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AI in Action: Your Playbook to Reduce Costs & Increase Efficiency

Playbook

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If you're not letting AI work for you, you're behind—and it's time to catch up.

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The current state of AI in spend management

AI is already extensively integrated into spend management, especially as it relates to improving business outcomes like cost savings, operational efficiency, and risk reduction.

▶ KPMG

The **top three procurement optimization initiatives** business leaders are focused on are:

1. **Cost Savings & Cost Avoidance (91%)**
2. **Process Efficiencies & ROI on Tech Investments (79%)**
3. **Enhanced Risk Management (73%)**

▶ Airbase

96% of procurement leaders are already leveraging AI tools in various capacities to directly address these initiatives, where top use cases include:

1. **Market Intelligence Gathering (77%)**
2. **Data Entry Automation (74%)**
3. **Predictive Analytics (57%)**

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Spend management has evolved beyond tracking expenses and reviewing contracts. Now, it's about using data in real-time to make smarter buying decisions.

But here's the thing: procurement data is growing by 30-50% year-over-year, making data harder to harness and the reliance on manual processes unsustainable.

That's why companies are shifting towards a more **intelligent approach** to spend management, which incorporates AI to analyze large datasets, surface actionable insights, and optimize procurement processes.

By 2027, nearly all procurement functions will be using advanced digital tools to handle spend more effectively and efficiently. The good news?

84%

finance execs say modernizing spend management has accelerated digital transformation.

▶ The Hidden ROI: Why Companies Can't Afford to Ignore Spend Management in 2025

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The ROI of AI in spend management

Every dollar matters, and expectations for efficiency and cost management are higher than ever. AI offers a transformative opportunity to turn an abundance of data into actionable insights for faster, smarter decision-making around spend. It's no wonder many teams are already using this technology.

Cost & Risk Reduction

Stretch every dollar further by optimizing sourcing strategies and automating contract management, reducing human error in the process.

Efficiency Boost

Streamline manual tasks to enable your team to focus on high-value activities (i.e. strategic spend analysis and forecasting).

Proactive Management

Possess real-time insights and predictive analytics to forecast trends and prevent cost overruns.

Simply put, AI can help finance and procurement teams like yours do more with less, while saving time and money.
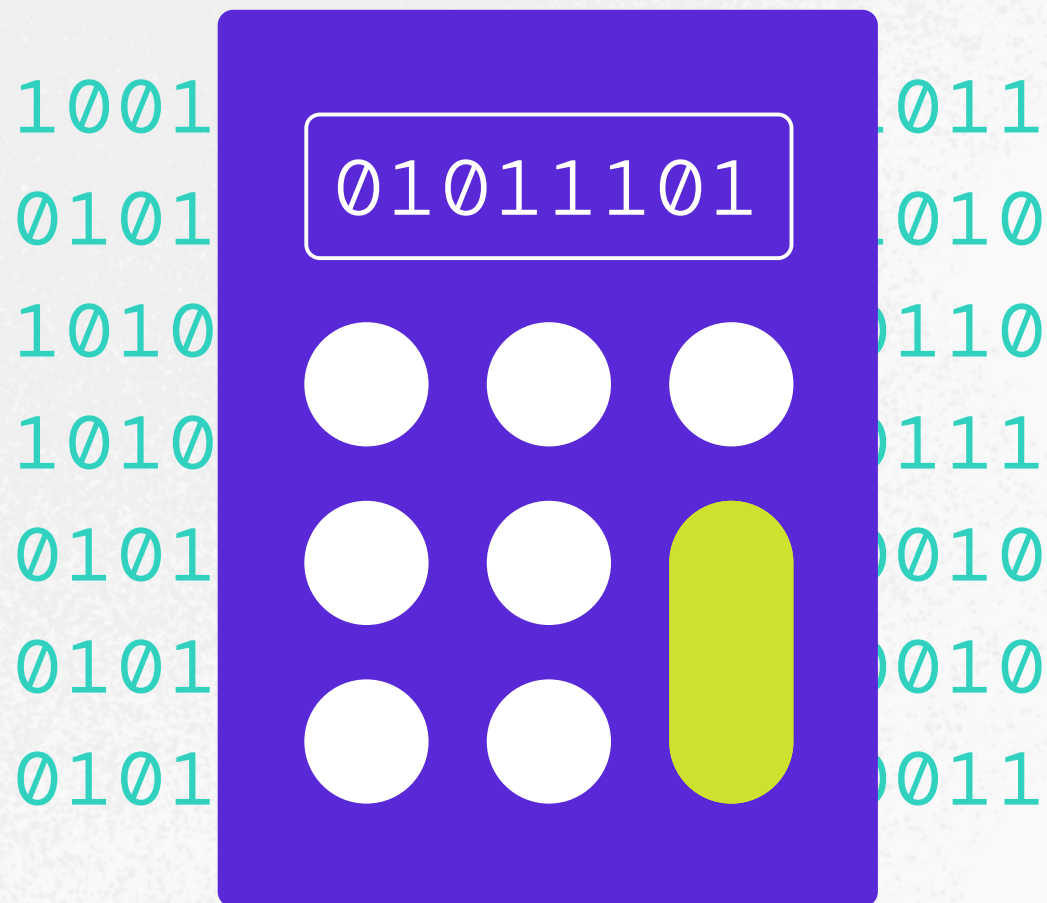
▶ KPMG

In certain procurement use cases, AI can lead to time savings up to **80%**

▶ Hackett Group

AI can boost procurement staff productivity by **54%**

▶ Hackett Group

AI can reduce procurement process costs by **47%**

3 practical ways you should be using AI to improve efficiency and the bottom line.

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#1

Automate Repetitive, Time-Consuming Tasks

With AI automation layered over routine and manual processes, teams can reduce the risk of human error and scale their procurement operations and efficiency.

✦ **What does this actually look like?**

AI can help you save hours of your time by:

- **Simplifying how you build your purchasing policy by enabling swift conversational interfaces for setting up and navigating these workflows.**

- **Enabling strategic sourcing decisions without the need for extensive manual research (i.e. automating RFX creation, summarizing available supplier information, surfacing pros/cons, usage details, risk vectors, etc. about suppliers).**

- **Automatically analyzing large volumes of contract documents to identify key clauses, obligations, and potential risks.**

Altogether, these AI-powered enhancements can help you eliminate the complex configuration of purchasing workflows, cut down on manual research and digging as you source suppliers, and avoid getting bogged down in manual contract reviews.

#2

Bring Data Together

AI helps bring fragmented data together in one view, which often resides across multiple systems like ERP platforms, procurement tools, and even spreadsheets. This leads to greater visibility and control over spending, supplier performance, and policy compliance.

✦ What does this actually look like?

AI can not only improve data accuracy, but it also streamlines the manual tasks of supplier mapping, contract metadata extraction, and spend classification. AI excels at:

- **Extracting relevant information from various formats (i.e. invoices, contracts, purchase orders) and transforming it into structured, usable data.**
- **Identifying and correcting data inconsistencies, duplicates, and errors, ensuring that you have a reliable dataset for analysis and decision-making.**
- **Categorizing spend data based on name recognition and matching, historical patterns, contextual cues, and business rules.**

With AI-powered data extraction and hygiene processes, you eliminate time spent on back and forth data entry and analysis.

#3

Use Data to Guide Better Decisions

AI algorithms not only process large procurement datasets (i.e. spend data, price benchmarks, market intelligence), but they also identify data-driven insights to steer quicker and better decision-making.

✦ **What does this actually look like?**

AI can help you make more informed sourcing and purchasing decisions by automatically analyzing and surfacing insights from:

- **Historical spend data**
- **Market trends and pricing**
- **External factors**

This leads to having more dynamic and precise forecasts and benchmarks, allowing you to make faster and smarter spend decisions, optimize budgets, and set realistic financial goals.

By searching, identifying, and querying insights from all this data to you at the right time in your procurement process (i.e. reviewing requests, sourcing, benchmarking, etc.), you can anticipate future spend patterns, compare performance against industry benchmarks, and adjust strategies proactively to stay on track with financial objectives.

5 steps to successfully implement AI.

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① Define Strategic Objectives and Success Metrics

- Identify specific KPIs such as reduction in procurement cycle time, cost savings, improved cash flow visibility, etc.

- Tie objectives directly to organizational priorities and financial performance like optimizing working capital, mitigating supplier risks, or increasing forecasting accuracy.

✦ Here's an example of this in action

A SaaS business focusing on managing cash flow identifies "enhancing cash flow visibility" as a key goal.

AI-powered spend tracking tools enable dynamic dashboards, allowing real-time monitoring of spending against budgets. Because of this, the CFO sets a 5% improvement in budget variance adherence as a success metric.

2 Target High–Value Opportunities for Immediate ROI

- Audit existing workflows to pinpoint bottlenecks or areas prone to errors, like manual invoice processing or fragmented supplier data.

- Prioritize initiatives that deliver maximum impact with minimal disruption, such as automating repetitive tasks or enabling real-time spend visibility.

✦ **Here's an example of this in action**

A healthcare organization, burdened by manual invoice reconciliation, deploys AI to match invoices with purchase orders automatically.

This eliminates duplicate payments and reduces time spent on manual reconciliation by 60%, saving $300,000 annually in operational costs.

3 Strengthen Data Infrastructure and Integrations

- Consolidate financial and procurement data from disparate systems (e.g., ERP, spend management tools) into a centralized, scalable platform.

- Invest in data cleansing and governance protocols to ensure reliable inputs for AI models.

- Select AI solutions that integrate seamlessly with existing financial systems and vendor platforms to minimize operational disruption.

✦ Here's an example of this in action

A global logistics provider consolidates procurement data from various sources using an AI-powered platform.

By integrating with ERP systems and standardizing data formats, they gain visibility into indirect spend categories like software, identifying redundant vendors and reducing spend by 20%.

4 Align Stakeholders and Build Confidence

- Engage stakeholders from finance, procurement, IT, and legal early in the process to align on goals and technical requirements.

- Build momentum by sharing relevant case studies and running pilot programs that demonstrate clear ROI.

✦ Here's an example of this in action

A mid-market tech company struggling with procurement inefficiencies pilots AI to automate RFP evaluations.

Procurement teams provide feedback on AI recommendations, while IT ensures system compatibility. The CFO shares initial success metrics—like 20% faster RFP completion times—with the executive team to gain broader buy-in.

5 Execute, Monitor, and Expand Strategically

- Begin with a focused pilot to validate the AI solution's effectiveness in addressing specific challenges, such as streamlining invoice approvals or flagging out-of-policy spend.

- Use real-time data and feedback to refine workflows and improve user adoption.

- Gradually expand to advanced use cases like predictive budgeting or ESG compliance as the organization builds confidence and expertise.

✦ Here's an example of this in action

An enterprise tech business leverages AI for contract compliance checks, reducing the time spent on audits by 40%.

After achieving their initial goals, they scale to predictive trend analysis, using AI to forecast budget needs based on historical patterns and market data. This allows for more accurate resource allocation and reduces budget overruns.

Opportunity

Here's your path forward.

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In the past, spend management meant adapting to multiple systems and tools, demanding more effort from teams than it should. That script needs to be flipped — your technology should learn how to work with you, not the other way around, reducing friction and truly simplifying the process for busy teams.

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David Campbell

Chief Executive Officer
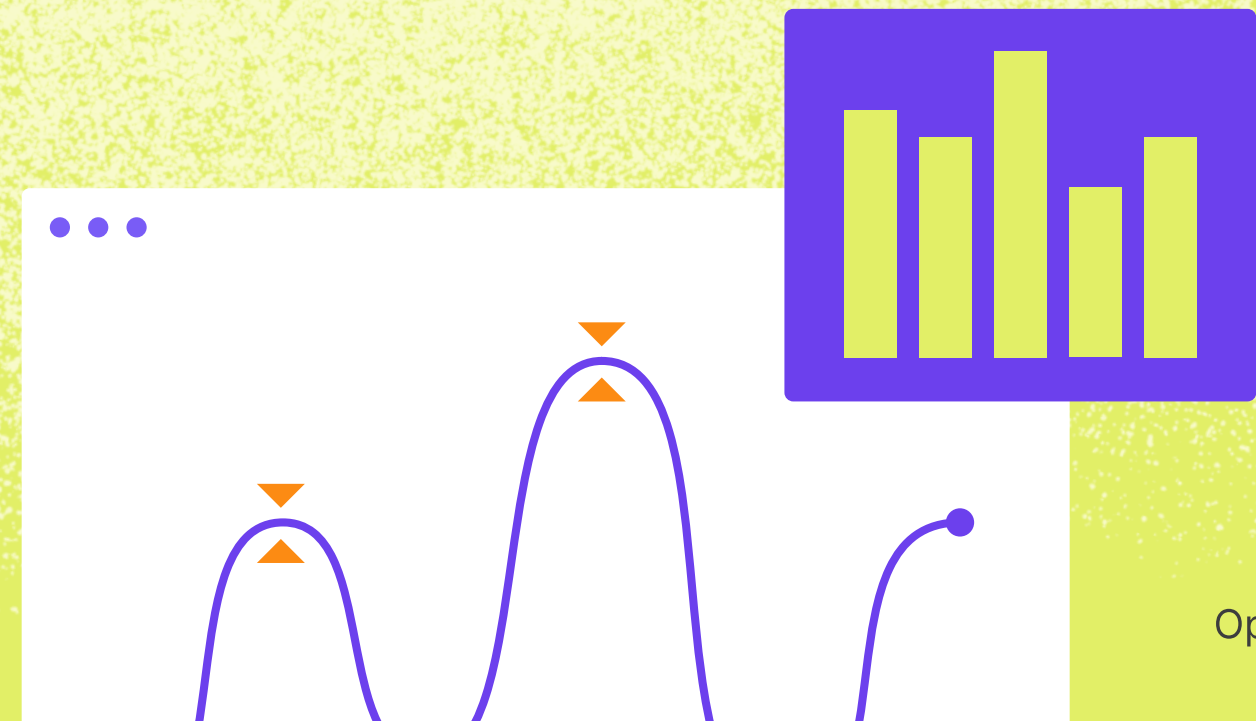
It's time to let AI work with you

The challenge for finance and procurement teams is no longer deciding whether to adopt AI, but how quickly and effectively teams can align their spend management processes to leverage AI use cases that actually improve business outcomes.

Who isn't busy, right? With mounting pressure to stretch every dollar and do more with less, it's important that AI technology works with you and your systems to maximize productivity and impact the bottom line.

▶ This is where Tropic AI excels, integrating seamlessly with your current tools, organizing data from disparate sources, and surfacing your spend insights and our supplier intelligence to guide faster, more confident buying decisions.

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