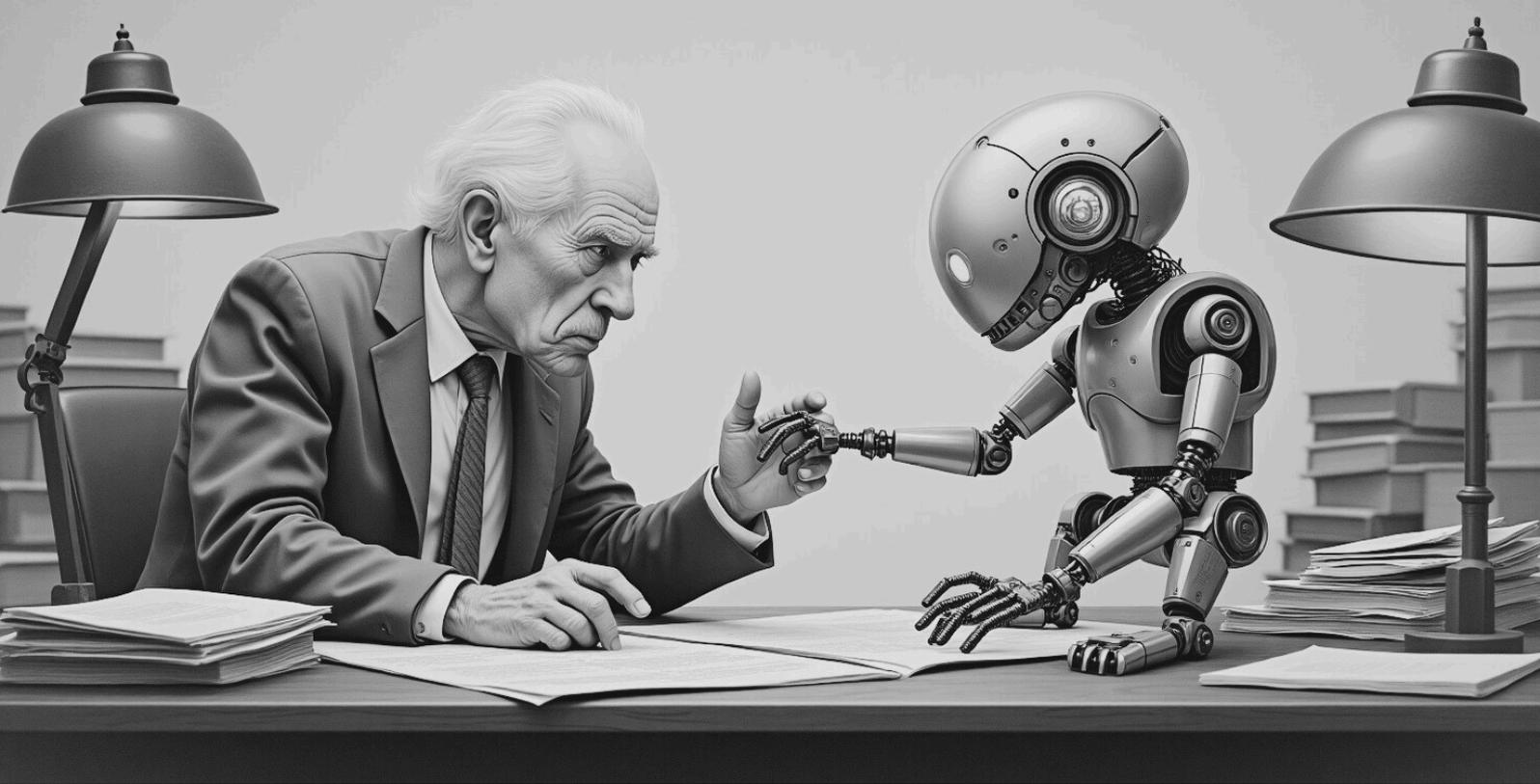

AI in Procurement Solving real life problems in 2025

AI solutions we are genuinely excited about:
Meet the Supplier Performance Agent

By Lars J. Andersson

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About This Series

AI in Procurement: Solving real life problems in 2025 is a multi-part article series that explores how Artificial Intelligence and Multi-Agent Systems (MAS) will reshape the daily work of procurement professionals in 2025. Each article focuses on a specific problem and introduces a concrete AI-driven solution, showing how procurement can move from reactive administration to strategic leadership - supported by automation, intelligence, and data-driven decision-making.

In this fourth article, we focus on the Supplier Performance Agent

The Performance Management Dilemma

Despite years of process improvements and better access to supplier data, many organizations still struggle with the fundamentals of performance management. Most supplier scorecards are built manually, lagging behind operational events and offering limited insights. Performance issues are addressed late - often only when service failures or escalations occur.

Procurement teams know that supplier performance impacts the end-customer experience directly. Late deliveries, inconsistent service, or unresolved issues damage reliability and trust. Yet performance management is often reactive, fragmented across departments, and not tightly linked to operational KPIs.



Fragmented transactional data

Supplier interactions span multiple systems across procurement, operations, and finance, making it difficult to consolidate performance insights.



Complex contract structures

Procurement contracts often include sophisticated pricing models, SLAs, and multi-tiered performance metrics, which are challenging to measure and enforce consistently.



Lack of structured performance dialogues

Without centralized dashboards or real-time reporting, supplier reviews often rely on anecdotal evidence rather than objective data.

With performance data scattered across systems, ever-changing compliance requirements, and contract terms that are difficult to track, many organizations deprioritize supplier performance management or resort to reactive, manual processes that offer limited strategic value.

With supplier ecosystems growing more complex, organizations need a scalable way to continuously track performance, identify trends early, and intervene before issues affect customer outcomes.



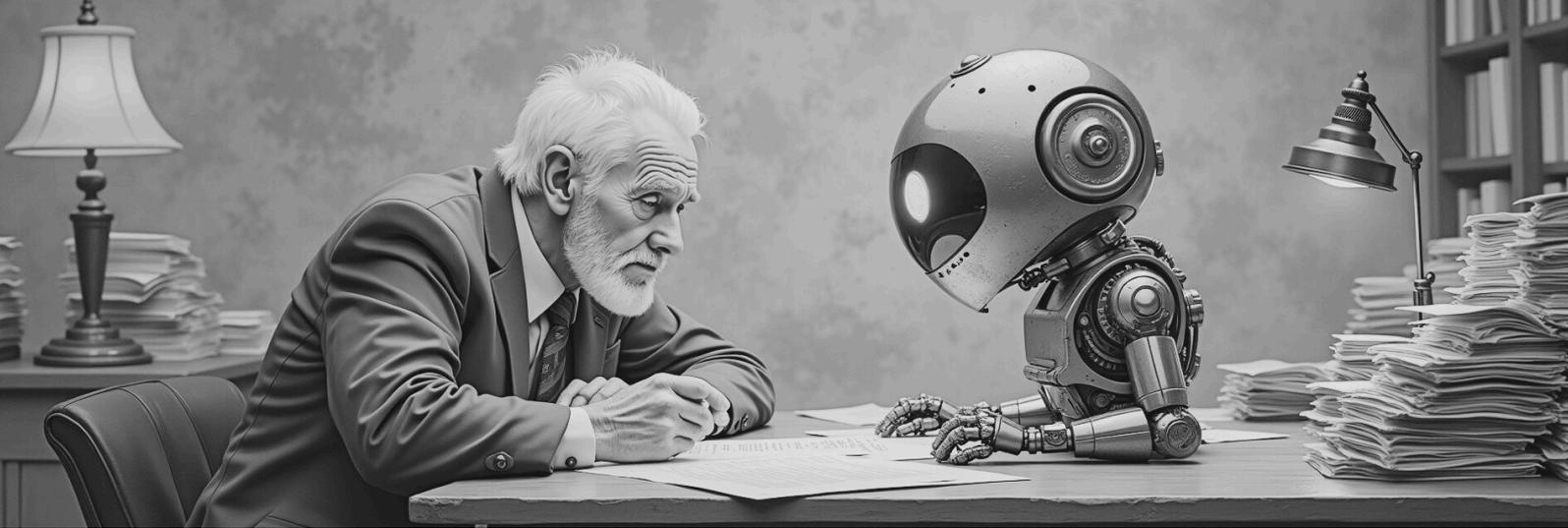
Why Gen AI and Multi-Agent Systems Matter

Managing supplier performance has traditionally been a manual and fragmented process. Data is spread across different systems, regulatory requirements are constantly changing, and tracking contract compliance is complex. AI, particularly Generative AI (Gen AI) and Multi-Agent Systems (MAS), offers new ways to structure data, monitor performance, and validate supplier agreements more efficiently.

Structuring Supplier Data for Better Insights

One of the biggest challenges in supplier performance management is that relevant data is stored in different systems—procurement platforms, operational logs, finance records, and supplier communications. Consolidating this data manually is time-consuming and often incomplete.

- **AI-powered Data Integration:** AI can extract, interpret, and organize both structured and unstructured data, such as emails, contracts, invoices, and performance reports.
- **Automated Supplier Dashboards:** AI agents continuously pull data from various sources to provide a more complete and real-time view of supplier performance, helping organizations detect trends and risks earlier.



Smarter Decision Support

Traditional metrics tell you what happened. AI tells you what to do next.



Proactive Recommendations

Instead of just displaying lagging indicators, AI suggests concrete actions for procurement teams to intervene, improve, or escalate supplier issues.



Supplier Collaboration Support

AI can also assist in supplier negotiations, contract reviews, and performance dialogues by preparing summaries, suggested responses, and visual data snapshots.



Automated Issue Resolution

If a supplier fails to meet SLAs, AI flags the issue and suggests corrective actions, reducing delays in resolution.

With these capabilities, Gen AI and MAS turn supplier performance management from a reporting task into a proactive intelligence function. Procurement teams gain the tools they need to predict issues, reduce risk, and enhance service delivery - at scale.

Introducing the Supplier Performance Agent

To address these challenges, AI can be deployed as a Supplier Performance Agent that functions as a live supplier intelligence engine:

Key Capabilities:

Unified Supplier Data View

The agent captures and consolidates structured and unstructured data from contracts, emails, delivery notes, operational logs, and finance systems. It provides a complete view of all supplier interactions, ensuring that no critical signals are missed.

Monitoring Supplier KPIs & Proactive Alerts

The agent continuously tracks operational performance in real time, identifying patterns in delivery accuracy, service quality, and resolution speed. When trends breach pre-set thresholds, the Category Manager is notified instantly.

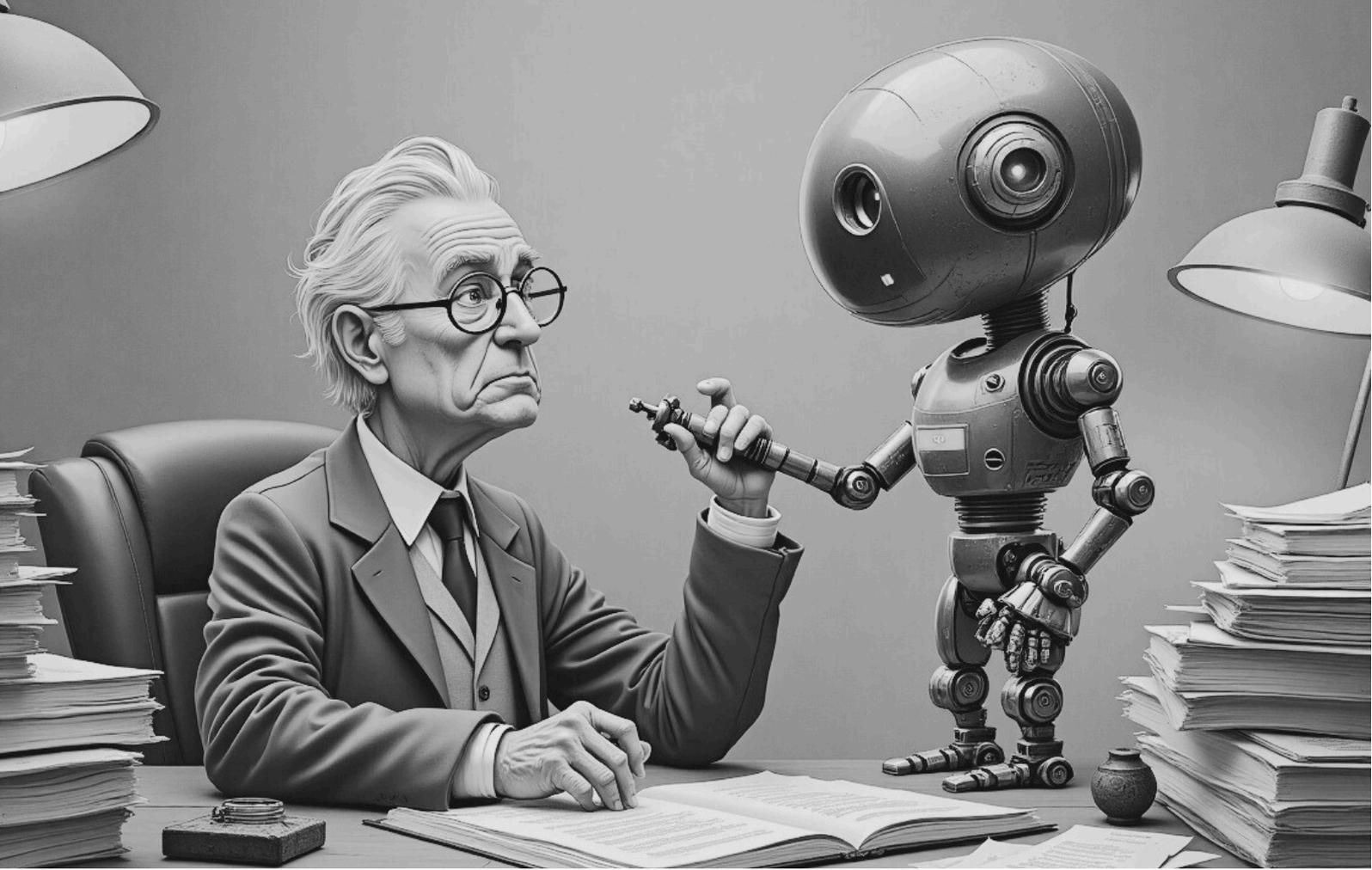
Benchmarking & Opportunity Discovery

By analyzing performance across suppliers, the agent generates benchmarks based on customer-centric KPIs such as:

- On-time delivery rates
- Issue resolution speed
- Service quality ratings
- Transparency metrics
- Carbon footprint and sustainability compliance

Performance Feedback Loop

The agent automatically generates performance summaries and sends tailored improvement suggestions to both buyers and suppliers, enabling a continuous improvement dialogue.



Industry Applications:



Logistics

Track on-time delivery or operational efficiency and reduce service disruptions through real-time alerts



Banking

Identify underperforming third-party vendors affecting internal SLAs



Insurance

Benchmark service quality across suppliers in claims handling and fraud prevention.



Conclusion and call to action

AI transforms supplier performance management from lagging measurement to real-time insight. The Supplier Performance Agent enables procurement teams to:



Proactively manage risk and quality trends.



Create structured, data-driven supplier dialogues.



Drive improvements that support better service for the end customers.

Are you ready to explore how AI can enhance your supplier management strategies?

Contact Carve to learn how AI-powered procurement solutions can transform your business.



Lars J. Andersson
(+45) 6120 4734
lja@carve.dk