BRIDGET McCREA | Contributor

Organizations are Using More Procurement Software

The global procurement software market is expected to more than double in size over the next eight years.

Used to issue and assess tenders; approve purchase orders; order products and services; and then receive, match up and pay vendor invoices, procurement software drives a lot of the manual work out of the procurement process and lets CPOs and their teams focus on more strategic projects. Many different industries use the software, which can help reduce costs, enhance productivity, leverage standardization and improve organizational transparency.

This corner of the software market is experiencing massive growth right now as more companies infuse more automation into the procurement process. Others are using the software to integrate e-procurement applications into their existing enterprise resource planning (ERP) solutions.

Bracing for Growth

According to a new Astute Analytica report, the global procurement software sector is in the middle of a massive growth spurt right now. The market's total revenues were about $6.7 billion in 2022 and are on track to exceed $15 billion by 2031. During that eight-year period, the global procurement software market is expected to post a compound annual growth rate (CAGR) of 9.4%.

"This market expansion is anticipated to continue as procurement departments increasingly recognize the cost savings, process efficiencies and strategic advantages provided by

procurement software," Astute Analytica states. "Key drivers of this market growth include automation of procurement processes, seamless integration with ERP solutions and enhanced documentation and data analysis capabilities."

Acknowledging that traditional procurement systems can be both time-consuming and error-prone, the company says procurement software automates many aspects of the purchasing process, thus reducing manual labor and the potential for errors. This, in turn, creates cost savings and improved efficiencies, making the software an attractive solution for procurement departments.

"Furthermore, the procurement software market integrates effectively with various ERP platforms, including Oracle, SAP and others," Astute Analytica continues. "This integration enables critical data to flow seamlessly between systems, further enhancing procurement efficiencies and enabling better data-driven decision-making."

What Does Procurement Software Do?

Using a centralized platform, procurement software is used to manage all transaction details, including suppliers, expenses, quality and lead times. Equipped with this comprehensive data, companies can more effectively analyze their procurement activities, identify opportunities for improvement and make better decisions.

"Procurement is one of the most critical stages of any business' operations. It's how companies get a hold of the materials, supplies or services they need to keep going," Minutehack points out in "5 Benefits Of Using Procurement Software." "Procurement is more than just buying things, however. It's more about finding solutions to the company's needs in a way that fits the budget and prevents fraud. Procurement software can be a valuable tool for any organization looking to streamline their purchasing processes."

For example, using procurement software helps procurement professionals manage the buying process more efficiently. It allows users to create shopping lists, track purchases, track payments and view reports based on buying activities.

"You can also set up a buying guide to make sure your employees only purchase authorized items from authorized vendors," Minutehack explains. "On top of that, you can create payment plans for your suppliers, manage the budgeting process and take advantage of built-in intelligence features to understand your data in real time."

Other Key Findings
Companies of all sizes can leverage the benefits of procurement software—yet another top market driver for this corner of the software market. For instance, large multinational corporations like Unilever and Procter & Gamble have successfully implemented procurement software solutions to streamline their global procurement operations, Astute Analytica reports. At the other end of the spectrum, small and medium-sized enterprises (SMEs) are also increasingly adopting and using procurement software.

Some of the other notable findings from the report include:

- North America held the highest share in the global procurement software market in 2022 and is expected to maintain its position over the next eight years.
- Asia Pacific is poised to experience the highest CAGR over the forecast period for several reasons, including the increasing adoption of cloud-based procurement solutions and the growing number of businesses in the region.
- Based on deployment, the cloud-based segment claimed the highest share of the procurement software market in 2022 and is projected to continue its dominance over the forecast period.
- Cloud-based systems offer numerous benefits over traditional on-premises solutions, including greater flexibility and agility, allowing organizations to quickly and easily scale up or down depending on their needs.

- E-procurement software holds the highest share of the global procurement software market and is expected to continue its dominance over the projection period. This software is used to manage spend analysis, sourcing, e-auctions, procure-to-pay (P2P), contract management and other functions.
- E-procurement software is becoming increasingly popular due to its ability to streamline procurement processes, reducing manual workloads and improving efficiency.