

AI in Procurement Report 2026

Where artificial intelligence is genuinely being applied in Malaysian procurement — the use cases delivering value now, where effort falls most, and what is coming next.

40–60%

Illustrative manual-effort cut (early adopters)

Cataloguing

Highest-impact use case today

Analytics

Fastest-maturing use case

Agentic AI

The emerging frontier

Artificial intelligence has moved from procurement conference slideware to day-to-day tooling. The most useful applications are not the most futuristic ones — they are the ones that quietly remove manual effort from cataloguing, spend analysis and requisitioning, freeing lean teams to focus on sourcing and supplier strategy.

This report maps how AI is being applied in Malaysian procurement in 2026: the use cases delivering value, where they cut manual effort most, how far adoption has spread, and where the frontier is heading. Figures are illustrative, representative benchmarks drawn from Lapasar's marketplace operations across Peninsular Malaysia, engagement with procurement teams, and global procurement literature — see the sources note below. They are directional, not a verified survey.

Key findings

- AI-assisted cataloguing and product matching is the highest-impact use case today, cutting manual data effort by an illustrative 40–60% in early-adopter teams.
- Spend analytics and classification is the fastest-maturing application, turning messy transaction data into sourcing-ready category views.
- Requisitioning is becoming conversational: natural-language search and guided buying reduce off-catalogue and maverick purchasing.
- Agentic AI — systems that execute routine buying within policy guardrails — is the emerging frontier, starting with well-defined tail categories.
- The prerequisite for all of it is clean, consolidated data: AI amplifies the value of a single managed catalogue and fragments without one.

Where AI is delivering value today

The most valuable AI in procurement right now is unglamorous: it cleans and matches product data, classifies spend, and guides buyers to the right catalogue item. These applications compound because they improve the underlying data that every other procurement process depends on.

The benchmark below is representative of early-adopter teams Lapasar works with across Peninsular Malaysia. The effort-reduction figures describe manual work removed, not headcount cut — the freed capacity typically moves to sourcing and supplier management.

Use case	Illustrative effort reduction	Maturity
Catalogue & product-data matching	40–60%	Mainstreaming
Spend classification & analytics	35–55%	Maturing fast

Guided / conversational requisitioning	25–40%	Emerging
Supplier discovery & screening	20–35%	Emerging
Agentic auto-buying (tail)	Early	Frontier

Illustrative representative figures for benchmarking only — effort removed, not headcount, and directional rather than a verified survey.

Why data quality is the real unlock

AI is only as good as the data it works on. In procurement, that means a clean, consolidated catalogue and coherent spend data. Teams that have consolidated onto a single managed marketplace get compounding returns from AI, because the model has one clean dataset to reason over. Teams with fragmented data across dozens of suppliers spend most of their AI effort just cleaning inputs.

- Consolidated catalogues give AI one clean dataset to reason over
- Classification quality determines analytics and sourcing value
- Guided buying reduces off-catalogue and maverick spend
- Policy guardrails are what make agentic buying safe to adopt

Where the frontier is heading

The next step is agentic AI — systems that do not just recommend but execute routine purchasing within defined policy limits. Adoption will start with well-bounded tail categories where the rules are clear and the value of each decision is low, then expand as trust and guardrails mature. The organisations best placed to adopt it are those that have already consolidated and cleaned their procurement data.

Common questions

How is AI used in procurement today?

The highest-value applications are catalogue and product-data matching, spend classification and analytics, and guided or conversational requisitioning. These cut manual effort by an illustrative 25–60% in early adopters, freeing teams for sourcing and supplier strategy.

Which AI use case has the biggest impact?

AI-assisted cataloguing and product-data matching currently delivers the biggest impact — an illustrative 40–60% reduction in manual data effort — because it improves the underlying data every other procurement process relies on.

What is agentic AI in procurement?

Agentic AI refers to systems that autonomously execute routine purchasing within policy guardrails, rather than just recommending. It is the emerging frontier, expected to start with well-defined tail categories where rules are clear and each decision is low-value.

What does an organisation need before adopting AI in procurement?

Clean, consolidated data. AI amplifies the value of a single managed catalogue and coherent spend data, and struggles where data is fragmented across many suppliers. Consolidation is typically the prerequisite for getting compounding returns from AI.

Sources & methodology

- Lapasar marketplace operational data across Peninsular Malaysia (aggregated and anonymised) — 10,000+ suppliers and 2M+ SKUs.
- Lapasar's direct engagement with enterprise and GLC procurement teams adopting AI tooling.
- Global procurement research literature on AI and automation, used for directional framing only.
- Methodology: figures are illustrative composite ranges for benchmarking, describing manual effort removed rather than headcount. No confidential client data has been disclosed. Results vary by data quality and use case.

