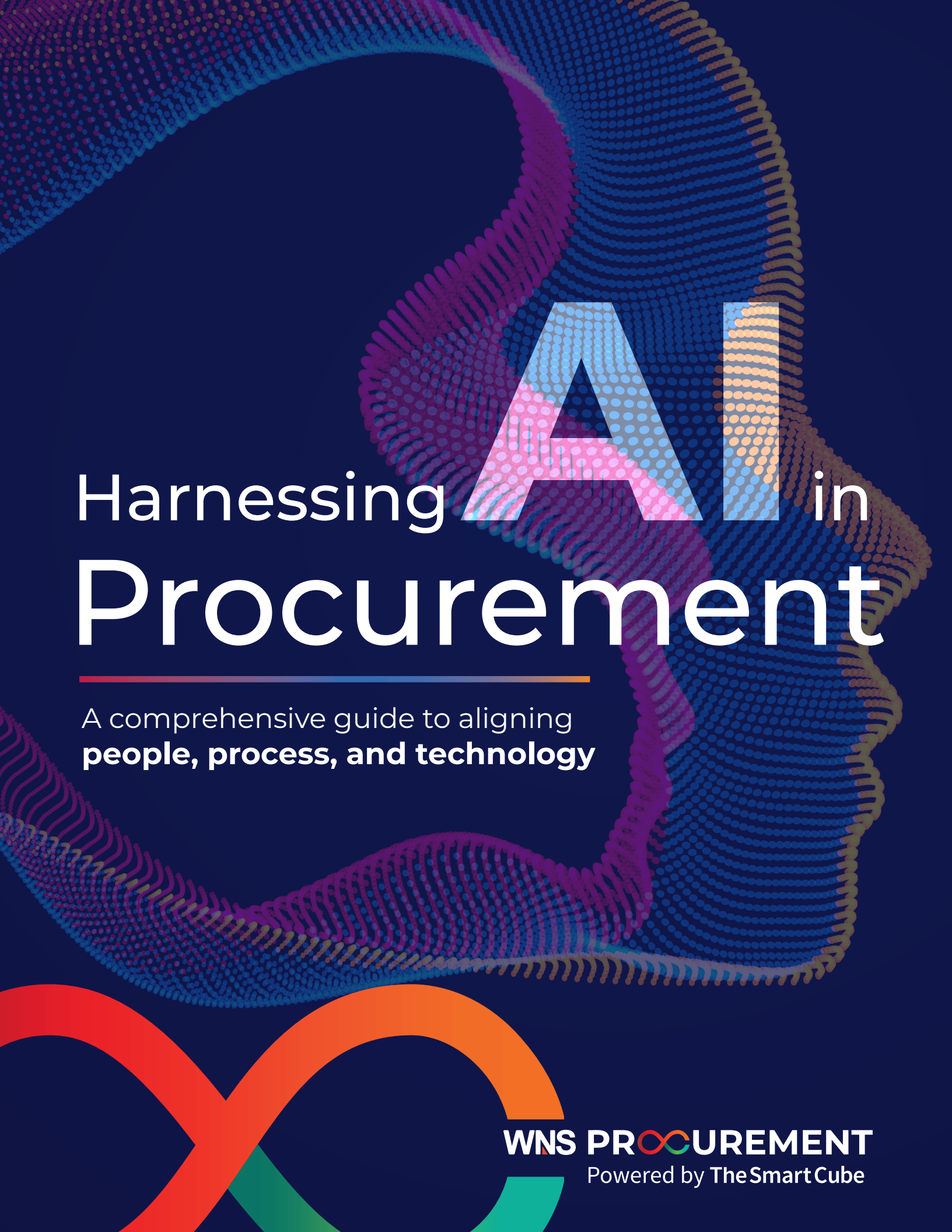
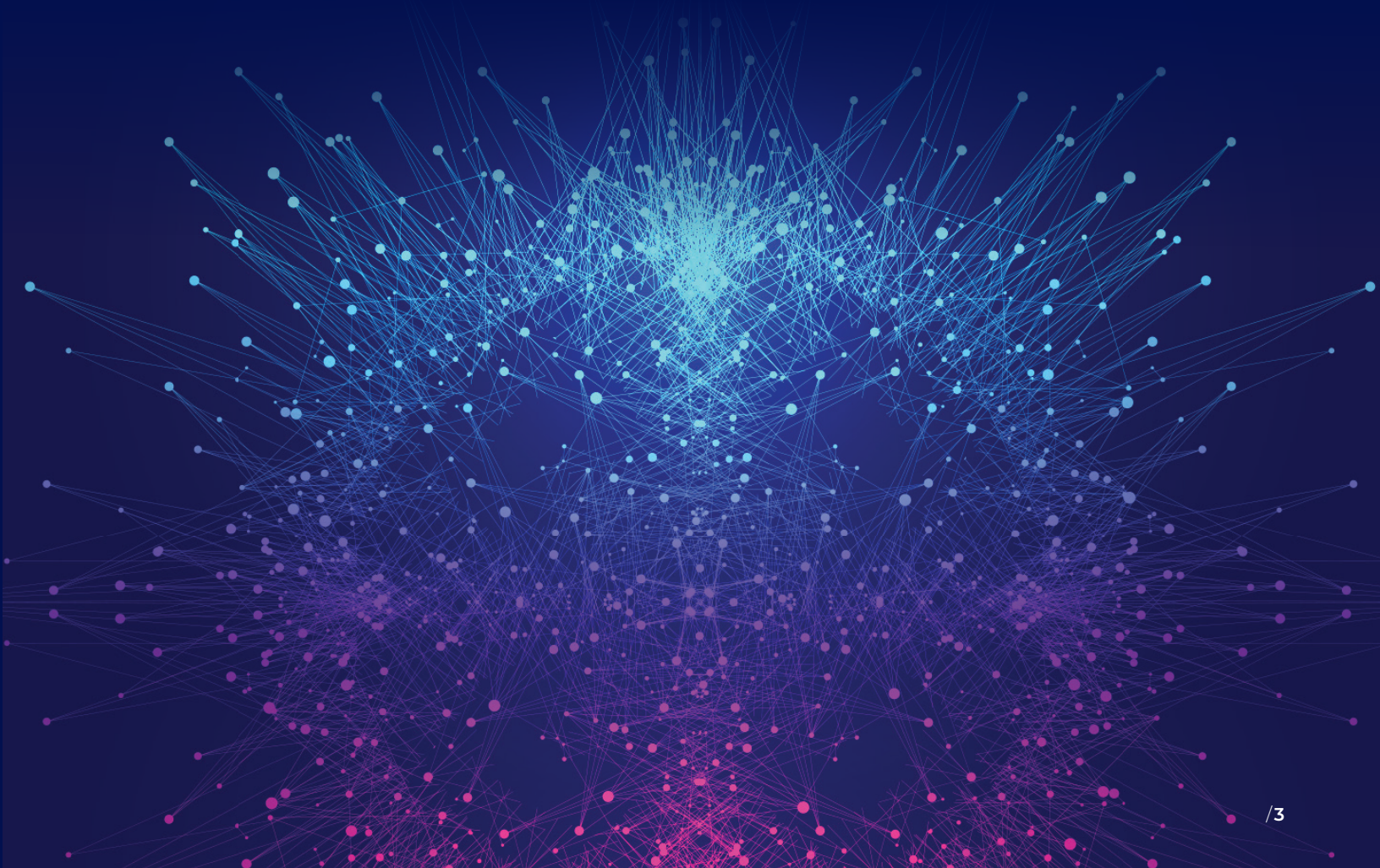

Harnessing AI in
Procurement
A comprehensive guide to aligning
**people, process, and technology**
WNS PROCUREMENT
Powered by The Smart Cube

# What's inside?

Procurement organizations have undergone a profound transformation, **evolving into value creators**, risk mitigators, sustainability champions, and strategic advisors. This reinvention has been largely driven by digital tools and advanced technologies, particularly Artificial Intelligence (AI).

According to **Gartner**, AI has fundamentally altered procurement operations. AI adoption has surged, with 58% of procurement leaders using or planning to adopt AI tools within the next 12 months. By 2027, Gartner predicts that 50% of procurement organizations will utilize AI to support supplier contract negotiations, including supplier risk assessment and analysis.

However, implementing AI is fraught with complexities. Successful AI adoption requires a holistic approach where the AI strategy aligns with business goals and enhances human capabilities. Technology initiatives that neglect organizational needs, skills development, and capability building often fail to scale beyond the pilot stage.



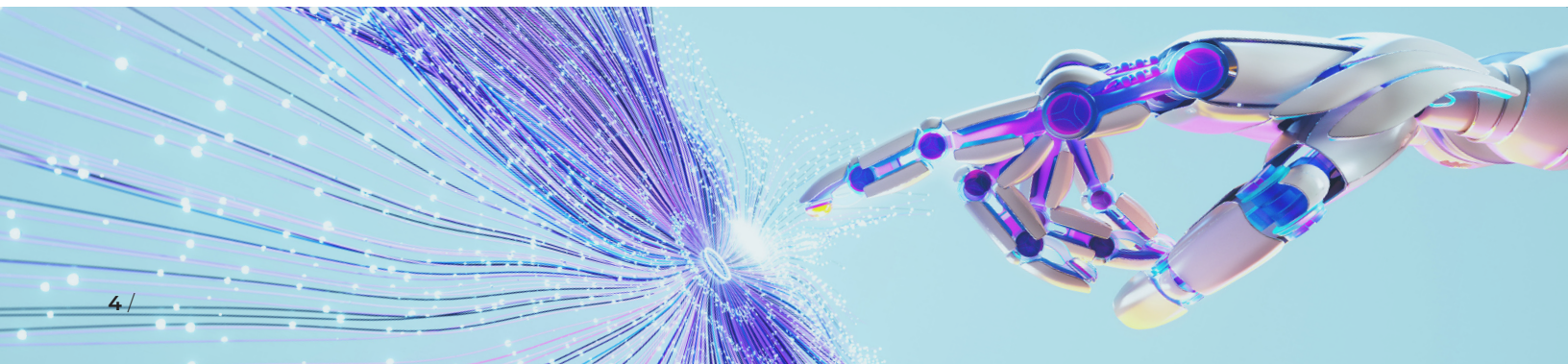
# Navigating AI integration

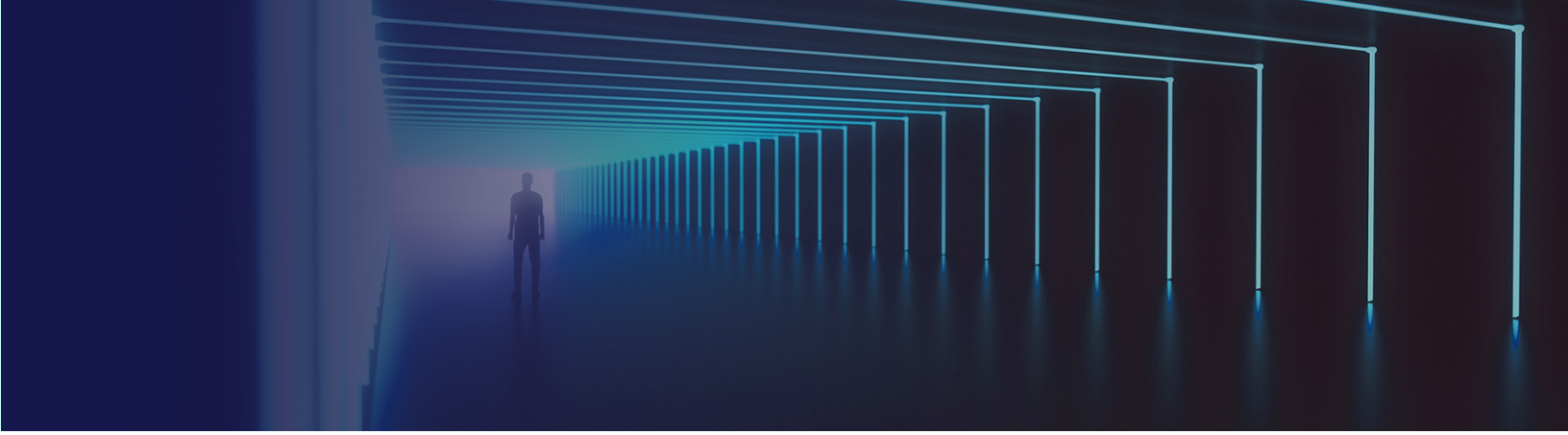
Modern procurement teams can effectively harness AI by establishing a solid foundation built on three critical pillars: people, process, and technology. Each pillar plays a vital role in ensuring the successful integration and utilization of AI within an organization.

**People:** The shortage of AI talent remains a significant challenge, often impeding the progress of AI implementations. Organizations must proactively rethink their employee training programs to emphasize AI skill development. By investing in upskilling current employees and attracting new talent, companies can build a workforce capable of driving AI initiatives forward.

**Process:** Streamlining existing processes for AI enablement is crucial to avoiding costly mistakes and inefficiencies. By reengineering workflows and procedures, organizations can establish a solid framework for effective data collection, model development, and integration. This preparation lays the groundwork for successful AI deployment and helps ensure the technology delivers its full potential.

**Technology:** A robust technology infrastructure is essential to support and sustain AI initiatives. As AI deployments often create significant value and competitive advantage, having a well-architected and scalable technology environment is crucial. This includes ensuring that existing systems are compatible with new AI solutions and that the technology infrastructure can handle the demands of AI workloads.





# Addressing the AI Talent Gap in Procurement

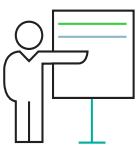
The success of AI initiatives relies on having the right people with the necessary skills in critical roles. Finding and retaining such talent is a significant challenge for recruitment teams.

The shortage of AI talent, especially when blending AI skills with procurement expertise, necessitates exploring ways to reskill current employees while actively recruiting new talent. Organizations must foster a supportive and collaborative environment that values human intelligence as the driving force behind AI implementation.

To optimize **AI talent identification** efforts, enterprises should:

**Attract Skilled Talent:** Highlight unique non-tech qualities of the organization that make it an attractive workplace

**Implement Specialized Recruiting Strategies:** Tailor recruitment efforts specifically for AI roles



**Invest in Internal Development:** Offer upskilling and reskilling opportunities for existing employees

**Nurture Talent Strategically:** Treat talent management as a strategic initiative for successful outcomes

These efforts should be guided by a **three-pronged approach:**

1 

## Requirement Assessment

Leading organizations enhance their AI talent strategy with innovative assessment methods, defining skills taxonomy, identifying internal gaps, and mapping them with external supply. Collaborations with industry, learning providers, and government can co-develop training programs and create pathways for skill development.

2 

## Robust Training Strategy

Design a curriculum aligned with skill taxonomy to address various training needs-foundational training for basic AI understanding, role-based training for different enterprise functions, and upskilling/reskilling programs to align current skills with future requirements.

3 

## Refined Recruitment Strategy

External hiring should be pursued only when internal resources cannot meet the required skill sets. Adapt recruitment strategies to appeal to AI professionals by clearly articulating vision, opportunities, and growth potential. Streamline and expedite recruitment processes to secure top talent swiftly.

## Prioritizing People in AI Implementation

Investing in your current workforce and identifying new talent demand a thoughtful, responsive, and collaborative approach. Human intelligence remains the driving force behind effective AI implementation, so it's essential to prioritize the development of your people. This will shine through in your training programs and interview process, attracting top talent to your AI team-whether within your organization or waiting to be discovered.

# Achieving AI Excellence with Defined Processes

Defining processes is crucial for clarity, consistency, and structure in AI implementation. Ensure AI initiatives align with business objectives and have measurable outcomes. Support initiatives with frameworks that promote cross-functional collaboration and seamless integration of AI technologies into existing workflows. Documented processes are valuable for training, troubleshooting, and continuous improvement, fostering a culture of innovation and adaptability.

Here is an **eight-step process framework** for AI implementation:

## Identify Business Goals

Begin by exploring and prioritizing business needs such as revenue generation, customer satisfaction, and productivity.

1

## Enterprise-wide Strategic Alignment

Communicate the AI vision and goals across the organization. Encourage employees to participate in creating AI-led solutions using design thinking and creative problem-solving approaches.

2

## Institute Policies and Guidelines

Implement clear policies and guidelines that outline the vision, mission, governance framework, approved tools, compliance guidelines, performance monitoring, standardization of AI models, and ethical use of AI.

3

## Establish a Tiger Team

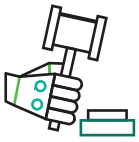
Form an Innovation Tiger Team with members from various departments, including legal, IT, business, cybersecurity, and data governance. This team collaborates with business leaders to assess AI solutions, prioritize business cases, and provide frameworks for compliance, governance, and policy recommendations.

4

## Create a Data Governance Team

Set up a team to oversee processes, policies, roles, and metrics to ensure optimal data utilization. Collaborate with IT to design and implement data architecture, including data warehouses and lakes, to meet both current and future needs.

5



## Understand AI Regulations

Navigate complex and varied AI regulations globally. The **EU's AI Act** uses a risk-based classification system with severe penalties for non-compliance, while U.S. regulations are fragmented with sector-specific laws. Stay informed to ensure compliance and manage regulatory risks.

6

## Embrace the Minimum Viable Product Model

Develop AI products with essential features initially and continuously improve them. The Tiger Team should lead decisions on sourcing products externally or developing them in-house, ensuring quality and compliance.

7


## Institute Key Performance Indicators (KPIs)

Use KPIs to gauge the effectiveness of AI deployments and make necessary adjustments. Focus on business-related KPIs such as revenue increase, customer satisfaction, and cost-effectiveness for more insightful analysis than purely financial indicators.

8

## Building Trust and Resilience in Your AI Journey

Every company's AI journey is unique, but they all have a starting point. Trust in your process and be resilient; digital transformation is a gradual process. When the time comes, you will have an organization poised to thrive in an evolving digital landscape.

# Future-Ready
# IT Infrastructure for AI-Enabled procurement

As AI becomes integral to all organizational activities, a robust IT infrastructure is essential. From customer service automation to predictive analytics, AI drives modern enterprise functions. Organizations need scalable, reliable infrastructure to handle the computational and storage demands of AI workloads. Additionally, infrastructure must support AI's security, availability, and performance requirements.

Designing and Implementing **Robust IT Infrastructure:**

## Align Business Goals

To ensure the success of AI initiatives, it is crucial to map them to your business goals. Engage with stakeholders to gather input, clarifying AI usage, data requirements, and development timelines. This alignment will help define clear objectives and expected outcomes from AI implementations.

## Evaluate Needs

Evaluate your infrastructure requirements tailored to your industry's needs. Collaborate with the Innovation Tiger Team to align business objectives with technical solutions, focusing on data sources, system architecture, security measures, and ethical considerations.

## Assess ROI

Continuously monitor key metrics such as cost savings, revenue growth, efficiency improvements, and customer satisfaction to optimize AI strategies and maximize ROI. Regularly evaluate cost reductions, sales performance, customer acquisition, operational efficiencies, and feedback to refine your approach and ensure sustained value from your AI investments.

## Data Quality

Achieve optimal AI model performance by balancing data quality and quantity. Begin with smaller, high-quality datasets and expand gradually, continuously monitoring for quality and biases. This approach ensures robust model accuracy and mitigates potential issues as data volumes increase.

## Well-Architected AI Infrastructure

Ensure efficient and compatible AI solutions and algorithms by focusing on the architecture's structure, components, and interactions. Achieve seamless integration with existing AI and digital technologies while prioritizing user experience. This approach not only enhances performance but also ensures scalability and user-friendliness of AI solutions.

## Ethical Considerations

Ensure AI implementations adhere to ethical practices. Evaluate technology partners' efforts to eliminate biases and promote fairness. Continuous quality assurance and real-time monitoring are essential to address biases early.

## Embed Compliance

Prioritize compliance with legal, data privacy, and security requirements. Establish guidelines to mitigate regulatory and reputational risks, adhering to regulations like the General Data Protection Regulation (GDPR) and the EU AI Act.

## UI/UX

Ensure AI tools are user-friendly and easy to adopt, using intuitive interfaces and minimal training requirements. Employ a minimum viable product approach to incorporate user feedback and drive continuous improvement.

## Vendor Selection

Thoroughly evaluate third-party AI providers using a vendor scorecard. Assess expertise, reputation, data security measures, tech stack, case studies, and support processes.

### Committing to Impactful AI Use

Your organization's use of AI signals a commitment to making a positive impact, not just through the technology itself, but for your clients and employees alike. Whether built internally or by a third-party, ensure your AI solution integrates seamlessly with your existing systems, processes, and policies. The way you use AI will fundamentally shape interactions between your organization and its customers.

# Looking Ahead:
# The Future of AI in Procurement

Integrating AI into procurement operations marks the beginning of a transformative era. Success depends on meticulous planning and execution. Organizations must navigate AI implementation complexities with a balanced approach and a focus on augmenting  f capabilities.

Modern procurement teams will increasingly leverage AI as a catalyst for greater effectiveness, building their strategies on the pillars of people, process, and technology. By aligning AI strategies with business objectives, investing in talent development, streamlining processes, and ensuring robust technology infrastructure, procurement teams can unlock AI's full potential. Emphasizing ethical considerations, compliance adherence, and user-centric design will further enhance AI's role as a driver of sustainable growth and innovation. For more insights, read our blog "**Five Critical Considerations for CPOs Before Implementing AI**."

## Ready to create an AI implementation plan tailored to your business objectives?

Get in touch with us **for a consultation and begin your journey to a smarter, more efficient future.**

The world of

# WNS PROCUREMENT

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WNS Procurement is a market leader in procurement and supply chain advisory, managed services and digital transformation. It has the combined market differentiation of Denali, The Smart Cube and OptiBuy.

Procurement teams of the Global 2000 across industries partner with WNS Procurement to become the top value creator in their business by implementing transformational operating models that are category-driven, insights-led and digitally enabled.

We meet our clients where they are: assess, co-create and operate their end-to-end procurement ecosystem by implementing fully customized, next-generation operating models.

Our solutions are powered by Artificial Intelligence (AI) and Human Intelligence (HI) – combining expert resources with leading digital technologies to help Procurement drive greater stakeholder value.

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