



Redefining the **Future of** **Procurement**

How European procurement teams are transforming indirect spend into managed spend to unlock efficiency gains and outperform their budgeting targets

[Read more](#)



Contents

- 03** Introduction
- 04** Key findings
- 05** The challenges reshaping procurement
- 08** A new era of digital innovation for procurement
- 13** The potential of real-time AI-powered data analysis
- 18** How online marketplaces are reshaping procurement
- 23** Conclusion
- 24** About Amazon Business
- 25** Methodology



Introduction

Procurement is essential to the successful operation of businesses and their wider supply chains. But professionals are operating in a difficult climate, where procurement budgets are rising by less than the rate of inflation and teams are under pressure to do more, often with fewer resources.

As organisations search for cost efficiencies to positively impact the bottom line, managed spend programmes are emerging as a key strategy. While not yet universal, these programmes are gaining traction among innovative companies—both large and small. By converting previously unmanaged indirect expenses into strategically managed categories, we want to shine a light on how these businesses are uncovering new opportunities for spend control and visibility.

The Redefining the Future of Procurement survey explores the challenges organisations are facing in the current climate, and how procurement is adapting.

Drawing on responses from more than 500 procurement professionals from the UK, Germany, Spain, Italy and France, it focuses on non-production spend as an untapped area. All those in the survey were involved in making decisions at some level in their organisation, with a third being lead decision makers (e.g. operations managers, procurement

managers) almost half are part of the decision-making team (e.g. contracts managers), and the rest describing themselves as key influencers.

Many organisations have turned to online marketplaces as a more efficient option for implementing managed spend programmes. These marketplaces enable procurement to better control spend while delivering cost savings and operational efficiencies inside the procurement function and beyond.

The use of real-time data analytics—and the acceleration of artificial intelligence (AI) adoption—are also helping the function gain the insight it needs to manage such spend more effectively.

Businesses and procurement teams will need to decide where they focus their efforts over the years ahead, as they seek to flourish in a difficult trading environment. We hope this report provides some valuable insight and helps you on that journey.

Amazon Business

Key findings

1.2%



is the average increase for procurement budgets, below the rate of inflation in four of the five EU countries surveyed.

60%



of businesses have more than half of their non-production spend under management, showing significant progress in spend control initiatives.

85%



of businesses use online marketplaces for managed spend at least some of the time.

53%



of procurement professionals say the time it takes for suppliers to provide quotations and proposals is a challenge when engaging in tenders.

18%



of businesses are looking to reduce their use of tenders.

35%



of businesses plan to increase their use of online marketplaces over the next five years.

36%



of businesses want to consolidate the number of suppliers they use.

28%



of businesses have implemented AI-powered spend analytics tools to enhance visibility and control.

“

In the current situation, teams will start looking everywhere, including previous buckets that they have left alone because they could focus somewhere else.”

Michael Lewis
Professor of Operations and Supply Management, University of Bath School of Management

“

If you don't have visibility and transparency into what you're spending and who you're spending it with, you're walking in blind.”

Suraj Naik
Group Procurement Director, Capita

The challenges reshaping procurement

Recent years have challenged organisations in ways that would previously have been hard to imagine. The global pandemic, supply disruptions due to war in mainland Europe, the rise of AI and, more recently, uncertainty around trading arrangements have combined to change the landscape entirely.

For those in procurement departments, this has made for a highly unpredictable environment where traditional approaches to spend management are being reconsidered. "Uncertainty ratchets costs everywhere," says Michael Lewis, professor of operations and supply management at the University of Bath School of Management. "Procurement teams now need to think about location and geopolitics in a way that was not a consideration even five years ago."

“
Uncertainty ratchets costs everywhere. Procurement teams now need to think about location and geopolitics in a way that was not a consideration even five years ago.”

Michael Lewis

Professor of Operations and Supply Management,
University of Bath School of Management



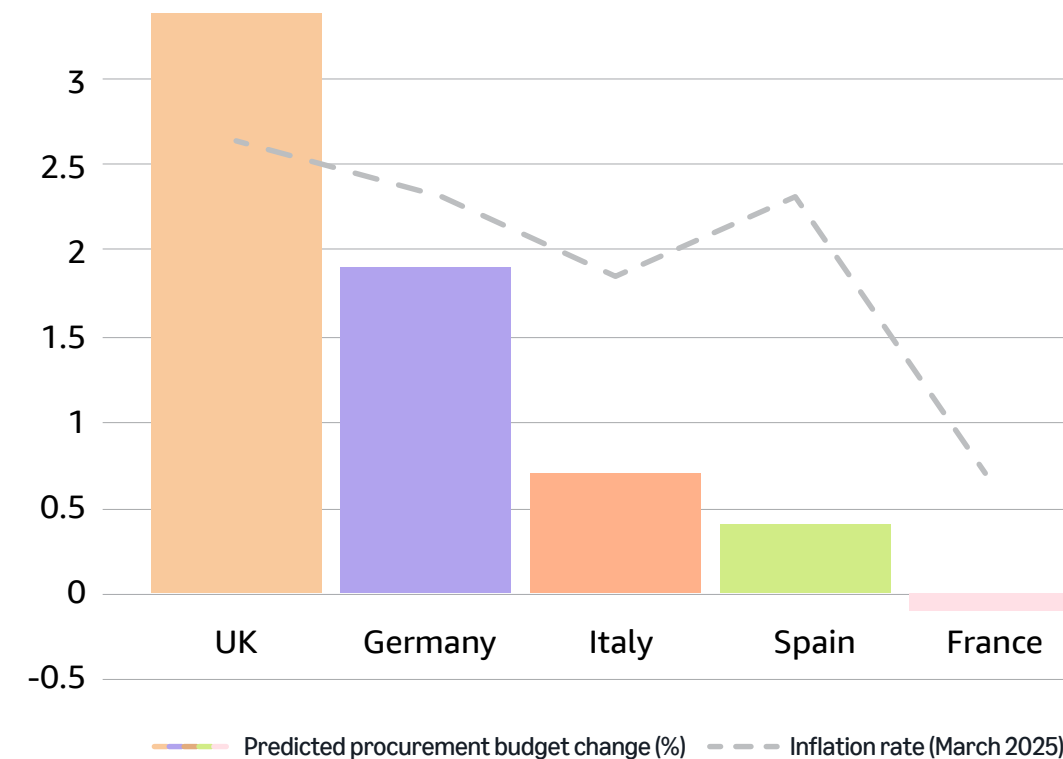
Rising raw material prices, and a focus on both supply chain continuity and sustainability objectives mean procurement is now being thrust into the limelight. But there's a caveat, according to Suraj Naik, group procurement director at outsourcing and professional services firm Capita.

"We're being challenged to do more with less and, if you couple that with the other challenges, it has a knock-on effect on group functions," he says. "There's a lot of pressure to drive value and eliminate cost but we've got to balance that with risk."

Our survey findings show how procurement organisations are coping. One positive is that procurement budgets are expected to increase this year, respondents reveal, with the average going up 1.2%. But this remains below the rate of inflation in four of the five main countries the research covered, only representing a real terms rise in the UK. This budget constraint is driving many organisations to seek more efficient ways to manage their spend, particularly in non-strategic categories.

Procurement budget changes sit below inflation in most countries

To what extent do you expect your procurement budgets to change over the next financial year?



Procurement teams are being asked to do more with less

New projects are the most common reason behind budget increases, with 65% of respondents pointing to this, followed by technology upgrades (56%). But the spectre of inflation lives on, with 48% identifying this as a reason and 45% highlighting supplier price rises. Spanish and German businesses are most likely to report inflation as an issue, with 56% in both countries highlighting this concern, making the case for managed spend solutions even more compelling.

Not all organisations are seeing increases, however. While the majority (53%) expect a rise in procurement budgets, the main reasons behind procurement budgets being cut are supplier competition driving down costs, recouping investment in procurement technology and tighter market conditions.

These forces require procurement departments to do more with less. "The targets are more challenging but the investment in procurement tools is less," explains Samantha Rousselle, global category specialist, business services, at British multinational packaging company

DS Smith. "There's also less investment in external training budgets, so a lot more is on-the-job training.

"In parallel, things that were previously seen as cost avoidance, such as managing inflationary pressures, are less regarded as a saving. There is a lot more emphasis on direct profit-and-loss impact, which is a hard saving. The targets are growing year on year and companies are finding margins tighter."

But procurement is rising to the challenge. Almost half (47%) of our respondents say they perform broadly in line with targets, and 40% say they out-perform in some or all areas. This rises to 45% for mid-market firms.

German businesses are most likely to have outperformed their budgeting targets, with 48% doing this in at least some areas. This compares with 36% of Italian businesses and just 30% of French firms.

45%



of businesses say supplier price increases are pushing up procurement budgets

48%



of German businesses outperform their budgeting targets, vs. 30% in France.

“

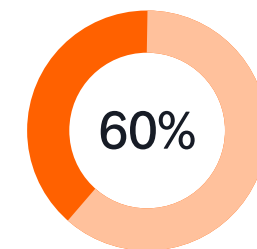
There is a lot more emphasis on direct profit-and-loss impact, which is a hard saving. The targets are growing year on year and companies are finding margins tighter.”

Samantha Rousselle
Global category specialist,
business services, DS Smith

A new era of digital innovation for procurement

Procurement functions are responding to current challenges through various innovative approaches, with an emerging focus on bringing non-production spend under management. This area, historically overlooked by procurement, is now becoming a key target for spend optimisation and control.

Our survey shows this is now mandatory for more than half (52%) of businesses and 60% have more than half their non-production spend under such an arrangement. Only 4% have no arrangements for non-production purchases.



60% of businesses have more than half of their non-production spend under management.



Improving visibility into company expenditure

“In the current situation, teams will start looking everywhere, including previous buckets that they have left alone,” says Lewis from the University of Bath. “It’s harder to do, as it can result in complicated administrative work. But one way of reframing it is not just to think about it in terms of cost.”

“Not having spend under management is a real vector for fraud and risk. It is amazing how many email scams are still catching out serious companies.”

Traditionally, non-production spend often isn’t controlled by procurement because it can comprise large volumes of relatively low-value purchases. “Often, it’s quite devolved and scattered,” says Rousselle at DS Smith. “Visibility can be challenging too. Some of it might be visible through a spend management system, but items can also be bought through expenses or purchasing cards.”

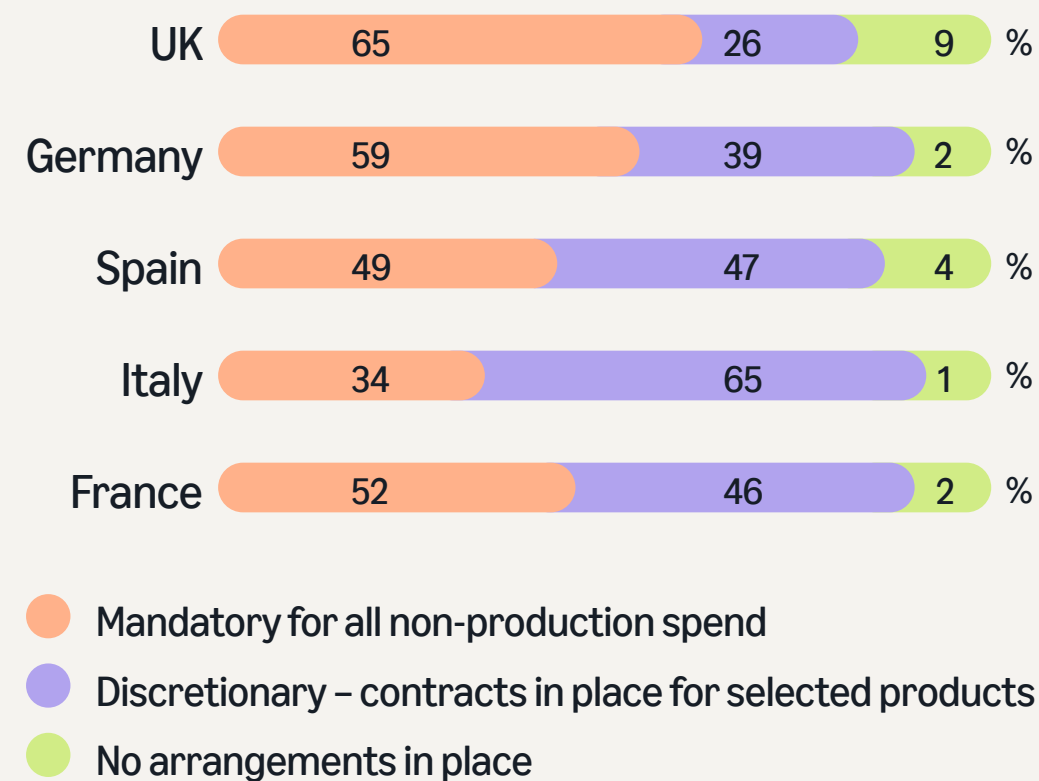
Lax controls over what the business is buying can cause issues. It may obscure what is being spent or the provenance of suppliers.

UK and German businesses are most likely to have made it mandatory to manage non-production spend, but this is less likely to be the case in Italy.



The UK leads on mandatory managed spend

To what extent does your business have ‘contract business’ or ‘managed spend’ arrangements with suppliers to negotiate pricing on commonly purchased non-production items (e.g. office supplies, IT equipment)?



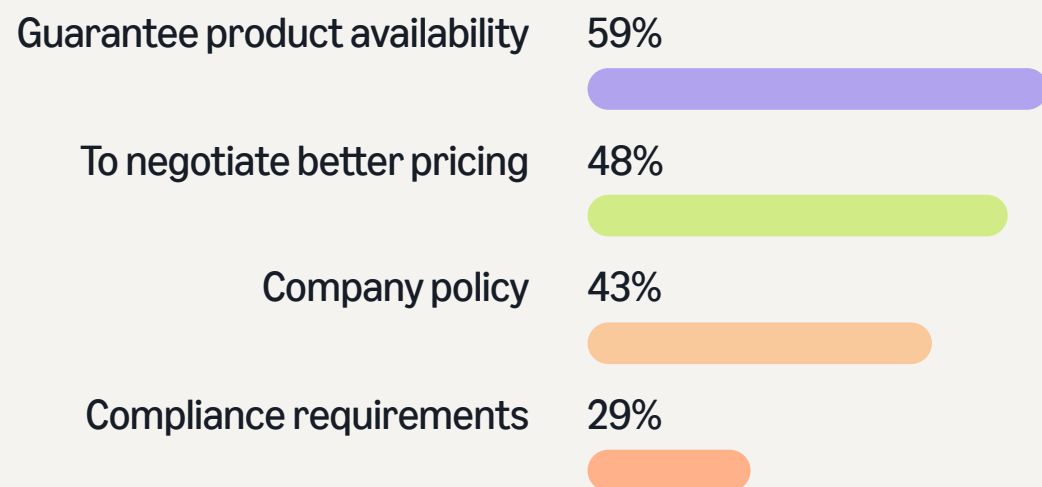
Improving visibility into company expenditure

What are your organisation's main reasons for adopting a 'contract business' or 'managed spend' arrangement?

Javier Caravantes, global capex, IT, marketing & energy procurement director at the Spanish leisure park operator Parques Reunidos, estimates that his firm has visibility into around 60% of its non-production spend. But he admits the amount is lower for the proportion that is actively managed. "If we go on what is under contract, the proportion is quite low," he says. "Our business is very much decentralised. In the local business units, there is much more visibility."

However, some organisations are increasingly recognising the value of managed spend solutions. Of the companies we surveyed, 38% say the proportion of managed spend for non-production items has increased in the past year, with mid-market firms leading this transformation at 44%. The main reasons for this are guaranteed product availability and the ability to negotiate better pricing.

Why the move to managed spend?



“

The higher adoption rate among mid-market firms suggests they are particularly well-positioned to benefit from managed spend solutions, as their size often gives them the perfect combination of spend volume and operational flexibility to implement them effectively, by bringing previously unmanaged purchases under a structured managed spend programme, these companies are not only gaining better visibility into their spending patterns but also leveraging their consolidated buying power to achieve better terms with suppliers.”

Markus Finkbeiner
Senior category adoption manager, Amazon Business

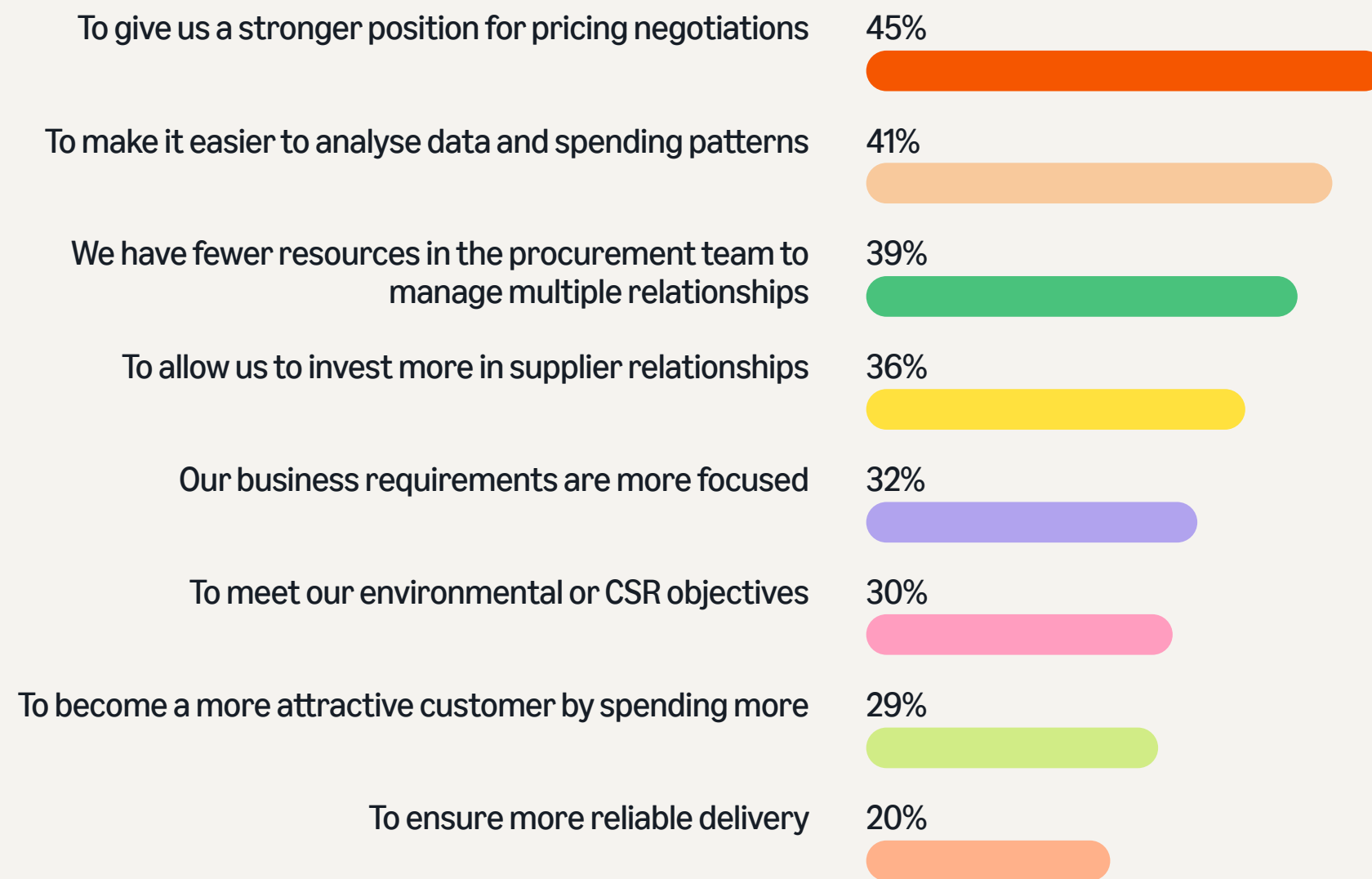
Unlocking efficiencies through supplier consolidation

Alongside the shift toward managed spend solutions, 36% of businesses consolidate the number of suppliers they use, and this increases to 42% for small and medium-sized businesses. This consolidation strategy delivers multiple benefits: strengthening pricing negotiation power, enabling more effective spend analysis, and reducing the administrative burden on procurement teams. The resource optimisation aspect is particularly crucial for mid-market firms, where one in two identify it as a key driver.



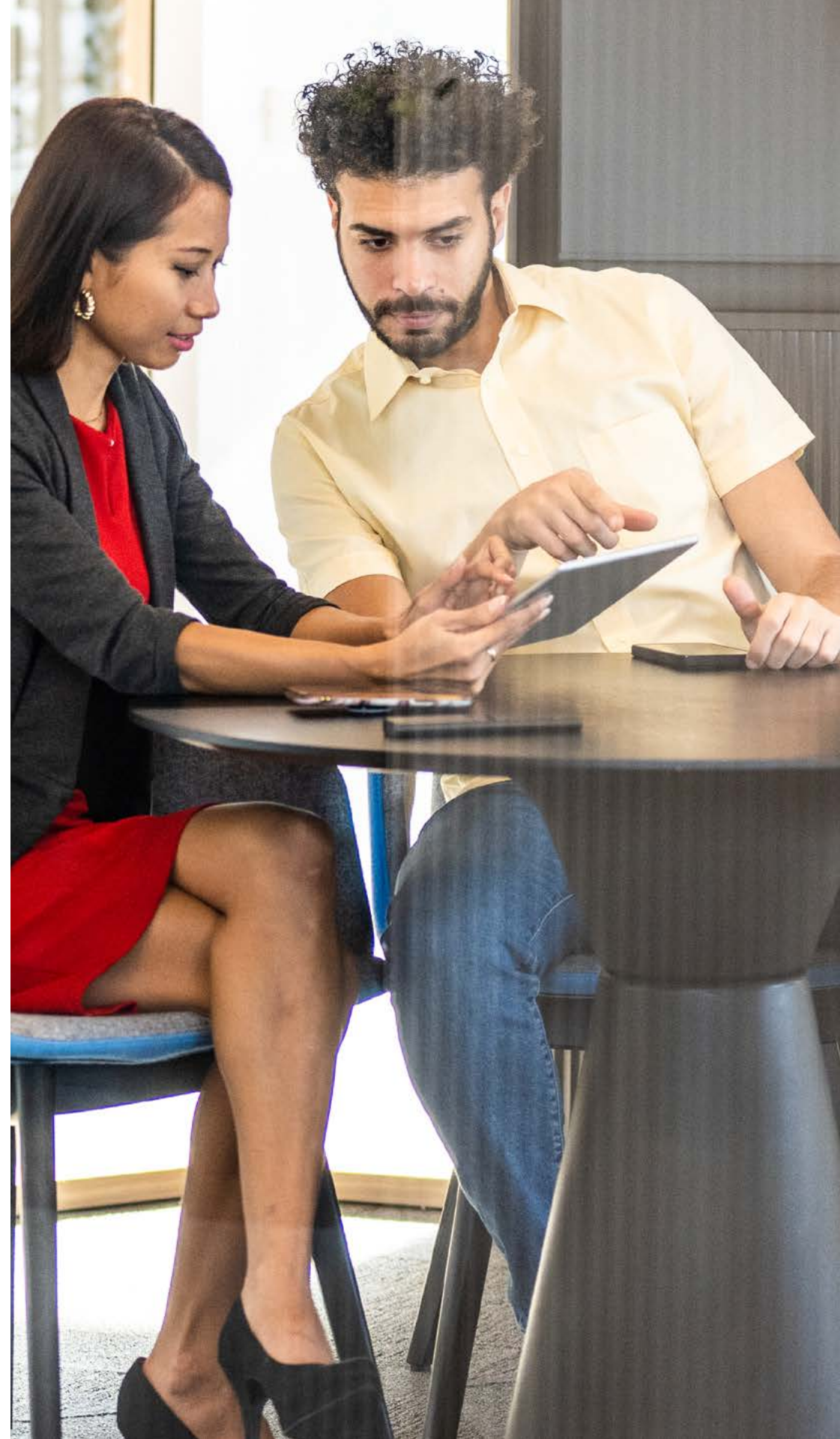
Why consolidate suppliers? Businesses want to strengthen their position during pricing negotiations

What are the most important reasons for your organisation consolidating its supplier base?



“Our approach is to reduce our supply chain considerably,” says Naik of Capita. “When it comes to tail-end spend, there are about 17,000 suppliers, so it’s too risky to have that large a tail given the spend that we have. There’s a lot of overhead involved, and that’s not just within procurement. We also have our onboarding and invoicing procedures.”

Having fewer suppliers also provides the potential to bring down overall spend through making the most of volume buying. “When we go to check who we purchased pencils from, we might find we are purchasing from five different suppliers, all of them with very little spend,” says Caravantes. “In that case, there is definite potential to consolidate spend and bring prices down.”



“

When we go to check who we purchased pencils from, we might find we are purchasing from five different suppliers, all of them with very little spend. In that case, there is definite potential to consolidate spend and bring prices down.”

Javier Caravantes

Global Capex, IT, Marketing & Energy
Procurement Director, Parques Reunidos

Rethinking tender processes for the digital age

One significant challenge for businesses looking to better manage spend—and consolidate suppliers—has been the tender process, which can be lengthy and resource-intensive. “A long one may dedicate up to six months of a person working 20% or 25% of their time,” says Caravantes. “With a recent one, my team were dedicated to it for five or six months, and it took around a quarter of my time, more or less fully dedicated to it.”

For Naik, these solutions offer a more efficient means of bringing spend under control for non-production items. “Tenders are time-intensive, and they take quite a bit of planning to do it correctly,” he says. “We would hardly ever spend time running tenders versus looking at partners through which to aggregate spend. If we have the partnerships in place, then I can control categories spend through having fewer suppliers.”

Nearly one in five (19%) firms now seek to move away from tenders, turning instead to managed solutions. The frustrations with traditional tendering are clear: over half of organisations struggle with the time it takes for suppliers to provide quotations or proposals and four in ten

highlight the time it takes to identify suitable suppliers - challenges that managed spend platforms are designed to address.

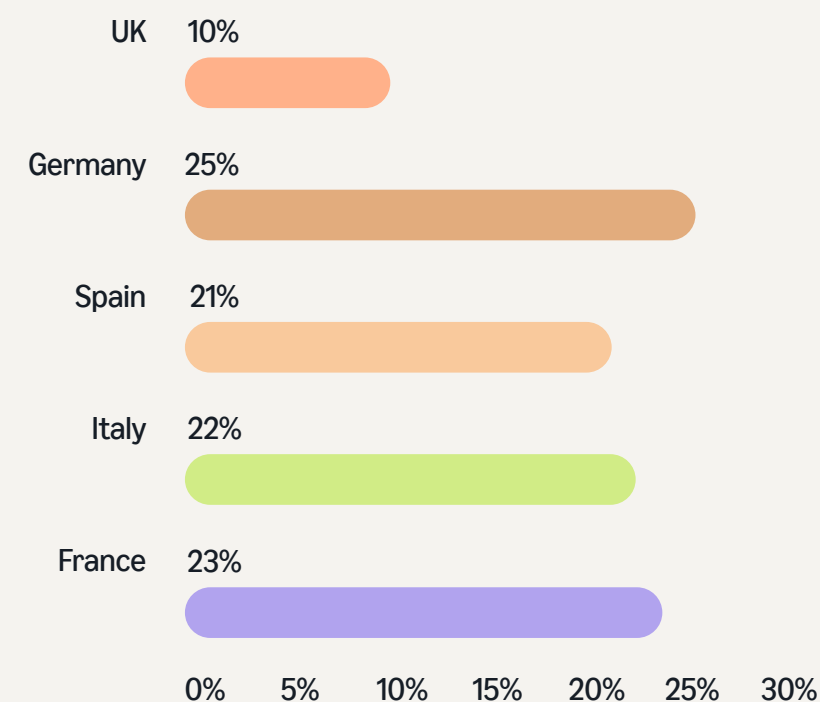
One in three (33%) point to a lack of transparent pricing and 27% to difficulty in comparing like-for-like products. This is another common frustration, says Markus Finkbeiner from Amazon Business. “The biggest issue with tenders is that offers from different suppliers are not easily comparable,” he explains. “They may not have the same products, and there will be differences in the product and the quality, and in the units of master-pack sizes.

“There can be 500-to-3,000-line items across different products, and you can make mistakes on the selection of the product, the pack size or the pricing. If you want to do it well, it takes a long time.”

Italian organisations are less reliant on tenders than other countries, with 51% saying they always or often use tenders for non-production spend. This compares with 64% for French firms, 75% for UK ones and 81% for German entities.

Nearly one in five businesses cut the use of tendering processes

How has the use of tendering processes changed over the past 12 months?

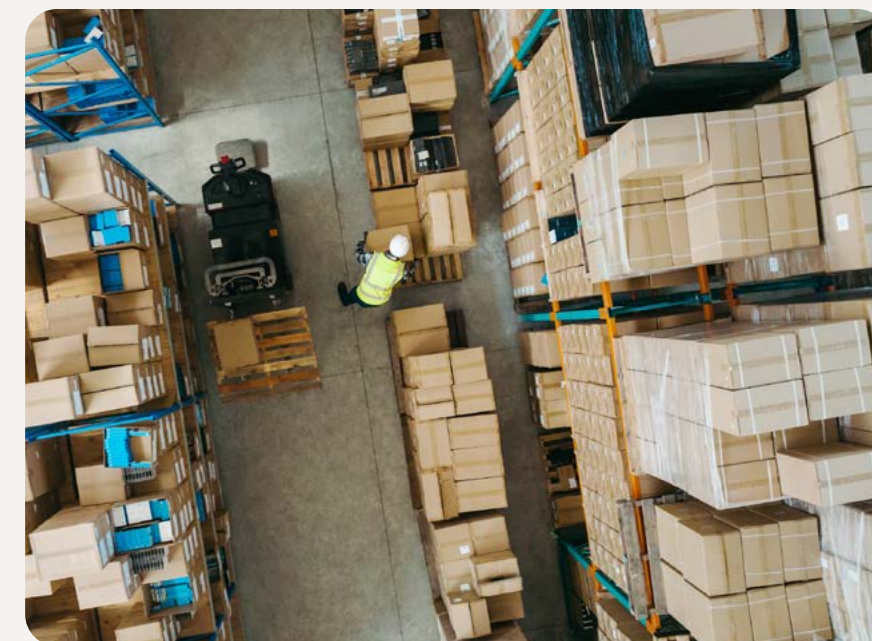
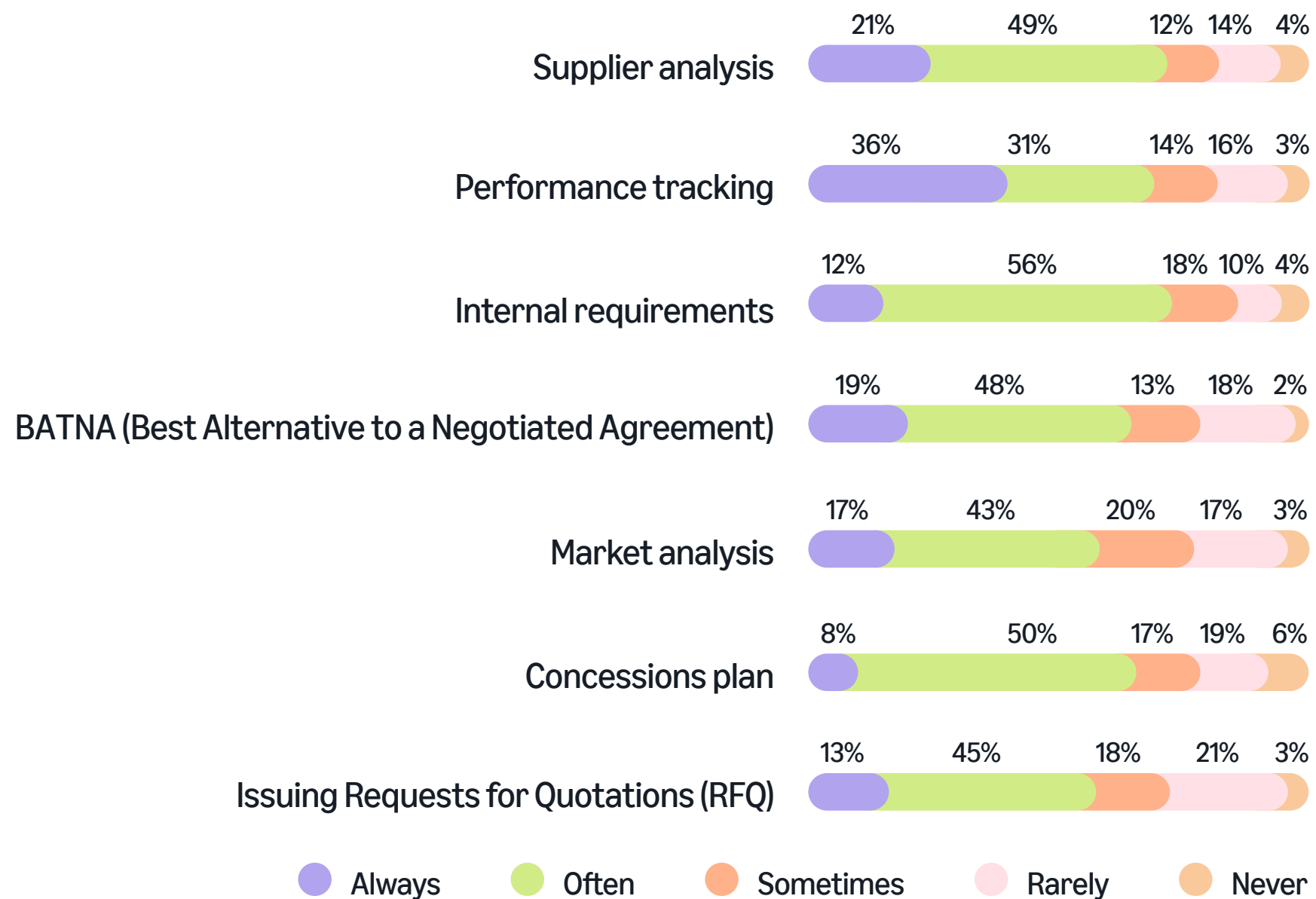


The potential of real-time AI-powered data analysis

Technology is helping procurement teams access and analyse information around spend, which can then be used to make more strategic decisions about how to manage a particular category. Supplier analysis is the most common method of assessing potential suppliers, with a similar proportion making use of performance tracking.

Actions taken when undertaking supplier negotiations: Supplier analysis and performance tracking come top

Which actions does your business take when entering into supplier negotiations on products?



Naik is a strong advocate of data analysis. "If you don't have visibility and transparency into what you're spending and who you're spending it with, you're walking in blind," he says. "My data analytics team looks at the patterns of our supply chain, including sustainability variables, the Social Value Act and the Fair Payment Code that is now coming to effect. Having data on suppliers, spend and risk is vital."



Harnessing AI to optimise procurement outcomes

Impactful analytics requires reliable and up-to-date data. AI is already helping here, with more than one in four (28%) of organisations using AI-powered real-time spend analysis. A further 35% plan to introduce this in the next 12 months, and 24% within three years.

Parques Reunidos already uses AI to help analyse spend data. “We can extract information from specific invoices to show us, for example, everywhere the word cheese appears,” says Javier Caravantes. “We then know all the spend that is being managed under the cheese category, and we can see that we are purchasing it from more suppliers than we would want. In some cases, this might be because we go to the supermarket across the street and buy cheese because we have forgotten to do the correct stocking. So, AI is starting to function.”

AI can help in other ways, too, says Finkbeiner, giving the examples of dynamic pricing, where items can be bought once prices fall to a certain point, and predictive consumption. “With dynamic pricing, it means you always get the best available price in the market and you don’t have to look for a specific price or promotion, or renegotiate,” he says.

“With predictive consumption, just imagine a world where AI predicts when you will run out of items and automatically orders those for you. It can remove a lot of tasks and help you to always be equipped with the items you need.”

“

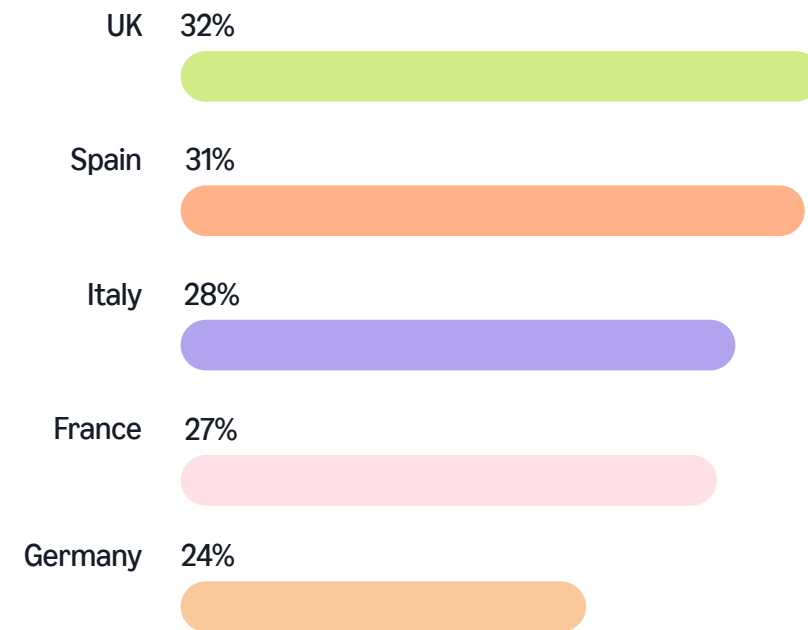
With predictive consumption, just imagine a world where AI predicts when you will run out of items and automatically orders those for you.

Markus Finkbeiner
Senior Category Adoption Manager,
Amazon Business

The UK leads adoption of real-time AI-powered data analysis

To what extent does your organisation use AI-powered spend analytics tools to inform pricing negotiations?

% currently in use, by country.



“When it comes to AI in particular, you could argue that the UK has a slightly more permissive regulatory environment,” says Lewis. “It’s slightly different in the way it regulates all things than Europe, and it generally sits somewhere between the US and Europe.”

Cultural change is needed to unlock AI's potential

While AI offers significant potential for spend optimisation, some procurement teams are showing resistance. Our research finds 56% of procurement professionals see reluctance from their own teams as an obstacle.

Procurement's reluctance is not the only barrier deterring investment in new technologies. Almost half (48%) of survey respondents cite high perceived costs, while 37% have concerns about data security or privacy.

Yet there are strong reasons for investing in data analytics. The survey finds that users of real-time spend analytics tools are more likely to outperform their budgeting targets, with 45% saying this is the case, compared with 38% of those which do not use such tools. Meanwhile, just 9% say they have missed targets in some or all areas, compared with 15% of those without real-time spend analysis.

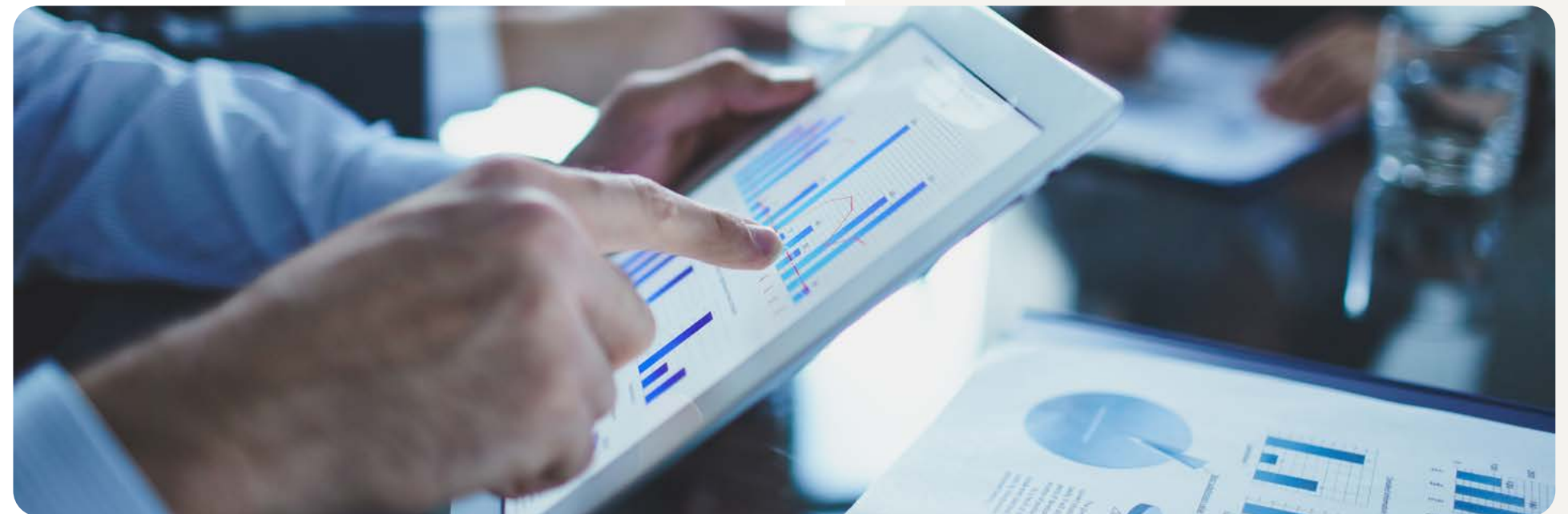
Generative AI is also likely to become more embedded in procurement in future, believes Lewis.

"If you think about the ability to look at text in meaningful ways and to generate text and documentary responses, that's essentially a lot of the work of procurement," he contends. "We now have software stacks that can meaningfully look at purchase orders, pull out terms and conditions and draft contracts. You'd need a good reason not to embrace it as a procurement leader."

45%



of real-time spend analysis tool users outperform their budgeting targets, vs. 38% of non-users.



How online marketplaces are reshaping procurement

Online stores are emerging as powerful managed spend platforms, helping procurement teams transform non-production spend, from an uncontrolled expense into a strategically managed category. Unlike traditional tender processes that require significant resources for individual categories, these digital solutions offer immediate spend control capabilities while delivering rich procurement insights to drive internal efficiencies.

Already, 85% of organisations use online marketplace as a managed spend solution for non-production purchases, with 25% making this their primary platform for spend control. More than half (54%) highlight the time savings that come from this approach as, once set up, it allows end-users to purchase their own items, within boundaries and meeting criteria established by procurement.

This combination of control and flexibility distinguishes modern managed spend stores from traditional procurement approaches. More than four in ten (46%) cite the flexibility to change product volumes, while 36% highlight cost savings as a benefit, as many items can be cheaper than ad hoc arrangements. And 29% point to ease of use, with 21% stressing the flexibility to change product types when required, which isn't generally possible on a supplier contract.

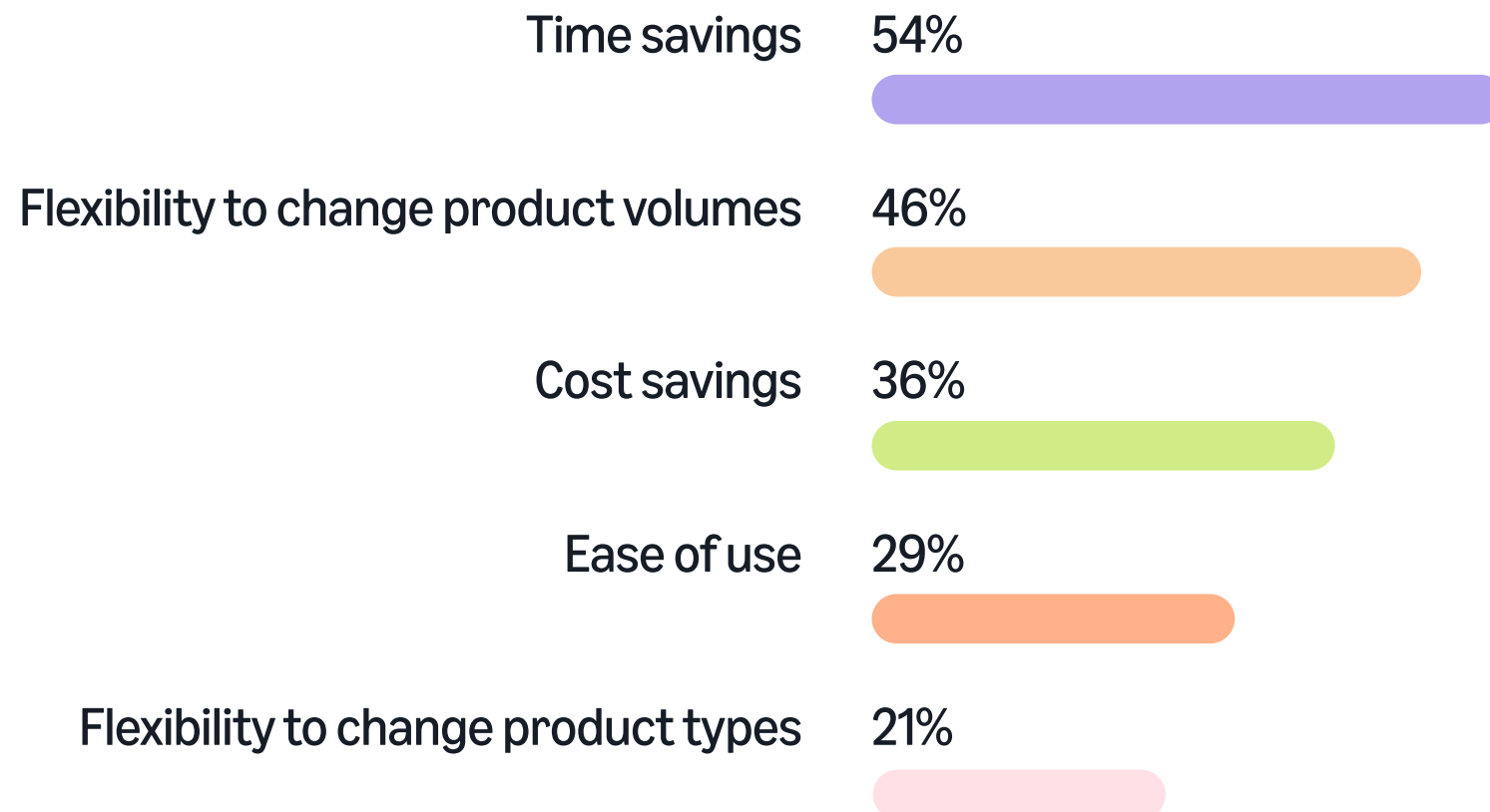
85%



of organisations use online marketplaces to bring non-production spend under management.

Businesses consolidate suppliers to strengthen their position during pricing negotiations

Why does your business use online marketplaces for non-production spend?



It's a compelling proposition, says Lewis. "It's the sheer value of the platform that's so attractive," he says. "It's about driving down costs but also the customer experience."

You get the best choice, the best cost realisation and the best delivery service if you're using their delivery infrastructure. And, because of that, all vendors need to be on the platform."

“

It's about driving down costs but also the customer experience. You get the best choice, the best cost realisation and the best delivery service if you're using their delivery infrastructure. And, because of that, all vendors need to be on the platform."

Michael Lewis

Professor of Operations and Supply Management,
University of Bath School of Management

The benefits of digital store adoption

Digital stores - or marketplaces - are revolutionising how organisations implement managed spend programmes. "A couple of years ago, we had dedicated teams that were responsible for order processing," explains Naik of Capita. "We've been able to overcome some of that high cost of service by using technology to automate the process, and we're pushing that self-service on to our internal customers."

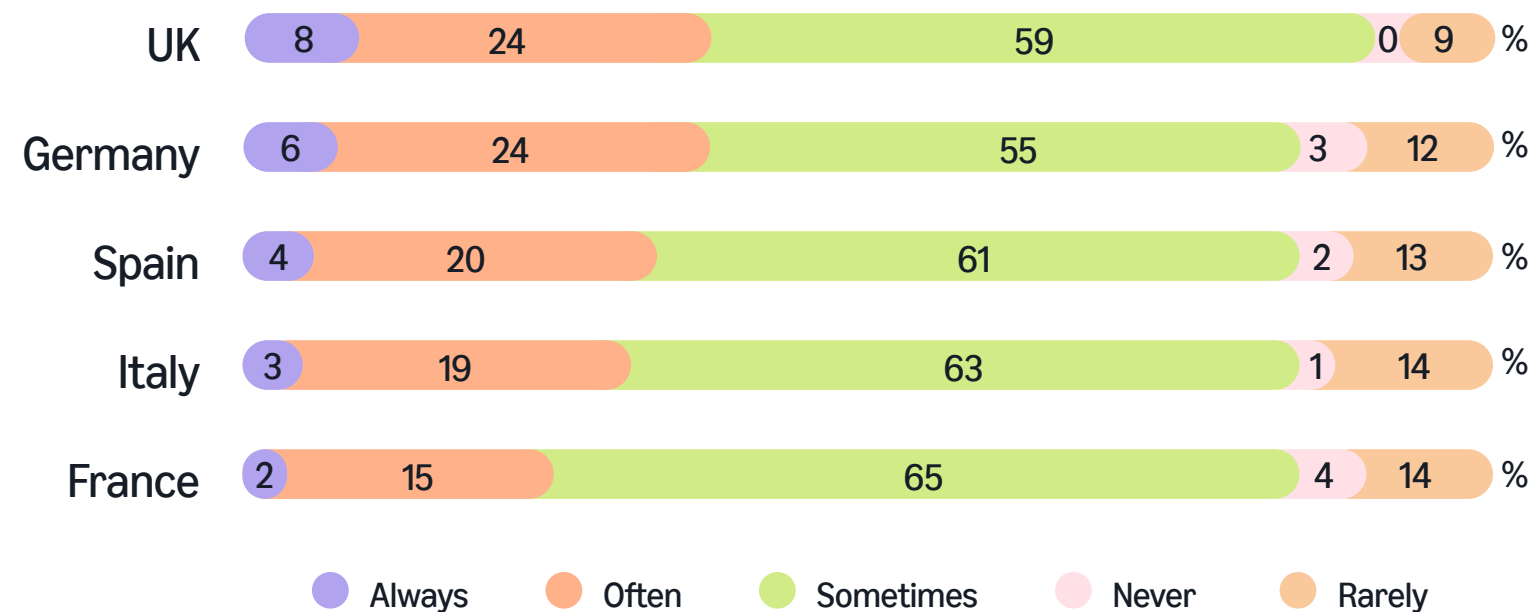
The enhanced control capabilities are particularly compelling for procurement leaders. Being able to restrict what people can buy is particularly attractive, says Rousselle of DS Smith, as this can result in more control than traditional methods of buying non-production items. "If we phase out purchasing cards, and the only way to buy miscellaneous and small tail items is through an online marketplace, it can restrict categories," she says. "Suddenly we gain a lot more control than we had when somebody buys what they want and puts it on expenses."

The platform's transparency adds another crucial layer to spend management, in contrast to the complex nature of tenders. "With an online store, you can see the different offers and compare them right away," says Finkbeiner of Amazon Business. "It's very visible. In a tender, that's not necessarily the case. You need to look for a particular product, check the specifications and verify if the pack size is really what you're looking for."

Online - or marketplaces - are now commonly used across Europe. Again, UK businesses lead the way, closely followed by Germany.

UK and German businesses are the heaviest users of online marketplaces

To what extent do you/ your procurement team use online marketplaces for managed spend on non-production items?



Digital stores' role in the future of procurement

Most businesses believe their use of marketplaces will increase in the next five years. Four in ten (43%) UK firms believe this will happen, with similar figures in Germany and Spain (both 41%). Even in places where their use is not so well established, an increase is expected, with 28% of Italian organisations and 24% of French businesses anticipating this.

Some concerns remain, however. Unpredictable pricing is a worry for 45% of procurement professionals, while 40% have misgivings about complying with internal company policies. And, despite the time savings that can arise from such stores, 34% worry that time constraints will be an issue.

But those who are more experienced with platforms tell a different story. More than half (54%) of regular users—those who say they always or often use them—expect their use to increase. This compares with 29% of those who only rarely do so, suggesting the more people use them, the bigger advocates they become.

There are tangible benefits in doing so, too. Regular users are much more likely to engage in market analysis than those who do so less often, with 80% of the former doing so against 53% from the latter. They are also more likely to undertake supplier analysis (81% against 67%) and to track supplier performance (74% against 65%).



Frequent online marketplace users are more likely to monitor the market, suppliers and their performance

Actions taken when entering into supplier negotiations on products, according to online marketplace usage.





Crucially, the frequent users of online marketplaces are also more likely to outperform their budgeting targets in some or all areas than those who do not regularly use them. Four in ten (42%) say they do this, compared with 38% of less frequent users.

For Naik, using an online marketplace has allowed Capita to control spend in a way it wasn't able to previously. "It makes the function more effective because the time it would take to control that spend manually or through a tendering process individually is just too great," he says. "Instead of putting in resources to manage that spend, I've got a technology provider on a marketplace."

When it comes to doing more with less, partnering with online marketplaces can give that scale which will, in turn, allow me to keep hitting objectives around reducing the number of suppliers, managing the supply chain and ultimately controlling that spend.

“

When it comes to doing more with less, partnering with online marketplaces can give that scale which will, in turn, allow me to keep hitting objectives.”

Suraj Naik
Group Procurement Director, Capita

Conclusion

Procurement teams across Europe are reimagining their processes to address the significant challenges they are facing, with managed spend solutions emerging as a key enabler of this transformation.

While much focus in recent years has been on production-related spend, non-production spend has been overlooked, despite often amounting to sizeable amounts of money. This is because teams are often overstretched and must prioritise where they focus resources. But technological innovation is helping teams to overcome these constraints.

Conducting tenders on tail-end spend is often a time-consuming exercise that may not deliver sufficient clarity on which to base a decision. As such, one in five businesses are looking to move away from this for non-production spend.

Technology is also helping procurement teams to manage company budgets more effectively through enhanced spend visibility and control. Compared to non-users, users of real-time spend analytics tools are both more likely to outperform their budgeting targets and less likely to miss their spend targets. AI is also starting to have an impact, whether that's through extracting information from invoices or predicting future buying needs.

Online stores are also becoming an important element of managed spend strategies. Organisations that use these are more likely to outperform their budgeting targets and to engage in other best practice—such as market analysis, supplier evaluation and supplier performance tracking. At a time when procurement is under pressure to do more with less, it's a welcome opportunity that functions would do well to seize.

About Amazon Business

Amazon Business helps millions of customers worldwide—from small businesses, schools, hospitals, nonprofits, and government agencies to large enterprises with global operations—reshape their procurement with cost and time savings, greater productivity, and insightful purchasing analytics. Procurement and business leaders enjoy convenient shipping options on hundreds of millions of supplies across categories like office, IT, cleaning, and food service.

Customers also have access to a variety of business-tailored features and benefits, including a curated site experience, Business Prime, business-only pricing and selection, single- or multi-user business accounts, approvals workflow, purchasing system integrations, payment solutions, tax exemptions, and dedicated customer support.

Amazon Business is currently available in the United Kingdom, Germany, France, Italy, Spain, United States, Canada, India, Australia, Mexico and Japan. For more information, visit business.amazon.co.uk, and @AmazonBusiness.



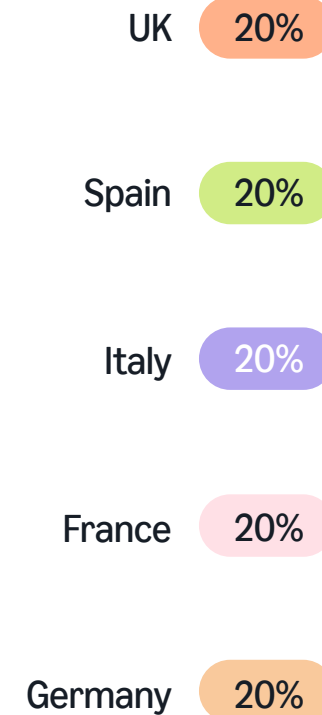
Methodology

The Redefining the Future of Procurement survey was conducted online in March 2025. There were 500 respondents surveyed with procurement responsibilities, drawn equally from the UK, France, Germany, Italy and Spain.

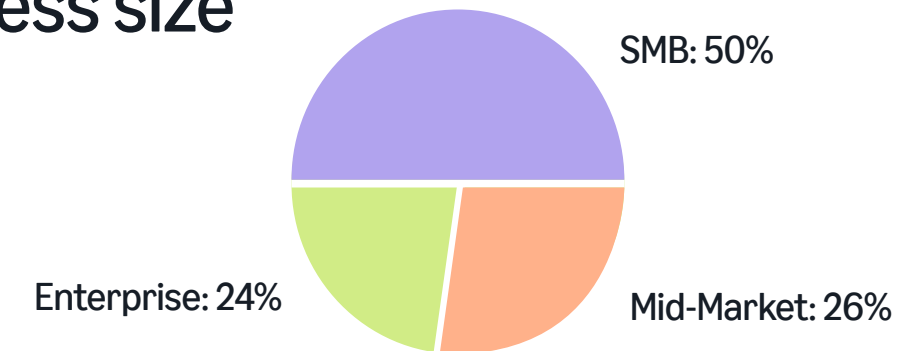
Respondents were split equally from the travel and hospitality, manufacturing and industrial, private, and healthcare sectors. Half of the research sample were from small and medium-sized businesses (25-50 employees), while the other half were evenly split between mid-market (51-1,000 employees) and enterprise (1,001-2,500 employees).

Quotes included in the report were sourced through telephone interviews conducted in March and April 2025.

Country



Business size



Sector

