

Ukraine CPO

Survey 2026

We are pleased to present the results of our annual study, the Ukraine CPO Survey 2026.

In 2026, the procurement function of the surveyed organizations continues to strengthen its strategic role: it is expected to deliver not only service support, but also resilience, risk control, cost efficiency, and rapid adaptation of the operating model. Our research focuses on how Ukrainian businesses and large public-sector organizations are implementing these changes.

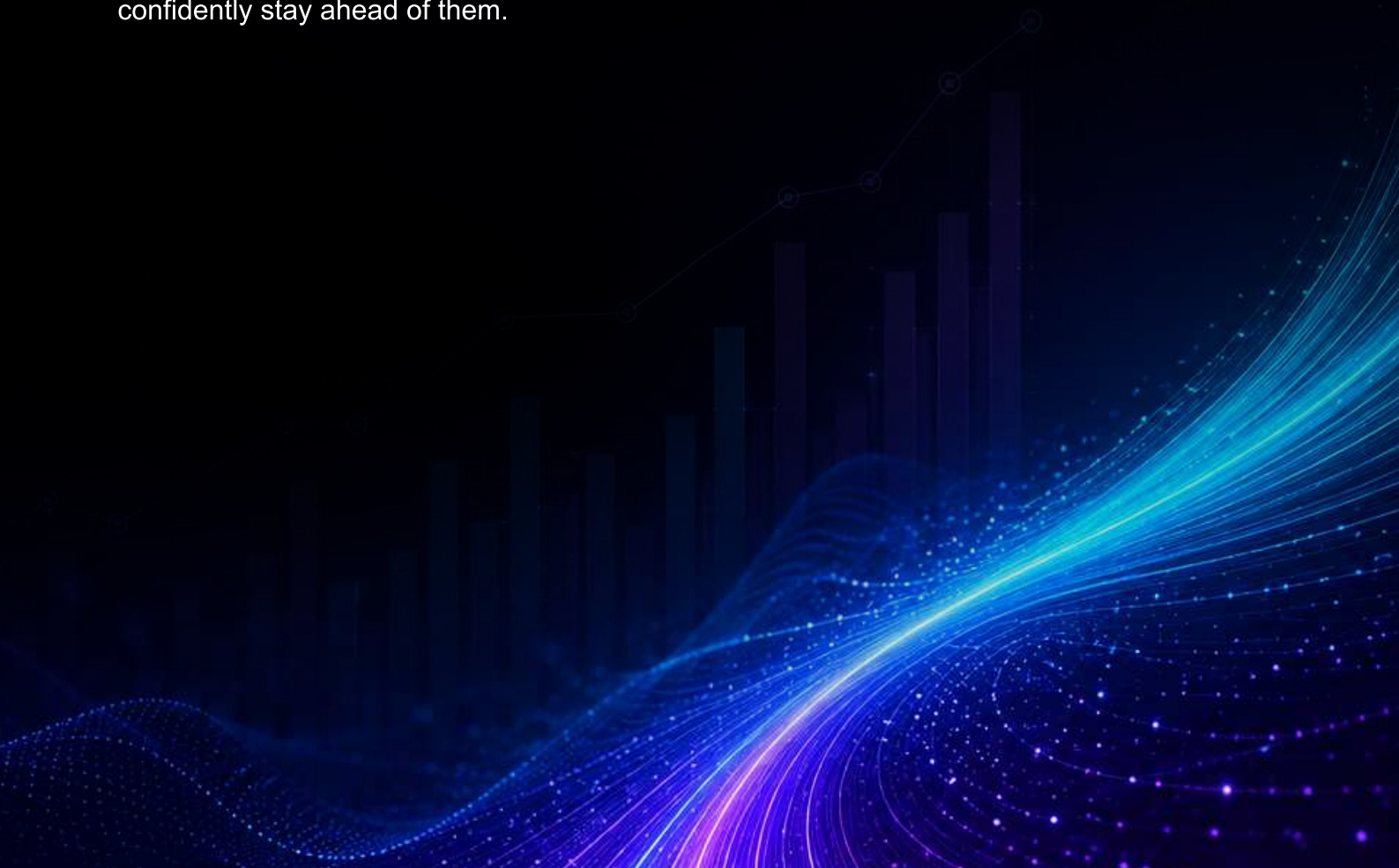
This year's report aims to analyze how the function has developed compared to 2025. We tracked how procurement in the business and public sectors is adapting to global technology trends amid martial law, geopolitical instability, and a shortage of human capital.

We examined how approaches to risk and performance management are evolving, how organizations are beginning to integrate digital tools and AI into procurement processes — from exploration and pilots to first business cases and scaling — and what new skills are shaping successful teams.

We sincerely thank all survey participants and interviewees for their trust, time, candor, and willingness to share their experience. It is thanks to your contribution that this report has real practical value and can serve as a basis for decisions in business, the public sector, 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, and Odgers Ukraine — for their support at every stage of this work.

We hope that the findings of this study will serve as a valuable guide for the further development of Ukraine's procurement field, helping it not merely react to challenges, but confidently stay ahead of them.



KEY FINDINGS

1. Procurement in 2026 remains a function of resilience, and the focus on business continuity has noticeably intensified over the year: among strategic priorities, respondents most often choose supply continuity and risk management (78,6%), cost reduction (73,8%), and operational efficiency (61,9%). At the same time, digital transformation, including AI, has climbed higher on the list of strategic priorities.
2. The impact of the war has become more differentiated: procurement prices (83,3% report a negative impact), continuity risks (83,3%), and delivery lead times (76,2%) remain the most vulnerable areas, but internal procurement processes at many companies have stabilized (64,3% rate the impact as neutral), as have relationships with part of the supplier base (50% — neutral impact). Compared with the previous year, respondents talk less about general shock and more about specific zones of pressure.
3. The risk landscape has shifted from direct security threats toward the longer-term consequences of the war: infrastructure disruption (61,9%), personnel risks (59,5%), and macroeconomic risks and supply-chain disruption (52,4% each) have moved to the forefront. At the same time, the significance of direct security and geopolitical risks has decreased — not because they have disappeared, but because organizations have adapted better to the wartime context.
4. The role of procurement within organizations continues to strengthen: reporting to the CEO/executive director is growing (41,5%), function centralization is increasing (73% have a high level of centralization), and involvement in budgeting (71%), risk management (49%), and strategic decisions (44%) is rising. At the same time, development barriers have shifted: instead of conflicting goals, insufficient integration into cross-functional processes (44%) has become an increasingly acute issue.
5. The team is becoming one of the most critical areas. It has grown even more strained over the year: CPOs are simultaneously dealing with a shortage of people (67,5% of organizations have a personnel shortfall of more than 5%), maintaining team continuity (55%), burnout and mental health (50%), and the need for new competencies — from risk management (72,5%) and data/market analytics (67,5%) to critical thinking (77,5%), adaptability (70%), and working with AI, where 65% of teams currently have a low skill level.
6. AI has become the leading direction for future digital investment (65%) and has noticeably strengthened its position on the procurement agenda over the year (+9 percentage points). At the same time, the market is still in an early stage of adoption: most companies are exploring the technology (70%), some are piloting it (20%), and only a small share have individual business cases or have scaled it (5% each). The main barriers to digitalization have also shifted: budget (44%) has moved to the forefront, while insufficient IT resources (38,5%) and process maturity (26%) remain among the significant constraints.
7. The key conclusion of 2026: Ukrainian procurement is moving from reactive crisis adaptation toward more managed resilience. Compared with 2025, the focus has shifted away from situational firefighting and toward more systematic management of risk, teams, data, processes, cross-functional collaboration, and practical digitalization amid Russia's full-scale war.

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The background is a dark blue gradient with a perspective grid of light blue and purple lines that converge towards a bright light source on the horizon. Numerous vertical and diagonal streaks of light in shades of blue, cyan, and purple are scattered across the scene, creating a sense of depth and motion. Small, glowing square particles are also visible along the grid lines.

SECTION 1

SURVEY OVERVIEW

SURVEY OVERVIEW

The Ukraine CPO Survey 2026 is already the third installment in the research series launched by the KSE Center of Excellence in Procurement in 2021 and relaunched at scale in 2025. This year the Center's team continues the initiative, recognizing its critical importance for those shaping new procurement strategy, fundamentally reconfiguring operating models, and seeking a new competitive advantage.

The purpose of the study is to analyze the dynamics of change between 2025 and 2026. We sought to identify how Ukrainian businesses and large public-sector organizations are moving from crisis adaptation toward more systemic resilience of supply chains, strategic leadership, and the practical use of digital tools and AI — from the exploration stage to first business cases and scaling.

The report is based on responses from procurement leaders, grouped into the following thematic blocks:

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

Each thematic block is supplemented with analytical commentary from experts and research partners, and a comparative review of 2025–2026 trends is provided based on the previous stage of the research.

A dedicated section of the report contains key takeaways and quotes from in-depth interviews with procurement leaders from leading companies representing different economic sectors and different procurement architectures:

- **Metinvest Holding LLC**
- **SFE “Forests of Ukraine”**

Survey organizer:

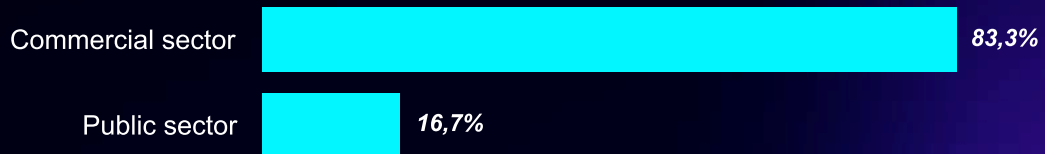
Center of Excellence in Procurement KSE — methodology, survey implementation, data processing, report preparation, stakeholder communication.

Project partners:

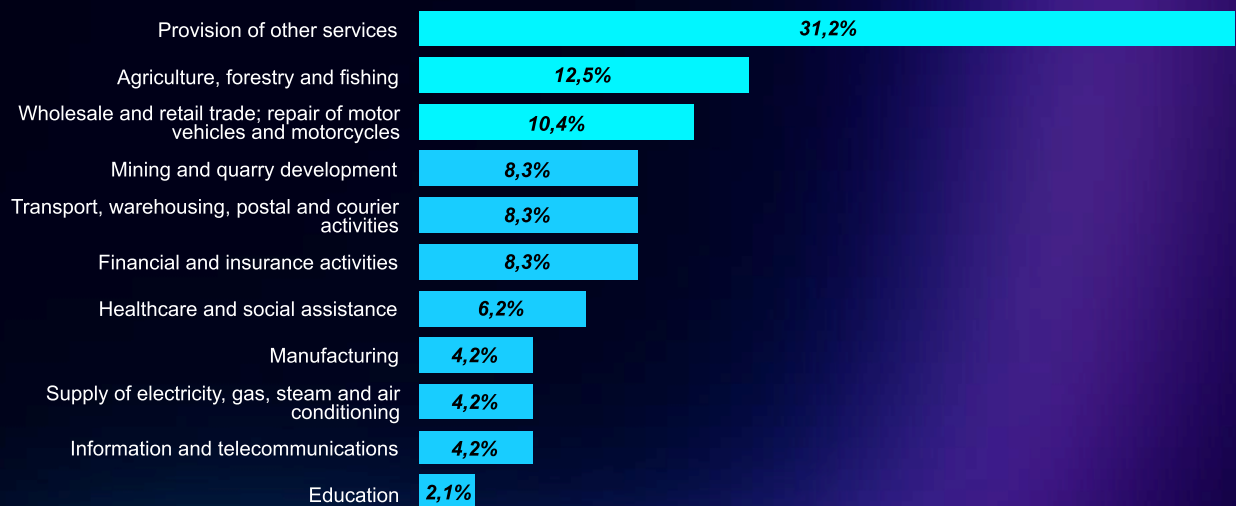
- **Deloitte Ukraine** — questionnaire development, analytical commentary on results;
- **Kearney** — questionnaire development, analytical commentary on results;
- **Odgers Ukraine** — respondent base development, questionnaire distribution, commentary on results;
- **Oleksandr Vodotyka (independent procurement expert)** — questionnaire development, commentary on results.

RESPONDENT PROFILE

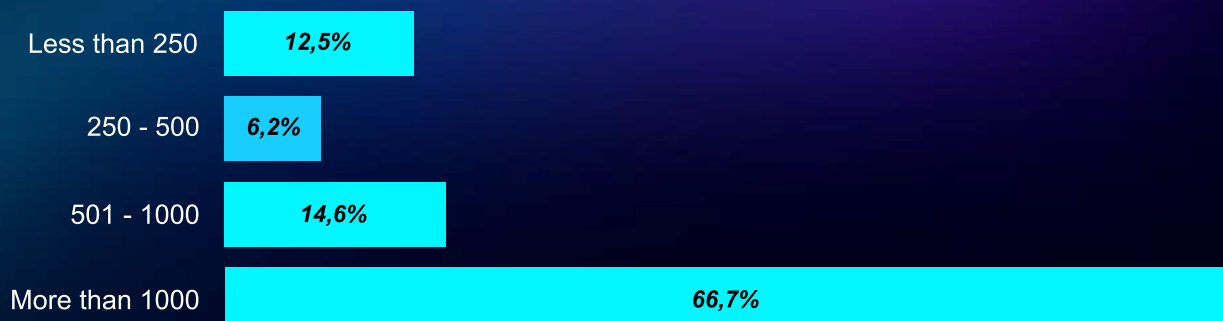
Respondent sector



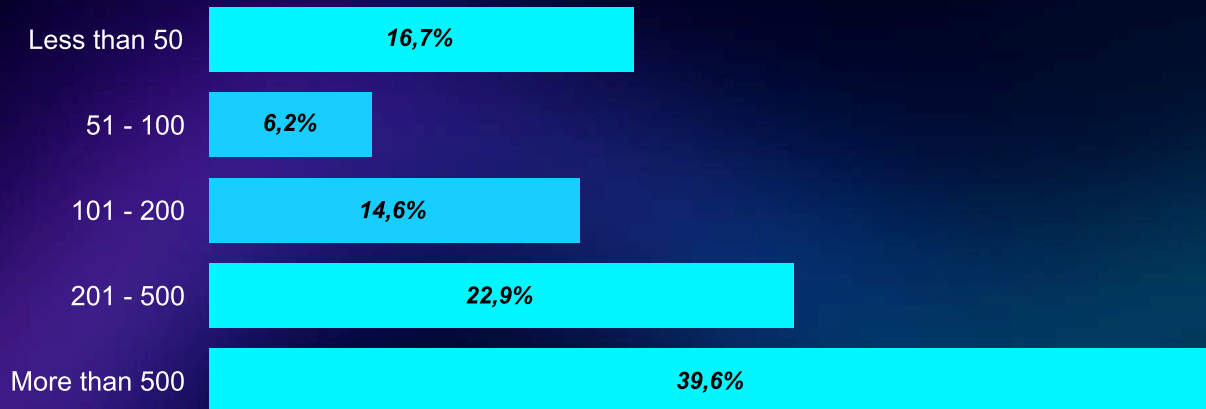
Company area of activity (according to types of economic activity classification)



Number of company employees



Annual company turnover, USD million



The questionnaire was distributed among 250 leaders of the Ukrainian procurement market. The sample included leading commercial and public-sector organizations across various industries, enabling the construction of a meaningful cross-section of practices in both sectors of Ukraine's economy. As a result of the survey, 48 validated questionnaires were collected. Compared with 2025, when 88 questionnaires were validated, the 2026 sample is smaller but comparable to the 2021 wave and of very high quality. Respondents include representatives of leading brands, large companies, and key public organizations in their sectors. The value of this year's data, therefore, lies not only in the number of responses but also in the fact that they reflect the perspectives of leaders who directly shape procurement practices in Ukraine.

Methodological note: the total number of validated questionnaires is 48. However, the number of responses to individual questions may differ, since some questions were not mandatory or respondents did not answer every block of the questionnaire. Percentages in the relevant sections are therefore calculated based on the number of respondents who answered that specific question.

The vast majority of respondents represent the commercial sector — 83,3%. At the same time, 16,7% of respondents are from the public sector, which also enables examination of the specifics of procurement in a more regulated government environment.

This year's respondent profile shows high industry diversity. Among the clearly defined industries, agriculture, forestry and fishing have the largest share, at 12,5%.

The next largest segments were distributed as follows:

- Wholesale and retail trade — 10,4%
- Financial and insurance activities — 8,3%
- Mining and quarrying — 8,3%
- Transportation, warehousing and logistics — 8,3%
- Healthcare and social assistance — 6,2%
- Manufacturing — 4,2%
- Electricity, gas and air-conditioning supply — 4,2%
- Information and telecommunications (IT) — 4,2%
- Education — 2,1%

A significant share of respondents (31,2%) selected the “Other” category.

As before, large businesses and public-sector organizations form the core of the study. Most respondents (66,7%) work at organizations with a team of more than 1,000 employees. Medium-sized companies together account for nearly 21% of the sample (14,6% have 501–1,000 staff and 6,2% have 250–500 staff). The share of small companies with fewer than 250 employees was 12,5%.

The survey confirms the high standing of participating companies: more than 62% of respondents have annual revenue above USD 200 million, with the largest group (almost 39.6%) being the largest companies with turnover exceeding USD 500 million.

Other revenue segments were distributed as follows:

- USD 201–500 million — 22,9%
- USD 101–200 million — 14,6%
- Under USD 50 million — 16,7%
- USD 51–100 million — 6,2%

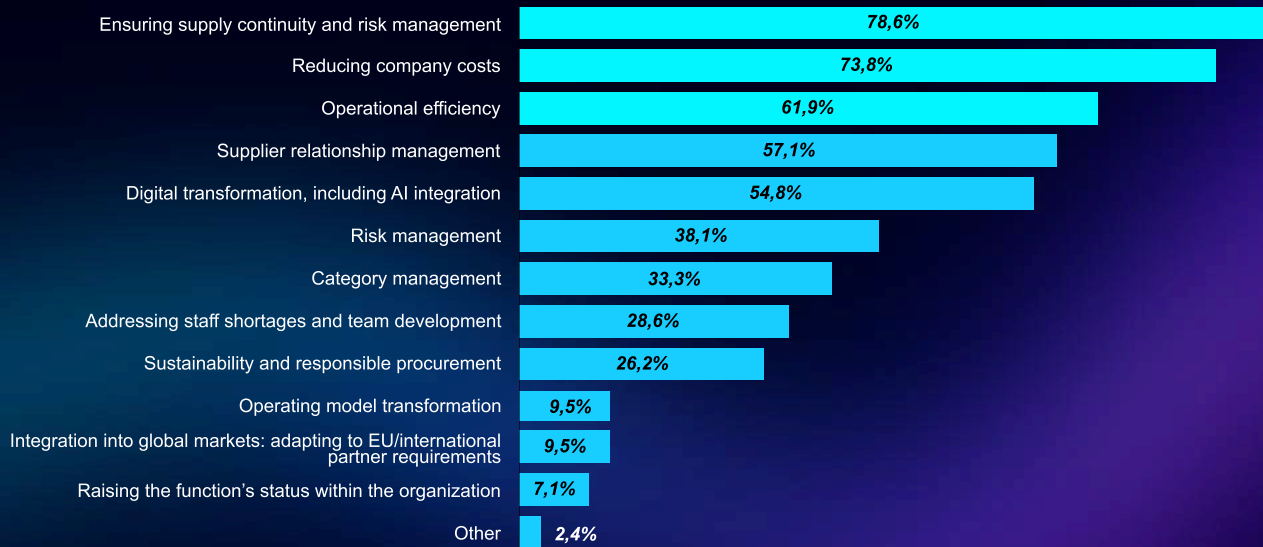
Thus, the results of the 2026 survey are based predominantly on the experience of large and powerful players in the Ukrainian market, with a notable share from the agricultural, retail, and financial sectors. Such organizations often have sufficient resources and competencies to shape new procurement trends and test advanced strategies.

SECTION 2

PROCUREMENT STRATEGY AND FACTORS OF INFLUENCE

Which initiatives are shaping the 2026 procurement strategy?

Priority initiatives of the 2026 procurement strategy



The 2026 survey revealed a clear prioritization of stability and cost efficiency over other strategic initiatives.

The leading priority was ensuring supply continuity and risk management, chosen by 78,6% of respondents. This shows that amid prolonged turbulence, protecting supply chains has become the top priority for the vast majority of organizations.

Second place went to reducing company costs (73,8%). Operational efficiency (61,9%) rounds out the top three. This distribution reflects a pragmatic approach by companies: survival and financial resilience sit side by side with the need to optimize core processes.

Partnership and technology initiatives gained significant strategic weight: supplier relationship management (57,1%) and digital transformation, including AI integration (54,8%). This confirms that leading companies are shifting toward new cooperation models and recognizing the need for deep digitalization to remain competitive.

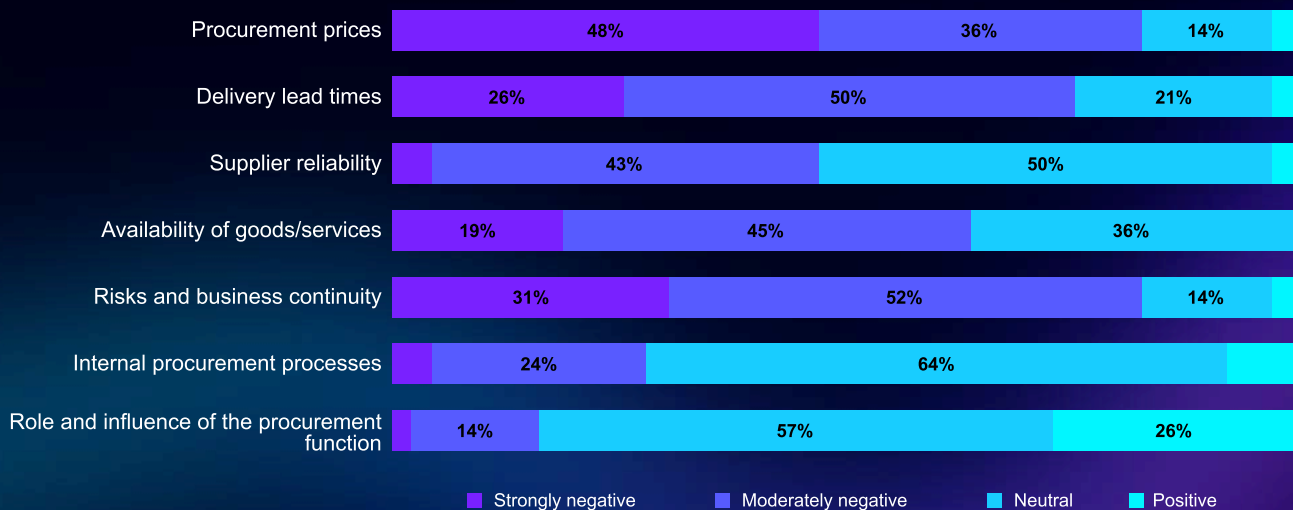
The next tier of priorities included:

- Risk management (as a standalone focus) — 38,1%
- Category management — 33,3%
- Addressing staff shortages and team development — 28,6%
- Sustainability and responsible procurement — 26,2%

The lowest priorities in 2026 were global and structural ambitions: operating model transformation and adapting to EU/global market requirements each scored only 9,5%, and raising the function's internal status was a priority for only 7,1% of respondents.

How has the ongoing war continued to affect procurement operations: assessment of key parameters

Impact of the war on key procurement parameters



In assessing the impact of the full-scale war on the procurement function, 2026 respondents show a high level of granularity: they clearly distinguish between areas where the situation remains critical and areas where stabilization or new opportunities have been achieved.

The most vulnerable areas, experiencing the strongest negative impact, remain prices and supply continuity:

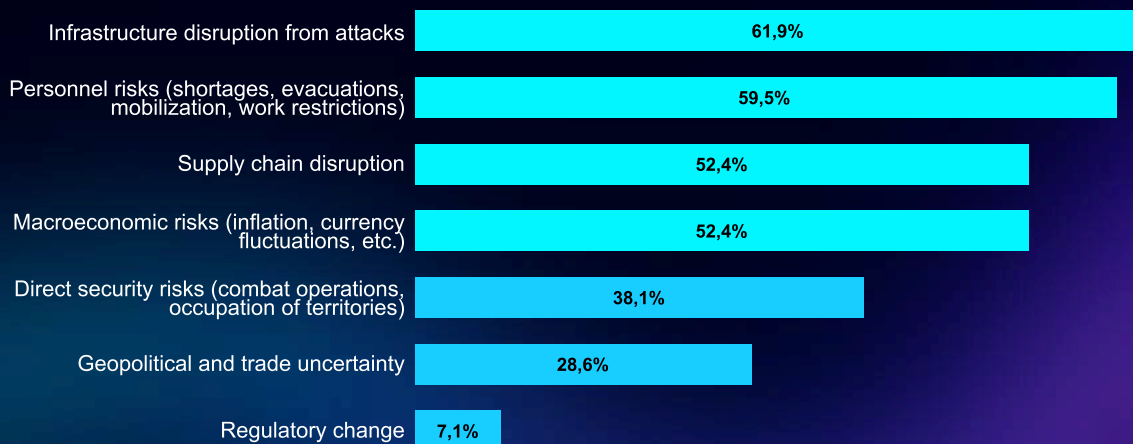
- Procurement prices: more than 83% of respondents report a negative impact (47,6% strongly negative and 35,7% moderately negative).
- Risks and continuity: 83,3% of respondents feel a significant blow to stability (31% strongly negative, 52,4% moderately negative).
- Delivery lead times: more than 76% note a deterioration in logistics and timing (50% rate the impact as moderately negative).

At the same time, surveyed organizations show notable adaptability in working with the market. For example, half of respondents (50%) rate supplier reliability as “neutral” — that is, controlled and stable under current conditions. A similar picture applies to internal procurement processes, where 64,3% of companies have managed to offset the impact of the war and reach a neutral level.

The most notable result of 2026 is the assessment of the procurement function’s role and influence. Despite the overall stress, more than a quarter of respondents (26,2%) said the war had a positive effect on the status of their function within the company. A further 57,1% rated this impact as neutral. This indicates that the crisis has strengthened procurement’s role as a strategic partner in preserving business resilience.

Which risks will most affect the procurement function in 2026?

Risks with the greatest expected impact on procurement in 2026



In 2026, the risk landscape for procurement professionals has changed fundamentally. Fears of direct military threat have been replaced by deep infrastructure, workforce, and macroeconomic challenges.

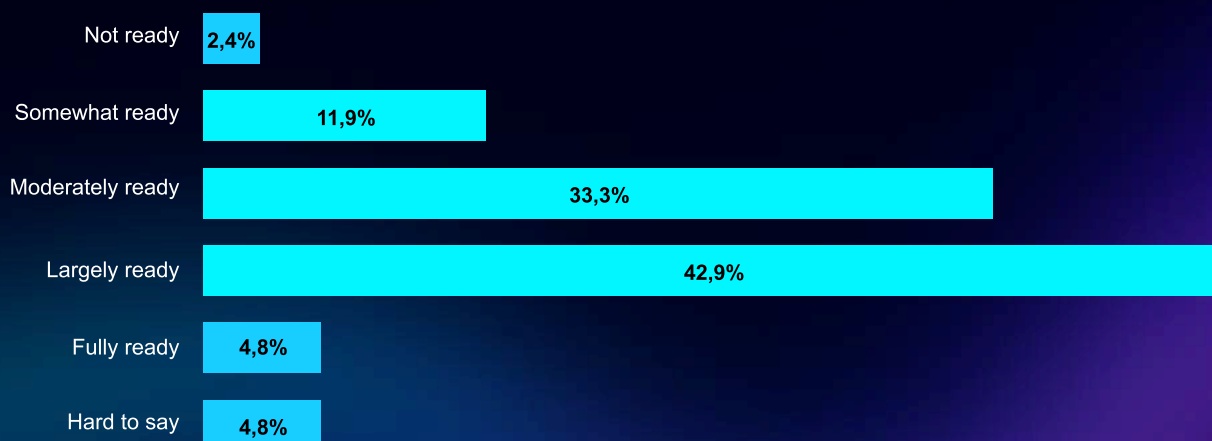
The main threats now shaping the agenda for procurement leaders are:

1. Infrastructure disruption from attacks (61,9%) — the clear leader among risks, forcing companies to invest in autonomy and alternative supply chains continuously.
2. Personnel risks (59,5%) — staff shortages, evacuation, mobilization, and work restrictions have become a critical bottleneck for continuous operations.
3. Macroeconomic risks (52,4%) — inflation and currency fluctuations continue to pressure procurement budgets.
4. Supply chain disruption (52,4%) — logistics instability remains among the top threats.

Interestingly, direct security risks (combat operations, occupation of territories) have moved into the background — chosen by only 38,1% of respondents. Geopolitical and trade uncertainty concerns less than a third of respondents (28,6%), and regulatory change is a risk for only 7,1% of companies.

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

Readiness to minimize the impact of risks



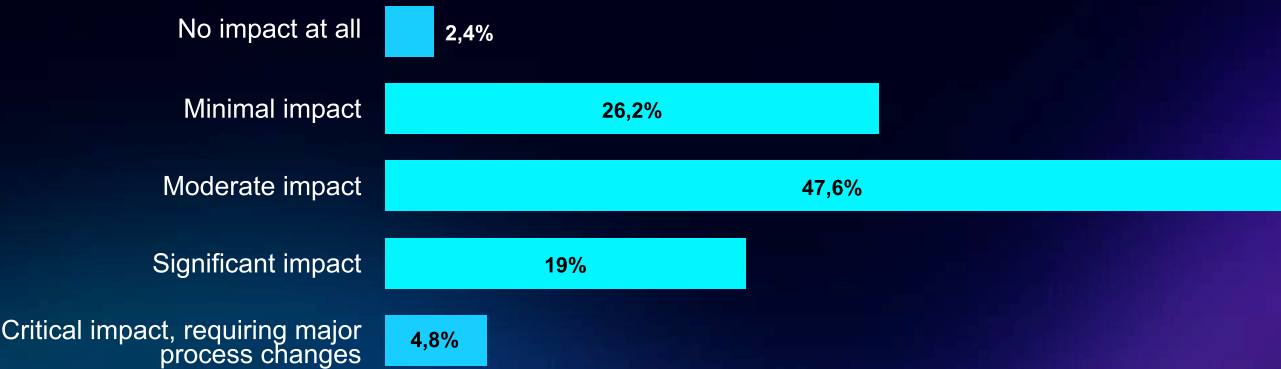
In 2026, Ukrainian companies show a realistic approach to risk management, combining proven crisis-response mechanisms with cautious forecasting of infrastructure challenges.

Nearly half of respondents feel confident in their capabilities: 42,9% rate their readiness to minimize risks as “largely ready,” and a further 4,8% consider themselves “fully ready.” This points to functioning crisis-response mechanisms among market leaders.

At the same time, a third of companies (33,3%) describe their state as “moderately ready,” and a further 11,9% as “somewhat ready.” The share of those who openly admit they are “not ready” remains very small — only 2,4%.

How do legislative changes affect procurement?

Impact of legislative and regulatory change on procurement



Against the backdrop of macroeconomic and security challenges, the regulatory environment is, on average across the sample, mostly perceived as a manageable, well-understood factor. Most 2026 respondents believe legislative changes have a moderate impact (47,6%) or a minimal impact (26,2%) on their function. A further 2,4% of companies say they feel no impact at all.

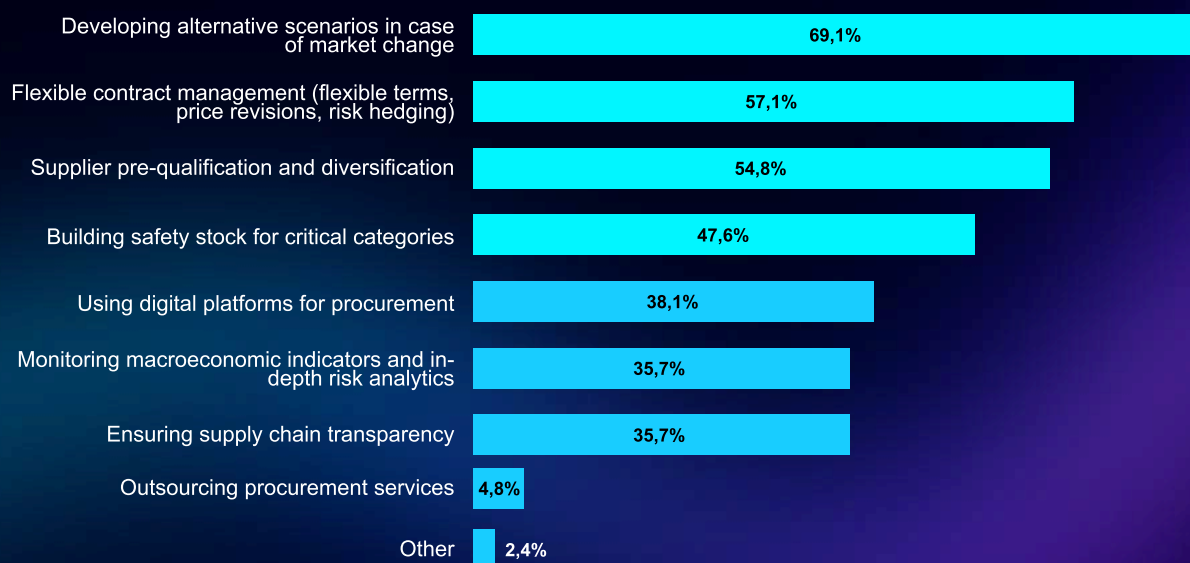
However, the distribution of responses between the commercial and public sectors differs significantly. For commercial companies, regulatory change mostly remains a manageable factor: 48,6% of respondents rate its impact as moderate, 31,4% as minimal, and only 17,1% as significant. No critical impact was recorded in the commercial sector.

In the public sector, by contrast, regulatory sensitivity is much higher. Here, 57,1% of respondents rate the impact of legislative or regulatory change as significant or critical — 28,6% for each of those categories. A further 42,9% of public-sector respondents report a moderate impact, and no responses cite minimal or zero impact.

This shows that, for business, legislative change is more often one of several factors in adaptation. At the same time, for public-sector buyers it directly determines the rules of operation, procedures, timelines, the level of compliance, and the internal organization of the procurement process.

How do you ensure flexibility in choosing a procurement strategy?

Tools and practices for procurement strategy flexibility



In 2026, approaches to ensuring flexibility underwent the most noticeable transformation. Procurement strategy has become far more pragmatic and asset-focused. The leading flexibility tool is the development of alternative (backup) scenarios for market change, used by 69% of respondents. Procurement leaders no longer rely on a single “Plan A.” Flexible contract management (57,1%) — the ability to revise prices, change terms, and hedge risks promptly — remains in second place. Third place goes to supplier pre-qualification and diversification (54,8%).

An important trend of 2026 is a high emphasis on physical security: nearly half of organizations (47,6%) build resilience by accumulating safety stock for critical categories.

Other methods of ensuring flexibility include:

- Using digital platforms — 38,1%
- Monitoring macroeconomics and risk analytics — 35,7%
- Ensuring supply chain transparency — 35,7%
- Outsourcing procurement — 4,8%

Procurement strategy and factors of influence: 2025 vs 2026

Comparing the results of the 2025 and 2026 surveys, we see a sharp shift from a focus on internal optimization toward total business protection. While operational efficiency was the top priority in 2025 with a score of 71%, leadership priorities changed dramatically in 2026: ensuring supply continuity and risk management became the absolute top priority, jumping from 59% to nearly 79%. At the same time, there was a powerful leap in innovation and ecosystem building: digital transformation, reinforced by a bet on artificial intelligence, grew from 39% to almost 55%, and supplier relationship management rose from 44% to over 57%. Long-term and global initiatives, such as sustainability or integration into European markets, by contrast, lost significant relevance.

In 2025, 90% of organizations reported an exclusively negative impact of the war on their operations. In 2026, companies have learned to manage this crisis more effectively. Price and logistics pain has not gone away. Still, companies have managed to stabilize their own processes, and about a quarter of organizations (over 26%) even noted a positive impact of turbulence on raising the strategic status of the procurement function. The very nature of the challenges has also shifted dramatically: while direct security threats were the clear leader last year (69%), that figure has now fallen by nearly half — to 38%. Meanwhile, the longer-term consequences of the war have become more visible: infrastructure disruption (up to 62%) and a worsening workforce crisis, which rose from 46% to almost 60%.

In addition, geopolitical uncertainty, which concerned half of respondents in 2025, now concerns less than a third (around 29%) — Ukrainian procurement has chosen to focus on what it can directly control.

Faced with these new challenges, Ukrainian organizations have changed their approach to ensuring their own flexibility and resilience. In 2025, supplier diversification (66%) was considered the main crisis-response tool, but in 2026 this tool dropped to third place (55%). Instead, companies have placed their bets on scenario planning — the development of alternative action plans for market shocks grew from 59% to 69% and became the leading flexibility tool. Another striking change in 2026 was a mass shift toward building safety stock (almost 48%), forcing companies to tie up working capital for the sake of physical production security amid infrastructure threats.

As for overall readiness to withstand risk and regulatory pressure, the share of the most resilient organizations (around 47%) remained unchanged, while the share rating their readiness as “moderate” grew significantly (from 14% to 33%). Procurement teams have become far more critical in assessing their own crisis-response mechanisms amid a prolonged resource shortage. Adaptation to the legal environment, meanwhile, differs significantly between commercial and public-sector procurement. While regulatory and legislative change is mostly perceived as a manageable factor across the sample on average, its impact is far more pronounced for the public sector. In the public sector, 57,1% of respondents rate the impact of legislative and regulatory change as significant or critical. In contrast, in the commercial sector, 17,1% report a significant impact, and no critical impact was recorded.

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The results of the study show that, despite efforts to improve the efficiency of procurement organizations, the real value for business lies, above all, in ensuring its ability to continue functioning — a thesis that is hard to dispute. This fact clearly demonstrates the maturity of the procurement function’s transformation under a wartime economy. Significantly, organizations have moved from reactive crisis management to proactive resilience management, which has become a strategic priority.

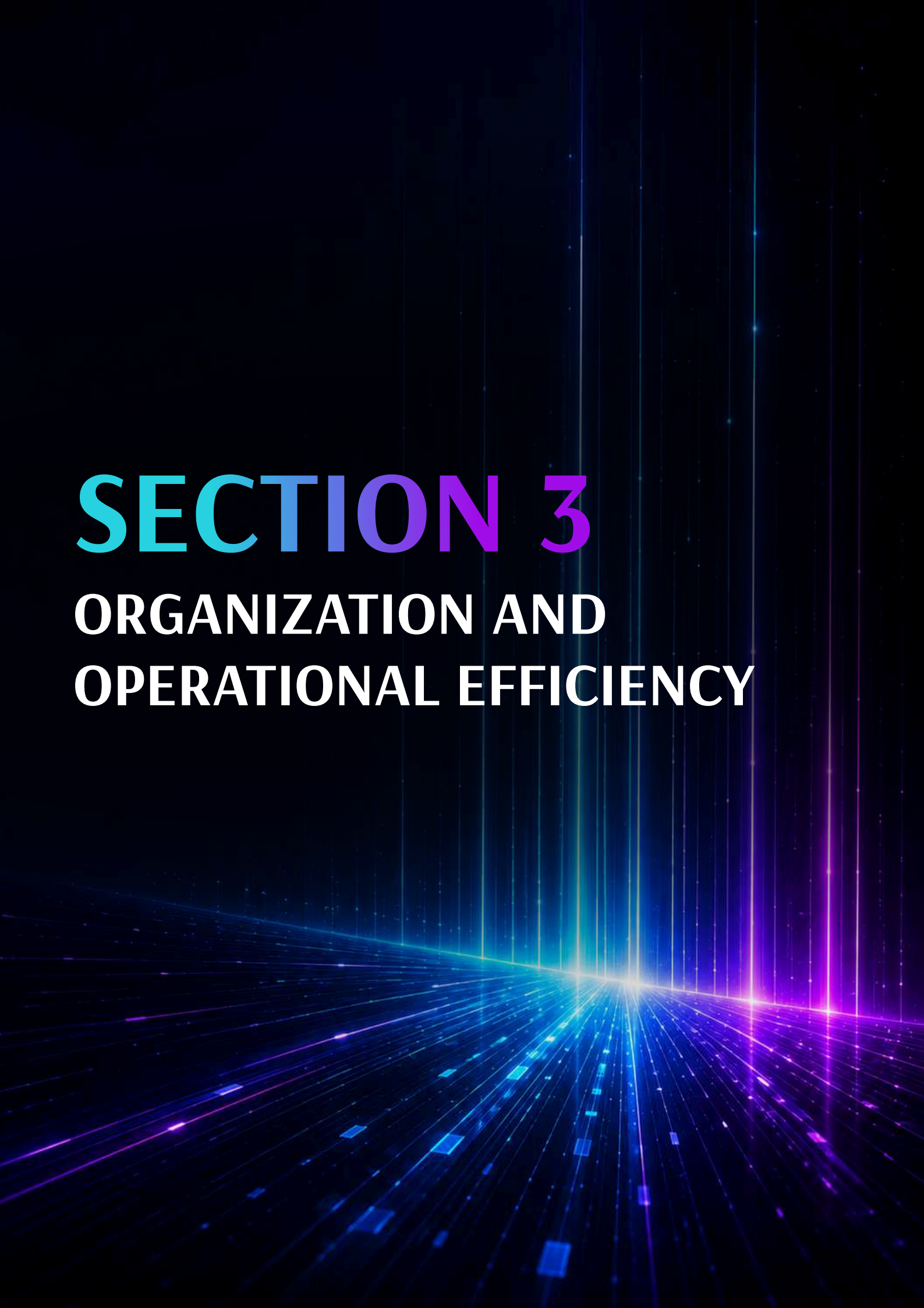
At the same time, although personnel-related risks rank second in importance among the risks forecast for 2026, they rank only eighth on the list of strategic priorities. This raises questions, since the shortage of qualified procurement professionals is a structural problem that is likely to intensify. Digital transformation serves as a tactical buffer, but it does not replace systematic work on competencies and the strategic positioning of the procurement function.

It is also worth noting that the absence of a clear business case for sustainability and the EU integration agenda appears to be a strategic gap. After all, these are precisely the areas that will determine the competitiveness of Ukrainian companies in European markets over the medium term.



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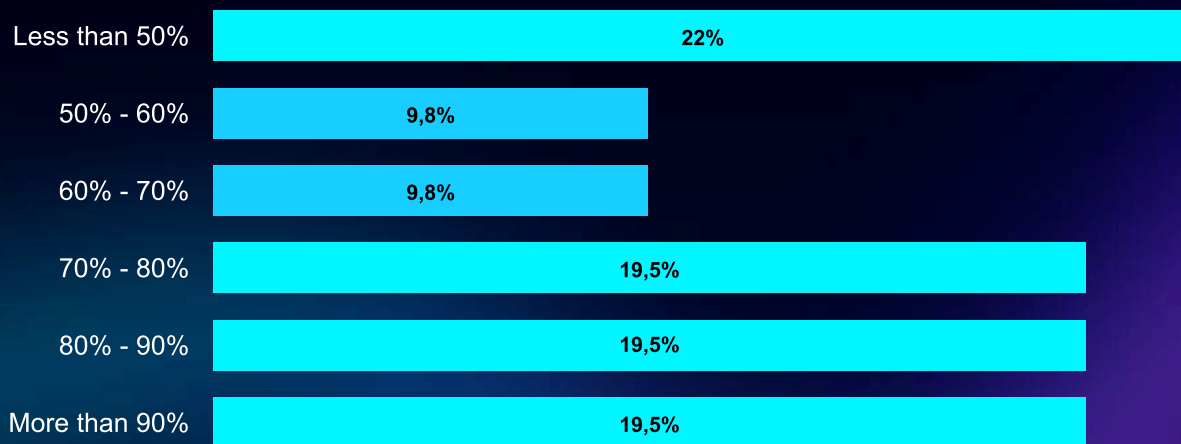


SECTION 3

ORGANIZATION AND OPERATIONAL EFFICIENCY

What share of company spend does the procurement function cover?

Share of spend covered by the procurement function



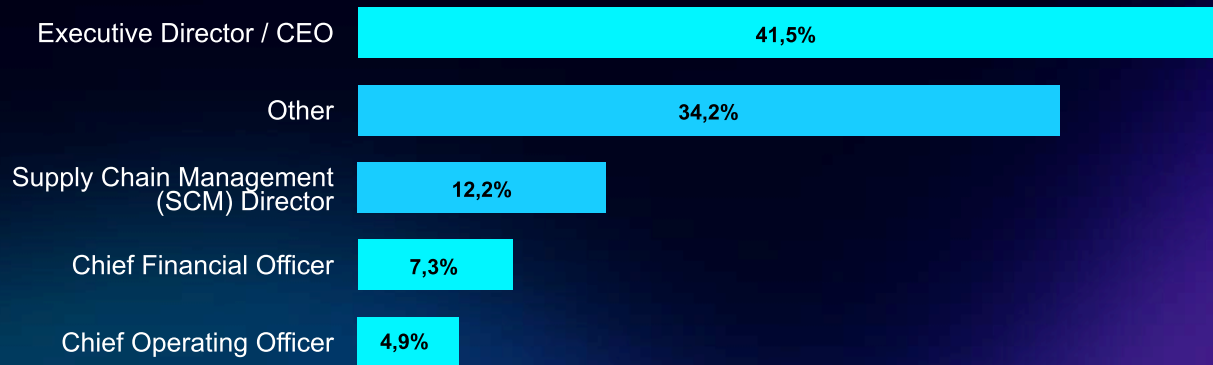
The financial weight of the procurement function remains high. In 78% of surveyed organizations, procurement handles more than half of the total budget, while 22% entrust the function with less than 50% of spend.

A more detailed breakdown reveals an even more interesting picture: 58,5% of companies entrust procurement with managing more than 70% of their spend. These responses were distributed almost perfectly evenly — 19,5% each for the “70–80%,” “80–90%,” and “over 90%” ranges. This means that every fifth respondent company has handed procurement the main control over its expenditures.

A further 19,5% of respondents said the function covers between 50% and 70% of spend. Only 22% of respondents said procurement covers less than half of the company budget. This distribution shows that procurement controls the lion’s share of the budget, thereby making the function critical to preserving financial resilience.

Who does the procurement function report to?

Procurement reporting line



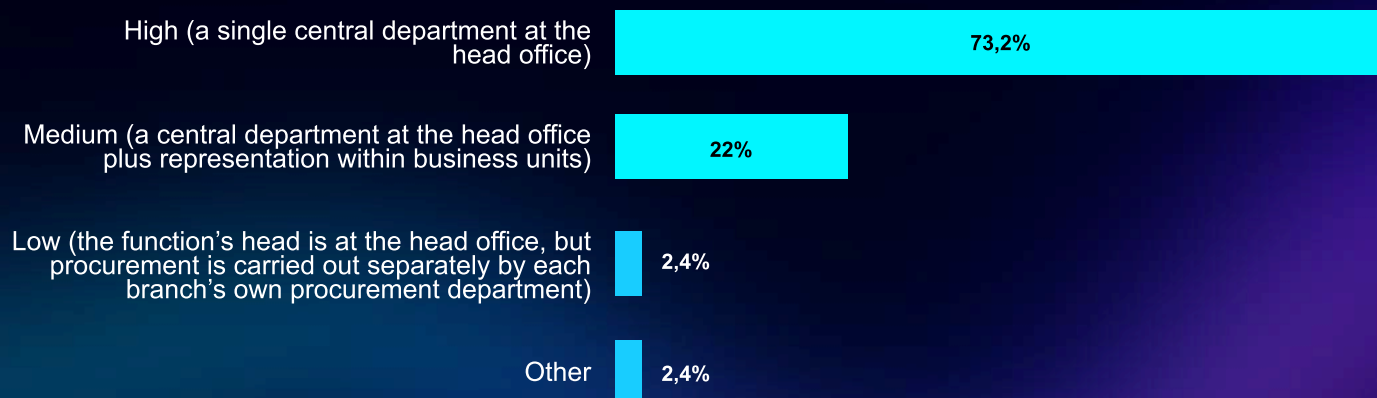
The reporting structure shows how important the procurement function became in 2026. Most often (41,5%), the procurement department reports directly to the CEO or Executive Director. This means procurement is regarded as a full-fledged business partner and takes part in top-level decision-making.

The next most common reporting line is to the Supply Chain Management (SCM) Director (12,2%), a traditional arrangement for organizations with complex logistics and production operations. Reporting to the CFO (7,3%) or COO (4,9%) is less common.

More than a third of companies (34,2%) chose "Other." This highlights the flexibility of organizational structures, in which procurement may report to commercial directors, global head offices, or other top executives.

Level of organizational centralization of the procurement function

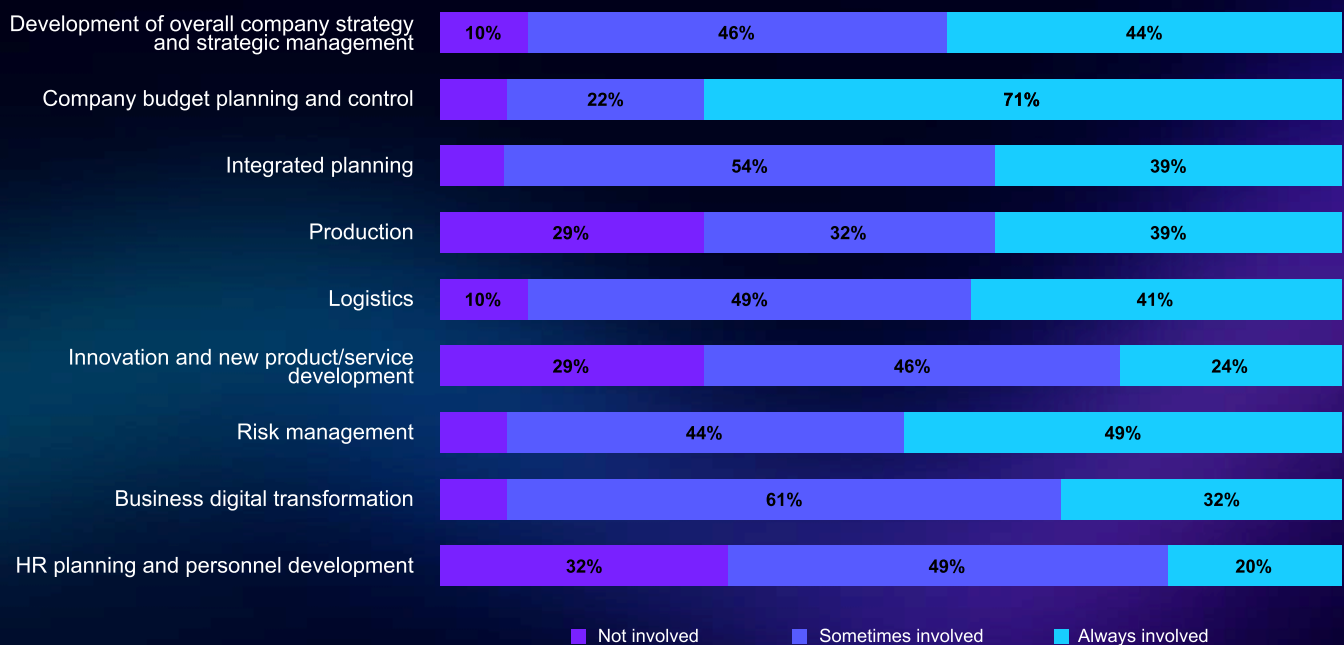
Level of organizational centralization of the procurement function



In 2026, surveyed companies are betting on control, resource consolidation, and process unification. The vast majority of companies — over 73% — have a high level of centralization, with all procurement handled by a single central department at the head office. Nearly 22% of organizations use a hybrid (medium) model that combines a central department with representation at the business-unit or branch level. This approach allows a balance between overall cost control and local responsiveness. Low-centralization models, where all procurement is carried out autonomously at branches, are now practically absent — chosen by just over 2% of companies. This high level of centralization is a logical response by companies to the need for maximum spend consolidation, transparency, and risk control amid limited resources.

Level of procurement involvement in key organizational processes

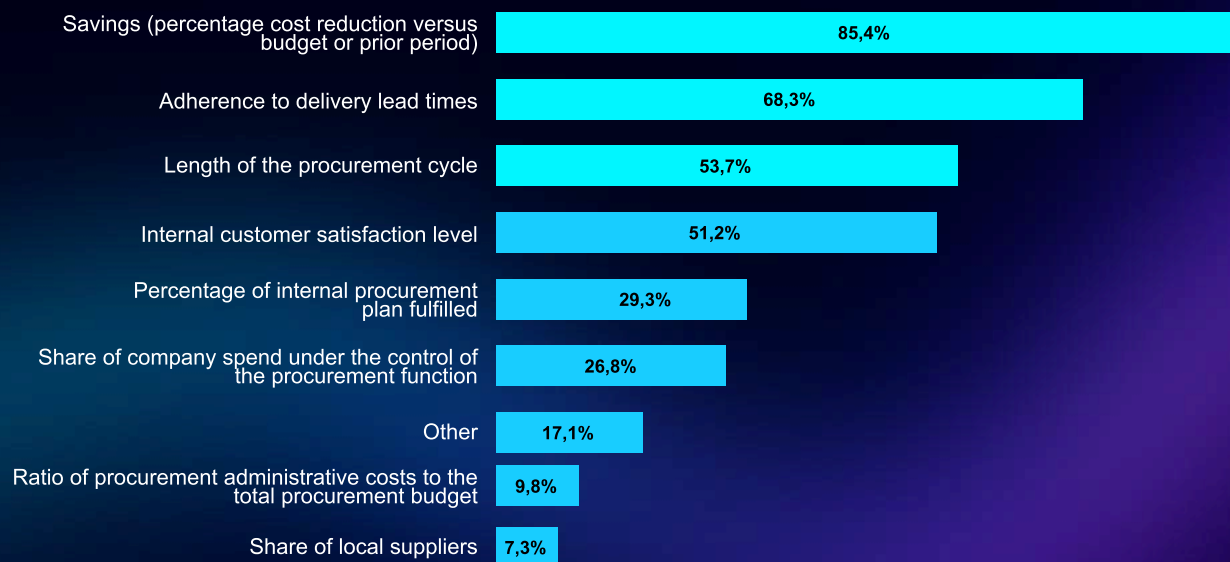
Level of procurement involvement in key processes



The procurement function continues to strengthen its strategic influence, becoming ever more deeply integrated into organizations' key business processes. The highest level of continuous involvement is traditionally seen in the financial block: almost 71% of companies continuously involve procurement in budget planning and control. In addition, the function has become an inseparable part of crisis management — nearly 49% of companies continuously involve procurement in risk management, and a further 44% or so in developing overall strategy and strategic management. A high level of continuous integration is also maintained in logistics (over 41%), integrated planning, and production (39% each). At the same time, there remain areas where procurement's potential is far less likely to be unlocked. For example, procurement is continuously invited into innovation and new product development in only 24% of cases. It is not involved in workforce planning at all in almost a third of organizations.

Performance evaluation and management expectations

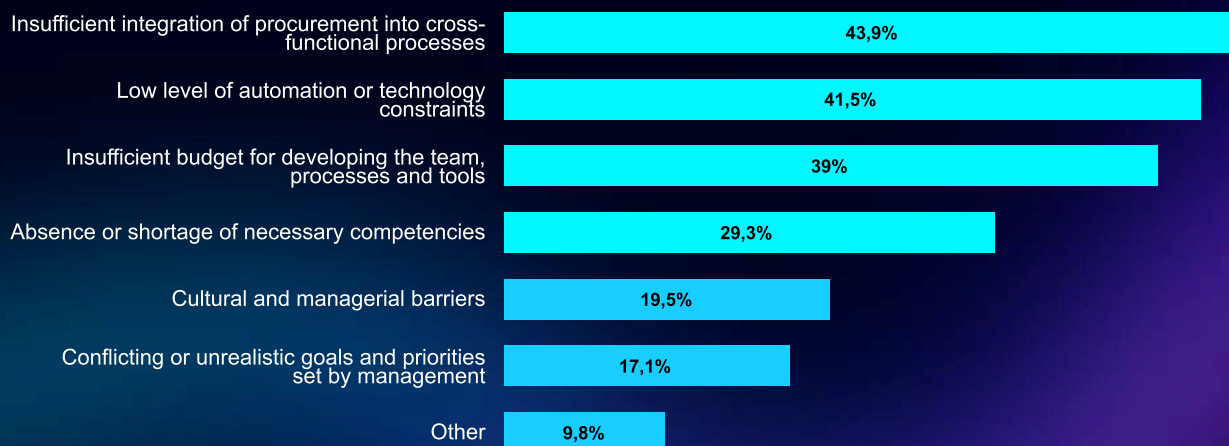
Procurement performance indicators



In assessing the function's performance and setting expectations for it, management in 2026 shows maximum pragmatism. The overwhelming majority of organizations — more than 85% — consider savings — i.e., the percentage cost reduction relative to the budget or the prior period — the main yardstick of success. But simply becoming cheaper is no longer enough: the second critical management expectation is adherence to delivery lead times, tracked by more than 68% of organizations. Speed of operations also plays an important role — almost 54% of respondents closely track the length of the procurement cycle. It is also worth noting the shift toward a measurable service model: for 51% of organizations, internal customer satisfaction has officially become a KPI for evaluating procurement. Interestingly, indicators such as the ratio of administrative costs to the total budget (under 10%) or the share of local suppliers (just 7%) are now rarely used by management to assess the function's success.

What is holding procurement back from reaching its potential?

Barriers to unlocking the procurement function's potential



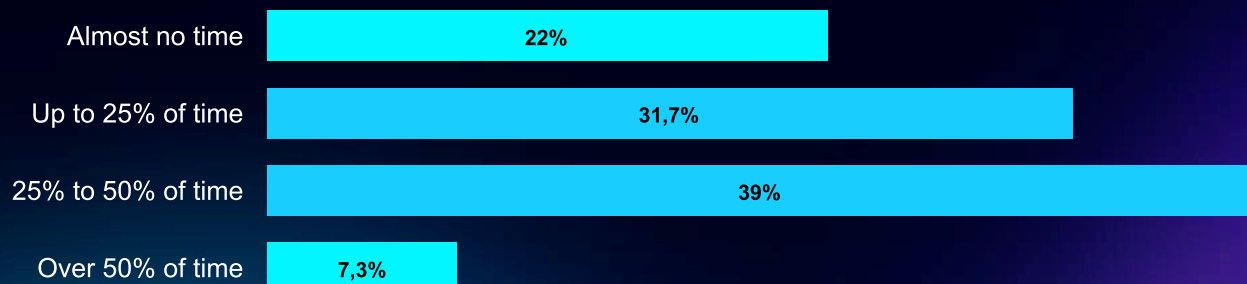
In 2026, the main obstacles facing the procurement function lie not so much in the area of goals, but in the area of collaboration and resources. Barrier No. 1 — named by almost 44% of leaders — is insufficient integration into cross-functional processes. Procurement wants to be a strategic partner, but it still operates under a strategy in which every department works in isolation.

In second place is a long-standing pain point — a low level of automation and technology constraints (41,5%). Third place highlights a new, harsh reality: almost 39% of companies face insufficient budgets to develop their teams, processes, and tools. Business demands maximum efficiency from procurement, but is not always ready to invest the funds needed for its development.

Interestingly, a lack of competencies concerns fewer than a third of respondents (29%), and cultural/managerial barriers concern around 20%.

How much time does the CPO spend on strategy?

CPO time spent on strategic procurement development tasks



The 2026 data show a positive shift in procurement leaders' operating model. Today, almost half of leaders (46,3%) devote more than a quarter of their working time to strategic tasks and development (39% spend 25–50% of their time on it, and a further 7,3% spend more than half their time on it).

However, operational workload remains heavy for many. About 32% of leaders can devote at most a quarter of their time to strategy, and a further nearly 22% openly admit they have almost no time for strategy due to current operational tasks.

Organization and operational efficiency: 2025 vs 2026

The main change relates to reporting lines: while 31% of procurement leaders reported directly to the CEO in 2025, this figure rose to 41,5% in 2026. Businesses now officially recognize procurement as a key partner at the highest level. This is confirmed by financial control as well: while the overall share of companies where procurement covers more than half of spend remained stable, the number of organizations that have handed the function control of more than 90% of their budgets more than doubled — from 9% to almost 20%. The response to such high responsibility has been total centralization of processes.

In 2025, 59% of organizations had a high level of centralization, while decentralized models held 11% of the market. In 2026, decentralization has practically disappeared (falling to a very small 2,4%), while more than 73% of organizations are now building a centralized model.

As for KPIs and involvement in business processes, the focus has decisively shifted toward crisis-driven pragmatism. The financial savings indicator, already the leading management priority last year (78%), reached a new high in 2026 — over 85%. At the same time, the function has become much more deeply integrated into the strategic protection of organizations' operations: the continuous involvement of procurement in risk management rose from 39% to almost 49%, and the continuous participation in developing overall strategy rose from 38% to 44%. Procurement professionals are increasingly invited to the table where decisions vital to a company's survival are made, not just where a contract needs to be signed or an invoice paid.

In 2025, we recorded serious operational overload: at that time, 75% of leaders were overloaded with routine work and could devote at most a quarter of their time to strategy. The 2026 data show a notable shift — now almost half of leaders (46,3%) have managed to reduce their share of operational “firefighting” and spend between 25% and over 50% of their time on strategic tasks. Top management has also seen the problem of conflicting goals disappear — it was barrier No. 2 in 2025 (concerning 30% of companies), and has now fallen to 17%. However, new, tougher challenges have replaced the old ones: in 2026, the leading barrier became insufficient integration into cross-functional processes, which rose from 28% to 44%. Procurement leaders have finally freed up more time for strategy and learned to set the right goals, but now face the painful reality of “tunnel vision” in other departments and a severe budget shortage (39%) for their own further development.

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This year we are seeing a qualitative shift: business leaders are increasingly aware of procurement's critical role as the function that builds company resilience in wartime. Top executives are bringing procurement leaders onto executive boards and delegating to them real authority — not merely nominal authority.

At the same time, the question of centralization remains ambiguous. Companies are forced to balance between a single center of spend control and the need for fast decisions at the operational-unit level, where uninterrupted supply of materials and services matters more than aggregate savings. Under wartime conditions, such operational flexibility is not a weakness in the model but a deliberate choice.

2026 could be the stage at which the strategic foundation is laid for rethinking the role of the function in Ukrainian business. Raising procurement's organizational status is not an end in itself, but a precondition for its real influence on the company's budgetary, project, and technology decisions. This, in turn, creates demand for a new level of expertise and leadership within the function.



Oleksandr Vodotyka

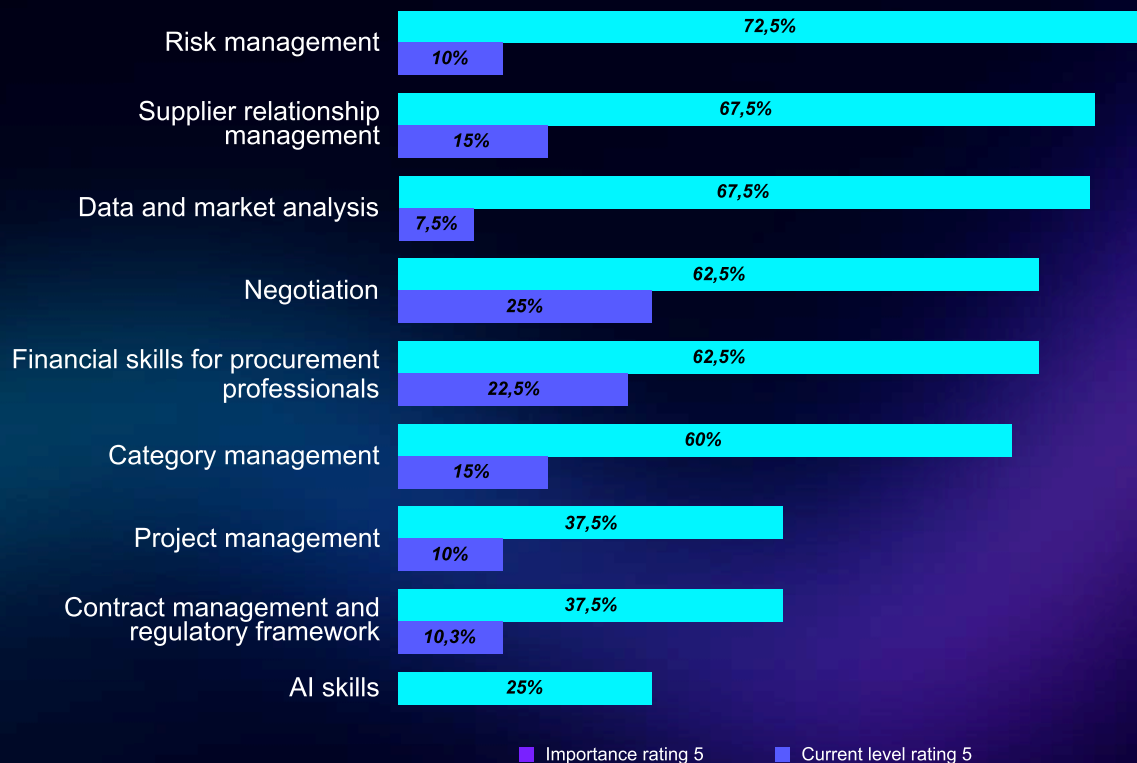
independent international expert in procurement and supply, co-author of the concept behind Ukraine's national procurement leaders survey

SECTION 4

TEAM

Key functional competencies

Key functional competencies: importance vs. current level



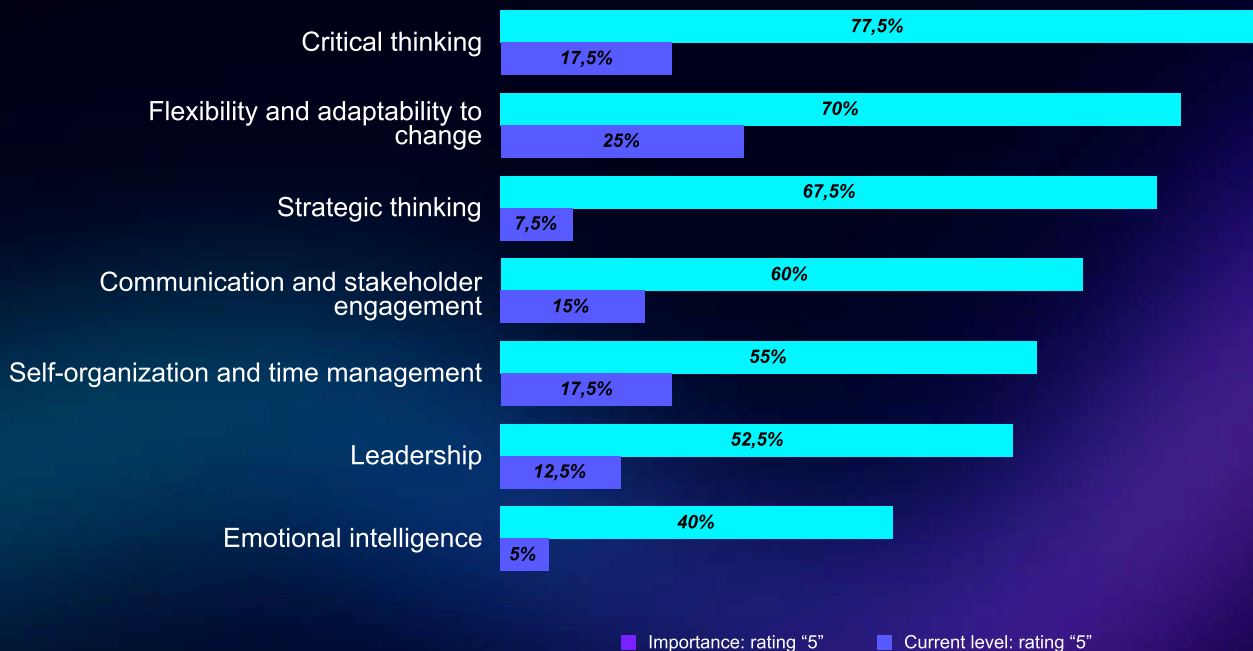
In 2026, the demands placed on procurement professionals have grown significantly. Looking at the importance of skills, we see that companies now need experts at the highest level. The absolute top priority (the highest rating of “5”) is risk management, considered critically important by as many as 72,5% of respondents. Close behind are supplier relationship management and data/market analysis (67,5% rating “5” each), followed by financial literacy and negotiation (62,5% each).

However, when we look at the current level of development of these competencies within teams, serious gaps emerge. For example, while 60% of leaders consider category management strategically important, only 15% of teams can claim an expert current level (a rating of “5”).

The use of artificial intelligence deserves particular attention. For now, organizations remain cautious about it: only 25% named AI as strategically important. But the current level of proficiency with this tool is simply critical: 65% of teams have very low AI skills (ratings of 1 or 2). This is a huge area for future learning.

Soft skills

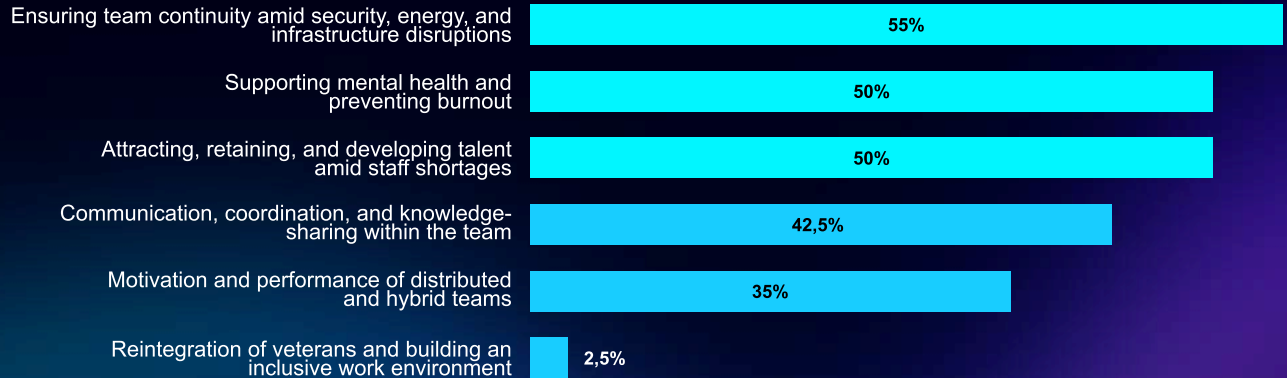
Soft skills: importance vs. current level



In 2026, the profile of the ideal procurement professional has taken clear shape: someone who can think, adapt, and negotiate. The top soft-skill priority is critical thinking — considered strategically important by 77,5% of leaders. Right behind it are flexibility and adaptability to change (70%), strategic thinking (67,5%), and stakeholder communication (60%). But when we look at the actual current level of these skills within teams, a large-scale competency crisis becomes evident. For example, only 7,5% of teams have expert-level strategic thinking (against a need of 67,5%). Critical thinking, skill No. 1, is developed to a high level in only 17,5% of professionals. The least-developed skill turned out to be emotional intelligence — only 5% of leaders assess it as an expert level, even though it is critical for 40% of them. This means organizations have already recognized the need for strategic leaders, but in practice teams still lag significantly behind the expected expert level.

Team management challenges: infrastructure and burnout

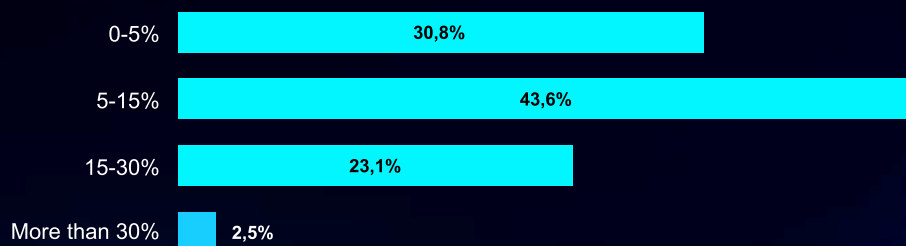
Procurement team management challenges



Looking at the management challenges of 2026, we see how current realities have shifted CPOs' focus. In first place, at 55%, is ensuring team continuity amid disruptions in security, energy, and infrastructure. Procurement leaders today are most concerned with how to maintain process control when there is no power or connectivity. Second and third place, tied at 50% each, are supporting mental health (preventing burnout) and retaining talent amid a severe personnel shortage. Building high-quality communication and knowledge sharing within teams also remains a serious challenge for 42,5% of leaders.

What is happening with procurement salaries?

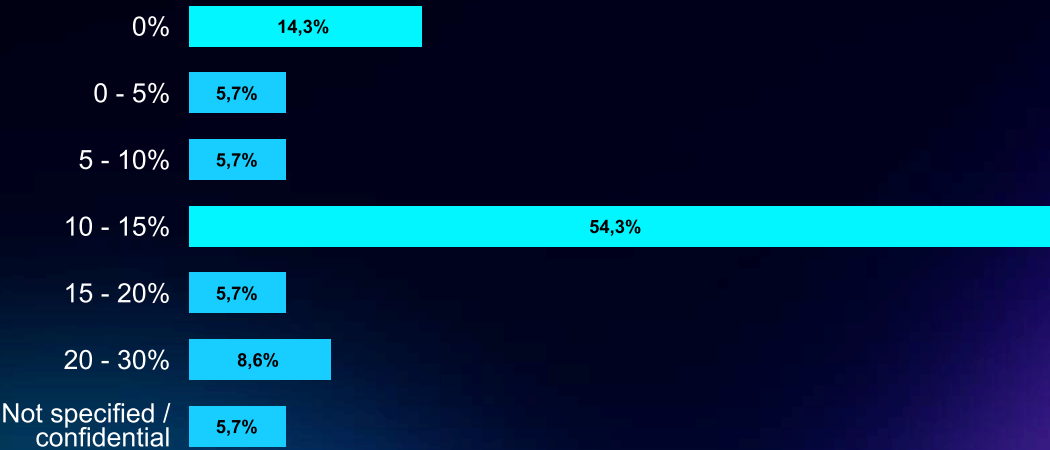
Average compensation increase in 2025



Given the overall talent shortage and high skill requirements, one might logically expect rapid salary growth, but the reality of 2026 proved somewhat different. The largest share of companies (almost 44%) managed to raise procurement compensation only within the 5–15% range. Moreover, almost every third organization (about 31%) limited itself to a minimal increase of 0–5%. Only 23% of companies managed to significantly index salaries by 15–30%, and only 2,5% offered growth above 30%. This shows that company budgets are severely strained, and organizations are trying to retain people more through non-financial factors or targeted bonuses than a broad overhaul of the compensation fund.

Plans for salary increases

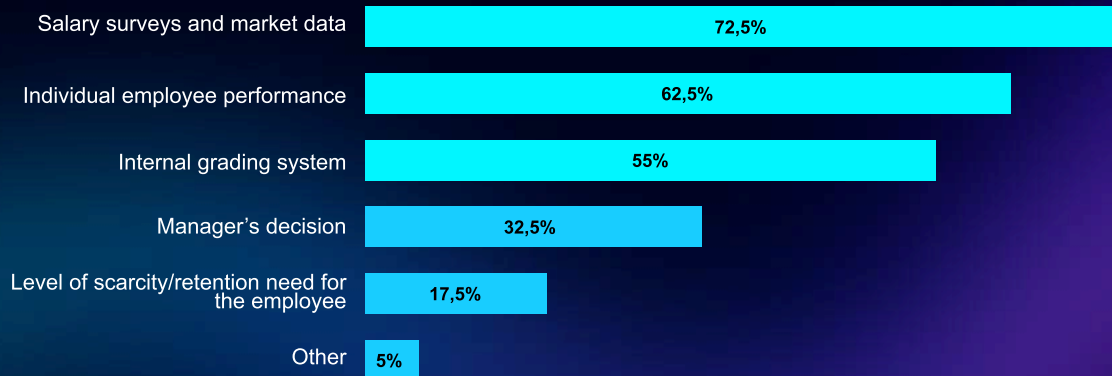
Planned compensation increase in 2026



Open-ended responses on planned compensation increases for 2026 show a predominance of moderate indexation — most often in the range of roughly 10–15%. Some organizations plan a minimal or zero increase, while a few respondents cite higher expectations of around 20–30%. This reflects a desire to support teams while keeping the payroll budget within realistic constraints.

How do organizations plan procurement professionals' salaries, and what are they willing to pay for?

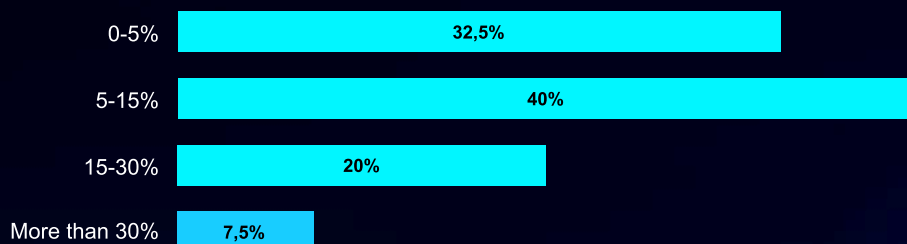
Factors determining compensation levels in the procurement department



In 2026, approaches to compensation have become highly systematic, data-driven, and pragmatic. While companies continue to budget for salary increases (as confirmed by 35 detailed, open-ended responses), decisions about compensation levels are now becoming more data-driven. The overwhelming majority of leaders (72,5%) rely on hard external benchmarks — salary surveys and market analytics — to set compensation levels. Individual employee performance ranks second, directly affecting pay in 62,5% of cases, and 55% of companies rely on an internal grading system. Interestingly, a manager's subjective decision plays a role in only a third of organizations (32,5%). But the most important takeaway from this block is that companies have stopped responding purely with financial “incentives”: the scarcity of a specialist and attempts to retain them at any cost is a factor in salary review for only 17,5% of respondents.

How large is the talent shortage?

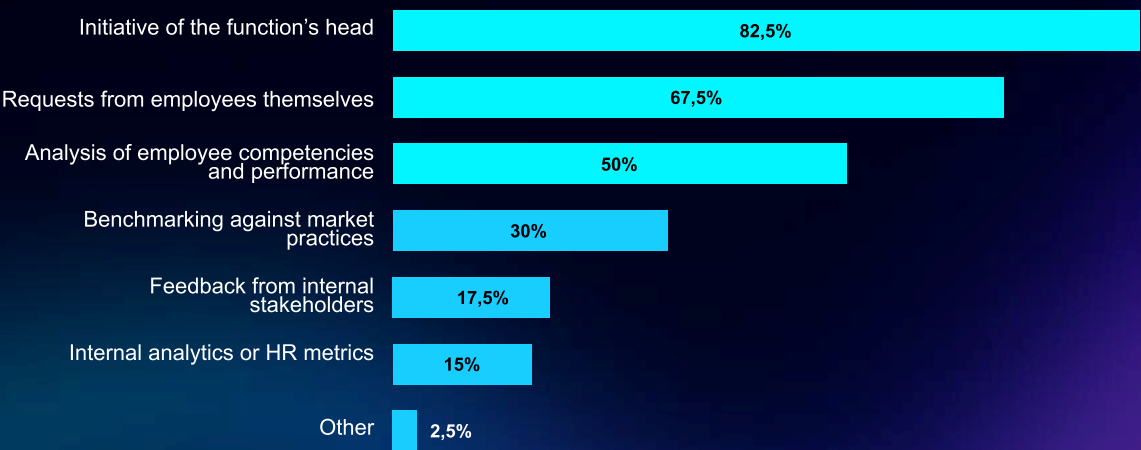
Current staff shortage in the procurement function



Meanwhile, the shortage itself has not gone away, and procurement teams continue to operate under a constant shortage of hands. The largest share of organizations (40%) rate their current staff shortage at 5–15%. But for more than a quarter of respondents, the situation is much more painful: 20% of organizations are short by 15–30% of their team, and a further 7,5% of leaders report a critical shortage, with more than 30% of positions vacant. Only a third of organizations (32,5%) report a minimal staff shortage of 0–5%.

How do organizations determine what to train their teams on?

How training and development needs are determined



In 2026, the approach to procurement training and development proved surprisingly subjective. Despite the general trend toward digitalization of business, talent development remains in the zone of “manual management.” The absolute driver of training is the initiative of the function’s head — relied on by 82,5% of companies. In second place are personal requests from employees themselves (67,5%). Half of organizations (50%) try to rely on analysis of competencies and actual work performance. Most striking is how rarely companies use objective data: feedback from internal customers influences training in only 17,5% of cases, and HR metrics and internal analytics are used by only 15% of organizations. This means that training today is mostly a reaction to what a leader or employee wants, rather than a systematic response to business indicators.

Team: 2025 vs 2026

Comparing this year's fresh data with the results of 2025, we see how the profile of the ideal procurement professional has shifted significantly under the pressure of new realities. While communication and flexibility to change were the top soft skills last year, considered strategically important by 67% of companies, in 2026 critical thinking has surged into the lead by a wide margin, becoming the absolute top priority for 77,5% of leaders. A similar crystallization occurred with functional competencies: risk management, which was only gaining strategic weight in 2025, is now the undisputed leader with 72,5% of top ratings. The market is sending a clear signal: in an era of information chaos, procurement needs professionals who can quickly analyze a situation, ask critical questions, make sound decisions, and rescue supply chains.

In 2025, CPOs were most concerned with attracting new talent (49%) and managing remote teams. But in 2026, priorities have shifted toward physical process survival: challenge No. 1 is now ensuring team operations amid infrastructure and energy disruptions, a concern for 55% of leaders. Against this backdrop, burnout and mental health problems continue to intensify rapidly. If this concerned only a fifth of leaders in 2021 and already 44% in 2025, in 2026 the figure reached 50%, matching the scale of the physical talent shortage in the market. People are exhausted, and leaders now have to work not only as managers but as support leaders for their teams.

According to the 2025 report, companies tried to respond to the talent shortage with money: at that time, only 14% of organizations limited themselves to a minimal salary increase of 0–5%. In 2026, we are recording a sharp “salary cooldown” — the share of companies with minimal increases or frozen budgets has more than doubled, reaching almost 31%. Business has hit its financial ceiling and is no longer willing to overpay for talent simply because it is scarce. At the same time, the talent hunger itself has not gone away — it has simply become a chronic norm: as in the previous year, only around 33% of companies have stable staffing (a shortage of up to 5%). Everyone else has learned to operate under a constant shortage of hands, focusing on retaining key players and individual performance rather than mass poaching of specialists.

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In 2026, the procurement function is undergoing a qualitative transformation: requirements for professionals have risen sharply, but competency development is significantly lagging. The market is sending a clear signal about the need for strategists with strong critical thinking, risk management, and deep analytics, but most teams do not yet reach this level.

In the near term, closing critical skill gaps will become a key focus. Systematic team development will be especially relevant, since training today still tends to be fragmented and unsystematic.

In parallel, the importance of operational resilience will grow — the ability to ensure continuity of procurement amid instability and energy and security risks. This is shifting the role of the procurement professional from a “process executor” to a crisis manager and business partner.

In conclusion, amid a chronic talent shortage and limited budgets, businesses are forced to balance retaining talent, developing people, and ensuring process continuity under difficult conditions. This is creating a new reality: the organizations that succeed will be those able to close competency gaps and invest systematically in development quickly, rather than simply competing on salary.



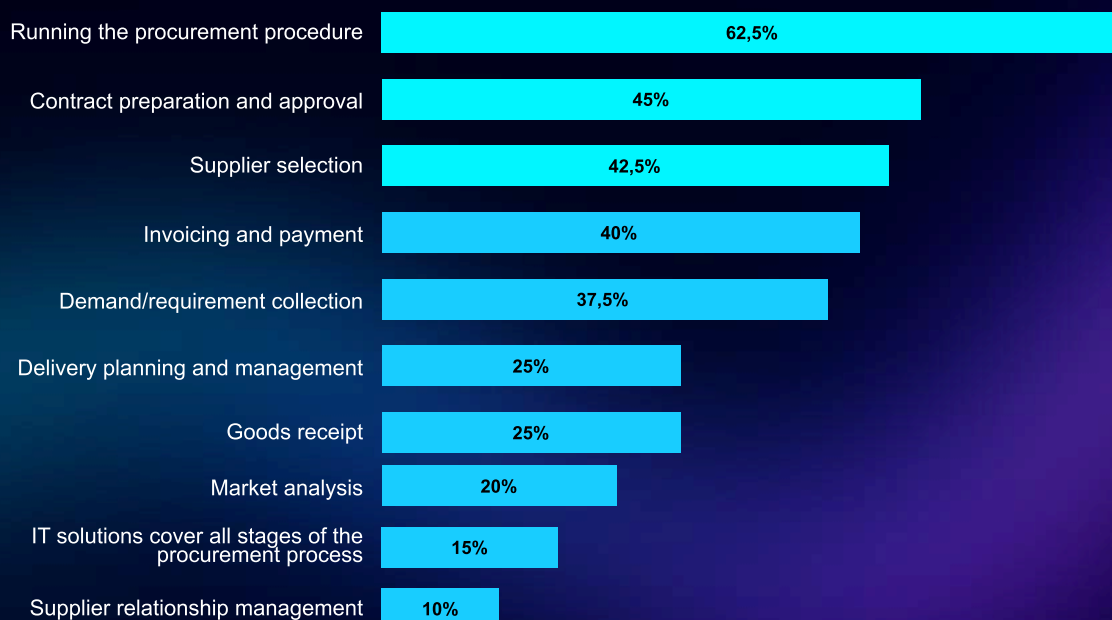
Tetiana Bidnenko
Consultant, Odgers Ukraine

SECTION 5

DIGITAL TRANSFORMATION

What are Ukrainian organizations automating in procurement?

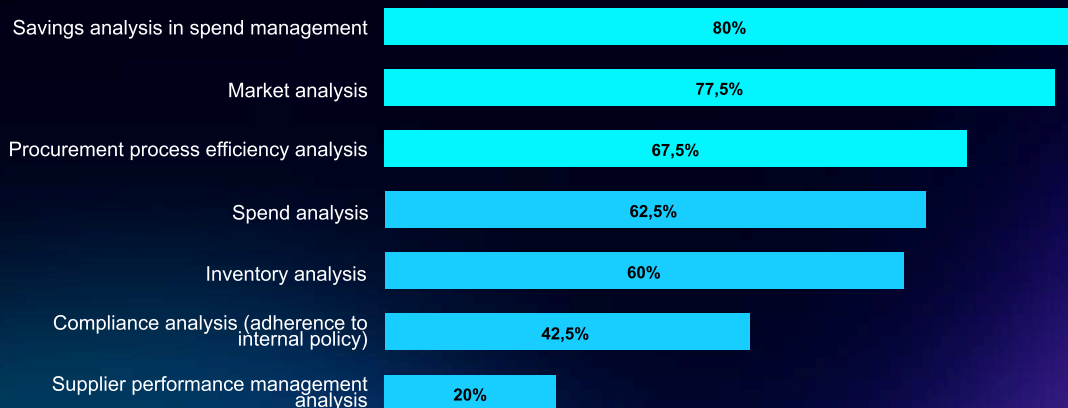
Automated stages of the procurement process



The picture of procurement digitalization in 2026 shows a clear focus on the transactional core, while strategic stages remain in the “shadows.” IT solutions most extensively cover running procurement procedures and tenders — this stage has been automated by 62,5% of companies. Next comes the bureaucratic/financial block: contract preparation and approval (45%), supplier selection (42,5%), and invoicing and payment (40%). But as soon as it comes to planning or relationship management, digitalization drops off sharply. Delivery planning is automated at only a quarter of companies (25%), and supplier relationship management (SRM) is at a critically low level (10%). As a result, a fully automated end-to-end process remains out of reach: IT solutions cover absolutely all stages for only 15% of organizations in the market.

What analytics is used in procurement work?

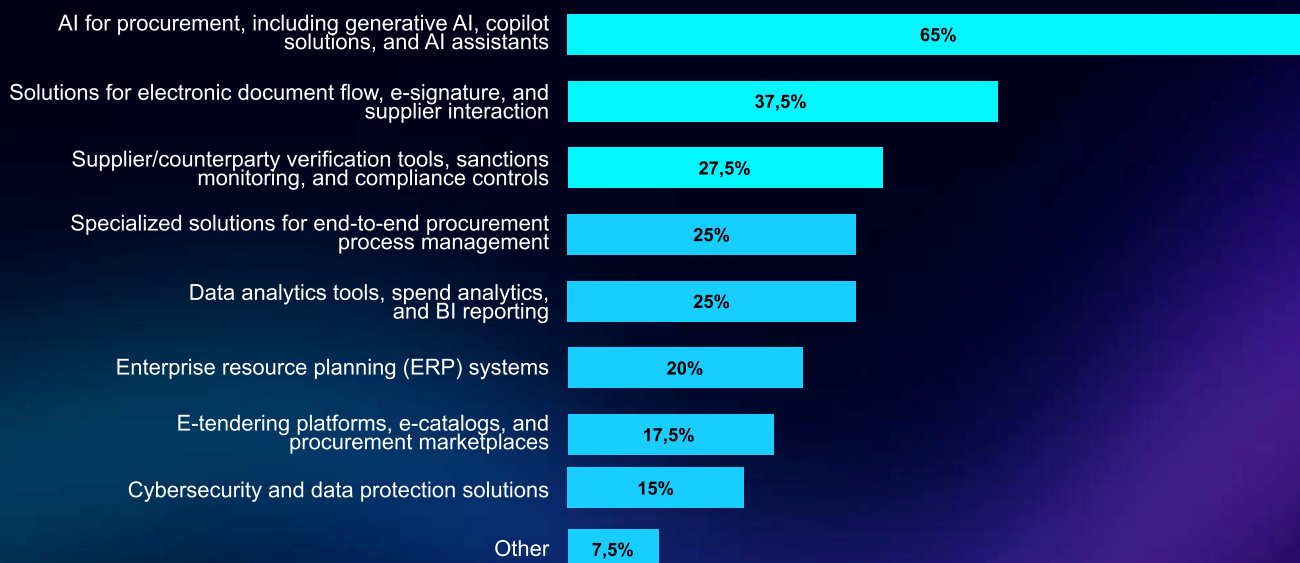
Analytics used in procurement work



In the data-driven world of 2026, procurement looks predominantly at money and the external market. The leading tool remains savings analysis, used by as many as 80% of organizations. In second place, with a very close figure (77,5%), is market analysis — procurement is forced to monitor prices and availability amid high turbulence continuously. Rounding out the top three is analysis of procurement process efficiency (67,5%), followed immediately by classic spend analysis (62,5%) and inventory analysis (60%). Leaders are least interested in supplier management analytics — tracked systematically by only 20% of respondents, which, in fact, correlates with the low level of automation in this area.

The future of technology

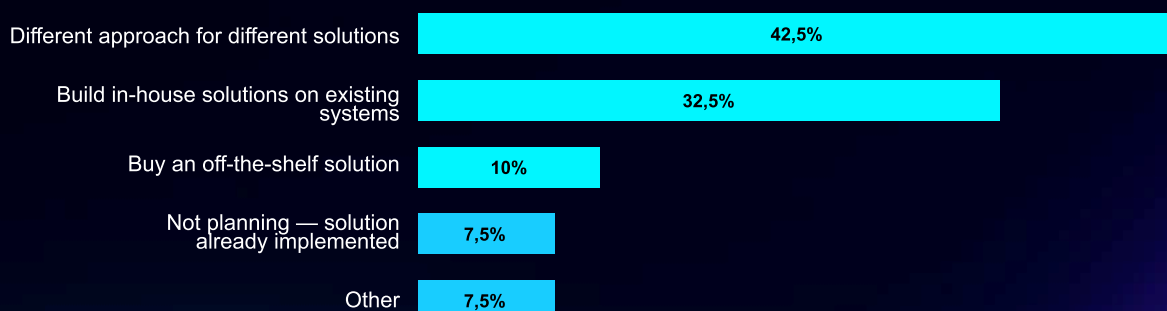
Technologies planned for implementation over the next two years



Planning their technology development for the next two years, surveyed leaders clearly identify AI as the leading direction for future digital investment in procurement. Artificial intelligence — including generative AI, copilot solutions, and AI assistants — is planned for implementation by 65% of respondents. At the same time, the level of practical adoption remains low, so this figure should be read as a strong signal of future demand rather than as evidence of widespread daily use today. Second place goes to solutions for electronic document flow and supplier interaction (37,5%). Security automation is another important trend: 27,5% of organizations plan to implement digital tools for counterparty verification and risk monitoring.

Digital implementation strategy

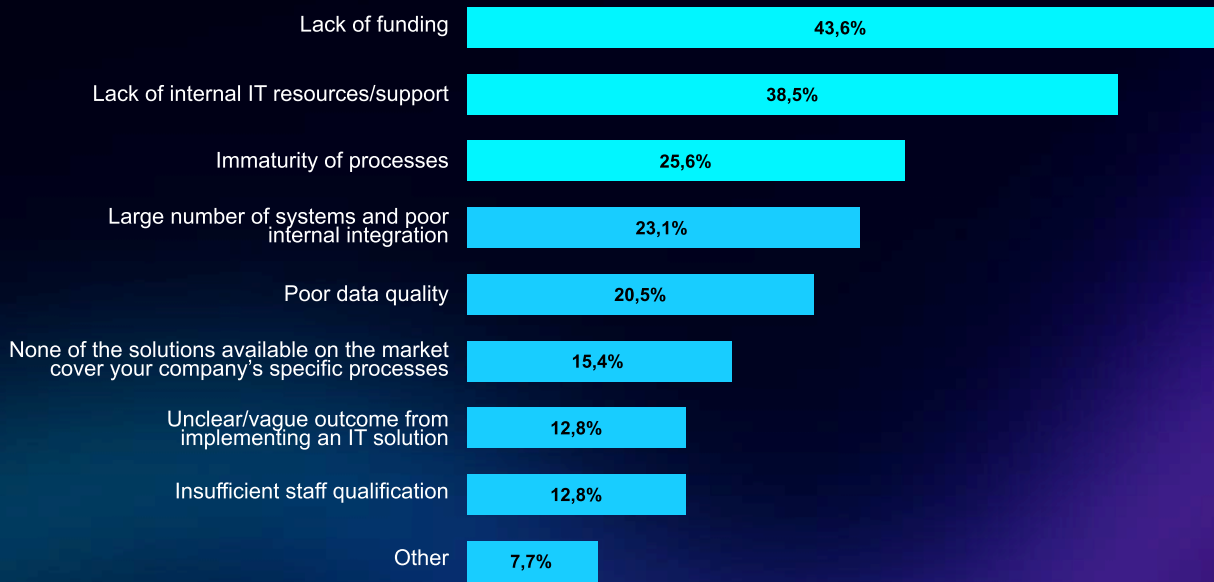
Strategy for implementing digital solutions in procurement



In approaching their technology ambitions, procurement leaders act with maximum caution and pragmatism. Most organizations do not believe in a “magic pill” (a single perfect product) and are not willing to overpay. That’s why the largest share of respondents (42,5%) chooses a hybrid strategy: a different approach for different solutions, depending on the specific task. Almost a third of organizations (32,5%) plan to build in-house solutions based on systems already available at the company, to save resources and integration time. And only one in ten leaders (10%) is ready to simply go to the market and buy a fully ready-made, off-the-shelf solution.

Main obstacles

Barriers to procurement digital transformation



But on the path to their digital goals, companies run into current constraints. The main barrier to procurement’s digital transformation in 2026 is a substantial lack of funding — a complaint from almost 44% of leaders. The second most painful problem is that even with a budget, there is no one to execute the ideas: almost 38.5% of companies suffer from a shortage of internal IT resources and support. Companies generate automation requests, but IT departments simply cannot keep up with the workload. In addition, the immaturity of business processes themselves (around 26%) and a “zoo” of disparate, poorly integrated systems (23%) remain serious brakes on progress.

How is AI being implemented?

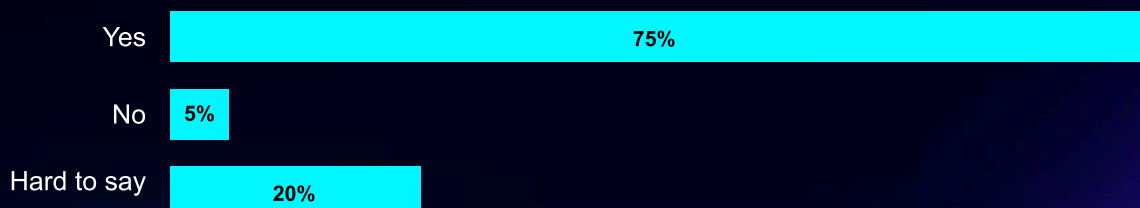
Stage of AI adoption in procurement work



Despite the enormous interest in artificial intelligence discussed above, the reality of 2026 shows that most respondents are still at the start of their journey toward AI adoption. The vast majority of organizations, 70%, are currently only at the basic exploration stage of this technology. But movement is visible: every fifth organization (20%) has already moved to active piloting, testing AI in practice to solve real procurement tasks. A further 10% of the market has become a genuine trailblazer — successfully integrating AI at the level of specific business cases (5%) or even reaching full-scale rollout across the entire function (5%). This confirms that artificial intelligence is gradually ceasing to be just a trend and is cautiously, but irreversibly, becoming part of the procurement professional's daily routine.

The effect of digitalization

Positive impact of digital transformation on company efficiency



When it comes to the overall outcome of digital transformation, the verdict of procurement leaders in 2026 is clear: technology really does work and deliver tangible benefits to companies. 75% of respondents confidently state that they already feel a real positive impact of digitalization on overall business efficiency. Only a very small 5% see no such positive effect, which is most likely a direct consequence of a lack of IT resources or poor system integration, which we identified as the main barriers. A further 20% of respondents still find it hard to answer this question — likely because their large-scale digital projects are still at the implementation stage and have not yet delivered measurable financial or operational results.

Digital transformation: 2025 vs 2026

Let's now turn to an analysis of digital transformation compared with the previous year. First and foremost is the total stagnation of “end-to-end” automation against the backdrop of a growing “blind spot” in supplier management. Despite loud talk about digitalization, the share of companies whose IT solutions cover all stages of procurement has remained at 15% in 2025 and 2026. The biggest paradox lies in relationship management: although the partnership dimension has moved to the forefront strategically, the level of its automation fell from 15% to 10%, and the use of analytics to assess supplier performance also dropped, to 20%. Instead, organizations were forced to become powerful market analysts — the use of market analysis grew from 64% to almost 78% to survive amid logistics shocks and continuously find alternatives.

The second, and perhaps most striking, aspect of this section is the collision with harsh financial reality. Artificial intelligence is clearly recognized as a leadership priority: interest in it grew from 56% in 2025 to 65% in 2026, and real application (from piloting to scaling) increased from 22% to 30%. But a serious financial barrier has emerged on the path to digital transformation. In 2025, the main barriers to digitalization were a lack of IT resources and poor integration of disparate systems, while a lack of funding concerned only 24% of companies. In 2026, the picture has changed dramatically: the lack of budget nearly doubled, reaching around 44%, and has become barrier No. 1. Organizations have exhausted or redirected reserves away from large new IT projects, focusing instead on survival.

Finally, despite everything, we see a clear recognition of technology's importance. In 2025, only 53% of companies felt a positive impact of digitalization on their efficiency, and more than a third of the market (36%) openly doubted its effectiveness. In 2026, the share satisfied with the real effect of technology surged to 75%, while the share who find it hard to answer nearly halved to 20%. This clearly shows that surveyed organizations are successfully overcoming the painful early stages of implementation and, even with very limited budgets, have learned to extract real financial and operational returns from the digital tools they already have.

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We usually talk about digitalization as a sign of progress and development, and as a way to free teams from operational routine, in a positive light. However, this study highlights several challenges, including:

- *Digitalization in procurement remains predominantly transactional rather than end-to-end. Companies have done the best job automating tender procedures, contracts, and payment, while delivery planning and, especially, supplier relationship management remain weakly digitalized;*
- *The absence of progress on end-to-end process automation compared with last year may indicate a low priority for digitalizing previously uncovered stages of the procurement process, and/or a shortage of resources — both funding and internal IT expertise;*
- *Another currently unrealized opportunity is exploring the potential of AI. Unfortunately, only 10% of respondents are at the business-case implementation and scaling stage.*

To move to a qualitatively new level of procurement digitalization initiatives under limited resources, it makes sense to conduct a clear assessment of the financial effect of digitalization: this will make it easier to justify securing resources for digitalization, and will also better discipline the organization to actually use new solutions.



Volodymyr Stetsyk

Head of Kearney's office in Ukraine

CONCLUSIONS

The main conclusion of the Ukraine CPO Survey 2026 is that Ukraine's procurement function is moving from reactive crisis adaptation toward more managed resilience. The war continues to shape the conditions under which procurement operates. Still, its impact has become more differentiated: the greatest pressure remains on prices, delivery lead times, supply chain continuity, and infrastructure and personnel risks, while some internal processes and supplier relationships are gradually stabilizing.

Compared with 2025, procurement is becoming more firmly established as a strategic function: its involvement in budgeting, risk management, and strategic decisions is growing, and centralization and responsibility for a significant share of organizations' spend are strengthening. At the same time, the constraint is not just a shortage of resources. Still, there is insufficient integration of procurement into cross-functional processes — this is precisely where the space for the function's further development lies today.

The team is becoming one of the most critical areas: procurement is simultaneously grappling with talent shortages, burnout, the need for new competencies, and limited budgets for compensation and development. This is fueling demand for systematic training and for the development of critical and strategic thinking, analytics, risk management, and proficiency with digital tools.

Digitalization and AI are moving from the realm of interest to practical solutions, although most organizations are still at the exploration or piloting stage. Demand for AI is growing, but budget constraints, a shortage of IT resources, and uneven process maturity are constraining its scaling. The next stage of procurement development in Ukraine will therefore depend not only on technology adoption but also on organizations' ability to integrate data, people, processes, and management collaboration into a single model for a resilient procurement function.

The background is a dark blue to black gradient. It features a perspective grid of thin, glowing lines that converge towards a bright light source on the horizon. The lines are primarily blue and purple, with some yellow and white highlights. There are also many small, scattered light particles and streaks throughout the scene, giving it a sense of depth and movement.

SECTION 6

**IN-DEPTH INTERVIEWS:
INSIGHTS AND QUOTES**

INSIGHTS AND QUOTES



Insights and Quotes | Yevhenii Avzhdyi
Director of Procurement, Metinvest

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The real value of procurement lies in its ability to ensure business resilience, anticipate risks early, support strong decision-making, and enable predictable execution.



At Metinvest, the procurement function is not merely a service unit that runs procedures, but rather one of the mechanisms of operational continuity. In 2026, the key focus is shifting from reactively closing needs toward a more mature model of managing categories, suppliers, risk, and demand. The economic effect remains important, but it is no longer the sole measure of success: alongside it stand the stability of supply for critical materials, discipline in fulfilling requests, impact on EBITDA, and inventory and working-capital management.

Strategy and risk: from savings to managed resilience

The most notable change compared with 2025 is a shift toward a more systematic approach. While the previous period demanded rapid adaptation and closing critical needs, 2026 has become a stage of greater deliberateness for us: early involvement of procurement, a formalized category approach, systematic work with alternatives, and decisions based on total cost of ownership.

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Yes, the economic effect remains important, but today procurement is above all about business resilience — first and foremost, the ability to guarantee supply continuity amid volatility, manage risk, and ensure the fulfillment of production and investment plans while optimizing costs without losing service quality for the internal customer. We no longer look at procurement solely through the lens of the lowest price.

For critical categories — MRO, OEM, CAPEX, and technically complex items — the priority is reliability, predictability, and the safe execution of production or investment plans. In standard and competitive categories, by contrast, the focus remains on maximizing economic effect through competition, standardization, and optimizing terms. This segmentation effectively creates a balance between savings, risk, and continuity.

Metinvest sees the most difficult risks of 2026 not as separate factors but as a combination. Logistics and infrastructure constraints combine with unstable internal planning, tighter decision-making timelines, workforce constraints, and a narrowing base of capable suppliers. As a result, the role of comprehensive counterparty assessment — for reliability, resilience, and the ability to sustain continuity of supply — is growing.

Operating model: early involvement as a source of results

At Metinvest, what worked best was not simply strengthening procurement's role, but bringing it into the process of defining needs earlier. When procurement is involved from the start, it can influence not just the price, but the decision itself: the structure of the need, technical approaches, supplier selection, CAPEX decisions, timelines, and the level of risk. This shifts the function from executing a request to co-owning the outcome.

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Where procurement enters the process at the start, rather than at the execution stage, the business gets a significantly better and more predictable result — in terms of cost, timelines, and risk levels alike. This allows us not only to work on price, but to influence the decision itself, the structure of the need, and the choice of suppliers.

Early involvement delivers a practical operational effect: it reduces the share of reactive procurement, allows decisions to be evaluated using total cost of ownership, enables the development of alternatives before a problem arises, and expands the zone of managed spend. In 2026, this approach is combined with more disciplined category management and systematic work with demand, suppliers, and risk.

Cross-functional collaboration is a condition for this approach. Procurement works with production, finance, logistics, technical services, IT, and HR; monthly procurement committee meetings help jointly prioritize needs, optimize costs, and manage risk. Where procurement is still brought in late — when specifications are already set, timelines are tight, and the market has not been assessed — the company loses potential value in price, timelines, quality, and risk control.

Team and competencies: from process executor to category manager

The main change in the team is not so much a change in headcount as the growing complexity of the role. Procurement professionals are now expected not only to run a process correctly, but to understand business context, work with analytics, spot risks, argue for decisions, and build engagement with the market.

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In effect, the role has shifted from process executor to a full-fledged category manager accountable for results.

Category thinking, analytics, risk management, SRM, strategic thinking, and basic technical expertise are becoming critical. The biggest gap is the combination of analytical strength, mature category approach, and the ability to act under uncertainty. In parallel, the role of “soft” competencies has grown significantly: communication, negotiation, strategic thinking, and understanding of business logic — without which it is impossible to work effectively in a cross-functional environment. The team designs training not “for the sake of it,” but based on real business challenges: complex categories, typical mistakes, problematic procurement situations, and areas where a different outcome is needed.

Retention is viewed more broadly than compensation. What matters is the content of the work, respect for the procurement role, clear areas of responsibility, less routine, and a sense of impact on the company’s results.

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A separate focus is managing priorities and workload: we are reducing the number of parallel tasks, more clearly defining priorities, and removing work that adds no value. We are also working to reduce reactivity through earlier planning and better synchronization with the business. Where there is clarity, priorities, and professional respect, the team is far more resilient.

Digitalization and AI: a pragmatic approach to business cases

Standard transactional processes are automated best: approvals, document flow, status tracking, typical tender scenarios, and basic reporting. This improves speed, transparency, and process discipline. Weak spots remain in data quality and structure, category analytics, supplier evaluation, risk management, and the preparation of management insights.

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We only use analytics that help us make decisions. This is primarily spend analysis, category and supplier analysis, analysis of lead times and reasons for deviations, as well as concentration, risk, fulfillment of needs, and process discipline. In other words, not reporting for reporting's sake, but analytics that help us better understand the situation and influence it.

AI is viewed without excessive enthusiasm, as a tool that should remove routine work, speed up information processing, or improve the quality of decisions. The current stage is individual business cases and pilots: searching for alternatives, testing hypotheses, basic structuring of supplier spend, preparing materials, comparing commercial proposals, initial market analysis, and identifying anomalies. The main constraints on scaling AI are data quality, fragmented systems, a lack of unified approaches, and the need for mature processes and team competencies.

Conclusion and advice for the market

Our main lesson from 2025–2026 is procurement's shift from a cost-reduction function to one built on resilience, manageability, and business partnership. Our procurement team's strengths are its adaptability, the expertise it has accumulated in complex categories, and its readiness to rebuild approaches quickly. It's also important that the procurement function itself has become significantly more mature in its thinking and decision-making. Worth highlighting separately is the ability to find solutions even under very constrained market conditions, which became critically important in 2025–2026.

Vulnerable areas include late procurement involvement (where it still occurs), fragmented data, manual processes, a shortage of modern competencies, and dependence on a narrow supplier base.

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If I had to give one piece of advice to other procurement leaders, it would be this: embed procurement into business decisions as early as possible. As long as procurement enters the process too late, the function is doomed to work reactively. But when procurement is brought in at the stage decisions are being shaped, it starts to create real value for the business.

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The most important thing is to demonstrate openness, transparency, and impartiality. This is the foundation for all further change.



At Forests of Ukraine, the procurement function is transforming from a predominantly procedural unit into a function that works with the market, categories, and trust. While the department used to be associated primarily with organizing and running procedures, over the past year the key task has been to add to the system the actual role of a procurement professional: someone who understands the category, engages in dialogue with suppliers, and works with expected cost, competition, and results for the enterprise.

Strategy and risk: openness as a condition for results

The first year of change focused not only on structure but, above all, on changing the way of engaging with the market. For a nationally significant enterprise that manages an entire industry and works with a large procurement portfolio, public attention is natural. The answer to it is not to close ranks, but the opposite: market consultations, a Supplier Day, explaining the logic behind decisions, and consistently demonstrating integrity.

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We understand that pressure from the public, law enforcement, and journalists reflects a demand for transparency and appropriateness in our actions. When a function channels this level of spend, that demand is natural, and it needs to be met. The team managed to withstand this pressure, believe in its own capabilities, and stay true to its principles and working methods.

This approach has already had a practical effect: for key categories, dialogue with the market has become clearer; the procurement team is moving with more confidence, spending less operational time; and the level of competition and procurement results are improving. At the strategic level, the top priority remains the enterprise's operational continuity: fuel, electricity, investment projects, and key production processes must be secured on time. Price is an important internal ambition for the department, but it cannot outweigh the priority of stability.

The most significant external risks stem from macroeconomic, political, and wartime factors, particularly in the fuel and equipment categories. A separate challenge is workforce constraints on the supplier side. In forestry harvesting, where contractors carry out a significant share of the work, the shortage of workers is pushing the company toward a greater reliance on mechanized harvesting and the purchase of specialized equipment.

Operating model: from procedures to category management

At Forests of Ukraine, the procurement function is gradually increasing its influence — from procedural and service support to participation in management decisions. Expectations from leadership already go beyond timely execution of procurement, since the function is expected to ensure production continuity and support the delivery of investment plans and strategic initiatives.

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The function is not yet perceived as a business function that directly affects the financial result. The enterprise is young, and right now procurement is in a state of reliable service — for now it is more of a service function. But we are evolving, and the function does take part in strategic decisions — in reviewing and approving strategic and investment plans.

The central procurement department is responsible for the largest OPEX and CAPEX items, strategic investment projects, fuel, electricity, insurance, and office needs. Branches primarily handle operational procurement to support production, particularly timber harvesting. At the same time, the central office is gradually becoming a methodological center: it unifies tender documentation, approaches, and regulations; monitors branch procurement; introduces internal ratings; and analyzes the state of affairs quarterly.

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We have set up a methodological center at our organization that doesn't control, but primarily helps.

An important tactical decision was to set expected cost more aggressively — not at the average level of commercial proposals, but closer to the lower end of market values. This created a risk of losing some participants. Still, it worked: competition was maintained across several procurements, auctions went ahead, and, for certain wheeled-equipment categories, the company achieved reductions of 10–15% relative to market prices. A particular achievement was competitive tenders for specialized timber-harvesting equipment involving European manufacturers directly.

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What we are doing right now in these categories is, in a sense, happening for the first time. This is an experience that can be improved and continued later.

Team and competencies: collaboration as a key skill

The level of procurement skills in the central department of Forests of Ukraine can be assessed as sufficiently mature for current tasks: the team is formed, professional, motivated, and already capable of working not just with the procedural side, but with markets, categories, suppliers, and complex competitive tenders. At the same time, at the level of the broader system, especially in branches and regions, procurement competence still needs development. A key distinction highlighted by this case is between a “tender officer,” who runs a procedure, and a “procurement professional,” who understands the market, shapes the approach to a category, works with suppliers, and influences the outcome. Further development of the function is therefore tied not only to hiring but also to systematic retraining, the work of the “methodological center,” the internal growth of procurement professionals, and the transfer of practices from the central team to the branches.

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For me, soft skills remain a priority — especially negotiation and working with people. I think the key competency of a procurement professional is the ability to engage with others, both within and outside the company.

For Forests of Ukraine, this is especially important because the procurement team works not only with internal customers, but effectively teaches part of the market how to participate in public procurement. In some categories, manufacturers, dealers, or contractors have strong commercial expertise but may not fully understand the specifics of Prozorro and public procurement requirements. So procurement goes beyond the standard buyer role: explaining common mistakes, holding open meetings, supporting the market through consultations, and thereby broadening competition.

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We have a striking example — the participation of a company that had never previously taken part in public procurement. For them, it was their largest supply contract, and they figured it out and took part. But that was also possible because we went beyond standard engagement and understood that if we didn't explain how it works, what the mechanics are, there would be no result.

Digitalization and AI: local solutions and a strategic goal

The operational procurement process is already largely paperless, but system-wide automation of the enterprise is only just beginning. Implementing an ERP system and broader digitalization remain strategic goals, as they should deliver the classic procurement benefits: transparency, control, data quality, and better management analytics.

In the case of Forests of Ukraine, digitalization is essentially about bringing the procurement practices of a large enterprise into a single management framework. Public electronic tools already ensure procedural transparency, but that is not enough for full category management: the function needs high-quality internal analytics, price history, cross-branch result comparisons, evaluation of tender effectiveness, and rapid detection of deviations. This is precisely where digitalization can become the next step in maturity — helping the function systematically see the market, manage expected cost, learn from previous procurements, and scale best practices from the center to the whole organization.

Forests of Ukraine is exploring opportunities to use AI within the function:

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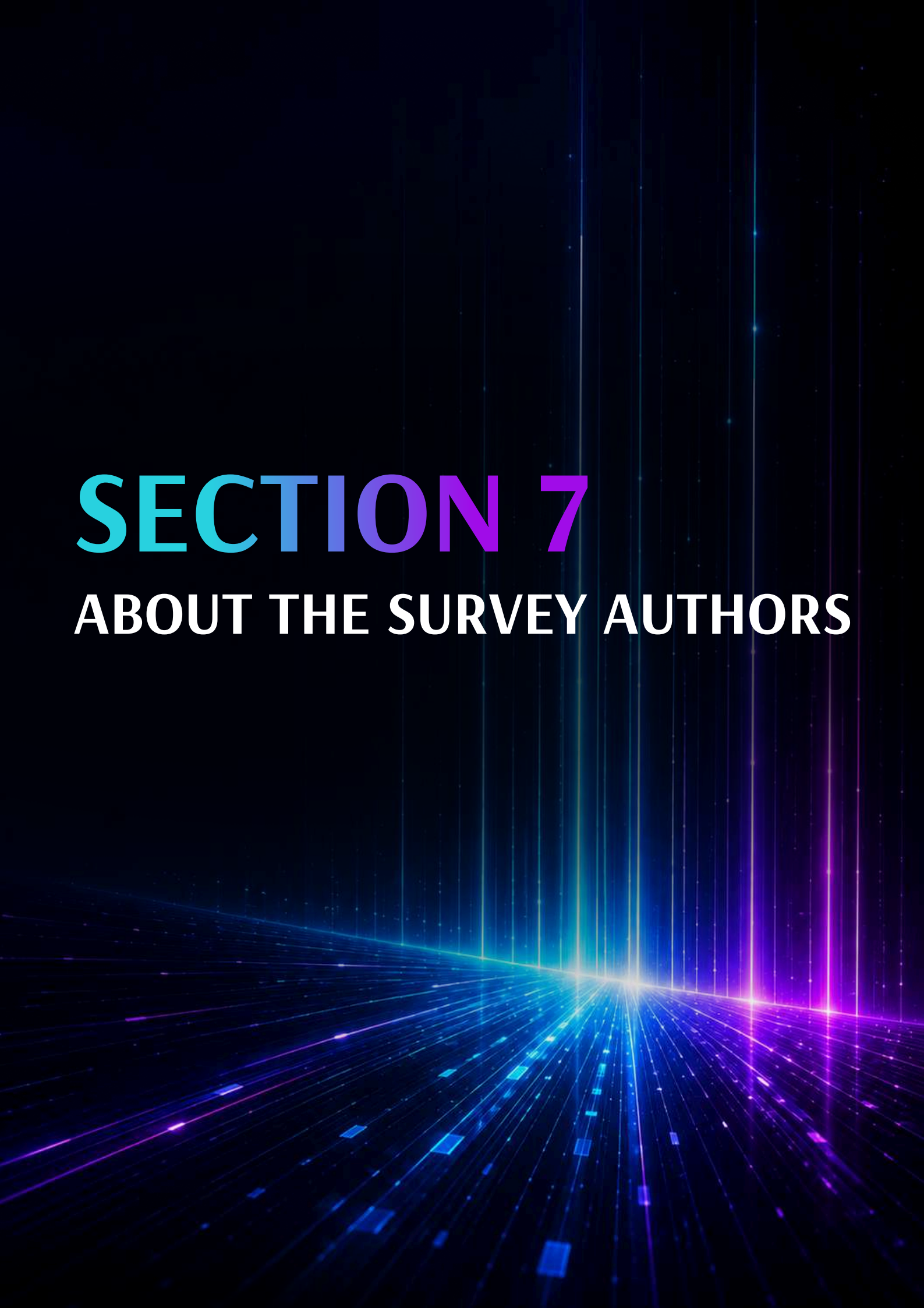
We understand this is the future, and we want tools to analyze data. For example, tools that would help determine the effectiveness the results for a given procurement, or compare prices and terms. But for now, we use AI as an assistant that simplifies routine tasks.

Conclusion and advice for the market

The main lesson of the year for Forests of Ukraine is that procurement change rests on people, their professionalism, integrity, and ability to work under public pressure. Public procurement carries many risks, but they become more manageable when the function operates honestly and professionally, analyzes prices and terms, and can explain the reasoning behind its decisions.

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My message is this: the main thing is to do the job correctly and genuinely track results. It's important to analyze prices and terms and try to manage them. If your procurement is efficient, that automatically removes a great many questions directed at you.



SECTION 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, offering academic programs in economics, engineering, mathematics, business education, and public administration. KSE is also a leading institution in Eastern Europe for economic and engineering education, research, and policy advisory work, particularly through its think-tank arm. KSE's success in advocacy and stakeholder dialogue is underpinned by the unique expertise of its think-tank researchers — in macroeconomic modeling, investment and reconstruction, the agricultural sector, the defense sector, healthcare economics, and other fields.



Center of Excellence in Procurement

The Center of Excellence in Procurement at the Kyiv School of Economics is a training and analytical center created to build capacity and professionalism in procurement, and to help government bodies and businesses transition to an effective model in which procurement is part of the strategy for creating added value or public benefit. The Center conducts analytical research in procurement, develops training products for procurement professionals in both the public and commercial sectors — 1,300+ graduates to date — creates interactive services, and builds a professional procurement community.



Deloitte Ukraine

Deloitte is a global network of firms providing audit and consulting services. Deloitte works with nearly 90% of Fortune 500 companies and thousands of private companies worldwide, helping them transform and achieve sustainable growth. For more than 175 years, Deloitte has been strengthening trust in markets, supporting economic development, and contributing to a sustainable future. The Deloitte team brings together 457,000 professionals in more than 150 countries.

KEARNEY

Kearney

Kearney is a global consulting firm founded in 1926 in the United States. The firm's offices operate in more than 40 countries, creating value for businesses and society side by side with clients. In the second half of the 1980s, the firm co-founded the approach that later became known as "strategic sourcing." The Kearney team consists of people with analytical minds and a deep understanding of business, able to find relevant answers to today's challenges.

ODGERS

Odgers Ukraine

Odgers, founded in 1965, provides integrated executive search and leadership advisory services, with 58 offices in 32 countries. Over its 60-year history, the firm has built deep functional and industry expertise, as well as a global network of contacts. By combining a strong understanding of local markets with a global outlook and presence, the firm supports clients across six continents.

SECTION 8

CONTACTS

CONTACTS

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