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A person in a dark suit is walking away from the viewer down a long, perspective-driven corridor. The walls, floor, and ceiling of the corridor are composed of a dense, glowing stream of binary code (0s and 1s) in shades of teal and blue. A bright light source at the far end of the corridor creates a strong lens flare and illuminates the person's silhouette. In the bottom right corner, there is a large, semi-transparent graphic element consisting of overlapping circles and a triangle, rendered in a darker teal color.

**Tech Sourcing
Advantage**



Technology sourcing has never been more strategic

Dear Readers,

As organizations accelerate their digital transformation, technology spending continues to grow at unprecedented speed. Cloud platforms, software ecosystems and AI capabilities are expanding rapidly, and global IT spending is expected to exceed **\$6 trillion in 2026**. Yet many companies are facing a fundamental challenge: while technology budgets increase, the value generated from those investments often fails to keep pace.

In this issue of **Supply Management Insights**, we explore how organizations can close that gap. Our cover story presents a **structured framework for building Tech Sourcing Advantage**, helping companies transform technology sourcing from reactive cost control into a strategic capability. By combining commercial rigor with technical insight and strong governance, sourcing can unlock significant efficiencies while enabling innovation and resilience.

Across industries, the implications of this shift are becoming clear. In automotive, sourcing decisions increasingly shape the software-driven architectures that define future vehicles. In telecom and media, technology spend has become a direct lever for margin performance in an opex-heavy operating model. And in healthcare, carefully selected technology partnerships are essential to accelerate innovation while maintaining strict regulatory compliance.

What emerges is a new sourcing mindset – one where procurement does not simply negotiate contracts, but actively shapes supplier ecosystems, technology roadmaps and long-term competitiveness. In a world defined by rapid technological change, the organizations that master Tech Sourcing Advantage will be those that systematically convert technology investment into sustainable business value.



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Tech Sourcing at a Turning Point: The New Engine of Business Value

Technology spending is reaching record levels – yet in many organizations value creation is not keeping pace. AI is reshaping IT cost structures faster than governance models can adapt, exposing the limits of traditional sourcing approaches.

Companies now face a defining question: are they simply increasing tech budgets, or are they systematically converting technology into competitive advantage? For procurement leaders, this moment demands more than cost discipline. It requires a new mandate.

A long-term shift in technology investment is reshaping global business. As companies adapt to a digital-first economy, tech spending is accelerating at unprecedented speed and fueled by cloud migration, automation and the rapid rollout of AI tools. This surge has major implications for how organizations source technology. In procurement terms, this acceleration in IT spending blurs the traditional boundary between direct and indirect spend, highlighting how tech has become more than just an enabler of companies' core operations – it is now an essential part of their proposition.

Cost control alone is no longer sufficient; today's sourcing leaders must ensure that every dollar invested in technology translates into tangible business value. For CPOs, this shift presents a significant challenge and an equally significant opportunity. Poorly managed tech sourcing can lead to vendor lock-in, spiraling costs, non-compliance, and slower or even missed innovation. But when approached strategically, it can unlock double-digit savings that free up funds for future investments while also creating direct business value beyond cost reduction.

Through carefully structured strategic partnerships with selected vendors, organizations can drive innovation, accelerate transformation, and enable co-creation models that generate competitive differentiation. >



Technology spending is reaching record levels – but competitive advantage will belong to the organizations that systematically convert that spend into business value.

Market Dynamics: Why the Old Rules No Longer Apply

Rapid growth in technology spend puts IT sourcing leaders under unprecedented pressure. Global spending on cloud services is expected to increase by 21.5% in 2025, according to Gartner, while Vertice puts average 2025 SaaS price inflation at 13.9%. Cost inflation on this scale is forcing companies to revisit budgets and seek savings that can fund investment in priority areas such as GenAI, where Gartner predicts investment will increase more than 76% in 2025.

Rapid growth in technology spend is putting IT sourcing leaders under unprecedented pressure. According to Gartner, worldwide IT spending is forecast to grow by 9.8% in 2026, exceeding \$6 trillion for the first time, while IT spending in Europe alone is expected to rise by 11%. Cost increases of this scale are forcing companies to rethink budgets and find savings that can be redirected into priority areas such as AI and GenAI, where investment continues to accelerate.

Yet the options to control rising tech costs are limited. Many critical services are concentrated among a small number of suppliers with significant power, leaving large companies facing hyperscale cost increases of 15% or more per year. At the same time, technologies such as AI are evolving so rapidly that new, potentially disruptive solutions emerge every few weeks – far too quickly for traditional sourcing cycles built around three-year RFPs, lengthy manual negotiations, and ad hoc vendor management.

With costs growing so quickly, IT sourcing teams must demonstrate they are pursuing a systematic, rigorous approach to value optimization. That includes changing their traditional procurement processes and adapting their approach to supplier relationship management. ➤



Case study: 25–30% Immediate Cost Reduction in IT Services

The current IT services market offers a rare opportunity for a structural cost reset. Reduced demand in Central Europe, combined with productivity gains from Gen AI, has created significant overcapacities across onshore, nearshore and offshore delivery hubs. Organizations that approach this situation systematically can unlock substantial negotiation leverage.

Across a premium automotive OEM, a major food retail discounter and a leading media company, we used AI-powered contract transparency, clear contract-level targets and structured competitive tension to renegotiate IT services at scale. By optimizing shoring models, capturing AI-driven efficiency gains and leveraging benchmarking data, we delivered immediate cost reductions of 25–30%.

Beyond savings, clients achieved structurally improved delivery models and stronger contractual transparency, thus creating a more resilient and future-ready IT cost base.

As this example shows, innovative approaches to cost optimization are essential when technology spend is rising so quickly and organizations need to invest more in their technology transformation. But today's tech sourcing must go further. While cost remains important, sourcing teams also need to support the CIO's ambition to capture the full business value of rapidly growing tech investments.

Considering the pharma industry, which is investing heavily in data platforms, AI tools, and digital infrastructure to accelerate R&D, technology spend is at the core of value creation. As a result, sourcing teams must balance rigorous cost optimization with a clear strategy for enabling innovation and speed. In many cases, time to market matters far more than maximizing savings.

When applied effectively, an RFS-driven co-creation approach can materially accelerate product and platform development cycles. In an industrial technology company, early supplier integration through an RFS process reduced solution design and contracting time by nearly 30%, enabling the launch of a digitally enhanced product generation ahead of competitors.

In a retail environment, a similar approach supported the rapid deployment of a data-driven personalization engine, shortening time-to-market for a new digital customer offering and capturing incremental seasonal revenue. These examples illustrate that structured supplier collaboration is not merely a procurement exercise — it directly influences revenue timing, competitive positioning, and the speed at which innovation reaches the market.

This shift has major implications for how organizations view IT sourcing. It is now a strategically critical capability in its own right — not simply another category of indirect procurement.

It also demands a new mindset from sourcing leaders: :

- From reactive cost-cutting to proactive value creation
- From project-based negotiation support to continuous enablement of IT decision-making
- From supplier oversight to orchestration of a dynamic technology ecosystem

This evolution also has significant implications for organizational design and capability building within procurement. As technology becomes more deeply embedded in core business value creation, traditional generalist procurement structures are increasingly stretched. The complexity of cloud ecosystems, AI-driven delivery models, software licensing, cybersecurity and platform-based operating models requires dedicated tech sourcing expertise that combines commercial rigor with technical fluency.

In many organizations, this marks a clear shift toward value delivery by procurement. Technology sourcing is no longer a transactional support function, but a specialized capability that directly shapes innovation, resilience, and competitive differentiation.

To operationalize this shift, organizations require a structured framework that guides how they source, manage, and systematically extract value from technology investments. ➤

Key takeaway

Six questions every CEO should ask their CPO about tech sourcing

1. How do you create business value?
2. Are you driving our largest IT vendor negotiations?
3. Explain how you collaborate with the CIO on IT strategy and strategic sourcing?
4. Do we have clear visibility of all our tech contracts, usage patterns, and renewal cycles?
5. How resilient is our technology supply base to price hikes, disruptions, or vendor exits?
6. Do we have the skills, tools and data to continuously optimize our tech sourcing?



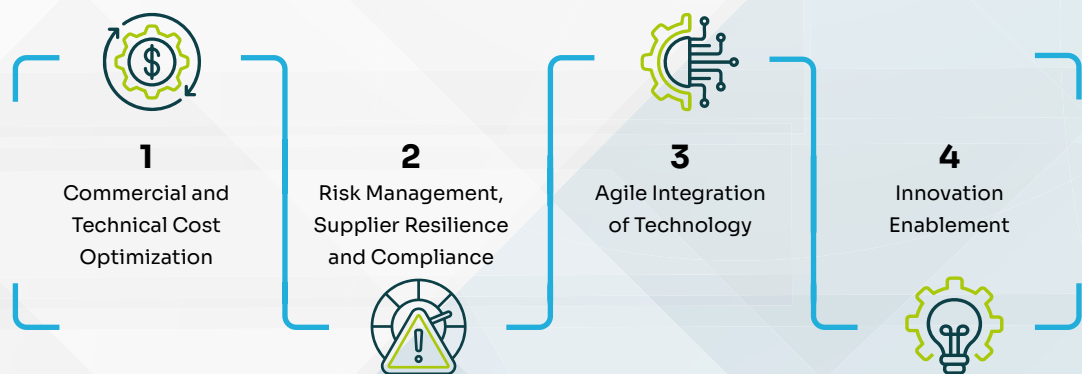
If you can't answer these questions with confidence, it's time to rethink your tech sourcing strategy.

The Executive Playbook for building Tech Sourcing Advantage

Chief Procurement Officers looking to adopt the Tech Sourcing Advantage Framework should follow a set of actions to ensure the right skills, processes and governance are in place to support an expanded, more strategic role for procurement:

- **Set the ambition:** Decide whether the primary sourcing driver is cost, innovation, resilience, or a balanced mix
- **Fix the basics:** Achieve excellence in cost optimization across the IT spend categories that offer the biggest opportunities, including managed services and software consumption. This demonstrates your capability to go further
- **Focus on business value:** Transform IT procurement from reactive order processor towards a key enabler of innovation and value creation. Demonstrate commitment to help the business maximize the return on its tech investments
- **Modernize processes:** Replace rigid RFx cycles with flexible and collaborative sourcing through the RFS process
- **Align governance:** Create close links between IT, IT sourcing and the wider business to ensure productive collaboration through structures such as Domain Boards and Sourcing Councils. Focus particularly on vendor management as a natural bridge between IT and IT procurement.
- **Upskill teams:** Set up category management roles and build commercial and technical capability in equal measure
- **Embed improvement:** Use dashboards, quarterly reviews, and supplier scorecards to drive continuous performance. Leverage the power of data in performance management. Fund ongoing upskilling and training to keep procurement on top of market developments.

A modern strategy for technology sourcing can be structured around four interconnected pillars, blending commercial rigor with technical insight and reinforcing the organization's capacity to transform >





Pillar 1: Commercial and Technical Cost Optimization

Cost optimization has long been a core strength of sourcing teams and remains one of the fastest ways to generate tangible value. Managed services, which represent 35%-50% of IT spend in large organizations, are a major lever, with optimization efforts frequently unlocking 10-25% or more in savings.

The managed services market is highly competitive, and AI-enabled delivery models are evolving quickly. In this environment, traditional three-year RFP cycles with rigid, set-and-forget contracts no longer reflect market reality. Instead of shortening contract durations and triggering costly transitions, companies should design longer-term agreements with built-in flexibility – including regular benchmarking, structured renegotiation windows, and modular service scopes – to capture market and technology improvements. A key structural lever is automation and the growing use of agentic AI in service delivery.

By enabling self-service, reducing manual intervention and continuously optimizing operations, agentic AI lowers labour intensity and establishes a structurally more competitive baseline. At the same time, optimizing the mix of onshore, near-shore and offshore delivery remains critical, as shoring choices directly shape both cost and service quality.

The second major value lever lies in **software consumption**. As organizations shift from perpetual licenses to subscription and usage-based models, sourcing must move from reactive cost control to proactive, data-driven usage management. Pay-as-you-go models do not automatically generate savings; without strict governance they often accelerate cost growth. Sustainable value requires full transparency, disciplined entitlement management and continuous optimization of actual usage, independent of the commercial model. This makes robust Software Asset Management (SAM) – combining the right tools, clearly defined processes and strong governance – a critical foundation for controlling cost, ensuring compliance and maintaining negotiation leverage.

Closely linked is **cloud and network infrastructure**, where optimization represents one of the most structurally sustainable value levers in technology sourcing. Effective cloud management goes far beyond basic cost control and includes rightsizing workloads, eliminating unused or overprovisioned resources, optimizing storage tiers and actively managing commitment-based pricing. The rapid expansion of AI workloads is fundamentally reshaping cloud consumption patterns, making continuous monitoring essential. In telecoms and network services, competitive dynamics and demand management, including SLA rightsizing, offer additional savings potential.

Finally, **hardware procurement** continues to offer optimization opportunities, even as component prices rise due to growing AI-driven demand. While supplier competition remains important, equal emphasis should be placed on defining and enforcing clear technical standards to avoid over-specification. Aligning equipment with role-based requirements and extending replacement cycles where feasible reduces both cost and environmental impact. ➤

Where the Value Lies: Optimization levers across the core IT sourcing categories

Main Categories	Underlying Topics	Illustrative Initiatives
 Services	- AMS & S W Developm. - Infra Ops - System integration	- Shoring optimization (on-/near-/offshore) - Leverage GenAI (Github, Joycode, etc.) - Price models, RFP's, Negotiations
 Software	- SaaS - OnPrem Licenses - SW Maintenance	- Rightsizing and license cleanup - Negotiations & Long tail optimization - App decommissioning
 Cloud	- IaaS - PaaS - XaaS	- Commitment and contract review - FinOps optimization and demand rightsizing - Negotiation
 Hardware	- End-user devices - Server & Storage - Network Equipment	- Fit for purpose spec and lifetime optimization - RFP and negotiations - Lease vs. Buy
 Connectivity	- Corporate mobile plans - Voice services (SD)-WAN, LAN	- SD-WAN transformation - SLA review and fit for purpose adjustments - Mobile telephony



Case study: 15% Savings Through SaaS License Optimization

Microsoft's licensing model is highly complex, with a wide range of plans, add-ons, and usage conditions. When not actively managed, this complexity quickly leads to licenses being purchased that are not fully used or not needed at all. Typical sources of waste include licenses assigned to employees on leave, contractors who have left the organization, or users whose actual requirements could be met with lower-tier licenses.

To address this, a license optimizer tool ingests a full year of user-level consumption data directly from the Microsoft admin portal and compares it against the Microsoft license catalogue. With our latest AI-powered version, the tool identifies unused and over-provisioned licenses and highlights optimization opportunities. By eliminating redundant licenses and rightsizing entitlements, companies can achieve savings of up to 15% with no operational impact.





Pillar 2: **Risk Management, Supplier Resilience and Compliance**

Managing risk in technology sourcing requires a different approach than in traditional procurement. In many IT categories, the most strategically important services, such as cybersecurity, identity management, or core infrastructure, may not be the biggest spend items. This means sourcing teams must look beyond spend levels and assess how critical each supplier is to the continuity, security, and stability of the business. Only then organizations can identify hidden dependencies that sit in smaller contracts but support mission-critical systems.

Diversification is another challenge, especially in markets like cloud, where a handful of hyperscalers dominate. Although many companies already use multiple providers, true resilience requires more than split spend: it depends on clear exit strategies, contractual flexibility, and well-defined transition plans that allow the business to respond quickly to disruptions, price shocks, or service issues.

The economic impact of such preparedness is often underestimated. In digitally enabled operating models, even short service interruptions can result in significant revenue loss, operational standstill, or reputational damage. Tech-Sourcing decisions therefore directly influence business continuity. Structuring contracts with clear transition rights, redundancy mechanisms and predefined response frameworks is not merely a governance exercise, it is a safeguard against business downtime and the financial consequences that follow.

Compliance is also a crucial part of this pillar. SAM tools play a key role not just in identifying unused licenses, but in ensuring that every software deployment is legally compliant. Even in environments with strong security controls, compliance risks can arise through centrally deployed software, inherited configurations from legacy systems, or changes in licensing terms that go unnoticed over time. Without effective SAM governance, organizations can unknowingly fall out of compliance and expose themselves to significant financial and legal risk. ➤



Pillar 3: **Agile Integration of Technology**

Technology adoption cycles are compressing fast. What took three years to deploy a decade ago now takes months – and sourcing processes built for stability are struggling to keep up. Agile integration is not about applying agile methodology to every procurement process. It is about building the commercial and contractual infrastructure that allows the business to move fast without accumulating risk: shorter commitment horizons where uncertainty is high, modular contract structures that allow scope to evolve, and outcome-oriented governance that replaces rigid deliverable lists with milestone-based checkpoints.

In practice, sourcing teams must distinguish between two types of spend. Where demand is predictable – established SaaS platforms, infrastructure, hardware – longer-term agreements with built-in renegotiation windows remain the right approach. Where the business is experimenting or scaling AI use cases, procurement must operate differently: faster engagement cycles, lighter contractual frameworks, and continuous cost monitoring on both sides.

The commercial risk in agile environments is real. Without structured oversight, time-and-materials engagements expand quietly and focused pilots become open-ended commitments. Sourcing teams that embed themselves into agile delivery – rather than operating as a separate approval layer – catch these dynamics early and protect both budget and flexibility. Done well, agile integration transforms procurement from a bottleneck into an accelerator. >



Pillar 4: Innovation Enablement

Innovation enablement presents one of the strongest opportunities for IT sourcing teams to demonstrate their strategic contribution to the business. Its goal is to harness supplier capabilities to drive innovation and deliver business value which is why it is a topic of keen interest for CIOs looking to show measurable impact from tech spending.

Working with suppliers on innovation projects often involves AI, but it also requires highly specialized expertise in areas such as niche regulatory knowledge, industry-specific processes, or advanced engineering capabilities. The role of procurement is therefore to engage qualified suppliers in a collaborative process as co-development partners, rather than treating them as interchangeable vendors. This is best done through a Request for Solution (RFS) approach, in which the sourcing team presents suppliers with a clearly defined business problem instead of a fixed specification. This allows suppliers to contribute their expertise, propose alternative approaches, and surface innovation and optimization opportunities that would typically remain hidden in a traditional RFP.

This approach has enabled the creation of AI-driven data platforms that go beyond operational efficiency and open entirely new revenue streams. By sourcing scalable cloud infrastructure, specialized analytics capabilities and flexible commercial models early in the process, organizations have transformed internal data assets into subscription-based services and digital add-ons. In these cases, procurement did not merely reduce costs, it helped shape the ecosystem that enabled monetization. >





Case study: 30% Savings and \$24M Value Through a Co-Creation RFS Approach

A global industrial technology company was facing increasing complexity in its engineering and IT landscape. Years of targeted acquisitions had expanded its product portfolio, but also created fragmented systems, siloed operating models, and a heavy reliance on multiple freelancers working in a decentralized, time-and-materials setup. These legacy structures were slowing innovation and stretching internal capabilities at a time when the business needed to transition from hardware-centric to software-driven solutions.

To address these challenges, we launched a structured three-phase sourcing approach anchored in a co-creation RFS process. Following an initial RFI to assess market competitiveness across seven vendors and quantify potential savings, two suppliers were shortlisted for an eight-week co-creation sprint. Working collaboratively through solutioning workshops, we jointly designed a high-impact operating model, aligned commercial and service commitments, and assessed strategic and cultural fit.



This approach delivered a committed 30% baseline reduction, equivalent to \$24 million in savings over a five-year term, unlocking upfront investment and creating immediate first-year P&L impact. The solution also established a strategic partner model that preserved critical knowledge through the transition of multiple employees, ensuring long-term capability and innovation.

Compared with traditional RFIs and RFPs, this model fundamentally changes the nature of supplier engagement. Instead of constraining innovation within predefined specifications, it encourages solution-driven collaboration and unlocks strategic value that would otherwise remain untapped. Yet most companies have not adopted RFS as a core enabler of innovation, largely due to limited integration and cooperation between procurement teams and the wider business.

Without business buy-in, procurement cannot clearly define the problem that will be put in front of suppliers. Innovation enablement therefore highlights a key characteristic of the more strategic areas of procurement: they require multilateral collaboration between the business, IT, procurement, and suppliers, rather than the traditional procurement-supplier interface. A major challenge for IT sourcing teams today is to show the IT organization and the business that they are ready to go beyond traditional cost optimization and support this broader approach to value creation. >

Beyond speed and monetization, structured co-innovation can become a source of product and service differentiation. When suppliers are engaged early as strategic partners rather than transactional vendors, their technical capabilities, market insights, and cross-industry experience can shape the design of digital features, platform architectures, and customer interfaces. This collaborative model enables organizations to embed distinctive capabilities into their offerings — whether through advanced analytics, AI-driven functionality, enhanced user experience, or scalable digital ecosystems — that competitors may struggle to replicate.

In this context, tech sourcing becomes a lever for competitive positioning, not merely a mechanism for supplier selection. //

Tangible ROI for the C-Suite

Organizations across multiple sectors that have applied the Tech Sourcing Advantage Framework have achieved substantial gains:



5%-15%

savings across software, hardware, cloud and connectivity services



Up to **20%**

run-rate savings in managed services through contract restructuring, shoring optimization, and embedding AI-driven productivity gains directly into service agreements



100%

Measurable improvements in agility, time-to-market, and operational resilience

Conclusion: Tech Sourcing as a Strategic Engine

With technology spend rising so rapidly and tech embedding itself ever deeper into the fundamental proposition across almost every sector, tech sourcing can no longer afford to focus predominantly on cost-cutting and rely on traditional, inflexible procurement processes. Technology sourcing today spans both indirect and direct spending – it is among the most critical activities that companies must manage, with impacts that will be felt at board level.

So, a new and much better approach is needed – one that brings procurement professionals much closer to the problems the business is trying to solve and uses their skills to deliver meaningful business value. In an environment defined by rapid change, constantly rising costs and innovation races, organizations that master the Tech Sourcing Advantage Framework can mobilize procurement excellence to create differentiation and sustained competitive strength.



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Powering the AI Revolution

Data and AI are widely regarded as the oil of the future – the raw material powering the future ways we work, innovate, and create value. To refine this new oil, vast data center capacities are required, leading to massive CAPEX investments.

The world's largest tech players are spending at unprecedented scale: Big Tech plans to spend three-digit billions of dollars on data centers in fiscal year 2026 alone. Yet building and operating these facilities requires scarce resources – from energy and raw materials to skilled labor. To bring plans to reality, strategic procurement becomes a decisive success factor, explains Kevin Domnick, Principal and expert for Energy providers at Inverto, in this interview.

Data centers are often described as the backbone of the digital economy. How does the rise of AI models change data center construction?

With the rise of AI and increasingly compute-intensive applications, data centers are no longer just supporting cloud adoption but are becoming infrastructure assets with energy demands comparable to heavy industry, 10 to 50 times higher than that of a standard office building. Computing capacity has turned into a strategic competitive factor for entire economies, leading to the need for substantial capital investment.

Energy companies are critical enablers of data centers. How is their role evolving?

Data centers are extremely energy-intensive assets. This makes strategic partnerships with energy providers essential, not only to secure sufficient volumes of power, but also to ensure competitive conditions and long-term planning security. Data centers depend on reliable, redundant power. They already consume around 7% of U.S. electricity. Many facilities target uptime levels of around 99.98%, which require firm, stable capacity. Furthermore, due to the high energy demand, electricity prices materially affect competitiveness: a fluctuation of \$50 per megawatt hour can change life cycle costs of a data center by 6–13%.

Given their experience with large-scale CAPEX projects and infrastructure delivery, do you see energy companies becoming more active as data center operators or developers themselves?

Until now, it's not common even though energy companies understand large-scale infrastructure delivery, grid integration, and long-term asset management. At the same time, energy providers are becoming increasingly data-driven themselves: with smart metering, digital grid management and data-driven optimization of generation and distribution, energy companies generate and process enormous volumes of data. This makes data infrastructure a more strategic topic and also a significant cost element, as they currently have to buy data center capacity externally.



In large-scale data center projects, disciplined sourcing and infrastructure partnerships determine competitive advantage.

With energy supply being such a defining factor in data center growth, how significant is the challenge in European markets today?

Extremely significant. In many European markets, energy availability is already tight due to the energy transition and the phase-out of nuclear power in some countries. Also, other energy-intensive industries like chemistry, steel production, or telecom infrastructure compete for the same capacity. Energy prices in Continental Europe remain comparatively high, while regions such as the Nordics or parts of the US benefit from lower-cost energy.

Access to affordable and scalable energy has become a decisive location factor. Finally, regulatory approval processes and grid interconnection timelines can significantly influence project feasibility. In sum, energy supply is not just an operational issue in Europe — it is often the determining factor for whether and where new data centers can be built.

Looking beyond energy and energy infrastructure - what are the key procurement requirements when constructing a data center?

The starting point is selecting the right execution model — typically EPC or EPCM — and ensuring strong, experienced contractor management from the outset. Given the scale and complexity of hyperscale projects, robust governance and interface management are critical.

The challenges lie in accessing sufficient capabilities and ensuring reliable supply as the construction environment is highly constrained. Our CAPEX study indicates labor shortages in construction and engineering, alongside supplier and materials bottlenecks. All of these require early procurement involvement, clear strategies and careful sequencing. For example, we currently see prolonged lead times for generators, transformers, UPS systems, and high-voltage substations.

Where do you currently see the greatest risks — and where are the most strategic opportunities?

The main risks are clear: constrained power capacity, prolonged equipment lead times, labor shortages, and regulatory challenges. These factors can delay projects and materially impact its economic success.

Energy providers that can secure reliable, scalable capacity and structure long-term partnerships with operators can position themselves as strategic enablers and benefit from the immense opportunities in this field. As said: Data and AI are the oil of the future. Based on disciplined CAPEX governance, development of a resilient supplier network and innovation partnerships, strategic procurement can convert present constraints into sustainable competitive advantage. //



EPC

(= Engineering, Procurement, Construction) is a project delivery model in which one contractor takes full responsibility for designing, procuring, and building a facility, typically delivering it on a turnkey basis at a fixed price.

EPCM

(= Engineering, Procurement, Construction Management) means the contractor manages and coordinates these activities on behalf of the client, but the client holds the contracts with suppliers and contractors and retains more risk and control.



Why Innovation and Compliance Now Depend on the Right Partners



Innovation and speed have become decisive success factors in healthcare and life sciences. Pharma and medtech companies must accelerate R&D and clinical timelines while meeting strict regulatory requirements. To succeed, they face two imperatives: freeing up budget for innovation and partnering with the right technology providers to deliver speed, compliance and resilience at scale. A well-designed tech sourcing strategy is one of the few levers that enables both.

In this environment, technology has moved from a supporting role to a central driver of performance. It now directly determines R&D productivity, clinical efficiency and regulatory robustness. Technology decisions increasingly determine time-to-study, time-to-market and audit readiness.

As a result, tech sourcing in healthcare has moved beyond negotiating better rates. It has become a strategic lever shaping the partner ecosystem that drives both innovation speed and compliant scale.

Sourcing decisions therefore increasingly define whether investments translate into measurable outcomes or remain fragmented initiatives without impact.

Typical examples include cloud platforms for compute-intensive simulations in early drug discovery, AI-based analytics for real-world data, clinical trial management systems, regulated data and cloud platforms, or validated manufacturing and quality systems such as LIMS, MES or RIMS. Building these capabilities in-house is often too slow and too costly. Recent healthcare programs illustrate the scale of this challenge: across global pharmaceutical and medtech companies, technology-related spend exceeds €2 billion per year, with managed services, cloud platforms and data capabilities among the fastest-growing components. >



In healthcare, tech sourcing has become a strategic instrument that determines how fast innovation can progress, and how reliably compliance can be ensured as it scales.

When Innovation accelerates faster than Regulation

Healthcare's regulatory environment makes this challenge particularly acute. Validation requirements, auditability and patient safety impose strict constraints on speed and flexibility. There are few industries where the connection between technology decisions, regulatory responsibility and economic performance is as direct as in healthcare. Every sourcing decision therefore carries implications not only for cost and capability, but also for continuity and reputation.

Innovation must accelerate - yet control cannot be loosened. Tech sourcing therefore operates under constant tension between speed and regulatory certainty. It becomes the connective element between innovation ambition, operational stability and long-term competitiveness.

Why Healthcare Tech Sourcing follows different Rules

These constraints fundamentally change how sourcing decisions are made. Technology sits at the core of value creation and organizations depend heavily on specialized providers. Many partnerships are long-term by necessity, shaped by validation requirements, embedded platforms and high switching costs.

Price and performance alone no longer determine the right choice. Validation effort, documentation quality and audit readiness increasingly define total cost of ownership. Suppliers that integrate regulatory requirements into their delivery models often create structural advantages — even when their commercial offers appear less attractive at first glance.

In practice, fragmented supplier landscapes drive re-validation effort, slow down change cycles and dilute accountability during audits. Reducing interfaces and clarifying responsibility therefore becomes as important as reducing rates. >

Building the Cost Foundation

Effective tech sourcing in healthcare must start with a strong cost foundation. In an environment shaped by regulatory requirements and rising technology complexity, disciplined cost management remains essential. Three types of levers form the backbone of cost efficiency.



Commercial Levers

such as strategic negotiations, competitive RFX processes and optimized contract models



Demand Levers

such as service right-sizing, demand transparency



Technical Levers

including standardization, automation, AI-enabled service delivery, etc.

For a detailed discussion of levers across IT services, software, cloud, hardware and connectivity, see the "Tech Sourcing at a Turning Point: The New Engine of Business Value" article.

In healthcare, **IT services typically account for close to 50 percent of total IT spend**, making this category one of the largest and fastest value pools. Market dynamics are highly competitive, and the systematic application of these levers offers tangible **savings potential of 15–25 percent** - provided they are implemented in line with regulatory and quality requirements.

Leading organizations move beyond generic negotiation approaches and adopt differentiated, supplier-specific strategies. Instead of applying uniform levers across vendors, they use tailored negotiation playbooks that reflect each provider's role in value creation, compliance exposure and strategic relevance.

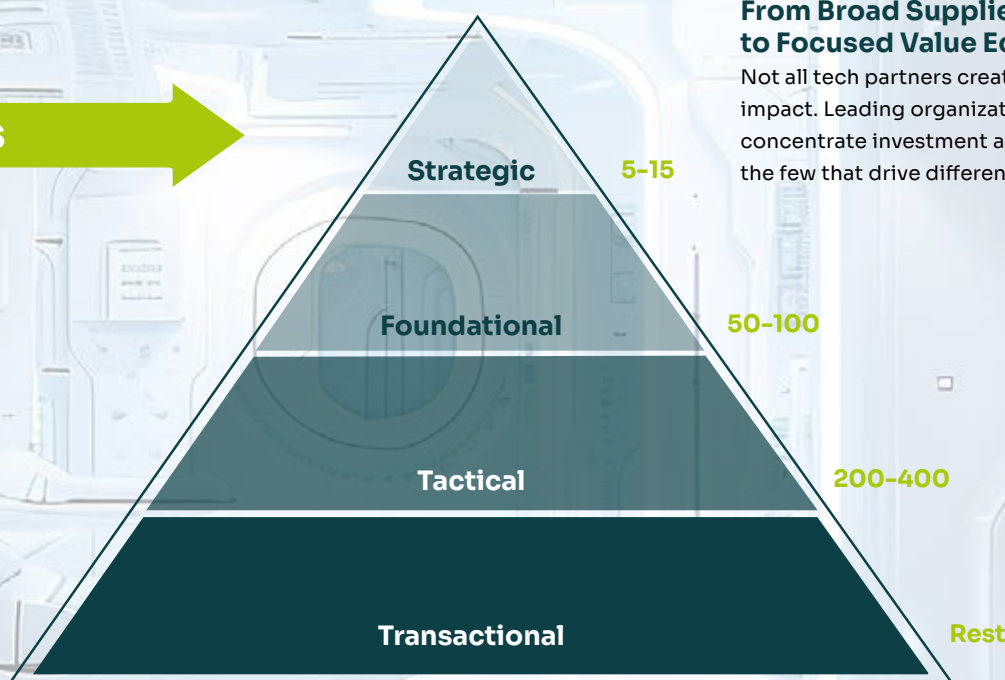
Recent healthcare programs confirm the impact: structured negotiations and RFX initiatives in IT services have delivered sustainable cost reductions while increasing transparency and sourcing maturity - creating the financial baseline for the next stage of tech sourcing. ➤

How to create Value beyond Costs

With a solid cost foundation in place, healthcare organizations increasingly use tech sourcing to create value that goes far beyond savings. Cost efficiency enables investment in capabilities that directly support innovation speed, regulatory certainty and operational resilience.

In healthcare, critical outcomes cannot be achieved through cost levers alone. Tech sourcing therefore evolves from a commercial discipline to a strategic enabler. It determines access to scarce capabilities and clarifies accountability for validation, quality and operational stability across the ecosystem.

Focus



From Broad Supplier Base to Focused Value Ecosystem

Not all tech partners create equal business impact. Leading organizations deliberately concentrate investment and governance on the few that drive differentiation and scale.

Strategic Partnerships as the Execution Model

As healthcare organizations shift from cost efficiency to value creation, strategic partnerships move to the center of tech sourcing. Rather than managing a broad supplier base, leading organizations deliberately concentrate on five to 15 partners with deep healthcare expertise, strong compliance capabilities and long-term commitment.

These partnerships typically span critical domains such as clinical trial platforms, CRM and commercial systems (e.g., Veeva), regulated data and cloud platforms, GxP validation, and advanced data, analytics and AI capabilities across R&D, manufacturing and commercial functions. What distinguishes strategic partners is not only technical expertise, but their ability to operate reliably within regulated processes and to scale innovation without increasing compliance risk.

Well-structured tech sourcing enables access to scarce capabilities while maintaining flexibility. It allows scaling during peak phases - such as late-stage clinical trials - and supports parallel execution across multiple partners.

To unlock this value, organizations increasingly move away from traditional, price-led tenders and adopt request-for-solution approaches. In co-creation with two to three selected partners, solutions are developed by jointly defining commercial models, technical architecture and accountability from the outset. ➤

End-to-end Accountability as the Operating Model

End-to-end accountability is often discussed as an efficiency lever. In healthcare, it has a far broader strategic role. Technology landscapes typically span IT, Quality, Regulatory Affairs, R&D and external partners. When accountability is fragmented across interfaces, complexity increases and risks accumulate. Ownership becomes unclear during audits, validation activities are duplicated and innovation initiatives slow down.

A consistent end-to-end model consolidates responsibility for delivery, change and regulatory stability. It reduces coordination effort and creates clarity, particularly when responding to regulatory findings or system changes.

In large healthcare environments, shifting from horizontal towers to vertically accountable, end-to-end service models has proven decisive. Beyond cost synergies, it strengthens audit ownership, reduces validation rework and supports scalable automation.

What this means for Executive Leadership

Tech sourcing in healthcare is no longer a transactional discipline. It is about shaping stable, scalable ecosystems that connect innovation ambition with regulatory certainty and economic resilience.

Procurement increasingly acts as a value orchestrator – integrating IT, Quality and business stakeholders, enabling fact-based decision-making and ensuring that sourcing models support both compliance and innovation. //



Case: Innovation under Validation Constraints

A global biopharma organization with over USD 200 million annual IT services spend faced not only cost pressure, but increasing re-validation effort, unclear audit ownership and slow adoption of automation across R&D and commercial functions.

In addition to optimizing large IT service towers, the program also addressed healthcare-specific application landscapes, including the sourcing of a new CRM solution.

While commercial renegotiations and a global RFP delivered material savings, the decisive impact came from redesigning the sourcing setup toward end-to-end accountability and a value-focused partnership model. Consolidating responsibility reduced validation duplication, clarified regulatory ownership and enabled automation and AI use cases to scale without increasing compliance risk. AI agents were introduced to optimize vendor interactions and operational processes across R&D, manufacturing and commercial functions, reducing manual coordination effort, accelerating throughput and improving transparency. In total, the program unlocked more than USD 60 million in sustainable annual impact.



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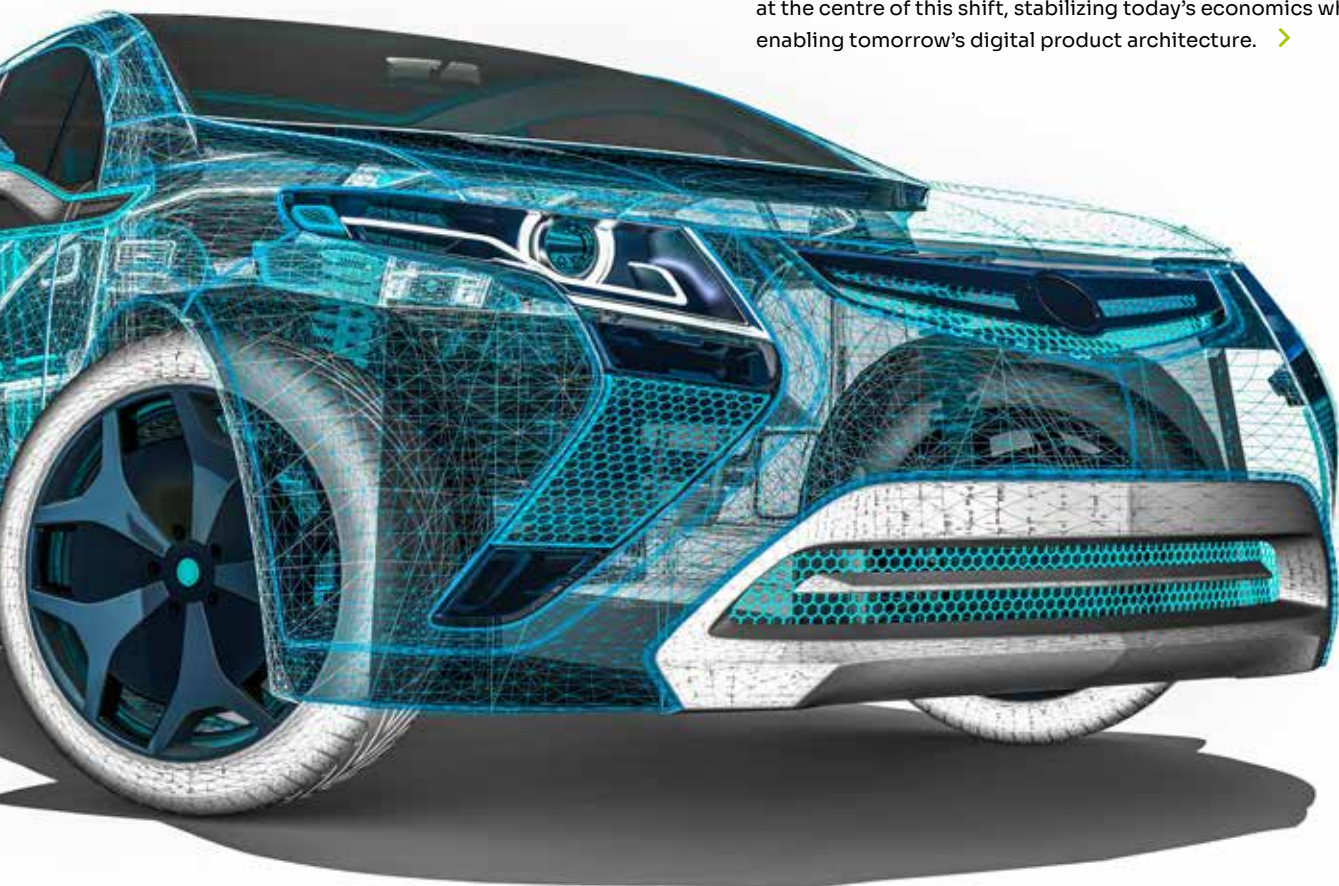
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Automotive Tech

Sourcing: Securing Today, Shaping Tomorrow

How procurement navigates margin pressure while enabling the software-defined future

The automotive industry is undergoing a transformation unlike any in its history. While volatility in materials, supply chains and trade measures continues to shape daily decisions, technology is quietly redefining the nature of the vehicle. Software-driven functionality, digital capabilities and fast-evolving electronics now influence buying decisions as strongly as classical performance measures. Procurement sits at the centre of this shift, stabilizing today's economics while enabling tomorrow's digital product architecture. >



The Automotive Balancing Act

Procurement teams in automotive face a dual mandate. They must maintain resilience in semiconductors, high-voltage systems and electronics – categories where instability continues to pressure margins – while supporting a product landscape increasingly defined by connectivity, UX performance and digital-ecosystem integration.

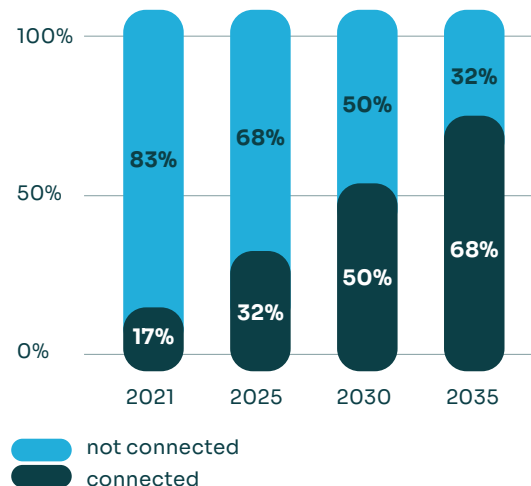
Trade measures remain structurally relevant. Nearly half of STOXX Europe 600 companies expect tariffs to influence their business, though only around one percent anticipate significant financial impact.¹

Automotive players remain more exposed due to globally distributed footprints and cross-border component flows. Protecting profitability while preparing for a fundamentally different technological future has become a continuous balancing act.

¹Inverto/BCG European Tariff Sentiment Research

Connected-vehicle parc will continue to increase

Share of car parc w/ Internet access



Source: As auto software revs up, suppliers need to switch gears, Nov 2024, BCG Analysis

These pressures also explain why procurement's focus is increasingly shifting beyond traditional components. As vehicles become more software-driven, sourcing decisions made for semiconductors, electronics and platforms directly shape the feasibility, cost and scalability of future digital functionality.

Tech Sourcing Becomes a Core Discipline

Our cover story outlines how technology sourcing has become a strategic accelerator. Few industries illustrate this more clearly than automotive, where each new vehicle generation integrates more computer power, deeper connectivity, and expanding software-defined functions. These elements evolve rapidly, behave like consumer-technology ecosystems and require unified decision-making across engineering, IT, procurement and suppliers.

Procurement's role is expanding accordingly. Instead of sourcing isolated parts, teams increasingly shape modular technology platforms and the interactions between digital building blocks. Earlier involvement in architectural decisions and a deeper understanding of technology ecosystems are becoming essential. ➤



Procurement does not source parts anymore – it shapes technology architectural decisions and sources platforms.



Software is no longer a technical layer; it is a commercial differentiator shaping brand loyalty and customer expectations from day one.

Why Software Is Quietly Becoming a Decisive Purchase Factor

Software now plays a defining role in customer preference. User experience, infotainment quality, seamless connectivity, and Over-the-Air (OTA) capabilities increasingly shape perceived value as much as driving performance.

Recent infotainment system developments underline this shift clearly. Industry experience and forward-looking projections, point to a sharp increase in overall infotainment spend - accompanied by a steadily rising share of software content. What was once a supporting feature has become a core element of the vehicle value proposition.

As software content expands, so do customer expectations. Younger buyers in particular place greater emphasis on connectivity, infotainment performance and software-enabled features when choosing a vehicle. >



This development aligns with BCG’s projection that software and electronics will form one of the most significant automotive value pools by 2030. BCG’s 2025 global automotive consumer study further reinforces this trajectory, showing that software-enabled functionality is increasingly expected as standard. >

Infotainment Systems: Rising Spend and Growing Software Share

Generation	2021-2025	2026-2029	2030+
Infotainment Spend	200-500 € 	250-1,000 € 	300 -1,300 € 
Software Share	up to 20%	up to 30%	up to 40%

Indicative ranges based on industry experience and forward-looking projections. Figures reflect typical infotainment system spend and software share across vehicle generations. Actual values vary by OEM segment (volume vs. premium) and vehicle configuration (entry-level to fully equipped), but consistently illustrate the direction and magnitude of the shift toward software-intensive architectures





How Automotive Leaders Are Tackling Tech & Software Procurement

1 Defining the Level of Control per Software Domain

Leading organizations clarify early which parts of the software stack they must control to maintain differentiation, and which can be licensed or co-developed. This alignment between architecture and sourcing strategy preserves flexibility and reduces lock-in.

2 Creating Transparency Through Software Cost Engineering

Traditional BOM (Bill of Materials) logic cannot capture software economics. Procurement teams build transparency by breaking digital features into functional components and assessing required engineering effort, enabling fact-based negotiations and long-term cost clarity.

3 Negotiating for Software, Not Parts

Software negotiations hinge on lifecycle obligations. Update cadence, regional licensing, support models, cybersecurity responsibilities, data ownership, and transition mechanisms all shape total cost and dependency. Procurement teams that succeed in this space adopt negotiation frameworks tailored to software, ensuring clarity not only on development fees but on the long-term commercial implications of digital features that continue evolving long after start of production.

4 Shaping the Supplier Ecosystem

With OS providers, cloud platforms, infotainment partners and ADAS developers shaping the digital experience, procurement now orchestrates a complex ecosystem. Rather than managing suppliers independently, leaders define integration boundaries, interface ownership, and competitive dynamics that maintain flexibility and encourage innovation while reducing dependency risks.

This shift is also reflected in how OEMs engage with technology partners. Increasingly, manufacturers are moving beyond classical supplier relationships toward deeper co-development models with Big Tech players. In some cases including shared roadmaps, joint integration teams and new commercial constructs such as profit- or value-sharing mechanisms. These partnerships fundamentally change SRM requirements, governance models and risk profiles, elevating procurement's role in structuring long-term collaboration.

5 Strengthening Governance

High-performing organizations embed procurement early in architectural and make-or-buy decisions. Unified governance across engineering, IT and procurement ensures that sourcing supports long-term platform strategy.

Across regions and segments, different patterns are emerging. Premium OEMs often seek greater control over software layers that define brand experience, while volume manufacturers prioritize standardization and scalable partnerships. Asian players tend to integrate software and hardware development more tightly, while US OEMs frequently engage earlier with Big Tech ecosystems. These differences reinforce the need for procurement strategies tailored to product positioning and regional context. ➤

Where Value Is Created in the Software-Defined Vehicle Stack

	Tech Stack Layer	Supplier Addressable SDV* Market, 2035 (\$ Billions)	Definitions	Drivers
	Mobility Ecosystem	90	Emerging services and software-driven technologies supporting charging, payments, entertainment...	OEMs capitalize on data and touchpoint ownership, supported by supplier-provided connectivity services (e.g., location-aware solutions)
	Applications	165	Vehicle-specific software for infotainment, driving functions, ADAS...	OEMs lead B2C market, while suppliers add value through B2B2C1 monetization
	Data Platforms	85	Systems for collecting, processing, and analyzing vehicle-generated data to support intelligent-vehicle functions like predictive maintenance	Led by cloud players providing industry platforms and IaaS2. ADAS players support AI training; OEMs address the remaining with IoV and edge computing
	Vehicle Software Platforms	25	Core operating systems managing hardware resources and supporting applications, ensuring seamless software integration	OEM strategic control point, with limited supplier presence, selected OEMs (e.g., VW, os) build proprietary platforms. With some off-the-shelf platforms (e.g., QNX)
	Computing Platforms	160	Hardware and software providing computing power e.g., electronic control units, systems on a chip	Suppliers dominate, lead by those with next gen chip capabilities, with some OEMs with in-house capabilities, e.g., Tesla & BYD
	Vehicle Platforms	190	Physical vehicle components and systems, including sensors and hardware modules that interact with software	Sensor and hardware suppliers lead with select OEMs with in-house capabilities

*Software-Defined Vehicle

The Strategic Mandate for Automotive Procurement

Even as software capabilities expand, procurement cannot lose sight of categories that anchor today's economics. Semiconductors, high-voltage systems and electronics require stable partnerships and regional resilience. Leaders strengthen these fundamentals while preparing for increasingly digital vehicle architectures.

This balance defines the new mandate for procurement. Leaders translate technology ambitions into operational reality by aligning software sourcing with architecture, building fluency in software economics, and engaging in early decision cycles. At the same time, they reinforce margin protection and risk mitigation, ensuring the organization remains resilient as technology expectations accelerate.

For many organizations, this means deliberately evolving tech sourcing capabilities - from architecture-linked sourcing strategies to new SRM and governance models - to keep pace with the changing automotive value chain. Tech sourcing is ultimately the link between today's financial stability and tomorrow's competitiveness. //



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When Machines Begin To Act

A European bank's fraud detection AI agent flags a transaction, applies its risk model, and freezes the account. The decision takes 340 milliseconds. The customer calls to complain. The compliance officer asks the vendor for the decision log. The vendor contract does not include audit access. That contract was signed by procurement eight months ago.

Agentic AI in financial services puts tech sourcing at the centre of governance

This is not an isolated scenario. Across fraud detection, credit decisioning, regulatory reporting, and operations, institutions accelerating experimentation ahead of governance. This is creating a structural gap: early-stage agents are being piloted under contractual frameworks designed for a different class of technology.

Financial institutions are not debating whether agentic capabilities will play a role; pilots are already exploring what controlled autonomy can look like in practice. What remains unresolved is structural: the scope of action available to an AI agent inside a regulated institution is ultimately defined in the vendor agreements governing its operational boundaries. Under DORA (Digital Operational Resilience Act) and the EU AI Act, those agreements must now carry provisions that many existing contracts simply do not contain.

What Changes When an AI System Acts

The distinction between a system that recommends and one that executes carries significant commercial and legal weight. A system that surfaces a recommendation operates within familiar liability territory, but one that executes a transaction, modifies a risk assessment, or triggers a workflow change becomes an operational actor inside a regulated institution, and that shift changes the accountability question entirely.

Three answers must now exist in contractually enforceable terms: which entity bears accountability for the action, what record exists of the decision logic, and who holds the right to override the outcome. DORA obliges institutions to demonstrate that critical functions remain manageable when third-party AI systems behave unexpectedly, while the EU AI Act requires technical documentation sufficient to explain any output from systems used in credit, insurance, and employment decisions. Both frameworks place those obligations on the institution, not the vendor, and both must be reflected in contracts before a system reaches deployment.

Most current AI vendor agreements were not written with that in mind. They cover availability, uptime, and data handling, while accountability for actions taken within defined parameters is either absent or buried in indemnity language that would not survive a supervisory review. That gap was not created by technology, but when procurement entered the process after the technology decision had already been made.

Tech Sourcing as the Architecture of Autonomy

When treated as a transactional function, it becomes a hidden vulnerability. Understanding why that gap matters requires stepping back from the contract itself and looking at how agentic AI systems are built.

These systems are rarely constructed entirely in-house. They depend on foundation models, cloud providers, specialized AI vendors, data platforms, integration partners, and managed services, and each of those relationships defines a portion of the system's behavior and its risk profile. Autonomy is not only coded into algorithms but also embedded in the contracts surrounding them.

The scope of decision-making authority delegated to an AI agent, the transparency of its training data, access to logs, audit rights, update mechanisms, liability clauses, cybersecurity provisions: all of these are negotiated through tech sourcing processes, which means tech sourcing determines the boundaries within which machine autonomy operates. >

” When companies structure AI sourcing strategically, they enable controlled innovation. When they treat it as a transactional task, they create hidden risks.



Relying on a single AI vendor without exit options or data portability creates dependency risks that regulators will actively examine.

Four Tensions Every Financial Services Leader Recognizes

Agentic AI does not create new problems so much as it accelerates existing ones and raises the cost of leaving them unresolved. Four tensions that procurement leaders have always managed are now arriving faster, with higher stakes and considerably less room for ambiguity.



Speed against documentation.

Business units want deployment in weeks. Regulators require documentation and compliance demonstrations that operate on a different schedule entirely. Institutions holding both are doing so through modular contract frameworks with pre-negotiated governance templates, so compliance groundwork does not have to be rebuilt from zero with every new AI vendor engagement.



Innovation against dependency.

Advanced AI capabilities sit with a small number of global providers and accessing them is often the fastest path to deployment. Third-party spending at European financial institutions already represents 45 to 55 percent of operating expenses. The practical sourcing question is not which vendor to select, but what contractual options exist if that vendor's model changes materially or becomes unavailable.



Execution against accountability.

When an AI agent causes financial or reputational harm within its defined parameters, general indemnity clauses are not held under supervisory scrutiny. The specificity required can only be negotiated before the technological decision is made, which is precisely when sourcing is most frequently absent.



Complexity against transparency.

Agentic systems move data across foundation model providers, cloud infrastructure, API partners, and managed service providers simultaneously. Without a contractual map of those flows, the data lineage a regulator will ask for does not exist precisely where they will look first.

Institutions scaling agentic AI on a single vendor relationship, without exit provisions or portability standards, are building concentration risk into regulated operations that supervisors can examine directly. >

What Tech Sourcing Needs to Do Differently

The thread running through all four tensions is the same: sourcing is being asked to govern outcomes it was not present to shape. Build-vs-buy decisions, ecosystem architecture choices, and long-term vendor roadmap commitments are made upstream, and the contracts that follow them reflect those decisions rather than the governance requirements that surround them. The function that arrives after those choices have been finalized inherits terms it did not negotiate, along with the regulatory exposure embedded in them.

Changing that requires more than earlier involvement. It requires technical fluency to know what AI-specific provisions are achievable, not just commercially desirable: understanding model versioning, behavioral drift, and the difference between an explainability clause that satisfies a regulator and one that satisfies a vendor's legal team.

It also requires a formal governance mandate that connects risk, legal, compliance, and IT into a single set of requirements that sourcing can translate into contractual language. Without that mandate, sourcing will continue to execute the commercial terms of decisions made elsewhere, and the gap between what the institution agreed to and what its regulators require will continue to widen with each new deployment. //

Conclusion: Engineering Trust in an Autonomous Age

Agentic AI will scale in financial services. The efficiency case is clear, the competitive pressure is real, and the technology is mature enough for enterprise deployment. The constraint on scaling depends on whether vendor relationships have been structured to govern autonomous behavior within regulated environments. That structure is built within the contracts that the sourcing team produces.



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Scaling AI while Managing Margin and Opex Pressure

For telecom and media operators, technology is no longer a support function, it is the product. Networks, platforms, cloud infrastructure and AI capabilities directly shape customer experience, cost structure and growth potential.

Yet financial momentum remains limited. Median revenue growth among operators stands at roughly 2%, while EBITDA margins remain under pressure. At the same time, IT spending continues to rise and now averages around 7% of revenues. Investment is accelerating, but margin expansion is not. The result is a structural tension: operators are investing heavily in digital capabilities and AI, but margin expansion remains elusive.

The Opex Shift: Why Sourcing Now Drives Margin

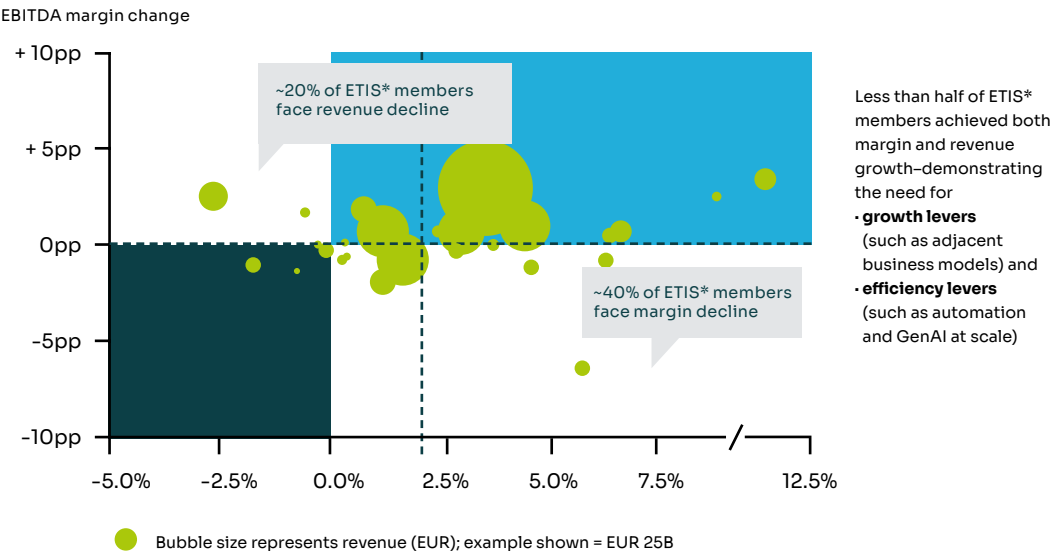
What fundamentally changes the equation is the shift in cost structure. Technology spending is steadily moving from capital expenditure toward recurring operational expenditure.

In an opex-heavy model inefficiencies are no longer absorbed over time, they hit the income statement immediately. Cloud services, SaaS platforms, managed services and hyperscaler contracts create recurring cost exposure that directly shapes EBITDA performance.

This structural shift elevates tech sourcing from a cost-control function to a margin management instrument. Vendor strategy now determines profitability in real time. Contract design, consumption governance and sourcing discipline directly influence financial resilience. ➤

Telco's financial performance remains broadly stable, with modest revenue growth (~2%) and limited margin improvement. Fewer than half of operators achieved both revenue and margin growth.

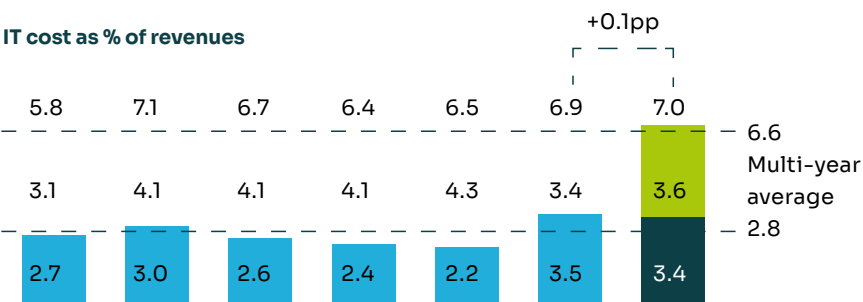
Telco's Financial Performance: Revenue Growth vs EBITDA Margin



* ETIS is a non-profit organization uniting leading telecom operators and partners across Europe to exchange knowledge in a trusted environment, representing the ecosystem in over 20 countries.

Source: BCG TeBIT 2025

The shift toward opex-heavy IT spending increases the immediate margin impact of sourcing decisions.



Source: BCG TeBIT 2025



AI promises efficiency – but scaling it depends on disciplined sourcing and vendor orchestration

AI as Efficiency Lever – and Sourcing Challenge

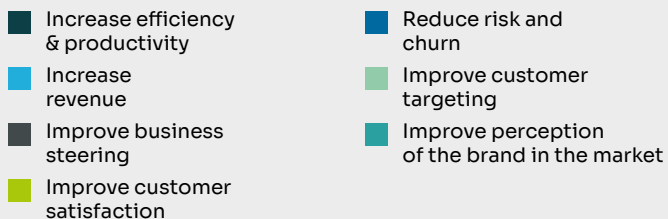
AI and generative AI are widely recognized as key enablers of both growth and efficiency. According to BCG's TeBIT 2025 study, 53% of operators identify efficiency and productivity as the primary objective of AI adoption. Current applications span customer interaction automation, AI-assisted sales and service, predictive network maintenance, traffic optimization and advanced analytics.

Encouragingly, network spending as a share of revenue declined by approximately 4.1% in 2024, reflecting rollout completion and automation effects.

Yet while AI adoption is broad, scale remains uneven. Many operators continue to struggle with fragmented data landscapes, legacy system dependencies, immature toolchains and unclear ownership between IT, network and commercial functions.

Business objectives of AI and GenAI

Efficiency and productivity rank as the primary AI objective among telcos. (% of responses)



Source: BCG TeBIT 2025

As operators invest in AI foundations – architecture, cloud, data platforms – the sourcing implications become unavoidable. Decisions on whether to build capabilities internally or leverage vendor ecosystems determine both cost trajectory and innovation speed. Hyperscaler concentration risk, platform dependency and AI tooling choices directly influence long-term margin dynamics.

In an ecosystem shaped by global platform providers and OSS/BSS vendors, procurement decisions no longer only affect cost levels, they shape competitive positioning. ➤



From Cost Control to Strategic Procurement

In TMT, tech sourcing increasingly defines competitive position. Cost excellence remains the foundation. Structured negotiations, demand discipline, automation and portfolio rationalization can unlock significant efficiency potential in IT services and network operations. Benchmarks suggest 15–25% savings potential in selected categories when levers are applied systematically.

But the differentiator lies beyond cost. Many operators now generate close to one-third of revenues from beyond-core services such as ICT solutions, cloud offerings, digital content ecosystems and data-driven platforms. Vendor selection therefore directly influences product portfolios, monetization models and customer experience.

Leading operators treat procurement not as a transactional function, but as a strategic lever across three dimensions:

Vendor Portfolio Discipline	Innovation Alignment	Operating Model Integration
Clear build-versus-partner boundaries and active management of hyperscaler and platform concentration risk.	Sourcing strategies that align with AI roadmaps, data platforms and digital product strategies.	Governance structures that link procurement, IT, network and commercial leadership – ensuring that sourcing supports both margin discipline and innovation speed.

Recent industry perspectives emphasize that operators who treat procurement as a strategic function – rather than a transactional one – outperform peers in balancing growth and efficiency. //

Executive Takeaway

In an AI-driven, opex-heavy operating model, sourcing decisions determine whether innovation translates into margin – or into structural cost escalation.

For TMT leaders, tech sourcing is no longer about negotiating contracts. It is about orchestrating vendor ecosystems, scaling AI responsibly and protecting profitability in a structurally shifting cost environment.



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Searching for Clarity in Volatile Times

Transparency has become a critical driver of stability and resilience yet many organizations still operate with limited visibility across costs, risks, and supply chains. In times of disruption, inflation, and ongoing volatility the need for clarity is rapidly intensifying.

In our next edition, we explore how procurement leaders are cutting through complexity and turning transparency into a strategic enabler. Through tangible cases, we show how to create clarity, strengthen resilience, and stabilize business performance in an increasingly uncertain environment.



**Cover story in
the next issue**

Unlock hidden savings where others don't look

Indirect procurement remains one of the most underleveraged levers for cost excellence. This publication reveals how AI-powered demand and tail-end management can transform fragmented spend into a source of strategic value – creating transparency, reducing complexity, and unlocking sustainable savings.

By leveraging advanced analytics and AI, organizations can identify patterns, challenge demand more effectively, and scale these improvements to achieve lasting impact and resilience.

Download the full white paper
inverto.com/optimizing-indirect-spend



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