



How an Automated Calculation Tool  
Helps Unlock Supplier Cost Insights

# Transparent Cost Analysis for Smarter Procurement Decisions





**Procurement spend can make up a significant part of any organization's expenses, covering everything from materials, parts, and labor to logistics and overhead. To better understand and control these costs, companies are turning to cost engineering - a field that combines engineering knowledge with cost analysis methods. This approach is especially important today, as purchasing departments typically handle between 50-80% of an organization's cost-related decisions.**

Companies are facing growing challenges from all directions - energy prices are rising, shipping costs are increasing, raw materials are getting more expensive, and labor costs continue to grow. While businesses traditionally dealt with these increases by raising prices for customers, this solution is no longer practical in today's competitive market. That's where the evolving trends in procurement come into play.

In this whitepaper, we will explore how adopting faster quotation processes, leveraging data-driven decision-making, and implementing automated cost calculation software can all enhance operational efficiency in procurement. Discover how these tools and strategies enable organizations to stay competitive, tackle rising costs, and navigate the complexities of modern procurement.

# 01 Key Trends in the Evolving Procurement Landscape

The procurement landscape is rapidly changing as organizations adapt to new market pressures, technological advances, and regulatory requirements. Seven major trends are reshaping how businesses approach procurement:

## 1. Strategic Cost Management

The recent years of high inflation have set new baseline input costs across industries, making strategic cost management a top priority for procurement management. As price increases stabilize, procurement teams are regaining negotiation leverage and can employ both technical and commercial strategies for cost reduction. This evolution requires data-driven cost management approaches while making sure their supply chains remain strong and reliable.

## 2. Speed as a Competitive Advantage

In 2025, speed in responding to quote requests will be a key differentiator. Quick quotes signal efficiency and reliability to buyers, thereby building trust and increasing the likelihood of securing business. Streamlining the quoting process with smart software enhances operational efficiency, ensuring procurement teams stay competitive in today's fast-paced markets.

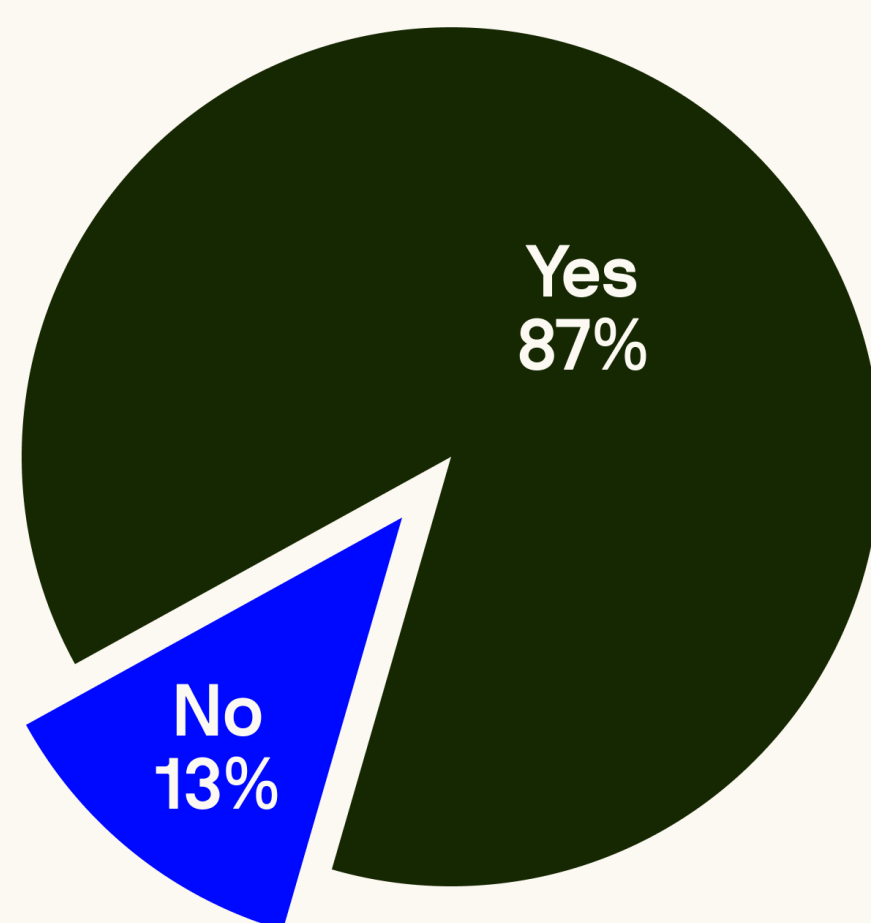
## 3. Digital Transformation Through E-Procurement Solutions

The adoption of digital procurement solutions has revolutionized supplier sourcing and management, with 87% of companies now leveraging these tools. Such technologies enhance efficiency by streamlining processes, improving transparency, and fostering better supplier relationships. The shift toward data-driven procurement represents a fundamental transformation in how organizations approach sourcing.



# E-procurement platforms are mainstream digital technology

Does your organization use an e-procurement platform?



Source: W.W. Grainger Inc. 2024 survey of 500 MRO organizations

## 4. Data-Driven Decision Making

Decisions in procurement increasingly rely on actionable, accurate data that is both accessible and easy to work with. Centralizing procurement information into unified systems provides teams with unparalleled visibility and control over operations. Advanced analytics tools now deliver precise insights into supplier performance, cost optimization, and risk mitigation, thus empowering smarter, more strategic decision-making. Meanwhile, AI and automation are driving new efficiencies, thereby making data-driven strategies not just a preference, but a competitive necessity.

## 5. Regulatory Compliance and Sustainability

Environmental responsibility has become a core consideration in procurement, with [54% of companies](#) prioritizing sustainability in supplier selection. Stricter regulations, such as the [Critical Raw Materials Act](#) and the [Supply Chain Act](#) (Germany), are bringing about increased transparency and environmental accountability across supply chains. Additionally, the EU's [Carbon Border Adjustment Mechanism \(CBAM\)](#) is driving change by putting a fair price on carbon emissions from imported goods, ensuring that the carbon price of imports matches domestic production costs, and encouraging cleaner industrial practices globally. These legal frameworks are reshaping supplier selection and management practices.

## 6. Accelerated Supplier Integration

Traditional supplier onboarding processes, which often take up to 30 days, are being transformed through automated solutions. Modern procurement tools can streamline due diligence processes, contract negotiations, and system integration,

which in turn means a reduction in onboarding time while maintaining rigorous evaluation standards. This acceleration is crucial for maintaining a competitive edge in today's dynamic markets.

## **7. The Power of Collaboration**

Collaboration is increasingly shaping the future of procurement. Organizations are adopting advanced collaborative platforms to streamline operations and foster transparent communication with suppliers and stakeholders. This trend is driving a shift toward more interconnected procurement strategies, where seamless integration and shared objectives lead to improved negotiation outcomes and greater spend management efficiency.



# 02 The Procurement Pressure Points

While these emerging trends offer new opportunities for procurement optimization, they also highlight significant hurdles that teams must overcome.

As procurement departments rush to adapt to digital transformation, sustainability requirements, and accelerated processes, they face several critical challenges that impact their ability to make informed decisions and achieve optimal cost outcomes.

## 1. Supplier Quotation Speed

Procurement teams face growing pressure to respond quickly to high volumes of quote requests. This challenge is compounded when multiple quote revisions are required due to mid-process changes, which then increase the complexity of maintaining accuracy. Without the right tools, these situations often lead to rushed decisions and potential errors. Additionally, the rising demand for comprehensive cost transparency from suppliers, including

detailed cost breakdowns, further complicates and lengthens the quotation process.

## **2. Time Constraints and Request Volume**

Operating in a competitive environment, procurement teams have to address numerous requests from suppliers and internal stakeholders, and all while managing tight deadlines. Balancing speed and accuracy under these conditions can overwhelm teams, resulting in errors or missed opportunities to optimize costs.

## **3. Cost Engineering vs. Procurement Dynamics**

A key challenge lies in the often conflicting objectives between engineering and procurement departments. While both aim to reduce costs, their approaches differ. Engineering teams may prioritize design performance over cost, while procurement focuses on cost reduction from a commercial standpoint. These misaligned priorities can create friction, hindering cohesive cost mitigation strategies and effective collaboration on shared projects.

## 4. Transparency Issues

Transparency remains a critical challenge, both internally and externally. Within organizations, departmental silos and unclear cost breakdowns impede effective communication and decision-making. Externally, Original Equipment Manufacturers (OEMs) increasingly demand detailed cost transparency from suppliers, with some industries moving toward standardized open-book accounting practices. Balancing transparency requirements with the need to protect proprietary information adds complexity, particularly when managing intricate cost structures involving commodities, energy, logistics, and labor.

**“Procurement leaders need to know what size price increases from suppliers are fair, and that means trying to understand a supplier’s true cost of inflation.”**

**– Paul Goydan, Boston Consulting Group**



## 5. Knowledge Gaps

Procurement professionals, often coming from business-focused backgrounds, may lack the technical expertise needed to navigate complex cost structures. This gap becomes especially apparent when managing Bills of Materials (BOMs) or evaluating technical cost components during supplier negotiations. Without this technical understanding, procurement teams risk making less informed decisions, potentially undermining cost and process optimization efforts.

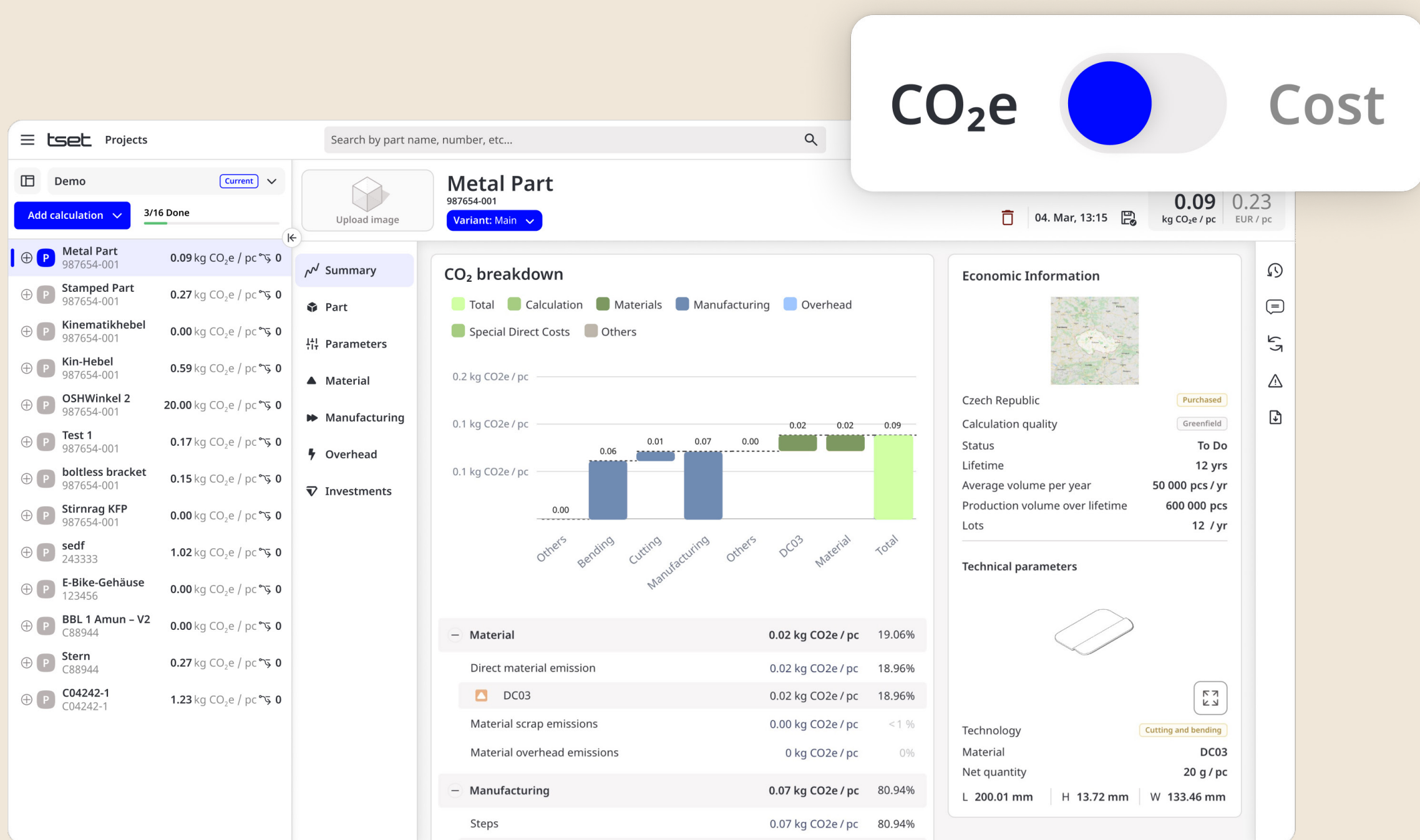
# 03 Tset: Automated Tool for Advanced Supplier Cost Analysis

To address these organizational challenges while keeping pace with emerging procurement trends, modern procurement teams need sophisticated tools that provide complete visibility into pricing components. Automated cost calculation solutions like Tset help professionals make data-driven decisions about price fairness and strengthen their position in supplier negotiations.

**Tset's cost and carbon calculation software transforms supplier relationships and cost management through three key capabilities:**

- **Detailed and easily manipulable cost breakdowns:** Analyzing material, labor, and overhead costs, including logistics and energy expenses, while you are in negotiations with your supplier.
- **Strategic negotiation points:** Identifying hidden cost drivers and market shifts for renegotiation opportunities.

- **Supplier quote validation:** Benchmarking quotes against industry data to ensure competitive pricing.



Let’s explore how Tset software solution transforms procurement operations by automating complex calculations, enabling data-driven supplier negotiations, streamlining workflow efficiency, and providing comprehensive data management capabilities—all while empowering procurement teams to make strategic decisions with confidence.

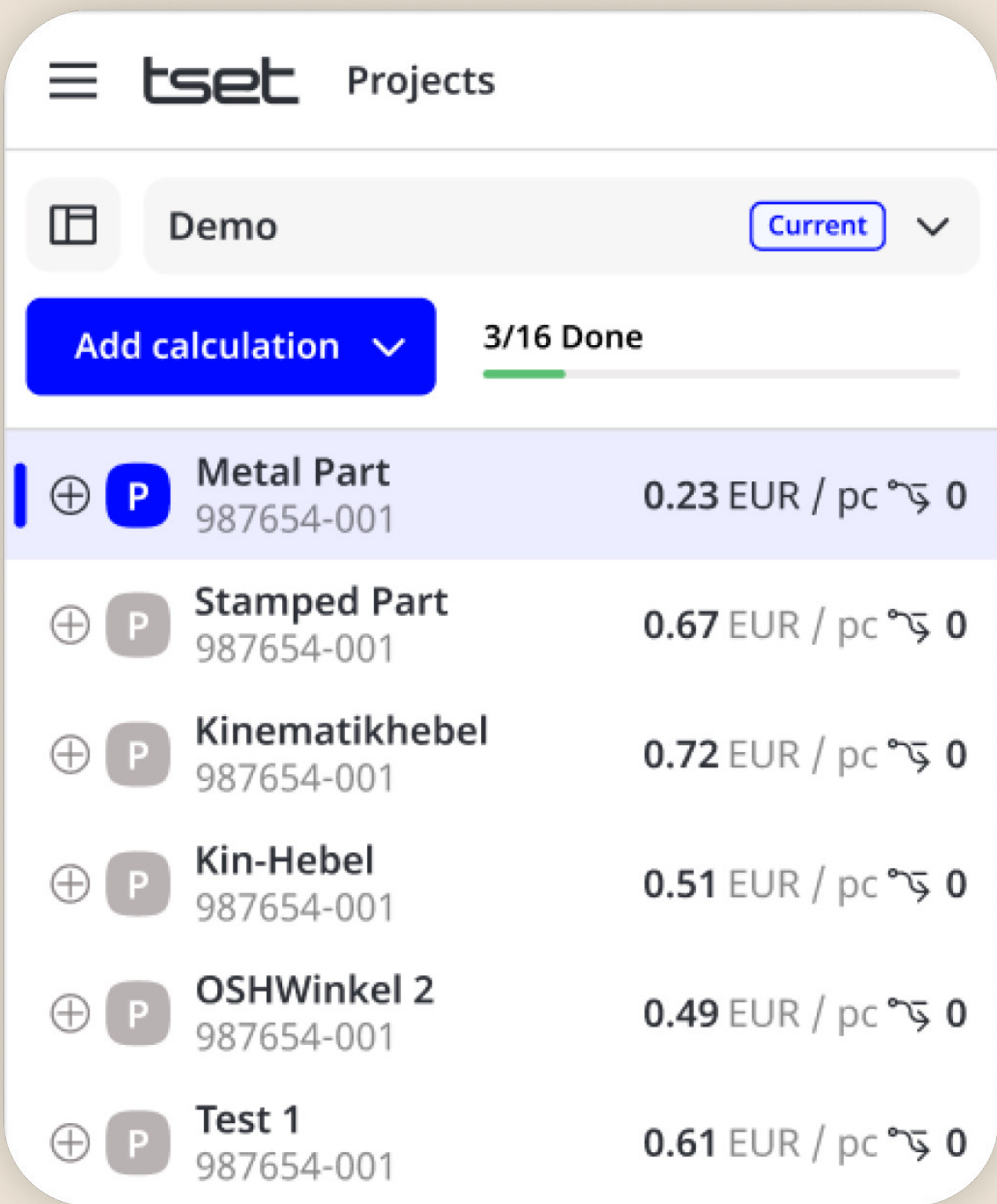
Transparent Cost Analysis for Procurement14



# Empowering Procurement Teams

Tset enables procurement professionals to understand and leverage technical cost breakdowns without having extensive engineering knowledge. The software provides multiple levels of cost analysis:

- Comprehensive breakdowns of commodities, parts, processes, and overheads
- Detailed process-by-process and part-by-part analysis
- Cost tracking and scenario simulation capabilities
- BOM management across entire product families



## **Driving Strategic Supplier Negotiations with Fast Quotes**

The software transforms supplier negotiations by:

- Defining fast supplier quotes based on detailed cost breakdowns
- Enabling real-time scenario analysis during negotiations
- Establishing clear cost structures that simplify future price adjustments
- Validating and comparing supplier quotes against industry benchmarks

## **Reducing Workload Through Smart Automation**

The software significantly reduces manual effort through:

- Automated pre-built modules for complex technical calculations
- Real-time simulation capabilities for business case evaluation
- Reusable calculations for enhanced supplier negotiations

- Seamless integration with existing enterprise systems through a professional API
- User-friendly interface that streamlines complex calculations for users of all skill levels

## **Achieving Full Transparency with Data Management**

Tset provides comprehensive data management features:

- Centralized database for calculations and master data
- Clear visibility into engineering work and assumptions
- Historical data tracking for future reference and supplier management
- Standardized processes for cross-functional collaboration



# Conclusion

Tset's cost and carbon solution bridges technical and commercial gaps, helping procurement teams achieve smarter procurement decisions and sustainable cost savings. By investing in Tset, companies benefit from streamlined negotiations, improved supplier relationships, and predictable cost structures, all while maintaining competitiveness in today's challenging market landscape.

Ready to optimize your procurement strategies?

Discover how Tset's advanced cost and carbon calculation software can unlock supplier cost insights, streamline negotiations, and empower smarter procurement decisions with speed, transparency, and accuracy.

**[Book a demo today](#)** and revolutionize your procurement process.

Call us at **+43 676 4487761** (We offer support in DE, EN, and NL).

# About Tset

**Tset Software GmbH** - Tset for short - is a leading solution for product cost and CO<sub>2</sub> analysis and was founded in 2018 by Andreas Tsetinis and Sasan Hashemi. With its holistic cost and carbon management software, Tset enables the manufacturing industry to maximize cost-



and CO<sub>2</sub>-efficient product development, production, and procurement. As costs and CO<sub>2</sub> emissions are always calculated together, customers can

showcase the benefits of their own products and CO<sub>2</sub> avoidance strategies with high precision. In contrast to standard market assessments, Tset's software provides very comprehensive and accurate analyses based on a large amount of secondary data already available, with minimal additional primary data required. The security of data is ensured through TISAX certification, which validates information security in



the automotive industry. In addition, the solution is cloud-based and offered as a SaaS product, making the system ready to use and eliminating internal IT costs for customers. Tset's customers come mainly from the automotive, medical, electrical, and aerospace industries, including well-known companies such as Brose, ZF, BMW Group, and Stabilus. The team of over 80 internationally experienced mathematicians, software developers, and manufacturing experts is growing steadily, doubling every year since its foundation.