



SOURCING

# Democratizing Sourcing

Why tail spend automation is  
the next procurement frontier

ESKER®

## Definitions

### Spend management

*"The big picture"*

The end-to-end discipline of seeing, controlling and optimizing all company spend.

### Procurement

*"The execution"*

Everything a company does to buy what it needs, from intake and purchasing to supplier management and payment.

### Sourcing

*"The strategy"*

The process of deciding who a company buys from and on what terms — balancing cost, quality, reliability and risk.

### Tail spend

*"The hidden opportunity"*

Minor, scattered purchases that fall outside of strategic sourcing efforts that often go unmanaged or unnoticed. Represents missed opportunities to optimize spend, reduce risk and increase transparency.

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# Executive summary

## Emmanuel Olivier

Deputy CEO - WW Chief Revenue Officer, Esker

Emmanuel Olivier leads Esker's global revenue strategy, driving sales execution and go-to-market alignment while overseeing strategic partnerships. He also leads marketing, customer success, professional services and customer expansion initiatives across all regions.

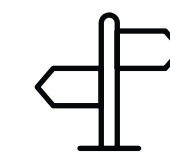
For years, Procurement teams have invested heavily in strategic sourcing tools to negotiate large contracts, manage critical suppliers and drive measurable savings. These initiatives have delivered strong results, but they've also left a significant gap untouched — **tail spend**.

These low-value, ad-hoc purchases — comprised of portions from both direct and indirect spend — are made every day outside formal sourcing processes by operational teams, site managers and occasional buyers. And while tail spend typically compromises **80-90% of all purchased items**, it only accounts for the **bottom 10-20% of a company's total spend**.<sup>1</sup>

This seemingly insignificant percentage, along with the scattered, hard-to-manage nature of tail spend, is exactly why it's an area of purchasing with a reputation for being a juice that's not worth the squeeze.

However, the rise of tighter margins, compliance pressures and decentralized buying has prompted the Office of the CFO to rethink the priority placed on tail spend management. From improved operational visibility, efficiency and security to potentially millions in cost savings, tail spend represents a transformative opportunity to turn what was once viewed as "lost pennies" into real, measurable business value.

In 2026 and beyond, strategic sourcing will be no less important, but the next phase of procurement maturity will require **more inclusive and democratic sourcing** to optimize tail spend management. To ignore its potential is to miss out on a future-defining opportunity.



**Ready to explore the most effective strategies for democratizing sourcing? Read on to learn more ...**

<sup>1</sup>Drentin, R. Erriquez, M. Nee, C. Ziegler, M. Long tail, big savings: Digital unlocks hidden value in procurement. June 2018. McKinsey & Company.

# Understanding tail spend:

## Small purchases, big impact

Tail spend sits in the “long tail” of company purchasing, representing the wide range of smaller, scattered buys that trail behind large, strategically sourced spend. Because these purchases frequently happen outside formal sourcing processes, they often rely on manual work and informal methods — inefficiencies that are increasingly catching the attention of the Office of the CFO.

### How tail spend occurs

Because traditional sourcing tools are designed for Procurement experts, occasional buyers resort to:

- Emails to suppliers
- Spreadsheet-based quote comparisons
- Verbal agreements
- Informal supplier selection

### Tail spend's makeup

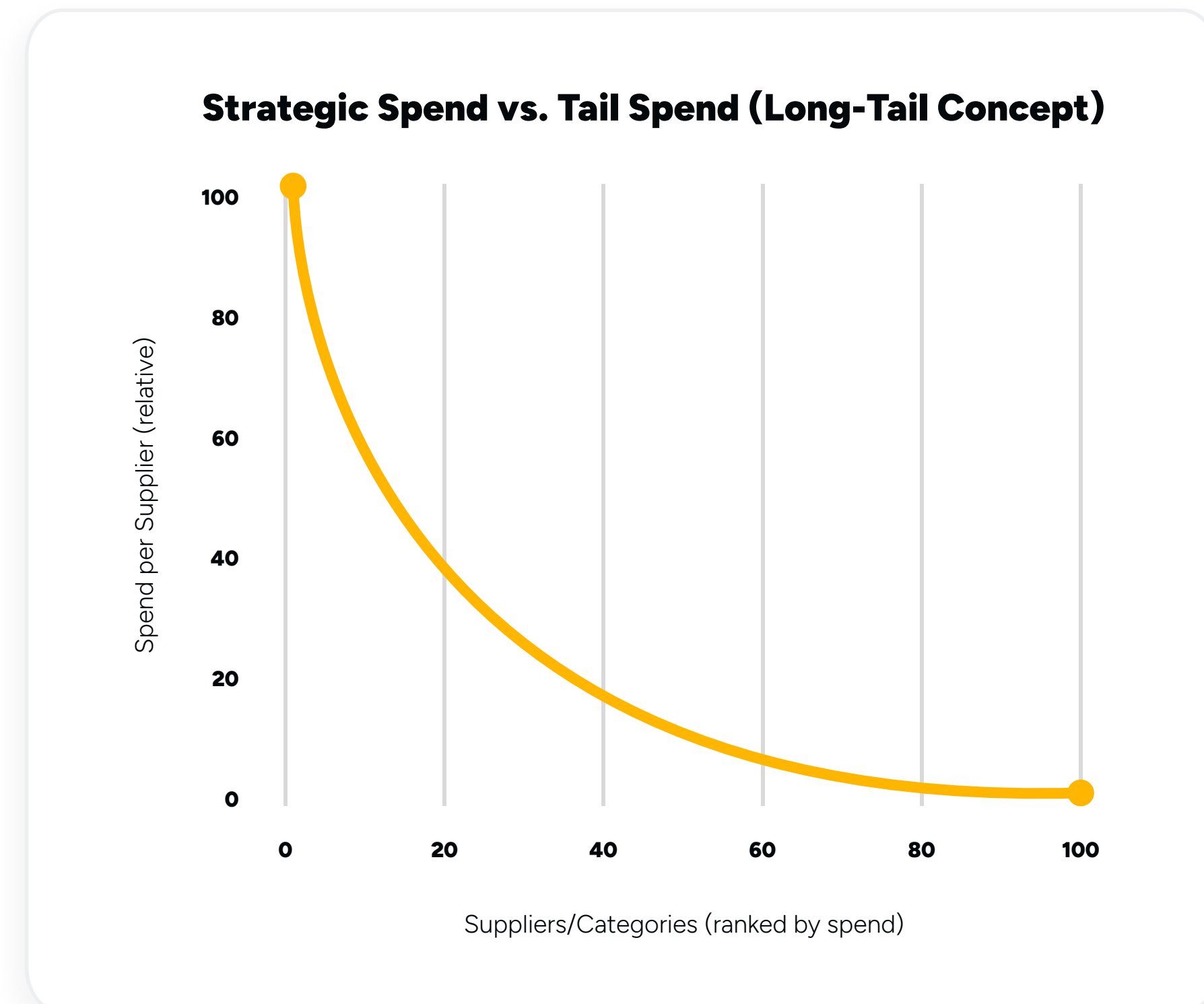
Typically, tail spend includes purchases that are:

- Low-value or urgent needs
- Operational services and materials
- One-offs
- Purchaes made by non-professional buyers

### The downside

Left ignored, tail spend can cause the kind of headaches that keep everyone from Procurement leaders to CFOs up at night:

- Limited visibility
- Inconsistent pricing
- Compliance gaps
- Supplier fragmentation
- Excessive manual effort





## **A closer look:** How much is tail spend *really* costing you?

### **Consider this scenario ...**

A company with a total direct spend of \$3 billion will have approximately **\$400 million in tail spend** that holds a **5–15% savings potential**.

By not properly managing its tail spend, the company fails to capture those potential savings — missing out on a **whopping \$40 million!**<sup>1</sup>

<sup>1</sup>Drentin, R. Erriquez, M. Nee, C. Ziegler, M. Long tail, big savings: Digital unlocks hidden value in procurement. June 2018. McKinsey & Company.

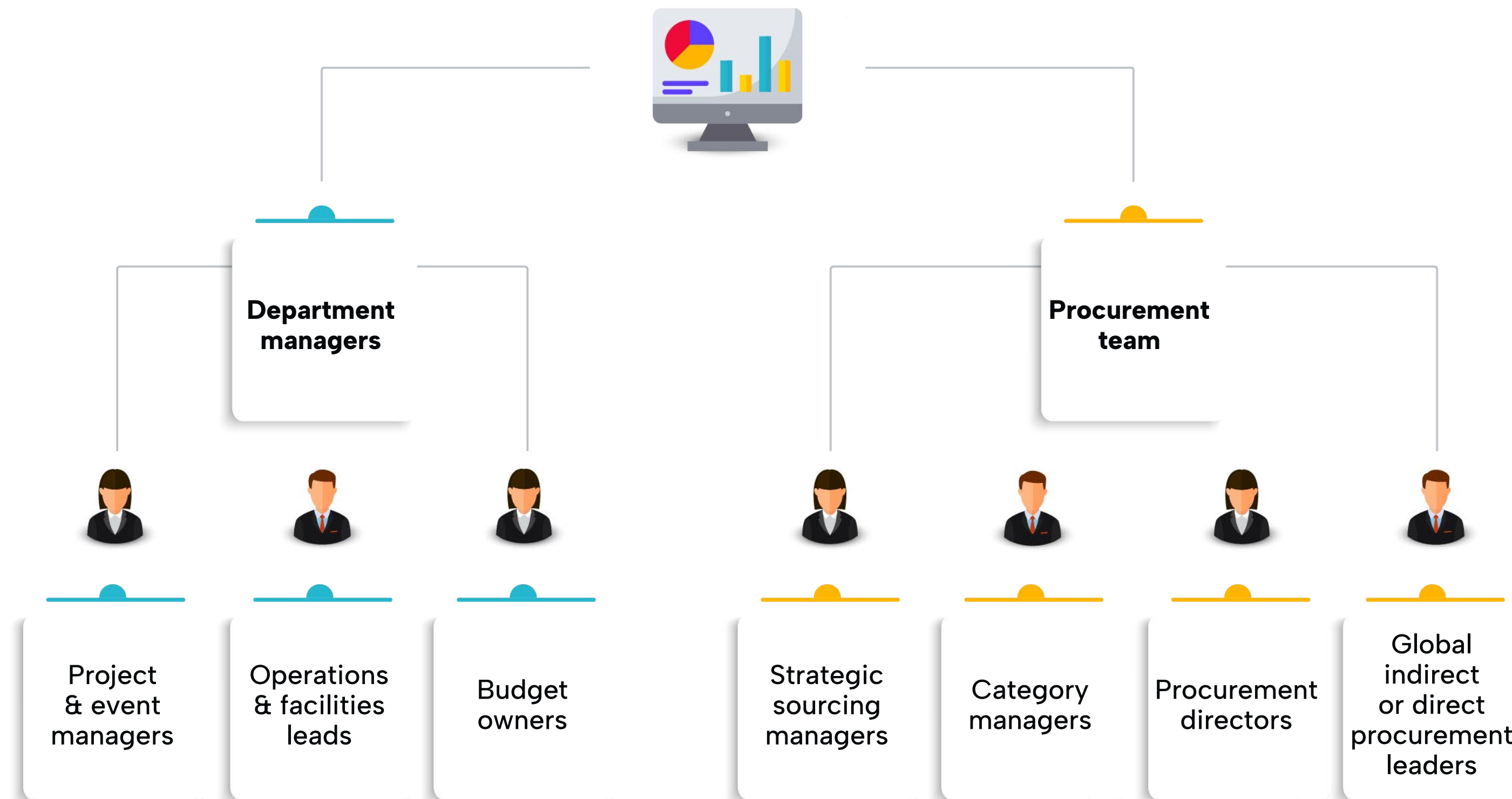
# Democratizing sourcing: A smarter buying experience for all

Procurement teams have long known that tail spend exists. The difficulty in managing it has always centered around the question, “How do we effectively control it without adding further complexity or slowing down the business?” The answer is surprisingly simple — by democratizing sourcing (i.e., extending sourcing capabilities beyond Procurement experts without sacrificing governance or consistency).

## Value-add for occasional buyers

### “The Tail Spend Crew”

- A simple, guided way to request quotes
- Clear rules embedded in the process
- Automated supplier engagement
- Easy comparison and decision support



## Value-add for the Procurement team

### “The Strategic Spend Squad”

- Visibility into who is buying what
- Standardized supplier interactions
- Traceability and auditability
- Alignment with purchasing and finance processes



# A different perspective: Think of democratizing sourcing like ...



## Lane additions on a highway

Much like added lanes provide relief from traffic congestion, allowing more buyers to access centralized sourcing tools means purchasing can move forward without the normal bottlenecks and Wild West tendencies. Better yet, the speed limits and road rules remain enforced by procurement.



## Self-checkout at a grocery store

Self-checkout stations let smaller transactions flow quickly while staff focus on more complex purchases. Similarly, procurement can focus on strategic sourcing while the business handles smaller buying needs. Setting prices and controlling inventory is still done by the store.



## Smartphone photography

Democratizing sourcing does to procurement what modern phones did to photography. Today, snapping a high-quality shot is just a click away. Yes, the pros still handle the big shoots, but everyone can capture everyday moments —much like routine sourcing can now happen across the business without worry.

“Democratization” can mean a lot of things to a lot of different people. Some might think it’s just another buzzword giving off major synergy vibes, while others are turned off by the idea altogether (“The more democratic purchasing is, the more complexity!”). The reality is, occasional buyers are already involved in the process — democratization simply means sourcing is made easier and more consistent **for everyone**.

# Automation as the enabler: Everyday purchasing made easy in 5 steps

As mentioned, the sheer complexity of tail spend makes traditional approaches to quote request/sourcing unsustainable — manual processes simply cannot scale across hundreds or thousands of occasional buyers. And don't forget about CFOs: They're undeniably feeling the impact of rising admin costs, limited financial visibility and inconsistent purchasing decisions.

**Automation is the clear answer to this critical financial dilemma** — and the driving force by which democratization is achieved. By standardizing and guiding the sourcing process, AI-powered automation solutions allow occasional buyers to run simple quote requests without creating added risk or administrative burden for Procurement teams. It does this by:

1. **Generating** structured quote requests
2. **Automatically** engaging suppliers
3. **Consolidating** responses in a comparable format
4. **Guiding** users toward compliant decisions
5. **Capturing** every step for audit and reporting

Importantly, this type of automation is built to support and augment human judgment rather than replace it. This ensures decisions are faster, more consistent and precise, and well documented.

The screenshot displays the KONECEPT FURNITURE procurement software interface. At the top, there is a navigation bar with the company logo and several utility icons. Below this, a summary dashboard shows three key metrics: 2/2 Participants responded, 0/2 Participants declined, and 0/2 Pending response. A table titled 'Participants' lists two suppliers: Adecom and ACME Supply Co., with their respective contact information and 'Responded' status. At the bottom, there are four action buttons: 'Award', 'Create purchase requisition', 'Close request', and 'Quit'.

Name	Supplier number	Contact email	Contact name	Status
Adecom	Adecom45	tfara@adecom.com	Tanya Fara	Responded
ACME Supply Co.	ACME143	jtulip@acme.com	Johnny Tulip	Responded

# Automation as the enabler: Benefits beyond efficiency

When tail spend is automated and standardized, organizations unlock benefits that extend far beyond standard operational efficiencies into real, measurable outcomes across the business, including:



## Accelerated purchasing cycles

What once took weeks of emails, follow-ups and spreadsheets now happens in hours thanks to quote request automation. The result? Projects keep moving and stakeholders stay happy.



## Improved supplier participation

By standardizing the quote request process, automation: 1) Makes it easier for suppliers to understand requirements and respond; and 2) Increases the likelihood of competitive bids.



## Reduce price variance

Prices tend to wander when every buyer runs sourcing differently. Quote request automation delivers structure and transparency so similar purchases get similar pricing (instead of variable swings).



## Better use of preferred suppliers

Preferred suppliers are preferred for a reason. By automatically including them in quote requests, they remain front and center so your team can make smarter buys without extra effort.



## Increased SUM

Quote automation shines a light on tail spend by bringing more buys into a structured process — expanding procurement visibility and increasing spend under management (SUM).



## Stronger collaboration






Instead of chasing emails and approvals, procurement and business teams work from the same playbook. Automation gives everyone visibility into requests, decisions and responses.



# Selecting the right solution: Capabilities that drive long-term value

Standalone AI or automated tools offer undeniable benefits — but they come with inherent limitations and added complexities. Foundational, long-term value can only be nurtured with solutions designed to scale across the organization and support the needs of modern CFOs.

## Here's what to look for:

-  Inclusive access and capabilities for both occasional buyers and strategic sourcing teams
-  Seamless integration with broader source-to-pay (S2P) processes (e.g., supplier and contract management, procurement, accounts payable)
-  Connectivity to financial workflows beyond S2P that impact the Office of the CFO and business strategy
-  A set of robust technologies (e.g., embedded AI and Agentic Agents, native ERP integration, performance-ready analytics) capable of powering every financial team, process and decision
-  Flexible controls that support compliance, risk management and evolving procurement policies



# Conclusion:

## The future of sourcing is inclusive

Strategic sourcing remains a cornerstone of procurement performance, but it was never designed to manage the thousands of everyday purchasing decisions that occur across the business. Leaving the beast that is tail spend untamed only serves to leave a significant portion of organizational spend unmanaged.

Democratizing sourcing offers a pragmatic path forward. By combining simple, guided processes with automation, organizations can extend sourcing discipline to non-professional buyers without adding friction or slowing down operations — transforming tail spend from a blind spot into a source of measurable value.

Organizations that succeed in the next phase of procurement transformation will be those that:

- **Recognize the importance and organizational impact of tail spend**
- **Design processes for the way people actually work**
- **Use AI and automation to deliver speed, precision and visibility where it's needed most**
- **Empower the entire organization — not just procurement**

>> **The next frontier of procurement maturity** is about bringing structure and transparency to the purchases that have traditionally fallen outside formal processes. And at a time when every organization is seeking agility, resilience and financial control, this democratizing shift has the potential to help yours outbuy — and outperform — the competition.

# Hi, we're Esker

Esker's AI Automation Suite for the Office of the CFO leverages the latest in Agentic AI and automation technologies to optimize working capital and cashflow, enhance strategic decision-making, and improve human-to-human relationships with customers, suppliers and employees. Esker's Source-to-Pay and Order-to-Cash solutions automate any business process while supporting long-term growth strategies.



**40+**

years of experience with 20+ years focused on cloud solutions



**1,200+**

employees serving 1.12M+ users and 3,000+ customers worldwide



**15**

global locations with headquarters in Lyon, France



**~€250**

million in revenue in 2025



## Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

The ESKER logo is displayed in a bold, white, sans-serif font. The letter 'E' is stylized with a horizontal gap in its middle bar. To the right of the word 'ESKER' is a registered trademark symbol (®). Below the logo, the website address 'www.esker.com' is written in a smaller, white, sans-serif font.

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