

Best Practice Strategic Procurement in Today's Leading Companies

Lessons for Public Sector Procurement

September 2025

Jonathan O'Brien

Let me introduce...

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Here to tell you about...

Best practice strategic procurement in today's leading companies

Today is about three things:

What is best practice procurement, today and future?

How and why do we fall short?

What do we need to do to drive transformation?

How is procurement in your organization?

What do you think?

What best describes procurement in your organization?

- A** Confused and messy
- B** Firefighting one battle after another
- C** Reacting to what the organization needs and ensuring they get it
- D** High performing, high value add

Procurement 1.0 - The ancient art of procurement

The background of the slide is a photograph of the Great Pyramids of Giza in Egypt. The pyramids are made of golden-brown stone blocks and are set against a clear, bright blue sky. The Great Pyramid of Khufu is the largest and is in the center-right. To its left is the Pyramid of Khafre, and further left is the smaller Pyramid of Menkaure. The desert floor is sandy and dotted with small figures of people and some modern structures in the distance.

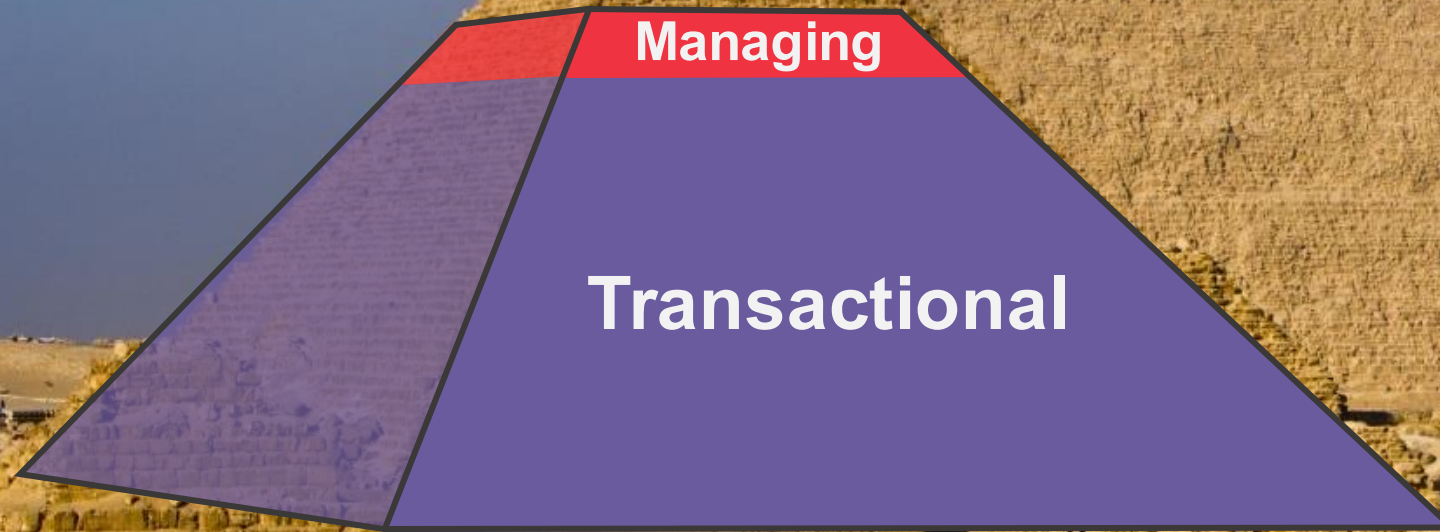
The first procurement officers were scribes

Managed flow of resources and materials (like stone) from request to use

The earliest known instance of formalizing the acquisition of good and services

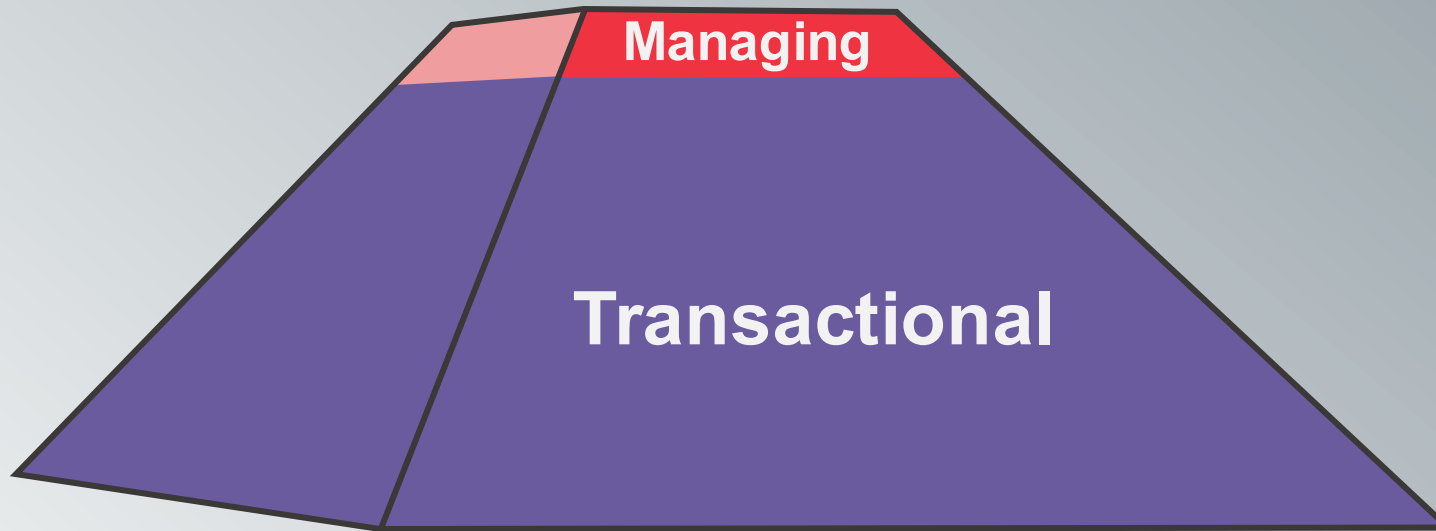
Established a defined process for procurement

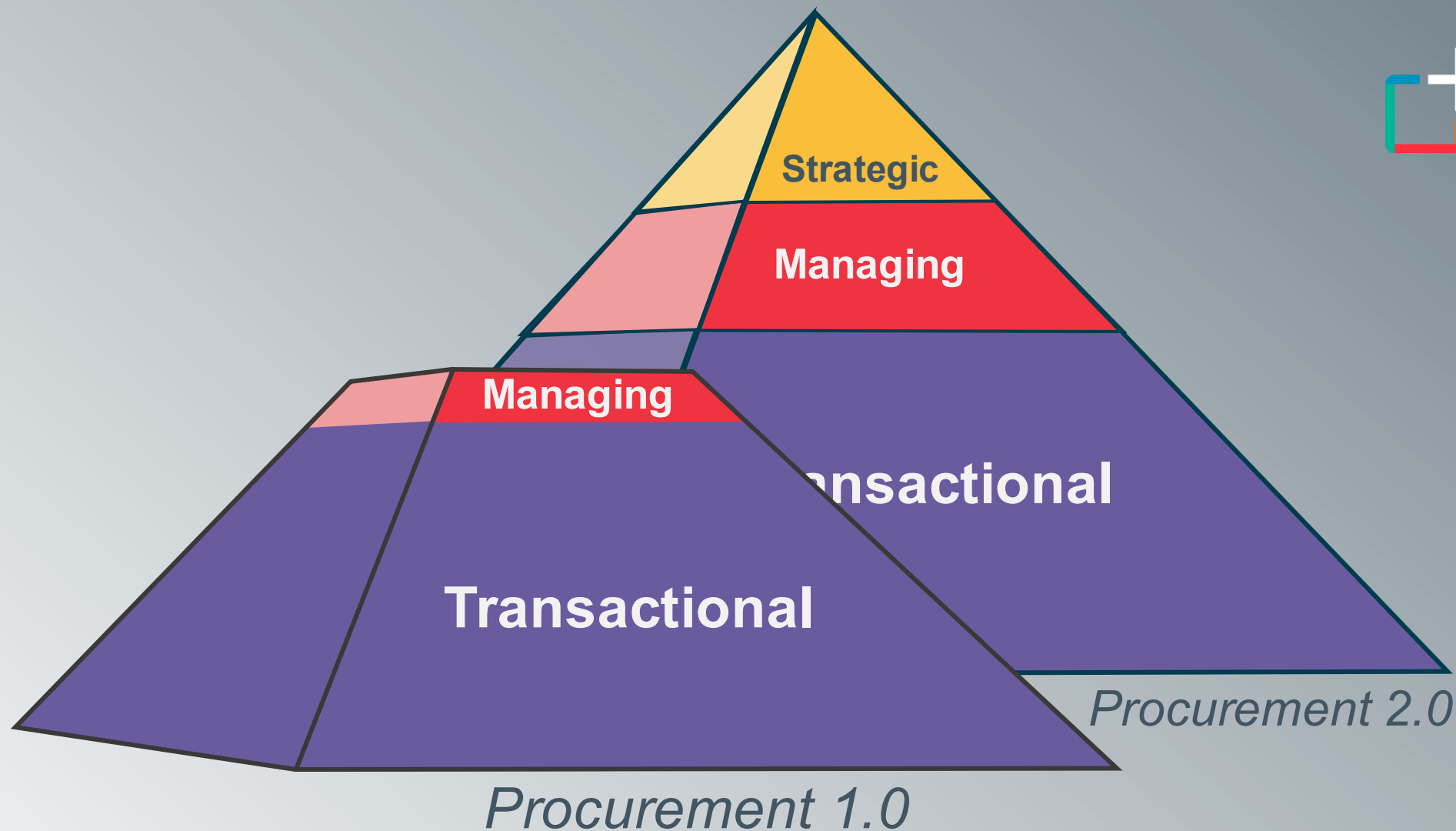
Procurement 1.0 - The ancient art of procurement



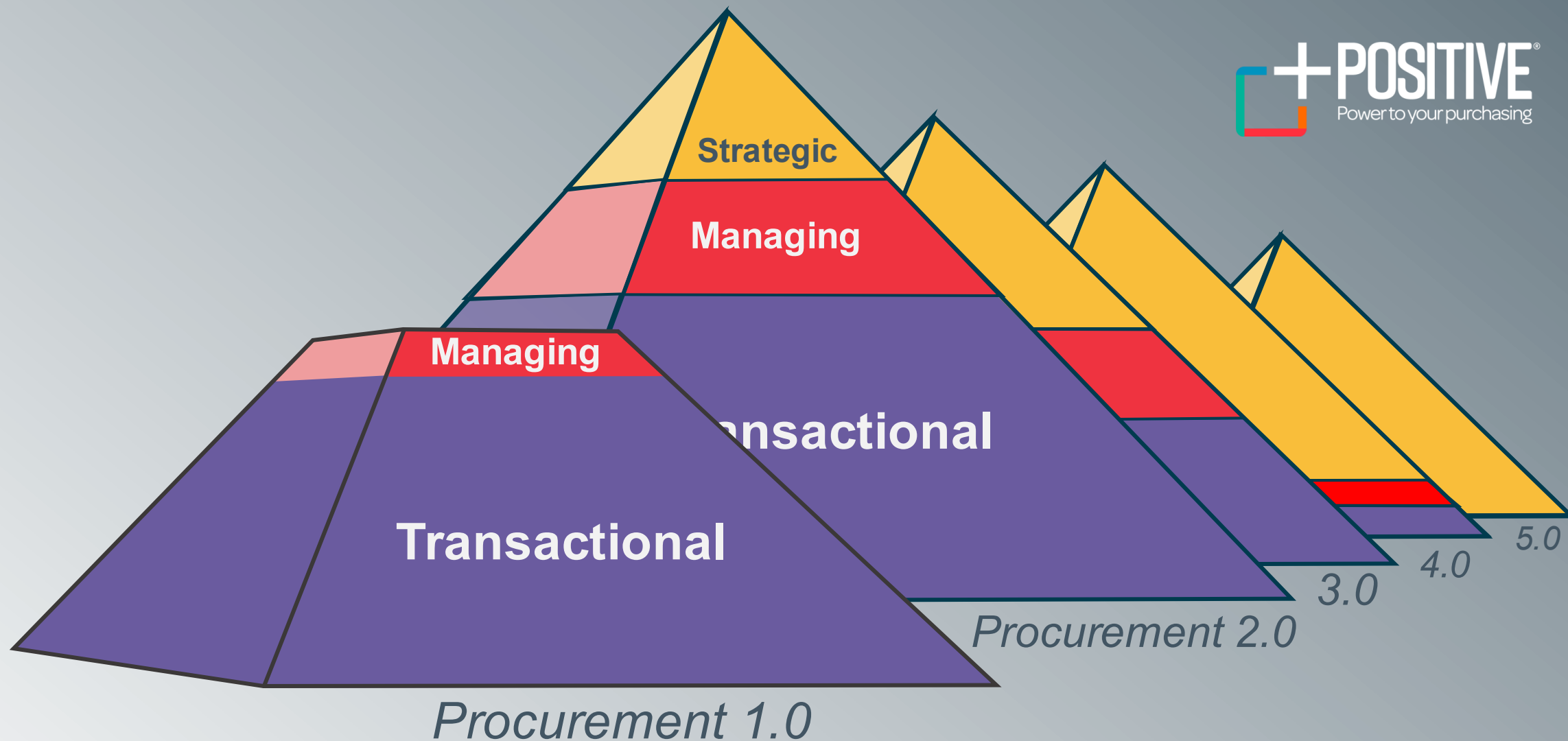
Historically procurement was about 'buying things'

But what does good look like today?





Today, best practice procurement today is strategically driven...



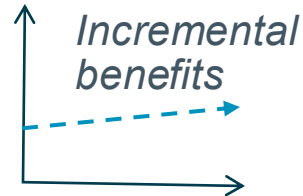
...and is set to become entirely a strategic function in coming years

Where we have come from

Procurement 1.0

Systematic buying

- Reactive
- Tactical
- Managing
- Tendering



2500 BC

Manage

Transactional

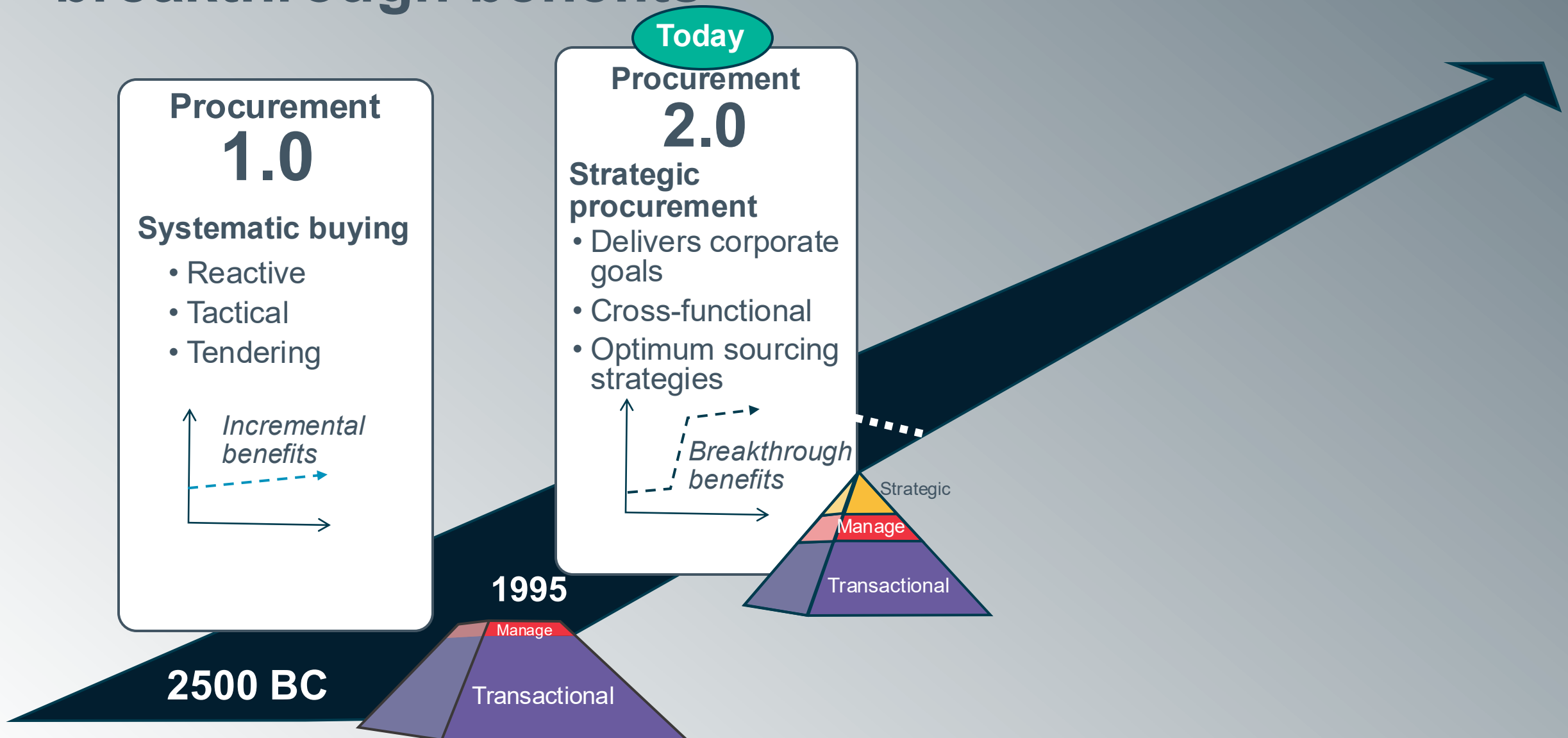
Today

2030

2035

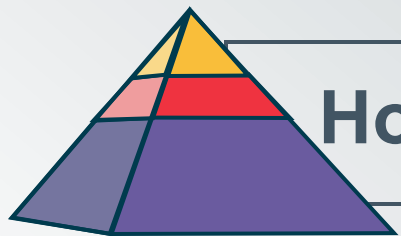
This is still how many big organizations do procurement

Strategic procurement brings breakthrough benefits

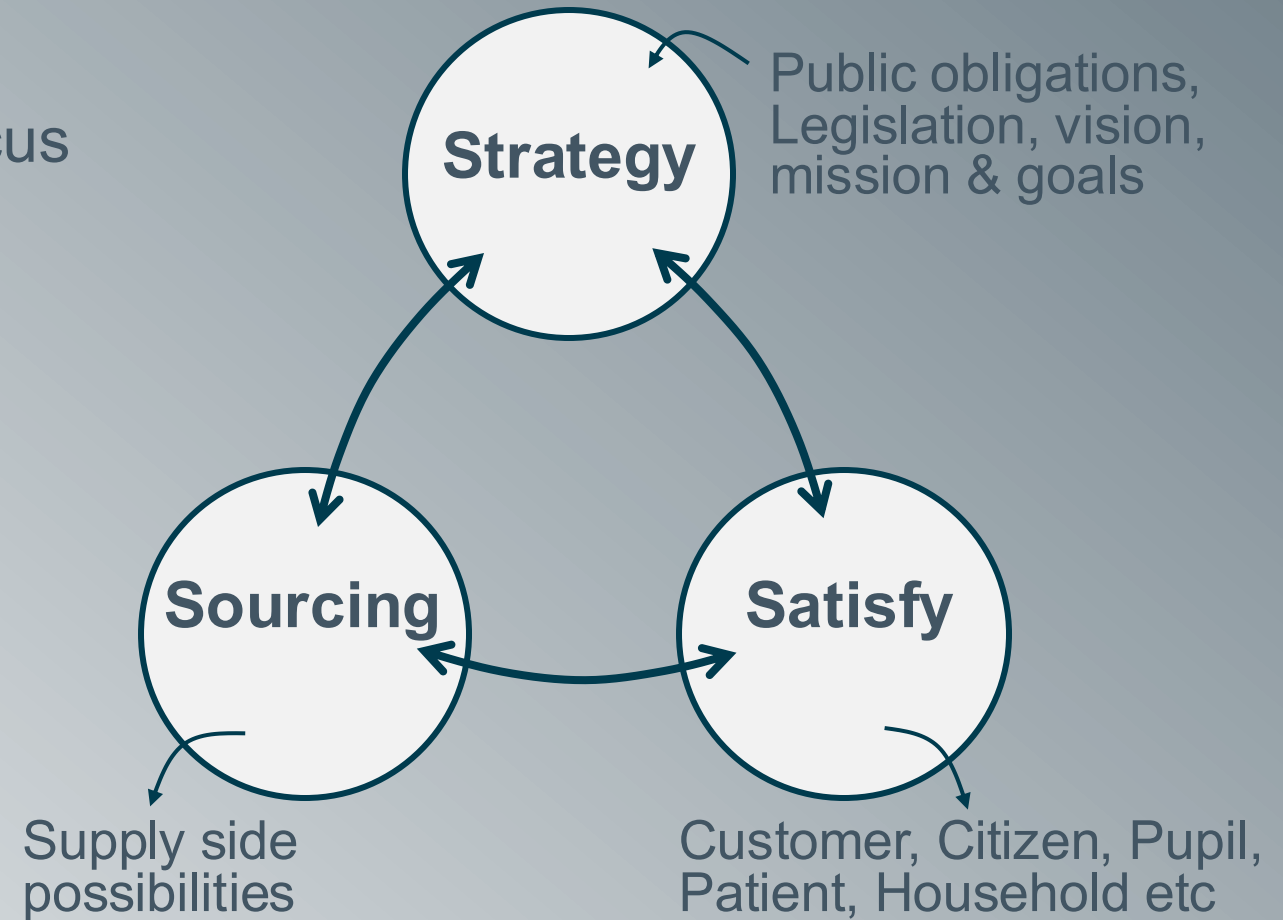


Characteristics of best practice strategic procurement today

- Strategic, organizational goal driven
- Customer/citizen/pupil/patient etc focus
- Business engagement & cross functional working
- Tech and AI enabled
- Breakthrough benefits (cost, risk, innovation, value, sustainable supply base)



How much benefit?



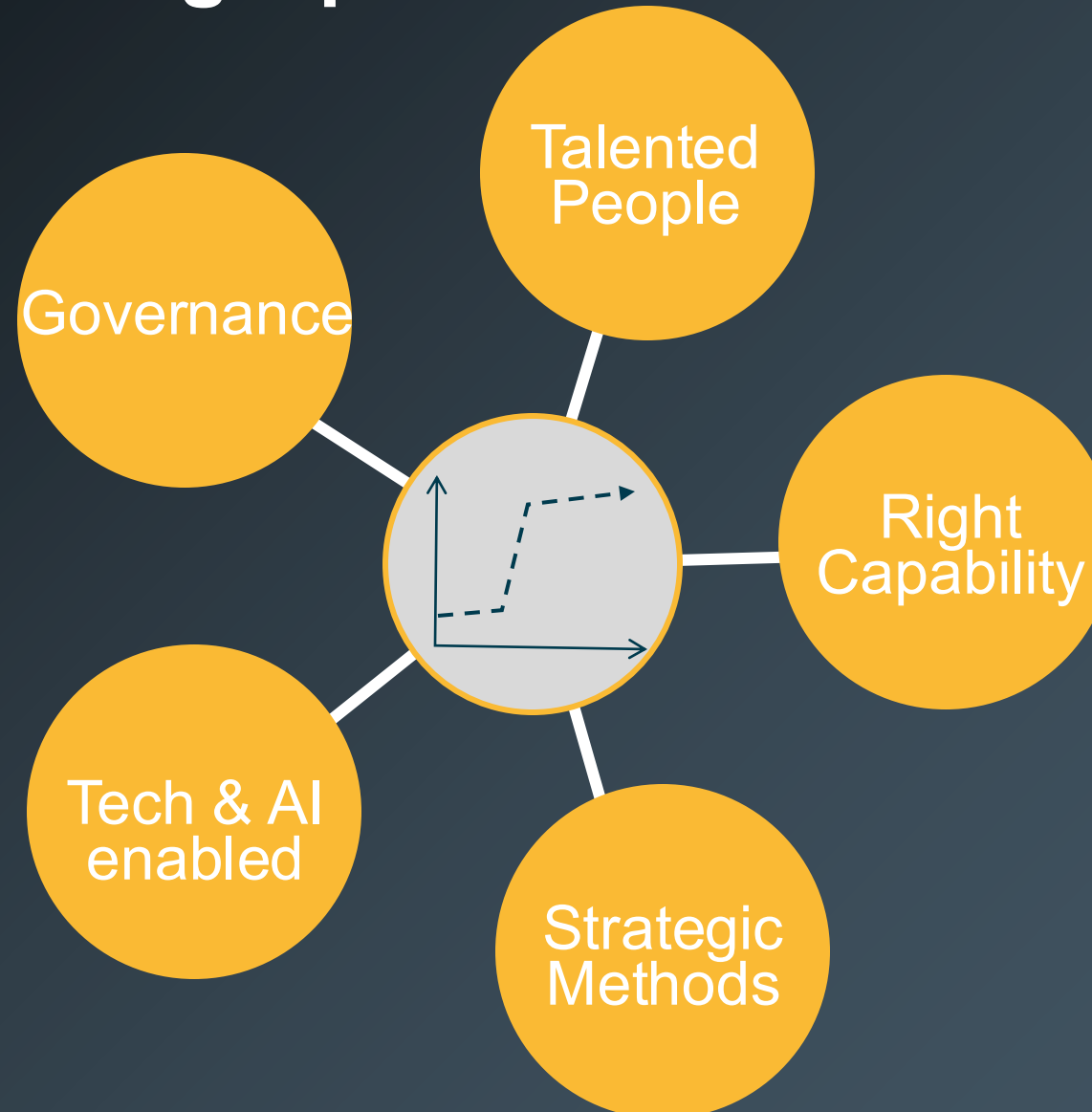
What do you think?

My No1 priority outcome for procurement is

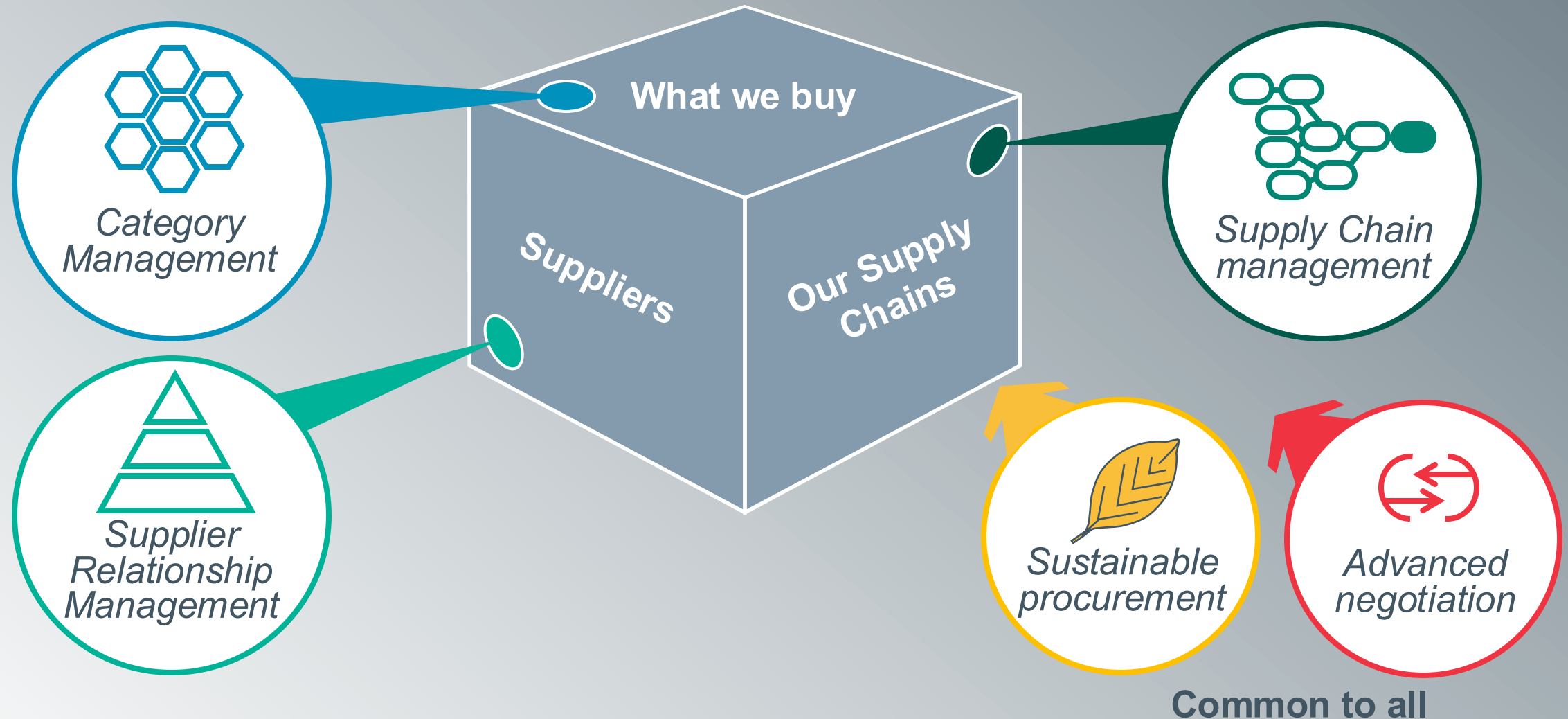
- A** Cost reduction
- B** Security of supply
- C** Sustainability/social value

- D** Reduced risk
- E** Innovation
- F** New value

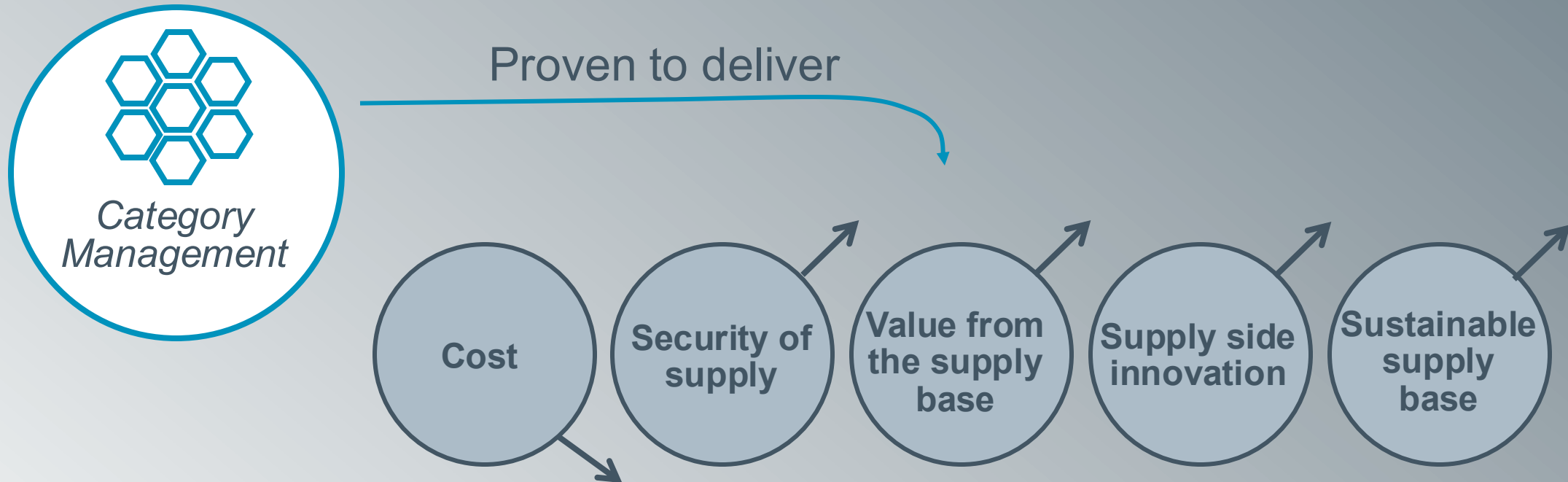
Companies that secure breakthrough benefits from strategic procurement do five things well



The five core approaches that power best practice strategic procurement

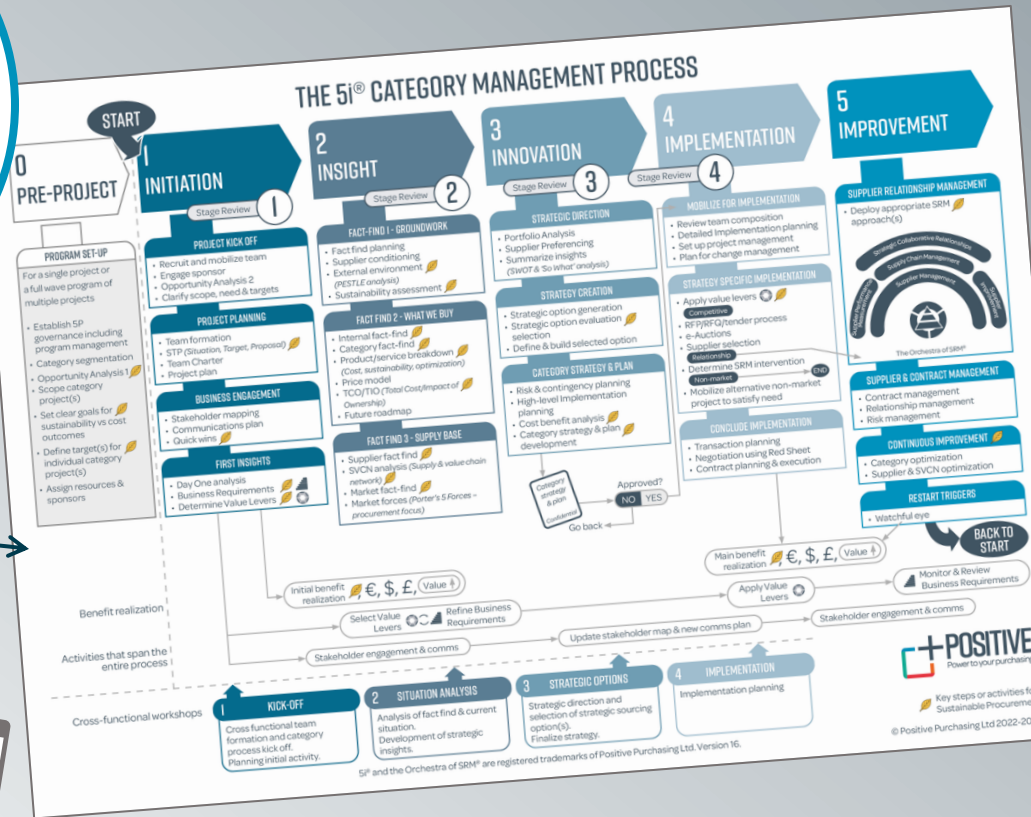


Category Management delivers breakthrough benefits



Which ones depend on what the organization needs from procurement and what you set out to achieve

The journey to strategic procurement begins with Category Management



Traditional application or next gen digital AI category management



Many organizations think they are doing Category Management

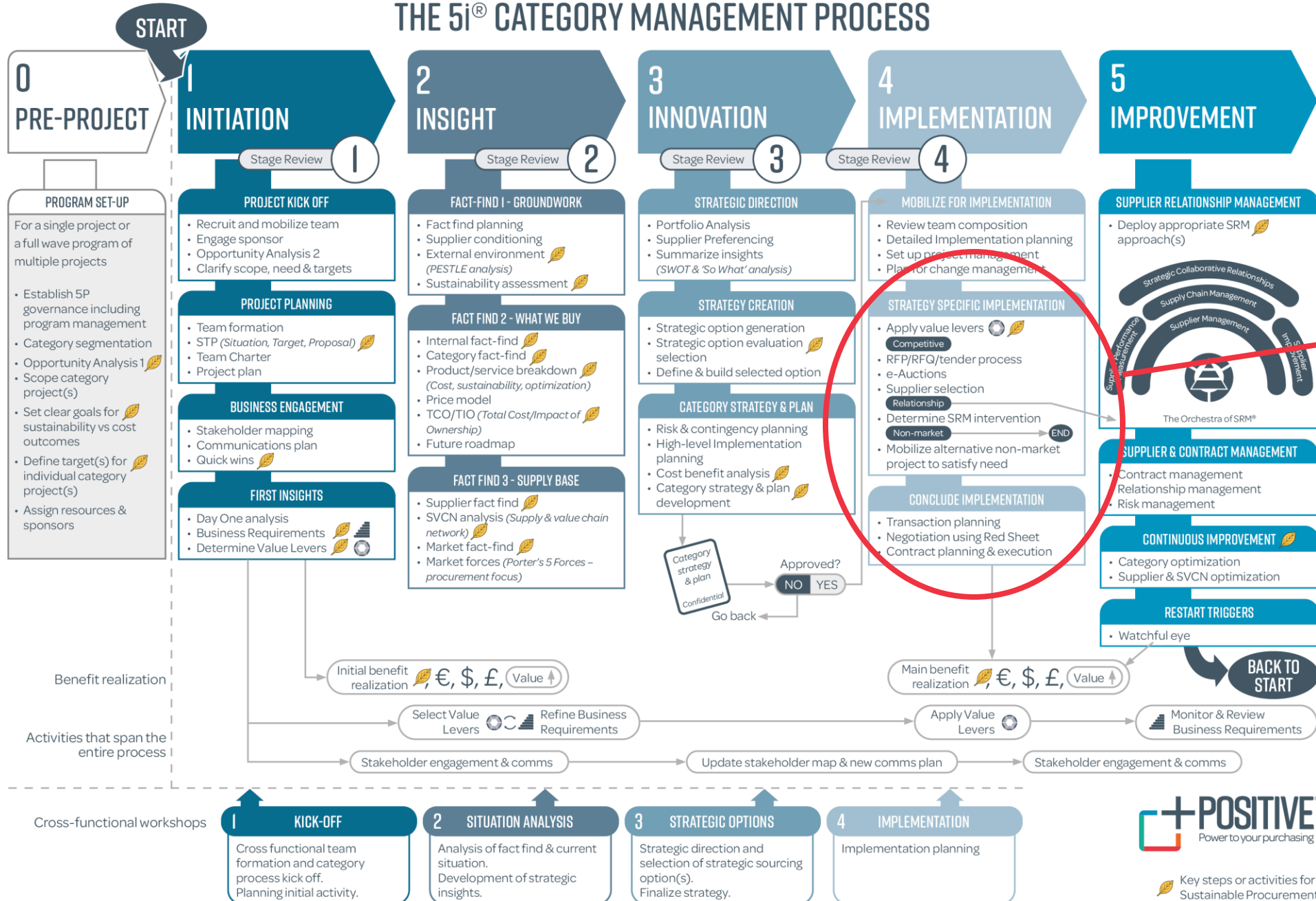
Most are doing little more than contracting and tendering in a category framework

A photograph of a swimming pool with several swimmers in different lanes. The water is bright blue, and the lane lines are visible. The swimmers are in various stages of their strokes, creating splashes. The text is overlaid on the top left of the image.

**But we're in the public sector...it
won't work here**

**Is about doing the heavy lifting upfront, being clear what
you are going to market for and structuring the way the
relationship will work from the outset**

THE 5i[®] CATEGORY MANAGEMENT PROCESS



Public sector procurement traditionally focuses on just this bit

Available on...



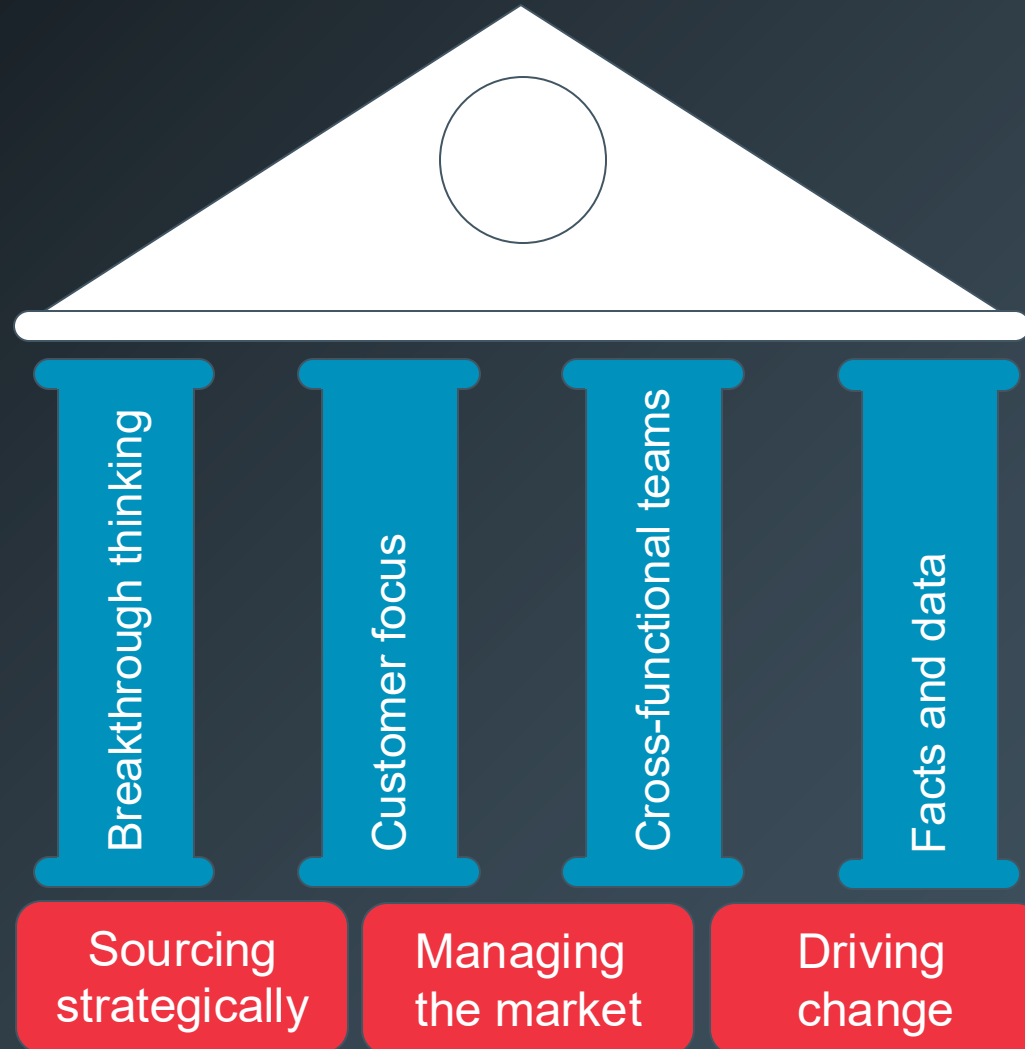
Key steps or activities for Sustainable Procurement

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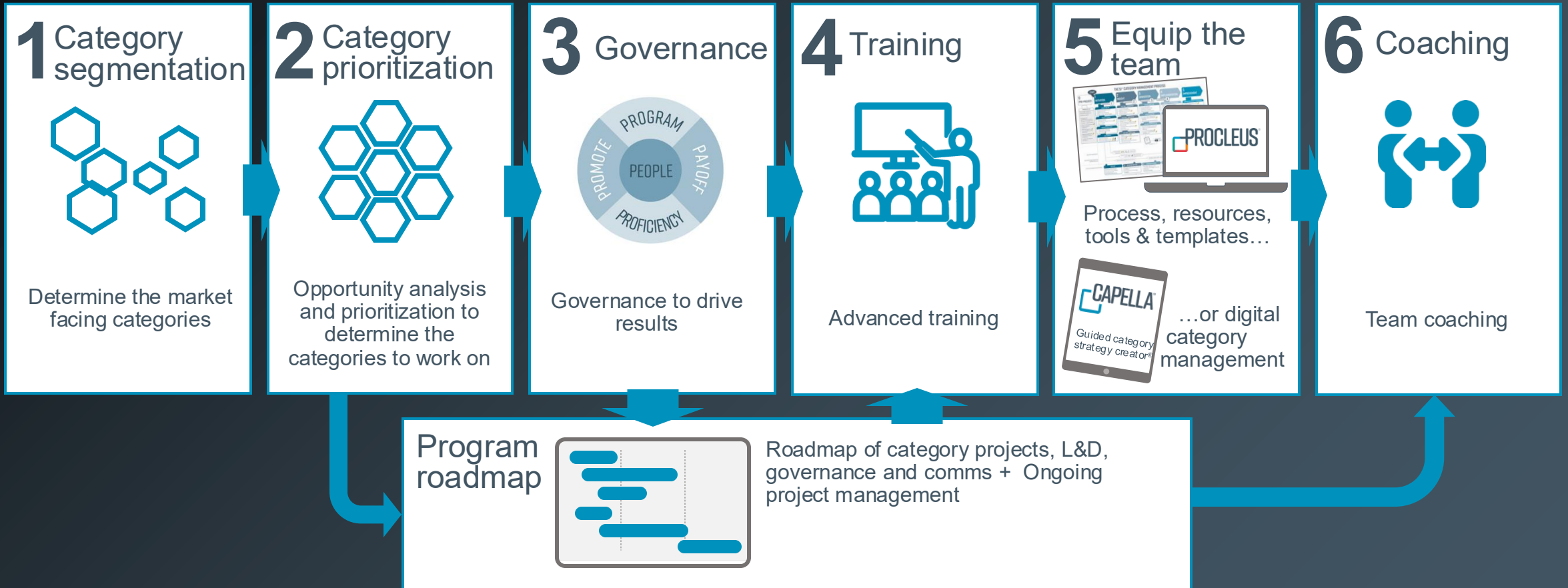
Category management is different because...



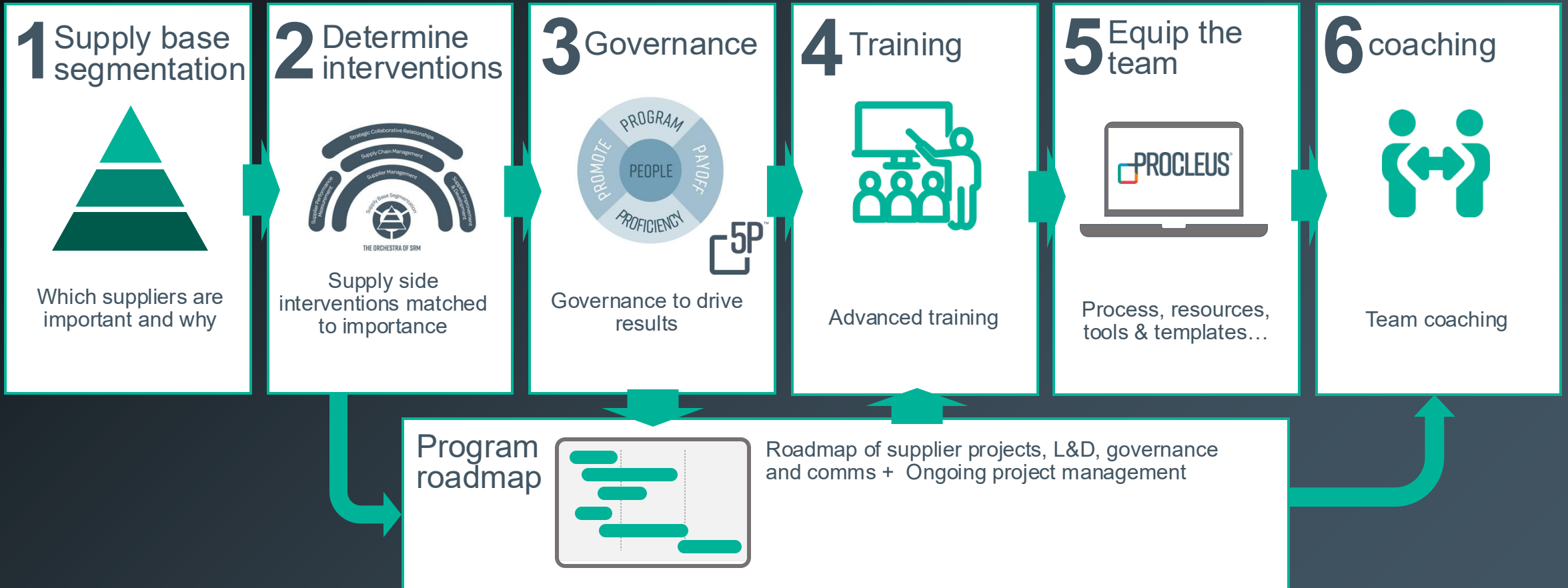
Category management is different because...



Success with category management demands a quality implementation



It's a similar approach for SRM or Supply Chain Management



Surely tech and AI means category management is dead?

NO!

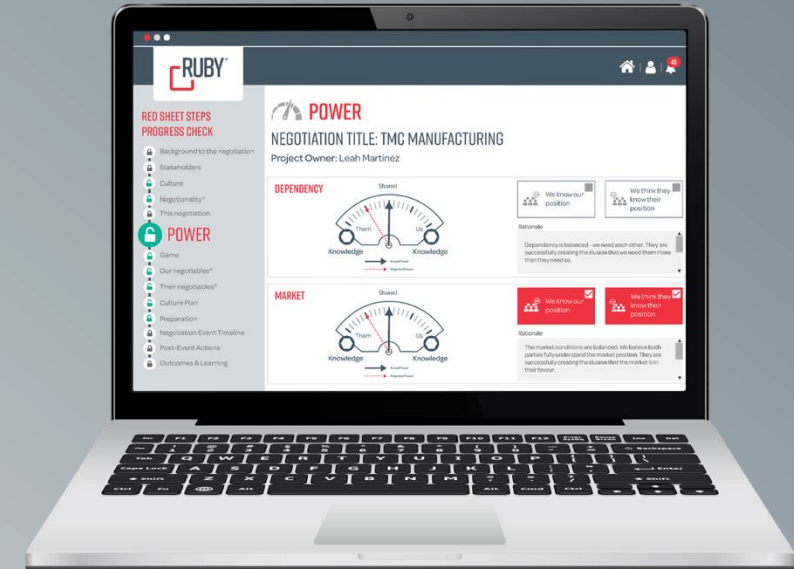
The next generation AI powered tools will transform how procurement happens. Category Management principles will be embedded – We won't fly the plane, but we will need skilled practitioners ensuring its systems are optimised



There is no magic button...

Tech landscape today...

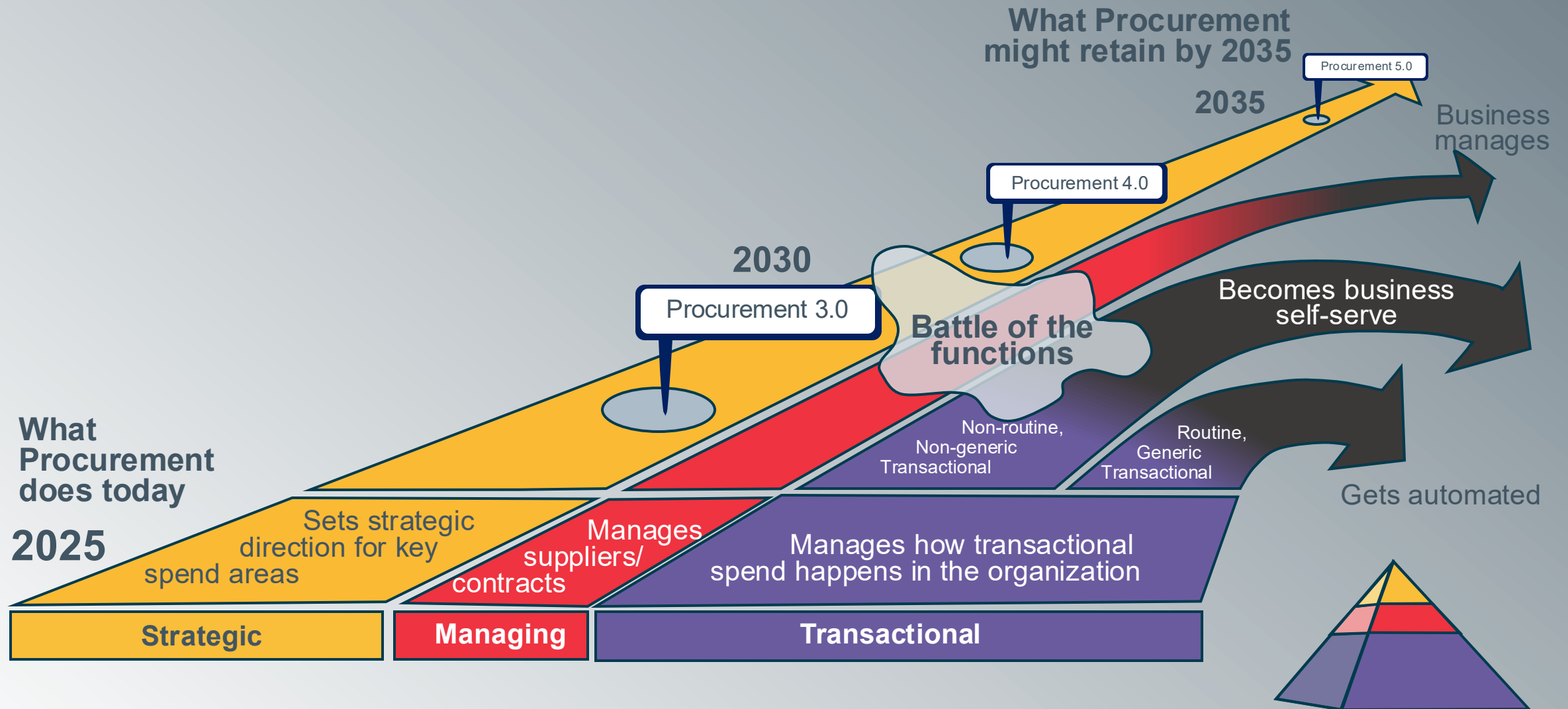
- Fragmented islands of technology
- Automating processes
- Poor data
- Little integration, poor implementation
- AI is moving faster than we can adopt it
- Everyone's searching for a magic button!



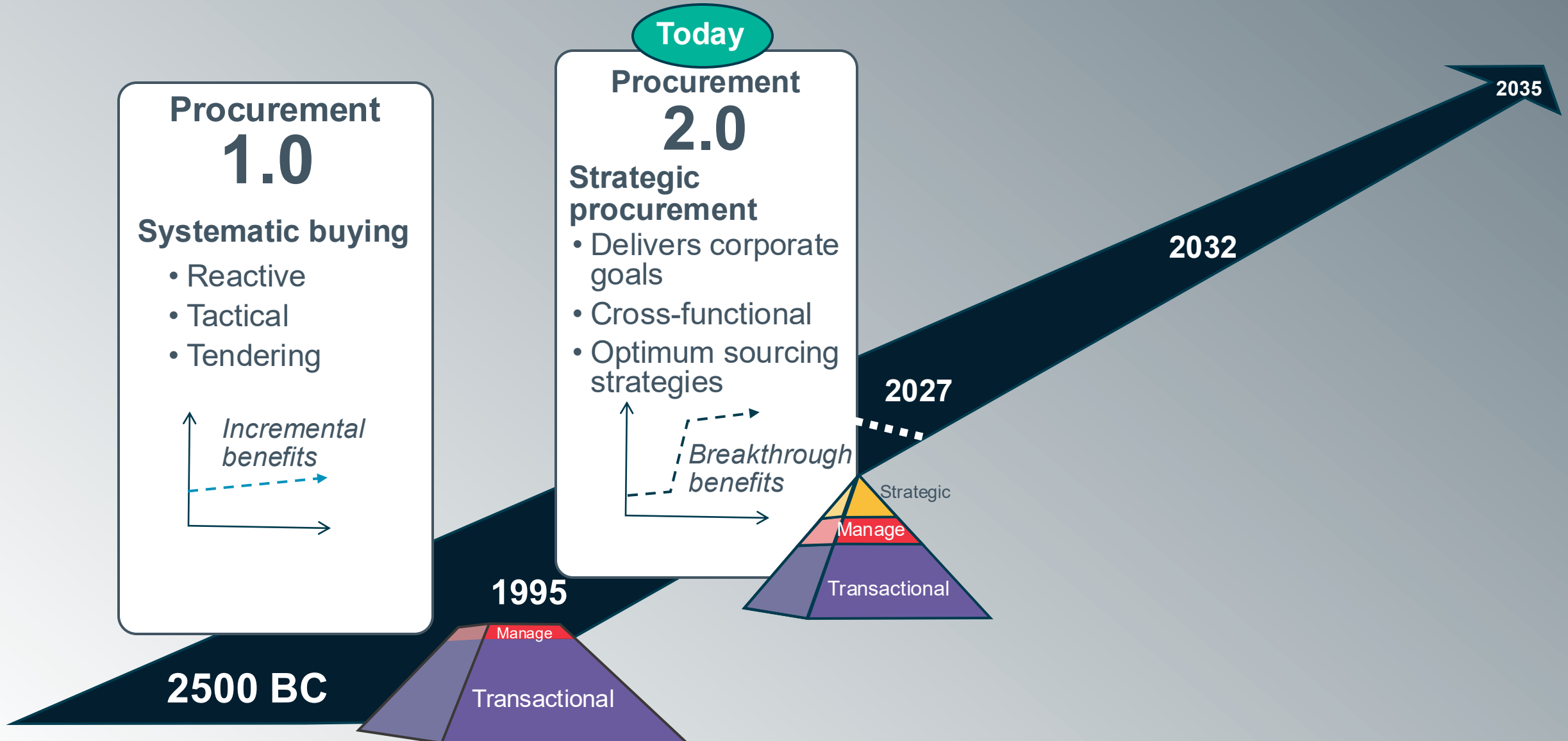
But...

- It's changing fast
- AI will drive incredible change
- The magic button is on the way

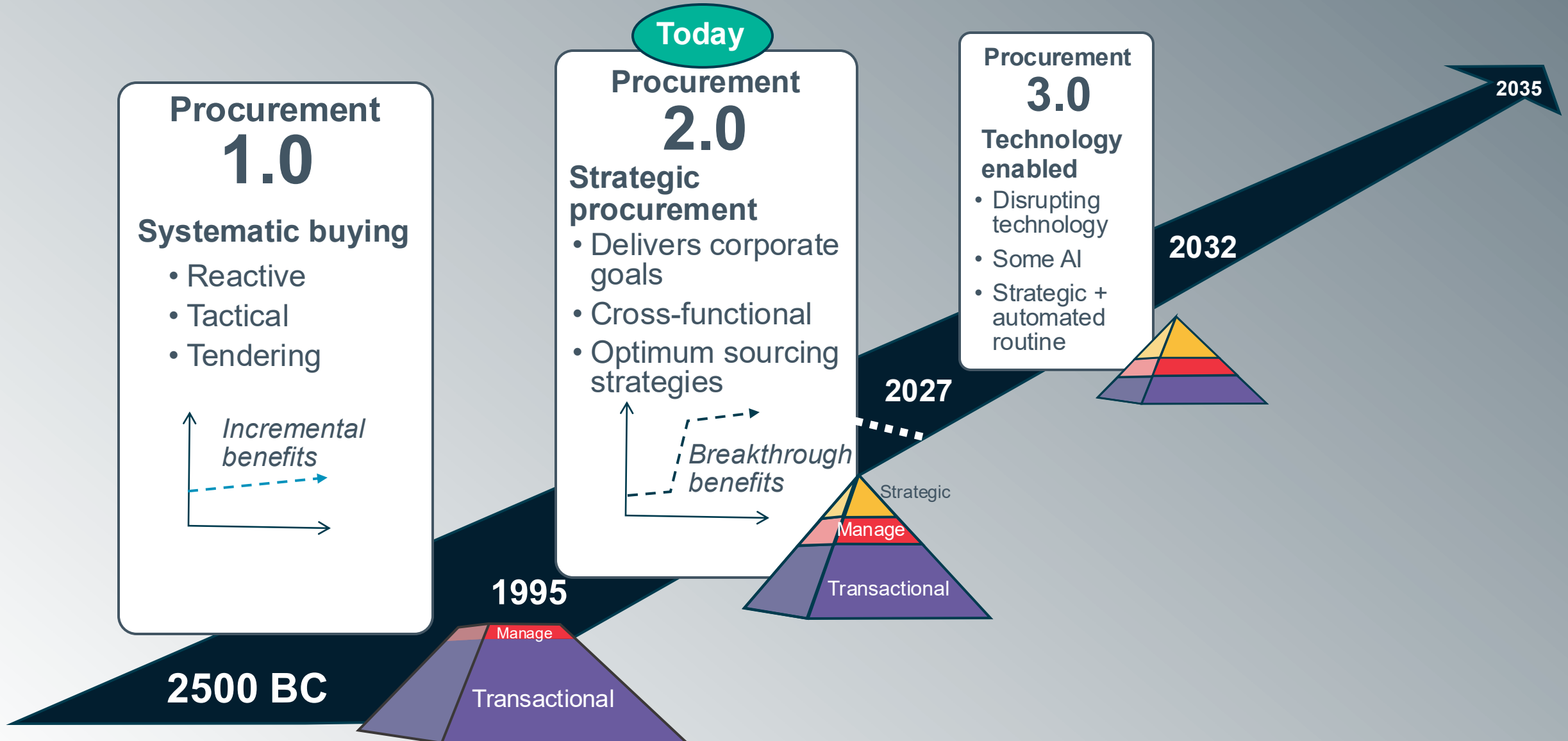
Procurement's future trajectory



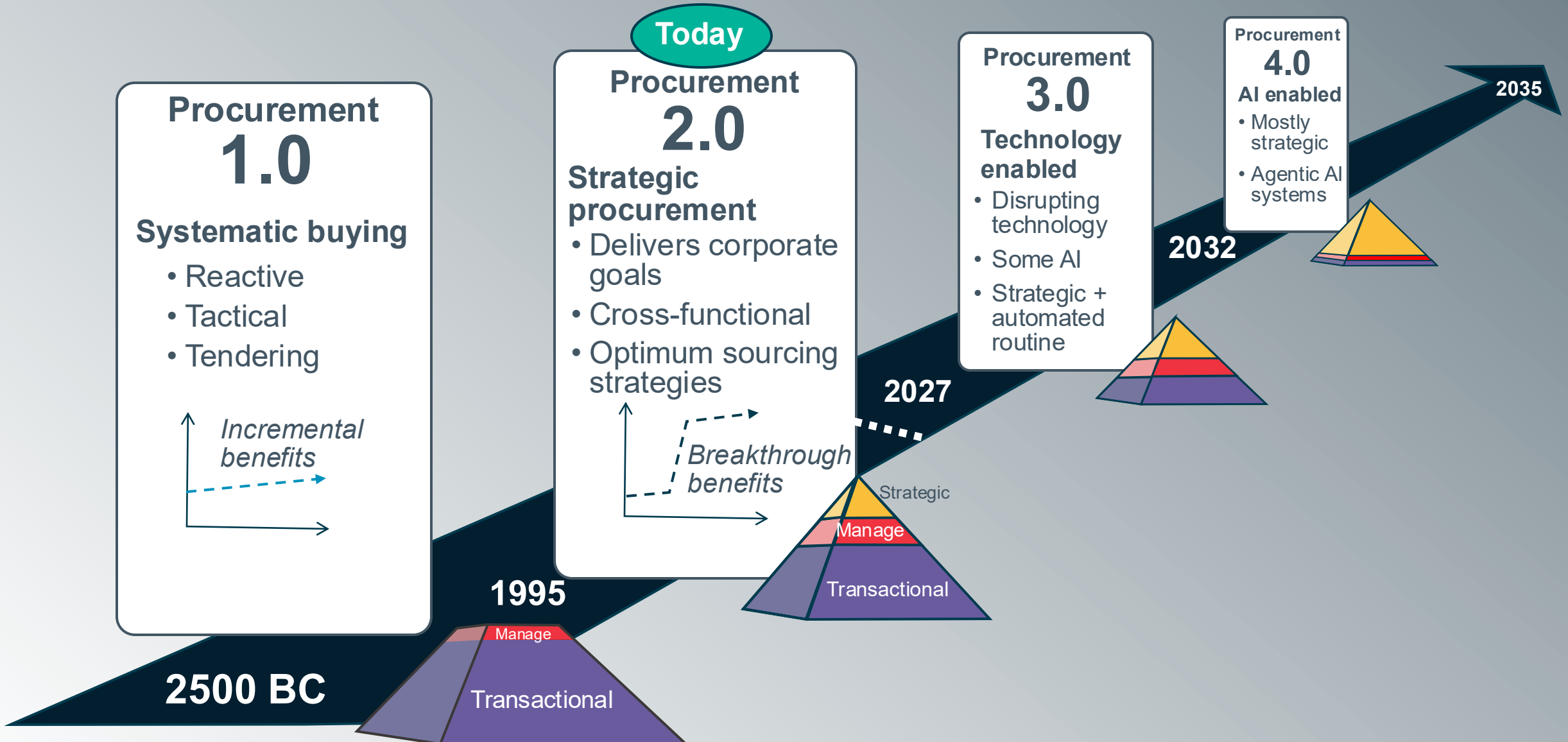
Procurement is evolving super-fast



Procurement is evolving super-fast



Procurement is evolving super-fast

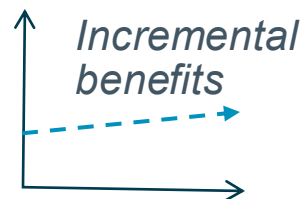


Procurement is evolving super-fast

Procurement 1.0

Systematic buying

- Reactive
- Tactical
- Tendering



2500 BC

1995

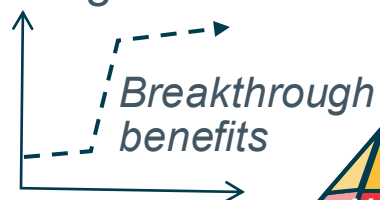
Manage
Transactional

Today

Procurement 2.0

Strategic procurement

- Delivers corporate goals
- Cross-functional
- Optimum sourcing strategies



2027

Strategic
Manage
Transactional

Procurement 3.0

Technology enabled

- Disrupting technology
- Some AI
- Strategic + automated routine

2032

Procurement 4.0

AI enabled

- Mostly strategic
- Agentic AI systems

Procurement 5.0

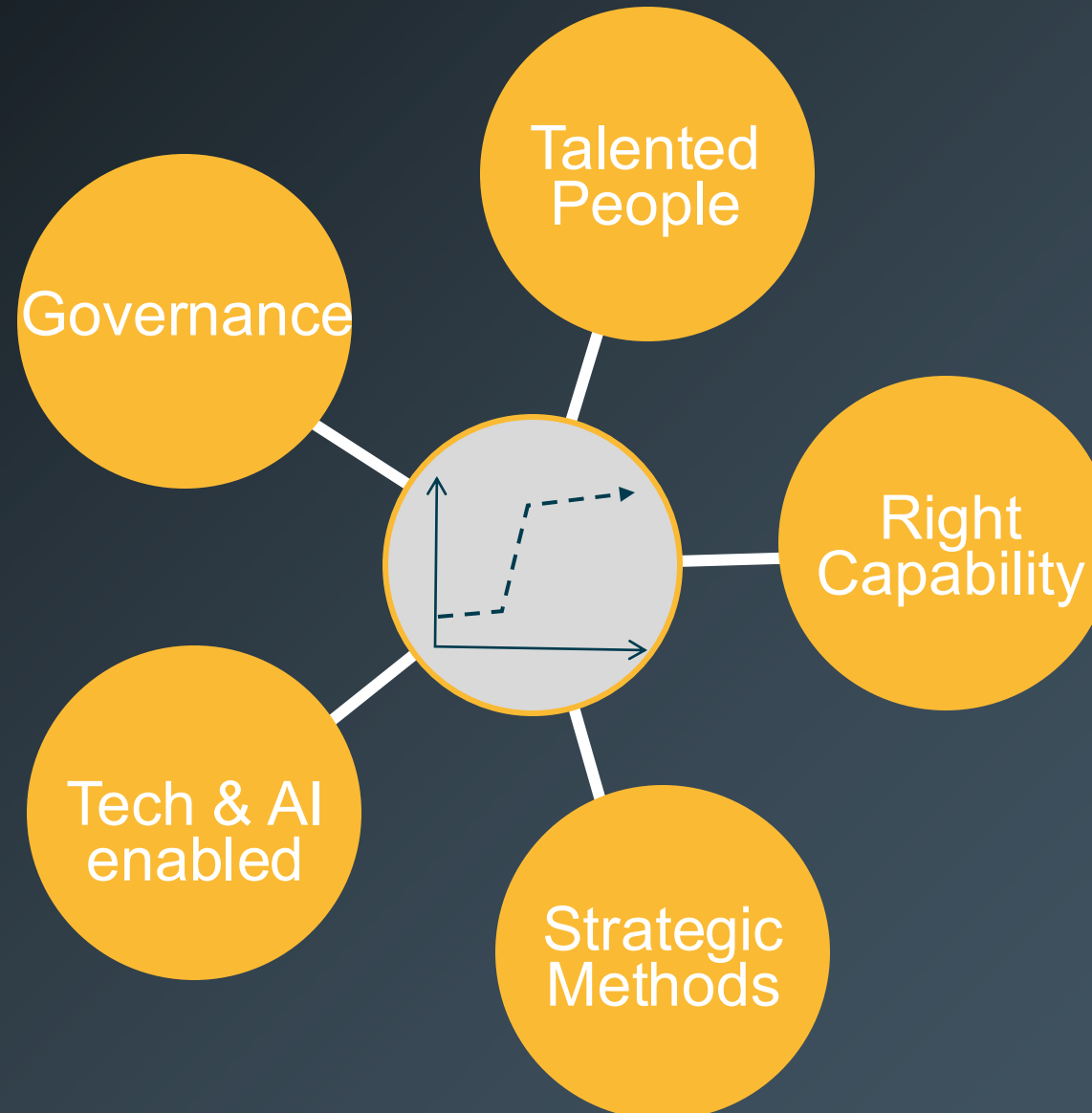
The New World

2035

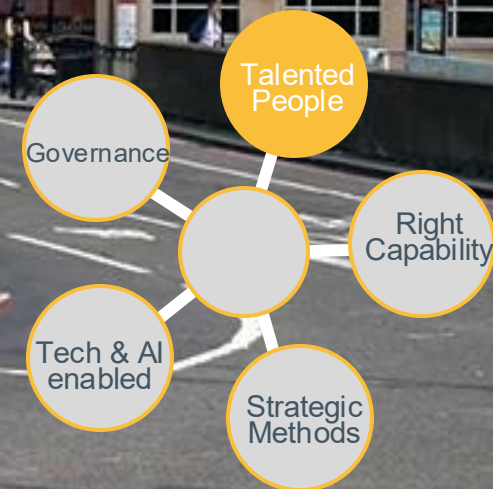
Where are you?



How can we transform procurement?



**Have you got the right
people on the bus?**



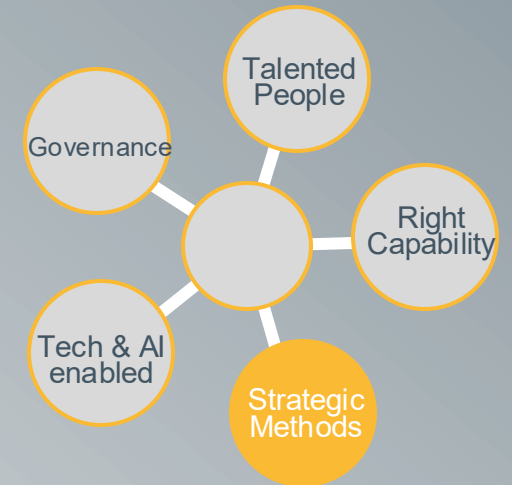
Build advanced capability now



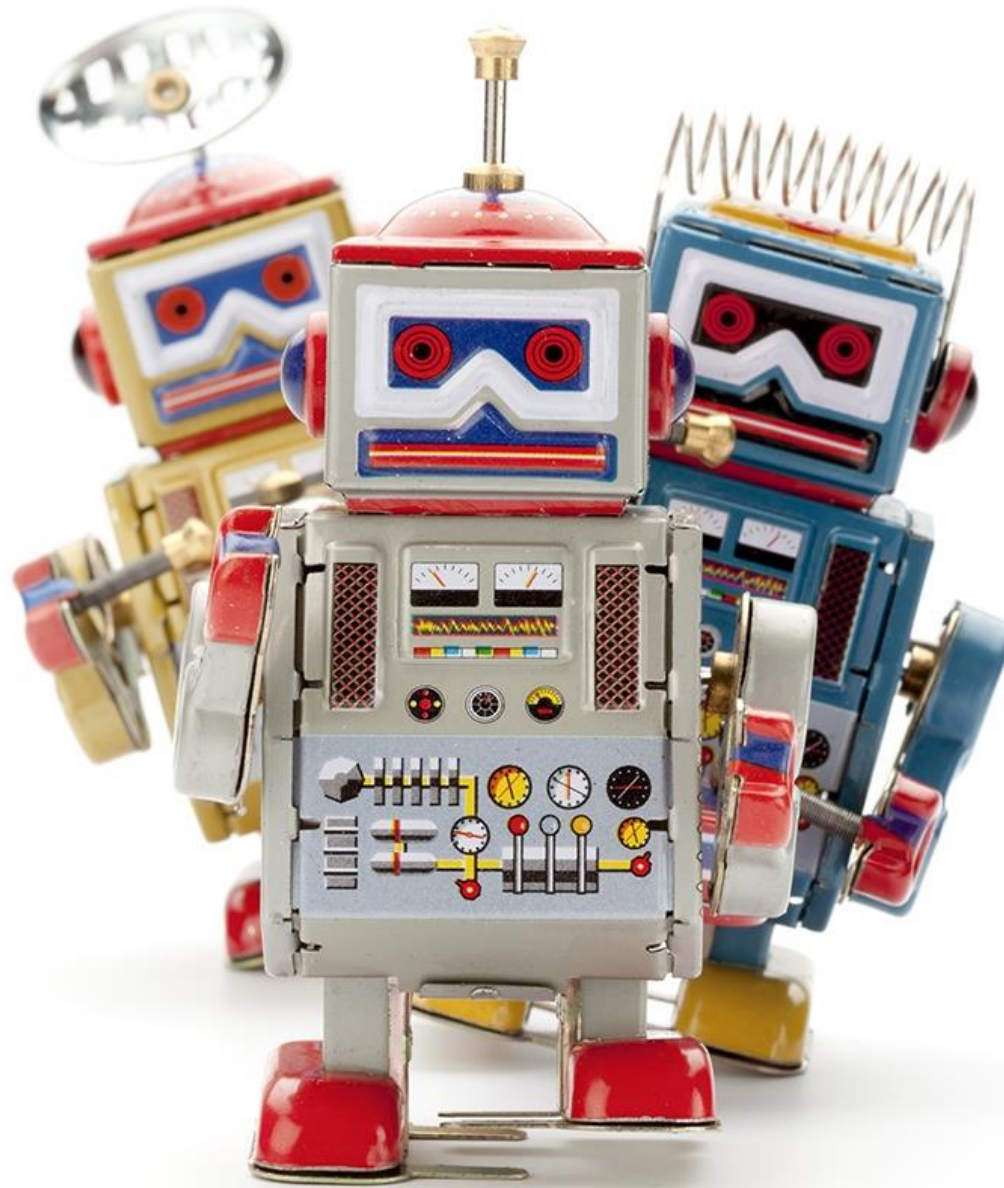
- Advanced strategic procurement methods
- AI & Data science
- Technology architects
- Business engagement
- Driving change



Equip and embed best practice strategic methods



Build a tech, AI and data, strategy and plan

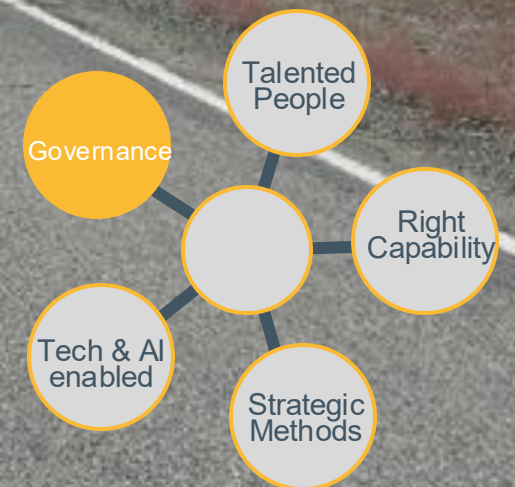


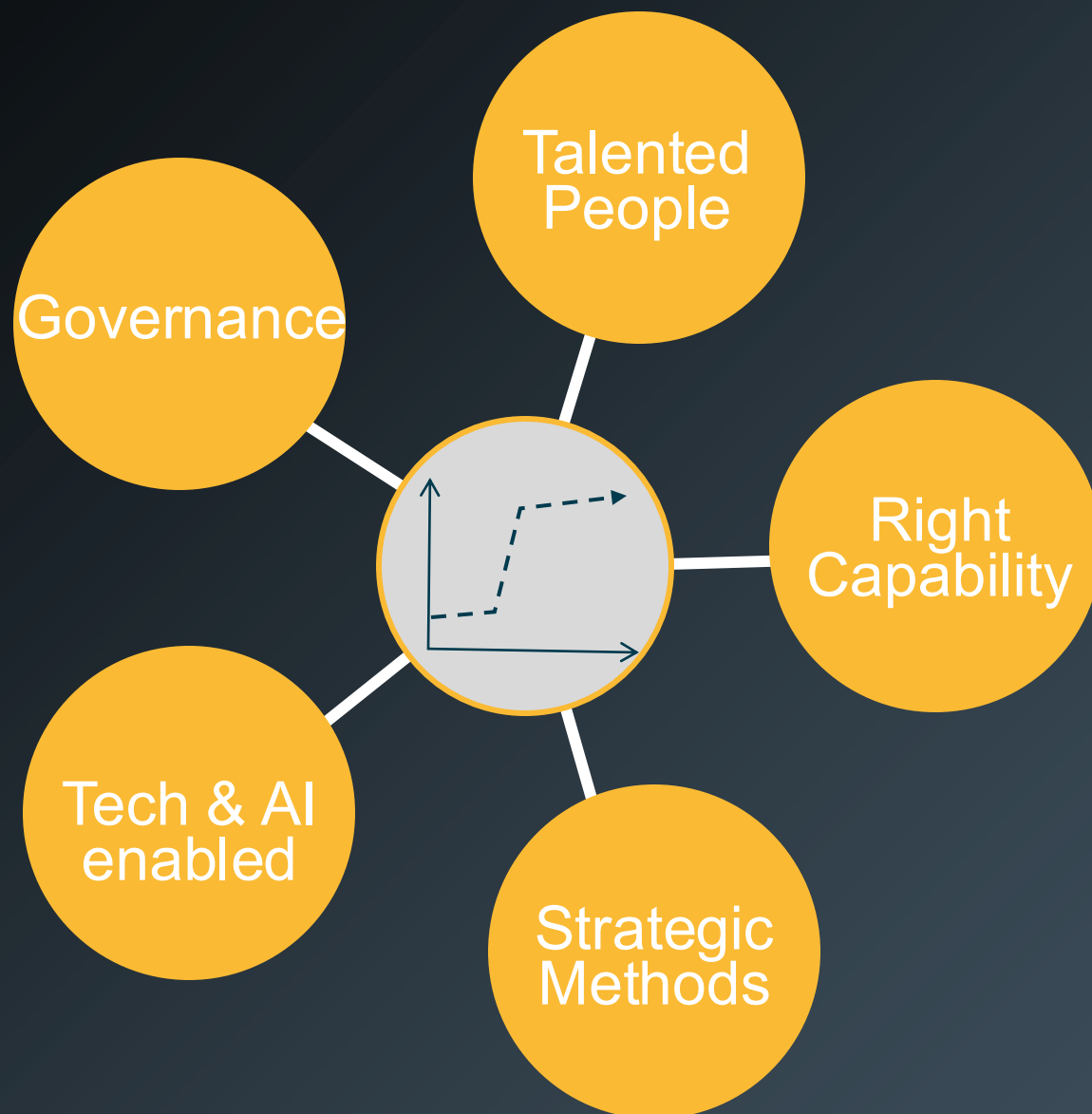
**NEW Strategic
Procurement**
2 years ahead



Establish governance to drive results

- Executive support
- Roadmap of strategic projects
- Managed cross functional projects
- Benefits tracking
- Ongoing L&D
- BIG Internal comms





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