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# Procurement 4.0: A systematic review of its technological evolution

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**Abstract.** Industry 4.0 is significantly transforming the traditional way of managing supply chains. However, Industry 4.0 tools can be expensive and not affordable and can be implemented in a variety of ways. Therefore, the benefits of implementing these tools should be clarified before investing in digitizing the Procurement process. The objective of the work is to present the dimensions (Competencies, Management, Partnerships, Processes, Systems/Technologies, and Sustainability) and the tools of Ind4.0 motivating the trends of evolution in the procurement area in the face of these changes in technologies and digital transformation. Despite the importance of this issue, few studies have attempted to address the effects of Ind4.0, technologies, and intelligent systems in procurement. To fill this gap, in the applications of Ind4.0 tools a conceptual model was developed to classify different value propositions provided by the different applications of Ind4.0 tools in the internal and external processes of the area. Finally, the results conclude that the six dimensions proposed in the conceptual model can provide a better understanding of the Procurement area, demonstrating the trends of the implementation of Ind4.0 tools related to different activities, presented by the literature authors.

**Keywords:** Industry 4.0; Procurement 4.0; value proposition; supply chain; digitization

## 1 Introduction

The new industrial revolution is beginning and is changing the way we live, work and relate to each other [1]. To meet this new requirement, manufacturing and all processes of companies will need to adapt [2]. The importance of developing and managing innovative procurement *strategies* is clear [3]. From a historical perspective, procurement has undergone major transitions, especially in recent decades, in the sense that organizations have had to deal with pressures related to cost reduction and increased profits [4].

According to Batran et al. (2017) [5], the reality is that the pace of change and the scale of challenges we face require a new approach to how we do business. Change is continuous: Procurement 4.0 must be able to easily adapt and take advantage of emerging opportunities. It is also an integral and essential component of a larger system within a given organization. Procurement 4.0 can improve supply chain performance by adding values and improving visibility and resiliency. The idea of Procurement 4.0 and the values aggregated by this concept is a new subject that is rarely addressed and suffers from great uncertainty due to the involvement of complex supply chain activities and multicriteria decision-making [6]. In terms of processes, problems, and solutions in defining how procurement can add value to customers, inside and outside an organization;

and how it can help manage relationships, improve processes, and better resource management, both internally and with partners [7]. In this sense, the research questions are: How will the process be different from the current Procurement system to Procurement 4.0? What technologies can be used? What is the tendency of Procurement evolution? The paper is conceptual to achieve the goal of organizing the literature through a systematic review and evaluating the process, technologies, and trends of the evolution of Procurement to Procurement 4.0.

For this, we carried out a systematic review of the literature and established a conceptual frame (table 1) of Procurement evolution, technologies, and tendencies of Procurement 4.0.

The paper is organized as follows: Section 2 presents the background of the review of Industry 4.0 and Procurement concepts; section 3 presents the systematic review method, used to organize and classify the literature into six dimensions; Section 4 presents the results of literature research on Procurement, technologies of industry 4.0 and the respective references; Section 5 presents the discussion and conclusions about the evolution of Procurement to Procurement 4.0, emphasizing process improvements.

## 2 Theoretical Review

### 2.1 Industry 4.0

As a way to contextualize the *Procurement 4.0 scenario*, we raise information about industry 4.0, digital technologies, and the structure of procurement. Germany brings a new paradigm of industrial production to the world, with the appropriation of digital technology disseminated on the Internet and executed by the Elements Internet of Things [8]. Bonilla et al., (2018) [9], common that due to its unique characteristics, the goal of Industry 4.0 is to increase productivity and customization that are achieved through the flexibilization of manufacturing and decentralization through the digitization and integration of the information network, allowing the real-time monitoring and control.

### 2.2 Procurement and Procurement 4.0

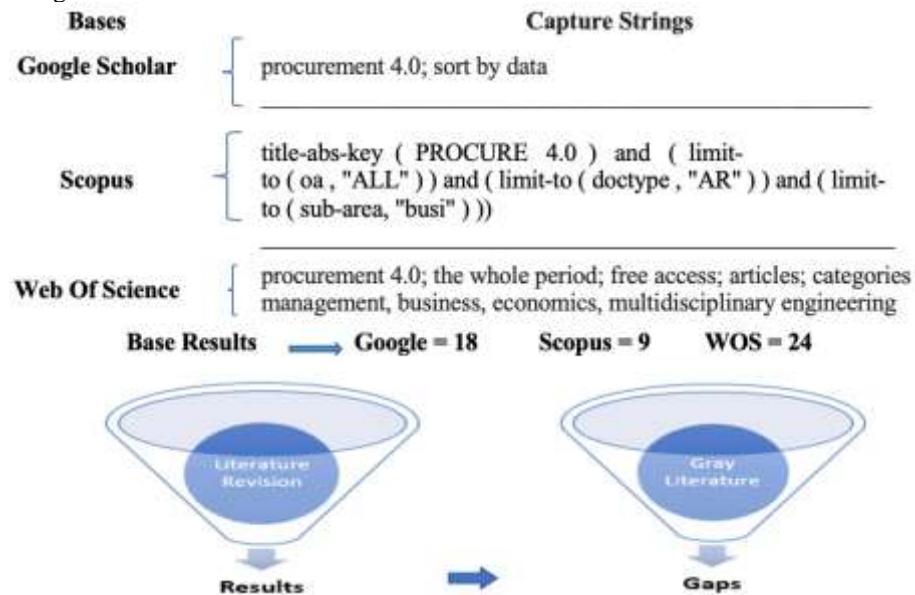
Procurement can be defined as the "business management function that ensures the identification, supply, access, and management of external resources that an organization needs or may need to meet its strategic objectives" [10]. Procurement is a function of procurement of products and services, especially for commercial purposes. Among them are supplier selection, payment terms, contract negotiation, regulatory compliance, analysis, and outsourcing [11]. This is possible because Procurement has strategic know-how about suppliers and their markets, deep expertise in the products and services purchased, and the alternatives on offer, including emerging innovations [12].

Procurement 4.0 connects the organization with its suppliers and enables dynamic cooperation and coordination of the procurement process [13]. Procurement 4.0 includes a range of processes and changes within a company as they work to develop new procurement value propositions and incorporate supplier management into purchasing software [14]. According to current literature, Procurement 4.0 can be understood as an intelligent system capable of autonomously detecting material demand, generating your

order, and even transmitting the order to the supplier without the need for human involvement [15]. Procurement 4.0 aims to optimize the value provided by the purchasing function [3].

### 3 Method

First, we selected the Google Scholar, Scopus, and Web of Science databases. In the second step, we select the keyword applied to collect related articles. The keyword "procurement 4.0" is new to academic literature and the resulting terminology for the new synonym for I4.0 and Supply Chain 4.0. The illustration presents the methodology in figure 1.



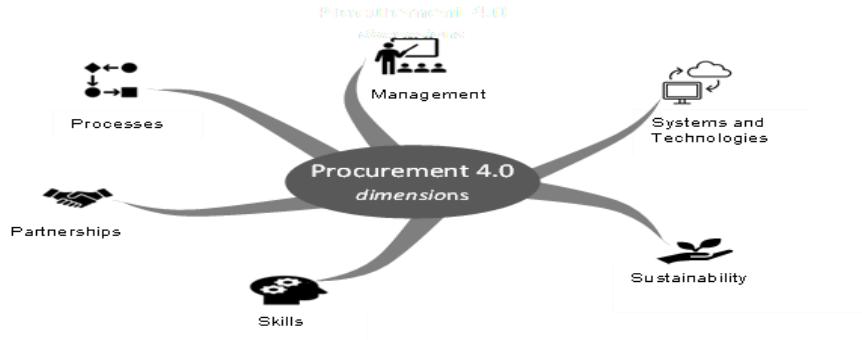
**Fig. 1.** Illustration of the methodology used in this article.

Instead of covering a rigid systematic review, we conducted a review at different levels, looking for text representative of technologies within the Procurement approach, showing a current or potential use in the construction of Procurement 4.0. After the analysis of the articles, a gap was presented in the literature presented, of the term Procurement 4.0 for still being reduced publications, to repair it was used an approach in the gray literature [36], specialized scientific journals and management reports were used to extract technologies applied in various forms and levels of intervention that help to manage this change. Public Procurement cases were discarded because they did not belong to the scope of the search.

For example, Henke and Schulte [16] argue that the acquisition of partners and the interface layer of production solutions offer the opportunity to position itself as a key factor for the development of industry 4.0, postulating several opportunities. Contributing to this reasoning, Bueno et al. [17] present six essential dimensions for the implementation of Procurement 4.0 that will require a mutation in companies, and their Strategic, Tactical, and Operational planning: Competencies, Management, Partnerships,

Processes, Systems / Technologies, and Sustainability. Figure 2: Illustrates the established dimensions of Procurement 4.0.

Fig. 2: Dimensions for Procurement 4.0, based on Bueno et al. [17]



## 4 Results

The intention advocated in this article was to address the six dimensions and technologies of industry 4.0, to present the due rupture[3] of Procurement for Procurement 4.0. The introduction of 4.0 technologies will mean developing new value propositions, meeting new business needs, and integrating data between roles and value chains. Procurement 4.0 include forming service level agreements with suppliers, maintaining the procurement intranet site, frequent design reviews and stakeholder satisfaction surveys, and identifying and implementing opportunities for improvement [15]. Table 1 presents the procurement break for version 4.0.

Table 1: Evolution of Procurement technologies

Dimensions	Industry 4.0 Technologies	Transition in Procurement Operations	Tendencies	Authors
Skills	Cloud Computing, Internet of Things (IoT), Blockchain Technology, Cybersecurity, Big Data Analytics, Advanced Robotics, Virtual/Augmented Reality, 3D Printing, and Additive Manufacturing.	Reduced team workload	Multi talent profiles.	[18]
		Creating synergies	Consultants	[19]
		Communication	Data Analysts (Descriptive analytics to cognitive analytics).	[20]
			Strategic with the business.	[21]
			Relationship management and strategic thinking.	[22]
Management	Cloud Computing, Internet of Things (IoT), Blockchain Technology, Cybersecurity, Big Data Analytics, Advanced Robotics, Virtual/Augmented Reality, 3D Printing, and Additive Manufacturing.	Strategic Positioning	Mastery of proprietary technology.	[18]
		Creation of new business networks	Third party independence.	[19]
		Cost reduction	Process and data integration.	[5]
			Cost of acquisition and supplier selection.	[24]
		More customer-oriented business models	Higher Profits.	[20]
Partnerships	Cloud Computing, Internet of Things (IoT), Internet of Services (Ios),	Supplier Administration	Greater Autonomy.	[21]
			Creation of new business networks. Use of blockchains for contract validation.	[18]

<b>Processes</b>  Blockchain Technology, Cybersecurity, Big Data Analytics, Advanced Robotics, Virtual/Augmented Reality, 3D Printing, and Additive Manufacturing	More transparency in the supply chain  Proactive Response  Risk management	More agile communication with customers and suppliers.  Increased transparency of data and information.  Early issuance of outage notices.  Strategic Partners.  Improved evaluation of customer and supplier data.	[19]  [20]  [23]  [5]  [21]
	Demand analysis  Information flow  Process standardization  Fast reaction times	Digitization of processes and procedures.  Greater efficiency, flexibility and fast reaction time.  Automated allows perfect co-ordination, saving coordination costs.  Decreased travel costs and increased speed in decision making.  Better connections with global supplier network.	[18]  [19]  [13]  [20]  [21]
	Improved data quality (greater significance due to information and not just data).  Real-time availability of data and information.  Intelligent behavior  Database security  Fully automated information flow.	Real-time availability of data and information.  Improved data availability, fully computerized.  Increased transparency of data and information.  Autonomous Vehicle Routing, Locating Potential Suppliers, Order Scaling, and Lot Storage.  Data sharing, visibility and transparency promotes trust.  Improved evaluation of customer and supplier data.	[18]  [19]  [25], [26]  [15]  [21]
	Reduction of costs associated with waste management.  Sustainable shopping  Corporative image	Socially responsible shopping.  Cloud data associated with sustainability, such as carbon footprint (environmental) and waste disposal costs (economic) and social aspects.  Economic, environmental and social behavior depends heavily on your supply chain.	[27]  [28]  [30]
<b>Systems and Technologies</b>  Cloud Computing, Internet of Things (IoT), Internet of Services (Ios), Blockchain Technology, Simulation, Cyber Security, Big Data Analytics, Advanced Robotics, Virtual/Augmented Reality, 3D Printing, Additive Manufacturing, and Artificial Intelligence.	Improved data quality (greater significance due to information and not just data).  Real-time availability of data and information.  Intelligent behavior  Database security  Fully automated information flow.	Real-time availability of data and information.  Improved data availability, fully computerized.  Increased transparency of data and information.  Autonomous Vehicle Routing, Locating Potential Suppliers, Order Scaling, and Lot Storage.  Data sharing, visibility and transparency promotes trust.  Improved evaluation of customer and supplier data.	[18]  [19]  [25], [26]  [15]  [21]
	Reduction of costs associated with waste management.  Sustainable shopping  Corporative image	Socially responsible shopping.  Cloud data associated with sustainability, such as carbon footprint (environmental) and waste disposal costs (economic) and social aspects.  Economic, environmental and social behavior depends heavily on your supply chain.	[27]  [28]  [30]
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	Reduction of costs associated with waste management.  Sustainable shopping  Corporative image	Socially responsible shopping.  Cloud data associated with sustainability, such as carbon footprint (environmental) and waste disposal costs (economic) and social aspects.  Economic, environmental and social behavior depends heavily on your supply chain.	[27]  [28]  [30]
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<b>Sustainability</b>  Cloud Computing, Internet of Things (IoT), Blockchain Technology, Cybersecurity, Big Data Analytics, Advanced Robotics, Virtual/Augmented Reality, 3D Printing, and Additive Manufacturing.	Reduction of costs associated with waste management.  Sustainable shopping  Corporative image	Socially responsible shopping.  Cloud data associated with sustainability, such as carbon footprint (environmental) and waste disposal costs (economic) and social aspects.  Economic, environmental and social behavior depends heavily on your supply chain.	[27]  [28]  [30]

	Sustainable Production	Flexibility in production volumes.	[19]
	Facilitates compliance with legal requirements.	Acquisitions covering environmental, economic and social (TBL) elements.	[30]
		Incorporation of new technologies.	[20]
	It demonstrates the organization's commitment to a sustainability and social responsibility policy.	Perceived Costs/Benefits: Sustainable products play a prominent role in sustainable procurement.	[31]

## 5 Discussion and Conclusions

Despite the emerging literature on this subject, it is notorious that there is a lack of comprehensive and systematic structures, strategies, and approaches for the implementation of Industry 4.0 concepts in the Procurement processes. The literature has in common that the described procurement process was initiated not by a single technology, but by the interaction of various technologies and solutions whose effects created new modes of production, but also influenced organizations, the environment, and social functions, in accordance with [32].

Procurement is no longer a personality-centered function, where professionals in the area manage everything on their own, using only the knowledge they have acquired over time. Based on the research of the literature presented, the table presented how Industry 4.0 technologies will change the way the Procurement process works and what are the trends of this evolution. Procurement 4.0 will transform the operation of the Supply Chain. Applicable technologies represented substantial values and aggregated values consist of improving performance in operations associated with purchasing management in supply chains, such as pricing, supplier selection, evaluation, cost-benefit, data collection, and analysis. The presence of digital integration is transforming business processes, both internal and external, with the implementation of Ind.4.0 technologies. Processes and data are increasingly transparent and accessible, intelligence in Procurement 4.0 requires a transformation in the organization in the six dimensions presented.

The adoption of Procurement 4.0 results in autonomy, flexibility, and transparency of operations associated with purchasing management to optimize pricing decisions, supplier management, and purchasing management, or to develop sustainability and data sharing security [33,34]. Given the issues related to the application of Industry 4.0 technologies in Procurement and compared with the existing literature in the area, this article focuses not only on technological trends but proposes a vision of Procurement evolution and tendencies. However, our reviewed literature does not find a clear concept of Procurement 4.0. Future studies can focus on a conceptual model of Procurement 4.0.

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