Procurement at Asset Owners

From transactional control to business enablement

August 2026

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Executive Summary

Procurement at asset owners has long meant negotiating good deals on technology, data, and outsourced services. That work still matters, but the consequences of getting it wrong have grown well beyond cost: a vendor outage can halt trading systems, a data provider's failure can compromise investment decisions, a weak contract can leave a fund exposed for years. Cost pressure hasn't gone away — it's simply no longer the only thing at stake.

Most procurement teams are still evaluated on speed and savings, not on the risk they manage or the value they protect. Formal sourcing processes, approval thresholds, and centralized sourcing decisions are now standard at most funds — baseline capabilities. What separates strong procurement functions is how they use them.

Alpha FMC sees a consistent gap across leading asset owners between the value procurement creates and the credit it gets. Procurement creates enterprise value every day through better negotiations, supplier selection, and risk management, but reports it in its own terms — cycle times, contracts closed, savings booked — rather than the terms the business weighs decisions against; risk exposure, operational resilience, fund outcomes.

Closing that gap means shifting from transactional control to business enablement, from executing requests to shaping decisions.

The constraint is rarely structure or technology; it's mandate clarity, full-lifecycle engagement, and how procurement articulates its value. Business enablement doesn't require an expanded remit. Some funds will extend it; others will deliberately keep it focused — sourcing execution, compliance, and risk management with procurement, strategic relationship management with the business. Both are legitimate choices, provided the choice is made explicitly rather than left to drift.

This paper covers where procurement at asset owners stands today, why it remains under-leveraged, what business-enabling procurement looks like in practice, and where leaders are shaping the function's new direction.

The Current Landscape

Some funds are now running formal cost simplification or optimization programs for the first time. In many cases, this isn't coming from financial distress: some of the best-funded plans in the world are doing it too, simply because strong funding creates room to ask whether spend is optimized.

At the same time, funds are pushing further into private equity, real assets, private credit, and other alternatives, growth that pulls procurement closer to decisions that affect investment outcomes, not just operating costs. Third-party providers are now relied on for technology, data, operations, and increasingly investment-adjacent services; that reliance is structural, not incidental. Vendor relationships range from simple suppliers to deeply embedded strategic partners.

Procurement is under pressure from two directions: pressure to prove spend is optimized, even where funds are strong, and growing complexity in where the money goes.

In parallel, expectations of procurement have expanded. Functions are increasingly asked to support strategic sourcing decisions, manage complex vendor relationships, address third-party risk, and enable the business rather than constrain it.

Yet across the industry, the function remains anchored in a transactional posture.

The Current Landscape

Where maturity has genuinely improved

Five years ago, procurement at many asset owners was decentralized or informal, with third-party decisions made within individual business units and no consistent process, documentation, or risk oversight. As that gap became harder to ignore, central teams were stood up, though the first several years were typically spent building compliance and governance rather than value.

Only more recently has new leadership taken on the function with a mandate to mature it: fixing the operating base and rebuilding credibility first, then expanding scope and influence once that foundation holds. These are real gains, but they are the floor, not the ceiling.

Where It Consistently Stalls

Centralization has not translated into consistent influence. Procurement is typically engaged late in decisions, after business requirements and vendor shortlists are largely set. Critical data, such as contract renewal dates, total spend visibility, and vendor risk indicators, is dispersed across disconnected systems (ERP, contract management, risk tools, intake workflows).

Value is created but rarely measured in business terms. Capabilities remain weighted toward execution rather than business partnering, analytics, or strategic vendor governance. AI is beginning to play a role, but selectively, and adoption is uneven across the industry. See deep dive on **Slide 7.**

Procurement Maturity Ladder — Current State

Procurement maturity sits on a spectrum. The four stages below run from transactional execution through to full strategic partnership, and funds today sit somewhere in the middle.

Where most funds sit today

Direction of Travel

1

Transactional

Procurement executes what the business has already decided. Requests arrive after the vendor and terms are largely settled, so the function's role is processing, not shaping.

A business unit selects a data provider on its own, then hands procurement the paperwork to negotiate payment terms and issue the purchase order. Procurement never sees the requirement while it's still open to change

2

Emerging

Procurement has real capability, but it's inconsistently applied. Some categories are well managed; others are effectively invisible to the function.

Procurement runs a disciplined process for an established category like IT hardware, but a new category — a data analytics subscription— has no defined process yet, so the business unit goes around procurement by default, not by choice.

3

Established

Procurement has a documented mandate and is brought in while a decision is still being shaped, not after it's made. Data starts connecting across categories rather than sitting in silos.

When a fund is evaluating a new outsourced provider, procurement joins the scoping conversation early enough to build risk and vendor-governance criteria into the RFP itself, rather than running a tender against requirements it had no part in setting.

4

Strategic

Procurement operates as an embedded partner with visibility across spend, suppliers, and business priorities. Its value is reported in terms the business already uses, not in activity metrics that only make sense internally.

Procurement has a seat when the CIO is weighing whether to build or buy a capability, contributes a view on vendor concentration risk across the whole portfolio, and reports impact as risk reduced or capital redeployed — not as number of contracts processed.

AI in Procurement: Real but Emerging

Procurement functions are piloting generative or agentic AI, but from a wide range of starting points. Some have no AI usage at all, including, notably, functions using off-the-shelf procurement platforms that already ship with embedded AI features going unused. Others have started informally: using general-purpose AI tools for market research or reviewing vendor submissions, without a broader strategy behind it.

A smaller group has moved further: building agents inside enterprise productivity platforms to handle policy and procurement FAQs, running proof-of-concepts on RFP template generation from stated requirements, and scoring vendor submissions against weighted criteria with an explanation attached.

A few are further still, beginning to design an orchestrating “master agent” that tracks a sourcing event end-to-end rather than automating a single step in isolation. Adoption is uneven and few functions have moved beyond proof of concept. AI's role today is real but emerging: it is not yet what separates leading procurement functions from the rest.

Where it is heading is a different question: agentic workflows spanning the sourcing lifecycle, predictive supplier and spend analytics, continuous vendor risk monitoring, and contract review that runs autonomously rather than on request. Few functions are there yet, but the direction of travel is set.

Why Procurement Stalls

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Despite capable teams and clear intent, procurement at asset owners too often operates without the mandate, visibility, or metrics needed to demonstrate impact. Five root causes recur across the industry.

1 Unclear and Narrow Mandate

Procurement's mandate is rarely documented, communicated, or consistently understood across the organization. Without a clear mandate and senior sponsorship, the function defaults to a transactional gatekeeper, and ROI goes uncaptured

2 The Value Articulation Gap

Procurement generates savings, avoids costs, and reduces risk every day, but these contributions are seldom translated into business language. Few functions measure procurement ROI or publish executive-level KPIs/SLAs so procurement's successes go unnoticed

3 Limited Scope and Late Engagement

Many teams remain focused on operating-expense sourcing. Procurement is typically engaged after business requirements and vendor shortlists are set, leaving little room to influence cost, terms, or supplier selection. See deep dive on **Slide 9.**

4 Process and Technology Constraints

Contract, risk, and spend data frequently live in separate platforms that don't talk to each other. The underlying data itself is often incomplete, so even a fully integrated system would work from a partial picture. The focus is on connecting existing ERP, contract, and analytics platforms so data flows rather than sits

5 Capability Mismatch

Procurement talent is effective on negotiation and process execution, but less so on business partnering, analytics, or strategic vendor governance. Capability investment has lagged as expectations shift toward proactive advisory

These are the structural reasons procurement remains under-leveraged, not incidental symptoms. Addressing all five requires more than tooling or process tweaks; it demands a deliberate reset of mandate, metrics, and op model.

How Engagement Operates Today — A Scorecard

Most funds have handed out stakeholder coverage, but coverage is not an engagement model: service levels stay implicit, feedback is occasional, and procurement ends up judged on perception rather than results.

The picture across peer funds is consistent.

Engagement Practice	Across Peer Funds	Status
Stakeholder ownership assigned	Nearly all	🟢 In place
Formal business reviews with stakeholders	Minority — more planned	🟠 Partial / planned
Regular stakeholder feedback surveys	Roughly a third	🟠 Partial / planned
Internal KPIs / SLAs communicated	Very few	🔴 Gap
Plan to expand internal KPIs / SLAs	Growing minority	🟠 Partial / planned
Real-time reporting on requests	Rare	🔴 Gap
Measure procurement return on investment	Rare	🔴 Gap

Stakeholder ownership is universal. Almost everything that makes it operational — KPIs, SLAs, real-time reporting, ROI measurement — is not.

This matters because engagement determines when procurement is involved, how it is trusted, and what influence it can exert. A function that is involved late and judged subjectively will not consistently or effectively shape outcomes.

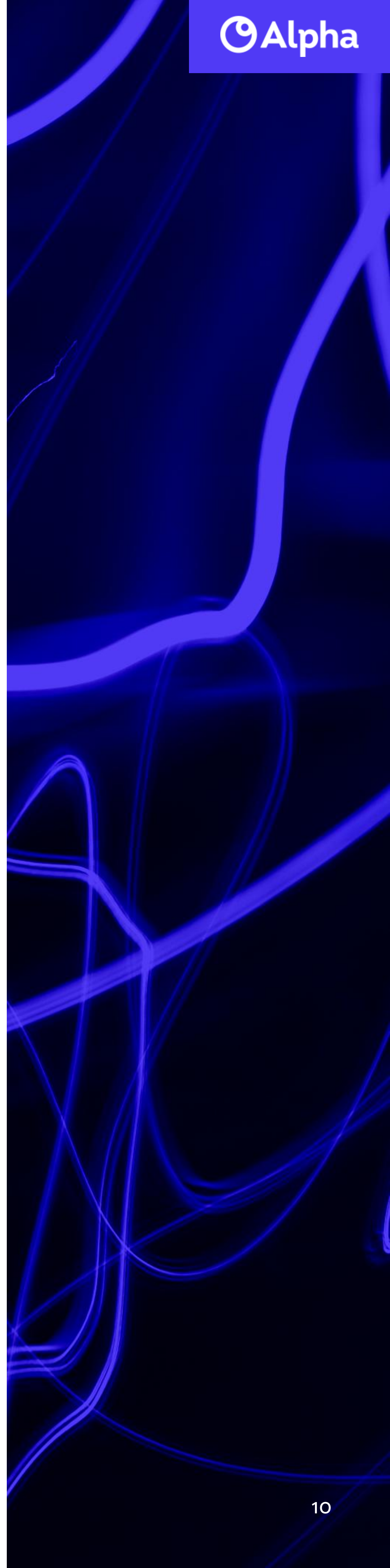
What Good Looks Like: Business-Enabling Procurement

Business-enabling procurement is defined by concrete behavior — what a function does day to day, not what it aspires to. It represents the direction many leading asset owners are moving toward, and the one Alpha FMC believes will increasingly differentiate leading procurement organizations from the rest.

It is characterized **by six interlocking elements** see deep dive on **Slide 11.** They reinforce one another; pulling on any single element in isolation rarely produces durable change.

The model is directional, not prescriptive. Different asset owners will move at different speeds and with different priorities. The point is to set the direction and start the conversation.

It is also a choice about scope, not only pace: some funds will extend procurement's mandate to cover strategic relationship management directly, while others will deliberately keep that mandate with the business and hold procurement to a narrower, core remit. The six elements apply either way. They describe how procurement executes whatever mandate it is given, not a case for expanding it.



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Business-Enabling Procurement: Six Interlocking Elements

Each element reinforces the others; pulling on any one in isolation rarely produces durable change

1 Clear Mandate

Mandate, vision, mission, and objectives kept distinct — documented and reviewed annually at C-suite level

See deep dive on **Slide 12**

2 Explicit Service Tiers

Spend and stakeholders are segmented into tiers — strategic, standard, transactional — each with defined response times, governance, and thresholds. Quick-buy mechanisms handle low-value spend without consuming senior bandwidth

3 Embedded Early in Decisions

Procurement co-designs RFPs and shortlists with the business rather than reviewing them after the fact, with active input on cost, risk, speed, and quality trade-offs. The function moves from approval gate to design partner

4 Integrated Data and Insight

Real-time visibility into spend, contracts, and risk is foundational, built on existing platforms rather than new ones. AI — intake automation, contract analytics, negotiation support — is woven into decisions, not run as standalone experiments

5 Second-Line Vendor Governance

Strategic suppliers are managed beyond the contract, through formal reviews and joint roadmaps that elevate relationships to partnerships. Ownership — procurement or the business — is itself a mandate decision; either works, provided the split is explicit.

6 Outcome-Based Scorecards

Procurement KPIs — cycle time, savings, compliance — are linked to enterprise metrics: cost reinvested, risk averted, service quality. Reporting is regular and executive-grade, not an annual activity dump.

Clear Mandate, Documented and Sponsored

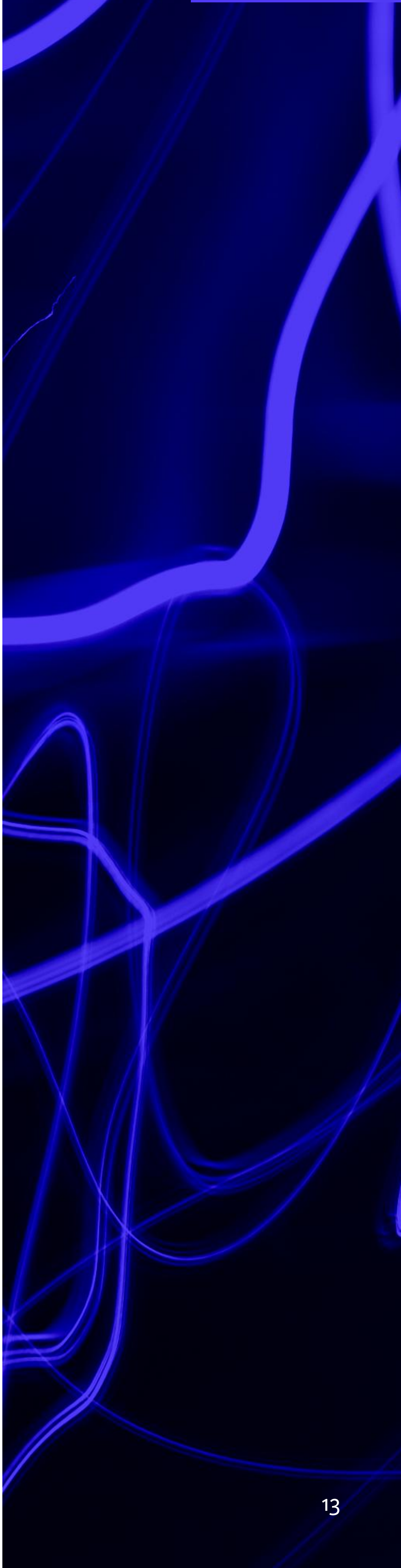
Leading functions articulate why procurement is there, what it owns, and how it creates value through four distinct constructs, frequently confused but which should remain separate. Conflating them is one of the most common sources of strategic drift.

Construct	What It Is	Illustrative Example
Mandate	Authority and scope granted by leadership	*"Procurement owns sourcing and supplier governance across all third-party spend above $250K"*
Vision	Multi-year aspiration — what we are becoming	*"To be a trusted business partner for all external spend decisions"*
Mission	Enduring purpose — why we exist day-to-day	*"Secure the goods, services, and partnerships that enable the fund to invest with confidence"*
Objectives	Measurable 1–3-year goals	*"Expand spend under management from 50% to 70% by 2027"*

Mandate, vision, mission, and objectives answer four different questions. Procurement strategies that treat them interchangeably end up clear on none of them.

A documented procurement strategy, reviewed annually at C-suite level and aligned to enterprise goals, is what converts mandate from intent into operating reality.

Five Moves for Procurement Leaders



1 Start with the Mandate

Document what procurement owns, where it leads versus advises, and the outcomes it is accountable for, then secure the top-down sponsorship that turns that mandate into a real seat at the table. Keep mandate, vision, mission, and objectives distinct.

2 Lead with Engagement

Define service tiers, run structured business reviews, publish KPIs and SLAs the business recognizes, and get procurement into decisions early, before requirements and shortlists are set.

3 Close the Value-Articulation Gap

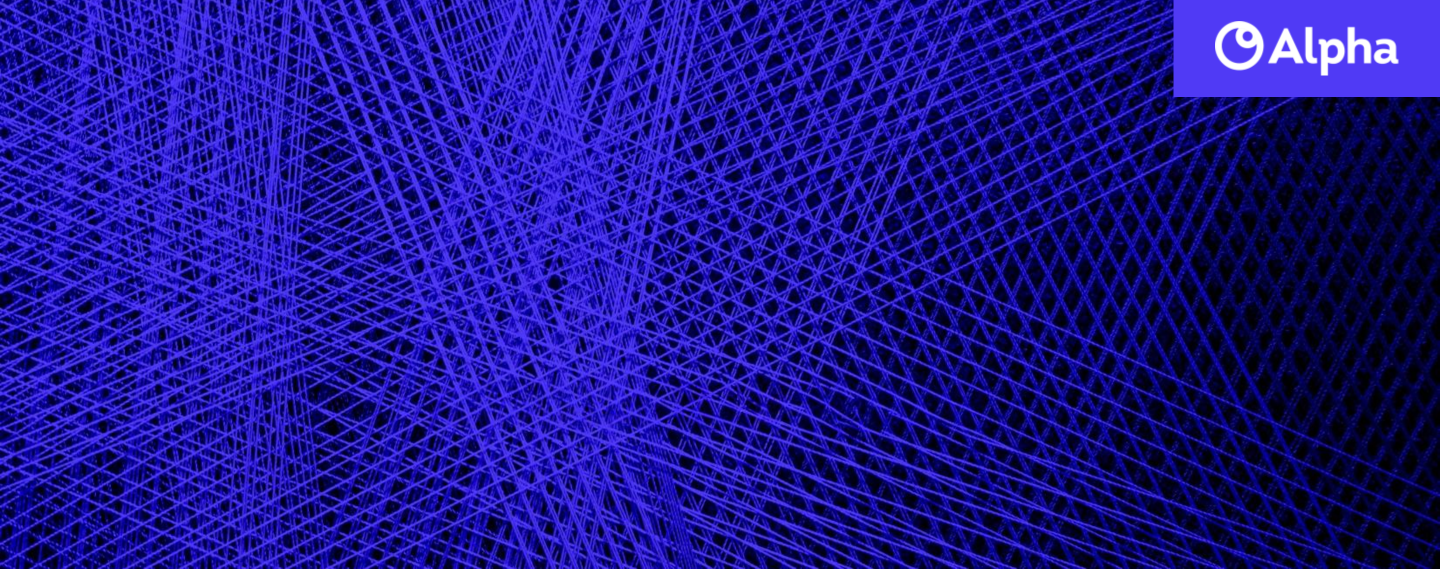
Define value beyond savings: risk reduction, resilience, decision quality, supplier performance. Distinguish savings from cost avoidance and report it in enterprise terms, regularly and at executive grade.

4 Expand Scope Deliberately, Starting Upstream

The next frontier is vendor management, enterprise-wide spend visibility, and demand influence. If the fund's mandate is instead to keep procurement core, make that choice explicit rather than leaving it undefined.

5 Integrate Before You Buy

Connect ERP, contract management, intake, and risk data, and apply AI selectively, before adding new systems. In parallel, invest in stakeholder engagement, analytics, and strategic vendor governance capabilities.



Conclusion

The procurement organizations that matter tomorrow will be those trusted to shape decisions long before contracts are signed. Third-party risk is now enterprise risk. Cost discipline is required without sacrificing resilience, and external dependency has increased structurally. Procurement can either become a strategic enabler or remain a transactional constraint.

What has changed is the starting point. The leverage now sits upstream – in the mandate, and in how procurement engages the business – not in further refining structure or chasing new tools. The **five moves (slide 13)** follow that logic: fix what sits upstream first and let everything else build on it.

The path forward is not a multi-year transformation program. It is a set of deliberate moves procurement leaders can begin now.

The question for asset owners is not whether procurement should evolve. It is whether the evolution will be intentional and value-led, or reactive and imposed.

The answer will determine whether procurement earns a seat at the table or continues to be managed around.

The procurement functions that lead over the next decade won't be the ones with the best contracts. They'll be the ones trusted with the enterprise's risk, its vendor relationships, and increasingly, the conditions its investment decisions are made under.

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