

# Increasing performance in Procurement



**Today's business world is characterized by geopolitical tensions, regional conflicts, challenging economic conditions and rapid technological change. Combined with quickly rising costs (including raw materials and energy), these factors have an impact on the company's performance. Procurement must focus on strategies to control and reduce costs in order to improve the company's performance. Find out how this can be achieved with Coupa and KPMG.**

This development particularly affects the manufacturing industry, which is highly dependent on the procurement and processing of raw materials. In recent years, costs have been subject to high volatility due to strong distortions in the market.

The rise in raw material prices is reflected in the manufacturing cost of goods sold and is a significant negative factor for the business result.

## **Companies must take a proactive approach to managing costs**

The most effective method of counteracting cost pressure is to identify and address value drivers. These are specific actions to optimize a company's performance.

In our current KPMG study "Performance Improvement Perspectives 2025", in which 250 executives from German companies took part, the following actions for improving performance in procurement were identified, among others:

- Automation of processes through Artificial Intelligence
- Working capital optimization and cost reductions through strategic supplier management
- Building partnerships and strategic alliances
- AI-supported execution of tenders and auctions

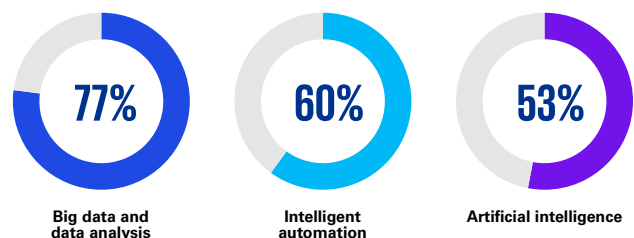
## **Paradigm shift for value contribution and the importance of procurement in the company**

Procurement departments are increasingly coming into focus, as they can control key value levers which, if used effectively, have a direct impact on the business result.

By linking value levers with process and key profit figures, the effects on the result can be determined and targeted actions can be defined and prioritized.

One of the actions can be the implementation of a modern procurement system for direct and indirect purchasing. We recommend the use of open, scalable systems, as these already have standard connectors to connect specialized systems for different challenges.

## **Top 3 technologies for increasing company performance**



Source: KPMG Germany, 2025

**Coupa's "AI-Native Total Spend Management", for example, can be used to realize performance potential in procurement. We recommend the following actions to improve business results quickly and effectively:**

### **1. Transparency through real-time analysis: make cost potentials visible**

The basis for cost reduction is the creation of transparency regarding spend. This involves breaking down different cost blocks into individual components in order to perform a targeted analysis of price trends. We use different models for this – such as Should-Cost Modeling, Target Costing, Value Analysis and Benchmarking. This makes it possible to determine realistic target prices and supports fact-based renegotiations as well as the optimization of conditions and suppliers.

### **2. Optimize supplier strategies: Bundling and harmonization for better conditions**

By classifying A, B and C suppliers, procurement volumes can be consolidated and better conditions negotiated. Master agreements optimize the procurement of C-parts, while strategic partnerships with A-suppliers ensure stable supply chains and innovation potential. An optimized supplier strategy improves working capital by reducing inventories, accelerating ordering processes and shortening lead times.

### **3. Efficient tenders and negotiations: Automation and demand management**

Successful tenders start with a clear specification of requirements. The integration of academic methods, such as game theory, allows a best possible result to be achieved in tenders. Strategic auction models with award scenarios increase effectiveness and allow quick, well-founded decisions to be made. Close involvement of the procurement department strengthens the negotiating position, reduces dependencies and ensures compliance.

### **4. Getting a grip on tail spend: Structured processes instead of uncontrolled ad hoc purchases**

Irregular, small expenses to many suppliers are more difficult to control due to the number of business transactions. Centralizing this spend reduces markups and inefficient approvals while offering potential for cost optimization. Coupa partners support the optimization of tail spend through autonomous negotiations. By integrating such external apps directly into the Coupa

purchasing process, the results of negotiations can be significantly increased. The artificial intelligence relies on data-driven and automated decisions along defined value levers.

### **5. Supplier collaboration in Direct Spend: Forecast Collaboration for cost reduction and stability**

Close coordination between purchasing and suppliers optimizes planning and call-off processes, lowers costs and reduces risks. Precise demand forecasts are particularly crucial for Just-in-Time and Just-in-Sequence processes. This avoids over-ordering and stock shortages and reduces working capital.

#### **Digital shopping success with Coupa**

- With a central purchasing platform and standardized output analyses, non-controlled procurement can be minimized through real-time transparency.
- Automated bid comparisons, optimized RfP processes and e-auctions increase efficiency and improve purchasing decisions.
- Procurement from central and digital catalogs, customized approval workflows and automated orders reduce maverick buying.
- Forecast and PO Collaboration enable real-time demand forecasts and stabilize supply chains. Early warning systems detect bottlenecks and price increases in good time.
- Coordinated processes for supplier management strengthen relationships and facilitate the selection and onboarding of suppliers.
- Integrated compliance functions help to fulfill legal requirements. ESG and risk data can be integrated directly into spending processes to support sustainability goals.

## Contact

KPMG AG Wirtschaftsprüfungsgesellschaft



### Stefan Löchner

Partner,  
Performance & Strategy,  
Enterprise Performance  
sloechner@kpmg.com



### Sven Scharfenbaum

Senior Manager,  
Performance & Strategy,  
Enterprise Performance  
sscharfenbaum@kpmg.com



### Frank Cappel

Vice President,  
EMEA Solution Advisory  
frank.cappel@coupa.com

[www.kpmg.de](http://www.kpmg.de)

[www.kpmg.de/socialmedia](http://www.kpmg.de/socialmedia)



[www.coupa.com/de](http://www.coupa.com/de)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.