

AN INDUSTRY BRIEFING FROM GRAIL

What's Changing in the Platform You Build

Your platform budget is two instruments pretending to be one. Your catalogue front end is losing to Amazon Business while your advisory margin retires with your three best reps. Your scorecard measures platform uptime and CPQ cycle time, and neither is the 2026 question. A briefing for CTOs, CPOs, and Heads of Digital Platform at mid-market European specialty distributors.

PREPARED BY

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FOR

European mid-market specialty
distribution technology leaders

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Monday 9:15, platform review

Every CTO at a mid-sized European specialty distributor has had the same Monday. E-commerce uptime ninety-nine point nine seven percent. CPQ cycle time down fifteen percent since you rolled Copilot to the integration team. Sprint velocity up. Your Head of E-commerce opens the review with the dashboard. He is mid-sentence when your phone buzzes. It is your Head of Category. One sentence: "Our biggest specialty chemicals account wants an Amazon Business procurement punch-out by Q3." Your lead integration architect mentioned a recruiter call from a B2B-commerce-platform partner over coffee Thursday. Your CEO forwarded a board question this morning: "Grainger is opening a DACH sales office. What is our platform response?" Your CFO wants you to run the two-million AI-and-data-platform line through the capital-allocation committee.

You have run this platform for eight years. The pattern used to be simple. Keep the e-commerce live. Ship the ERP integrations on time. Hold the CPQ accuracy. Meet the board on platform uptime and integration velocity. The business was understandable.

Something changed. What used to take fifty engineers on the integration and platform side now runs on five. That compression arrived faster than the discipline to absorb it. Ninety-five percent of corporate AI deployments produce no measurable P&L impact. The gap between what the tools can do and what your firm's platform actually absorbs is where your seat now lives or loses. Amazon Business at thirty-five billion in annualised gross sales just became the sixth-largest US distributor and is widening its autonomous-procurement front end. Your three best application engineers retire between next summer and next autumn. Twenty years of their judgment sits in your quote history as free-text notes nobody can query.

You are not buying a platform. You are deciding whether your application-engineering knowledge lives on your servers or retires with your three best reps. One budget funds what you already ship: the e-commerce front end, the ERP integration renewal, the PIM migration. The other funds what has to exist by 2028: the quote-history query engine, the agent memory that holds twenty years of senior-rep judgment, the application-recommendation service that turns a customer's environment description into the right SKU at the right rebate tier, the integration depth that outlasts three foundation-model swaps. On one hurdle rate the first wins every quarter. On one scorecard the second does not exist.

This briefing covers what is happening in your sector, what it means for the platform you run, and the three questions your team should answer before the next board cycle.

Specialty distribution just lost the equation that priced availability

Amazon Business at thirty-five billion in annualised gross sales is the sixth-largest US distributor and is shipping autonomous procurement, not piloting it. AI filters, validates, and recommends on the buyer side before a human procurement manager intervenes. Forty-three percent of procurement leaders plan more procurement technology investment in the next eighteen months. The margin you used to earn simply by having the product available is structurally compressing. That is the catalogue line. It was already thin. It will keep thinning regardless of what your platform team ships.

The remaining defensible margin lives in application engineering. Knowing which fastener actually holds at eighty degrees Celsius in a washdown area. Knowing which lubricant survives the chemistry of a specific food-grade plant. Knowing which sensor wires cleanly into the customer's existing SCADA without a four-week integration consultancy. That is the premium your customers pay you fifteen percent above commodity for. It is real. It is also fragile, because it sits in three to five senior reps' heads and in your quote history as free-text notes a catalogue search cannot reach. When they retire, the accounts they managed start requesting competitive quotes within months. Eighty-five percent of European industrial firms report insufficient technical talent on the replacement side. The pipeline is not keeping up.

Your catalogue margin is commoditising under Amazon Business. Your advisory margin is retiring with your senior reps. The platform you fund in 2026 decides which of the two is still there in 2028.

The US pattern is visible and ten years ahead. Grainger and Fastenal spent the 2009 downturn and the decade after it building CPQ, application-engineering assist, quote recommendation, and telemetry-driven inventory as platform capability. By 2020 both had the digital infrastructure that let them absorb the first wave of Amazon Business pressure while holding their advisory categories. The European specialty distributors that did not invest in that window are the ones whose catalogue margin is commoditising fastest in 2025-2026. Manufacturers are building direct digital channels on top of that pressure. The distributor's response has to be one layer deeper than the front end. What holds is the application logic underneath the CPQ. The firms that ship Amazon-Business punch-outs and call it a digital strategy are the ones the board will replace in 2028.

Your platform is feeling it every day

Your build engine. Copilot is across your integration team. CPQ rule development runs at four-times throughput. Your engineers are pushing integration changes in hours that used to take days. The review bar that worked for a ten-person team is not holding on agent-generated volume now. The ADR discipline slipped on the last four CPQ rule changes and the rebate-tier reconciliation broke on one of them. Velocity is up on the dashboard. The foundational layer is rotting underneath it.

Your platform and data. Your e-commerce stack is seven years old and did the job for catalogue. It cannot hold application-engineering logic. Your CPQ calculates price off the rebate tree but cannot recommend the right product when the customer describes an operating environment. Your quote history is the most valuable asset in the firm and nobody can query it. Your PIM holds SKU attributes but not application context. Your ERP integration prevents the data layer from consolidating across twenty bolt-on sub-companies. Grainger and Fastenal spent ten years building this layer before Amazon Business pressure hit. You cannot replicate ten years in eighteen months. You can buy the build-side discipline from the tool layer and redirect compounding capital into the layer tool vendors cannot sell.

Your product thesis. Your board asked for the three-sentence platform thesis last quarter. Your answer was the one from two years ago. Your Head of Category wants a self-serve catalogue front end to answer the Amazon Business punch-out request. Your Head of Commercial wants every rep as capable as your best three. Those are two different products that share a back end, and the platform has to recognise customer type on the way in and route accordingly. Your rate card assumes one pricing mechanic. Specialty distribution needs two running in parallel. That is a platform-architecture question, not a pricing one.

Your R&D bench. Your three best senior application engineers retire between next summer and next autumn. The succession plan is one named internal hire who joined six months ago. The routine quoting work that used to train juniors into seniors is now running on CPQ agents. No routine work, no training ground, no senior application engineer in 2030. The firm that captures judgment into platform infrastructure in the final twelve to eighteen months of senior tenure has a compounding asset. The firm that does not watches twenty years of expertise walk out the door.

Your board-level authority. Thirty percent of European AI-strategy ownership sits with the CIO, twenty-three percent CDAO, twenty-one percent CAIO, one percent COO. You are not on the list. Not because you abandoned the mandate. You have not yet claimed it. Your CIO has a quote on the CEO's desk for an Amazon-Business-style front-end platform. Every month without a visible CTO claim on the application-engineering-as-infrastructure layer, the thesis drifts toward the CIO's line and away from the seat that can actually defend it.

The moat that matters in 2028 is underneath the CPQ

Your sector is repricing from below because Amazon Business is widening a commodity front end your catalogue margin cannot follow. Your function is compressing because five engineers now produce what fifty did, and the review bar that worked for fifty cannot hold the volume five produce with agents. Same force, two altitudes. There is a third thing happening that most European specialty-distribution CTOs have not named yet.

The moat that matters in 2028 is not the front end a customer sees. It is the application logic underneath the CPQ. The product feature you ship this quarter on the new e-commerce platform is on an eighteen-month obsolescence curve. The next foundation model rolls and the agentic-procurement layer on the buyer side gets another step closer to autonomous. What does not commoditise: the twenty years of quote history your firm owns, the senior-rep application judgment an agent can reach, the rebate logic trustworthy on non-standard customer tiers, the application-recommendation engine trained on your own customer base. A two-person AI-native distributor cannot build that layer because they do not have the customer base that generates the signal. You do. The window closes in roughly eighteen months, which is the time between now and when an AI-native or a Grainger-European-expansion has enough customer footprint of their own to start the same layer.

In 2009, in the middle of a downturn, a North American distributor invested through the cycle in CPQ, application-engineering assist, and quote recommendation as platform capability. Their US peer in the same decade built vending-machine telemetry as proprietary data moat. Both spent ten years before the payoff arrived. By 2020 both had the digital infrastructure that let them absorb the first wave of Amazon Business pressure while holding their advisory category margin. The distributors that did not invest in that window watched their catalogue line commoditise first and their advisory line follow within five years. The scoring unit for that era's CTO never turned red. It just stopped being the one the market was scoring.

You can tell which camp a firm is in from a single question. Is the platform budget you defended at the last board meeting a plateau budget, a compounding budget, or one budget pretending to be one when it is two? Most European specialty distributors cannot answer. The ones that can have already made the split.

You have twelve to eighteen months. The CTOs who claim authorship of the application-engineering-as-infrastructure layer in Q1 author the decade. The ones who wait for the CIO's front-end quote inherit a seat narrowed to uptime and CPQ cycle time.

What most firms are doing. What the winners are doing instead.

Every specialty-distribution CTO has had the AI conversation. Most are making the same four decisions.

THE DEFAULT PATH

Ship Copilot to the integration team, track velocity

Velocity up. CPQ rule changes faster. ADR discipline slips. Rebate-tier reconciliation breaks on non-standard tiers.

Run AI-and-data-platform budget through IT

CIO owns the front-end roadmap in eighteen months. CTO seat narrows to uptime and CPQ cycle time.

Ship Amazon-Business punch-out into existing rate card

Self-serve cannibalises advisory margin. Catalogue line thins further. Senior-rep quotes drop and nobody knows why.

Let senior reps retire, hire replacements

Twenty years of quote-history judgment walks out. Replacement pipeline capped. Accounts shop within months.

THE WINNERS' PATH

Buy the tool layer, redesign the review bar

Review-time floor per integration change. ADRs mandatory on CPQ rule changes. Eval harness on top-500 quote types.

Route platform capital through the M&A hurdle

Two budgets, two hurdle rates, two kill criteria. Plateau keeps catalogue running. Compounding builds the 2028 moat.

Stand one self-serve catalogue on protected P&L

Customer-type recognition routes accordingly. Joint pricing document with CCO and CFO. Seat-advisory holds. Self-serve wins commodity.

Capture senior judgment into platform before retirement

Pair retiring seniors with junior-plus-agent composite for final tenure. Quote-history query engine. Agent-memory over judgment.

Same platform team. Same twelve months. Opposite outcomes. The difference is whether the CTO authors the platform-and-product thesis or signs the IT requisition.

Build Velocity. Product Defensibility. R&D Capital Allocation.

Three questions every specialty-distribution CTO is tracking. The third is the crux. The first two are how you earn the right to answer it.

01 · BUILD VELOCITY

Is our platform speed shipping production-grade work, or CPQ rules that break on non-standard tiers?

Copilot across the integration team. CPQ throughput up fourfold. ADR discipline slipping on rule changes. Grainger spent ten years on the platform discipline that lets agents ship cleanly. You cannot replicate ten years in eighteen months. Buy what the tool layer can carry. Own the discipline that makes it ship to quote-desk reality.

02 · PRODUCT DEFENSIBILITY

What does our platform do that an AI-native distributor cannot rebuild against our customer base in a year?

Your catalogue front end commoditises every eighteen months as autonomous procurement tightens. Your quote-history corpus and your senior-rep application judgment compound. Twenty years of judgment sits as free-text notes nobody can query, and three senior reps retire between next summer and next autumn. The moat sits underneath the CPQ, not above it.

03 · R&D CAPITAL ALLOCATION

Is our platform budget one instrument or two?

Plateau capital keeps e-commerce live and renews ERP integration. Compounding capital builds the 2028 application-engineering-as-infrastructure layer. On one hurdle rate the first wins every quarter. On one scorecard the second does not exist. The CTO who walks in with one budget runs the same programme every peer distributor is running.

What the firms winning this play are actually doing

Four concrete moves any specialty-distribution CTO can start this quarter. Each addresses one sub-function. Pulled together, they become one platform architecture the firm builds on.

1**Build engine: absorb agent-generated velocity without the CPQ rotting**

Instrument review-time-per-integration-change as a floor, not just cycle time. CPQ rule changes above a complexity threshold require two senior reviewers and a mandatory ADR, with an eval harness on the top-five-hundred quote types as a first-class metric. Rebate-tier reconciliation runs on every rule change, not on weekly cadence. Rebalance the senior-to-junior ratio around the composite pair rather than preserving the 2022 integration team shape. The dashboard is no longer velocity. It is review depth against output volume.

2**Platform and data: build the moat underneath the CPQ**

Three programmes that stack over eighteen months. Data rights on quote history renegotiated across your top customer contracts on next twenty-four months of renewals. A model-agnostic agent memory over twenty years of senior-rep judgment in free-text quote notes. An application-recommendation service trained on your proprietary quote corpus, maintained as infrastructure your rep desk calls in under a second. An integration-depth graph published for your top twenty customer systems and top ten supplier systems. The front end commoditises. This layer compounds.

3**Product thesis: stand one self-serve catalogue on protected P&L**

Do not migrate the whole book. Keep advisory-attended for the customers that value the expertise. Ship self-serve catalogue on a separate P&L for net-new and for customers explicitly asking for punch-out. The platform recognises customer type on entry and routes accordingly. Write the cannibalisation trigger and kill criteria in Q1: if self-serve revenue on an advisory account crosses a threshold, trigger the migration conversation. The joint Pricing Architecture Document with your CCO and CFO is signed before the first self-serve SKU ships.

4**R&D bench: capture senior application judgment before retirement**

Your three senior application engineers retire between next summer and next autumn. The succession plan is one internal hire. Reverse the pattern. Pair each retiring senior with a junior engineer and an agent ensemble for the final twelve to eighteen months of tenure. Apprenticeship is on judgment under real customer environments, not on routine quoting. Quote-history query engine is the infrastructure that makes the senior's reasoning legible to the junior and the agent in the same review loop. By 2028 you have a mid-tier bench built on twenty years of captured judgment.

The only firm that joins platform authorship to application logic

The specialty-distribution CTO has four places to go. None can do what we do.

The big tech-transformation practices ship a standardised AI-governance framework scaled across a sector book. Their cost structure requires reusability. Your platform is idiosyncratic across twenty bolt-on sub-companies, and reusable frameworks on idiosyncratic stacks produce governance theatre you cannot defend at the next board.

The hyperscaler professional services arms price the engagement as enablement for cloud consumption. Their business model requires platform lock-in. Every build-or-buy decision routes through their pricing for three years.

The B2B-commerce and CPQ platform vendors already have quotes on your desk. Intershop, Oro, commercetools, Shopify Plus B2B, Salesforce Revenue Cloud, PROS, Conga. Their product is a front-end replacement sold on seats or transactions. Telling you to spend freed capacity on the quote-history moat instead is structurally impossible for them.

An in-house or fractional CAIO splits the seat. Strategy CAIO is revenue-measured; Platform CAIO is velocity-measured. One person cannot hold both, and two-thirds of new CAIOs spend year one compiling inventories instead of setting direction.

Four options you already looked at. None runs the platform-architecture conversation the seat requires. GRAIL is the fifth.

WHAT YOU GET

Senior advisory in platform-review voice

Working infrastructure from week one

Custom agents on your code and catalogue

Start of an application-logic layer you own

No vendor lock-in at any phase

WHY IT MATTERS

Operators who have carried these seats

Business first, technology second

Three weeks to working infrastructure

You keep everything. You own the IP

Every next step earned, never assumed

Three sessions with your platform leadership. Working infrastructure from week one.

We start with your platform-and-product leadership team because the change cannot outrun the team's personal understanding of what is possible. Three workshops. Each delivers standalone value. Each earns the right to the next.

WORKSHOP 01

How to think

Walk through what is happening in specialty distribution and inside your platform. Build the first piece of infrastructure in the room: a platform-and-product capital allocation agent that takes your real budget, splits it two ways, and runs alternatives analysis against Amazon Business, Grainger European expansion, and AI-native entrants. Your leadership team leaves with a shared view and the first working artefact already in hand.

WORKSHOP 02

Your platform infrastructure

A half-day build. Your VP Engineering, Head of E-commerce, Head of Category, and lead integration architect each leave with five to ten pieces of working infrastructure tuned to their function. Quote-history query prototype. CPQ review-bar audit agent. Application-recommendation scaffolding trained on a sampled quote corpus. Rebate-tier reconciliation agent. Infrastructure your team is using the same week, not decks about infrastructure.

WORKSHOP 03

Ready to run

Refined infrastructure based on real use. The board document that splits the platform budget into two instruments with two hurdle rates and two kill criteria. The boundary agreement with the CEO and CIO on who authors the application-engineering-as-infrastructure layer. The joint Pricing Architecture Document with your CCO and CFO. The eighteen-month moat build plan across quote history, agent memory, and integration depth.

Three weeks. No IT project. No board approval needed to start. The infrastructure your platform is already running on when we finish.

For your next platform review

The questions where your platform-and-product leadership cannot agree on an answer are the ones worth an hour on the agenda. Ask these honestly.

Is your platform budget today one instrument or two? If one, what does the board see that splits plateau from compounding, and what is the kill criterion on each?

Your three best senior application engineers retire in the next eighteen months. How many months of quote-history corpus, agent-memory, and paired-apprenticeship work would it take to have that judgment as platform infrastructure rather than free-text notes?

If your biggest specialty account moves to an Amazon-Business punch-out tomorrow, is your platform architecture ready to recognise customer type and route advisory-attended versus self-serve, or does the advisory margin get cannibalised by the front end you built to answer the request?

Copilot is across your integration team. CPQ rule changes are at four-times throughput. Where did the freed hours go, and is your review bar still the one you want the rebate-tier reconciliation trained on?

Heidrick's February 2026 data: thirty percent CIO, twenty-three percent CDAO, twenty-one percent CAIO, one percent COO, zero percent CTO-CPO on the AI-strategy-ownership list. Is your Q1 boundary agreement with the CEO and CIO written, or is it waiting until after the CIO's front-end platform quote lands?

If any of these produces a disagreement in your platform leadership, that is the conversation worth having before the board asks.

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