

The Question Isn't Whether to Use AI in Sourcing.

It's Whether You're Ready.

By the Global Sourcing Association

Based on the GSA Agile Sourcing Working Group session, 13 May 2026, led by Kerry Hallard and Hemant Puthli (Aokah)

Something shifted in the room during our Agile Sourcing Working Group session this month. Not in the presentation. The framework Hemant presented on AI across the sourcing lifecycle is sound and well-evidenced. The shift happened in the conversation. Practitioners, advisers, and suppliers talking with unusual directness about what they're actually doing, what they're afraid of, and what the industry still doesn't have.

That conversation is the piece. Here is what we heard, and what we think it means.

We're Past the 'Whether'. We're Deep in the 'How'.

Two years ago, the GSA Agile Sourcing Working Group was asking whether a more iterative, collaborative approach to procuring technology and business services could replace the traditional RFP model. The answer, documented in our best practice guide, was: yes, when the engagement is complex, transformative, and the solution is still emerging.

Now we're asking a bigger question. Not whether to bring AI into that process. But which kind of AI, at which stage, with what governance, and critically, on what data foundation.

The framework Hemant presented distinguishes three distinct flavours: predictive machine learning (the analytical engine: mature, targeted, operating under the hood); generative AI (the language layer: mainstream, in pilot-to-scale across the industry); and agentic AI (autonomous orchestration: emerging, high-reward, and the one that should keep you up at night if you're not careful).

"The question is no longer whether to apply AI in agile sourcing. It is what kind of AI, where in the lifecycle, how to apply it at scale, and how to govern it." — Hemant Puthli

That is not a rhetorical flourish. It is a genuine specification problem, and one our industry has not yet solved in any systematic way.

It's Already Happening. The Gap Is Governance.

One participant shared that their organisation already runs agentic AI across the entire RFP creation process (drafting, validating, reviewing, benchmarking, and scoring) with cycle time cut in half and administrative load on senior consultants reduced to near zero. That is not a pilot. That is production.

And yet, almost in the same breath, a representative from Adetiq, responding as a supplier on the receiving end, raised the question nobody in the room could answer cleanly: when AI is being used to evaluate her proposals, will she know? At what stage? With what disclosure?

She might not. And that is a problem.

The technology is ahead of the transparency. Organisations are deploying AI in procurement without a clear policy on what they disclose to suppliers, when, or why. In some jurisdictions, most notably under the EU AI Act, disclosure for automated decisions affecting supplier access is becoming a legal requirement, not a nice-to-have. The governance is not keeping pace with the deployment.

Data First. Always. Non-Negotiably.

If there was one point of unanimous agreement in the session, it was this: AI is only as good as the data it runs on. The principle holds across all three flavours: predictive models trained on bad spend data produce bad predictions; GenAI grounded in outdated contract repositories generates unreliable output; agentic systems operating on skewed supplier performance data make skewed decisions.

The Director of Go-Fusion made the point with characteristic directness: a significant share of the current-state data that organisations bring into sourcing processes is already skewed, designed to support a commercial position rather than reflect reality. If AI accelerates the analysis of that data, it accelerates the distortion too.

"Garbage in is garbage out. That is a truism that continues to be true, and even more acutely so in the case of AI." — Hemant Puthli

The implication for any organisation considering AI-assisted sourcing is clear: the data foundation must come first. A unified procurement data lake, a clean supplier master, auditable spend classification: these are prerequisites, not phase two. The first item on the implementation roadmap is not choosing a model. It is auditing your data.

The Relationship Question — and the Reframe That Matters

The most important moment in the session was not a slide. It was Kerry's response to a concern that a sourcing adviser at Ascea and the Director of Go-Fusion both

articulated independently: that AI-assisted sourcing risks stripping out the relational, emotional, and cultural dimensions that make large, complex partnerships work.

As one attendee put it plainly: sourcing at significant scale is fundamentally about whether a client is comfortable enough with its incumbent, or whether a challenger can give it sufficient reason to absorb the transition risk. That judgement is relational. It is not in a scoring matrix.

Kerry's reframe: we have moved from talking about 'the human in the loop' to 'AI in the human loop'. That inversion matters enormously.

"We moved from saying it was the human in the loop to being it is AI in the human loop." — Kerry Hallard

The agile sourcing methodology, in its original design, already builds cultural fit testing into the process. Collaborative solutioning sessions are not presentations. They are structured environments in which buyer and seller teams work together on a problem, and in doing so, reveal their ways of working, their instincts, and their cultural compatibility. That dimension does not disappear with AI assistance. But it requires deliberate protection.

Hemant's analogy resonates: an AI system is like a highly capable intern. Remarkable potential, genuine usefulness, prone to mistakes, and absolutely not to be left unsupervised. The adult in the room remains accountable.

What the Industry Needs to Build

The GSA Agile Sourcing Working Group is now moving into its next phase: developing updated best practice guidance that directly addresses the AI dimension. Based on this session, the priorities are clear.

First, a governance framework that is genuinely actionable: not just a list of principles, but practical guidance on what each principle means for category managers, legal teams, CPOs, and suppliers. The 10 responsible AI principles drafted for this session are a sound starting point. They need to be tested, refined, and translated into standard operating procedures.

Second, a transparency standard for AI use in procurement. Both sides of the table are using AI. Neither side is typically disclosing it. A voluntary (and potentially, in some jurisdictions, mandatory) disclosure framework for AI use at each stage of the sourcing cycle would reduce risk on both sides and build the trust the process depends on.

Third, a strategic linkage that the Director of Go-Fusion called for explicitly: AI adoption in sourcing should flow from organisational strategy, not the other way around. The question of what to automate, what to keep human, and where the relational dimension is non-negotiable is a strategic question. It should be answered before the technology is chosen.

And fourth: training. A sourcing adviser at Ascea added this to the principles list mid-session, and rightly so. The organisations that will use AI well in sourcing are not the ones with the most sophisticated tools. They are the ones whose people know how to prompt effectively, interrogate outputs critically, and exercise genuine professional judgement over what the machine produces.

The Honest Conclusion

Procurement is changing. Not from gatekeeper to order-taker (that was always a misrepresentation) but from gatekeeper to co-creator, orchestrator, and risk transformer. AI accelerates that evolution. It does not substitute for it.

The organisations that will navigate this well are not the ones moving fastest. They are the ones moving most deliberately: fixing data foundations before deploying models, governing before scaling, disclosing before assuming, and keeping genuine human agency (not just a checkbox) at the centre of decisions that matter.

Agentic AI processing an entire RFP in minutes is impressive. What makes it responsible is the human intelligence that designed the system, the oversight that monitors it, and the professional accountability that sits behind every output it produces.

That is not a reason to go slowly. It is a reason to go right.

The GSA Agile Sourcing Working Group meets regularly to develop best practice guidance for the sourcing and procurement of global business and technology services. To participate or access published resources, visit gsa-uk.com/Agile-Sourcing-Working-Group