SUPPLY-CHAIN RESILIENCE

Procurement is New Zealand's shock absorber. It's time we gave it AI agents.

AI agents that can monitor suppliers, run tenders and scan for risk around the clock are moving into production overseas. For a trading nation at the end of the world's longest supply chains, no function has a stronger claim on them than procurement.

Prof. Ilan Oshri OPINION · UNIVERSITY OF AUCKLAND BUSINESS SCHOOL

If 2026 has taught New Zealand businesses anything, it is that the next supply chain shock is never far away. The Strait of Hormuz crisis sent oil above US$100 a barrel, added weeks to shipping routes, and saw carriers slap surcharges of hundreds of US dollars per container on cargo bound for New Zealand. DHL's latest Export Barometer found 87% of New Zealand exporters faced higher shipping costs over the past year, and only 7% escaped supply chain disruption altogether. The Government stood up a ministerial group on economic security and supply chains in March. We have been here before, with Covid, the *Ever Given*, the Red Sea attacks, and we will be here again.

Each time, the same lesson is drawn: New Zealand's economy — with exports of around $80 billion a year and an equally deep dependence on imported fuel, machinery, components and consumer goods — lives or dies on its supply chains. And each time, attention lands on ships, ports and fuel reserves. What gets far less attention is the function inside every enterprise that actually manages this exposure day to day: procurement.

Procurement decides which suppliers a firm depends on, on what terms, with what alternatives, and how quickly it can re-source when a route closes or a supplier fails. In a small, distant, trade-dependent economy, procurement is not back office administration. It is the corporate immune system. Yet in most New Zealand organisations it remains under-resourced, manually operated, and largely untouched by the AI wave now reshaping other business functions.

> **In a small, distant, trade-dependent economy, procurement is not back office administration. It is the corporate immune system.**
>
> THE EXPOSURE MOST BALANCE SHEETS DON'T NAME

◆ THE SHIFT

From chatbots to agents that act

The technology now arriving in procurement is different from the chatbots and drafting assistants most managers have already met. Agentic AI systems can carry out entire multi-step tasks — deciding, acting and adjusting course along the way — with a human supervising the work rather than driving it. In procurement, that means agents that discover and vet suppliers, prepare and assess tenders, analyse contracts and spend, track supplier performance, and continuously scan for risk — with humans overseeing the work rather than executing every step.

Internationally, this has moved well past the experimental stage. In BCG's 2026 Tech Procurement Study, which I contributed to alongside colleagues at BCG, we surveyed more than 200 procurement professionals across industries and regions and interviewed procurement leaders, platform vendors and global system integrators. Most enterprises surveyed are already piloting or deploying agentic AI in procurement. The live question overseas is no longer whether to use it, but how to redesign the procurement organisation to get the most from it. That should give New Zealand executives pause: while local firms debate whether this technology is real, their international competitors and suppliers are debating how to scale it.

The study also carries a useful warning about expectations. Benefits arrive in a sequence. Internal, operational gains — faster cycle times, higher throughput, less manual effort, better compliance — show up first and are reported most often. Market-facing commercial gains, such as better pricing, stronger negotiation outcomes and access to new suppliers, come later and less frequently, because they depend on redesigning processes and ways of working around the technology, not just installing it. And production deployments deliver markedly stronger results

than pilots, because the real value appears only once multiple workflows are connected. Firms that judge the technology on a narrow pilot will systematically underestimate it.

By the numbers

THE EXPOSURE

87% of NZ exporters faced higher shipping costs over the past year (DHL Export Barometer)

7% escaped supply-chain disruption altogether

40d added to some transit times by the Strait of Hormuz crisis

$80bn of annual exports riding on these supply lines

THE RESPONSE

200+ procurement professionals surveyed in BCG's 2026 Tech Procurement Study

71% cite trust in autonomous decision-making as the leading barrier

46 / 7 / 6% rate internal capability "fully sufficient" — in-house builders vs co-developers vs outsourcers

SOURCES · DHL Export Barometer · BCG 2026 Tech Procurement Study (200+ respondents)

THE CASE

Why this matters for absorbing shocks

For New Zealand enterprises, the case is sharper than most. Distance means longer lead times, thinner alternatives and higher stakes when things go wrong. Absorbing a global shock is fundamentally a speed problem: how quickly can you detect that a supplier, route or input is compromised, and how quickly can you find, vet and contract an alternative? Done manually, that cycle takes weeks. A risk-monitoring agent scanning shipping data, news feeds and supplier registers around the clock compresses detection to hours. A supplier-discovery agent can assemble and pre-screen a shortlist of alternatives — across markets a small New Zealand procurement team would never have time to canvass — in days. When the Hormuz crisis added up to 40 days to some transit times, the firms best placed to respond were those that already knew their exposure, supplier by supplier and container by container.

This is also a scale equaliser. Most New Zealand firms cannot afford the large sourcing and supplier-management teams of the multinationals they buy from and sell to. Agentic AI gives a

three-person procurement function capabilities that used to require thirty — which matters enormously in an economy of small and mid-sized enterprises competing globally.

THE CATCH

The real work is inside the organisation

So what stands in the way? Not the models. Vendors and system integrators we interviewed consistently described the technology as ready to deliver value at scale. What holds firms back, our respondents told us, sits inside the business itself: fragmented data and difficult integration with legacy ERP and procure-to-pay systems; legacy processes that leave freed-up capacity with nowhere to go; and above all governance — 71% cited trust in autonomous decision-making as a barrier, with security, regulatory uncertainty, accountability and auditability close behind. Organisations that pair the technology with capability building, process redesign and governance report much stronger outcomes than those deploying technology alone.

One finding is particularly relevant for New Zealand firms, most of which will buy this capability rather than build it. In a related analysis of how organisations source agentic AI — developed fully in-house, co-developed with a partner, or bought as a managed service — the performance outcomes across the three routes were remarkably similar today. Buying a capable solution is a perfectly good way to start. But the routes diverge sharply on what sits inside the organisation afterwards: 46% of in-house builders rate their internal capability as fully sufficient, against 7% of co-developers and 6% of outsourcers — and in-house organisations run the most autonomous agents. Internal capability is what determines how much you can safely ask of your agents as they take on more consequential decisions. The practical implication: partner for speed, but budget deliberately for the data foundations, governance skills and internal expertise to understand and steer the agents you deploy, so that dependency does not become permanent by default.

THE STAKES

A national resilience question

For procurement leaders, the study points to a consistent playbook.

The procurement playbook

WHAT THE STUDY TELLS LEADERS TO DO

01 **Redesign processes end-to-end** rather than automating isolated steps.

02 **Set shared success measures across procurement and IT** — joint accountability outperforms single-function ownership.

03 **Build capability alongside the technology**, not after it.

04 **Track both operational and commercial outcomes**, knowing they arrive at different times.

05 **Plan for scale from the outset**, because the pilot understates what production delivers.

For boards and executives, the message is simpler. Every scenario exercise run since Covid has concluded that New Zealand needs more resilient supply chains. Resilience is built, transaction by transaction, in procurement. The technology to transform that function is ready, and the international organisations deploying it are building a head start in practical, hard-won know-how that latecomers cannot simply purchase later. In a country whose prosperity depends on goods moving across the world's longest and most exposed supply lines, giving procurement the intelligent agents it needs is not a productivity nicety. It is national economic resilience, implemented one enterprise at a time.

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