A Function Paper from GRAIL

What does an AI-augmented procurement department look like?

Procurement department

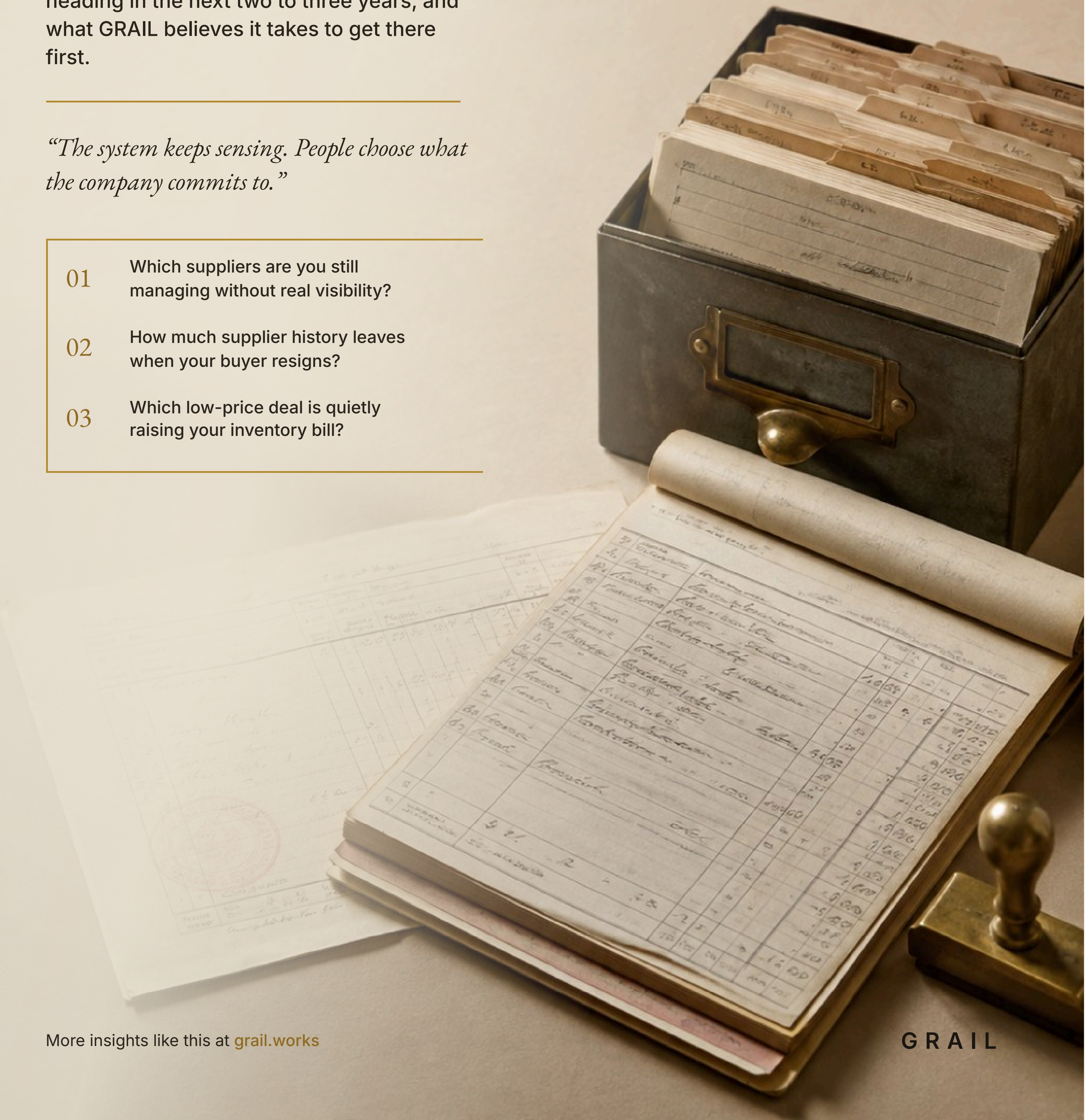
Where procurement and supply chain are heading in the next two to three years, and what GRAIL believes it takes to get there first.

"The system keeps sensing. People choose what the company commits to."

01 Which suppliers are you still managing without real visibility?

02 How much supplier history leaves when your buyer resigns?

03 Which low-price deal is quietly raising your inventory bill?



WHAT DOES AN AI-AUGMENTED PROCUREMENT DEPARTMENT LOOK LIKE?

Where procurement and supply chain are heading in the next two to three years, and what GRAIL believes it takes to get there first.

Procurement still runs through periodic reviews, reconstructed facts and the attention of a small number of experienced people. **The change that matters is that commercial memory, supplier sensing and scenario preparation become a continuous operating layer around every buyer and planner.** The trade-offs stay with the person. The fact base stops going stale.

THE FUNCTION'S 2028 RHYTHM

01

Morning

Missing confirmations, price deviations, expiring certificates and new sanctions matches.

›

02

The order

Routine contracted demand produces a draft or released order.

›

03

The week

Scenarios whose effects have already been assembled.

›

04

The month

A searchable record of prior offers, arguments and concessions.

›

05

The decision

The facts, current policy, response options and trade-offs.

The system keeps sensing. People choose what the company commits to.

GRAIL's view on procurement and supply chain. A position, not a survey.

THE FUNCTION TODAY

A small team carries a wide *system*

Procurement and supply-chain planning in a mid-market industrial, manufacturing or distribution company may sit under the CFO or COO. The core team can include a purchasing manager, buyers, category managers, operational purchasers, planners, logistics specialists and supplier-quality staff. Site purchasing and accounts payable may sit elsewhere. The shape depends on the number of plants, SKU complexity, direct-material intensity and whether logistics belongs to the function.

The function protects purchase prices, freight, payment terms, inventory, quality and continuity. It supports the top line by keeping products available, shortening customer lead times, qualifying new supply and bringing supplier innovation into product development. A weak sourcing or planning decision can appear acceptable in one system while creating stockouts, excess inventory, poor margin or disruption somewhere else.

Eight processes

01	Spend analysis, category strategy and sourcing pipeline	05	Requisition-to-order, confirmations, receipt and invoice matching
02	Supplier discovery, qualification, risk and sustainability due diligence	06	Supplier performance, quality follow-up and corrective action
03	RFQs, tenders, bid clarification and comparison	07	Demand, supply, inventory and replenishment planning
04	Negotiation, contracting and negotiation memory	08	Logistics booking, customs classification, sanctions and trade compliance.

The scorecard mixes realised savings, cost avoidance, spend under management, sourcing cycle time, contract coverage, purchase-price variance, supplier OTIF, lead time, defect rate, forecast accuracy and bias, inventory turns, stockouts, expedite cost, invoice match rate, payment terms and supplier-risk coverage. The definitions matter. An opportunity is not a realised result. An unchanged forecast is not the same thing as a completed transaction.

> The ERP records what was ordered. Mailboxes, spreadsheets and experienced people often hold why a supplier was selected, which concession worked and which warning sign preceded the last failure.

Information sits across the ERP, supplier portals, mail, spreadsheets, document stores, contract folders, WMS, TMS, quality systems, production plans and CRM forecasts. The work is connected. The record rarely is.

WHAT CHANGES STRUCTURALLY

Coverage and sensing become *continuous*

The function changes in two fundamental ways.

Commercial coverage stops being reserved for the largest suppliers. Small teams concentrate category management, negotiation and supplier development where the spend justifies the analytical work. An augmented team can apply structured attention to the long tail as well. Agents classify transactions, maintain the fact base, prepare events, compare responses and preserve the reasoning from every round. Buyers still choose the category posture, approve strategy, conduct consequential negotiations and own the relationship. The function covers more spend without pretending that every supplier is strategic.

Planning and supplier management stop waiting for the next review. Annual supplier evaluations become a current view of delivery, quality, financial health, sanctions exposure, sustainability evidence and external events. Monthly planning becomes continuous scenario work using current demand, capacity, lead time and inventory signals. The function moves from explaining a disruption after it happens to giving earlier warning, showing the impact and preparing response options before the meeting starts.

> Analysis becomes available at the moment a supplier, order or forecast changes. The response can consider service, inventory, margin, capacity and customer commitments together.

> WHERE IT IS WEAKEST physical constraints and consequential commercial judgment. More safety stock protects service but consumes cash. Multiple sources reduce concentration but may weaken volume pricing. Expedites buy time at greater cost and emissions. Better analysis exposes the choice. It cannot create capacity, remove minimum order quantities or accelerate customs.

THE 2028 OPERATING PICTURE

A day, a week, a *month*

A function that invests heavily still employs buyers, planners, logistics specialists and supplier managers in 2028. Its centre of gravity changes. Operational coordination becomes a smaller share of the work. Category management, supplier development, planning, data stewardship and exception ownership take more of the week. Released capacity moves toward the supplier, the customer and the decision.

The day

MORNING

The day begins with an exception and decision brief, not a dashboard tour. Buyers see missing confirmations, supplier changes that affect production or customers, price deviations against contract, expiring certificates, quality deterioration and new sanctions matches. Each item carries source records, likely impact, available responses and the authority required.

THE ORDER

Routine contracted demand produces a draft or released order inside approved supplier, quantity, price and inventory limits. Confirmation requests go to suppliers in their language. Straight matches pass through existing controls. People handle material deviations, new bank details, quality waivers, new suppliers and changes with downstream production or customer impact.

THE DECISION

A buyer or planner sees the facts, the current policy, the response options and the trade-offs in one place. They challenge weak assumptions, add context the records do not contain and make the commitment. The source, approval and later correction stay attached to the action.

THE WEEK Category managers review newly detected sourcing opportunities, index movements, contract leakage, supplier developments and upcoming renewals. Planners work from a continuously refreshed demand and supply model. Sales, production and procurement discuss scenarios whose effects on service, working capital, margin and capacity have already been assembled. The meeting resolves trade-offs instead of collecting updates.

THE MONTH The function refreshes category strategies, supplier exposure, inventory policy and realised savings. Negotiations begin with a searchable record of prior offers, arguments, concessions, performance and contract outcomes. Supplier reviews focus on recurring failure, recovery and joint improvement because routine scorecard assembly no longer occupies the room.

Continuous attention across the supply base, a current scenario before every material planning choice, and a reusable memory behind every negotiation. Work once reserved for the largest categories becomes part of the operating standard.

PROCESS BY PROCESS

What runs, and what stays with the *person*

PROCESS	WHAT THE AGENT DOES	WHAT STAYS WITH THE PERSON
Spend analysis and category strategy	Classifies transactions, finds fragmented demand, compares prices, retrieves prior strategies and drafts scenarios	Category posture, supplier strategy and the commercial choices
Supplier discovery, qualification, risk and sustainability	Finds candidates, checks certificates, collects structured evidence, screens approved sources and refreshes risk signals	Capability, ownership, site conditions and safety-critical claims
RFQ, tender and bid comparison	Retrieves templates, flags missing requirements, prepares supplier lists, structures responses and compares total cost and risk	Specification approval, shortlist and award
Negotiation and contracting	Retrieves prior concessions, supplier behaviour, indices, alternatives and approved fallback positions; handles bounded tail terms inside set ranges	Strategic negotiation, award, nonstandard clauses and signature
Requisition-to-order, receipt and invoice match	Prepares routine releases, sends reminders, extracts confirmations and processes valid matches within policy	Material changes, missing receipts, tolerance breaches and fraud indicators
Supplier performance and quality	Maintains current scorecards, explains anomalies, drafts corrective actions and preserves repeated failure patterns	Severity, waivers, site visits, recovery and exit
Demand, supply, inventory and replenishment	Refreshes forecasts and scenarios, runs routine replenishment within policy and records every override with its reason	Launches, intermittency, constrained capacity and major commercial changes
Logistics, customs, sanctions and trade compliance	Consolidates loads, prepares booking options, gathers customs evidence and screens entities, ownership, routes, end users and goods	Ambiguous matches, classifications and legal clearance

Read the right-hand column twice. It contains the commitments, exceptions and trade-offs that can move production, cash and customer delivery. The left-hand column exists to give people a current fact base and more time for those decisions.

DATA AND CONNECTIONS

Five stages, and the *platform position* today

A five-stage path follows The Access Ladder. Access expands only when data quality and behavior on the prior rung justify it.

01 **Read access**

Read spend, suppliers, POs, inventory, receipts, contracts and quality records. This rung reveals duplicate suppliers, weak item masters, missing receipts and conflicting definitions without operational risk.

02 **Connected read access**

Add supplier communications, shipment events, CRM demand, production constraints and official risk feeds. Current briefs, supplier sensing and scenarios use the same time-stamped state.

03 **Read and act with approval**

Permit ERP or sourcing-suite drafts, with approval required in the system of record. The person sees the source, change and exception reason before commitment.

04 **Bounded autonomous action**

Permit low-risk actions within defined monetary, supplier, category and tolerance limits. Approved rules can run routine orders, reminders, valid matches and replenishment. New suppliers, awards, bank-detail changes, quality waivers and material inventory changes stay with a person.

05 **Expanded bounded autonomy**

Expand authority only when false-positive, exception and override rates support it. The highest rung is not the default. Authority contracts when outcomes or source quality deteriorate.

The platform position, as of September 2026

SAP S/4HANA and Ariba	Confirm detailed API and MCP claims against current SAP documentation before relying on them.
Microsoft Business Central and Dynamics 365 Supply Chain Management	Business Central Online offers an MCP endpoint, read-only by default. Administrators enable writes under the user's Entra permissions. The agent can process supplier mail and draft follow-ups while PO changes return for review.
IFS Cloud	OData v4 and OpenAPI interfaces support OAuth-governed connections. IFS Loops can import tools from a reachable external MCP server. Confirm any native endpoint.
Monitor ERP and Jeeves ERP	Monitor documents REST reads and command operations; Full Access API licenses are required for writes. Confirm detailed Jeeves capability and any first-party MCP position.
Coupa, Ivalua and JAGGAER	Coupa's Core API supports reads and updates. Ivalua has announced an MCP-enabled studio with inherited permissions and action logging. JAGGAER offers answers and insights. Validate customer-facing MCP and autonomous workflow status by platform.

Point connections serve one ERP workflow. Cross-system decisions need a warehouse or lake for history across CRM, quality, logistics, contracts and external sources.

GRAIL'S THESIS

Six things we believe, from building *this*

Procurement and supply chain become AI-native when the operating model changes, not when another assistant appears beside the ERP. Six beliefs define the change.

01 The real ceiling is coverage.

Faster drafting matters, but the structural gain is that the team can apply disciplined analysis beyond the few categories and suppliers that receive it today. Long-tail spend, expiring evidence and smaller sourcing events enter the same commercial system. Buyers decide where deeper human attention creates value.

02 The function should sense continuously and decide deliberately.

Supplier health, demand, inventory and delivery do not change on the schedule of a monthly review. The operating layer should refresh the picture whenever a material signal moves. People should still decide which response the company can stand behind.

03 Commercial memory has to belong to the institution.

A negotiation should not restart because the buyer changed or the correspondence sits in a private mailbox. Prior offers, arguments, concessions, outcomes and realised compliance should be available in the next round. Experience remains personal, but the factual record stops leaving with the person.

04 Every recommendation must show the trade-off.

A lower unit price can increase inventory. A second source can protect continuity while weakening volume terms. A faster route can protect a customer promise while raising freight and emissions. If a recommendation hides those consequences, it is not ready for a decision.

05 Augment judgment, then earn authority.

Agents can assemble facts, prepare transactions and run actions already bounded by policy. Supplier strategy, consequential negotiation, awards, exceptions and ambiguous compliance decisions stay with people. Wider authority follows measured behaviour in the real workflow and can be withdrawn when the evidence changes.

06 The new role is exception owner, not system chaser.

Operational buyers move from entering and chasing orders to supervising deviations and improving supplier data. Planners spend more time explaining uncertainty, testing scenarios and coordinating choices. Category managers gain broader portfolios, while supplier-quality and sustainability specialists move from questionnaire administration to investigation and improvement.

This is not a procurement tool thesis. It is a thesis about how a company remembers commercial decisions, senses supply conditions and places judgment where commitments become real.

WHAT IT ASKS OF PEOPLE

Roles, rhythm, and where it *fails*

Operational buyers learn to supervise exceptions, correct supplier data and document the commercial rules that used to live only in experience. Category managers become portfolio strategists with broader coverage. Planners test scenarios, explain uncertainty and record why they override the model. Supplier-quality and sustainability staff spend more of the week investigating risks and improving supplier performance.

The whole team needs commercial judgment, data literacy, scenario evaluation, process design and the ability to test an output against its source record. Managers must define action limits, escalation rules and the outcomes that cause authority to expand or contract. Process monitoring should show whether the workflow works. It should not become hidden performance monitoring of the people using it.

The rhythm

FOUR TO EIGHT WEEKS	EIGHT TO TWELVE WEEKS	THREE TO SIX MONTHS	TWELVE TO TWENTY-FOUR MONTHS
Documents-only work changes one category or sourcing workflow	A constrained read-only pilot exposes the live data and exception pattern	One connected workflow runs with approvals in the system of record	Bounded autonomous action becomes part of the operating rhythm

The sequence reflects data cleanup, connectors, supplier participation, control design and changed work. Model access is rarely the long pole. Trust grows when people can inspect the source, correct the output and see the old task disappear.

> **WHERE IT FAILS** Duplicate suppliers. Weak item masters. Missing receipts. Unrecorded forecast overrides. Absent category playbooks. Savings that finance cannot reconcile to actual volume. Buyers asked to duplicate work. Suppliers asked to use another portal without a reason. Managers granting authority before escalation rules have been tested. A successful pilot left outside the weekly and monthly rhythm.

Involve the buyers, planners, supplier managers and specialists whose decisions will change while the design can still change. The operating model only holds when the people carrying the trade-offs help define its boundaries.

HAVE YOU THOUGHT ABOUT THIS?

Twelve questions for the function *leader*

1 Every negotiation could begin with the prices, concessions, arguments and outcomes from every earlier round. What would change if your negotiating memory never left with an employee?

2 Your team could run structured sourcing events for purchases that are currently too small to deserve a buyer's time. How much spend receives no real market test today?

3 Supplier health could refresh whenever ownership, sanctions status, financial signals, certificates, quality or delivery behaviour changes. Which supplier failure would you see earlier with continuous monitoring?

4 Each incoming supplier change could be checked against inventory, production and customer commitments before a buyer accepts it. How often does a harmless-looking date change create a larger problem elsewhere?

5 RFQ drafts could draw on your strongest previous events and flag missing specifications before suppliers receive them. How much delay begins with an incomplete request?

6 Every bid could be compared on total cost, capacity, quality history, working capital and risk using the same rules. Which decisions still depend on whichever spreadsheet a buyer built last?

7 Routine orders and confirmations could run within approved limits while buyers see only meaningful exceptions. What higher-value work would your buyers do if order chasing stopped taking their day?

8 Contract prices and terms could be checked against invoices and actual purchase volume where connected data and approved rules support it. How much negotiated value disappears after signature?

9 Demand and inventory plans could refresh whenever sales probability, supplier lead time or production capacity changes. Which decisions arrive too late because planning runs monthly?

10 Every forecast override could record the reason and later show whether the planner improved the outcome. Which planning instincts are valuable, and which are repeated without evidence?

11 Supplier scorecards could assemble themselves and surface recurring failure patterns before the quarterly review. Could supplier meetings spend more time fixing causes and less time debating data?

12 Logistics options could show cost, service, inventory and emissions together, while new sanctions or export-control signals could pause an unshipped order for review. Which expedites or transactions would change if the full trade-off arrived earlier?

These are the questions the programme is built to answer with the people who run procurement and supply chain, using their own categories, suppliers, orders and planning decisions rather than an abstract demonstration.