. Supply chains are still recalibrating from the last round of global disruptions, and geopolitical tensions continue to reshape market access and sourcing strategies. Across industries, executive teams are re-evaluating cost structures, critical dependencies, and operational resilience. Once more, in the midst of widespread uncertainty, procurement is being asked to step forward.

For a function long accustomed to operating in challenging environments, this is familiar ground. What is changing is the maturity and capability of the tools available. Source-to-Pay (S2P) technology has quietly evolved into a foundational asset, offering not just automation, but visibility, agility, and insight at a moment when all three are in high demand.

In 2025, integrated Source-to-Pay (S2P) solutions sit at the center of modern procurement strategy, orchestrating the full lifecycle from sourcing and supplier engagement to orders and payment execution. This connected architecture can provide the visibility, control, and automation needed to manage key processes at scale, turning procurement into a unified system of action.

Modern S2P platforms are enabling procurement teams to respond faster, make better-informed decisions, and execute with greater consistency across increasingly distributed environments. These technologies are designed to not only streamline tactical execution, but also connect data, processes, and talent in ways that elevate procurement's impact.

At the same time, artificial intelligence ("AI") is beginning to move from theory to practice. While its full potential remains on the horizon, AI is already showing measurable usage in areas such as RFP development, supplier discovery, and bid analysis (see Figure 15 page 23). Its potential to shift procurement as a force multiplier for spend and supplier management will start slowly and accelerate.

Procurement often works behind the scenes, but it is increasingly pulled onto the mainstage of business operations and outcomes. When volatility increases, procurement helps deliver clarity. When markets shift, it can adjust with precision. And when organizations need to protect value and find new sources of advantage and cash, procurement is uniquely positioned to lead.

This report explores how leading organizations are leveraging S2P technology more proficiently and with better results. In a world where agility is essential, S2P technology has become the foundation for procurement's future.

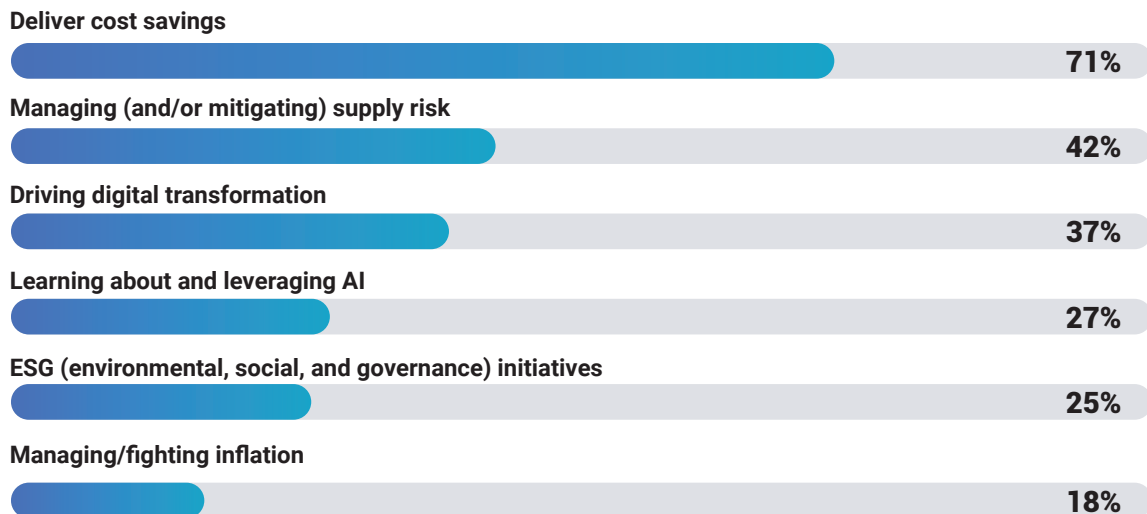
Uncertainty Is the New Normal

Savings Remains Job One for CPOs

Procurement leaders enter 2025 weary from their intense fight against inflation and wary of strange, entirely new encroachments. According to this year's survey, 56% of Chief Procurement Officers report facing a great degree of uncertainty this year, driven by a volatile U.S. trade policy that includes on-again, off-again tariffs which are shaking an already unsteady market. Their outlook for the year ahead is even more telling: An overwhelming 90% of CPOs expect 2025 to be more challenging than 2024, reflecting a growing recognition that uncertainty is the new normal.

Against this backdrop, procurement's top priorities come into sharp focus: deliver greater savings and reduce supply risk (see Figure 1). With inflationary pressures lingering and geopolitical tensions continuing to threaten supply costs and continuity, CPOs are being called on to deliver savings while ensuring more resilient supply chains. While many procurement professionals faced inflation for the first time in recent years, the playbook for responding to that pressure has historical precedent. The newly announced U.S. tariffs offer no such guide. Their unprecedented size, scope, and focus introduce unfamiliar variables, making it significantly harder for procurement teams to model impact, anticipate duration, or craft a clear response strategy.

Figure 1: Procurement's Top Three Priorities in 2025 (Top 6 responses shown)



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As tariffs roil the market and spawn a rash of predictions for a global recession, executives are starting to rethink investment and growth plans, becoming more conservative and cash conscious. Not surprisingly, delivering cost savings has returned as the top focus for CPOs. This is a level of urgency similar to last year, but significantly higher, overall, than the preceding decade.

Risk management follows closely behind, and while the frequency of major disruptions may have declined since the peak of the pandemic, multiple market forces keep risk mitigation firmly anchored in the CPO agenda. Digital transformation and the advancement of AI capabilities (much more on AI in Chapter 3) round out the top four priorities for procurement in 2025. Together, these two priorities reflect a growing recognition that procurement's future performance will rely on digital proficiency.

Top Procurement Strategies in 2025

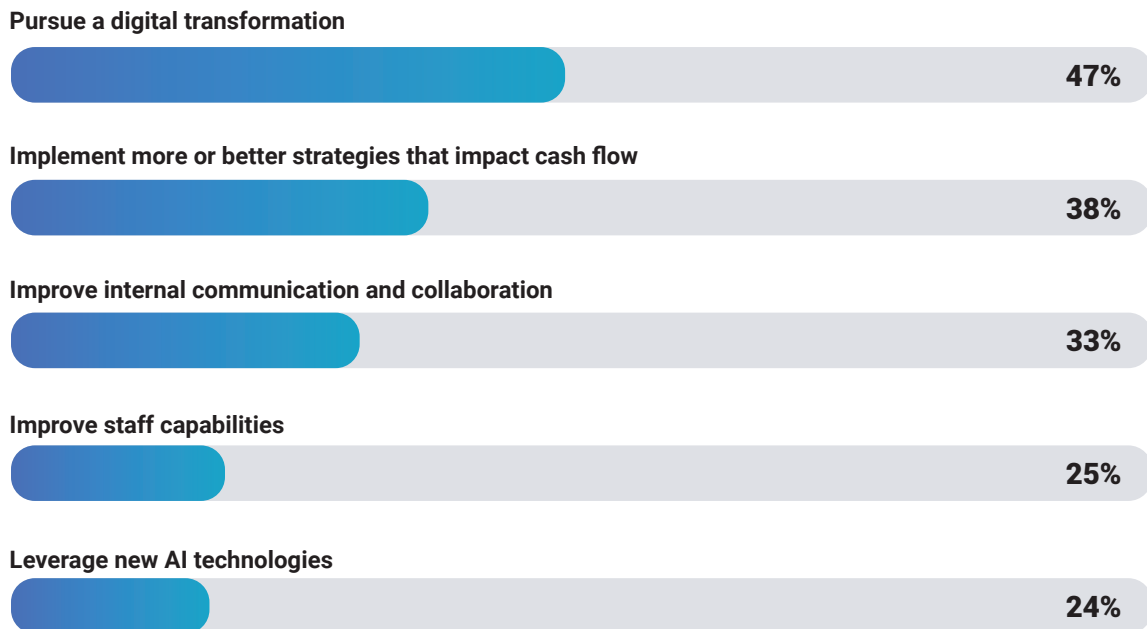
The Push for Digital Transformation Accelerates

As the competitive landscape shifts and intensifies, the fear that AI-powered rivals will gain a significant advantage is starting to take hold within procurement leadership teams. Nearly a quarter of procurement teams have made using new AI technologies a top strategy in 2025. While the buzz around AI has certainly added urgency, it is not the sole motivator, but rather one part of a broader push to modernize procurement systems and make smarter use of data. The primary driver behind the rise in digital transformation remains value.

Many procurement leaders have seen firsthand how integrated, well-deployed S2P technology can streamline operations, improve visibility, and unlock value across the enterprise. The data shows that nearly half of all CPOs plan to tackle digital transformation in 2025, a significant increase over last year when the percentage was only 30%.

The digital transformation strategy is closely followed by a financially driven one: pulling levers to positively impact cash flow. Through improved payment terms, smarter sourcing, or tighter spend controls, CPOs are leaning into procurement's ability to influence working capital.

Figure 2: Top Three Strategies to Improve Performance in 2025 (Top 5 responses shown)



Building Procurement's Next-Level Capability

From Data to Direction to Outcome

The world has become increasingly data-focused, and businesses around the globe are investing significant resources in analytics and data science to build the capabilities and intelligence that will propel them to the next level (see Figure 3). As such, it is no surprise that a near majority of CPOs (48%) surveyed in this year's study agree that the best way to take their current performance to the next level is with "better data visibility and analytical capabilities."

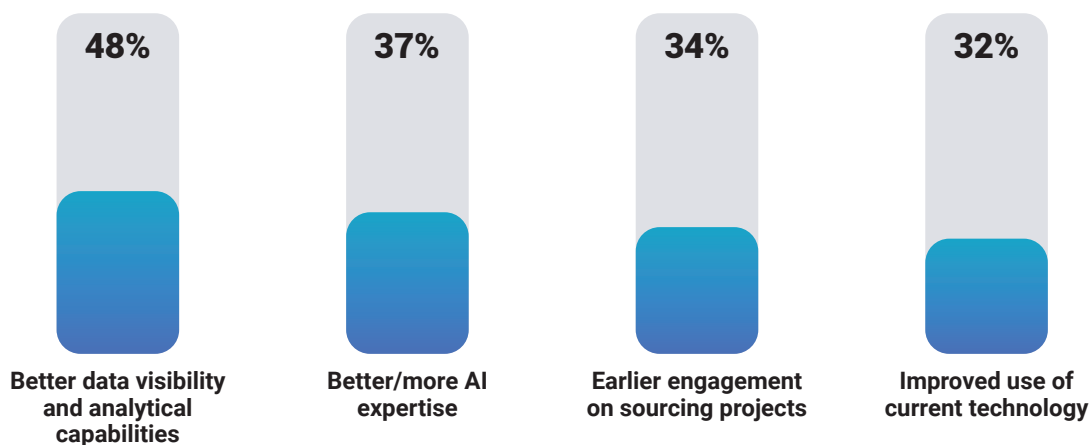
After all, access to accurate, timely information is not a luxury, but rather a key input for tighter execution and better performance. For procurement, the ability to see across categories, suppliers, and geographies in real time is the starting point to managing global supply chains well and improving performance. Strong analytical capabilities that can help convert data into intelligence and outcomes are equally critical.

Improved analytics allow procurement teams to make proactive insights and take action accordingly. Whether it is estimating potential tariff impacts and developing a response or tracking contract compliance and communicating to maverick spenders, robust reporting and analytics can give procurement a sharper edge in managing operations.

Layered onto the rising value of quality data is the growing importance of AI fluency. As AI capabilities begin to emerge across the full Source-to-Pay process, procurement teams must become comfortable using the tools and understanding the outputs. AI literacy empowers teams to more actively use and adopt the tools.

Ardent Partners research has shown that the timing of when procurement gets involved in the sourcing process has a direct impact on results. Sourcing projects save more money when procurement is engaged at the front end of the process. The challenge for CPOs and their teams is to understand how best to engage budget-holders in proactive planning discussions and formalize their levels of interaction and support.

Figure 3: Top Two Drivers for "Next-Level" Performance in 2025 (Top 4 responses shown)



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The Real-World Gains of S2P Technology

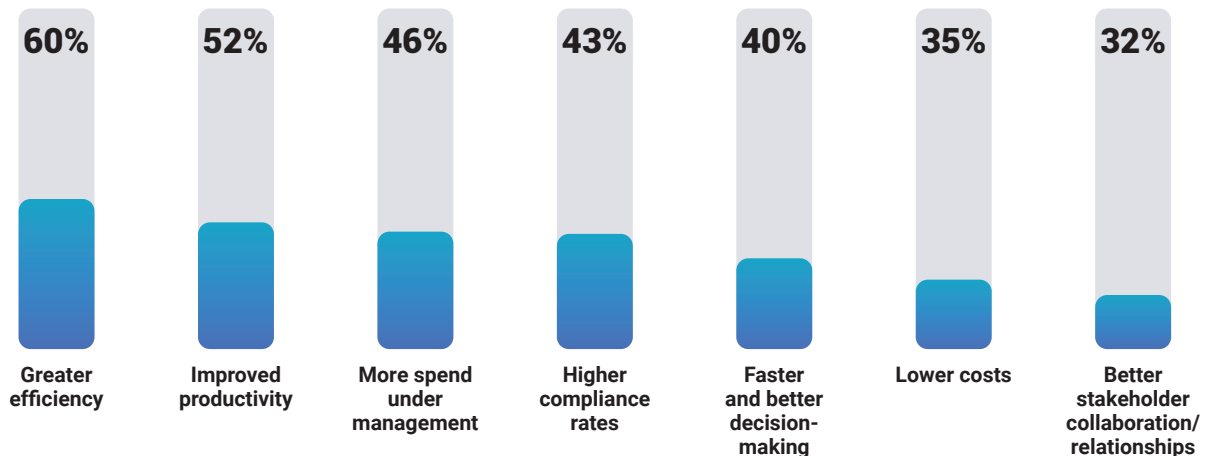
Winning with Technology

The benefits of Source-to-Pay (S2P) technology are increasingly evident (see Figure 4), but not always immediate. For many procurement organizations, realizing the full value of an S2P investment requires a solid data foundation, tight process alignment, and strong user adoption. The importance of a strong solution and provider support play an important role too. Results, like adoption, are far from universal, and performance varies depending on how well systems are integrated and leveraged by the procurement team and enterprise at large.

Still, for those organizations that have made meaningful progress in their digital journey, the gains are tangible. Greater efficiency tops the list of benefits attained by 60% of all procurement departments, as standardized workflows and automated, repeatable processes reduce manual effort and accelerate routine tasks. This efficiency contributes directly to improved productivity (52%), another main benefit, freeing procurement teams to focus on more strategic initiatives.

With improved visibility and control, 46% of procurement teams have been able to bring more spend under management while another 43% report higher compliance rates for contracts and spend. The ability to access better data in real time also supports faster, more informed decision-making achieved by 40% of all teams.

Figure 4: The Main Benefits Reported from S2P Technology Investments (Top 7 responses shown)



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2 THE STATE OF S2P TECHNOLOGY

S2P: A Core Enterprise Platform

A Call for System Parity

In most enterprises, key functions rely on centralized systems to manage activity, ensure consistency and compliance, and track performance. Finance operates through ERP platforms, HR depends on HCM systems, and sales teams leverage CRM tools to manage their operations and outcomes. Procurement (and accounts payable) teams use S2P suites. However, S2P suites lack the same level of enterprise system investment, despite increased reliance on their suppliers for the quality, price, and level of innovation in their own products and services over the past decade.

Across the enterprise, core systems can play a vital role in enabling business functions to operate with greater precision. The value of these systems lies in what (and who) they support: For example, centralized data that delivers organization-wide visibility, streamlined workflows that reduce inefficiencies, and automated processes that enable consistent execution at a higher level. The platforms help foster stronger collaboration, both internally and externally, by creating transparency, consistency, and accountability in how the teams interact and communicate. These systems can also help establish the strong data foundation needed to fuel new AI engines across the enterprise.

Simply, suppliers have a more direct and immediate impact on sales, profits, and customer satisfaction than ever before. Thus, it is surprising that so many procurement teams report major technology gaps across their core operations. These gaps represent an operational blind spot that can expose businesses to unnecessary costs and risk. For example, this year, the introduction of tariffs by the U.S. has caused a rapid shift in global trade dynamics, making supply chain visibility a board-level concern. The identity and location of a supplier or sub-tier supplier may now materially impact an organization's cost structure and overall ability to deliver.

How many CPOs can quickly run a system report to determine the overall enterprise exposure to new tariffs? What if a CFO had poor visibility into quarterly profits or a Chief Revenue Officer could not share a sales pipeline with executives? What if HR and a hiring manager could not find information on where to set a starting salary for a new job requisition? Gaps in systems create gaps in intelligence. They are not acceptable in other parts of the business. They should not be acceptable in procurement.



S2P Capabilities

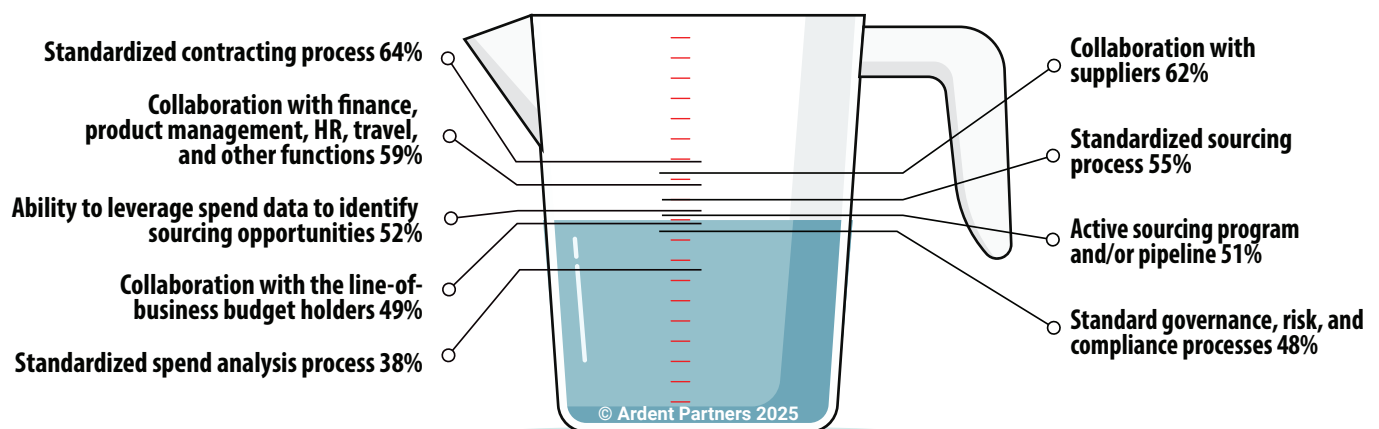
The Cup Does Not Run Over

Before turning to the technology itself, it is useful to assess the organizational capabilities that enable procurement teams to use that technology effectively. Procurement has taken meaningful strides over the past decade to become a more intelligent, technology-enabled operation. Yet, despite that progress, Ardent Partners research shows that the journey toward S2P mastery is far from complete. One of several examples of this gap is the assessment of current S2P capabilities that many consider foundational to modern procurement. As Figure 5 shows, many core capabilities are not in place for a significant number of procurement teams.

The glass is more than half full when it comes to having a standardized contracting process, structured collaboration with suppliers, and cross-functional alignment with business stakeholders. Yet, less than two thirds have capabilities even in those core areas. Similarly, just over half have implemented a standardized sourcing process, maintain an active sourcing pipeline, or can leverage spend data to identify new sourcing opportunities. These are not advanced features; they are basic enablers of smart, efficient procurement departments.

Despite years of progress, fewer than half of all procurement teams have established what should now be considered essential capabilities. Core practices like standardized spend analysis and supplier management processes remain inconsistently established, placing real limits on organizational visibility and scalability. Equally concerning is that fewer than half of respondents report a tight linkage between sourcing and contracting, increasing the risk of value leakage after contracts are awarded. And while innovation is a common procurement theme, a formal supplier innovation strategy is still the exception, not the rule. In sum, the capability gap across S2P operations signals many missed opportunities to scale best practices, operate efficiently, and capture more value.

Figure 5: S2P Core Capabilities (Top 9 responses shown)

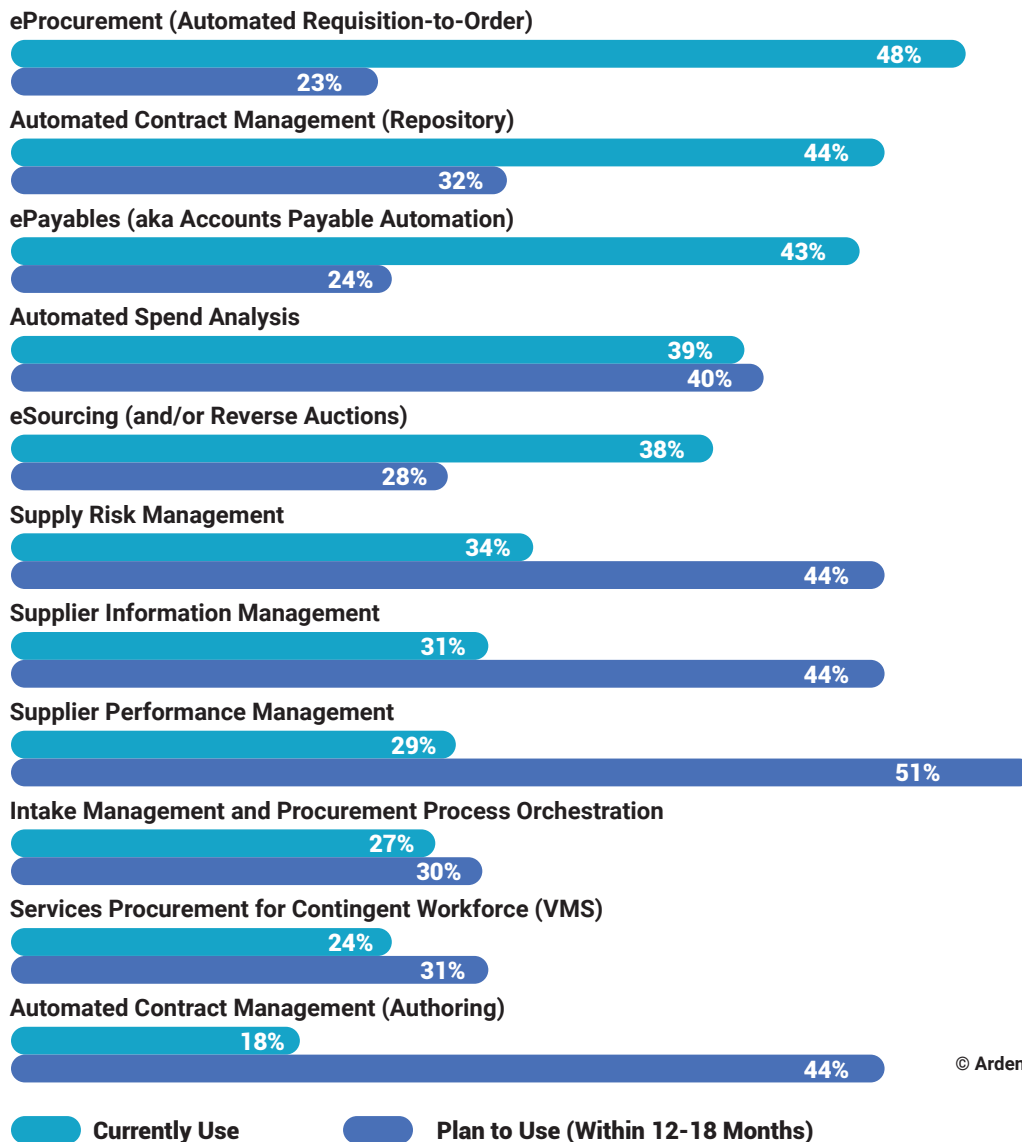


S2P Technology Adoption in 2025

Usage, Plans, and Budgets

Procurement technology continues to be important to the leaders and innovators in the space. Those that successfully deploy and use technology report broad visibility, efficient and dynamic process management, and superior outcomes as a result. When these and other core capabilities are sub-par or nonexistent (see Figure 5, page 12) within procurement, a lack of technology is a typical culprit. For nearly 20 years, Ardent Partners research has consistently shown that when these solutions are well-deployed and well-adopted, they can elevate the performance of the entire procurement operation. Figure 6 shows the current percentage of procurement departments that are currently using or planning to use each of the various S2P applications. Notably, strong planned investment in the supplier management applications (information, risk, and performance) indicates that many CPOs see large opportunities to create more value in their supply chains via better communication, tracking, and collaboration with suppliers.

Figure 6: S2P Solutions: Current and Planned Usage



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S2P Technology Investment in 2025

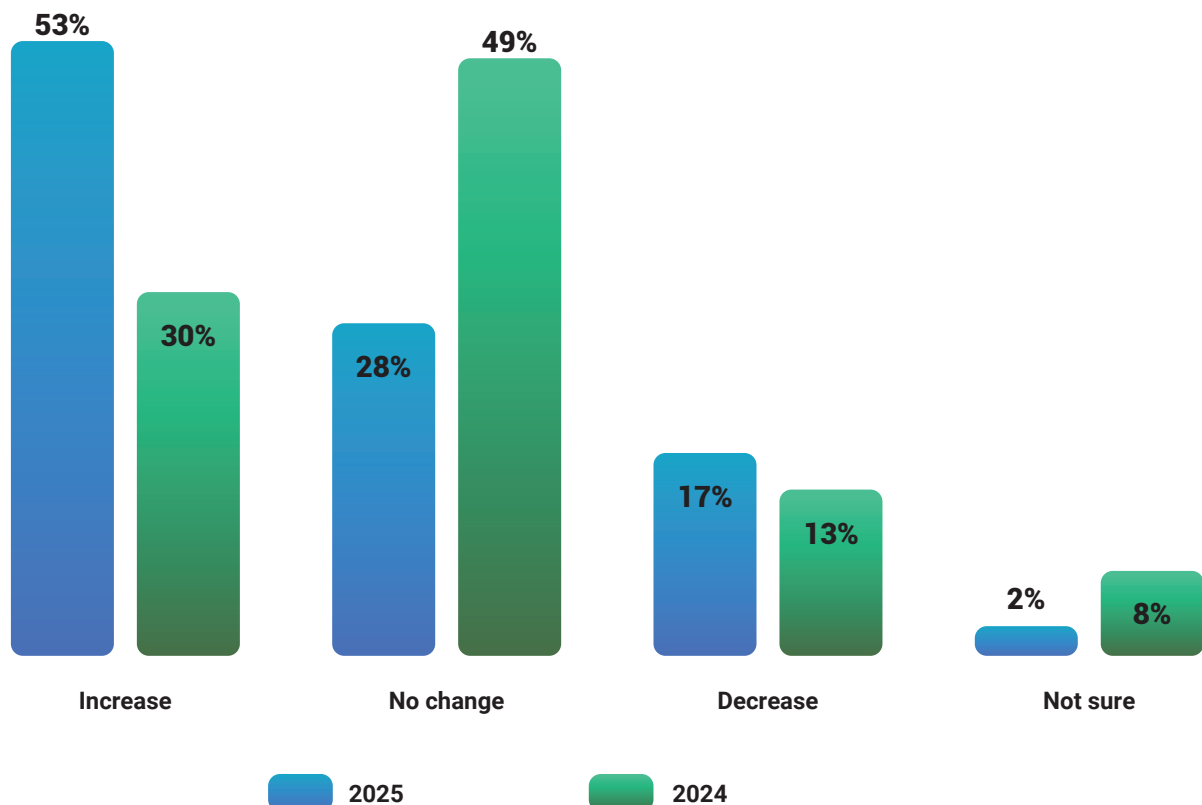
Tech Budgets are Increasing in 2025

While the potential of technology to unlock substantial business value is understood by most procurement leaders. Nonetheless, actual adoption and proficient usage of core technology lags behind other business functions. Large market disruptions and challenging times have historically been a driver of more investment in S2P tools.

The S2P technology budget landscape for 2025 (see Figure 7) shows that a majority of CPOs (53%) have more money allocated to technology this year than last. That percentage is up significantly compared to 2024 (30%), perhaps driven by market uncertainties and the pressing need to find more savings, but almost assuredly by what Ardent Partners calls “AI FOMO,” the fear of missing out on AI innovations. Twenty-eight percent of all respondents report no significant change compared to nearly half (49%) last year. Additionally, a small number (17%) are experiencing S2P budget cuts, a majority are investing more.

What is clear is that the number of procurement leaders working with increased funding is up from last year, signaling growing confidence in digital investment as a lever for performance. This is a modest, but meaningful, trend and a positive sign that procurement is being resourced not simply to find savings, but to modernize its operations.

Figure 7: S2P Technology Budgets for 2025 vs. 2024



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Architecture Strategy

How ProcureTech Gets Deployed Today and Why

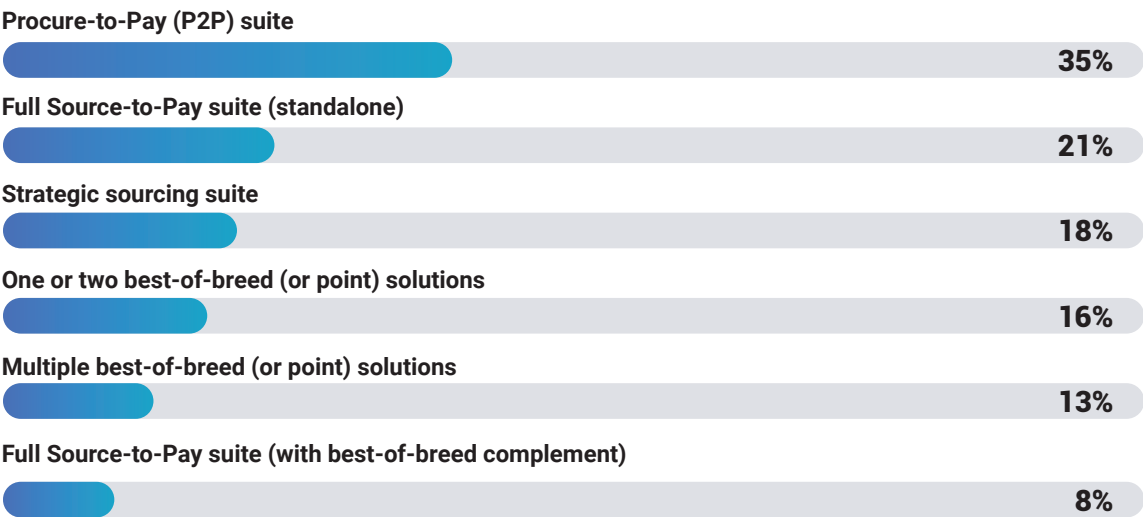
Ardent Partners research on architecture and application choices for S2P shows a trend line supporting the deployment of suites versus individual applications (see Figure 8). Regardless, in 2025, a fully automated S2P operation remains the exception rather than the rule.

When it comes to S2P deployments, no single model dominates the market, but a clear preference is emerging. A full 35% of procurement leaders rely on Procure-to-Pay (P2P) suites to manage their spend operations. Another 21% have implemented a full Source-to-Pay suite, signaling a growing shift toward broader, integrated platforms. Strategic sourcing suites also account for a meaningful share. Combined, these three approaches indicate a market that favors unified systems.

Procurement leaders appear to be making deliberate moves toward integrated suites because of a more consistent user experience, higher levels of automation, improved transparency, simpler technology stack management, and fewer vendor relationships to manage. Perhaps most important, these platforms offer a single data model, which aids in AI performance and adoption. In a fully digital environment, system cohesion can be a big benefit.

Still, fragmentation persists with a combined 29% of procurement teams reporting use of either one, two or multiple best-of-breed solutions. There are tradeoffs no matter the approach taken. These can include functionality, visibility, integration, interoperability, and other factors. For example, most AI use cases today work within a single application. Over time, the expansion of AI uses will expand across multiple activities and workflows. These will generally benefit from fewer data models. While the market has yet to consolidate around a single model, it is leaning towards suites.

Figure 8: S2P Technology Strategies



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Solution Selection Criteria

How Procurement Leaders Evaluate S2P Technology

Procurement leaders are becoming more rigorous and multidimensional in how they assess and select S2P solutions. While outcomes and long-term value still drive the conversation, the recent pressure on department budgets means that practical concerns now dominate the early stages of evaluation. Leading the list is pricing models, selected in the top-three criteria by 38% of all procurement executives (see Figure 9). Whether fixed license, subscription, or pay-per-transaction, the structure of payments matters. Procurement leaders are looking for financial flexibility that aligns with budget predictability and expected usage patterns.

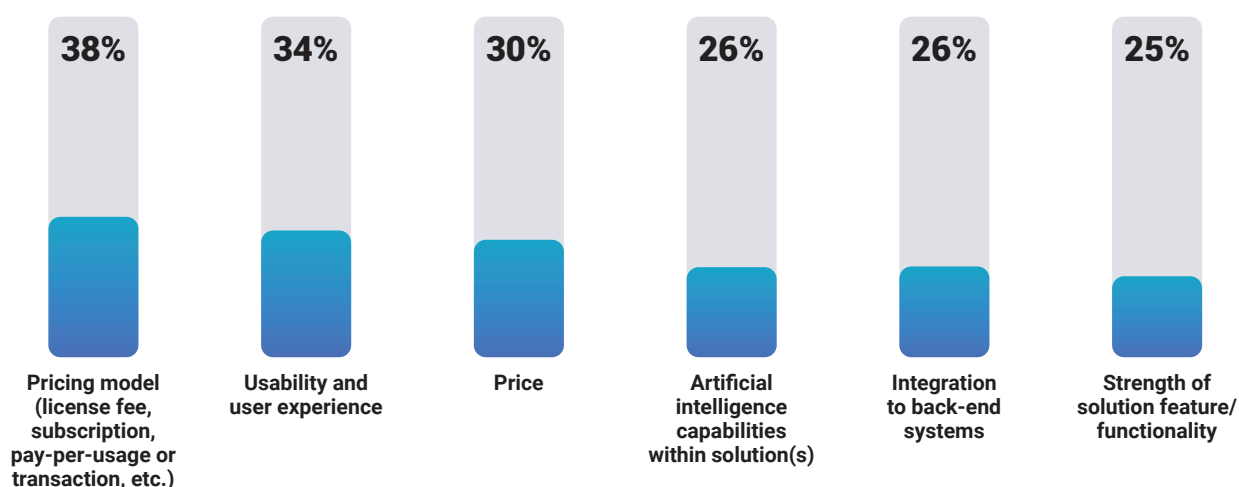
Usability and user experience follow closely behind, selected by 34% of respondents. The new generation of workers entering the market, considered the first true “digital natives,” are insisting on solutions that match modern standards. These workers enter the market with the baseline expectation that the majority, if not the entirety, of their duties will be digitally based. And their technical fluency stands in stark contrast to the Boomer and GenX workers they replace.

Total cost or price of the solution remains a top consideration (30%), underscoring procurement’s continued mandate to maximize value while minimizing spend. It is notable that when it comes to procurement’s own budget (i.e., price), while important, is not the top consideration. The reality is that the investment of political capital and team resources is far greater than the cash outlay for any S2P technology project.

Given its dominance in business and technology discourse, it is no surprise that AI (26%) is emerging as a critical evaluation filter. The applicability of AI to specific use cases and pain points will be a driver in this market for many years. Today, the scope of AI capabilities indicates a solution provider’s level of future focus. Integration with back-end systems (26%) is another important consideration. A solution that operates in isolation, regardless of features, adds friction instead of reducing it.

While there is a rising focus on the overall platform, functionality (25%) still matters. A platform must be capable and deep, not just connected and usable. Strength of core features, analytics, business intelligence, and reporting all factor into the decision. The bottom line: Selection criteria are shifting from siloed features to broader enablement. Procurement is no longer buying tools; it is investing in ecosystems.

Figure 9: S2P Solution Selection – Top Three Criteria (Top 6 responses shown)



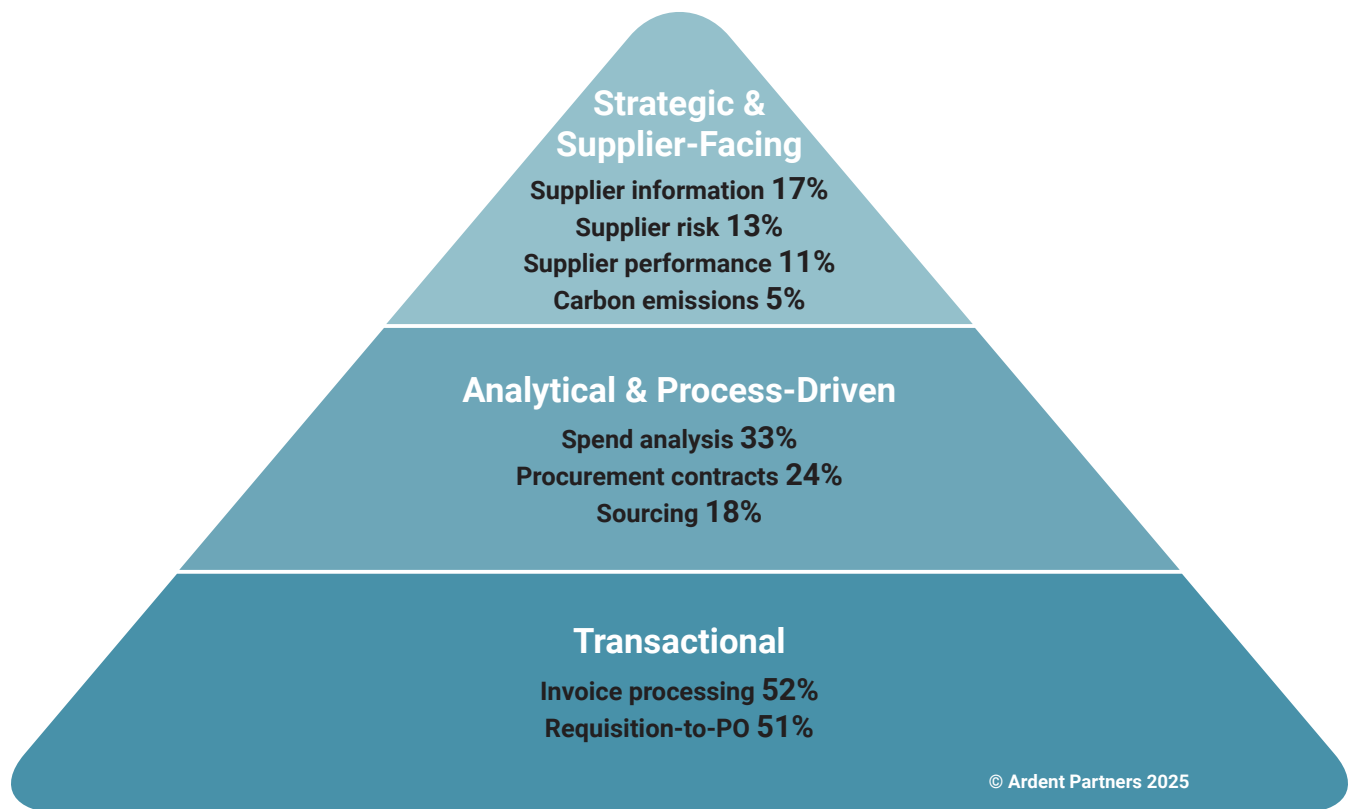
S2P Automation Levels

A Layered Maturity Model

Despite significant investments in technology and digital transformation, the procurement function remains a mix of automation and manual effort in 2025. While transactional processes, such as invoicing and requisition-to-PO, are more likely to be automated, strategic and supplier-facing activities lag behind. This uneven progress reflects the broader point that procurement has modernized, but it has not fully transformed.

The S2P Automation Maturity Model (shown below) tracks the percentage of procurement departments that have “fully” or “mostly” automated their subprocesses. Some have moved into the systematized phase while others remain stalled in manual or semi-manual states, due to myriad factors. This matrix outlines three levels of automation maturity and which key procurement processes are either fully or mostly automated.

Figure 9A: S2P Automation Maturity Model – The Percentage of Procurement Departments that Have “Mostly” or “Fully-Automated” Their Key Processes



This data underscores a split between automated transactional execution and still-manual strategic enablement. Procurement’s digital future depends not only on new tools but on extending automation deeper into and across all core activities.

S2P Deployments

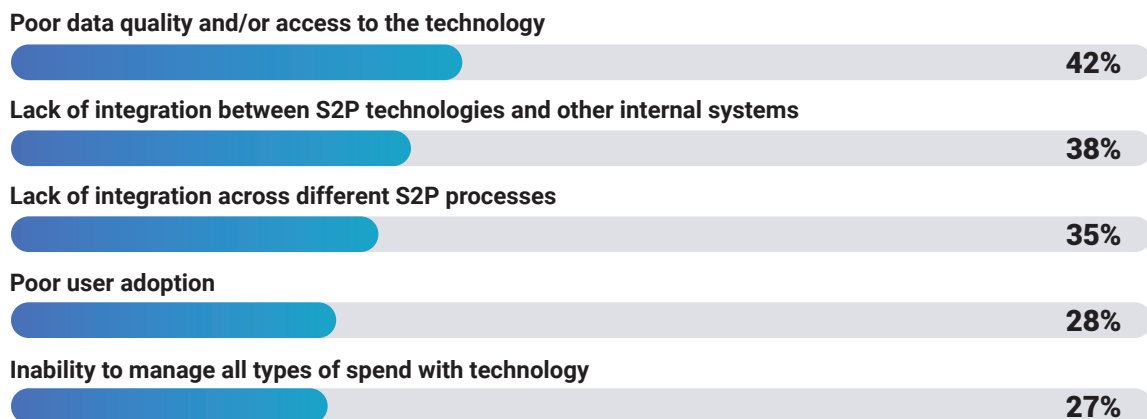
The Hidden Friction in S2P Deployments

Even when Source-to-Pay systems are successfully deployed, the full value can remain out of reach. Many S2P projects do not fail in dramatic fashion; instead, they stall in subtle, persistent ways that quietly erode returns. The technology can be sound, but if the connective tissue that surrounds it is not, the project ROI is diminished.

The most common drag on S2P technology performance, identified by 42% of all respondents (see Figure 11), is poor data quality and/or poor data access within the solutions. Even the most powerful tools cannot deliver insights or trust without clean, consistent data. Inaccurate supplier records, misclassified spend, and disconnected contract data prevent teams from capitalizing on the very advantages S2P systems are designed to offer. A lack of integration with other enterprise systems, identified by 38% of S2P teams, was the second most common issue. When the platforms do not connect cleanly to ERPs, finance systems, or third-party data sources, then visibility breaks down, automation is limited, and system users are forced into workarounds. There also exists a lack of integration between different S2P applications when teams take a best-of-breed approach (35%), leading to unmanaged process gaps across what should be a unified workflow.

Beyond the technical aspects, underutilization is a widespread issue that can leave value on the table because of low adoption beyond procurement or a lack of a general mandate to use the system. The takeaway here is that the value generated by S2P technology depends on who and what surrounds and supports it.

Figure 11: Top Three Issues Limiting the Returns on an S2P Investment (Top 5 responses shown)



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Is Your Data Lying to You? The Master Data Accuracy Challenge for Procurement

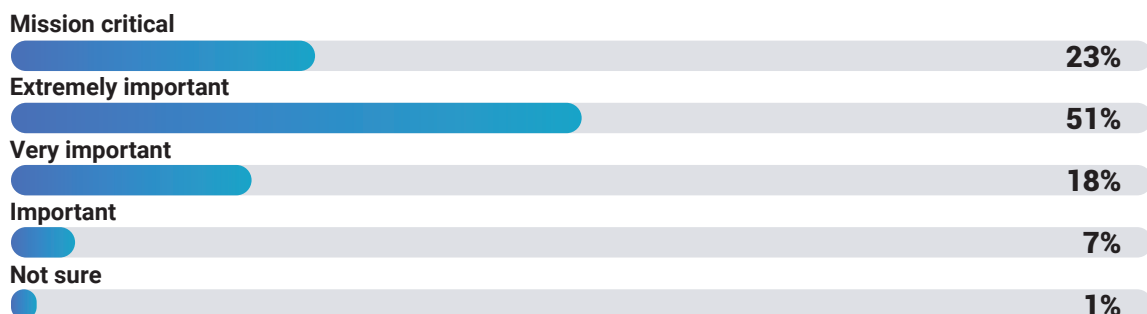
In procurement, master data refers to the foundational information that powers day-to-day operations like supplier records, item descriptions, contract terms, categories, and payment details. It is the reference layer behind procurement transactions, decisions, and reports. Yet, despite this importance, it is one of the hardest assets to manage. Data is often spread across multiple systems, owned by different teams, inconsistently formatted, and rarely maintained with rigor. As a result, gaps in master data can become persistent obstacles to efficiency, compliance, and strategic plans.

CPOs understand the stakes. Ardent Partners research reveals that the vast majority (92%) said accurate master data is either mission critical (23%), extremely important (51%), or very important (18%) to their business from both an operational and financial perspective (see Figure 12). At the same time, these same CPOs report that, on average, only 63.9% of their overall master data is accurate, complete, and current. Even more striking is the fact that despite the criticality of quality data, less than 10% of CPOs use data architecture, quality, and access as a top criteria used in selecting an S2P solution.

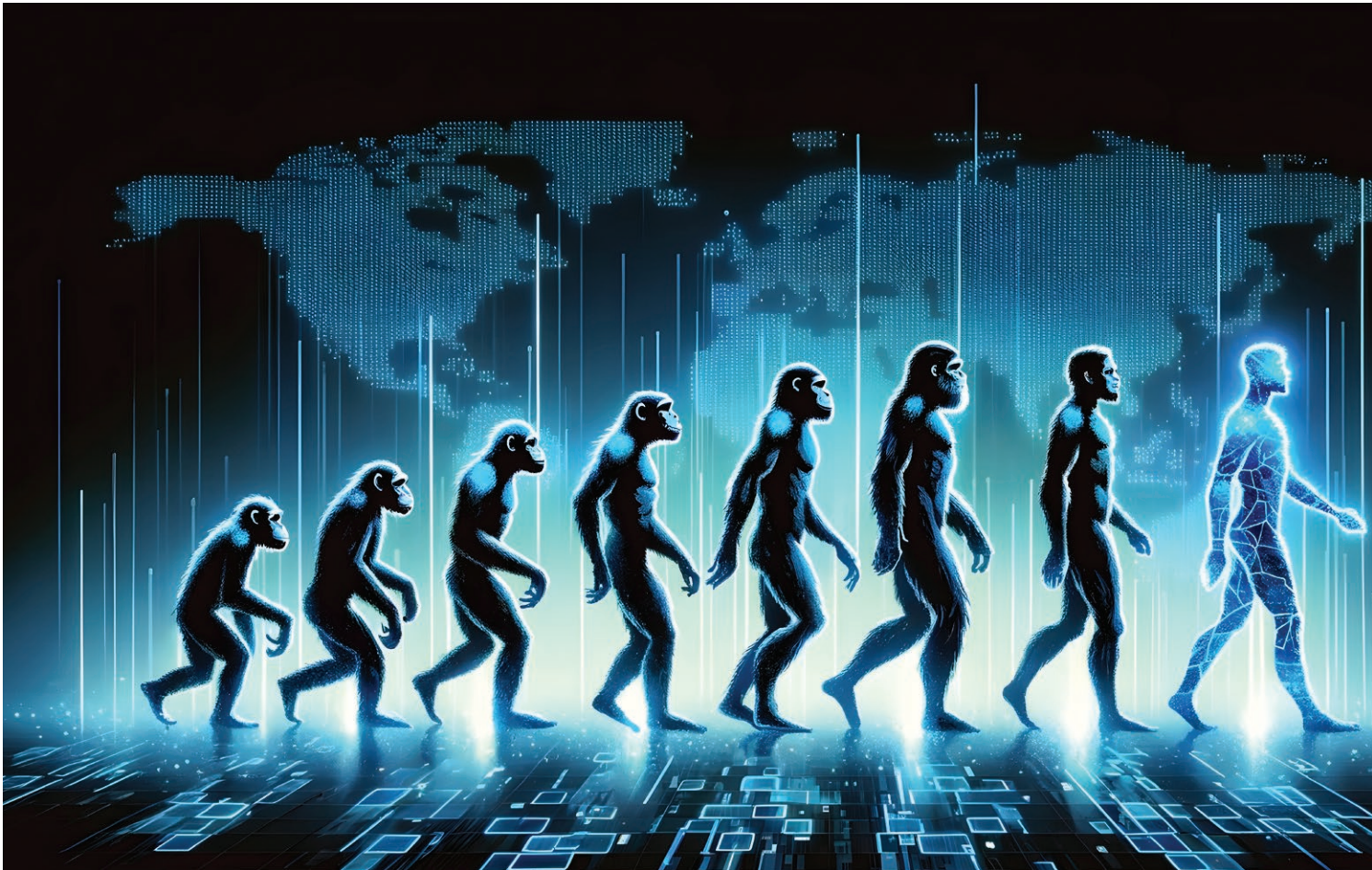
Poor data can create friction in basic procurement operations. Whether it slows down supplier onboarding, complicates requisitions and spot-buying decisions, or introduces errors in invoicing and payments, its impact can be felt across the entire Source-to-Pay cycle. Over time, these challenges can compound, reducing procurement's ability to scale, respond quickly, and deliver consistently.

Financially, the costs are equally real. Inaccurate or incomplete supplier data leads to duplicate records, payment delays, and missed volume discounts. It can limit contract enforcement and potentially inflate maverick spend. Sophisticated systems can streamline processes, but they cannot compensate for bad data. Master data gives S2P systems strength and stability by enabling automation to function reliably, allowing analytics to produce accurate, meaningful insights, and ensuring processes flow with consistency and within controls. For CPOs aiming to expand procurement's strategic influence, strong data is a core enabler of progress.

Figure 12: How Important Is Having Accurate Master Data to Your Business?



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3 S2P INNOVATION

The CPO's View of AI

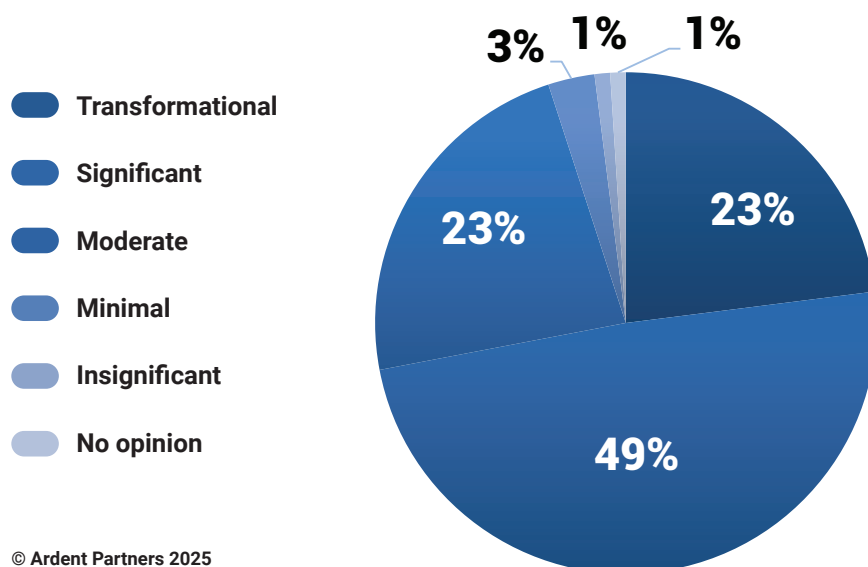
The CPOs interviewed in this research effort overwhelmingly view AI as a positive and necessary development for the future of procurement. Many describe it as a transformative force that offers significant opportunities to improve efficiency, automate repetitive tasks, and enhance key processes. There is a strong consensus that AI has the potential to streamline transactional work, accelerate analysis (particularly of unstructured data), and support better decision-making.

Many CPOs view AI adoption as an increasingly strategic priority, with some seeing it as essential to future procurement success. Some organizations are experimenting with AI, while others are eager to expand its use as platforms evolve. Words like "huge scope," "great opportunity," and "a necessity" reflect the high level of optimism.

At the same time, this optimism is tempered by realism. Many CPOs note that AI's success depends heavily on strong master data, a clear business case, and thoughtful implementation. Concerns around data privacy, accurate results, and risk, especially in regulated environments, remain top of mind. This should logically mean that more CPOs begin to prioritize data architecture, quality and access as a key consideration when selecting a new S2P solution. Ardent Partners expects CPOs to place a significantly greater emphasis on overall data management when selecting a solution in the future.

Some respondents pointed out that current AI tools are not yet solving their most pressing problems or are limited by immature infrastructure or insufficient investment. Several CPOs are taking a cautious but curious approach, monitoring developments closely and waiting for the technology to mature. When the survey asked all 358 CPOs what impact AI will have over the next few years, the answers were equally positive (see Figure 13), and as predicted last year, even more positive than 2024. Seventy-two percent of respondents believe that AI's impact will either be transformational or significant. A scant few believe the impact will be small. Of course, time will tell, but if today's perception becomes reality, procurement has some exciting days ahead.

Figure 13: What Impact Will AI Have on Procurement over the Next 2-3 Years?



AI Usage

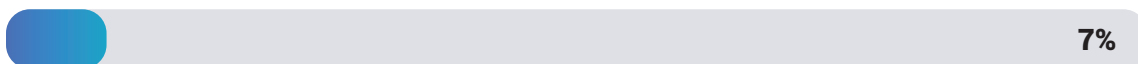
Despite the noise, headlines, and the fast-moving hype cycle, AI adoption in procurement is starting to make meaningful inroads. Nearly half of all CPOs report using AI in some form today. This is a clear signal that the age of intelligent procurement is underway. While only 7% say AI is fully embedded in their Source-to-Pay (S2P) suites, this number is expected to rise as solution providers continue to bake in machine learning, natural language processing, and other core AI capabilities. The black box nature of these capabilities suggests this number is understated. By the end of 2025, it is reasonable to assume that some level of AI capability will be available in nearly every S2P suite or best-of-breed application.

Another 32% of CPOs are leveraging AI through individual applications, either integrated or operating in parallel, meaning more organizations are building valuable AI muscle, even if they do not always recognize it (see Figure 14). That said, awareness and definitions still vary. Some CPOs may associate “AI” solely with the newer wave of generative AI and large language models and may not realize that more traditional forms of AI are already supporting use cases in sourcing, supplier risk, and contract analytics.

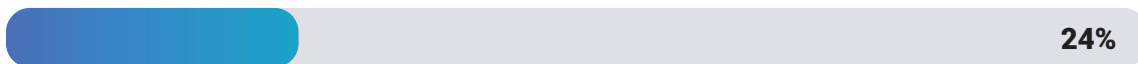
Of course, more progress is expected since roughly half of procurement organizations (49%) have yet to use AI, but plan to within the year. Its impact on procurement will depend on the level of access to workflows, data models, and system logic. Today, AI is starting to enhance specific tasks and functions by working within the tools procurement teams already use. Integration of AI into S2P technologies and processes is fast becoming the standard. But the devil is always in the details.

Figure 14: How Does Procurement Access AI Today?

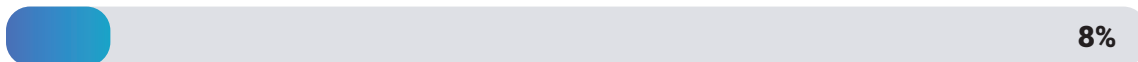
Embedded in our Source-to-Pay technology



Through separate systems that are not connected to our Source-to-Pay technology (but still used by procurement team)



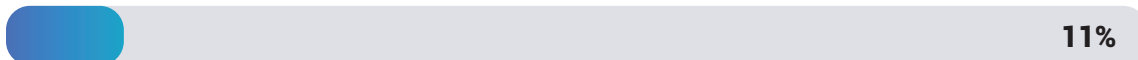
Through separate systems that are integrated into our Source-to-Pay technology



NOT using AI but PLAN to over the next 12 months



NOT using AI and have NO plans to over the next 12 months



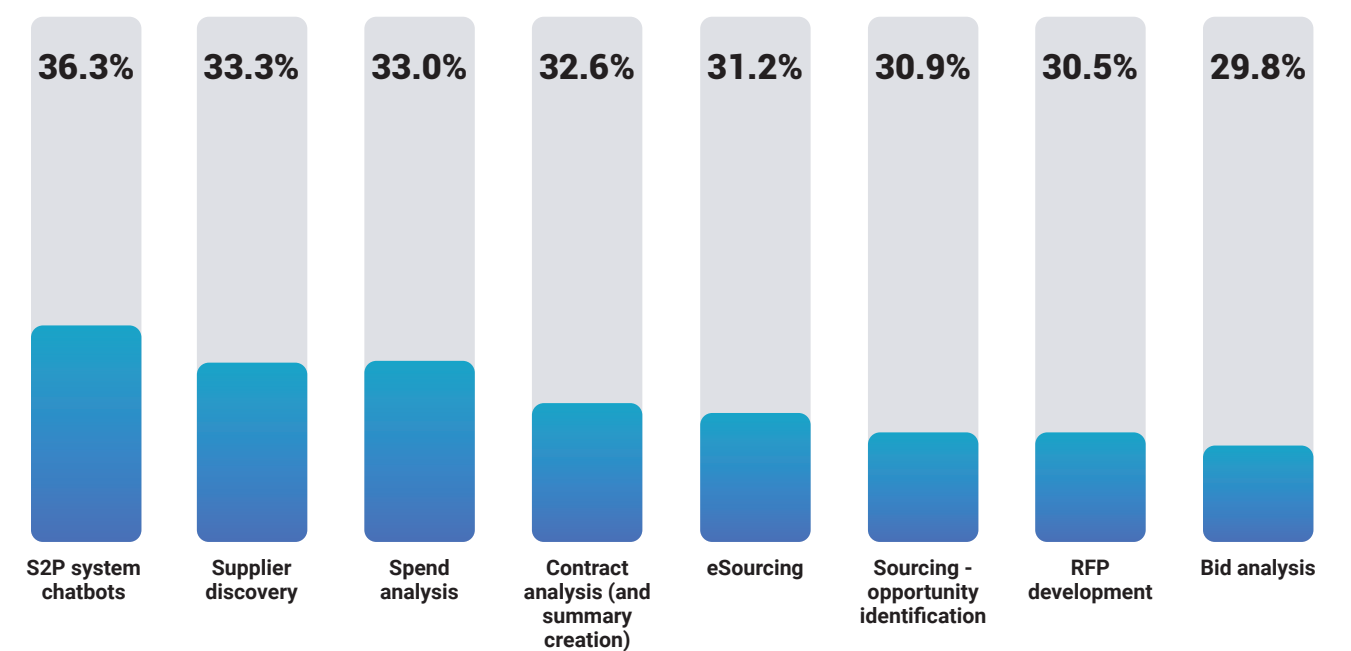
AI Use Cases

AI is gaining traction across various facets of the procurement organization, with use cases growing in number as organizations try harnessing the technology’s potential to enhance efficiency, insight, and decision-making (see Figure 15). Ardent Partners’ survey assessed the extent of AI utilization across a range of procurement activities using a five-point scale. The most common use cases include S2P system chatbots, supplier discovery, spend analysis, and contract analysis, while more strategic and qualitative areas are seeing slower uptake.

On average, at least some level of AI was being employed by 25% of procurement teams on typical procurement processes. This might seem like a low level, but that is to be expected since most of AI’s initial use cases are focused on enhancing processes, not replacing them.

The data, overall, highlight AI’s value in handling large datasets, extracting insights from complex documents, and driving support-oriented applications. They also reflect the work done by the solution providers in this industry that are focused on laying the AI groundwork with practical, value-driven applications. This will, in turn, set the stage for more sophisticated AI developments in the future.

Figure 15: What Areas Are Using “Some” AI Today? (Top 8 responses shown)



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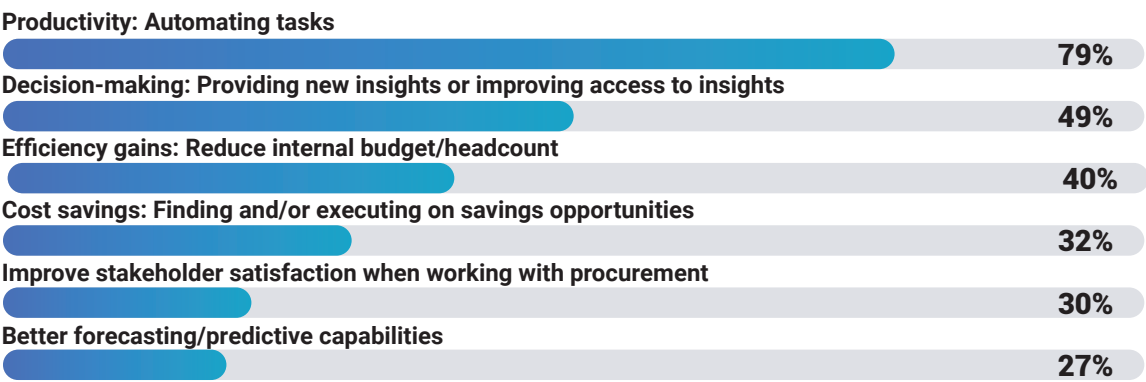
AI Goals and Challenges

AI Ambition: What CPOs Hope to Achieve

The perception is that AI will quickly become the CPO’s most promising performance multiplier (see Figure 13, page 21). As much as any C-level executive, the CPO hopes that perception becomes reality. Already, CPOs are turning to intelligent automation to unlock capacity and sharpen focus. So, it is no coincidence that 79% of CPOs cite productivity gains as their top AI objective (see Figure 16). Another 40% point to efficiency as a critical goal and another 32% see it helping increase savings.

Beyond process automation, AI is gaining traction as a strategic asset. Nearly half of CPOs (49%) expect AI to improve analytics and decision support, while others look to AI for smarter forecasting (27%) and better stakeholder engagement/satisfaction (30%). Whether boosting throughput or elevating analytics, CPOs are counting on AI to help redefine how their teams get results.

Figure 16: The CPO’s Top Two Goals in Using AI?

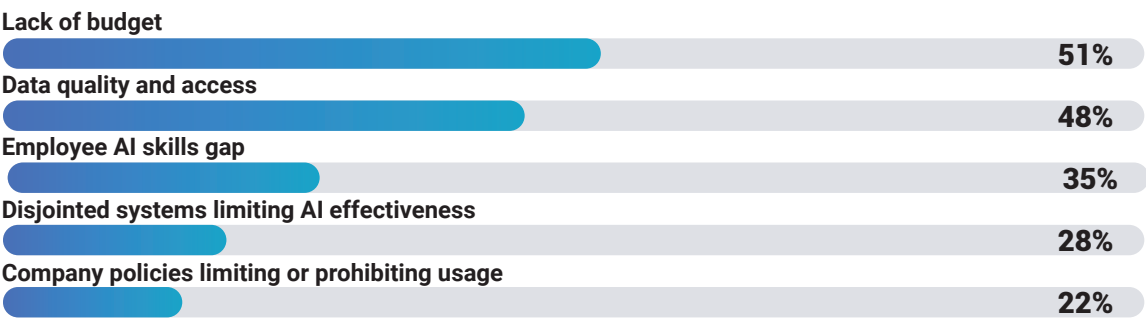


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AI Friction: What’s Holding Procurement Back

The primary obstacles preventing CPOs from unlocking greater value from AI adoption are largely internal (see Figure 17). Key challenges include a lack of budget to invest in more support/resources (51%), data quality and access (48%), and employees lacking skills to use AI properly (35%). The data quality/access and disjointed system issues highlight the importance of a solid S2P foundation and align with the shift towards suites or platforms. More broadly the research indicates that while AI is promising and CPOs have big expectations for it, organizational readiness remains a major hurdle to fully realizing its potential.

Figure 17: The Top Three Issues Limiting AI Success? (Top 5 responses shown)



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Recommendations

Ready, AI(m), Procure!!

As CPOs and their teams navigate through global trade and supply challenges this year and start to build an AI-driven future, their degree of success will be shaped by how well they align their talent, systems, and data. The following recommendations reflect insights from this year's survey as well as the experience and execution of the S2P Innovators group.

- 1. Invest in Master Data Quality:** For AI to generate meaningful insights and automate decision-making, it needs structured, accurate, and normalized inputs. Work to ensure that procurement's master data meets that description to build a solid spend and supplier data foundation. Giving greater weight to data quality and access when selecting S2P technology is essential since that forms the foundation for effective AI usage.
- 2. Pursue Master Data Quality Alongside AI Adoption:** Do not wait for data perfection. Procurement teams can and should pursue AI opportunities while also making improvements in data quality, governance, and accessibility. When done in parallel, these efforts create a useful feedback loop.
- 3. Shift from Tools to Ecosystems:** Prioritize S2P suites and integrated platforms that enable end-to-end visibility, collaboration, and seamless process flows for procurement. These capabilities will become increasingly important as AI models expand and mature across the full set of procurement duties. More advanced, agentic AI use cases execute processes and will be limited by disjointed S2P architectures.
- 4. Treat Digital Transformation as a Continuous Improvement Initiative:** Digital transformation is a journey, not a destination. Revamp your digital initiatives with newer, more aggressive usage and overall throughput goals. Continue expanding your digital footprint too. Consider whether systems offer sufficient flexibility that can support future (i.e., as yet, undefined) data or process requirements to avoid unintentionally limiting business agility.
- 5. Build AI Readiness:** Introduce basic AI literacy into your procurement team's training. The team does not need to become data scientists, but rather possess an understanding of what AI can (and cannot) do, helping them identify opportunities, interpret results, and trust the outputs ... and also know how to verify them.
- 6. Start with a Clear Set of AI Use Cases:** The number of potential use cases for AI in procurement is already quite large. While most of the initial uses for AI in procurement this year will be smaller and tactical in nature, make sure to pick the low-hanging AI fruit first. Focus on AI uses that solve specific, known challenges.
- 7. Establish S2P as a Lever for Cash Flow and Risk:** Tighten the integration between procurement and finance to more directly impact working capital, reduce payment friction, and manage supplier risk more proactively.
- 8. Establish an AI Governance Framework:** Work with IT and other business functions to establish an AI governance framework that outlines acceptable use, data access protocols, system integration standards, and audit requirements. The framework should be adaptable in its design, with the goal of empowering teams to harness the full potential of AI.

Procurement's future will be propelled by S2P, but not solely defined by it. How well organizations put it to work is what will win the day. The right blend of systems, skills, and strategy will help many more CPOs achieve S2P Innovator status.

Appendix

Report Demographics

The research in this report is drawn from 358 respondents representing the following demographics:

Job Function: 88% procurement; 3% supply chain; 3% finance; 6% other

Job Role: 49% VP-level or higher; 24% director-level; 19% manager level; 8% all others

Company Revenue: 64% Large (revenue > \$1 billion); 25% Midmarket (revenue between \$250 million and \$1 billion); 11% Small (revenue < \$250 million)

Region: 55% North America; 33% EMEA; 11% Asia-Pacific; 1% South America

Industry: Twenty-five distinct industries are represented. Manufacturing, Oil and Energy, Pharmaceutical, Higher Ed, Financial Services, and Hi-Tech are the largest industries in the survey pool; no industry represents more than 13% of the overall survey respondents

Report Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the supply management market. The research in this report represents the web-based survey responses of 358 CPOs and other procurement and business leaders captured from January to March 2025, as well as direct interviews with multiple CPOs and procurement leaders. These 358 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class procurement performance and understand what levers the leading groups pull to obtain their advantage. More than 160 of the total participants shared some personal insight and commentary to help provide greater context to the results. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included to the left.

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