

Ukraine CPO

Survey 2025

We are pleased to present the Ukraine CPO Survey 2025!

Four years after our previous study—amid martial law, profound market transformations, and dramatic shifts in supply chain operations—we once again turned to procurement leaders to hear their voices, assess key changes, and capture how the profession itself has evolved: in form, in substance, and in its areas of impact.

This research offers a unique opportunity to see the real picture—through data and in-depth interviews, by comparing with 2021, and in light of the new challenges that have emerged. The focus is not only on how the procurement function has endured during wartime, but also on how it has transformed: which practices proved effective, how risk management approaches have adapted, which skills have become critical, and which digital tools have been integrated into daily work.

We approached procurement not merely as an administrative function, but as a strategic instrument of resilience and adaptation. That is why we also examined organizational models, team architecture, financial indicators, and efficiency levels—to help leaders reflect on the maturity of their procurement practices.

We extend our gratitude to all survey participants and interviewees for your trust, time, candor, and willingness to share your experiences. Thanks to your contribution, this report holds real practical value and can serve as a foundation for decision-making in business, government policy, and professional training.

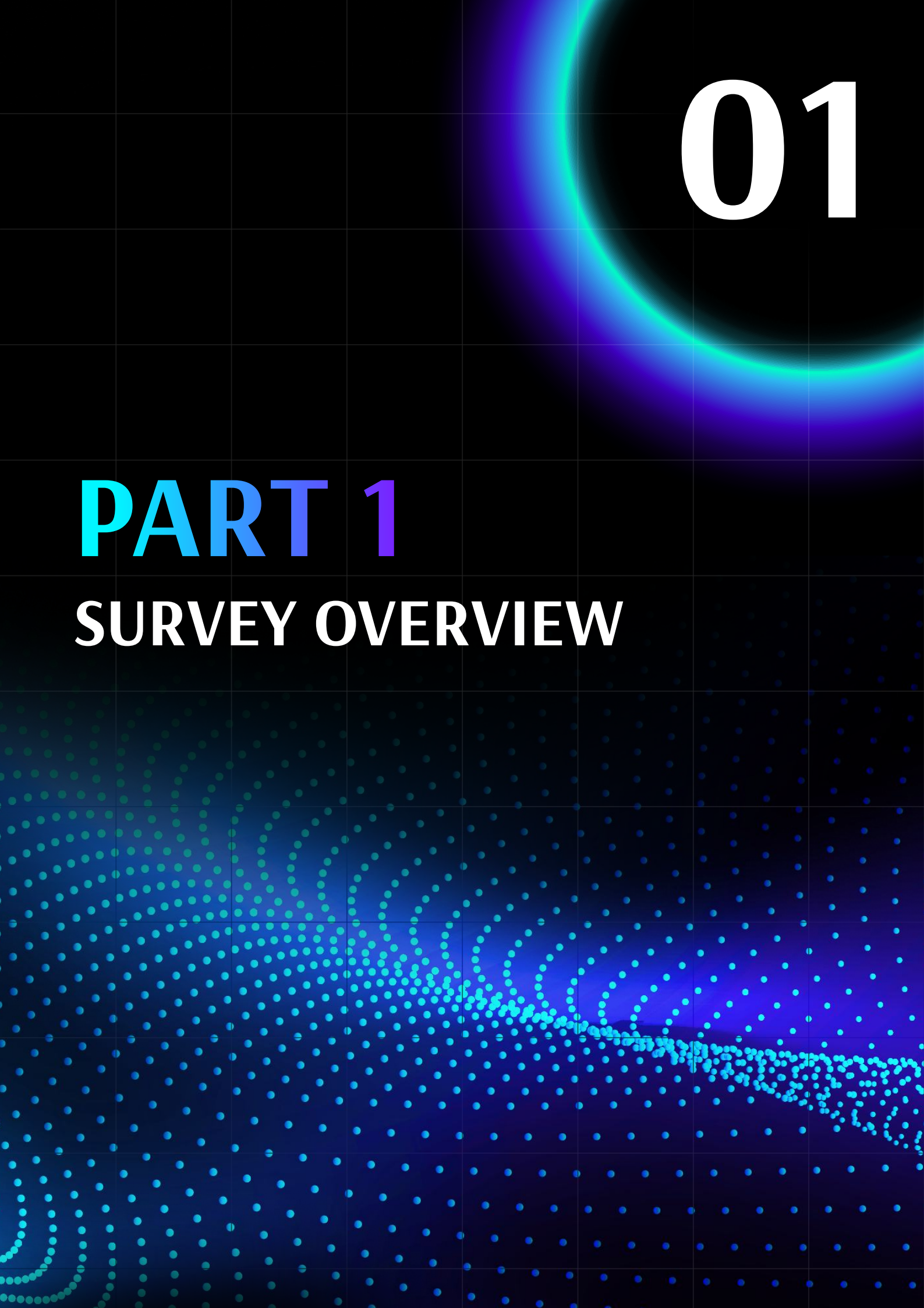
The survey was organized, conducted, and presented by the team of the Center of Excellence in Procurement at the Kyiv School of Economics (CEP, KSE). We are sincerely grateful to our partners—Deloitte Ukraine, Kearney, Odgers Ukraine, as well as experts Zoya Chechulina (EBRD) and Oleksandr Vodotytsia (SHP Group)—for their support at every stage of this work.

We hope that the insights from this study will serve as a valuable guide for advancing procurement practices in Ukraine.



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The background features a dark blue grid. In the top right, a large, glowing blue arc curves across the frame. The bottom half of the image is filled with a dense field of small blue dots, with a brighter, more concentrated area of dots forming a horizontal band across the middle.

01

PART 1
SURVEY OVERVIEW

SURVEY OVERVIEW

The Ukraine Chief Procurement Officers Survey 2025 represents the second installment in a research series initiated by the KSE Center of Excellence in Procurement 2021. In 2025, the Center's team revitalized this initiative, recognizing its critical importance for procurement policy makers, procurement function developers, and those striving to adapt to new realities.

The survey's objective is to analyze how the full-scale invasion has impacted procurement processes, supply chains, organizational structure, and digital transformation of the procurement function within Ukrainian companies. The survey aims to identify key challenges, emerging practices, and trends in procurement strategy adaptation between 2021 and 2025.

The survey is based on responses from Chief Procurement Officers, and organized across the following thematic sections:

- **Procurement strategy and factors of influence**
- **Organization and operational efficiency**
- **Procurement team**
- **Digital transformation**

Each thematic block is supplemented with analytical commentary from experts and research partners. To compare the dynamics of change, a review of 2021-2025 trends is provided based on the previous research phase.

A dedicated section of the report contains insights and quotes from in-depth interviews with Chief Procurement Officers from leading companies across various economic sectors and with different procurement architectures:

- **Farmak** (pharmaceutical manufacturing)
- **Ciklum** (information technology)
- **Fozzy Group** (retail, food industry, banking, IT, logistics, medical and restaurant business)

Survey Organizer:

KSE Centre of Excellence in Procurement — methodology, survey implementation, data processing, report preparation, stakeholder communication.

Project Partners:

Deloitte Ukraine — questionnaire development, survey distribution, analytical commentary on results;

Kearney — questionnaire development, survey distribution, analytical commentary on results;

Odgers Ukraine — respondent base formation, survey distribution, results commentary;

Zoya Chechulina (EBRD) — questionnaire development, survey distribution, results commentary;

Oleksandr Vodotyka (SHP Group) — questionnaire development, survey distribution, results commentary.

Survey Respondent Profile

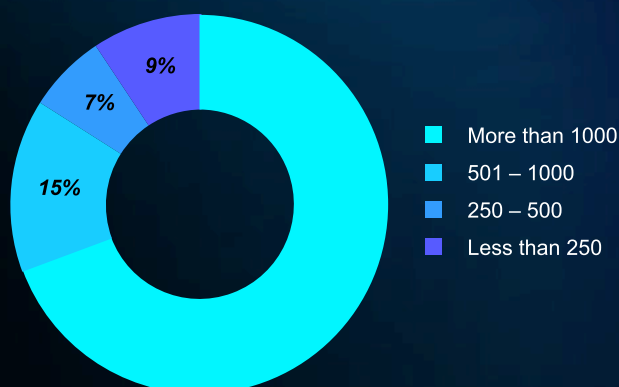
The questionnaire was distributed to **over 200 potential respondents**, selected considering industry affiliation and ownership structure. The sample included companies from Ukraine's top-200 by revenue volume, as well as the top-50 exporters in 2024. This approach enabled the formation of a representative base covering leading companies from both commercial and public sectors across various Ukrainian economic industries. As a result, **75 fully completed questionnaires** were received, verified, and formed the basis for subsequent analysis. **Of these, 88% represent the commercial sector and 12% the public sector.**

Engaging both sectors provides a broad analytical perspective: from procurement specifics in regulated environments to flexibility and innovation in business practices. This format enables identification of common challenges, assessment of approach differences, and delineation of potential intersection points for collaboration and experience exchange between commercial and public sectors.

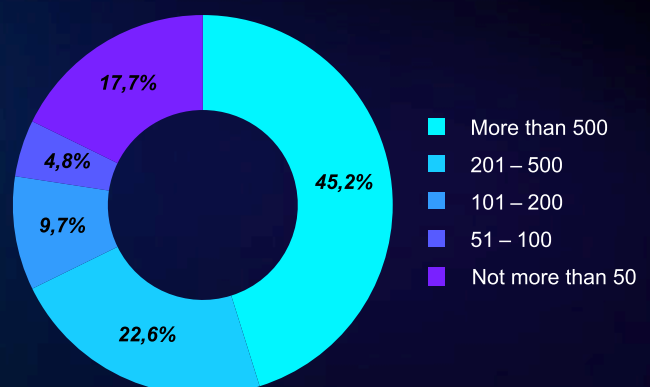
Company's area of activity (according to types of economic activity classification)



Number of employees in respondent companies



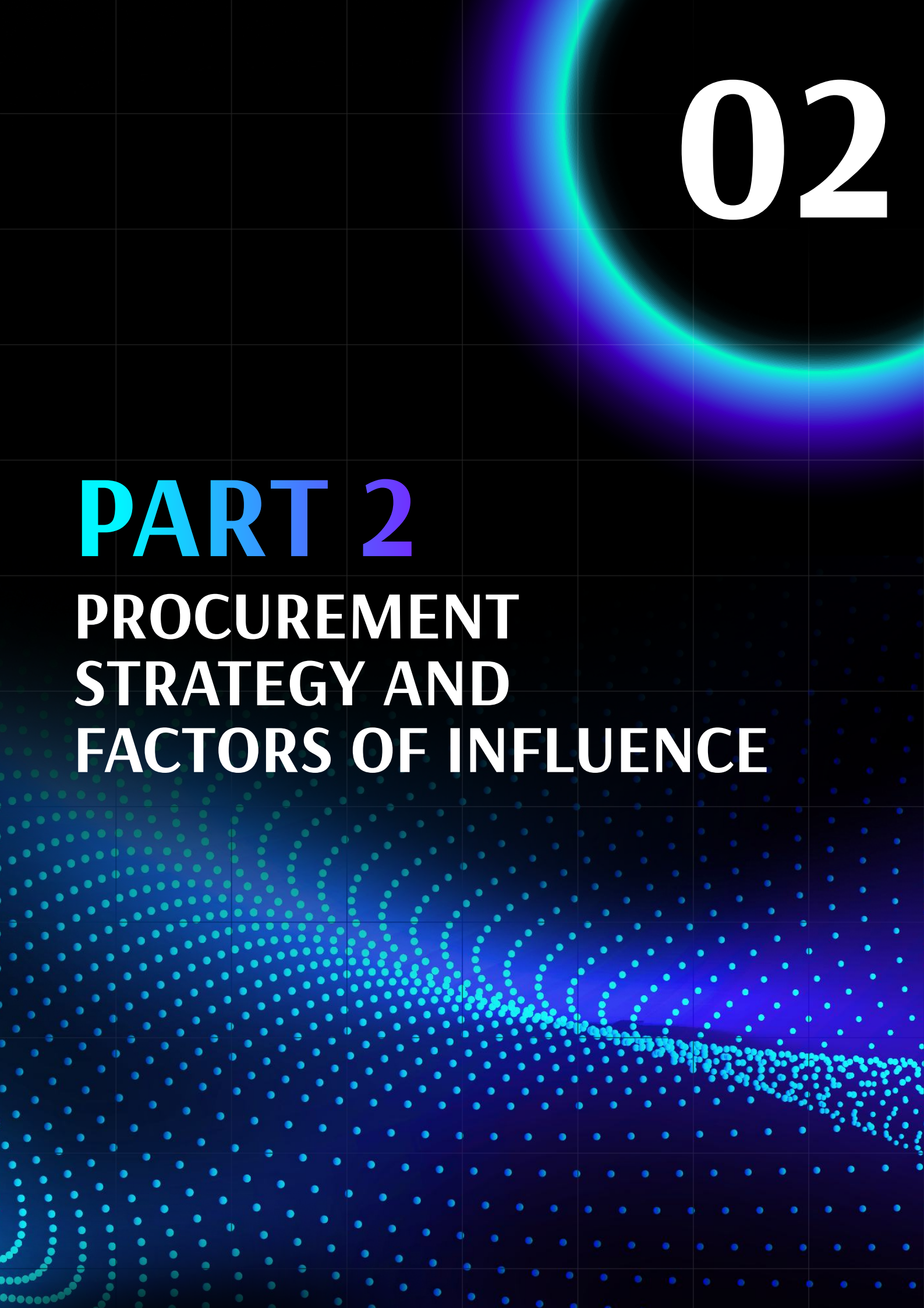
Annual revenue of respondent companies (usd million)



The respondent profile demonstrates broad industry coverage. The largest share consists of representatives from **manufacturing (28%), trade (16%), and financial services (13%)**. Approximately **11% of respondents represent the agricultural sector and information & telecommunications**. The share of companies in **transportation accounts for 7%, while mining represents 4%**. Another **1-3%** is attributed to representatives from **energy, services, construction, healthcare, and household activities**. This sample structure reflects both active participation from mass consumer industries and engagement from highly specialized production and service segments.

The majority of respondents (over 69%) represent large organizations with more than 1,000 employees. Additionally, the sample includes medium-sized companies with 250 to 1,000 employees (22% combined, specifically 15% in the 501-1,000 category and 7% in the 250-500 range), while 9% represent small organizations with fewer than 250 employees.

Over half of the respondents (more than 68%) represent companies with annual revenue exceeding USD 200 million, of which 45% have revenue above USD 500 million. Simultaneously, the sample includes companies with smaller volumes - 32% of respondents work in businesses with revenue up to USD 200 million, including nearly 18% in companies not exceeding USD 50 million.



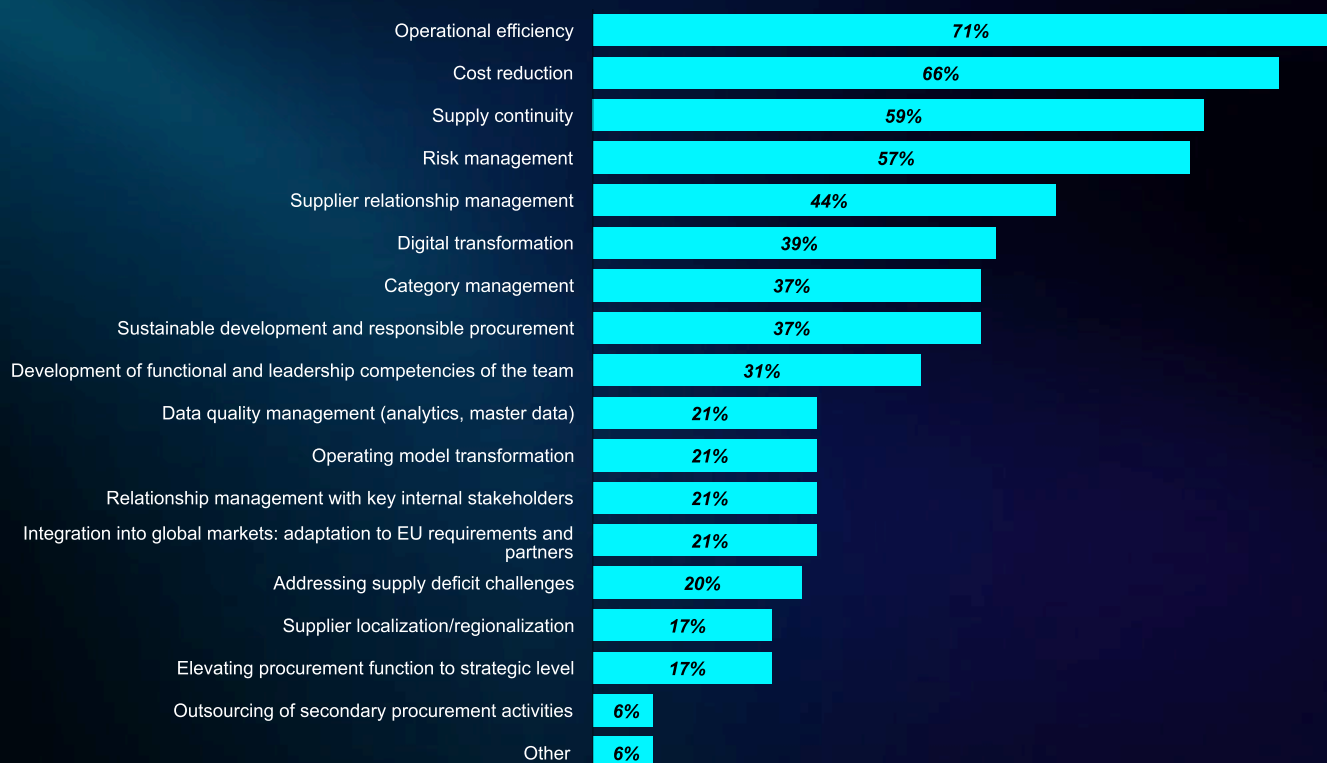
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PART 2

PROCUREMENT STRATEGY AND FACTORS OF INFLUENCE

PROCUREMENT STRATEGY AND FACTORS OF INFLUENCE

Which initiatives shape the procurement strategy for 2025?



The survey demonstrates that key priorities for procurement functions in 2025 remain **operational efficiency (71%)** and company **cost reduction (66%)**. This may indicate the dominance of a pragmatic approach focused on direct productivity improvement and resource savings. Combined with the high rating of **supply continuity assurance (59%)** and **risk management (57%)**, it can be assumed that companies are responding to unstable environment challenges and seeking to reduce vulnerability to external shocks.

Supplier relationships (44%) and **digital transformation (39%)** also carry significant weight, indicating strategic focus on building partnerships and implementing technology. Meanwhile, topics such as **sustainable procurement**, **category management**, and **team development** are in the next tier (31-37%), which may signal growing awareness of the role of process structure and human capital.

Less prioritized remain **data quality management**, **operational model transformation**, **internal customer relationships**, and **global market integration** (all at 21%).

In the "Other" category, respondents mentioned elevating expertise to global levels, emphasizing working capital management, and speed of meeting business needs.

Compared to 2021, procurement priorities in 2025 remain focused on efficiency and savings. Operational efficiency increased from 62% to 71%, becoming the top priority, while company cost reduction decreased somewhat (from 87% to 66%) but remained in the top-2. Despite a slight decline, digital transformation (from 47% to 39%) remains a priority, while sustainable development and leadership competencies maintain approximately the same level.

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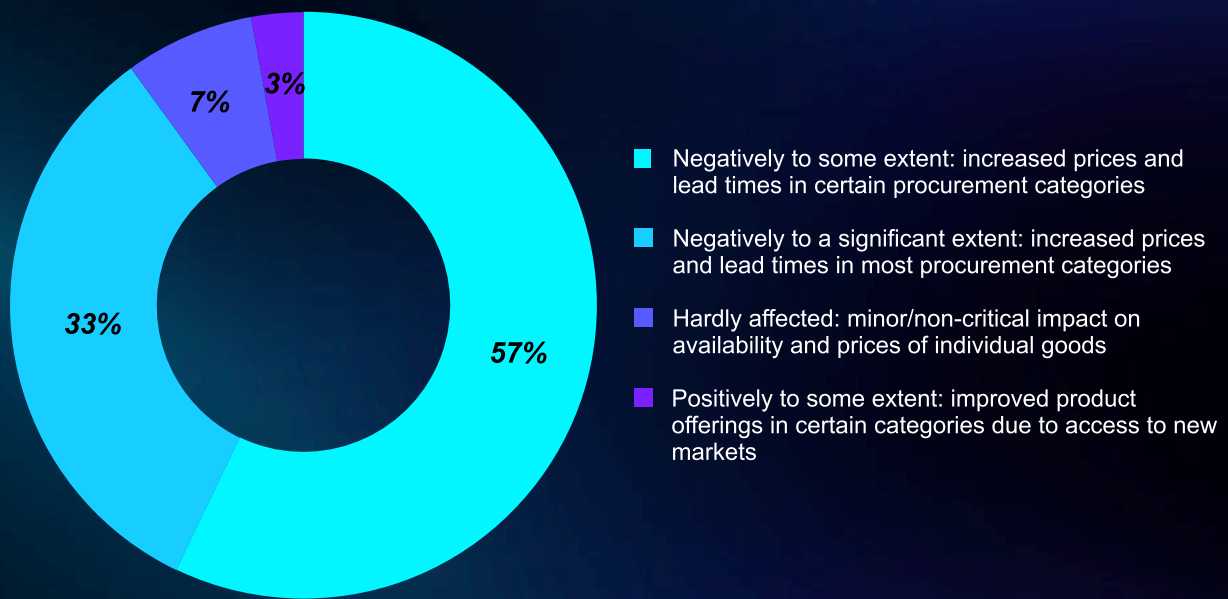
The war has not only significantly impacted traditional supply chains across many sectors but has also highlighted the importance of a balanced and flexible supply chain management strategy: availability of alternative supply sources, supplier diversification, flexible contract terms, and more. Under these conditions, the procurement function is transforming into a key strategic business partner, emerging from the shadow of a transactional "service" function. The function's development strategy becomes an organic extension of overall corporate development priorities: how we respond to military and geopolitical challenges, how we plan business continuity, and how we integrate into the European Union.



Ostap Barannik

Senior Manager, Consulting Department,
Supply Chain Management Expert at Deloitte Ukraine

How has the war affected procurement operations?



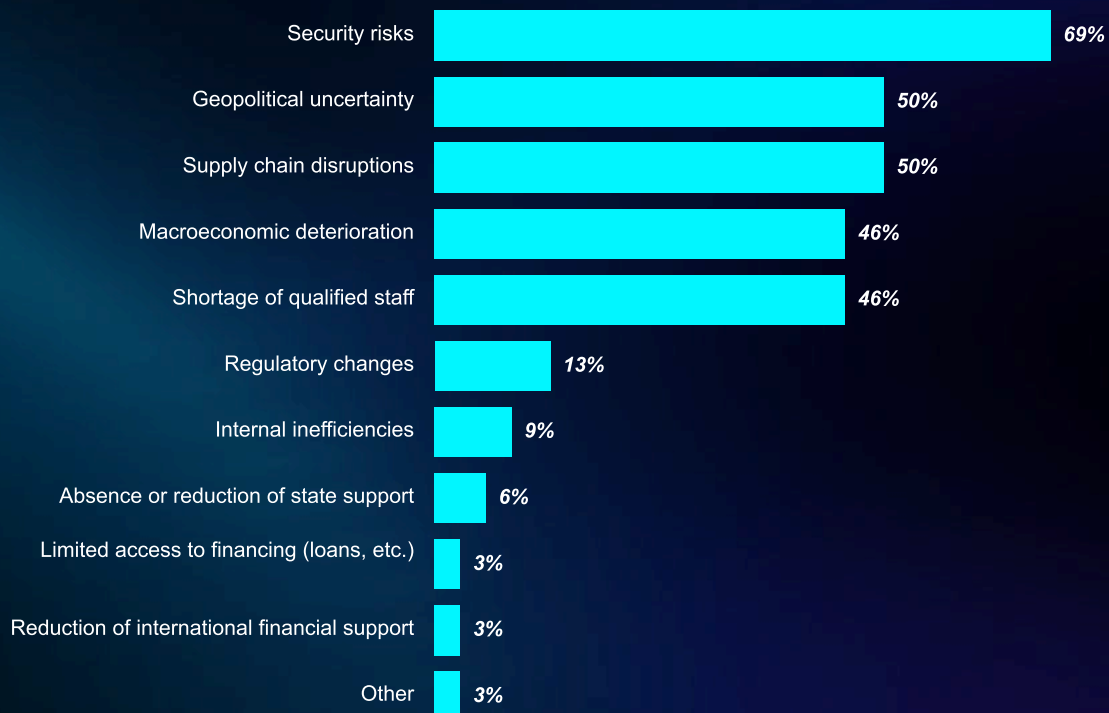
The survey results indicate a massive and predominantly negative impact of the war on the procurement function of most Ukrainian companies.

57% of respondents noted that the war had a somewhat negative impact, leading to price increases and delivery delays in certain categories. Another **33%** reported significant negative impact across most procurement categories. Combined, this represents **90%** of respondents, indicating systemic difficulties in maintaining stable supply chains as a result of the full-scale war.

Only **7%** assessed the impact as minor, while **3%** — viewed it as positive, relating to opportunities to access new markets and expand offerings in specific categories.

The war has substantially destabilized procurement activities—price increases, logistics delays, and the need for supplier diversification have become the new reality. Positive effects (such as entering new markets) remain isolated and do not yet change the overall trend.

Which risks will have the greatest impact on the procurement function in 2025–2026?



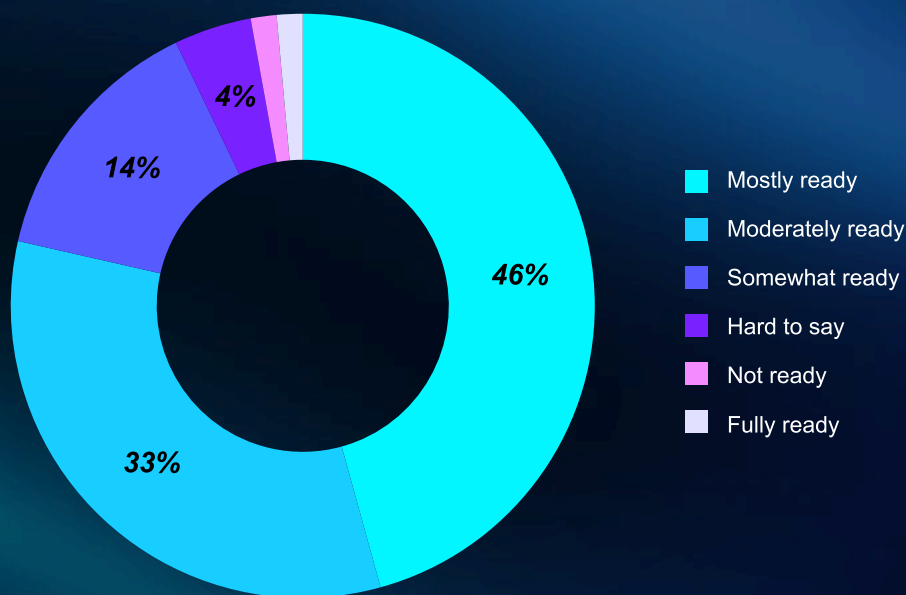
Security issues, geopolitical situation, and supply chain reliability are key risk factors for the procurement function in 2025-2026:

- **Security risks** (69%) top the list and demonstrate that full-scale war remains the most powerful factor affecting procurement—from logistics to workforce availability and facilities
- **Geopolitical uncertainty** (50%) and **supply chain disruptions** (50%) follow next, indicating concerns about global and regional turbulence, including potential restrictions, trade barriers, or political decisions by partner countries
- **Deteriorating macroeconomic environment** (46%) and **shortage of qualified workers** (46%) occupy fourth position
- **Regulatory changes** (13%) and **internal inefficiencies** (9%) concern only a portion of companies—likely due to focus on more external risk factors
- Risks related to **state or international support, financing, and institutional conditions** have minimal priority (3-6%), which may indicate either low expectations regarding assistance or relatively stable financial situation in companies
- Among other responses: **mobilization and limited contractor mobility**, reflecting the realities of martial law and pointing to **human resources and logistics** as critical points in procurement management.

In 2021, macroeconomic instability (80.4%) and COVID restrictions (54.3%) were the key business risks. In contrast, for 2025-2026, security risks (69%), geopolitical uncertainty (50%), and supply chain disruptions (50%) have taken first place, directly reflecting the impact of a full-scale war.

The importance of skilled workforce shortages has also increased (from 13% in 2021 to 46% in 2025), likely related to mobilization and labor migration. Regulatory, internal, and financial risks remain in the background as before, but issues of physical security and global instability now have decisive importance for the procurement function.

How do you assess the level of readiness to minimize the impact of risks?



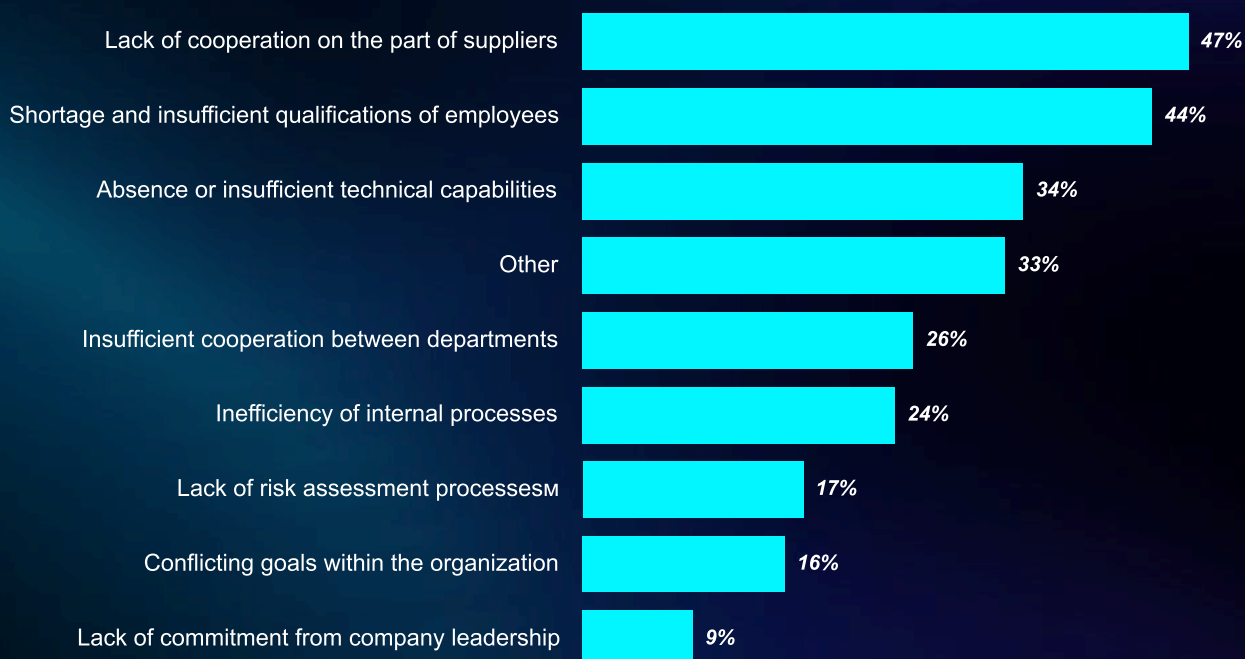
Analysis of responses indicates that most companies experience a **moderate to high level of readiness** to minimize risk impacts:

- **46% of respondents** consider themselves **mostly ready**, demonstrating confidence in existing risk management mechanisms and adaptation to changes
- Another **33%** assessed their readiness as **moderate**, meaning partial—this may indicate the presence of basic approaches that require further strengthening
- **14%** chose "**somewhat ready**," signaling limited readiness to respond under conditions of increasing instability.

In contrast, only **1%** of companies consider themselves **fully prepared**, and the same percentage — **completely unprepared**, confirming that **neither total confidence nor readiness crisis is observed**; instead, a balanced but critical view of their own capabilities dominates

Uncertainty regarding readiness level proved to be low (4%), which may indicate fairly good awareness among survey participants regarding internal risk management processes.

Key obstacles to mitigating procurement risks (respondents' assessment)



Risk mitigation in procurement is most complicated by external and personnel factors:

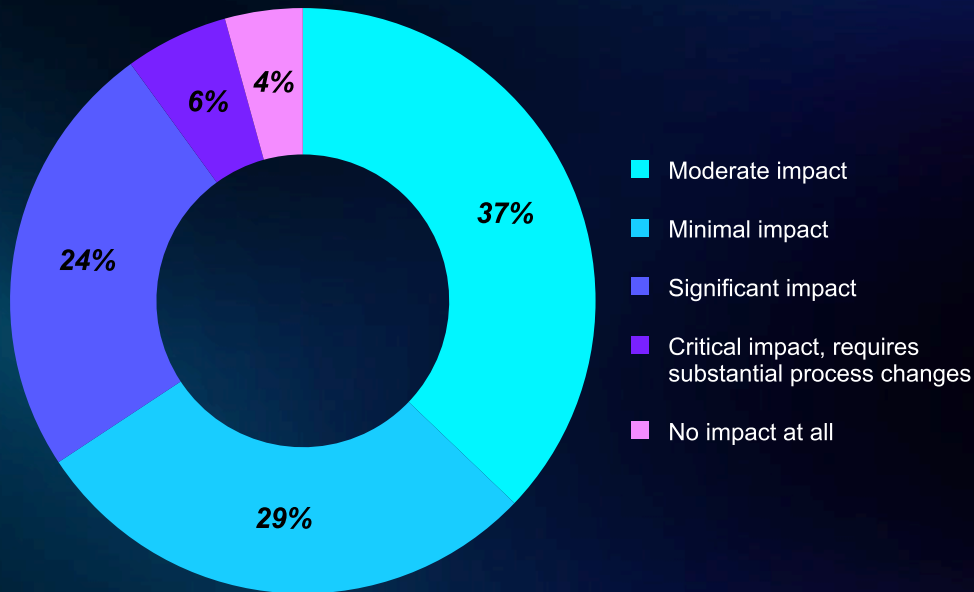
- The biggest obstacle respondents identified was **insufficient cooperation from suppliers** (47%) — this emphasizes the importance of partnership relationships in supply chains and dependence on counterparties
- Second place — **shortage and insufficient qualification of employees** (44%), confirming that the human factor remains critical for effective risk management
- **Absence or insufficiency of technical capabilities** (34%) also ranks among key barriers, indicating the need for digital tools and automation

Meanwhile, internal organizational problems — such as **insufficient cooperation between departments** (26%), **process inefficiencies** (24%), and **lack of formalized risk assessment processes** (17%) — also significantly complicate companies' vulnerability reduction.

Less significant were **organizational barriers**, particularly **company management commitment** (9%) and **conflicting goals within the organization** (16%), which may indicate the presence of strategic support but the need to strengthen infrastructure and teams for risk mitigation.

Among responses in the "Other" category, chosen by 33% of respondents, mentions of **external factors** - over which companies have no direct control - dominate. This primarily concerns **war, martial law, mobilization, suppliers' financial instability**, as well as **geopolitical uncertainty** and its consequences — **rising inflation, supply chain disruptions, resource shortages**. Some respondents emphasized business's limited ability to influence the security situation and political processes or bureaucratic barriers in the EU. There were also structural observations, including **insufficient diversification of company activities**, as well as the tendency to perceive **risks as everyday reality** to which business adapts rather than eliminates. This underscores that a significant portion of barriers to risk minimization lies beyond internal organizational competence.

How do legislative changes affect procurement?

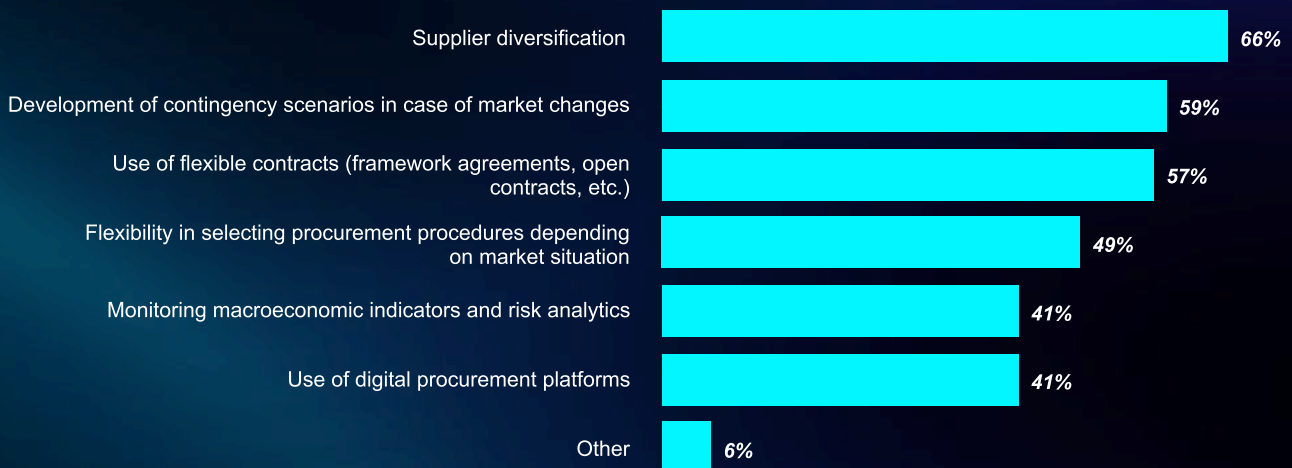


The results indicate that the **overwhelming majority of companies (66%)** assess the impact of legislative changes on the procurement function as **moderate or minimal**. Another **24%** of respondents noted **significant impact**, which may point to frequent adaptations to new requirements, especially in regulated industries. Only **6%** of companies view changes as **critical**, requiring serious transformation of procurement processes. Meanwhile, **4%** of respondents believe that legislative changes **do not affect procurement at all** — likely companies with a minimal share of regulated procurement or with high levels of autonomy in procedural decisions.

In the breakdown between public and commercial companies, there is a clear difference in impact assessments.

Public companies more frequently indicate high sensitivity to legislative changes: **33% noted significant impact, and another 22% — critical impact (55% combined)**. In contrast, among **commercial companies**, only **27%** assess the impact as significant or critical. Meanwhile, **68%** of commercial respondents tend to consider it moderate or minimal, and **5%** see no impact at all. This may indicate greater flexibility in the private sector and lower dependence on strictly regulated procedures.

How do you ensure flexibility in choosing a procurement strategy?



Most companies ensure procurement flexibility through pre-prepared scenarios, adaptive contracts, and proactive planning.

The most widespread practice has become **supplier diversification** — chosen by **66%** of respondents.

Development of contingency scenarios (59%) and **use of flexible contracts (57%)** are also popular measures—they allow adaptation to rapid market changes without disrupting core business processes.

A fairly high level (**49%**) was achieved by the response regarding **selection of procurement procedures depending on market situation**, which emphasizes the importance of internal adaptability.

Digital platforms and macroeconomic monitoring were each chosen by 41%, indicating gradual implementation of technologies and analytical tools, though they have not yet become dominant practices.

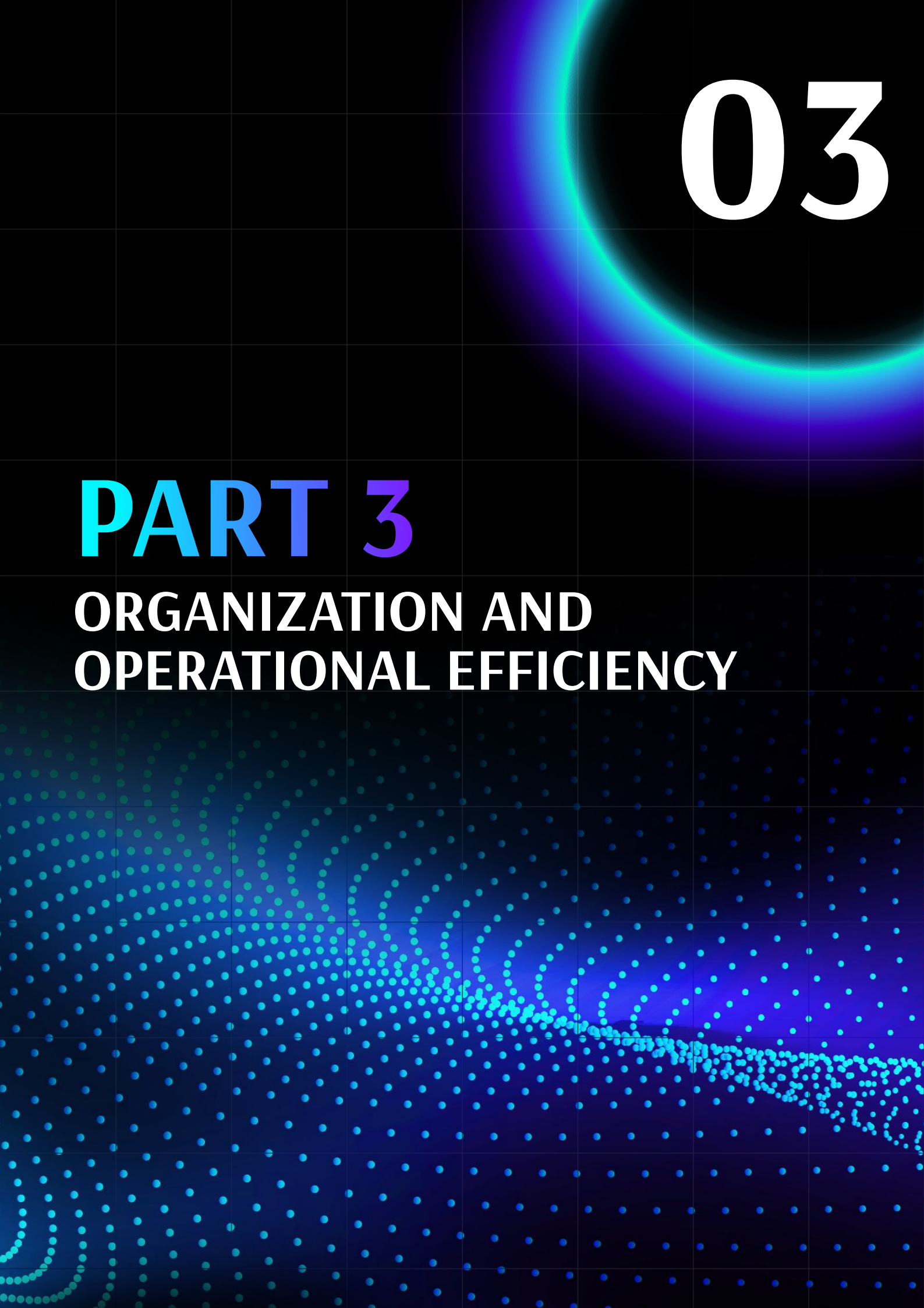
Among responses in the **"Other"** category (**6%**), respondents emphasize that public procurement legislation significantly limits maneuvering possibilities, especially regarding supplier diversification and procedure selection, which prevents rapid response to market changes. Other mentioned approaches include preliminary feasibility analysis of tenders, considering market dynamics, component costs, and overall impact on final prices of goods or services. Respondents also apply development of back-up scenarios and creation of emergency stockpiles of critical categories.

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In 2025, the procurement function in Ukraine is transforming under pressure from full-scale war and global turbulence—companies strive to achieve operational stability, reduce risks, and increase efficiency. The biggest barriers under current conditions are war, mobilization, and market instability, rather than management will or finances. When external risks dominate over internal ones, companies need adaptive strategies where digitalization and partnerships are viewed as investments in resilience. Many companies demonstrate such a precisely realistic approach to managing turbulence, resorting to supplier diversification (66%) and back-up scenarios (59%) as the most common measures.



Nataliia Shapoval
Director, KSE Institute



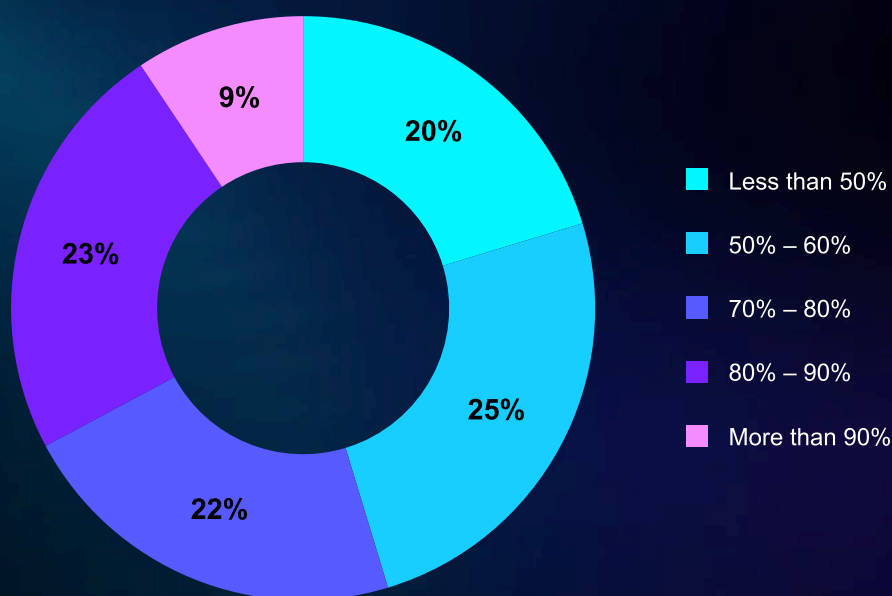
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PART 3

ORGANIZATION AND OPERATIONAL EFFICIENCY

ORGANIZATION AND OPERATIONAL EFFICIENCY

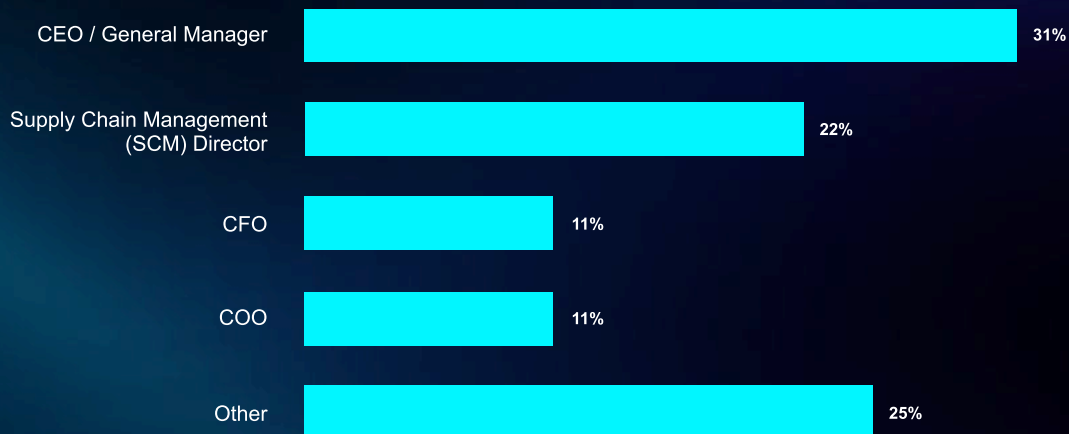
What share of expenses in your organization is covered by the procurement function?



The results indicate that the procurement function covers a significant portion of companies' expenses, with more than 50% for most respondents. The largest share of respondents (25%) indicated that procurement covers 50% to 60% of company expenses. Another 45% have % of covered categories from 70% to 90% (22% and 23% respectively). 9% of companies noted that procurement covers over 90% of expenses—this may indicate particularly high dependence on external resources. Only 20% indicated that the procurement function covers less than 50% of expenses.

In 2025, 80% of companies indicated that procurement covers more than half of all expenses, which is close to the 2021 indicator (78%). Meanwhile, 9% of companies reported that procurement covers over 90% of expenses, which represents a decrease compared to 12% in 2021. Overall, procurement remains a critically important function that shapes a significant portion of the expense budget and therefore requires a strategic approach and effective management.

Who does the procurement function report to in your organization?



The reporting structure of procurement varies depending on management model, industry, and company scale, yet a significant portion has direct access to the top executive or supply chain leadership, which reinforces the strategic importance of the function.

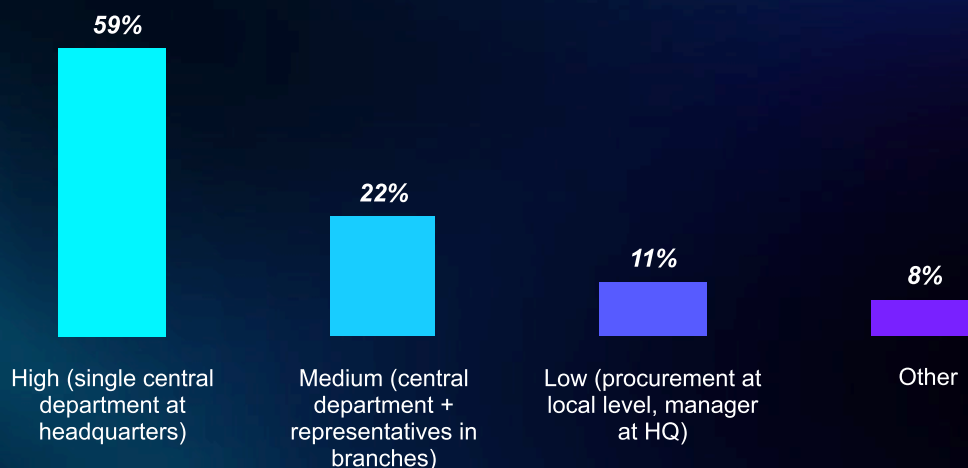
31% of respondents indicated that procurement reports directly to the **CEO or general manager**, demonstrating the strategic role of this function at the company leadership level.

In 22% of companies, procurement reports to the **Supply Chain Management (SCM) director** — a typical approach in large organizations with developed logistics structures.

Equally — 11% each — indicated reporting to the **CFO or COO**, which is also common practice for ensuring procurement integration with key resource management and process functions.

25% of respondents chose "**other**", which includes reporting to the commercial director, logistics director, procurement department director, distribution director, board member, deputy general director, division vice president, business affairs director, and even Global Procurement Director outside Ukraine.

Level of organizational centralization of the procurement function:



Most companies participating in the survey demonstrate a **high level of organizational centralization of the procurement function**.

59% of respondents indicated that their company has a **single central procurement department at headquarters**, which may indicate a drive toward process unification, cost control, and strengthening negotiating position.

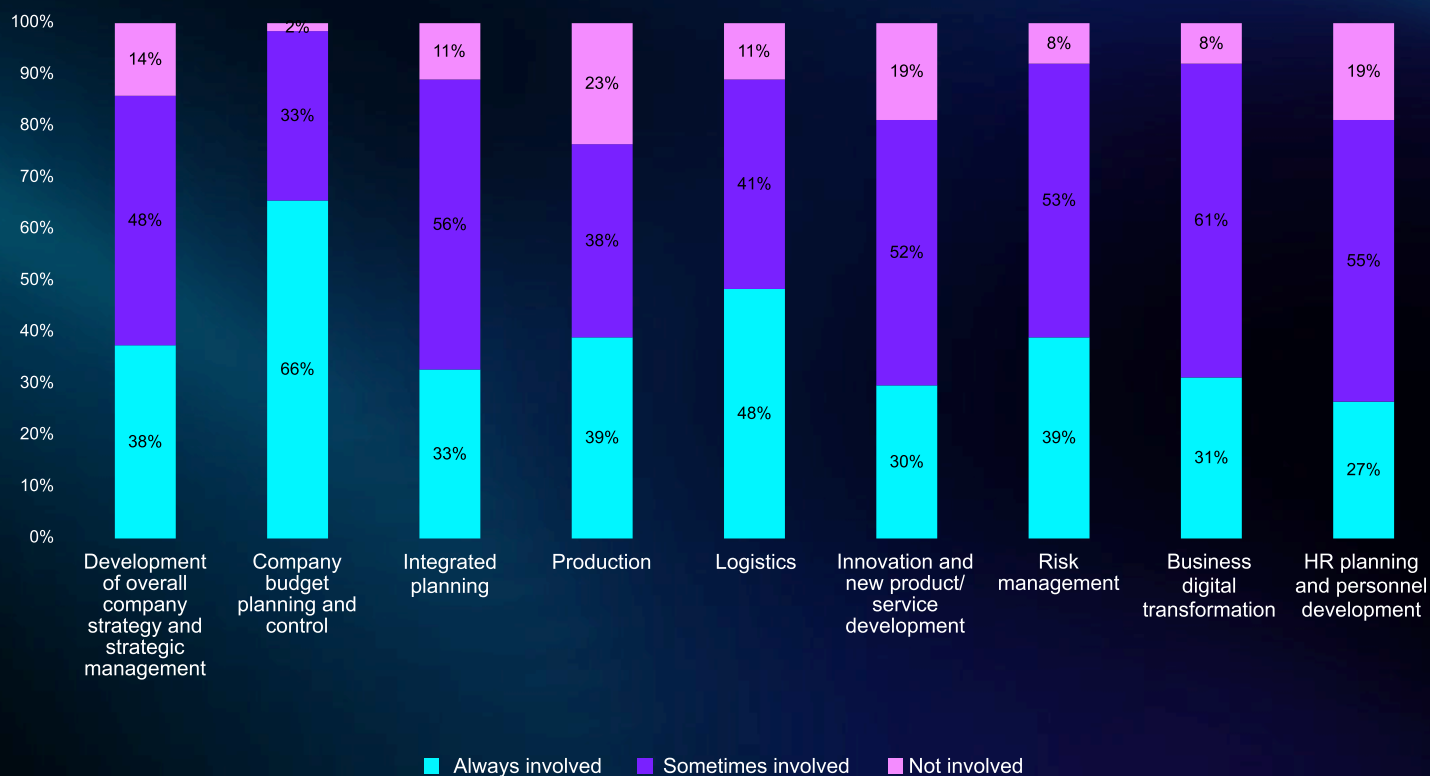
22% of companies have a **mixed model**: a centralized department combined with representation in divisions. This approach provides a balance between centralized control and local flexibility.

11% of respondents work in a **decentralized model** where procurement is conducted locally, with the function coordinated from headquarters. This is typically characteristic of companies with geographically distributed operations or significant divisional autonomy.

8% chose **"other"**, which may include matrix management models, hybrid structures, or functional division by product/service categories.

Compared to 2021, when 66% of companies had a centralized procurement model, in 2025 this indicator decreased to 59%, which may indicate a partial shift away from rigid centralization toward more flexible approaches. Meanwhile, the share of companies with a mixed (hybrid) model remained at a similar level — 22% in 2025 versus 24% in 2021, confirming its stable popularity. Decentralized models maintain their niche: 11% in 2025 versus nearly 10% in 2021, without significant changes. Therefore, while centralization remains the dominant approach, the trend toward adaptive structures is gradually gaining momentum.

What is the level of procurement function involvement in key company processes?



The procurement function plays a strategic role in financial planning, logistics, production, and risk management, but often remains insufficiently integrated into innovation, digital, and HR processes.

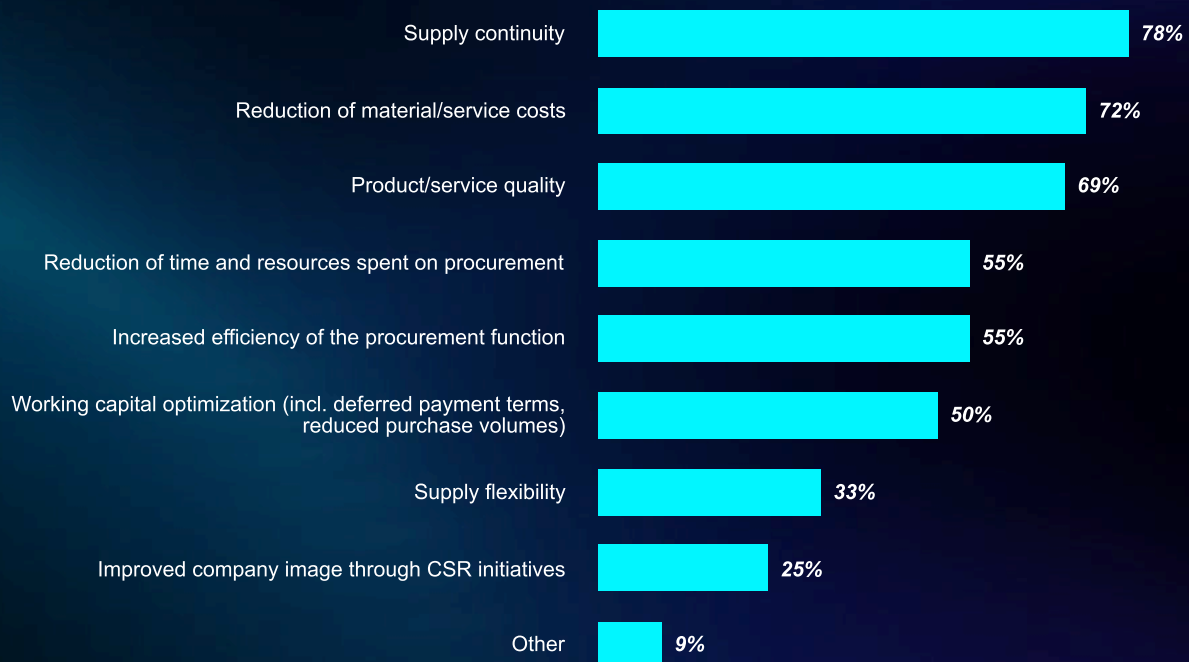
The highest level of constant integration is observed in **budget planning and control processes** — 66% of respondents indicated that procurement is constantly involved. This is logical, since procurement is one of the main cost centers.

High levels of constant participation are also recorded in **logistics processes** (48%), **risk management** (39%), **production** (39%), and **overall company strategy development** (38%).

In areas such as **innovation, digital transformation, and workforce planning**, procurement participation is lower: **only 27-31%** of respondents noted constant involvement. Meanwhile, **"sometimes involved"** predominates, which may indicate **episodic cooperation or absence of clearly defined procurement roles** in these directions.

The least involvement (**"not involved at all"**) is observed in **production** (23%) and **innovation** (19%), which is a certain signal: even in areas where procurement can have significant impact (for example, selecting suppliers of innovative solutions), this function sometimes remains on the sidelines.

What results of the procurement function's work does company management expect?



The survey results demonstrate that company management expectations from the procurement function focus primarily on stability, savings, and quality.

Supply continuity is priority #1 — expected by **78%** of executives. This indicates high importance of supply reliability under unstable conditions. In second place — **reducing cost of materials and services (72%)**, which traditionally remains the main procurement objective. **Quality of goods and services** also ranks in the top three expectations (**69%**), confirming increased requirements for outcomes, not just price.

Other important expectations include:

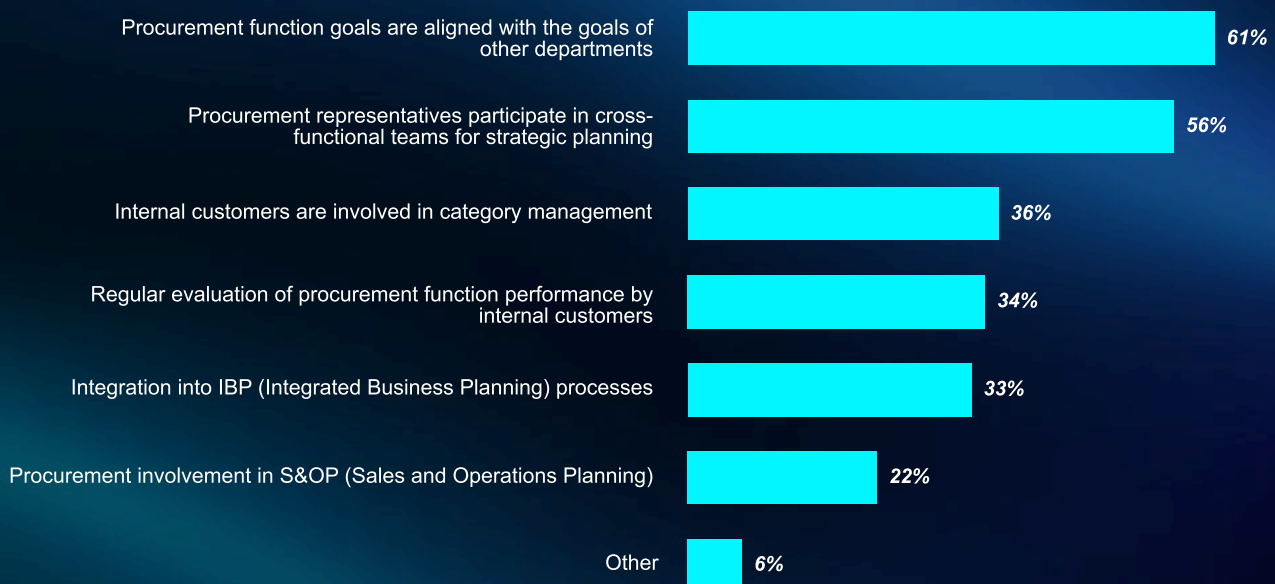
- **Improving function efficiency (55%)**
- **Reducing time and resources for procurement (55%)**
- **Working capital optimization (50%)**, particularly through payment terms and volumes

Comparatively less prioritized were aspects such as **supply flexibility (33%)** and **image improvement through CSR initiatives (25%)**.

Company management primarily expects procurement stability, savings, and quality support, with gradual expansion of focus toward efficiency and financial optimization. Social initiatives and image-related outcomes remain secondary for now.

In 2025, management expectations regarding procurement function results maintain the same top three priorities as in 2021: quality of goods/services, cost reduction, and supply continuity. However, in 2025 supply continuity rose to first place, while quality dropped to third, which may indicate growing importance of supply stability under conditions of uncertainty.

Which approaches are used to better understand the needs of internal customers?



The results indicate that companies use predominantly organizational-management approaches to improve interaction with internal customers, but deeper integration of procurement into business processes is still less widespread.

61% of companies align procurement function goals with other departments' objectives — this is a basic element of strategic integration. **56%** involve procurement representatives in cross-functional teams for strategic planning, which promotes understanding of business needs at the decision-forming stage.

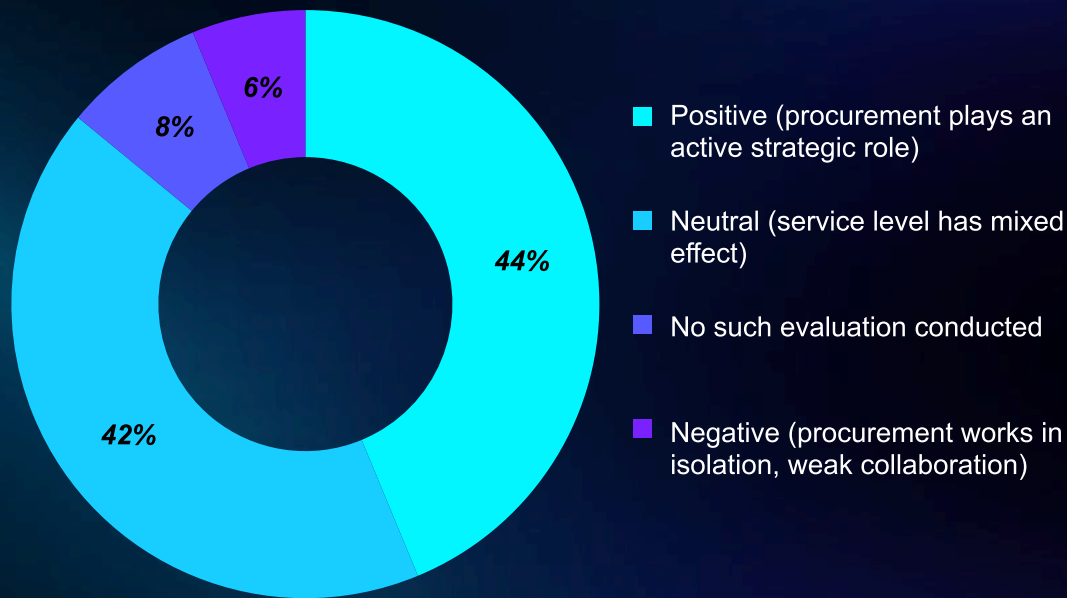
Tactical or operational tools are used less frequently:

- **Only 36%** of companies involve internal customers in **procurement category management**.
- **Regular evaluation of procurement performance** by internal customers is practiced by **34%**.
- **IBP (Integrated Business Planning)** is integrated into processes in only **33%** of companies, while **participation in S&OP** is just **22%**.

Only **6%** of respondents chose "**other**", indicating use of individual, less common approaches, including **regular meetings with other functions, internal customer training (for example, video training sessions), as well as informing about changes**. Meanwhile, some companies acknowledged that currently they do not use any of the listed tools.

Compared to the 2021 survey results, there is mixed dynamics in procurement function engagement with internal customers. For example, alignment of procurement goals with other departments' objectives increased from 57% to 61%, which is a positive sign of strengthened strategic integration. Meanwhile, involvement of procurement representatives in strategic planning decreased somewhat — from 60% in 2021 to 56% in 2025. The share of companies that involve internal customers in procurement category management decreased from 55% to 36%. The proportion of companies conducting regular evaluation of procurement performance by internal clients also declined slightly — from 37.5% to 34%.

How do internal customers evaluate the service level of the procurement function?



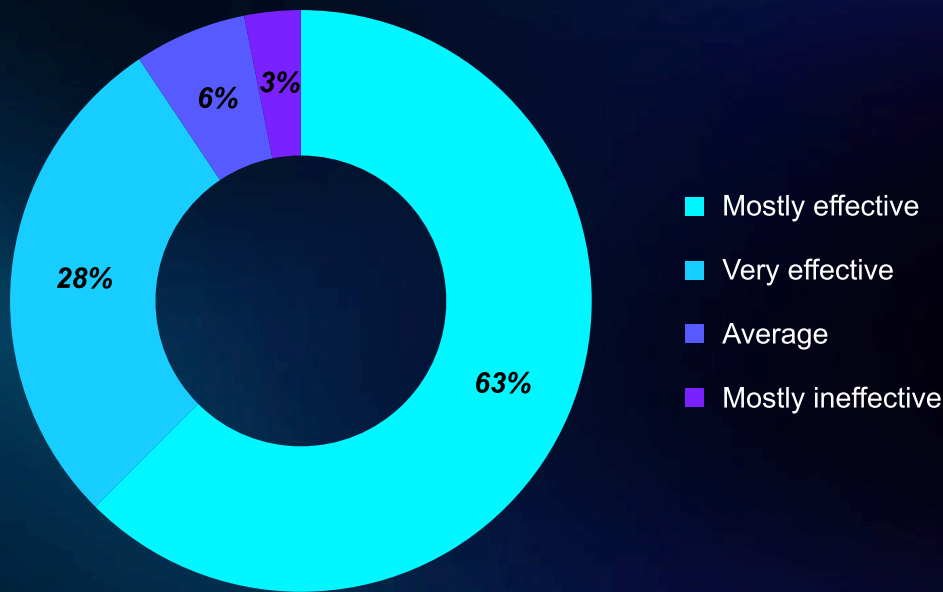
The assessment of procurement function service level by internal customers shows generally positive dynamics, though not without challenges.

44% of respondents indicate that **procurement plays an active strategic role**, demonstrating a high level of function integration into company business processes. Meanwhile, 42% chose a **neutral assessment**, indicating mixed experience — likely meaning there are local or situational problems in interaction with procurement. 8% **do not conduct such assessment** at all, indicating absence of formalized feedback and potentially low internal client engagement in service improvement processes. 6% of companies assessed service level **negatively**, meaning their procurement function operates in isolation with weak communication levels with internal stakeholders.

The large share of neutral assessments and absence of evaluation altogether **signals the need to improve the service model, transparent interaction, and regular monitoring of internal customer expectations**.

Compared to 2021, there is deterioration in assessment by internal customers. Then, 53% of respondents believed that internal clients positively evaluated procurement performance; in 2025, this indicator decreased to 44%.

How do respondents assess the effectiveness of the procurement function?



The assessment of procurement function effectiveness indicates a high level of satisfaction: **63% of respondents** consider it "mostly effective," while another **28%** rate it as "**very effective**". Thus, **91%** of survey participants evaluated **procurement performance positively**. Only **6%** provided a moderate assessment, and just **3%** rated it as "**mostly ineffective**". The **absence of "completely ineffective" or "difficult to say"** responses may indicate a formed understanding regarding the role and results of the procurement function, as well as its stable perception as an important business element.

Respondent comments indicate that procurement function effectiveness largely depends on the development and transformation stage in which the company finds itself. Some organizations have already implemented comprehensive changes, which is reflected in quality results:



The procurement function has completely transformed from a service function into a full-fledged business partner that understands business needs and helps achieve key results.

Others are at the stage of active changes, including digitalization, category management implementation, and automation:



Implementation of inventory systematization and initiation of digitalization is being conducted. Comprehensive categorization of production processes and inventory has been deployed, electronic contractor search has been implemented.

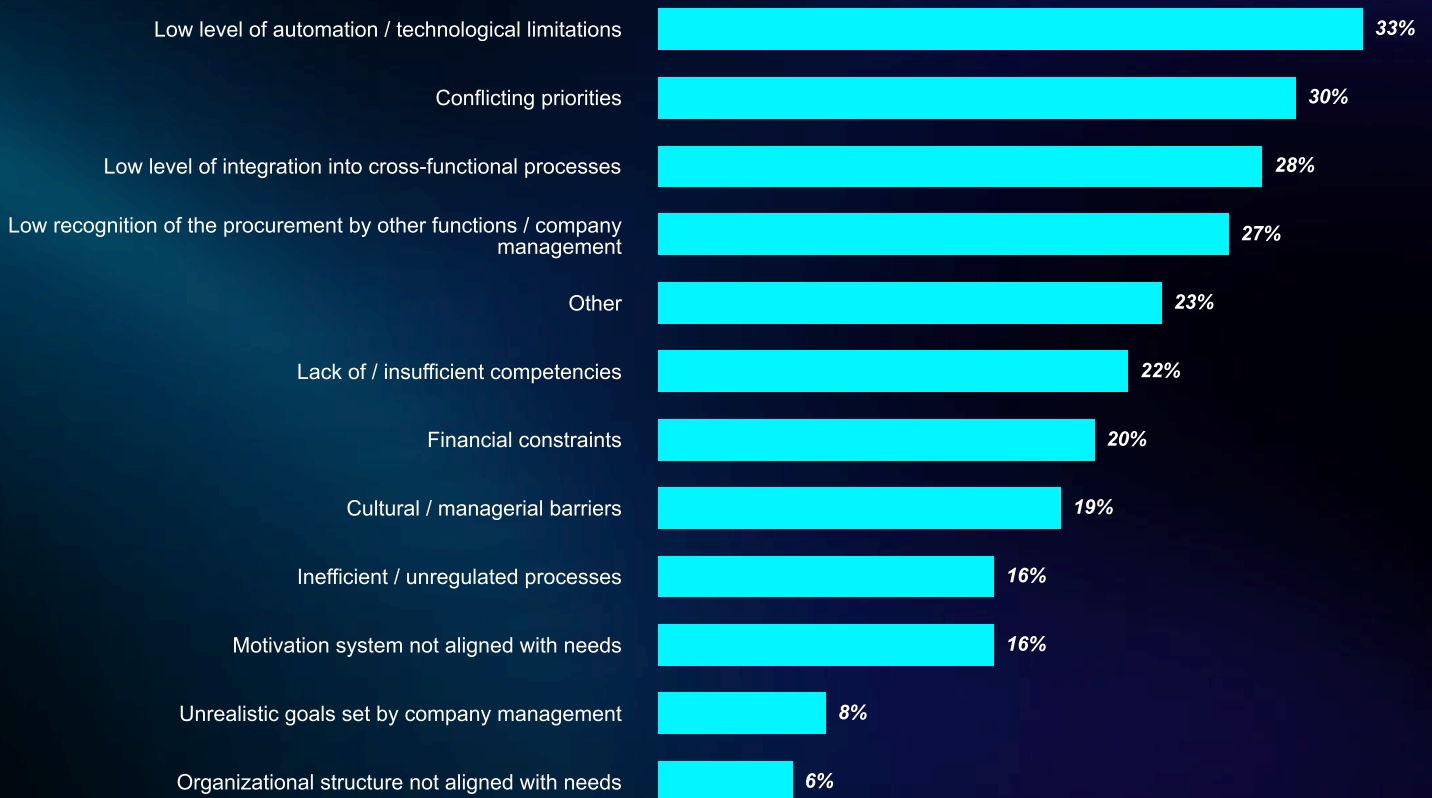
In a number of responses, progress was noted despite the objective limitations—particularly personnel, technical, or war-related constraints:

We're effective, considering limited resources in the function (war factor, migration, absence of qualified personnel).



Meanwhile, **comments also mention current problems:** lack of tools, local non-automation, excessive bureaucracy, which constrain full realization of the procurement function's potential. This allows the conclusion that despite general aspiration for development, procurement effectiveness is often limited by systemic challenges that extend beyond the functional control of the procurement department.

What are the main barriers preventing the procurement function from fully realizing its potential in the company?



The survey results indicate that the main barriers preventing full realization of procurement function potential in companies have both technological and organizational origins.

The most widespread obstacle respondents identified was the **low level of automation/technological limitations (33%)**. This aligns with open comments mentioning manual processes, absence of necessary SAP modules, and fragmented digitalization. In the **second place** there are **conflicting priorities (30%)**, as well as the **low level of integration into cross-functional processes (28%)**. This may indicate lack of alignment between procurement and other business functions, complicating strategic interaction.

Such disconnection also manifests in **low assessment of procurement function by management or other departments (27%)**. About **22%** of respondents noted **lack of necessary competencies**, while **20%** cited **financial constraints**.

Other common problems include **cultural and management barriers (19%)**, **process inefficiency/lack of regulation (16%)**, and **weak motivation systems (16%)**. Only **8%** of respondents mentioned **unrealistic management goals**, and **6%** **organizational structure misalignment**, though these factors may have deeper impact when combined with other barriers.

Analysis of open responses in the **"Other"** category indicates that besides organizational and technical factors, companies also face **external challenges** and resource constraints. Some respondents point to the impact of war and geopolitical instability: **"reduction of business scale," "outflow of qualified personnel abroad," "military risks"**.

Others emphasize internal interaction barriers, particularly **"absence of close cooperation with certain functions" or "perception of procurement as a control function"**. Individual respondents highlight institutional and regulatory difficulties, including "imperfect legislation" and problems with using modern IT solutions due to security requirements.

A number of comments also reflect transitional stages in company development, such as **"period of transformational changes," or limitations of time and personnel resources ("personnel shortage," "time")**.

Therefore, the procurement function faces combined challenges—technical, organizational, personnel, and cultural. Overcoming them requires simultaneous work at the level of processes, tools, interaction, and leadership support.

Compared to 2021, there has been a notable shift in emphasis in the perception of key barriers to realizing procurement function potential. While previously the main obstacles were conflicting priorities (50%) and ineffective interaction within the company (42.5%), in 2025 technological limitations (33%) have moved to first place.

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An important factor when analyzing dynamics of change in "Organization and Operational Efficiency" is undoubtedly the challenges our colleagues and their teams face in supporting business existence and development under martial law conditions. Therefore, the main focus is placed on supply continuity and cost reduction for respondent companies (similar are the key performance indicators for function evaluation). This, in turn, requires business leaders and the function to have greater flexibility in procurement function impact on company costs and centralization of the organization itself, where interaction of function specialists with cost owners at the lowest level is quite important.

This is precisely what our respondents are talking about, naming goal alignment of the function with other departments, cross-functional teams, and involvement of internal clients in category management as the main "good practices." Finally, it's worth noting the stable dynamics of recognizing procurement's role for business, as the overwhelming majority of our respondents' procurement organizations report to company first persons at the executive board level.

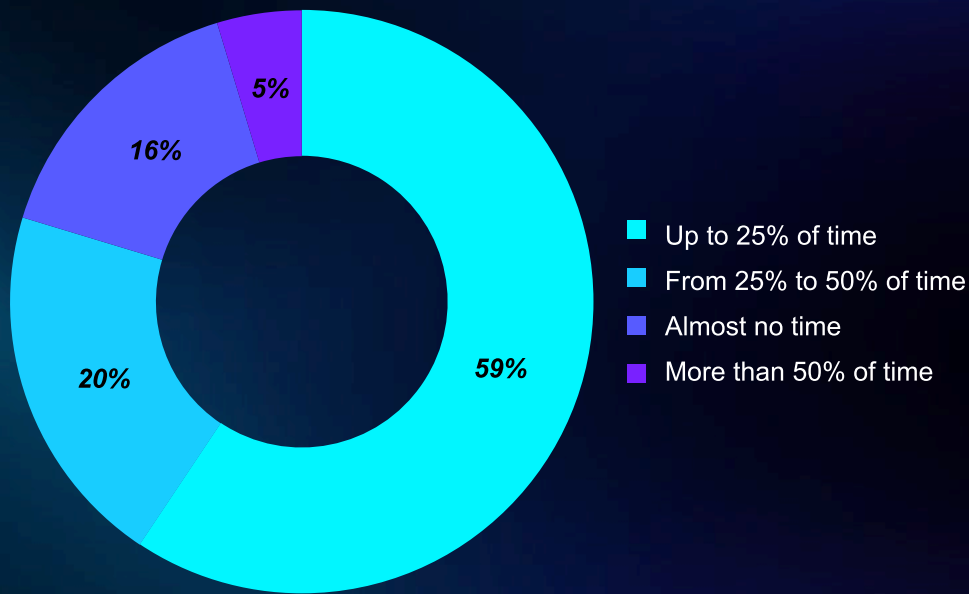
The noted low level of process automation, while being an obstacle, is, in my opinion, a key opportunity for further development of organizational efficiency and strengthening teams in the field.



Oleksandr Vodotyka

MBA/Group Strategic
Procurement Director
SHP Group

How much time, as head of the procurement function, can you dedicate to strategic procurement development tasks?



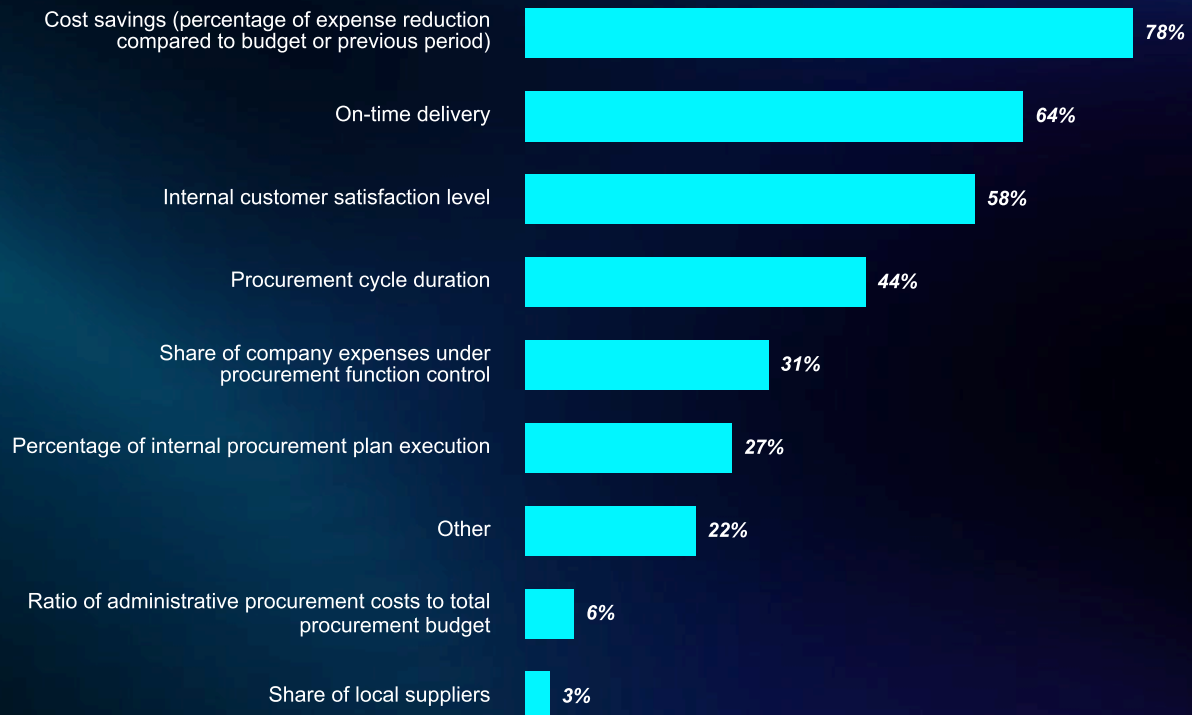
The results demonstrate that the overwhelming majority of procurement function leaders (59%) have the opportunity to dedicate only up to 25% of their time to strategy, indicating high operational workload. Another 16% of respondents have almost no ability to focus on strategic tasks, meaning collectively three-quarters of leaders (75%) are predominantly occupied with daily routine work.

Only 5% of survey participants reported spending more than half their time on strategic issues. This situation may constrain procurement transformation, reduce flexibility in responding to changes, and complicate long-term planning.

Compared to 2021 results, in 2025 there is a decline in procurement function leaders' ability to spend time on strategy. In 2021, 37% of respondents were able to dedicate more than 25% of their time to strategy (27% from 25 to 50%, 10% over 50%), while in 2025 only 25% can do so (20% and 5% respectively).

Meanwhile, the share of those who can dedicate only up to 25% of their time to strategy increased from 46% to 59%, and the number of leaders who have almost no time for this remained nearly unchanged (17% in 2021 versus 16% in 2025). This may indicate increasing operational workload and lack of resources for developing the function in a strategic direction.

Which indicators do you use to assess procurement effectiveness?



Analysis of procurement effectiveness evaluation indicators demonstrates that companies focus primarily on financial and operational results. The most widespread criterion remains **cost savings** — **78%** of respondents indicated that the indicator of cost reduction compared to budget or previous period is key.

In second place is **adherence to delivery schedules (64%)**, reflecting the importance of ensuring process stability. **Internal customer satisfaction (58%)** is also among the main KPIs, indicating attempts to combine operational results with a service approach.

Less than half of respondents track **procurement cycle duration (44%)** and the **share of costs controlled by procurement (31%)**. Such important aspects for strategic management as **percentage of procurement plan implementation (27%)**, **administrative cost ratio (6%)**, or **share of local suppliers (3%)** are noted significantly less frequently.

Analysis of open responses in the **"Other"** category (22%) demonstrates that some companies apply **extended or specific metrics for procurement effectiveness evaluation**. These indicators provide deeper insight into financial efficiency, risks, inventory, and project activities.

Among additional effectiveness indicators mentioned by respondents are financially-oriented metrics, including **percentage of margin to budget, cost avoidance, comparison of savings with competitor costs, working capital, as well as DIO (Days Inventory Outstanding) and DPO (Days Payable Outstanding) indicators.**

Operational efficiency and inventory management are also considered important—particularly inventory turnover, compliance of shrinkage levels with company norms, product shortages, and timeliness of procurement task execution. Additionally, respondents pay attention to qualitative and strategic aspects: **risk mitigation, level of competition in tenders, market interest in cooperation, payment terms optimization, and quality of purchased components.**

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Procurement occupies an important place in organizational cost management. At the same time, there is potential for greater involvement of procurement professionals in company processes—from strategy and budgeting to innovation and risk management.

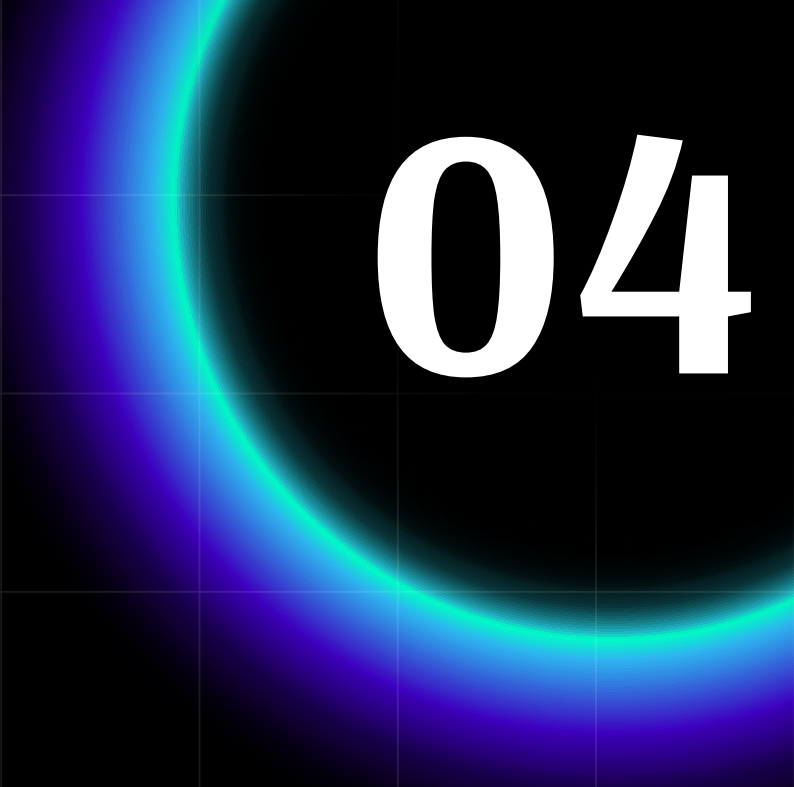
The positive news is that business expectations and main procurement KPIs are mirrored: continuity—adherence to delivery schedules, quality—internal customer satisfaction, and price—savings. It is very important when goals and expectations are synchronized.

For further movement in increasing involvement and recognition of the function's strategic level, procurement professionals should build trust through continued constant cooperation with internal customers, market expertise, proactive analysis, risk mitigation and reduction, and engaging suppliers in creating value for business. The symbiosis of procurement expertise and internal customer experience creates a "win-win" for business.



Zoya Chechulina

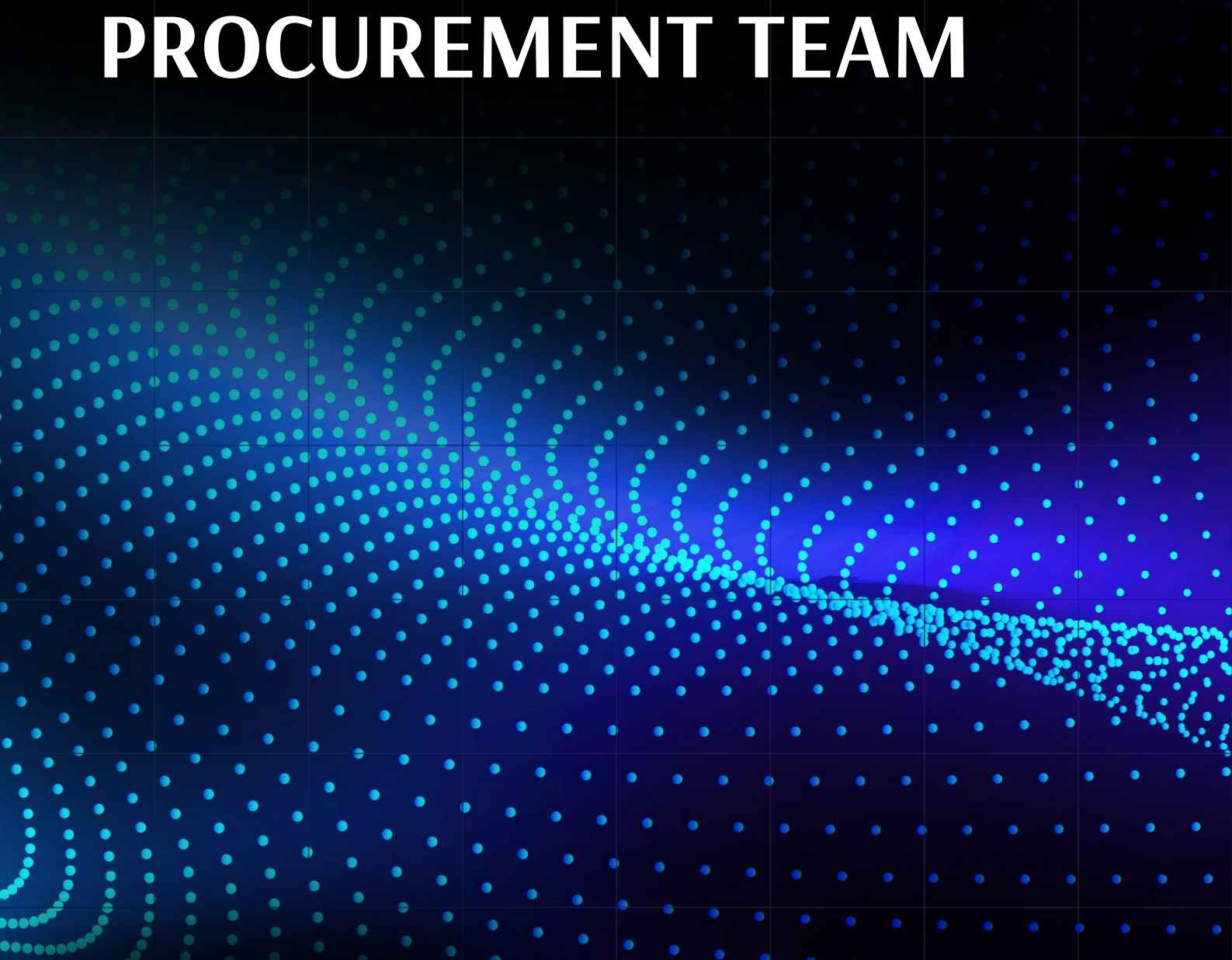
Procurement
Transformation Leader, EBRD
Advisory Services



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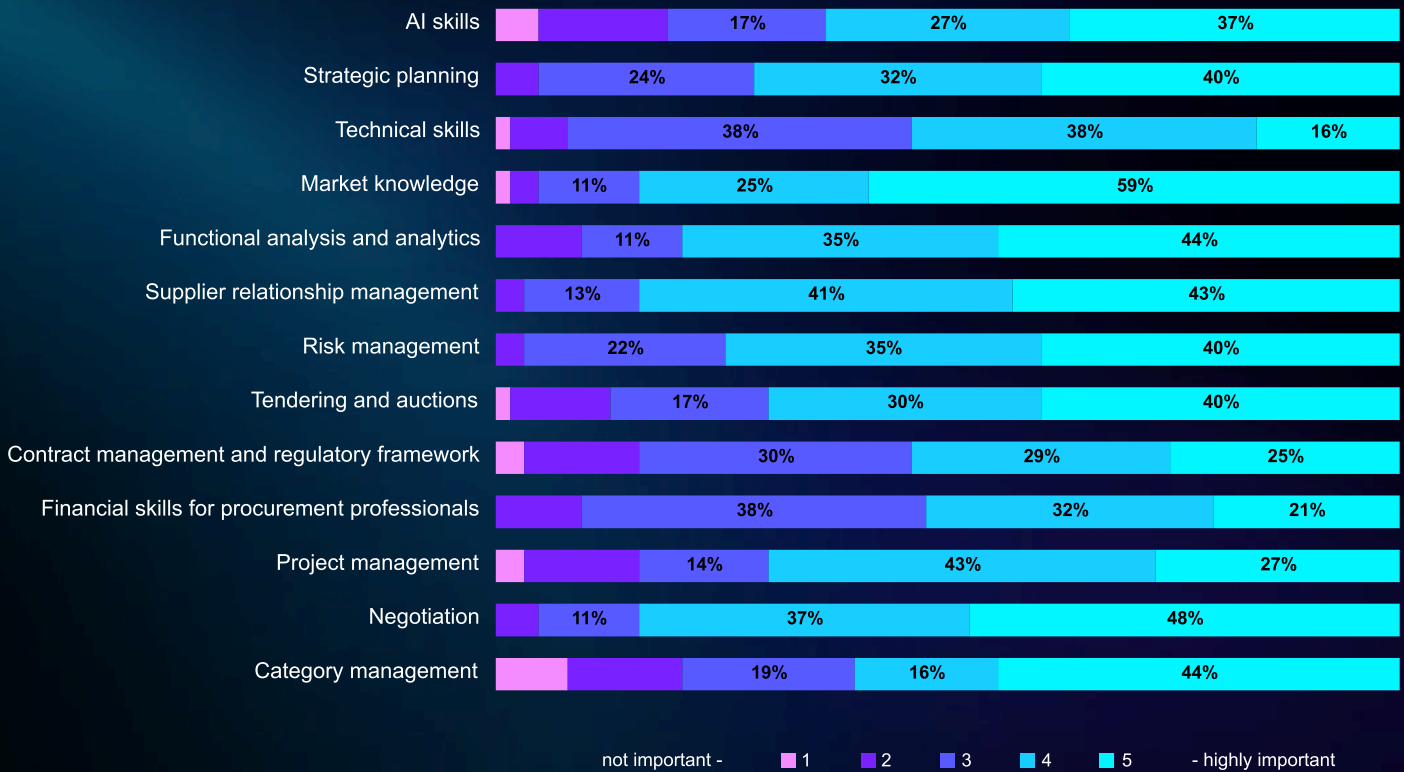
PART 4

PROCUREMENT TEAM



PROCUREMENT TEAM

Which functional competencies of the team members do you consider a priority for organizational development in the next 2 years?



The survey results demonstrate that for organizational development in procurement over the next 2 years, respondents most frequently consider analytical, communication, and strategic competencies as priorities.

Highest Priority (score "5"):

- Market knowledge — 59%
- Functional analysis and analytics — 44%
- Category management — 44%
- Negotiation — 48%
- Supplier relationship management — 43%

Balanced High Ratings (scores "4" and "5" combined):

- Risk management — 75%
- Tendering and auctions — 70%
- Functional analysis — 79%
- Strategic planning — 72%
- Market knowledge — 84%

These results emphasize the importance **not only of analytical, but also strategic and process competencies**.

Less prioritized competences:

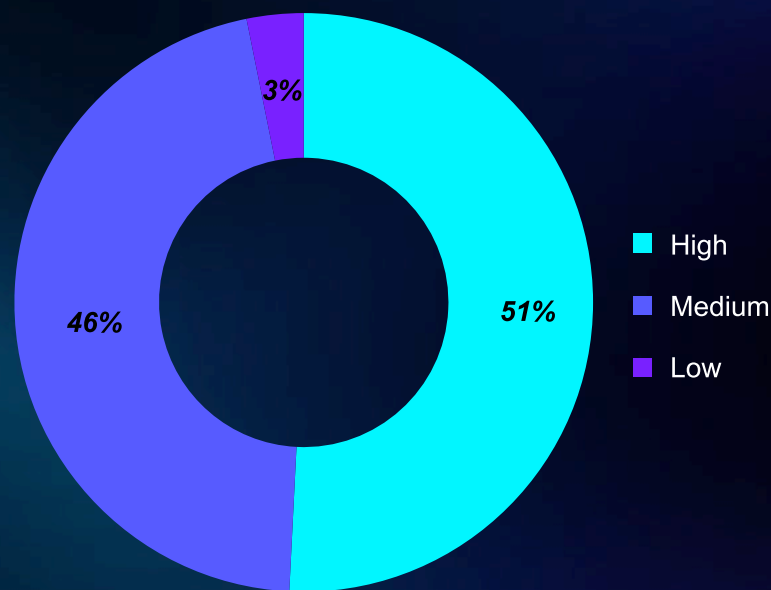
- Technical skills (only 16% rated "5")
- AI skills (37% rated "5", but simultaneously 19% gave ratings of 1-2)

Overall, respondents demonstrate **strong orientation toward analytics, supplier work, and strategic vision**, while **new technologies** remain in the status of **promising but less mastered direction**.

Compared to 2021, in 2025 there was a notable shift in focus regarding functional competency development priorities. While "market knowledge" remains a key skill (77.5% in 2021 versus 59% rating "5" in 2025), the share of those who consider it an absolute priority decreased. Instead, "functional analysis and analytics" and "category management" strengthened their positions, receiving higher ratings in 2025 than in 2021.

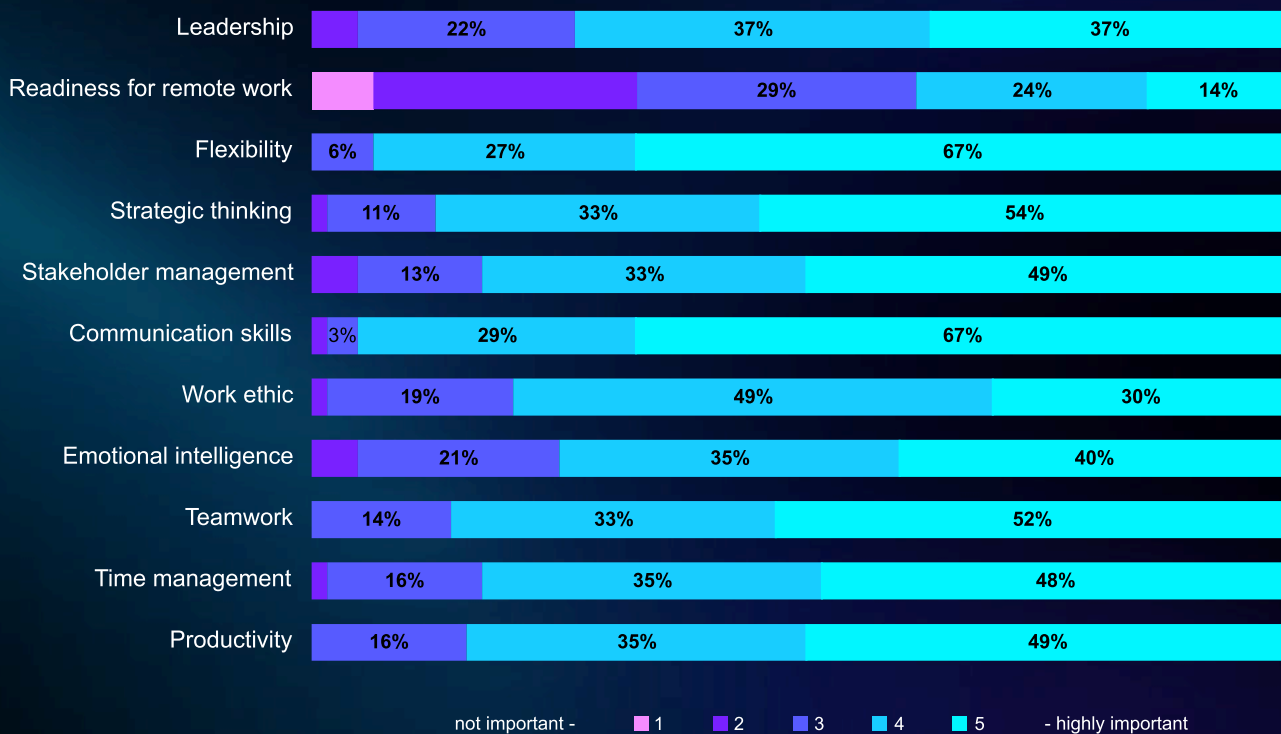
The importance of risk management and supplier relationship management also increased, indicating greater company orientation toward building sustainable and predictable processes. While conducting tenders and negotiations were at the top in 2021, in 2025 these competencies remain important but give way to more strategic and analytical skills.

Level of development of selected functional competencies within the team (according to respondents)



Most respondents (**51%**) assessed the level of **functional competency development** in their teams as **high**, which may indicate sufficient maturity and professionalization of the procurement function in companies. Another **46%** indicated a **medium level**, which may signal the presence of potential for development but without critical gaps. Only **3%** acknowledged the level as **low**, which is an isolated case and likely related to specific organizational or personnel challenges. Overall, the picture looks positive, however the share of medium ratings emphasizes the need for further training initiatives and systematic work on competency development.

Most necessary soft skills for procurement professionals in the next 2 years



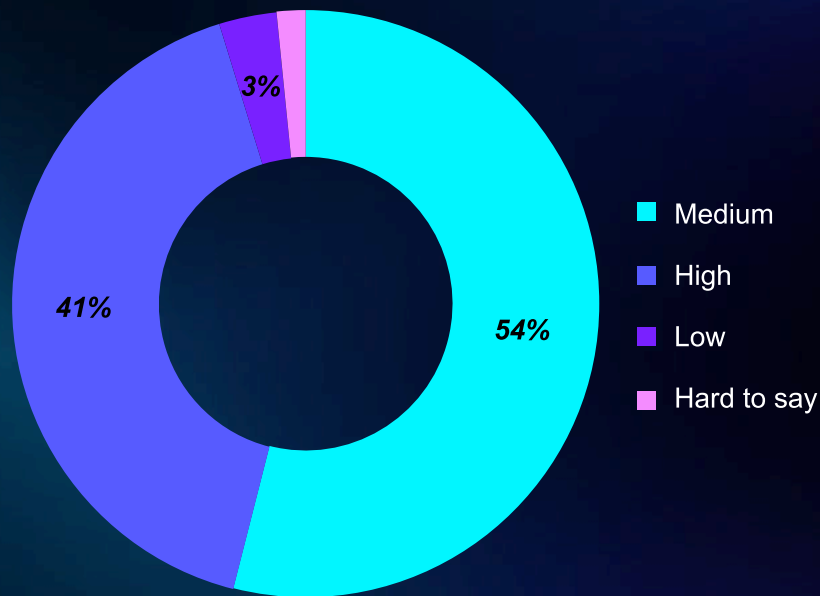
The survey results emphasize that modern procurement professionals must be not only experts in their field, but also strong communicators, change leaders, and strategists.

The most in-demand soft skills for procurement professionals in the next two years are:

- **Communication skills and flexibility to change** - 67% of respondents rated them at the highest level (5). This indicates the growing importance of adaptability and effective interaction in an unstable environment.
- **Strategic thinking** (54% rated "5") and **teamwork** (52% rated "5") also made it to the top, demonstrating demand for the ability to think systematically and work together in multifunctional teams.
- **Productivity, stakeholder management, time management, and work ethics** received high support, but somewhat less (over 48% rated "5").

In contrast, **readiness for remote work** is considered less critical - only 14% chose "5," while 27% gave only "2."

Level of development of selected soft skills within the team (according to respondents)



According to respondent assessments, the level of soft skills development in teams is predominantly rated as medium (54%), which may indicate a need for further improvement in areas such as communication, flexibility, or emotional intelligence. Meanwhile, 41% believe the level is already high, which is a positive signal about the maturity of individual teams. Only 3% rated the level as low, while another 2% could not provide an answer. The dominance of medium ratings may point to the need for systematic work on soft skills development to ensure effective team interaction.

Which new management challenges did you face during 2024?



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In 2025, under conditions of global turbulence and military challenges, companies focus attention on developing analytical, market, and category competencies that increasingly determine the quality of management decisions in procurement. High demand also exists for soft skills—particularly communication, flexibility to change, and strategic thinking. This indicates that the modern procurement professional must be not only a functionary, but also a change leader and strong team player.

The demand for all listed competencies reflects procurement leaders' choice in favor of an adaptive procurement function strategy as the main operating model under conditions of high uncertainty. Overall, most companies assess their teams' competency levels as medium or high, however every fifth organization does not conduct training for procurement professionals at all.

This is actually a good news for such companies—insufficient professionalization of the procurement team is simultaneously a treasury of unrealized potential—it contains reserves for growth in capability and strategic value of the function and competitive advantage of the company as a whole. Therefore, if your team still has room for development—with emphasis on modern skills, training programs, and trust building—invest in it.



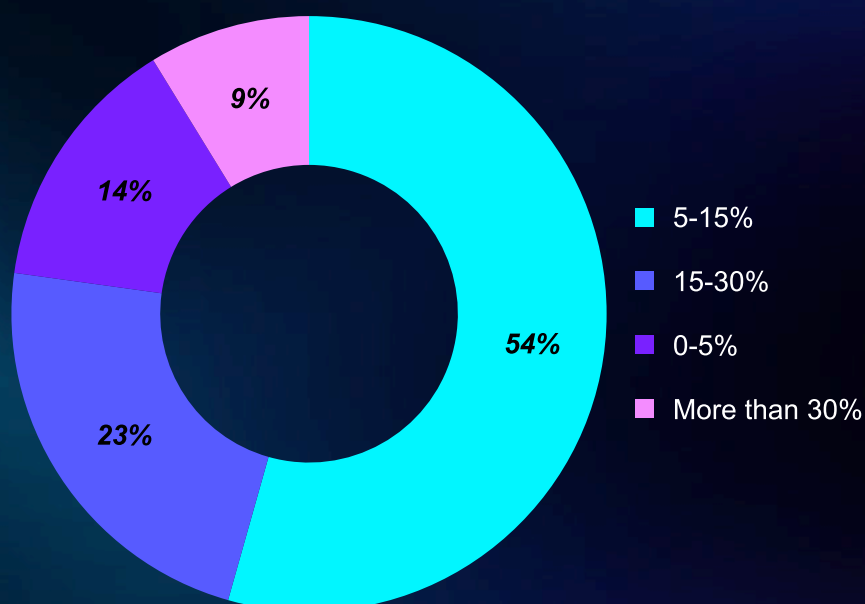
Olena Starodubtseva

Director, Center of
Excellence in Procurement KSE

In 2025, companies faced a number of new management challenges, most frequently related to attracting new talent (49%) and overcoming workforce shortages (49%). A significant portion of respondents also noted **employee mental health issues (44%)** and **difficulties with motivation and effectiveness of remote teams (40%)**, indicating adaptation to new work conditions. **Communication barriers within teams** also remain relevant (27%). Meanwhile, **veteran reintegration (8%)** and other challenges (5%) were **less widespread**, but highlight the context of social transformations in which companies operate.

Compared to 2021, there is a notable increase in attention to personnel recruitment issues: while then the main challenges were motivation and effectiveness of remote teams (46.2%) and internal communication (41%), in 2025 personnel challenges related to specialist shortages have come to the forefront. Additionally, mental health issues, which concerned only 20.5% of companies in 2021, have doubled.

What was the average salary increase for the procurement function in 2022–2024?



Most companies (54%) increased salaries in the procurement function by 5-15% during 2022-2024, which may indicate moderate adaptation to inflationary pressure and labor market competitiveness. Another **23% of respondents noted growth of 15-30%**, which can be interpreted as a more active policy of retaining key specialists. Meanwhile, **14% of companies raised salaries only symbolically (up to 5%)**, while **9% demonstrate significant increases over 30%**. This points to preserved differentiation in compensation approaches depending on industry, company size, or business strategy.

Analysis of open responses regarding planned salary increases for the procurement function in 2025 demonstrates wide variability in approaches, but simultaneously captures several clear trends:

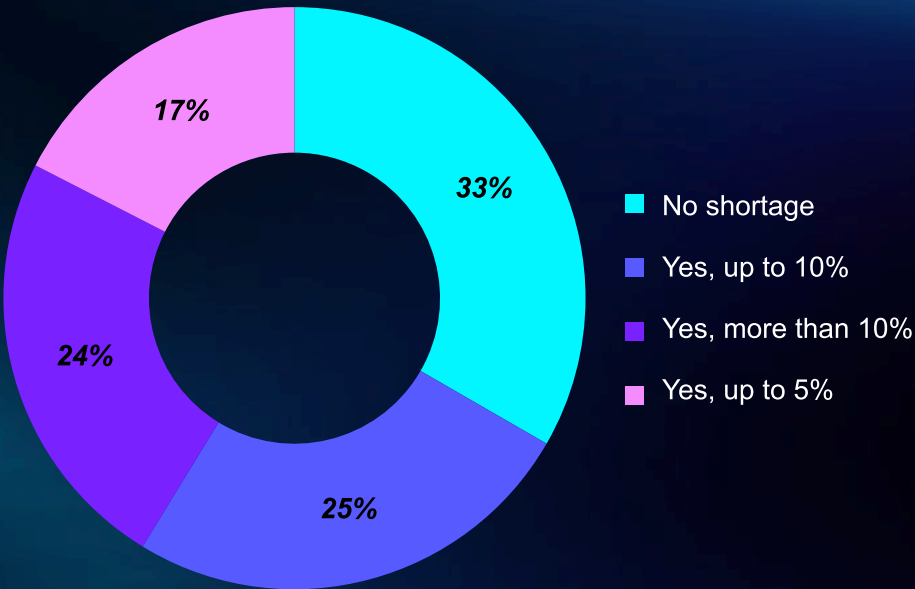
Most respondents indicated expected increases within 10-15%, which can be considered typical practice for salary indexation accounting for moderate inflation or partial market adjustment. This corresponds to positions of more than half the responses (for example: "10", "10%", "15", "10-15%", "12-15", "15%").

Some companies forecast increases in the **20-40% range**. This may indicate **efforts by individual employers to retain or attract scarce specialists, or expected changes in company development strategy**.

Some participants indicated **0% or low levels (5-8%)**, which may indicate **financial constraints or difficult business conditions**. Several responses directly indicate that **increases will depend on inflation levels or company financial results, demonstrating a flexible approach to budgeting**.

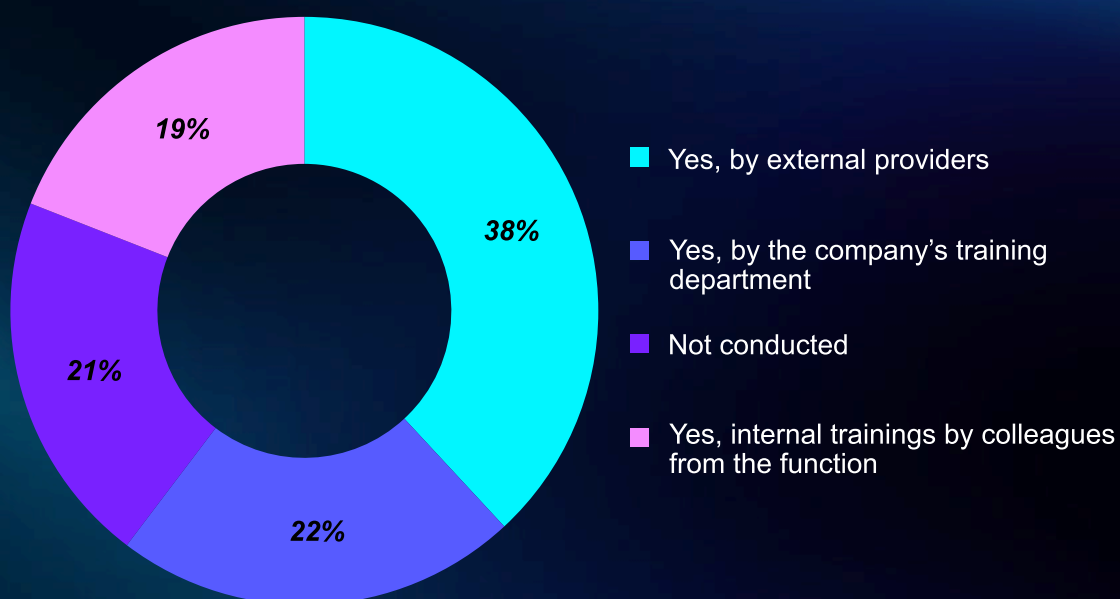
While the average benchmark for procurement salary increases in 2025 remains within 10-15%, there is both a trend toward flexible planning and sharp contrast between companies with limited resources and those ready for more substantial compensation adjustments.

Is there a shortage of employees in the procurement function?



The results indicate that **over two-thirds of companies (67%) experience some degree of staffing shortage in the procurement function**. The most common is a **deficit within 10% (25%) or over 10% (24%)**, while **another 17% of respondents noted a minor deficit (up to 5%)**. Meanwhile, **only 33% of companies have no staffing problems**. This confirms the nationwide dynamics of personnel pressure, which may be related both to external migration of specialists and to high requirements for the professional level of procurement professionals.

Are trainings conducted for the procurement department?



Training for procurement departments is conducted in most companies, however approaches to organization vary significantly. The most widespread remains engaging external contractors — 38% of companies use their services. Another 22% of respondents organize training through the company's internal training department, while 19% conduct informal training by colleagues from the function. Meanwhile, 21% of companies do not conduct any training at all, which could potentially limit competency development and exacerbate the personnel deficit problem identified in other parts of the survey.

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In 2021, key challenges for leaders were issues of motivation and remote team management. Main attention focused on establishing internal communications and maintaining productivity in an online environment.

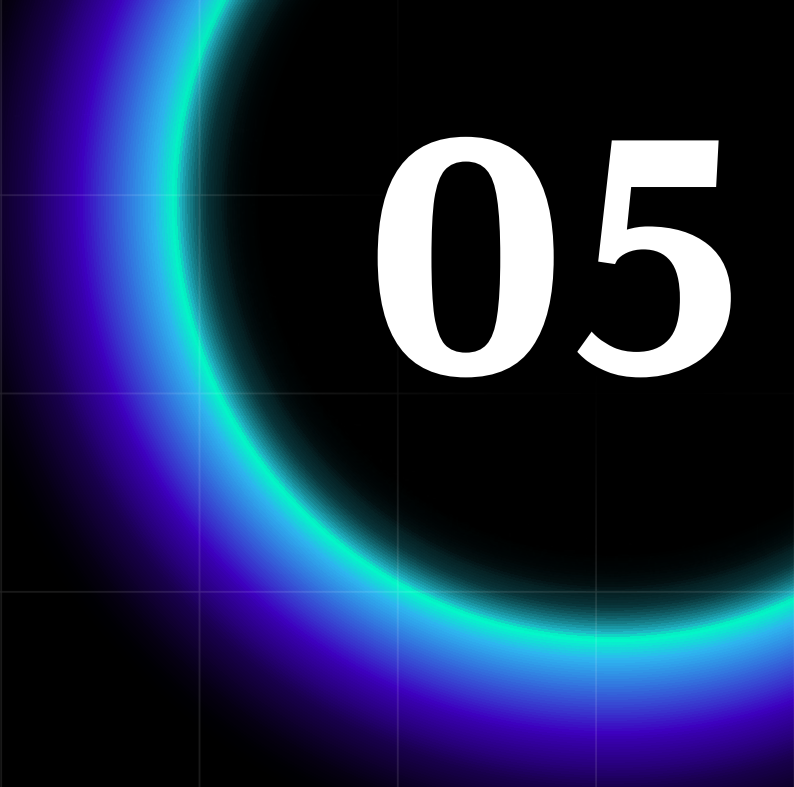
As of 2025, in the context of war and prolonged stress, priorities have changed. Over two-thirds of companies note some degree of staffing shortage in the procurement function, difficulties attracting new specialists, as well as increased attention to mental health problems (44% in 2025 versus 20.5% in 2021).

Against this backdrop, the trend toward forming universal teams instead of narrowly specialized ones continues. Most companies invest in internal training and development, although 21% do not conduct educational programs at all, which potentially increases personnel risks. Among popular solutions are retraining and internal mobility programs, salary reviews—in some cases increases reach 20-40%. However, the average expected salary increase level for procurement specialists in 2025 is 10-15%.

Companies focus on retaining people not only through financial incentives, but also through development, engagement, and care for employee well-being. Companies have demand for "antifragile" leaders and teams capable of operating under conditions of uncertainty.



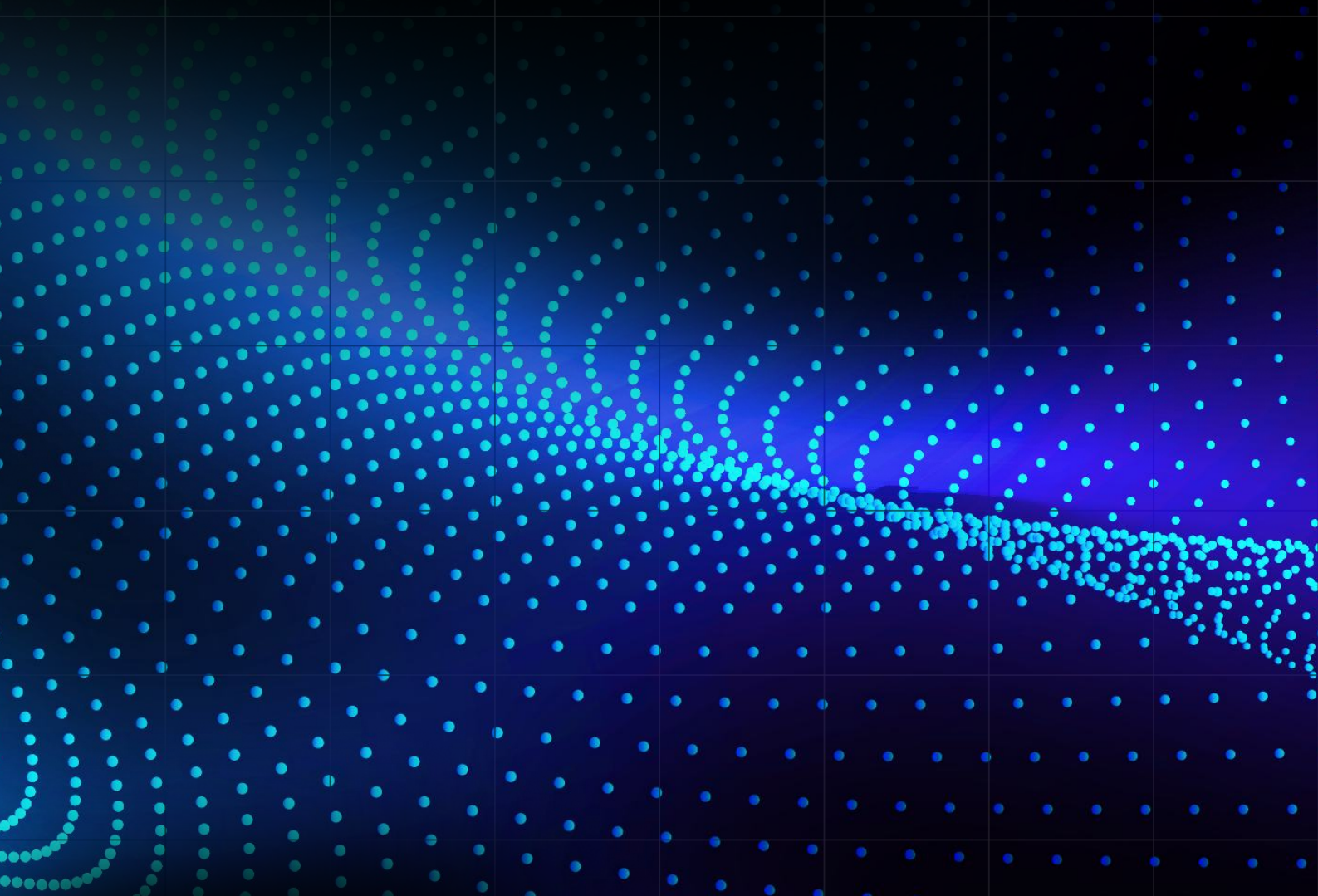
Alina Demchenko
Executive Consultant
Odgers Ukraine



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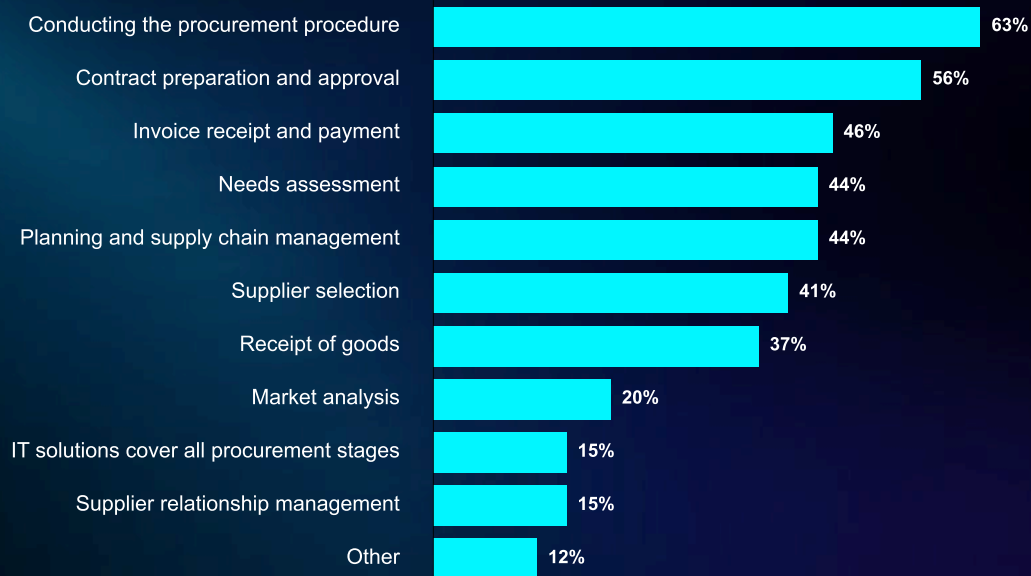
PART 5

DIGITAL TRANSFORMATION



DIGITAL TRANSFORMATION

Which stages of the procurement process in your organization are automated using IT solutions?

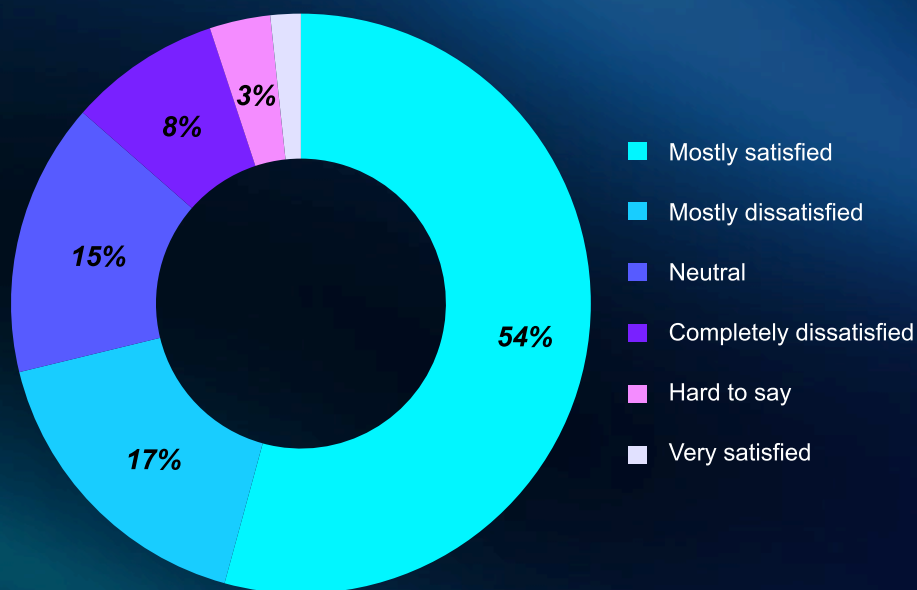


Analysis of procurement automation stages shows that the most IT-covered stages are conducting procurement procedures (63%) and contract preparation and approval (56%)—these processes have become the core of digital transformations in procurement. Financial aspects automation is also notable: invoice receipt and payment (46%). Meanwhile, only 15% of respondents indicated that IT solutions cover the entire procurement cycle, and digitalization of supplier relationship management processes also remains at a low level (15%).

Open responses in the "Other" category emphasize that in a number of companies automation is either absent or in the implementation stage. Meanwhile, individual participants point to spot automation, which may indicate a selective approach to procurement digitalization.

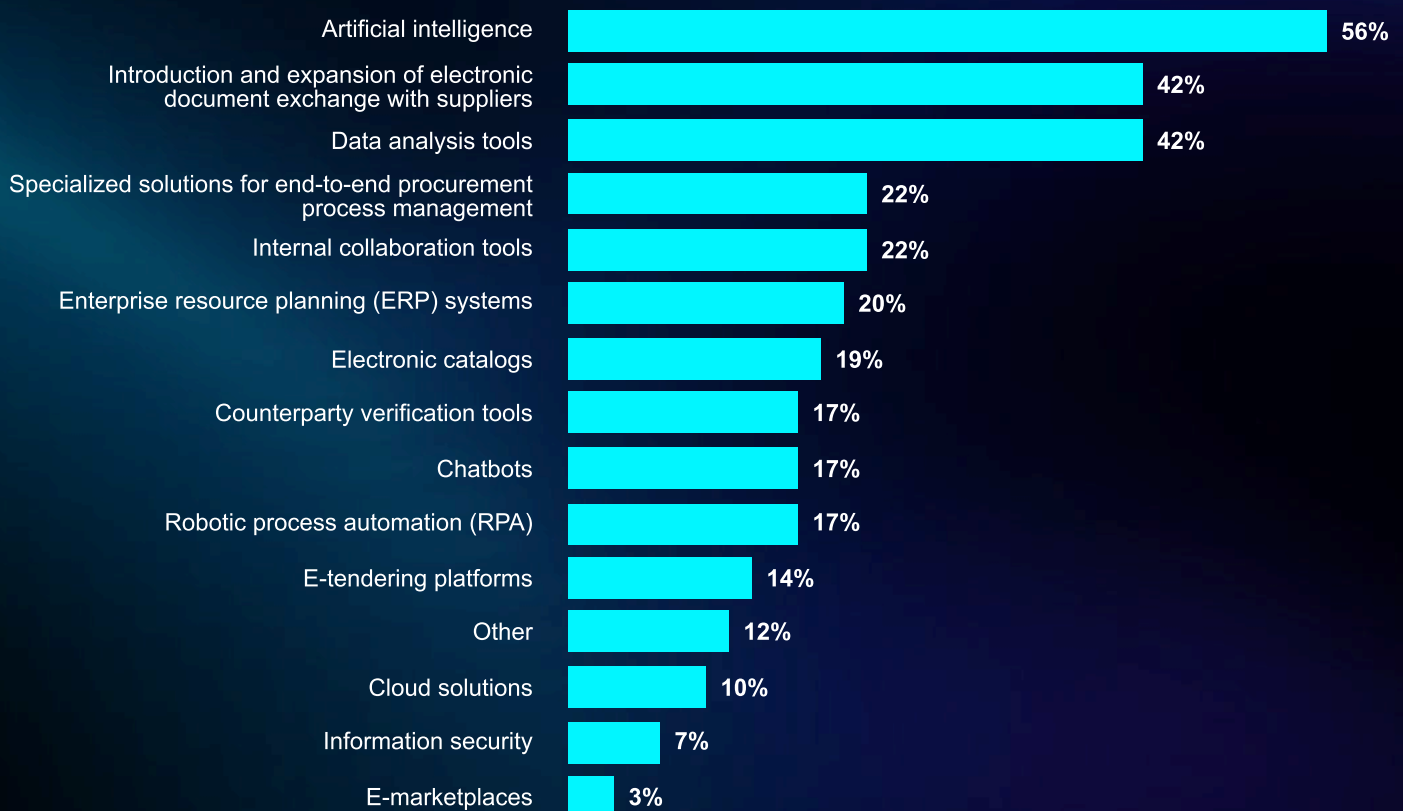
Compared to 2021, in 2025 the automation level of individual procurement stages increased: for example, contract preparation and approval grew from 48.7% to 56%, while supply management increased from 35.9% to 44%. However, the share of organizations that fully automated the entire procurement cycle remained practically unchanged (15% in 2025 versus 15.4% in 2021), which may indicate slow steady implementation of comprehensive solutions or other business development priorities. Automation of supplier relationship management also remained at a low level: 15% in 2025 versus 12.8% in 2021.

Are you and your internal clients satisfied with the level of automation and integration of procurement processes within the organization?



Most respondents (54%) are generally satisfied with the level of automation and integration of procurement processes in their organization, although only 2% expressed complete satisfaction. Meanwhile, 17% noted they are mostly dissatisfied, another 15% assessed the situation as moderate, and 8% as unsatisfactory. Therefore, while the overall perception of digital transformation is positive, a significant portion of companies still face difficulties or have a need for further improvement of integration and automation.

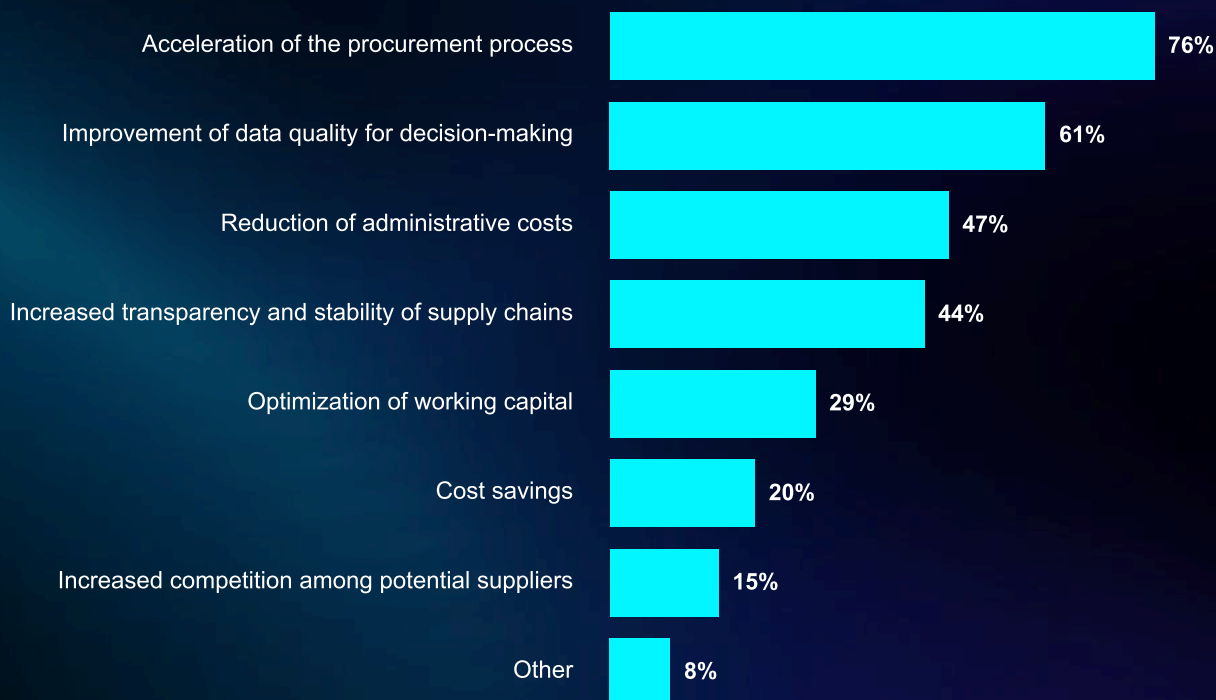
Which of the following technologies do you plan to implement in the next two years?



In the next two years, most companies plan to implement artificial intelligence technologies (56%), indicating focus on automation of analytical and routine tasks. There is also interest in developing electronic document flow tools with suppliers (42%) and data analytics (42%), demonstrating aspiration for data-driven management. Among other priorities are ERP systems (20%), counterparty verification tools, chatbots, and robotic process automation (RPA) (17% each). Meanwhile, electronic marketplaces (3%), information security (7%), and cloud solutions (10%) have comparatively low planned implementation levels, which may indicate deferred priority or already partially implemented solutions in these areas.

Compared to 2021 results, there has been substantial growth in interest for artificial intelligence implementation from 2.6% to 56%, indicating changing technological priorities and rapid market development. Meanwhile, electronic document flow implementation, which previously topped the list at 69.2%, remains relevant but has yielded first place to more innovative solutions.

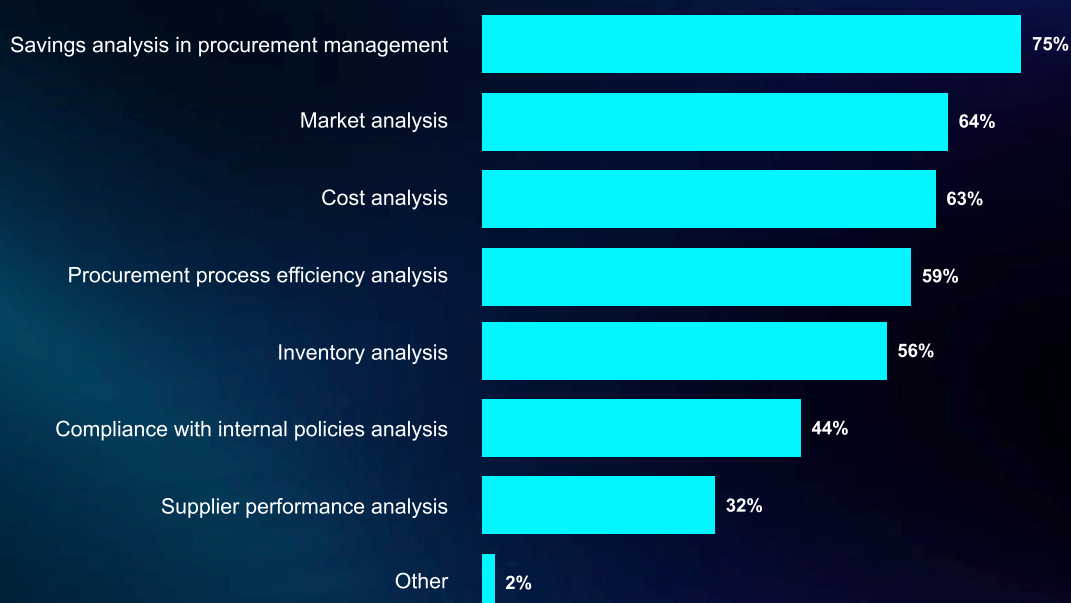
What objectives do you plan to achieve by implementing the selected technologies?



Respondents see the implementation of digital solutions primarily as an opportunity to increase procurement process speed—this is the main goal for 76% of survey participants. Improving data quality for decision-making (61%) and reducing administrative costs (47%) also remain priority tasks. Nearly half of respondents (44%) aim to achieve greater transparency and supply stability. Working capital optimization (29%) and increasing savings (20%) also appear in responses, though to a lesser extent. Only 15% see digitalization as a tool for increasing competition among suppliers.

Compared to 2021, priorities regarding automation tasks have not changed substantially: increasing procurement speed remains in first place (89.7% in 2021 versus 76% in 2024). The importance of data quality is preserved (61.5% versus 61%). There has been a notable decrease in interest in the task of "increasing competition among suppliers" —3 0.8% in 2021 versus 15% in 2025.

What type of analytics do you use in your work?



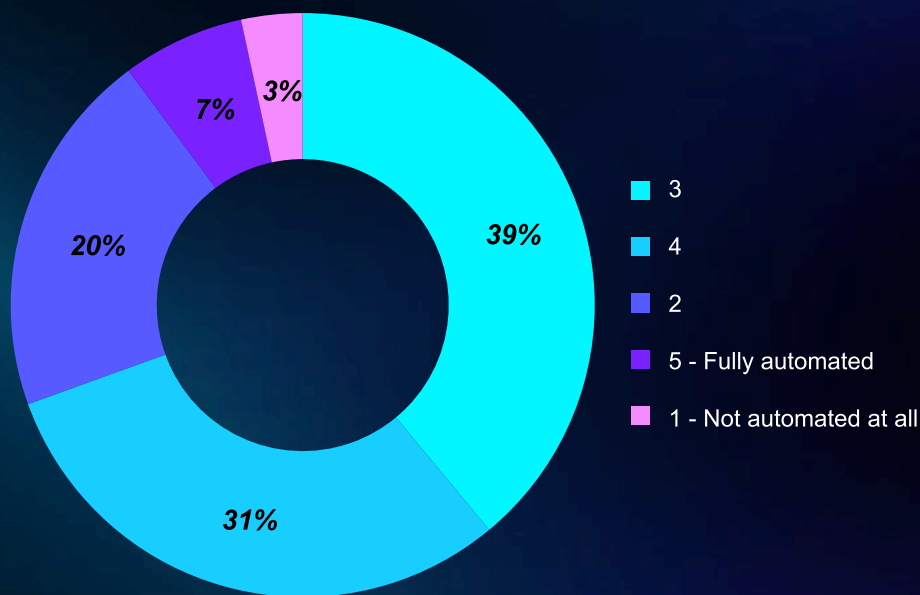
Analysis of results indicates that the procurement function actively uses a wide range of analytics for decision-making and efficiency improvement. The most widespread is **savings analytics** — used by **75%** of respondents. In second and third places are **market analysis (64%)** and **cost analysis (63%)**, which together form the foundation for building a sound procurement strategy. They help adapt to market fluctuations, inflationary pressure, and optimize budget decisions.

Procurement process efficiency analysis is used by 59% of participants, indicating aspiration for process improvement and building mature operational models. Slightly fewer — **56%** — **engage in inventory analysis**, which is especially important under conditions of destabilized supply chains.

Notably lower indicators relate to **compliance analysis with internal policies (44%)** and **supplier management effectiveness analysis (32%)**. The "Other" option was chosen by only 2%—meaning the list covers most relevant areas.

Overall, there is a predominant focus on financial-operational aspects of analytics, while areas related to supplier interaction, risks, and compliance still have potential for development.

Level of reporting automation used by the procurement function (according to respondents)



The results of assessing the level of reporting automation in the procurement function indicate a **predominance of medium-level maturity in digital tools**. Most respondents chose ratings of **"3" (39%) and "4" (31%)**, which likely indicates that in many companies reporting is partially automated but has not yet achieved full integration or stable operation without manual intervention.

This may indicate a **transitional stage** — companies already have basic systems but have not yet completed full integration or automatic report generation, or simply lack time, people, or budget for this. **20% rated the level of reporting automation at "2," reflecting low digitalization levels or heavy dependence on manual data processing.**

Only **7%** of respondents indicated that **reporting is fully automated (rating "5")** — this demonstrates that complete digitalization remains a fairly rare phenomenon. Conversely, **3%** reported complete absence of automation (rating "1").

What strategy do you plan to use for implementing digital solutions in the procurement function?



The results indicate that most companies (**46%**) **plan to apply a hybrid or combined approach**, adapting digital solution implementation strategies depending on the task—separately for contracting, supply, analytics, etc. This demonstrates a pragmatic approach to digitalization: organizations are not seeking universal solutions but considering process specifics and needs.

Another **25%** of respondents **intend to create their own digital solutions** based on already available systems. Meanwhile, **12%** stated they **already have implemented solutions**, meaning they are at a more advanced stage of digital transformation. **10%** of companies **plan to purchase ready-made products**, choosing "off-the-shelf" solutions.

Only **7%** of respondents chose "**other**", typically having **already implemented centralized solutions** or working on **developing their own vision of digital transformation** according to global business priorities.

Main barriers to digital transformation of procurement activities



Analysis of respondent answers to the question about the biggest obstacles to digital transformation of procurement activities indicates the dominance of internal organizational technical barriers.

The most widespread barriers to procurement digital transformation are **lack of internal IT resources and support (42%)**, **weak integration between programs (41%)**, and **excessive number of systems within companies (37%)**. These problems indicate insufficient technical coordination and resources to support digital changes. This may also be related to lack of resources for analyzing and improving function performance and developing quality requirements for digital solution usage.

Financial constraints (24%) and **outdated or difficult-to-use systems (24%)** point to dependence on "digital legacy." Meanwhile, **low data quality (22%)** and **insufficient process maturity (20%)** emphasize that technology implementation must go parallel with management practice improvement.

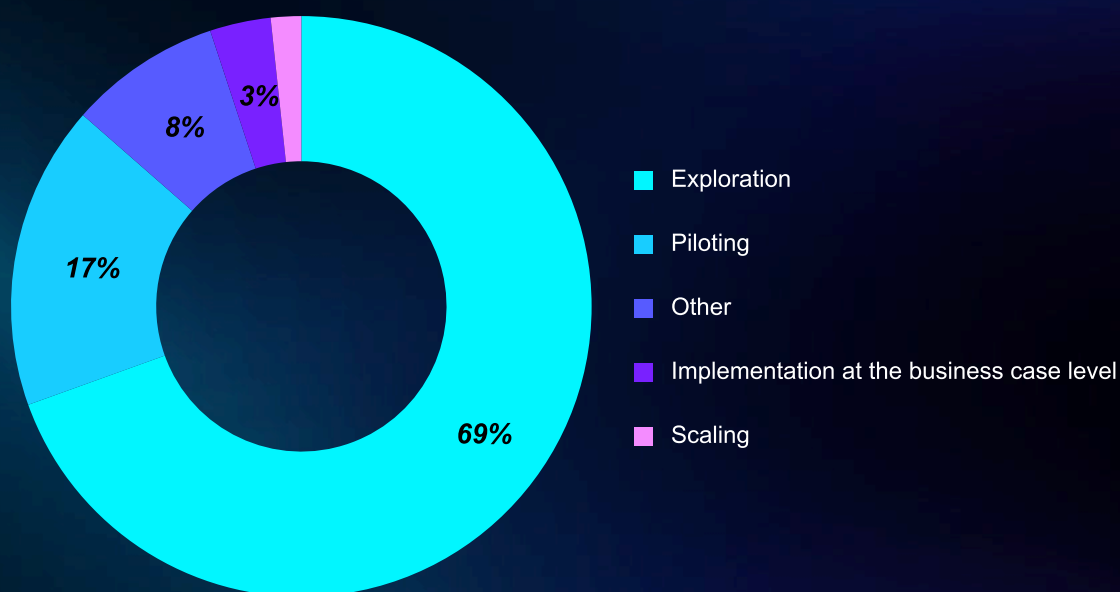
Another group of challenges relates to **absence of solutions adapted to company specifics (15%)** and **unclear understanding of expected digitalization effects (15%)**, which is characteristic of companies beginning their digital transformation journey.

It's worth separately mentioning the **shortage of qualified personnel (14%)**, **ineffective interaction with IT departments (7%)**, and **difficulties with changing approaches to stakeholder work (5%)** — these barriers emphasize the importance of not only technical, but also communication and cultural changes in the company.

Overall, the picture indicates that digital transformation of procurement encounters not only technological issues, but organizational complexity and resource deficits. This requires a systematic approach where technical solutions are combined with personnel development, data cleansing, and improved cross-functional interaction. Plus obviously, in many companies the war and external environment turbulence have critically shifted focus and priorities and prevented digitalization development.

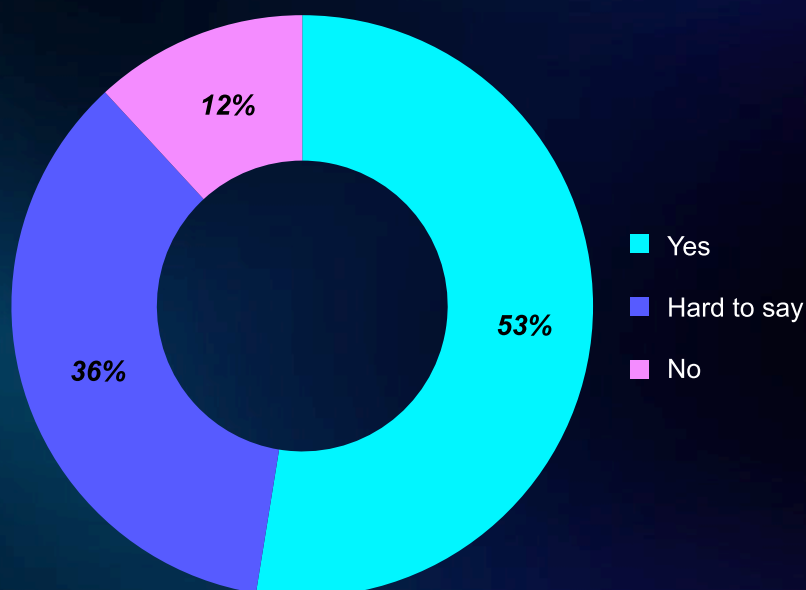
Compared to 2021, the top-4 biggest obstacles to achieving higher automation levels remain unchanged.

At what stage are you in implementing ai in procurement activities?



69% of respondents are exploring AI possibilities for procurement, meaning the overwhelming majority is at the initial stage. Only 22% (17% piloting + 3% have a business case + 2% scaling) have already moved from theory to practical implementation.

Do you feel a positive impact of digital transformation on increasing the efficiency of the procurement function amid workforce shortages?



The survey results indicate that 53% of respondents experience positive impact from digital transformation on efficiency improvement under conditions of personnel shortage. This may demonstrate growing recognition of the role of digital tools, such as process automation, analytics, and decision support systems, in reducing employee workload and increasing productivity.

Meanwhile, **36% of participants could not provide a definitive answer**, which may indicate an early stage of transformation processes in companies or absence of clear efficiency indicators for implemented solutions.

Only **12% of respondents indicated absence of positive effect**, which may be related to technical or organizational barriers. Overall, the data demonstrates predominantly positive dynamics in digital solution implementation, although the level of awareness of their benefits in organizations remains uneven.

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In the relatively recent pre-COVID past, a number of our clients' digitalization initiatives could not be justified due to economic feasibility: for example, it was cheaper to hire additional people than to pay for creating an interface between warehouse management systems (WMS) and enterprise resource planning systems (ERP). This reality no longer exists.

We live under conditions of two fundamental trends:

1) Artificial intelligence (56% of respondents plan to implement it in their enterprises—the leader among technologies) globally creates opportunities for reducing individual processes and even positions.

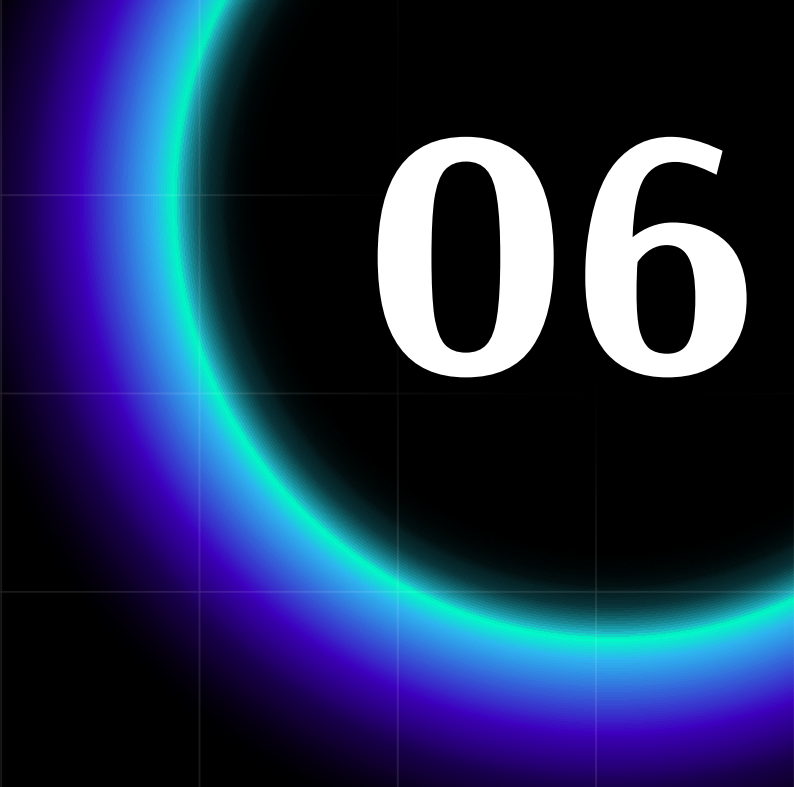
2) The demographic crisis is the new reality for Ukraine. Personnel shortage is a challenge for virtually all businesses operating in Ukraine during wartime.

And although 69% of respondents are only exploring the possibilities that AI creates for procurement, the unconditional task for companies remains the need to take advantage of digital transformation opportunities to improve procurement function efficiency under conditions of personnel shortage.



Volodymyr Stetsyk

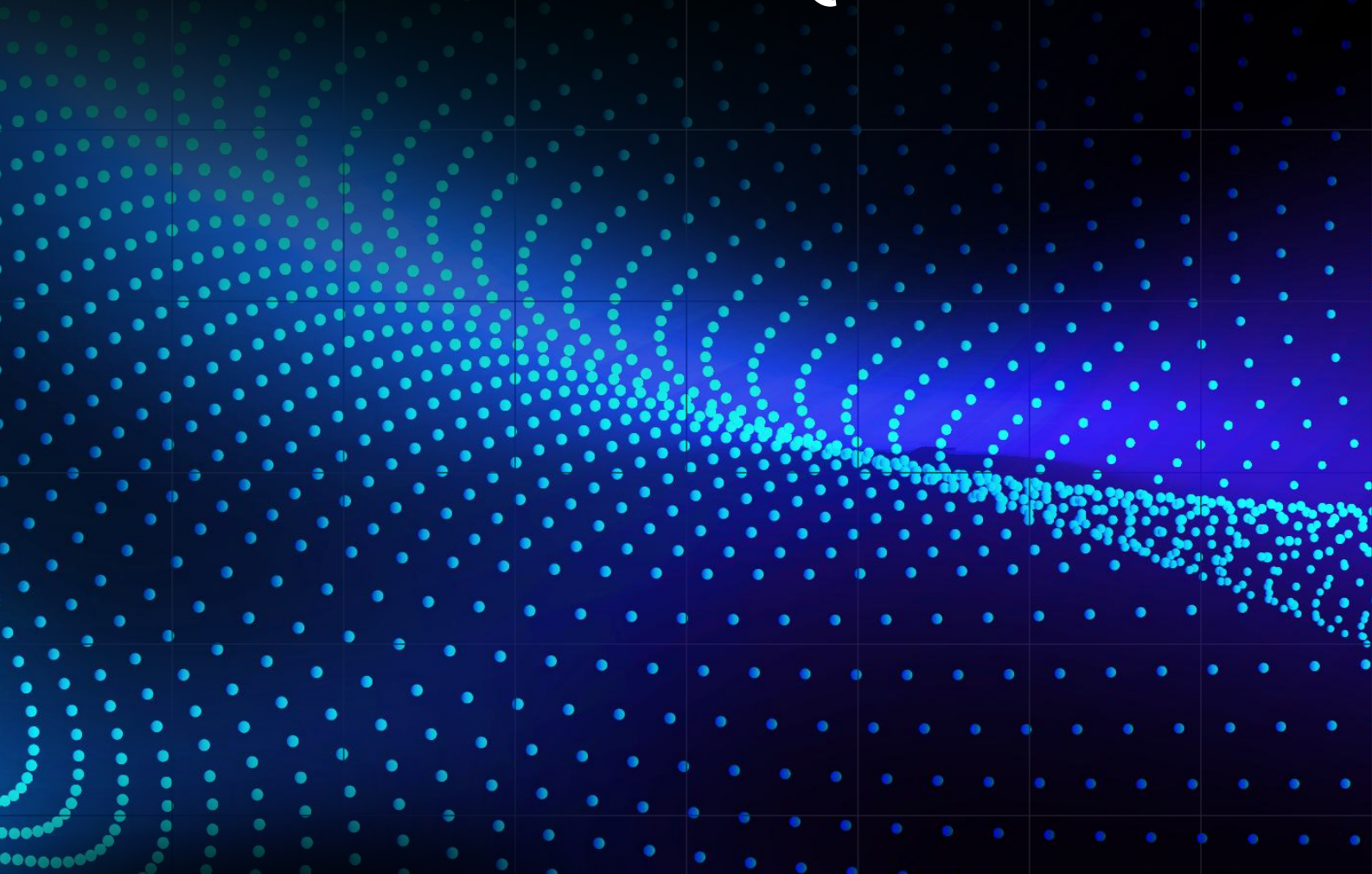
Managing Director,
Kearney Ukraine



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PART 6

IN-DEPTH INTERVIEWS:
INSIGHTS AND QUOTES



INSIGHTS AND QUOTES



Insights & Quotes | Anna Shvedyuk, Director of Procurement and Logistics, Farmak:

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Don't wait for a crisis to think about risks. You need to turn risk management into a daily habit—it's like a vaccine for business.



Strategy and Full-Scale War

The full-scale invasion became a stress test for Farmak's procurement function, especially after the enemy destroyed warehouses containing finished products and critical raw materials with 6-9 month supply terms. The biggest challenge the procurement team faced was restoring production in the shortest possible time under conditions of full-scale invasion. Thanks to strategic partnerships with suppliers and partners, raw materials for medicines were obtained in 1-2 months instead of the usual 9.

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It's important to maintain your company's reputation as a reliable counterparty and payer, and maintain close contact with partners. We focused on strategic partnership and did incredible work.

Operating Model

Since 2022, procurement centralization began. This meant that all procurement is now conducted by a single specialized department, rather than separate departments as before. This approach allows for increased efficiency, transparency, and control over supply. This process fundamentally changed the function, transforming it from a simple service function into a key element of business continuity.

Centralization, which lasted two years, included team formation and joint work with internal customers to optimize processes. The changes were challenging for everyone, as they required stepping out of comfort zones.

Procurement took category by category, starting with operational procurement (repairs, energy, construction) and indirect procurement (office supplies), creating successful cases and developing category managers who provided market insights to customers. Trust in the function gradually grew.

CEO support was critically important for the centralization project's success, providing strategic vision and understanding of long-term efficiency. While not all categories integrated easily at first, over time, when benefits became obvious, collaboration improved.

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Procurement is not those people who were given a contract and they do supply. These are specialists who from the very beginning work together with the internal customer as a single team to ensure an optimal solution considering cost, quality, and timelines.

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Gradually, a category management direction was created. Each manager took responsibility for their category, built a development strategy, and delved into market analysis. When a category has existed for a certain time, for example, a year and a half or more—it becomes much easier there.

Team and Competencies

As a result of restructuring, the procurement team increased, now covering approximately 85-90% of all company procurement. Farmak focuses on developing and training existing procurement personnel, giving them increasingly important and complex tasks. The company has a critical problem finding qualified category managers, and although some positions were filled by internal candidates, certain vacancies still remain. In Ukraine, procurement is not taught in universities. Specialists acquire this knowledge later at work or through trainers and mentors. This means that procurement specialists essentially need to be grown within the company. Farmak trains its employees both internally and sends them for external training, particularly to KSE, which is a key institution for procurement professional development.

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For a CPO, the team is very important. No matter how much we talk about artificial intelligence, digitalization, IT solutions—without people there will be no results. Therefore, you need to understand that people are more important than tools. No implementation works without team involvement.

Overcoming Obstacles and Lessons

Obstacles exist—these are bureaucratic processes, logistics problems, and border crossing issues. A particular challenge in the pharmaceutical industry is dependence on individual raw material suppliers. Due to strict regulation, changing a manufacturer is a lengthy process (about a year). Therefore, risk diversification and having a "Plan B" is one of the most important pieces of advice for a procurement professional here.

Currency policy and complexity of obtaining necessary documents for international payments is also a certain obstacle, as it creates distrust from foreign partners. This can be mitigated by establishing strategic partnerships and open dialogue with suppliers.

At the state level, support for national manufacturing companies is necessary, as they develop the country. Simplification of critical goods import procedures is also important.

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Procurement is not simply supply or logistics of materials and resources. It is a mechanism for ensuring company viability and business continuity. Procurement today, I believe, is a strategic direction.

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Today, a lot in business depends on the speed, adaptability, and strategic thinking of the procurement professional: both continuity and, in principle, competitiveness and company resilience.

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The real task is not control, but impact. Procurement must demonstrate its value every day.



Strategy and Full-Scale War

Despite the full-scale war, CIKLUM did not experience radical changes in procurement—long before 2022, the company ceased operations with Russia. The professional team conducts checks of every supplier regarding cooperation with enemy countries that fell under sanctions. The overall state of business with the war in Ukraine declined. At the same time, at the initial stage of the full-scale war, the company received support from international partners from Europe, the USA, and Great Britain, such as Microsoft and Google, in the form of significant relief, for which the company is very grateful. Then Procurement felt pressure as a function that does not directly earn money and must demonstrate its value to business more strongly.

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New requirements or new KPIs, or new focuses appeared for the procurement function, where the overall focus of business matters as a whole.

Operating Model

The procurement function has always understood business needs and tries to respond to them flexibly. CIKLUM's procurement team mainly deals with indirect procurement. Direct procurement is related to human resource attraction, due to the company's specificity. Other main procurement categories include software and equipment necessary for personnel support, and office expenses—which have decreased since many employees, including the procurement team, work remotely. The procurement function does not plan, but strives to enter processes as early as possible. The main activity is aimed at building the process so that procurement provides support and adds value for the business team.

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We communicate that procurement is not a fifth wheel, but a really powerful force that helps save budgets for development, free up funds for something else.

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We don't insist on interfering in those processes where we don't have deep understanding (for example, in personnel recruitment). Instead, where expertise exists (for example, price negotiations, supplier selection for other main categories), we ask internal customers to give this to us, and that's normal.

Team and Competencies

When forming a team, the company strives to create universal specialists without division into narrow specialists by categories. Taking specificity into account, category management is applied only at the “helicopter view” level of management for priority distribution, identifying strategic and risky categories, and stakeholder management. Specialist rotation between categories is always an opportunity to bring a good experience of a “fresh perspective.”

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I tell my team: go take sales courses. There they will teach you how the person on the other side of the table thinks. It's the best training for negotiations.

Conclusions and Recommendations

An important focus that is becoming relevant at the international level when working with European partners is the ESG (Environmental, Social, and Governance) component. The company undergoes audits, formalizes policies, understanding: this will soon become mandatory for every business. The Ukrainian environment is not pressing yet, but the market dictates conditions. An important lesson is to carefully monitor contract expiration calendars and have the ability to plan procurement. Regarding the educational services market for procurement professionals in Ukraine, the CPO believes demand for KSE programs exists, as few quality training options are offered.

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ESG goes from the category of 'nice to have' to absolutely mandatory. We heard this from clients who say: "if you don't have policies, we can't continue the dialogue."

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Critical thinking in procurement is top-1. Don't waste time where it's not needed



Strategy and Full-Scale War

After February 24, 2022, the company switched to a cost leadership strategy for one year, abandoning investments and focusing on critical needs. Instead of developing new markets—focus on survival, availability management, and emergency procurement. Subsequently, there was a gradual return to managing category strategies.

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We lived for a year in the cost leadership paradigm. We cut everything we could—even regular equipment maintenance was performed only in case of emergencies, operating in 'firefighting' mode.

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It became absolutely clear that there is a critical shortage of certain goods or services, in addition to a sharply reduced planning horizon. This was critical availability management.

Operating Model

The company's procurement function was transformed into a two-wing structure with priority on time-to-market, this is more of a center lead and business partnership with assets; where one wing is responsible for administrative, ancillary and consumable materials, marketing, and partially for HR and financial services, while the other deals with ensuring physical infrastructure from concept-to-ready store, with equipment, IT, logistics, etc. In essence, this is a single organism with a set of experts who are involved in projects as needed.

This structure maintains a dynamic format from the beginning of the invasion — it adapted to team downsizing and urgent needs for availability and speed, while strengthening cross-functional interaction and delegating certain procurement processes to business units. Before the invasion, there was a separate department that dealt with analytics, long-term needs planning, and priority projects — for operational decisions or testing new ideas.

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We are more like a center lead — and business can choose between cooperating with us or maintaining their own expertise. Time-to-market is often the main metric.

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There is a procurement policy that all strategic categories are in the circuit, and decisions on them are made by the higher collegial body, moreover — we together with the initiator are going to the investment committee. And for the board level we provide indicatives, developed solutions and strategies... In the heart and minds — we are about people and guests, processes are about hygiene, and we all are about value creation.

Team and Competencies

The halving of the procurement team since the full-scale invasion was compensated in the company by flexible redistribution of functions and increased customer autonomy. Instead of narrow specialists — we had generalists capable of covering deficit categories. Now the focus has returned to category strategies, full-scale work of category teams, opportunity identification, and technology adaptation. Finding qualified specialists in the market is difficult and expensive, so the company focuses on developing its own personnel, forming a culture of internal cooperation and knowledge transfer through an internal Academy.

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Since February 24, every procurement professional has had to leave their category and switch to where it hurts. This teaches understanding not the market, but the process itself.

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We have our own procurement Academy. We transfer knowledge as neural connections between categories and also look for non-obvious connections at the intersection of categories and technologies. This is an endless process of improvement.

Important Skills

After the start of the full-scale invasion, the procurement function's focus shifted to basic, almost mechanical skills — rapid information gathering, disconnecting emotions, and finding solutions by any available means. The main thing was archetypal understanding of the process: there is a need — you need to work out the supply chain. Subsequently, with team reduction and expansion of responsibility zones, requirements for specialists increased. What is important for today:

- Critical thinking (top #1) — ability not to waste time
- Vision of opportunities — ability to find potential in changes
- Technological awareness — adaptation of new tools and solutions, including AI
- Presentation skills — clear communication of ideas
- Strategic thinking — understanding category "architecture," value creation
- Flexibility and adaptability — ability to rebuild processes on the go
- Collaboration — working in agile teams, knowledge sharing through internal academy
- Understanding purpose — procurement must serve business goals and the end guest

Digital Transformation

Despite the war, the company continues digital adaptation. AI solutions are being tested, cautious transformation toward autonomous and guided processes is underway. Transition to cloud storage has been completed. Meanwhile, ERP core and contract centralization are not yet priorities—there will be time for that as well.

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AI will help remove routine work. But we're still at an early stage: training the team, testing. Our goal is to find economically feasible applications, automate where needed.

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Any person who uses AI will definitely be more effective than a person who doesn't know how to do this.

Professionalization, Outsourcing and Cooperation

Basic procurement functions—such as timely procurement, methodology creation, or supplier evaluation—have already become a "hygienic minimum," a standard expected by default. Moreover, the company plans to move away from savings reporting. The focus is on more strategic, ambitious tasks, for example, creating value for guests, flexible business integration, cooperation with other players at the level of creating consortiums and exchanging expertise between businesses.

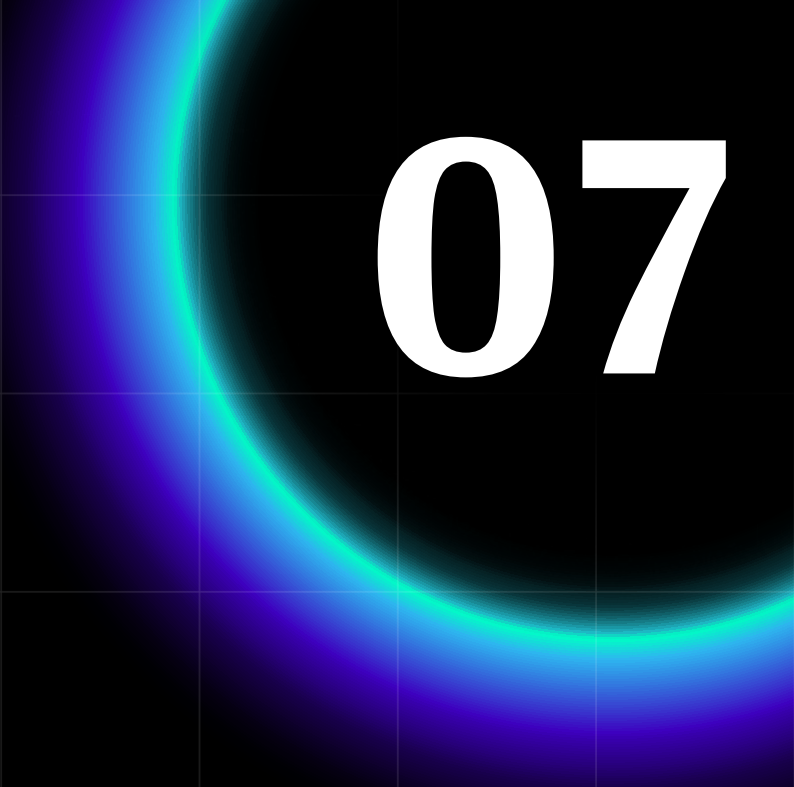
Regarding expertise accumulation and benchmarking standards in procurement management—there is great trust in the Kyiv School of Economics (KSE) and its Center of Excellence in Procurement which "institutionalize" approaches and serve as a necessary and important platform for developing professionalization of the field.

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Procurement is no longer about procedures. It's about creating value.

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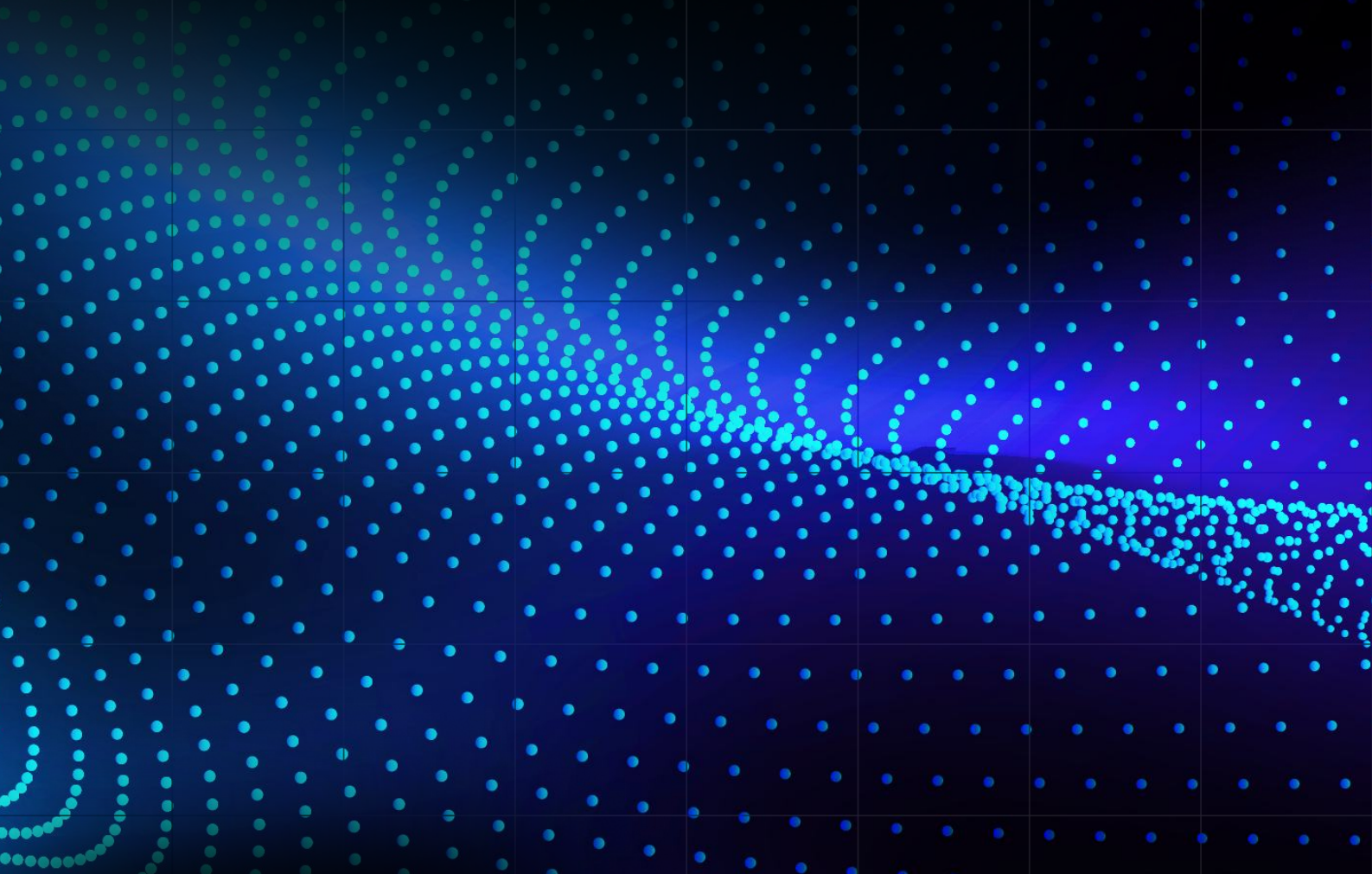
I'm ready to give away the 'tail' and even more categories to outsource, or play in consortiums. I'm confident there are experts in the market who have developed expertise and buy better—I don't keep everything inside.



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PART 7

ABOUT THE SURVEY
AUTHORS



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Kyiv School of Economics

Kyiv School of Economics is a TOP higher education institution in Ukraine that offers educational programs in economics, business education, public administration, and engineering. KSE is also a leading institution in Eastern Europe in the field of economic education, research, and policy consulting, particularly thanks to its analytical direction. KSE's ability to be successful in advocacy and dialogue with policymakers is enabled by the unique expertise of analytical center researchers in macroeconomic modeling, health economics, and other areas.



Center of Excellence in Procurement

The Center of Excellence in Procurement at Kyiv School of Economics is an educational and analytical center created to enhance professionalism in procurement, assist government structures and business in transitioning to an effective model where procurement is part of a strategy for creating added value or services for society. The Center conducts training for procurement professionals in public and commercial sectors (600+ graduates), creates interactive services, and conducts analytical research in the procurement field.



Deloitte

Deloitte is a global network of companies providing audit and consulting services. Deloitte collaborates with nearly 90% of Fortune 500 companies and thousands of private companies worldwide, helping them transform and achieve sustainable growth. For over 175 years, Deloitte has strengthened trust in markets, supported economic development, and contributed to a sustainable future. The Deloitte team unites 457,000 professionals in more than 150 countries worldwide.

KEARNEY

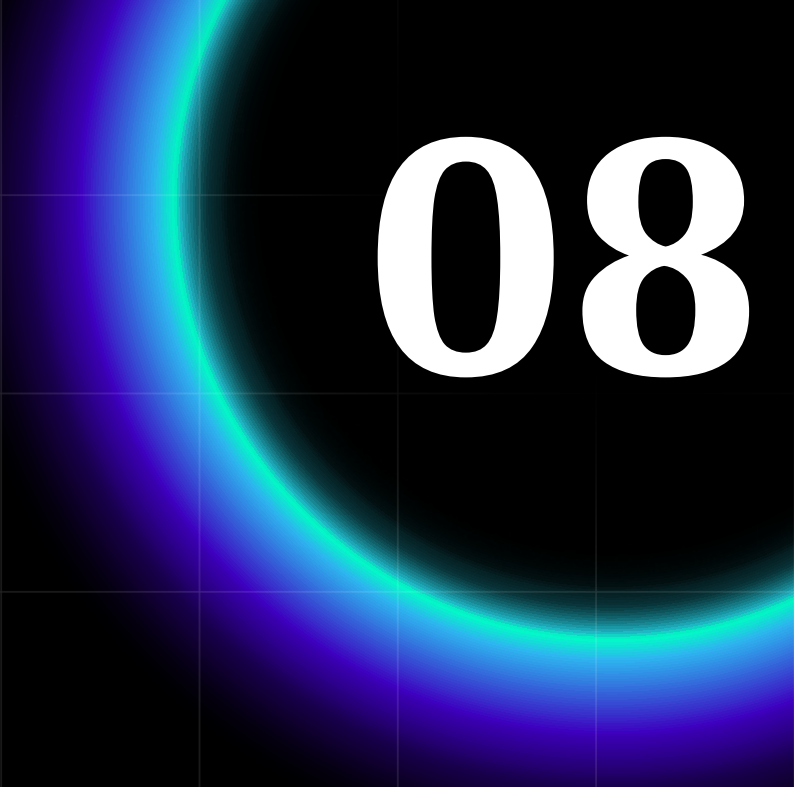
Kearney

Kearney is a global consulting firm that began its history in 1926 in the USA. The company's offices operate in more than 40 countries worldwide, creating value for businesses and society alongside their clients. In the second half of the 1980s, the company became a co-founder of the approach later known as "strategic procurement." The Kearney team consists of people with analytical thinking and deep business understanding who know how to find relevant answers to contemporary challenges.

ODGERS

Odgers

Odgers, founded in 1965, offers integrated executive search and leadership consulting services, with 58 offices in 32 countries. Over its 60-year history, the company has developed functional and industry expertise and built a global network of contacts. By understanding the specifics of local markets well and combining this with global vision and presence, the company helps clients on six continents.



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