

The State of Procurement in India

Inside the transformation: future of AI in procurement, compensation benchmarks,
and procurement trends

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01 Executive Summary

India's procurement function is undergoing its most significant transformation in a decade.

Three forces define the 2026 agenda:

1. AI moves from pilot to production

85% of procurement executives report actively piloting or using AI, with agentic systems now cutting sourcing cycle times by 30-40% in leading enterprises. Yet only 14% of CPOs are confident their teams have the digital skills to sustain this shift.

2. Talent costs are rising fastest in the Asia-Pacific

India's median salary growth of 9.1% (2026) outpaces every other APAC market.

3. The productivity gap is widening

Procurement workloads are rising 8% in 2026 while headcount and budgets decline, creating a structural efficiency gap of 8.4%. Technology spend is growing 6.1% to bridge it, but only teams that pair investment with skills development will close it.

These three forces might look disconnected, but they are compounding pressures on the same function, arriving at the same time. This report aims to unpack each of these - the state of AI adoption and what it actually means for teams on the ground, the compensation data behind India's fastest-rising professional function, the technology shifts differentiating procurement leaders from late adopters, and the supply chain realities reshaping how Indian enterprises source, partner, and plan ahead.

02 Procurement Landscape in 2026

Something structural has changed in procurement over the last two years. The function that CFOs once treated as a cost management afterthought is now the one they call when a supplier fails, when a tariff shifts overnight, or when the board asks how the organisation plans to meet its ESG commitments.

That repositioning is showing up in the numbers: the global procurement software market is expanding from ₹82,400 crore in 2025 to ₹93,600 crore in 2026, not because more companies are buying software, but because the ones that already have it are finally using it at scale.

India is carving out a disproportionate share of that momentum. The domestic procurement software market is projected to reach ₹2,600 crore by 2026, led by manufacturing, infrastructure, FMCG, and healthcare sectors, where supply chain complexity is not a slide in a strategy deck but a daily operational reality. In these industries, the cost of a poor procurement decision does not sit quietly in a spreadsheet. It shows up in plant downtime, missed delivery windows, and margin erosion that reaches the P&L within weeks.

The macroeconomic backdrop is unusually favourable. India is sustaining GDP growth of 6.6% in 2025, easing only slightly to 6.2% in 2026, among the fastest of any major economy. Inflation is cooling to 2.8%, supported by stable food prices and easing commodity costs. That combination matters: procurement investment decisions in India right now are being made from a position of genuine confidence, not defensive cost-cutting. Organisations are not automating procurement because they are under pressure. They are doing it because they can see what is coming, and they want to be ahead of it.

Within India, the shift from tactical buying to strategic procurement is accelerating fast enough that CFOs and COOs are now making it a C-suite conversation, driven by three pressures: cost inflation across supplier categories, ESG compliance obligations under SEBI's BRSR Core framework, and the expectation that AI investments yield measurable ROI within 12–18 months.

6.6%

India is sustaining GDP growth of 6.6% in 2025, easing only slightly to 6.2% in 2026, among the fastest of any major economy.

2.8%

Inflation is cooling, supported by stable food prices and easing commodity costs.

₹93,600cr

Size of the global procurement software market in 2026, up from ₹82,400 crore in 2025.

Resetting the procurement mandate

Procurement is not trying to do more of the same; instead, it is trying to do something fundamentally different. The traditional pillars - cost reduction, supplier management, compliance, category management - have not disappeared, but they are no longer the frame. They have become the floor. For most of the past decade, procurement strategy was built on four core objectives:

Cost reduction & savings: driving measurable financial efficiency across the supply base

Supplier management: maintaining productive, compliant relationships with key vendors

Compliance & risk management: ensuring adherence to regulatory and contractual obligations

Category management: optimising spend portfolios across business segments

Procurement teams that continue to optimise solely around cost risk are becoming strategically marginalised. In 2026, the function's credibility rests on its ability to deliver across all four value dimensions simultaneously: Cost Control, Resilience, ESG, and Digital Transformation.

These goals have not been abandoned. Rather, they have been repositioned within a broader and more dynamic mandate. Procurement leaders in 2026 are not just being asked to save money; they are being asked to protect supply continuity, demonstrate ESG compliance, and lead digital transformation.

03 Key Statistics at a Glance

85%

of procurement executives report piloting or using AI

80%

of human decisions will be augmented by GenAI by 2029

74%

of CPOs plan to integrate AI into core procurement workflows

8%

projected workload increase in 2026 against declining headcount

9.1%

projected salary increase for Indian professionals in 2026

04 Where the Function Stands Today

Five years ago, none of this was part of the procurement job description. AI tool governance, ESG supplier compliance, working capital strategy, contract risk management at scale - these were finance, IT, or legal problems. Today, they sit squarely in procurement, expanding its mandate significantly.

Function status indicators

Dimension	2026	Direction
AI adoption (any form)	100%	↑
AI at-scale readiness	11%	↑
CPOs influencing enterprise strategy	89%	↑
Avg salary growth in India	9.1%	↑
Overall attrition rate	16.2%	↓ Improving

What drove the shift

Supply chain volatility is what forced boards to pay attention. SEBI's BRSR framework is what forced procurement to take ESG seriously. And AI is what forced everyone to care about data quality. Three shifts, compounding rapidly. One function is caught in the middle of all three.

92%

CPOs planning or assessing GenAI investments

94%

Practitioners using GenAI tools at least weekly

The State of AI in Procurement

1. The CPO's job description has been rewritten

The job has changed. CPOs in 2026 are not running cost-reduction programmes. They are shaping AI governance structures, owning sustainability compliance, and sitting at the same table as the CFO and COO on enterprise strategy. This is a different role with a different profile. The modern CPO is part strategist, part technologist, and part risk manager. And most organizations have not yet fully understood what that means for hiring, developing, and evaluating the function.

82%

of CPOs anticipate a greater role in enterprise decision-making going forward.

2. The skills gap is getting wider, not narrower

AI is being rolled out in procurement teams where most practitioners have never been trained to interpret data at scale, design prompts, or validate AI outputs. The risk is not that technology will fail. It is that it will be used poorly, with no one in the team qualified to catch the errors. Only 14% of procurement leaders say they are confident their teams can meet the function's future digital needs.

- The organisations moving fastest are creating hybrid roles that combine category expertise with data fluency, rather than treating these as separate skill tracks.
- India's management institutions and professional bodies are responding with new procurement technology curricula, but supply will lag demand for several years.
- In the interim, hiring for learning agility is becoming as important as hiring for procurement experience. The ability to keep up matters as much as subject matter expertise.

14%

of procurement leaders say they are confident their teams can meet the function's future digital needs.

AI and Automation in Procurement

Procurement has always run on data, relationships, and judgment. AI does not replace any of that. What it does is remove the friction between them. In 2026, the organisations pulling ahead are not the ones that adopted AI earliest. They are the ones who deployed it with clarity: defined use cases, clean data pipelines, and teams trained to interrogate the output.

Agentic AI can improve procurement efficiency by 25 to 40 percent when it is embedded into real workflows rather than bolted on as a reporting layer.

The state of AI adoption

Broad surveys indicate that 85% of procurement executives are engaged with AI in some form, ranging from informal tool experimentation to enterprise-wide deployment. That number is real. It is also incomplete. What it really captures is intent and experimentation. What it doesn't, however, capture is structured, workflow-integrated deployment.

The Hackett Group's 2026 Procurement Agenda and Key Issues Study, which measures active AI production programmes rather than intent, finds that 43% of organisations are genuinely engaged in structured AI deployment.

Active AI engagement in procurement has grown approximately 1.9 times year-on-year, from the 2025 to the 2026 study period, marking one of the fastest adoption accelerations recorded across any enterprise function.

This is not a contradiction - the two figures measure different things. The 85% reflects the breadth of interest. The 43% reflects the depth of commitment. The gap is where most of the real work is still waiting to happen.

Among the 43% engaged in structured deployment, the breakdown of implementation maturity is as follows:

Implementation stage	Share of organisations
Initial stages of exploration	25%
Piloting AI in procurement processes	25%
Creating strategy/business plans for AI investment	13%
Analysing AI use cases to determine organisational fit	11%
Live with a single AI project in production	6%
Large-scale deployment across multiple solutions / global scale	12%
Waiting for the AI market to stabilise	3%
Not currently pursuing AI adoption	5%

Source: The Hackett Group, 2026 Procurement Agenda and Key Issues Study

One in eight procurement organisations has already reached large-scale AI deployment. At the other end of the curve, the 3% waiting for market stabilisation represent a shrinking minority; the window for wait-and-see strategies is closing as early movers compound their advantage. AI in procurement is not stabilising; it is, in fact, accelerating.

Why implementation is harder than it looks

Most procurement AI projects do not fail because the technology is wrong. They fail because the environment it lands in was not ready. Six barriers show up repeatedly:

Data quality

Inconsistent formats, missing history, and fragmented taxonomy mean AI surfaces patterns from unreliable inputs. The answer is not to wait for perfect data, but to clean it continuously as deployment progresses.

Integration debt

Legacy ERPs, siloed tools, and limited APIs constrain what AI can see. Organisations with fragmented tech stacks will get fragmented intelligence. AI surfaces the integration problem more clearly; it does not solve it.

Security and governance

Feeding supplier pricing, contract terms, and spend data into consumer-grade AI tools is a genuine risk. Most IT functions are now enforcing enterprise-licensed instances with defined data boundaries. This is appropriate governance for a function that handles commercially sensitive information.

Output validation

AI-generated recommendations need to be interrogated, not accepted. A procurement professional who cannot assess whether an output is plausible is in a worse position than one who has never used AI. Trust but verify is not a caveat; it is the operating standard.

Human resistance

The biggest blocker in most deployments is not technical. Procurement professionals who have built careers on relationships and negotiation instinct can feel threatened by tools that seem to reduce their function to data entry. Change management is not a soft addition to an AI rollout. It is a core part of the rollout.

The maturity trap

Many organisations tell themselves they are not ready for AI because other processes are not mature enough. This logic does not hold. Procurement functions have used technology to leapfrog process maturity before. Waiting for perfect conditions means ceding ground to organisations that are moving now.

AI Use Case Deployment: Where Procurement Is Investing

Not all AI adoption looks the same. Organisations are making deliberate choices about where to deploy first, and there is a consistent pattern - most organisations are starting where the ROI is fastest, and the risk is lowest.

The data below maps the current deployment status across 16 procurement use cases.

Use case	Not Using	Investigating	Piloting	Implemented
Contract management	27%	24%	33%	16%
Market intelligence & price comparisons	34%	31%	24%	11%
Spend analytics	31%	35%	18%	16%
Customer/employee support & helpdesk	51%	23%	17%	9%
Purchase order (PO) processing	50%	25%	10%	15%
Intake management & orchestration	41%	35%	17%	7%
Sourcing event management	49%	28%	10%	13%
Fraud detection and prevention	56%	22%	11%	11%
Supplier onboarding	53%	25%	12%	10%
Project pipeline & savings tracking	54%	25%	9%	12%
Category strategies	47%	34%	9%	10%
Supply risk management	53%	30%	5%	12%
Payables management	57%	26%	5%	12%
Autonomous negotiations	62%	22%	12%	4%
ESG and sustainability	72%	16%	5%	7%
Supplier relationship management	61%	28%	5%	6%

Source: The Hackett Group, 2026 Procurement Agenda and Key Issues Study

Contract management leads because the ROI case is easiest to make — AI-powered clause analysis, extraction, and risk flagging save real hours and catch real problems. Spend analytics and intake management follow closely, driven by the appetite for real-time visibility and process automation at the point of demand.

ESG and sustainability (72% still investigating), autonomous negotiations (62%), and payables management (57%) represent the next deployment wave - use cases where technology is maturing and organisational confidence is slowly building. But the organisations investing in these capabilities today - building the data infrastructure, running the pilots - are the ones that will lead when regulatory pressure makes it unavoidable.

How organisations are building AI capability

Where organisations deploy AI matters. How they deploy matters just as much. Three approaches dominate, and the choice between them says something about organisational maturity as much as technical preference.

Approach	Definition	Overall prevalence
Embedded	AI functionality that integrates directly into current procurement systems.	69% dominant preference
AI-native point solution	Purpose-built AI platforms with intelligence at their core.	38% secondary preference
Custom-developed	Bespoke AI solutions built for specific functional use cases.	17% emerging preference

Source: Procol Internal Customer Survey, 2026

The preference for embedded AI is not a surprise. Procurement teams are, in the first instance, seeking to enhance platforms they already operate rather than introduce new technology stacks. This minimises integration complexity and shortens the path to value realisation.

Notable exceptions exist by use case. AI-native solutions dominate in market intelligence (67%) and autonomous negotiations (64%), where purpose-built AI meaningfully outpaces embedded functionality. Custom-developed approaches are most prevalent in customer support (42%), where unique organisational requirements demand tailored solutions. PO processing shows the highest embedded AI adoption at 96%, reflecting mature automation capabilities in leading ERP platforms.

What AI is actually delivering

AI is delivering, just not yet in the places where finance teams look first. The ROI on AI investment in procurement is showing up clearly in the data. Organisations that have progressed beyond the pilot stage are beginning to report tangible outcomes, and the data point to a clear gradient of value across benefit categories.

Benefit category	Reporting any improvement (%)
Visibility and control	100%
Better user experience	~96%
Productivity increase	~94%
Faster procurement cycle times	~80%

Source: Procol internal customer survey, 2026

AI is delivering rapidly on operational and qualitative metrics. Cycle time reductions, productivity gains, and quality improvements are the most widely reported benefits, with a meaningful proportion of organisations already achieving double-digit percentage gains. Financial outcomes, operating cost reductions, and spend savings are still developing. This is not a critique of the technology but a normal maturity curve. The operational wins always come first. Once the data is cleaner and the use cases are embedded deeply enough to affect sourcing decisions at scale, the financial wins will follow.

AI adoption by use case type

Use case category	% of use cases	% in production	Avg. investment
Legal & compliance	6%	43%	\$1.9M
Forecasting & budgeting	5%	45%	\$1.0M
Supplier management	4%	8%	\$2.6M
AI copilots	3%	17%	\$2.4M
Supplier risk assessment & monitoring	3%	58%	\$2.0M

Source: ISG State of Enterprise AI Adoption

Process orchestration automates the end-to-end sequences of procurement tasks rather than individual steps, and it is projected to grow at 14% annually, reaching nearly ₹2.3 lakh crore globally by 2031. Indian enterprises building this layer now will capture a significant first-mover advantage.

Future of AI in procurement

The current wave of AI in procurement is largely about speed and volume: faster RFx, better spend visibility, quicker contract review. The next wave is about judgment. Five capabilities are moving from research into early deployment:

A procurement multi-agent system that acts

The shift from AI as a copilot to AI as an autonomous operator is underway. For routine categories, agents now initiate sourcing events, shortlist suppliers, and close purchase orders with minimal human intervention. The procurement professional's job shifts to defining the guardrails and handling the exceptions that agents escalate.

Supplier digital twins

Rather than relying on snapshots from annual audits, organisations will maintain live models of key suppliers that cover financial health, operational capacity, and risk exposure. These models will flag issues weeks before they surface in the relationship.

Real-time market intelligence, personalised by category

AI is moving from generic price-trend dashboards to intelligence filtered for a specific category manager's portfolio. Geopolitical developments, shipping disruptions, and commodity swings get translated into sourcing timing recommendations before the category manager opens their inbox.

ESG embedded at source, not appended at the end

Carbon scoring, diversity tracking, and compliance flags will be calculated at the point of supplier selection, not compiled after the fact for a sustainability report. AI makes it possible to treat ESG as a procurement input rather than a procurement output.

Agentic procurement systems move from pilot to production

The conversation about AI in procurement has been dominated by pilots for long enough. In 2026, the leading organisations are not piloting; they are operating.

What does that look like on the ground?

- Invoice validation that does not sit in a queue.
- Purchase requests are triaged and routed before a category manager opens their inbox.
- Supplier risk flags surfaced in real time rather than surfacing in the next quarterly review.

These are not future-state projections. They are what deployed agentic systems are doing in production environments today.

Reporting intelligence, spend visibility dashboards, and contract clause highlighting, these are valuable, but they still require a human to decide and act. Agentic systems change that equation. The decision and the action happen together, automatically, within the parameters the procurement team has defined.

73%

of procurement executives have already begun deploying AI agents specifically, not just AI-assisted tools but multi-agent systems that can plan, sequence, and execute procurement tasks without waiting for a human prompt. In India, the evidence is most visible in manufacturing, FMCG, and infrastructure sectors, where transaction volumes are high enough and process maturity is sufficient for agents to take the wheel on routine categories.

82%

of businesses say AI risks are actively accelerating their governance modernisation timelines

75%

say AI is exposing the limits of their legacy governance processes in real time

The governance challenge is real. 82% of businesses say AI risks are actively accelerating their governance modernisation timelines, not because they planned for it, but because deployment outpaced oversight. 75% say AI is exposing the limits of their legacy governance processes in real time.

For Indian procurement leaders, the strategic question in 2026 is no longer whether to deploy agentic AI. It is whether the new-age governance framework will be ready before the agent makes a decision that costs more to reverse than it would have cost to design upfront.

06

PART II

Compensation Benchmarks

For three consecutive years, India has led every major market in APAC on salary growth. This is not a cyclical correction; it is a market actively repricing a function it undervalued for almost a decade. Procurement roles are in strong demand as organisations prioritise cost optimisation, supplier resilience, and digital transformation.

Compensation levels vary widely based on experience, title, industry, geography, and company type. All figures represent annual Cost-to-Company (CTC) in Indian Rupees (Lakhs) and are sourced from aggregated data across AmbitionBox, Glassdoor India, and LinkedIn Salary Insights.

India leads Asia-Pacific in salary growth for the third consecutive year, with a projected increase of 9.5% in 2025 (WTW) and 9.1% in 2026 (Aon, updated Feb 2026).

Note: Figures reflect India-wide, cross-industry compensation surveys (WTW, Aon), used as a directional proxy for procurement talent cost — not a procurement-specific salary study.

C

1. Salaries by experience level

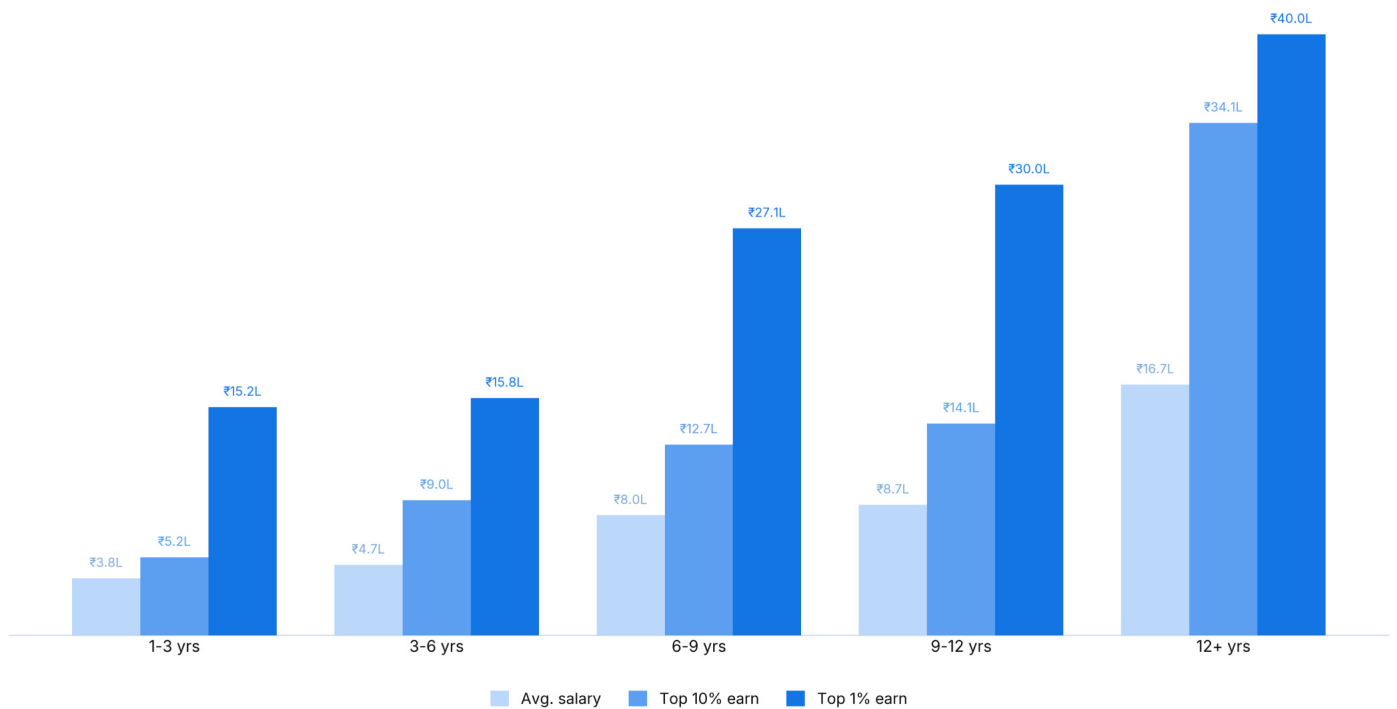
Procurement salaries show a clear upward trajectory with experience, with the steepest jump between 5 and 8 years, the point at which professionals transition from operational to managerial roles.

Experience	Avg. salary	Top 10% earn	Top 1% earn
1-3 years	₹3.8 L	₹5.2 L	₹15.2 L
3-6 years	₹4.7 L	₹9.0 L	₹15.8 L
6-9 years	₹8.0 L	₹12.7 L	₹27.1 L
9-12 years	₹8.7 L	₹14.1 L	₹30.0 L
12+ years	₹16.7 L	₹34.1 L	₹40.0 L

- Salaries increase 2x between early career (1–3 years) and mid-level (6–9 years).
- After 10+ years, professionals transition into senior management roles with annual compensation exceeding ₹30 Lakhs.

Salaries by experience level

Salaries rise 3–4× from early career to mid-level; senior roles consistently exceed ₹30 Lakhs



Note: This excludes salaries of the directors, heads and executives.

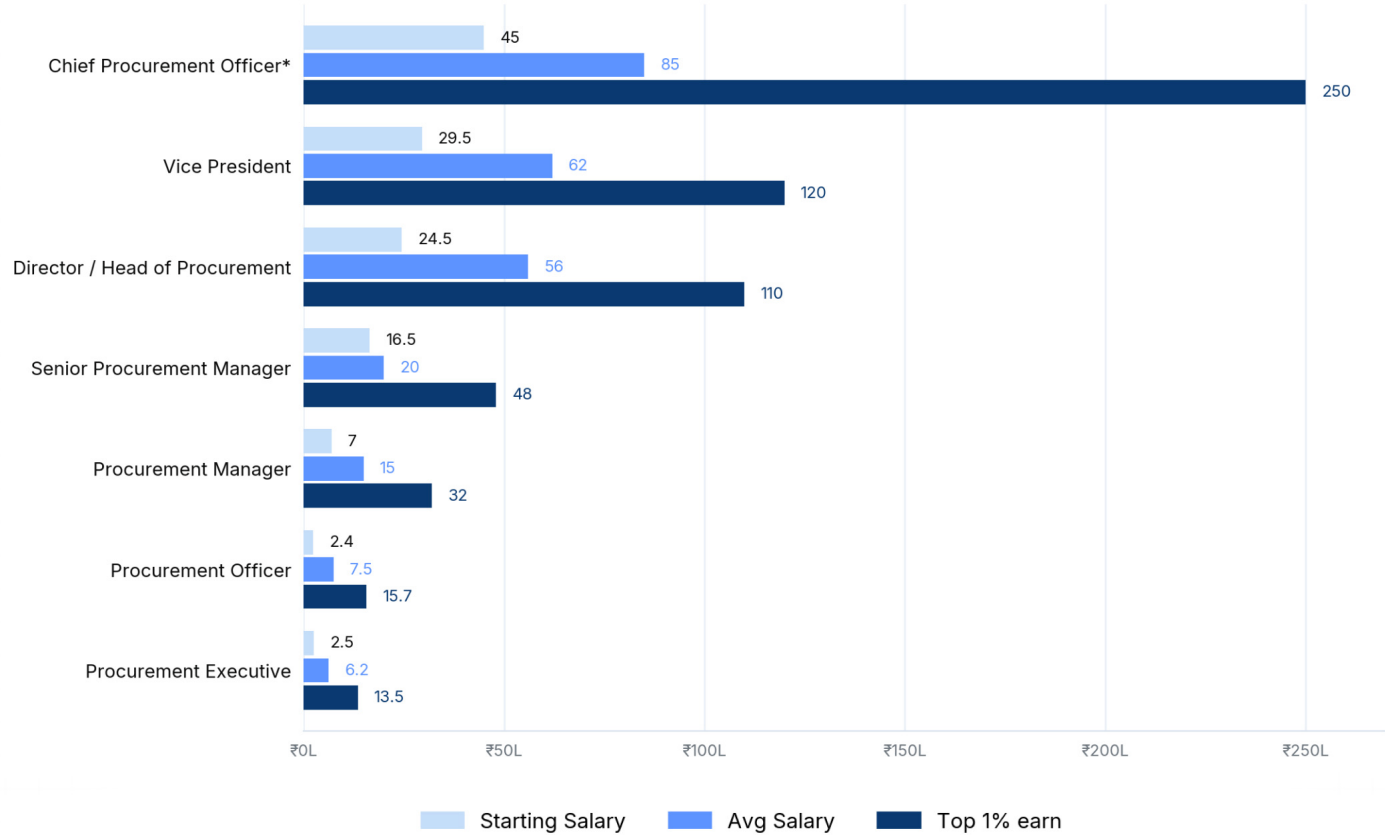
2. Salaries by title

Senior procurement leaders command premium compensation, especially in large enterprises. The highest single jump occurs at the Director level, where average compensation crosses ₹50 Lakhs.

Title	Starting Salary (₹L)	Avg Salary (₹L)	Top 1% earn (₹L)
Chief Procurement Officer*	45.0	85.0	250.0
Vice President	29.5	62.0	120.0
Director / Head of Procurement	24.5	56.0	110.0
Senior Procurement Manager	16.5	20.0	48.0
Procurement Manager	7.0	15.0	32.0
Procurement Officer	2.4	7.5	15.7
Procurement Executive	2.5	6.2	13.5

*The top 1% of CPOs earn between ₹2–3 crore per year.

Salaries by job title



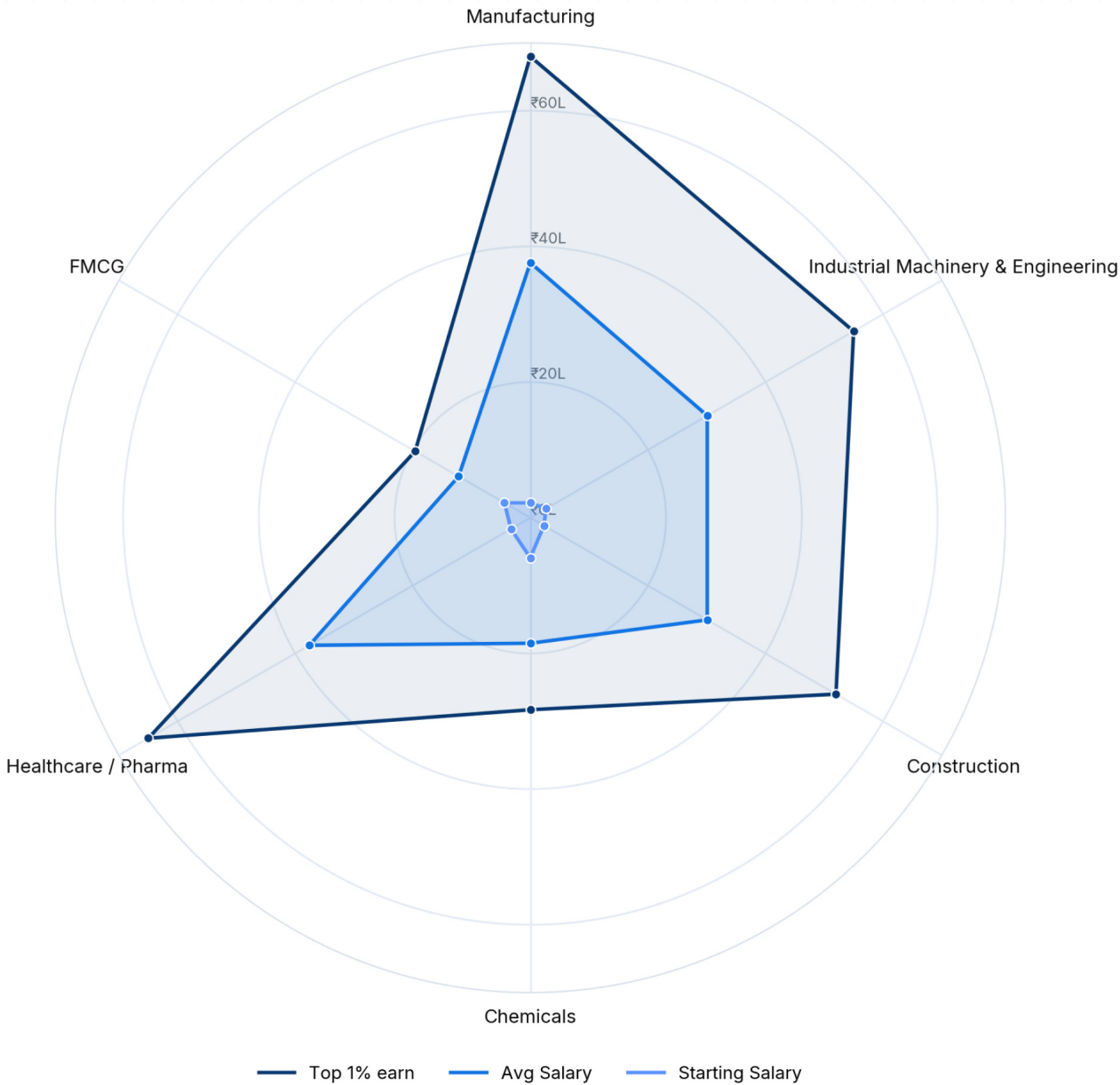
3. Salaries by industry

Industry	Starting Salary (₹L)	Avg Salary (₹L)	Top 1% earn (₹L)
Manufacturing	2.2	37.6	68.0
Industrial Machinery & Engineering	2.7	30.1	55.0
Construction	2.3	30.1	52.0
Chemicals	5.9	18.5	28.3
Healthcare / Pharma	3.3	37.6	65.0
FMCG	4.4	12.2	19.6

* Manufacturing and Healthcare max figures reflect 95th percentile ranges, corrected from source data.

Salary profile by industry

Manufacturing & Healthcare dominate; FMCG shows the tightest band



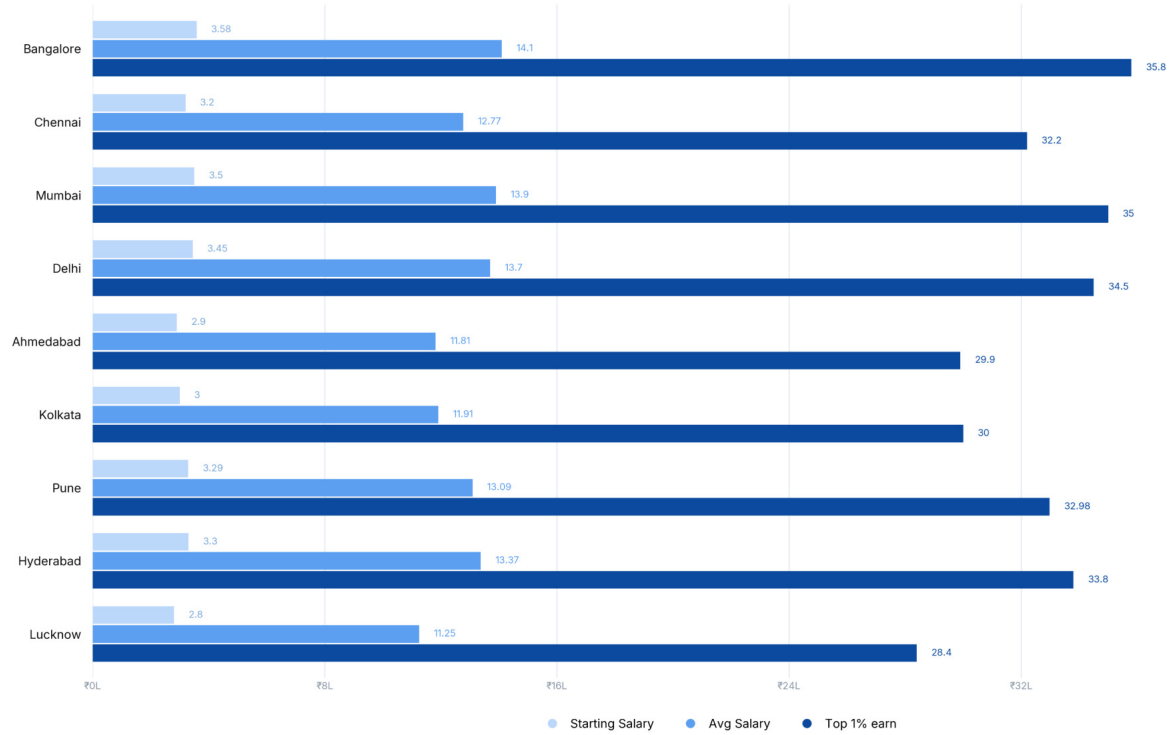
4. Salaries by location

City	Starting Salary (₹L)	Avg Salary (₹L)	Top 1% earn (₹L)
Bangalore	3.58	14.1	35.8
Chennai	3.2	12.77	32.2
Mumbai	3.5	13.90	35
Delhi	3.45	13.70	34.5
Ahmedabad	2.9	11.81	29.9
Kolkata	3	11.91	30
Pune	3.29	13.09	32.98
Hyderabad	3.3	13.37	33.8
Lucknow	2.8	11.25	28.4

- Bangalore and Mumbai leads in average salary, driven by its high density of manufacturing headquarters and government-linked procurement functions.

Salaries by city

Bangalore leads on average with Mumbai & Delhi follow closely



Talent & Compensation Landscape: India vs Global

India's median salary is projected to rise by 9.5% in 2025 (WTW) and 9.1% in 2026 (Aon, updated Feb 2026) — the highest sustained rate in Asia-Pacific for the third consecutive year. This reflects strong domestic demand for skilled professionals, a competitive hiring environment, and continued expansion across manufacturing, FMCG, and technology sectors.

Global salary increase comparison (2025–26)

Country	Avg salary increase	Context
India	9.5% (2025) / 9.1% (2026)	Highest in APAC; strong domestic demand
Vietnam	8.0%	Digital transformation driving demand
Indonesia	6.5%	Consistent but slower growth
China	6.0%	Manufacturing recovery; cost control focus
Philippines	5.7%	Moderate hikes amid stable inflation
Malaysia	5.0%	Inflation and currency pressures
Thailand	5.0%	Conservative growth tied to tourism and trade
Singapore	4.0–5.0%	AI and analytics driving demand
UK	3.0–4.0%	Pay restraint; cooling inflation
US	3.5–3.9%	Wage growth normalising post-pandemic

India's sustained high pay growth means procurement talent based in India continues to cost less in absolute terms than equivalent talent in Singapore, the UK, or the US. However, the cost advantage is narrowing at approximately 3–4 percentage points annually.

For procurement leaders, this means:

- Factoring 9–10% annual salary inflation into multi-year procurement operating budgets.
- Investing in automation and digital tools to offset rising human costs.
- Building retention and skill-development programmes as competition for digital procurement talent intensifies.

Why procurement hiring is failing

The capability gap in procurement is not primarily a sourcing problem; it is a role architecture problem. The roles being advertised were written for a version of the function that no longer exists, and the hiring process is optimised to find people for that version.

Four structural failures keep showing up:

Outdated role definitions: Job descriptions still emphasise negotiation and savings targets while underplaying risk governance, digital fluency, and ESG integration.

Compensation bands lag market shifts: Roles spanning analytics, digital transformation, and sustainability are seeing salary acceleration that static annual benchmarking cycles cannot capture, increasing offer drop-offs, and extending time-to-hire.

Digital capability is treated as optional: Many JDs treat ERP fluency, spend analytics capability, and procurement platform experience as secondary requirements rather than core competencies.

Weak succession planning: Most enterprises lack structured pipelines at the CPO-1 and CPO-2 levels, compressing assessment rigour when senior leaders exit.

Hardest-to-fill procurement roles in 2026

Role	India salary range	Why hard to fill
Digital procurement transformation head	₹30–60 LPA	Requires rare overlap: deep procurement experience + digital platform expertise + enterprise change leadership
Category manager – direct materials	₹22–40 LPA	Deep commodity expertise, supplier network intelligence, and advanced cost modelling rarely exist in one profile
Sustainable procurement lead	₹18–36 LPA	Intersection of procurement expertise and ESG/carbon literacy remains a narrow talent pool in India
Procurement analytics lead	₹18–42 LPA	Competes directly with tech and fintech for analytics talent; procurement domain + data engineering is rare
Chief Procurement Officer (CPO)	₹1.2–3.5 Cr	Strategy depth, digital transformation experience, and board-level alignment maturity rarely converge in one profile

Procurement Trends in 2026

Technology spend in procurement is growing at 6.1% in 2026, while headcount budgets stay flat. The workload is rising faster than they can hire for it, and technology is the only lever that can close the gap at the required speed.

The following trends indicate how leading organisations are redesigning their procurement functions, where investment is going, which tools are proving valuable, and where the next wave is building:

1. Doing more with less: The productivity imperative

Procurement workloads are rising 8% in 2026, while headcount and operating budgets face flat or declining trajectories, creating an efficiency gap of 8.4%. Technology investment is the primary response, with procurement technology spend projected to grow 6.1% in 2026.

Despite growing interest in AI, many organisations still face challenges in scaling adoption. As a result, procurement leaders are prioritising investments in spend analytics, contract lifecycle management (CLM), and e-sourcing platforms to improve efficiency, visibility, and decision-making.

2. Procurement as a strategic leadership function

72% of CPOs globally now describe their function as a driver of innovation and enterprise transformation, not cost reduction. That shift is deliberate; CFOs and boards are not asking procurement to save money anymore. They are asking it to protect supply continuity, demonstrate ESG progress, and enable the organisation's strategic agenda.

In India, manufacturing and infrastructure companies are driving this change fastest, as the cost and ESG implications of sourcing decisions going wrong are higher in capital-intensive supply chains.

72%

of CPOs globally describe their function as a driver of innovation and enterprise transformation.

3. Sustainability becomes a business imperative

SEBI's BRSR Core framework, mandatory for India's top 1,000 listed companies, has made ESG disclosure in procurement a regulatory requirement, not a footnote in the annual report. Organisations must now track and report on supplier emissions intensity, diversity in the supply base, and responsible sourcing practices. Leading organisations are now embedding ESG criteria into RFP scoring, supplier onboarding templates, and contract conditions.

70%

of tech procurement leaders will have ESG-aligned KPIs by 2026

~\$34 T

ESG-focused institutional investment is projected globally by 2026

46%

of CPOs cite meeting ESG compliance demands as a top challenge

4. Human capital and skills transformation

The hardest roles to fill in 2026 are also the ones that matter most: AI systems leads, spend analytics managers, and ESG sourcing specialists.

Organisations ahead of this curve are taking three actions simultaneously:

- Investing in formal upskilling in data literacy, AI tool usage, and category strategy, often in partnership with platform vendors.
- Creating hybrid roles that combine category expertise with digital capability.
- Building structured career paths for procurement talent to compete with GCC and multinational employers.

14%

of CPOs are confident in their teams' digital capabilities, the widest capability gap procurement has faced. Tools are advancing faster than the people who are supposed to operate them.

Procurement Talent Readiness

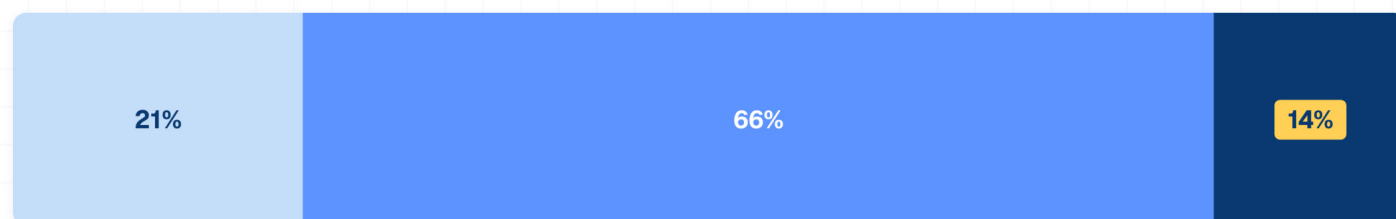
Percentage of respondents

Strongly disagree / Disagree Neutral Agree / Strongly agree

Adequate talent to meet the current performance requirements of the function



Adequate talent to meet the future performance requirements of the function



Note: Total might not add up to 100% due to rounding off

n = 111

Q3. Please rate your agreement with the following statements regarding your procurement team's ability to meet or exceed performance requirements with current talent.

Source: 2023 Gartner Procurement Competencies Survey | 784397

08

Outlook for 2026–2027

The next two years will be the ones procurement leaders look back on as the moment when the function either claimed its strategic seat or lost it.

Over the next two years, the function will be shaped by a convergence of AI adoption, economic volatility, and rising expectations from enterprise leadership. Organisations that rethink procurement's operating model now will gain a structural advantage.

AI moves from enablement to execution

The next phase of procurement transformation will see AI shift from decision support to autonomous execution. Multiagent systems like Clara by Procol are increasingly orchestrating sourcing events, monitoring supplier risk in real time, and automating routine contract and purchasing workflows. Organisations that design AI capabilities intentionally, rather than layering tools onto legacy processes, will capture the largest value gains.

Resilience gains market value

Supply chain resilience is evolving from a defensive capability into a measurable strategic asset. Once resilience carries an economic value, ignoring it becomes an unmanaged exposure. Enterprises that combine operational agility with financial discipline will not only withstand disruption more effectively but also shape how resilience is measured and embedded into enterprise strategy.

The productivity equation tightens

The workload-headcount mismatch is not a 2026 problem that will resolve itself in 2027. Procurement workloads are projected to continue rising while headcount and operating budgets remain constrained. Organisations that respond by adding more layers to process management - more approvals, more reporting, more control will fall further behind. Leading organisations will redesign procurement operating models around value creation: accelerating supplier innovation, improving working capital, and enabling faster decision-making.

Talent becomes the hardest constraint

While AI adoption accelerates, the procurement talent base is evolving more slowly. The demand for professionals who combine category expertise with digital fluency, analytics capability, and ESG knowledge continues to outpace supply. Organisations that proactively invest in upskilling their teams, building hybrid procurement roles, strengthening digital literacy, and creating structured leadership pipelines will gain a lasting advantage.

The procurement mandate ahead

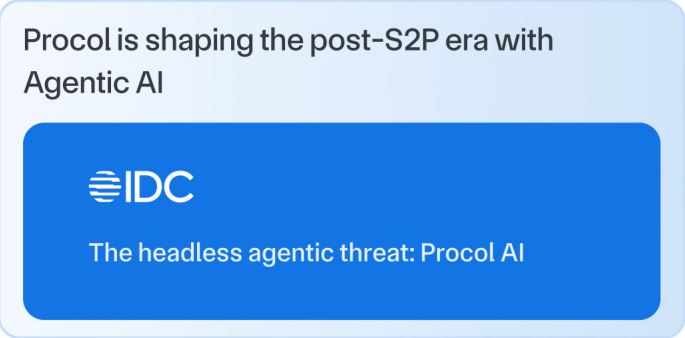
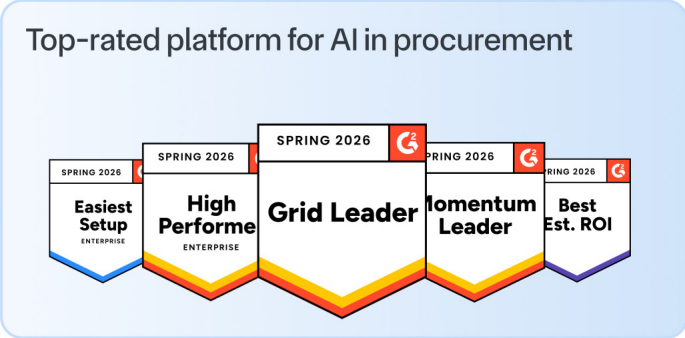
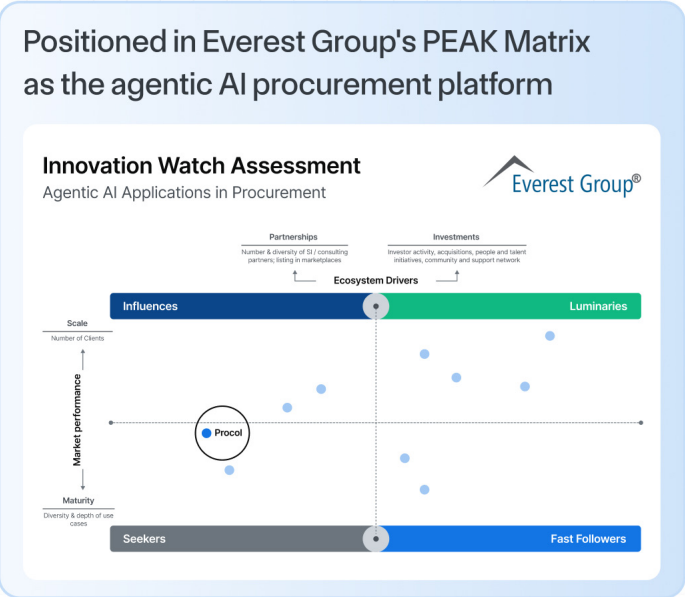
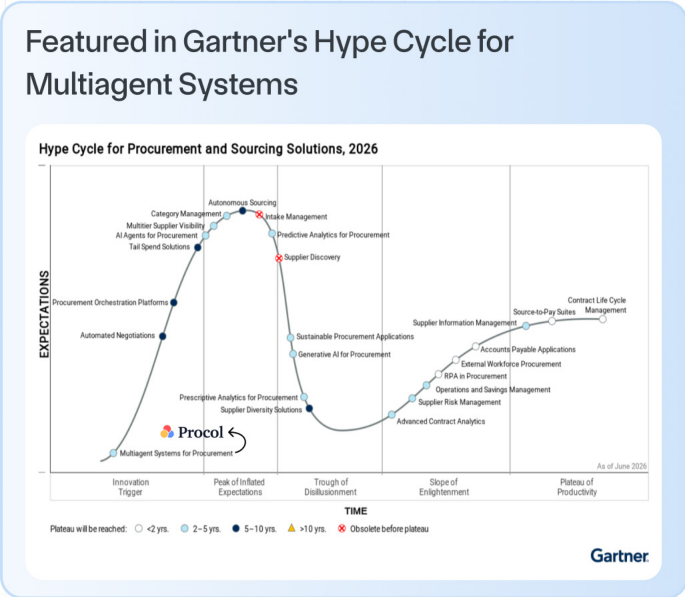
In an environment defined by uncertainty and technological change, procurement's role in the enterprise is expanding rapidly. The most successful organisations will treat procurement not just as a cost-management function but as a driver of resilience, innovation, and competitive advantage.

By 2027, procurement performance will increasingly be measured not only by savings delivered, but also by risk avoided, supply continuity protected, sustainability progress achieved, and supplier-driven innovation unlocked.

09 About Procol

Procol is an Agentic AI platform built for procurement and finance. It has helped 200+ enterprises across 10+ countries manage \$30B+ in spend, delivering 80%+ efficiency gains and 20%+ cost savings by orchestrating humans and agents across teams, tools, and suppliers.

Backed by Sequoia, Blume, YC, and Beenext. Procol is recognized by Gartner, Everest Group, IDC, and Forbes. The world's biggest enterprises trust Procol, including Hershey's, Reliance, AMNS, IKEA, CRISIL, Saint-Gobain, Cushman & Wakefield, Apollo Tyres, Škoda, Eisai, and more.



1,000+ AI agents running procurement and finance, right now, worldwide

\$30B+

Spend managed

\$1B+

Savings generated

200+

Customers

10 Appendix

A. Purpose of the appendix

This appendix provides a full reference list for every statistic, data point, and quantitative claim used in the main report. Citations are organised by report section and include the originating organisation, publication year, and source URL where available.

Three citation categories are used throughout:

Linked source	Statistic sourced from a publicly available URL, confirmed in source documentation.
Procol data	Derived from Procol's own platform data, customer base, or internal analysis.
Salaries	AmbitionBox and Glassdoor

B. Full citation index

This appendix provides a full reference list for every statistic, data point, and quantitative claim used in the main report. Citations are organised by report section and include the originating organisation, publication year, and source URL where available.

#	Statistic / Claim	Report section	Source URL
C01	85% of procurement executives report piloting or using AI	Executive Summary / Key Statistics	https://www.orolabs.ai/reports/2025-state-of-enterprise-procurement-agility-report
C02	30–40% sourcing cycle time reduction via agentic AI	Executive Summary / Outlook	Procol Proprietary Data
C03	14% of procurement leaders confident in team digital capabilities	Executive Summary / AI in Procurement	https://arkestro.com/blog/gartner-top-4-predictions-for-procurement-in-2024/
C04	India salary increase projection (9.5%)	Executive Summary / Compensation Benchmarks	https://www.wtwco.com/en-in/news/2024/10/india-to-maintain-9-point-5-percent-salary-increase-in-2025-wtw-survey-finds
C05	Procurement workload increase (8%)	Executive Summary / Trends	https://ironcladapp.com/resources/articles/cpo-agenda-key-takeaways
C06	Procurement efficiency gap (8.4%)	Executive Summary / Trends	https://ironcladapp.com/resources/articles/cpo-agenda-key-takeaways
C07	Procurement technology spend growth (6.1%)	Executive Summary / Trends	https://www.thehackettgroup.com/insights/2026-procurement-key-issues-2601/
C08	Global procurement software market growth	Procurement Landscape in 2026	https://www.fortunebusinessinsights.com/procurement-software-market-107099
C09	India procurement software market growth	Procurement Landscape in 2026	https://www.fortunebusinessinsights.com/procurement-software-market-107099
C10	India GDP growth forecast	Procurement Landscape in 2026	https://india.un.org/en/308156-india-see-66-growth-2026-amid-global-headwinds-report
C11	India inflation forecast	Procurement Landscape in 2026	https://india.un.org/en/308156-india-see-66-growth-2026-amid-global-headwinds-report

#	Statistic / Claim	Report section	Source URL
C12	80% of human decisions augmented by GenAI by 2029	Key Statistics at a Glance	https://www.digitalcommerce360.com/2024/03/29/why-gartner-is-right-about-ai-taking-the-lead-in-procurement/
C13	74% of CPOs plan AI integration into workflows	Key Statistics at a Glance	https://www.ivalua.com/blog/procurement-trends-2025-3-key-insights-predictions-shaping-the-future/
C14	India salary increase projection (9.1%, revised from initial 9% Aon Oct 2025 estimate)	Key Statistics at a Glance / Compensation Benchmarks	https://www.aon.com/apac/in-the-press/asia-newsroom/2025/salaries-in-india-projected-to-increase-by-nine-percent-in-2026-aon-study
C15	100% AI adoption (any form)	Where the Function Stands Today	https://www.prnewswire.com/news-releases/procureabilitys-2026-cpo-report-reveals-the-top-barriers-to-ai-adoption-among-procurement-organizations-302666226.html
C16	11% AI-at-scale readiness	Where the Function Stands Today	https://www.prnewswire.com/news-releases/procureabilitys-2026-cpo-report-reveals-the-top-barriers-to-ai-adoption-among-procurement-organizations-302666226.html
C17	89% of CPOs influencing enterprise strategy	Where the Function Stands Today	https://www.prnewswire.com/news-releases/industry-study-cpos-are-taking-charge-of-ai-risk-and-growth-in-2026-302703015.html
C19	16.2% attrition rate	Where the Function Stands Today	https://www.business-standard.com/industry/news/average-pay-hike-across-sectors-projected-at-9-1-pc-in-2026-survey-126022400786.1.html
C20	92% of CPOs planning or assessing GenAI investments	Where the Function Stands Today	https://www.deloitte.com/us/en/services/consulting/articles/procurement-data-quality-standards-for-artificial-intelligence-adoption.html
C21	94% of practitioners use GenAI weekly	Where the Function Stands Today	https://artofprocurement.com/blog/generative-ai-in-procurement
C22	82% of CPOs expect greater strategic influence	Part I – AI in Procurement	https://www.prnewswire.com/news-releases/industry-study-cpos-are-taking-charge-of-ai-risk-and-growth-in-2026-302703015.html
C23	25–40% efficiency improvement from agentic AI	Part I – AI in Procurement	https://www.orolabs.ai/reports/2025-state-of-enterprise-procurement-agility-report
C24	82% of businesses accelerating AI governance modernization	Part I – AI in Procurement	https://finance.yahoo.com/news/organizations-spending-almost-40-more-123000878.html
C25	75% reporting limitations in legacy governance processes	Part I – AI in Procurement	https://www.linkedin.com/posts/onetrust_redefining-governance-for-the-age-of-ai-activity-7391113741645414400-SeQz
C26	73% of procurement executives deploying AI agents	Part I – AI in Procurement / Outlook	https://www.linkedin.com/pulse/october-2025-ai-readiness-gaps-new-hiring-trends-balancing-wvmdc
C27	ISG AI use-case investment and production benchmarks	Part I – AI in Procurement	https://finance.yahoo.com/news/organizations-spending-almost-40-more-123000878.html
C28	Hackett AI deployment maturity benchmarks	Part I – AI in Procurement	https://www.thehackettgroup.com/insights/2026-procurement-key-issues-2601/
C29	AI deployment approaches (Embedded AI, AI-native, Custom)	Part I – AI in Procurement	Internal Source
C30	AI benefits realization benchmarks	Part I – AI in Procurement	Internal Source
C31	Procurement salary benchmarks by experience, title, industry, location, and company type	Compensation Benchmarks	https://www.ambitionbox.com
C32	India leads APAC salary growth for third consecutive year	Compensation Benchmarks	https://www.wtwco.com/en-in/news/2024/10/india-to-maintain-9-point-5-percent-salary-increase-in-2025-wtw-survey-finds
C33	70% of technology procurement leaders will have ESG-aligned KPIs by 2026	Procurement Trends	https://www.gartner.com/en/newsroom/press-releases/2023-01-31-gartner-predicts-70-percent-of-technology-sourcing-leaders-will-have-environmental-sustainability-aligned-performance-objectives-by-2026
C34	ESG-focused institutional investment projected at \$33.9 trillion	Procurement Trends	https://www.pwc.com/id/en/media-centre/press-release/2022/english/esg-focused-institutional-investment-seen-soaring-84-to-usd-33-9-trillion-in-2026-making-up-21-5-percent-of-assets-under-management-pwc-report.html

#	Statistic / Claim	Report section	Source URL
C35	46% of CPOs cite ESG compliance as a major challenge	Procurement Trends	https://www.prnewswire.com/news-releases/procureabilitys-2026-cpo-report-reveals-the-top-barriers-to-ai-adoption-among-procurement-organizations-302666226.html
C36	72% of CPOs view procurement as a driver of transformation	Procurement Trends	https://spendmatters.com/2025/02/18/what-digital-transformation-is/
C37	India procurement software market projected to reach USD 0.31 billion	Procurement Landscape	https://www.fortunebusinessinsights.com/procurement-software-market-107099
C38	Global procurement software market projected to reach USD 11.14 billion	Procurement Landscape	https://www.fortunebusinessinsights.com/procurement-software-market-107099
C39	Procol internal customer survey benchmarks	About Procol	Internal Source
C40	Procol platform performance benchmarks	About Procol	Internal Source
C41	Procol company metrics	About Procol	https://www.procol.ai

C. Citations by report section

Section	Citations
Executive Summary	C01 · C02 · C03 · C04 · C05 · C06 · C07
Procurement Landscape in 2026	C08 · C09 · C10 · C11 · C37 · C38
Key Statistics at a Glance	C01 · C05 · C12 · C13 · C14
Where the Function Stands Today	C15 · C16 · C17 · C19 · C20 · C21
Part I - The State of AI in Procurement	C03 · C22 · C23 · C28 · C29 · C30 · C27 · C26 · C24 · C25
Part II - Procurement Compensation Trends	C04 · C14 · C31 · C32
Part III - Procurement Tech Trends	C03 · C05 · C06 · C07 · C33 · C34 · C35 · C36
Outlook for 2026–2027	C02 · C03 · C26
About Procol	C39 · C40 · C41

Note: All URLs were active as of July 2026. Procol does not guarantee the continued availability of third-party sources. Some data points have been adjusted to reflect the Indian market.

D. Data sources summary

External Research The Hackett Group, Gartner, Deloitte, ISG, ORO Labs, Ivalua, ProcureAbility, WTW, Aon, PwC, Fortune Business Insights, UN India, Business Standard, PR Newswire, LinkedIn Salary Insights, AmbitionBox, Glassdoor India.	Proprietary Sources Procol Internal Customer Survey (2026) Procol Platform Benchmark Data (2026) Procol Company Metrics (2026)
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Note: All external URLs and references were verified at the time of publication. Some third-party sources may change or become unavailable after publication.



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