



THE FUTURE OF SUSTAINABLE PROCUREMENT SERVICES

Abstract

The recent – and frequent – supply chain disruptions have forced procurement professionals to reevaluate their procurement management strategies and focus on building resilient, robust, and sustainable procurement services. Although a digital-first approach is likely to shape the future of procurement, modern businesses cannot ignore sustainability principles and practices. Focusing on strategies like setting clear sustainability goals, conducting supplier sustainability assessments, fostering stakeholder collaboration, and consistent monitoring and reporting can help businesses build a greener supply chain. With these strategies, they can reap the benefits of improved brand image and customer loyalty, long-term energy savings, and improved procurement efficiency while contributing to a greener future.



Modern business organisations have to navigate unprecedented disruptions that are threatening the sustainability and future of supply chain and procurement operations. From the changing regulatory environment and price fluctuations to

international geopolitical disruptions, many factors are forcing procurement leaders to reevaluate procurement management strategies for a sustainable future of procurement. It is high time for procurement leaders to think outside the

box to consider a data-driven, digital-first, and customer-centric approach that can help achieve a wholesome transformation in supply chain management and drive the future of sustainable procurement services.

Exploring the evolving role of procurement management in business

The rapidly evolving business landscape means procurement management has to go beyond simply purchasing goods and services. Instead, it must act as a strategic function that can help businesses navigate the complexities of global supply chains for the business to remain resilient and competitive. Procurement professionals

must manage supplier relationships, mitigate risks, and drive cost savings while employing sustainable services, making procurement strategies in supply chain management one of the cornerstones for contemporary businesses.

Looking at procurement management as a strategic function means staying on top

of the latest and upcoming procurement trends to maintain a competitive advantage by staying ahead of the curve. Understanding and adapting to these trends can help procurement professionals make informed decisions and drive innovation to create value.

Procurement trends to look out for in 2024

With the role procurement is playing for modern organisations, it is poised to become a pivotal force that can help business elevate their value proposition in 2024. Three fundamental shifts, the emphasis on innovation, the reinvention of procurement functions, and the championing of meaningful change will guide this transformation. Building on these, the key trends that will shape the future of procurement are:

Procurement innovation

The first and foremost trend that will guide procurement management – and overall business transformation – in 2024 is procurement innovation to embrace the digital frontier. Procurement professionals will have to harness the prowess of digital opportunities to go beyond simply operational changes when encouraging innovation. A holistic procurement innovation will be the key driver of change, helping procurement professionals leverage technology to optimise supply chain processes and enhance overall efficiency.

Driving value for customers and suppliers

The next trend will focus on creating tangible value beyond the business and

adopting a customer-centric approach to create value for customers and suppliers alike. Building procurement strategies that align with the needs and expectations of these key stakeholders can help foster stronger relationships based on trust and collaboration across the supply chain.

Supplier development

Over the last couple of years, global procurement and supply chain operations have faced frequent disruptions due to border closures (COVID-19 pandemic) and wars. To overcome these, procurement professionals have to focus on supplier development – investing in the growth and resilience of their supplier network – to ensure robust and adaptable procurement strategies in supply chain management that can withstand any unforeseen challenges.

Strengthening supplier collaboration

Adding on the previous point, procurement officials need to place a strong emphasis on strengthening ties with their suppliers. However, this has to go beyond a simple transactional relationship and has to focus on collaboration to foster a long-term partnership that values

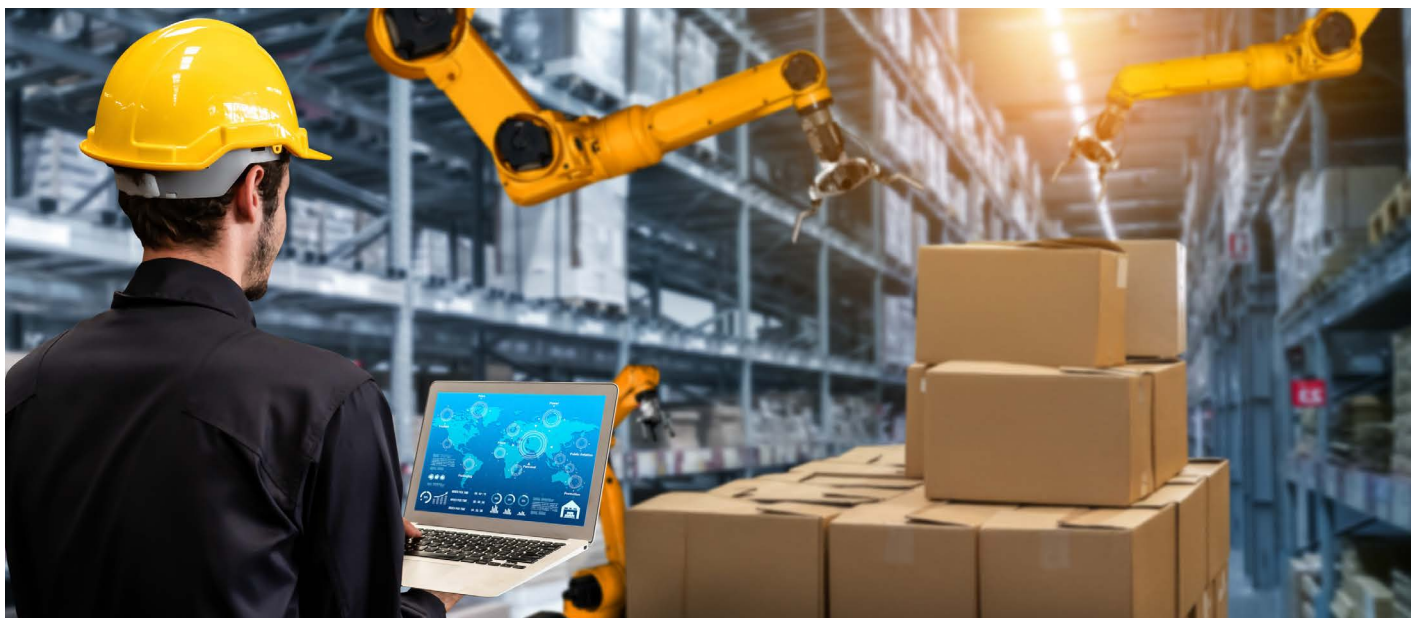
communication, transparency, and mutual understanding.

Procurement forecasting with predictive analysis

Predictive analytics has been a game changer in many industries across many functions – and procurement is no exception. Procurement professionals can leverage data analytics and machine learning capabilities to enhance forecasting accuracy, optimise inventory management, and facilitate informed decision-making to drive efficiency.

Sustainable procurement

Sustainability is no longer a trend and has become the norm. 2024 will see sustainable procurement being the norm for businesses around the globe, with businesses focusing on implementing responsible practices that align with global sustainability goals. The future of procurement strategies will see an emphasis on environmental, social, and ethical considerations to ensure a long-term commitment to sustainable progress.



Future of procurement: A green supply chain

Although many trends have the potential to drive the future of procurement, emphasis on a green supply chain is likely the biggest driver that will shape the future of sustainable procurement services. Minimising environmental impact, upholding social and ethical standards, and prioritising sustainable practices in procurement management have been and will be the way to go.

Environmental preservation

Focusing on sustainable procurement, businesses can contribute to the preservation of our planet and environment, lowering the stress on

natural resources while minimising deforestation, habitat destruction, and pollution.

Business reputation and customer loyalty

Modern customers are conscious and prefer brands that prioritise sustainability. By embracing ethical and sustainable procurement, businesses can foster a loyal customer base with a positive and conscious brand image.

Regulatory compliance

Many national and international regulatory bodies have stringent regulations when it comes to sustainability and sustainable

business practices. Compliance with these regulations can help businesses avoid any legal complications, fines, and consequent reputational damage.

Long-term cost savings

Sustainable sourcing is the key to enhanced operational efficiency and – consequently – cost savings. Embracing sustainable procurement management practices – like waste reduction, supply chain optimisation, or reliance on renewable energy sources – can help businesses reduce expenses in the long run.



Sustainability trends in procurement management

Ever-evolving customer expectations, changing regulatory landscape, and the need to address climate change have resulted in a constantly evolving sustainability landscape when it comes to procurement management. Some of the sustainability trends procurement professionals are adopting to align themselves with global sustainability goals include:

Supplier diversity and inclusion

Procurement professionals around the globe are emphasising partnerships with a diverse set of suppliers to not only develop a strong supplier network but to promote social equity and economic empowerment as well.

Circular economy

A closed-loop approach in a circular economy has also been the focus of many procurement strategies in supply chain management. This has helped businesses ensure maximum resource efficiency while minimising waste generation.

Ethical sourcing and fair trade

Procurement professionals are also focusing on ensuring responsible sourcing practices throughout their supply chain to ensure ethical sourcing of raw materials – without harming the affected ecology and societies – while supporting fair treatment of all the workers.

Transparency and traceability

A digital-first approach to procurement management has allowed procurement professionals to ensure visibility and traceability across supply chains. This has allowed them to ensure compliance with various regulatory, ethical, environmental, and social standards.

Carbon-neutral operations

The future of procurement is in carbon-neutral operations, with businesses prioritising low-carbon alternatives to core business activities, emphasising reducing greenhouse gas emissions, and attempting to offset the environmental impact of business operations.

Sustainable procurement strategies in supply chain management

Although the need for sustainable procurement strategies in supply chain management is clear, it may be difficult for businesses to get started on the path of sustainable procurement services. Here are some strategies that can help modern businesses and procurement professionals embrace sustainable procurement:

Set clear sustainability goals and policies

The first step towards embracing sustainable procurement is defining clear and measurable sustainability objectives that align with the organisation's goals and values. You can then define sustainability policies that embed these goals into procurement processes.

Conduct supplier assessment

If your suppliers fail to incorporate sustainability in their practices, you will not be able to meet your sustainability goals. Therefore, you should assess your suppliers based on sustainability criteria – including environmental impact, ethical standards, and labour practices. You can also incorporate these sustainability

considerations when selecting new suppliers, thus fostering a sustainable ecosystem across the supply chain.

Collaborate with suppliers

Even the most well-designed sustainable procurement strategies fail without collaboration and cooperation from suppliers. Encouraging suppliers to implement sustainability initiatives, fostering open communication, and working together to drive change across the supply chain can help you both be sustainable.

Encourage innovation

Embracing innovation and a digital-first approach for a holistic procurement transformation is a great way to achieve your sustainability goals. Encouraging your procurement team, suppliers, or other supply chain partners to innovate solutions that offer sustainable alternatives to supply chain operations can help you achieve your sustainability goals.

Implement lifecycle assessments

Without proper monitoring and assessment, you cannot determine whether your sustainable procurement strategies in supply chain management are working or not. To ensure you keep making well-informed decisions, implement lifecycle assessments to monitor the environmental impact of your supply chain operations and products and report them to appropriate stakeholders.

Here are some key considerations that can help you ensure effective monitoring, assessment, and reporting of your sustainability performance:

- Establish relevant metrics
- Collect, manage, and analyse relevant sustainability data
- Regularly publish sustainability reports to report progress, challenges, and future targets
- Engage internal and external stakeholders to foster collaboration and innovation.



Conclusion

The future of procurement is sustainability – which is no longer just a trend but a norm. Sustainable procurement management holds immense potential to help create greener supply chains, drive positive environmental impact, foster social equity and empowerment, and enhance the overall sustainability performance of the business.

Integrating sustainable procurement strategies into their supply chain management, businesses can not only contribute towards a more sustainable future for all but also reap benefits like enhanced brand reputation, increased customer loyalty, and long-term cost savings. Working with the right [sourcing and procurement service provider](#)

who can help you embrace [sustainable procurement strategies](#), you can pave your way towards a sustainable and resilient future.

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