



2025 Spend Analytics Buyer's Guide:

Supporting and
Empowering Procurement
Through Data

SpendHQ 

Spend analytics provides the foundation for every leading procurement organization and project.

From performance management and risk mitigation to cost savings and sustainability improvements, data is at the heart of all procurement work. Spend analytics platforms, which rely on and deliver that data, continue to be essential to spend management success.

Spend analysis is hardly a new approach. Whether through manual spreadsheets, traditional spend cubes, or fully integrated digital platforms, procurement has been using spend analytics for years to get a better understanding of their purchasing habits and measure their impact. What is new is the progress that has been made in improving platform capabilities and turning that into business outcomes.

Modern spend analytics allows for more frequent data collection, enrichment, and improved integration, as well as embedded analytical and reporting capabilities – all with less manual effort. It enables procurement to access information about suppliers and spending activity and to make decisions based on what parts of the business have the greatest need.

While many procurement organizations already have spend analytics in-house, their priorities change as they mature, and solutions evolve over time. Enterprises must ensure that they have the best available spend analytics capabilities.

In this Buyer's Guide, we will address the following:

- Key factors for procurement to consider when determining how a spend analytics solution fits into their organization
- Trends regarding how spend analytics fits into the procurement tech stack
- Essential criteria that procurement cannot ignore when evaluating spend analytics solutions
- Measuring spend analytics ROI as a way of making a solid business case for investment and growth



PROCUREMENT'S TECH STACK IS INCREASINGLY COMPLEX



As procurement becomes responsible for more forms of business impact, the typical procurement tech stack has grown from a few legacy solutions to a complex web of integrated automation and data-driven tools. With that, comes increased costs of operation and countless data points related to spend.

To truly identify buying patterns and opportunities for improvement, procurement must expand their visibility and access deep spend data that allows them to build a more robust material master and define their own taxonomy.

Accomplishing this requires the right spend analytics tool, as well as the right mindset. As Pierre Laprée, Chief Product Officer at SpendHQ, says, “You need the technology, of course, but you also need the vision. You need a procurement organization that thinks of that in terms of opportunities and tries to find levers to extract value from the marketplace.”

That combined technology and vision influence the way procurement organizations manage the search for new or more advanced spend management tools.

CONSIDERATIONS WHEN EXPLORING SPEND ANALYTICS SOLUTIONS

Procurement needs to approach spend analytics with a long-term plan in mind, recognizing how the solution will fit into their organization and help them grow.

1. Application to Procurement

Procurement has their own way of categorizing and managing spend, often unique from the methods used by other functions. Because of this, procurement needs to consider how well, if at all, different spend analytics solutions are able to support those requirements.

Although spend analytics is a source of business intelligence, traditional business intelligence tools lack procurement-specific capabilities. Organizations should only consider providers who are willing and able to adapt to their distinct information requirements.

2. Enterprise and Data Maturity

What works for the business today may not apply a year from now. Procurement needs to look at their current maturity and sophistication compared to where they want to be in the future.

They need to explore spend analytics tools that will scale with them as the enterprise matures and ask for ever-deeper levels of data analysis and enrichment.

3. Understand the Provider's Roadmap

Just as procurement needs to take a long-term approach to their own vision, any spend analytics tool they consider should do the same. During their search, procurement should inquire into a provider's long-term strategy to ensure it aligns with their evolving technology needs.

The ideal solution should look beyond standard spend visibility, offering improved enrichment and third-party provider contributions that align with a future tech stack based on how often supply chains change.

4. AI Integration

Artificial intelligence is no longer a nice-to-have. It is a necessity for automation and advanced analysis. To that end, procurement must consider how a provider uses AI and machine learning to support spend classification and data analysis, enrichment, and maintenance.

Both on the front and back ends, a strong solution will use these capabilities to empower improved decision-making and allow procurement to positively influence other areas of the business.

“How does the provider incorporate the use of AI in the front-end analytics that helps to identify opportunities to reduce risk or improve profitability? At the end of the day, procurement needs to reduce risk or improve profitability. Procurement tech, therefore, must use AI in the front-end to directly impact these two priorities.”



Deep Singh

Director of Product Engagement at SpendHQ

5. Tagging Flexibility

While procurement traditionally categorizes spend using one or more taxonomies, a dynamic platform should support the creation of flexible tags to better slice and dice data. Procurement should factor in a solution's ability to define tags, such as those related to tariffs, projects, or strategic workstreams, and analyze the associated data at a moment's notice.

6. Implementation and Adoption

The implementation process and support the team receives from the provider is as important as a spend analytics solution's capabilities. Procurement should consider the education offered by a provider in terms of helping define business objectives and the support structure offered during adoption. A provider should be able to examine the layers of spend data used and created in the process of sourcing and make recommendations about the best course of action.

“It is the provider's responsibility to direct the customer, to listen to your business objectives, help determine a course of action, and communicate it to your data team.”



Deep Singh

Director of Product Engagement at
SpendHQ

Analytics Isn't Enough. Data Needs Context.

Spend analytics doesn't have to be – and shouldn't be – limited to system feeds and stock taxonomies. Given how volatile and fluid the world is today, it's not enough to rely on static dashboards. Procurement needs a way to get context and ask clarifying or exploratory questions based on the data they access.

By combining a myriad of enrichment opportunities and allowing access to a wider group of internal stakeholders, spend data can be made more actionable and have more of an impact than ever before.

It begins by understanding *why* procurement needs the data. Only with that foundational knowledge can they then communicate the full business case for spend analytics and gain the resources from data to support those initiatives. From there, procurement can democratize spend data and provide the relevant stakeholders access so they can better visualize how they allocate their own budget.

“Approach the conversation saying, ‘This is the business objective we’re trying to accomplish. To accomplish this, we need X, Y, and Z.’ Then the conversation becomes, ‘What is the necessary data needed and how do we get it?’” advises Deep Singh, Director of Product Engagement at SpendHQ.



KEY TRENDS IN PROCUREMENT SPEND ANALYTICS

Spend analytics involves both data and analytics. Because of this, digital innovation affects this area of the procurement tech stack more intensely than others. As a result, a number of trends have emerged around leading spend analytics solutions.

More Frequent Data Refreshes

Procurement does not want to wait months to access their spend data. Instead, organizations are performing a monthly data refreshment to get a more accurate representation of their spend in closer to real time. It stands to follow that leading enterprises will search for spend analytics solutions that allow for these more frequent updates with limited manual intervention from procurement.

A Focus on Scorecard Enrichment

As procurement partners with advanced spend analytics providers to enrich their spend data, they use that information to build scorecards for suppliers and identify red flags. This spend data enrichment is also used to score:

- ESG performance
- Cybersecurity
- Financial health
- Carbon emissions
- Sanctions list inclusion
- Overall supplier risk

Analysis Depth Based on Maturity

Procurement may occasionally revisit their own maturity to determine how many tiers of data they should analyze. The more mature the procurement organization, and the more critical the category of spend, the deeper the analysis goes. As they scale and mature over time, they keep pushing to the outer edges of what the data can support.

Improved Data Collection Tactics

Enterprise procurement teams are not settling for only high-level, limited visibility data. They recognize that accessing raw spend data allows for greater enrichment and ongoing automation. By using raw data as a foundation, they can reduce manual efforts and more easily follow best practices for spend analysis.

For organizations considering an investment in new or upgraded spend analytics, there are certain criteria that procurement should not ignore.

ESSENTIAL CRITERIA FOR EVALUATING SOLUTIONS

Before a procurement function begins evaluating spend analytics solutions, they need to consider their own data maturity, data complexity, and requirements for categorization, taxonomy, and enrichment.

In addition to exploring each solution's features and capabilities, decision makers must also assess the level of implementation investment required and ongoing professional service support they expect to need and whether there is a cultural fit between procurement and the provider's customer success team.

Data Maturity

An organization's data maturity impacts how much assistance they will need to establish an effective spend analytics program.

Less mature teams tend to lack clarity around their business objectives and require a solution that can guide them through the process of using spend data to determine and achieve their goals. Meanwhile, more mature teams usually have more specific questions and need spend analytics to set up a more sophisticated foundational structure that allows them to achieve their stretch objectives.

The question then becomes: can the solution they are evaluating serve their function at different maturity levels and scale with them over time?

Data Complexity

Procurement teams need to consider how much of their spend is currently visible and classified, as well as the taxonomy they use for those processes. That will impact which solutions would work best for them, as some solutions can break down more complex data better than others.

While most teams want 100 percent visibility into their spend, it can be more beneficial to have a customized view that allows for deeper questions to be answered, even if teams only have 80 percent visibility into where the funds are going.

Flexibility and Support

Supply chains can change at a moment's notice, and procurement needs a dynamic solution that allows for self-service and customization in near real time. Decision makers should limit their search to spend analytics solutions that allow them to customize views of their spend data on their own without having to go through a ticketing process for configurations.

Culture Fit

The right spend analytics solution will have a team behind it that shares the same vision and goals as the procurement teams they support. Procurement must ask themselves, "What is my problem statement? What is my goal?" They must choose a provider that they feel, based on the people running it, will empower them to look back after a year and be able to say, "This was successful."

Common Mistakes When Choosing a Spend Analytics Tools

“One of the biggest mistakes is not understanding who is behind the provider. How many of those people are actually procurement experts? With all the noise, you need a partner who filters out the complexity and delivers exactly what you need for success.”



Deep Singh

Director of Product Engagement at
SpendHQ

Some of the most frequently made mistakes when selecting a spend analytics platform to implement include:

- Not knowing who runs the platform
- Basing spend analysis only on suppliers' names
- Focusing only on larger purchases
- Not including all spend categories
- Taking a short-term view of procurement's goals and capabilities

MEASURING THE ROI OF SPEND ANALYTICS SOLUTIONS

Spend analytics has long been thought of as a 'must-have' procurement platform, but this sells the best solutions short.

Beyond simply providing transparency into spend and suppliers, well-implemented spend analytics solutions can help procurement drive business outcomes far beyond planning for sourcing projects.

Any investment into spend analytics will require procurement to share an appropriately documented and contextualized return. Although some companies may perceive spend analytics as commoditized, the ROI of a category-leading solution cannot be captured by traditional metrics such as savings alone.

“*The only point of spend analytics is to help you determine what to do next and understanding what impact each next action will have on your business.*”



Pierre Laprée

Chief Product Officer
at SpendHQ

One of the most effective ways procurement can see an ROI from spend analytics is to position it as the foundation for procurement performance management. In doing so, they get operational value from the data in addition to the ability to analyze data for traditional purposes.

Taking this broader approach requires specific metrics that speak to organization-wide mandates like cost savings, compliance improvements, and efficiency gains. By running a before and after scenario, procurement can identify key ROI drivers such as the percentages of:

- Spend under management
- Compliant spend
- Addressable spend
- Reduction in time required to collect and analyze spend
- Reduction in time spent reporting against outcome-specific goals
- Improvement of outcome-specific business targets addressed via enrichments
- Increase in preferred suppliers
- Reduction in pricing

CONCLUSION

Choosing a best-fit spend analytics solution requires careful consideration of procurement's own operations, maturity, and future goals.

By evaluating providers based on specific criteria, teams can capitalize on the benefits of digital progress. This will catapult the function to new levels of spend data visibility, facilitate informed decision making, and guide purchasing activities across the enterprise.

