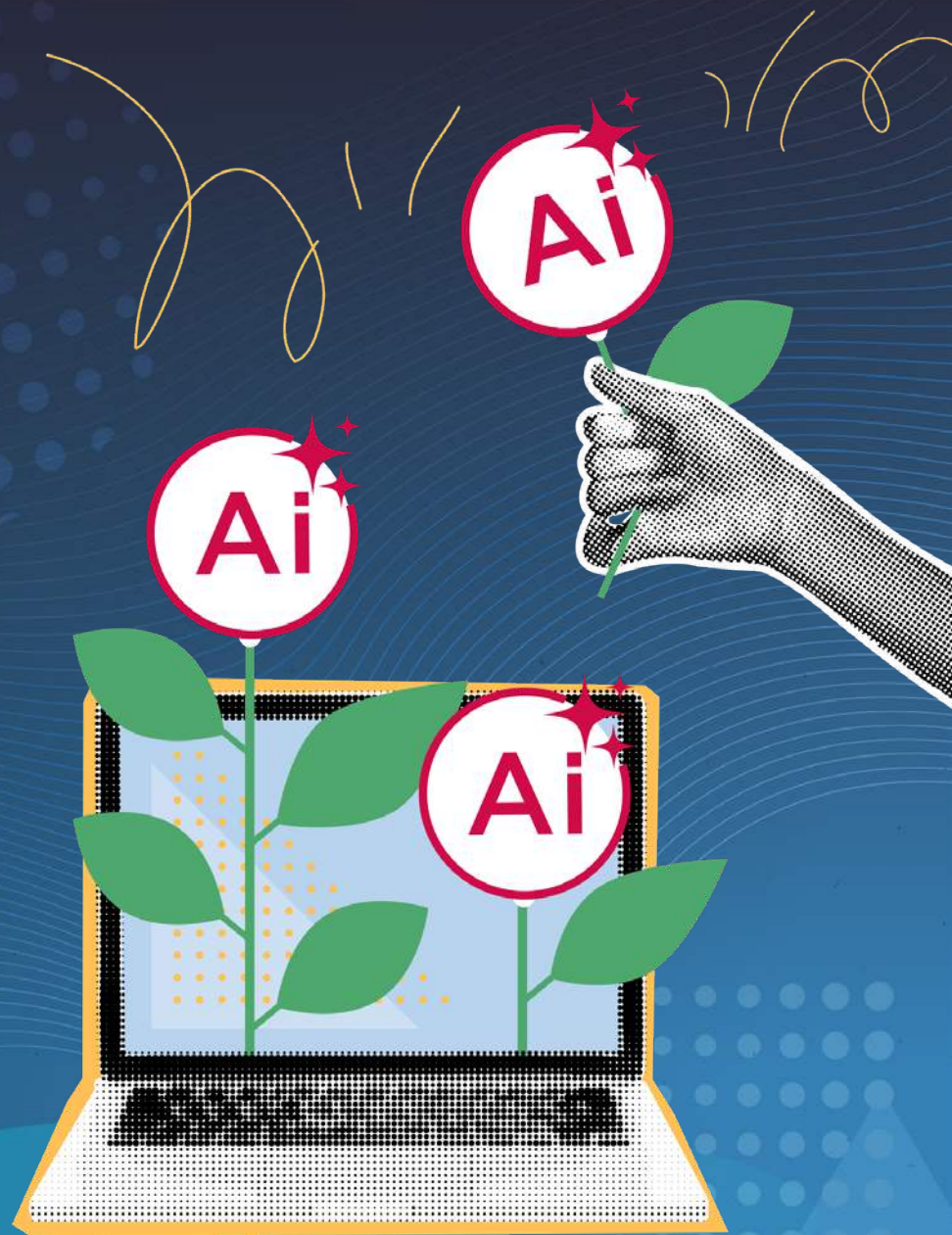


EBOOK

# AI in Public Procurement

From Emerging To Essential

SOVRA





AI adoption in government, particularly in public procurement, is accelerating, signaling an exciting and transformative shift towards procurement as a strategic force in government operations. At this juncture, AI is no longer seen as an optional enhancement but as a critical component of procurement processes that drives efficiency, cost savings, and better decision-making.

Government agencies are increasingly recognizing the necessity of AI and forming specialized task forces to explore and implement best practices for its use in procurement. These efforts reflect a growing consensus that AI will play a central role in modern public sector purchasing.

One key initiative in that regard is a joint effort by NASPO and NASCIO, which released a report highlighting specific benefits and use cases for [AI in public procurement](#).

The report highlights AI's ability to streamline procurement workflows, reduce administrative burdens, and improve compliance. Specifically, it states, "By leveraging AI technologies, public procurement can overcome many of the challenges associated with traditional procurement processes, ensuring that state governments can effectively meet their operational goals."

As AI adoption accelerates, its impact on procurement is set to revolutionize government purchasing, making it more agile, data-driven, and highly responsive to evolving needs.

# Why AI Matters for Public Procurement Departments and Government Suppliers Now

One major challenge facing government agencies is nationwide workforce capacity issues. Data from the U.S. Chamber of Commerce confirms that the country has notably recovered from a [pandemic-induced labor shortage](#). However, both businesses and government agencies are still coping with the impact of unforeseen early retirements, mass resignations, and changes in the labor market.

AI's ability to augment teams and drive efficiency makes it a high-priority tool that can help procurement departments navigate workforce gaps by improving the productivity of current teams.

Beyond that, the pandemic also acted as a catalyst for implementing more technology-driven solutions to support public procurement. As many teams adapted to working remotely, we began to see the many opportunities that digital processes offer in the realm of government purchasing.



With more procurement workflows moving from manual to digital at some level, it becomes easier for teams to adopt and reap the benefits of AI-driven solutions. In addition to leveraging AI in the purchasing process, procurement teams will likely be heavily involved in assessing solutions used by other departments.

As such, they will be best equipped to meet the needs of their governments and communities by understanding both the benefits and challenges that come with AI-driven technology.

For vendors, understanding the basics of AI-powered public procurement will help better identify and respond to opportunities that leverage modern technology for a faster procurement cycle. Faster procurement timelines and increased visibility also represent more opportunities for vendors to engage with government contracts.



# AI-Powered Transformation in Public Procurement

## AI as Augmentation, Not Replacement

While AI will play a critical role in modernizing procurement departments, that role will be a supporting one. Specifically, we see AI enhancing the work of public professionals by automating repetitive tasks, thereby freeing up time to focus on high-impact activities.

Deloitte's research into [AI-augmented government](#) looked closely at how much time could be saved if governments leverage AI to automate tasks that were already done by computers. The study found that a low-level AI investment led to a 20% increase in task speed, while high investment saw task speeds increase by up to 200%.

In these cases, AI did not replace human judgment and expertise. Rather, it enabled higher levels of efficiency and demonstrated the power to reduce time spent on repetitive tasks.

For vendors, AI-powered procurement presents several opportunities for a better supplier experience. Specifically, vendors can see more streamlined RFP processes, faster decision timelines, and proactive contract management.

While it may sound counterintuitive, AI-augmented procurement can actually lead to more engagement and stronger relationships between vendors and their government buyers. After all, as procurement team members are freed from manual work, they will have more time to engage with suppliers strategically.

## Key AI Applications in Procurement

Understanding *where* to implement [AI in the procurement process](#) for optimal results and minimal risk is key to successful modernization. Here are four key areas where AI best supports procurement teams.

### Automation of Repetitive Tasks

AI can be used to automate tasks such as RFP generation, bid evaluation, and supplier assessments. This can speed up procurement cycles and give procurement professionals more time to focus on strategic work.

## Modern Procurement in Action

The City of Newburgh, NY, generated [significant time savings](#) with Bidnet Direct by SOVRA. Newburgh used SOVRA's e-sourcing platform to cut down on the time-consuming process of sending RFPs and receiving bids through the mail. In addition to digital sourcing, Bidnet Direct by SOVRA's automation features and reusable solicitations shortened Newburgh's time per bid from hours to minutes.

## Data-Driven Decision-Making

AI-powered reporting can leverage real-time analytics and automated dashboards to provide unprecedented insight into procurement workflows and contract performance. With these valuable insights, procurement teams can unlock new levels of efficiency, productivity, and cost reduction.

## Risk and Compliance Management

One of the most impactful applications of AI is in the realm of risk management and compliance. AI-powered tools can automatically create audit trails and check for adherence to relevant policies throughout a contract's lifecycle. This empowers governments to act efficiently and transparently to ensure trust with constituents and suppliers.

## Improved Supplier Engagement

Lastly, AI can be used to elevate supplier relationships, leading to higher engagement, increased compliance, and improved performance. Specifically, teams can use AI for bid matching, faster RFP analysis, and smarter go/no-go decisions.

By improving the supplier experience, public procurement teams can encourage more bid activity and competition for solicitations.

## Modern Procurement in Action

When the Upper Thompson Sanitation District needed to update its compliance monitoring capabilities to become eligible for federal relief funds, it turned to Bidnet Direct by SOVRA. The e-sourcing platform provided an automated audit trail and time-stamped process tracking, enabling the department to meet compliance requirements and secure funding.



# Challenges and Considerations for AI Adoption

As with any new technology, there are potential considerations and challenges that procurement departments should keep in mind as they begin implementing AI-powered solutions.

## Data Quality and Governance

The impact of an AI-augmented government is only as good as the data used to train and feed the tool. The two key considerations when it comes to data are bias and quality.

Monitoring and [reducing unwanted](#) bias requires that tools be trained on balanced datasets that accurately represent the community concerned. Procurement leaders should also seek providers that implement bias-reduction techniques and are transparent about their training data.

Beyond that, monitoring the quality of the data you feed an AI tool is crucial. Monitoring can include regular database assessments and human oversight to verify recommendations and results.

## Change Management

While AI provides an array of benefits for the modern procurement professional, adopting new solutions takes time and effort. To empower their teams, procurement leaders will need to consider ease of use, clearly highlight the benefits of AI, and provide relevant training.

Choosing a technology provider that supports change management can make a significant difference in the adoption and impact of any new solution.

## Modern Procurement in Action


When the City of Jacksonville, North Carolina, [moved to an online bidding platform](#), they chose Bidnet Direct by SOVRA for its intuitive system and reliable support team. With SOVRA providing training for all users, Jacksonville successfully expanded vendor competition and helped local agencies streamline procurement.

## Ethical Use and Transparency

Transparency and trust are paramount for public institutions. As such, any AI-powered tool they implement should meet high ethical standards. According to [IBM's Business of Government](#), public sector leaders should prioritize interpretability and explainability to ensure the ethical use of AI, especially when tools provide recommendations or support decision-making.

When teams understand what data was used and can track how the AI tool came to a decision or recommendation, that helps ensure fairness, compliance, and trust.



A person with a backpack is walking away from the camera on a wooden bridge over water. The bridge has a metal railing. In the background, there are city buildings and a sunset sky. The text is overlaid on the left side of the image.

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# Recommendations for Future-Proofing Procurement with AI



Procurement teams can successfully modernize by combining AI tools with human insight and oversight. Before engaging with suppliers, teams should map out their processes and clearly identify intended use cases for AI applications.

Beyond that, departments can begin with small pilot projects to collect quantitative and qualitative data on AI impact. Quantitative metrics include time saved, cost reductions, and accuracy. In contrast, qualitative metrics examine ease of use and user satisfaction levels.

## **Assess AI-ready Procurement Platforms**

The next step for procurement departments is understanding how to evaluate and select the best AI-ready Procurement Platforms.

As a starting point, here are the qualities we recommend looking for:

- › Purpose-built solutions
- › Compliance-first approach
- › Transparent and interpretable decisions and recommendations
- › Tools that support data-driven decision-making in the procurement cycle
- › Commitment to data quality (ongoing quality audits and efforts to eliminate bias)



## Final Thoughts

To learn more about how your team can begin leveraging the transformative power of AI, explore [SOVRA's future proofing procurement solutions](#).

For vendors, discover how [Bidnet Direct by SOVRA](#) better connects suppliers with government opportunities through AI-driven bidding and contract management.

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