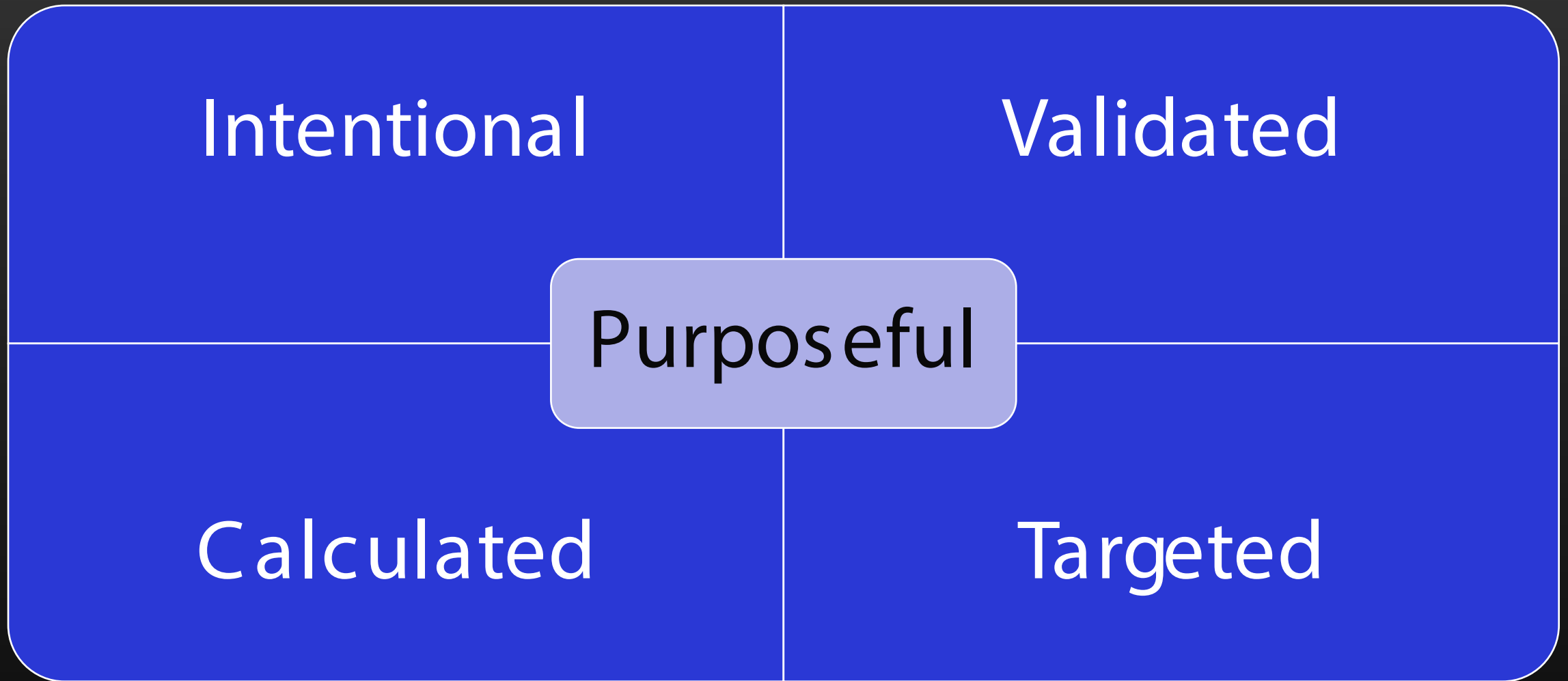




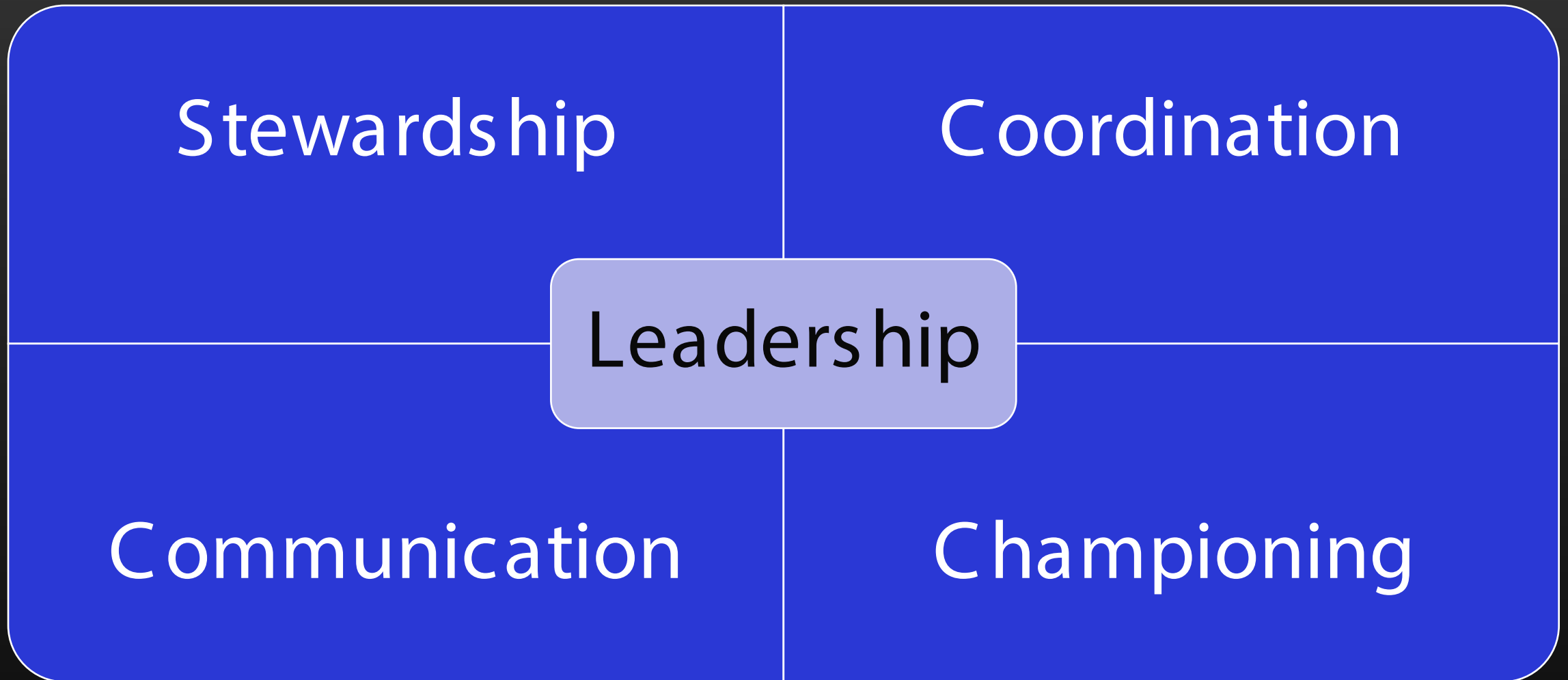
Keynote Address: Shaping the Future of Procurement

Dr. Dietrich von Biedenfeld

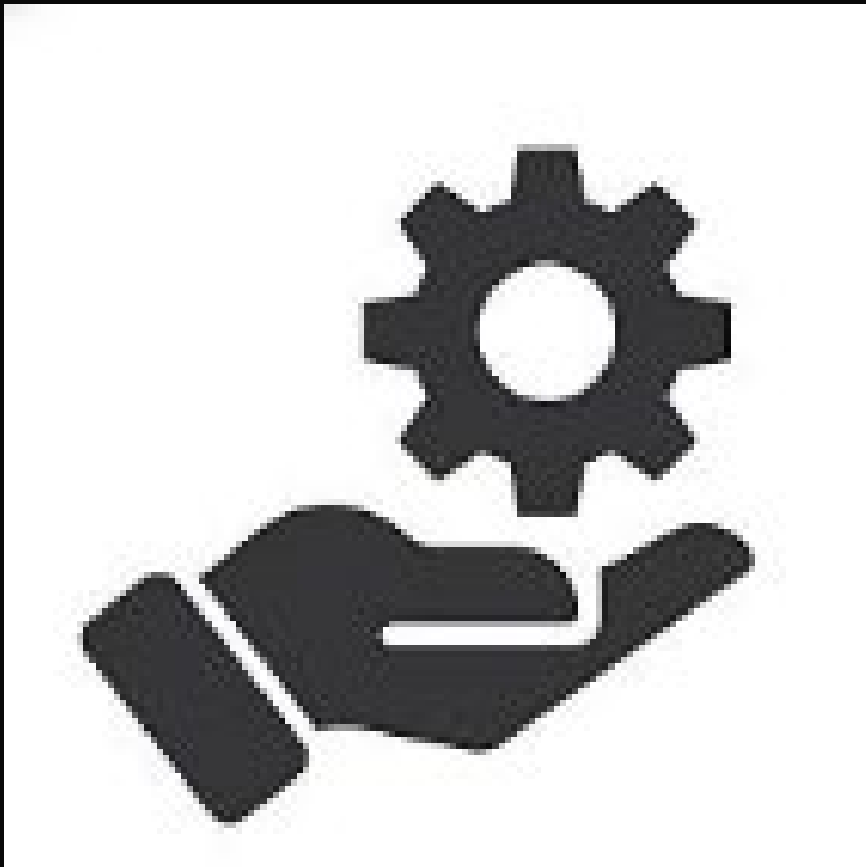
What do we mean?



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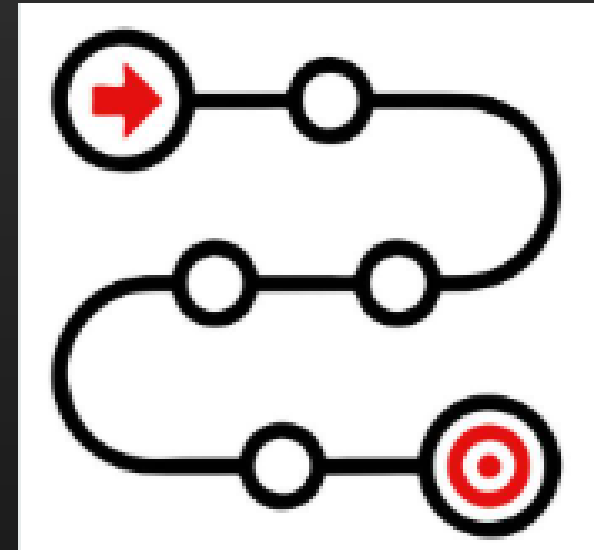
- **1. Lead as the Accountable Decision Owner**



- Make clear that AI can support research, drafting, analysis, risk triage, and workflow routing, but it does not replace the procurement officer's authority or accountability. Human review should be mandatory before decisions involving supplier eligibility, source selection, award recommendations, sanctions/trade restrictions, exceptions, or adverse supplier actions.
- Establish a written "human-in-command" standard: staff may use AI for assistance, but a named official owns each material decision.
- Require a short decision record for consequential actions: applicable authority, material facts, alternatives considered, risk assessment, rationale, approvals, and retained evidence.
- Normalize "constructive challenge": invite legal, finance, security, program, and equity/compliance partners to test assumptions before a decision becomes irreversible.
- Make escalation a strength, not a failure. Define when staff must consult counsel, trade-compliance specialists, ethics officials, cybersecurity, or executive leadership.

2. Normalize Precedent with Purpose

- Build a searchable procurement precedent library containing protest outcomes, legal interpretations, approved exceptions (REE-model), audit findings, standard clauses, policy memos, and lessons learned.
- Require teams to identify relevant prior decisions early in major procurements: “What similar acquisition, exception, or challenge has occurred, and what did it teach us?”
- Create a formal deviation protocol. If the team departs from established practice, document the authority, facts that differ, risks, approver, and the effect on future practice.
- Hold quarterly “case-law and lessons” reviews that turn protests, audits, supplier disputes, and implementation failures into revised playbooks.



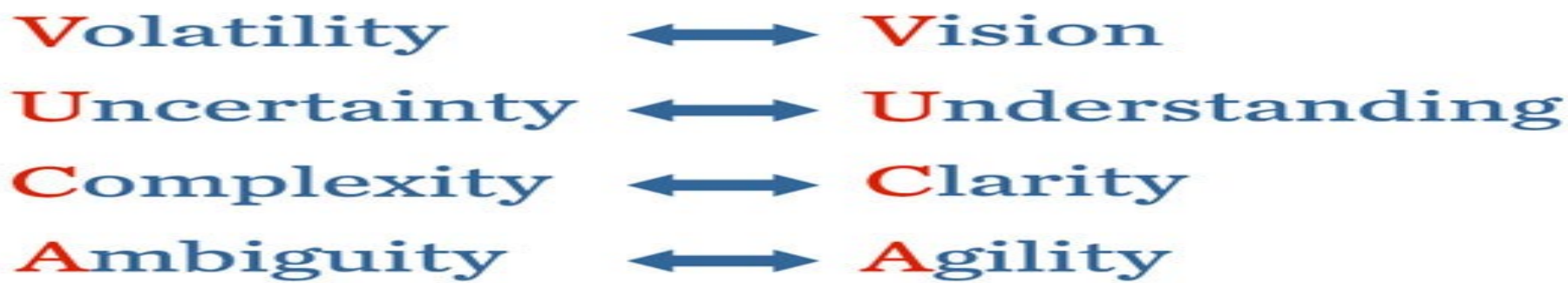
3. Build a Learning-Oriented Culture

- Resilient excellence comes from disciplined learning, not perfection theater.
- Run short, blameless after-action reviews after major solicitations, awards, protests, urgent buys, supplier failures, and AI-tool incidents.
- Publish a “what changed because of this” log, so lessons become process improvements rather than isolated institutional memory.
- Pair experienced contracting professionals with data, legal, cyber, and program staff in cross-functional acquisition squads.
- Develop capability in three areas: procurement law/policy, commercial and market judgment, and digital/data literacy.
- Recognize staff for surfacing risks early, improving templates, cleaning data, and preventing rework—not solely for moving an award quickly.



4. Create a Tiered Procurement Pathway

VUCA



Procurement characteristic	Suggested pathway	Required controls
Routine, low-value, low-risk purchase	Fast lane	Approved catalogues, delegated authority, automated checks, audit sampling
Recurring or moderate-risk purchase	Standard lane	Competition/market review, standard evaluation plan, contract review, conflict checks
High-value, sensitive, novel, or strategic procurement	Enhanced lane	Cross-functional review, written risk register, legal/compliance validation, executive checkpoints
AI-enabled, data-intensive, cross-border, sanctioned, emergency, sole-source, or policy-exception purchase	Controlled exception lane	Specialized review, documented authority, enhanced due diligence, explicit human decision gates, post-award monitoring

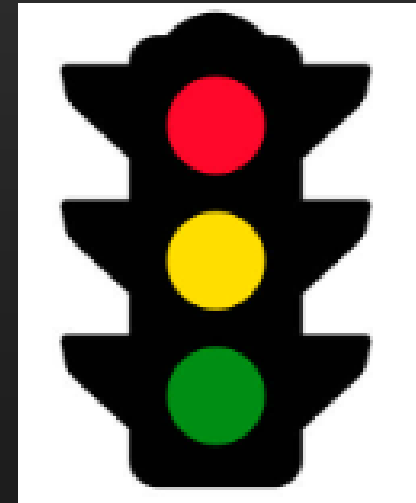
5. Establish Decision Gates

- Checklists prove that documents exist; gates test whether the acquisition is ready to move forward.
- Use a small set of gates:
- **Gate 0 — Need definition:** Confirm the public purpose, funding, ownership, requirements maturity, and whether buying is the right solution.
- **Gate 1 — Strategy:** Confirm market research, make/buy alternatives, competition strategy, trade/sanctions considerations, supplier-risk profile, and evaluation approach.
- **Gate 2 — Solicitation release:** Validate scope clarity, evaluation criteria, required clauses, accessibility/security/privacy requirements, and conflict-of-interest controls.
- **Gate 3 — Award:** Confirm evaluation integrity, responsibility determination, approvals, price/reasonableness support, and award rationale.
- **Gate 4 — Contract mobilization:** Verify deliverables, service levels, governance meetings, data rights, transition plans, and performance baseline.
- **Gate 5 — Closeout and learning:** Capture outcomes, supplier performance, savings/value realization, disputes, audit issues, and reusable lessons.



6. Define Permitted, Restricted, and Prohibited AI Uses

- A simple traffic-light model helps staff act quickly and safely.
- **Green:** Summarizing public information; drafting non-final internal materials; extracting clauses from approved internal templates; translating non-sensitive content; formatting meeting notes; creating first-pass market-research questions.
- **Amber:** Analyzing internal spend or contract data; supplier-risk triage; drafting evaluation support materials; reviewing large document sets; chatbot support for internal policy questions. Require approved tools, verified data, human validation, and retained review evidence.
- **Red:** Autonomous supplier exclusion; automated evaluation scoring or award selection; final legal, trade, sanctions, or policy determinations; uploading confidential bid data to unapproved tools; sending external communications or executing transactions without human approval.



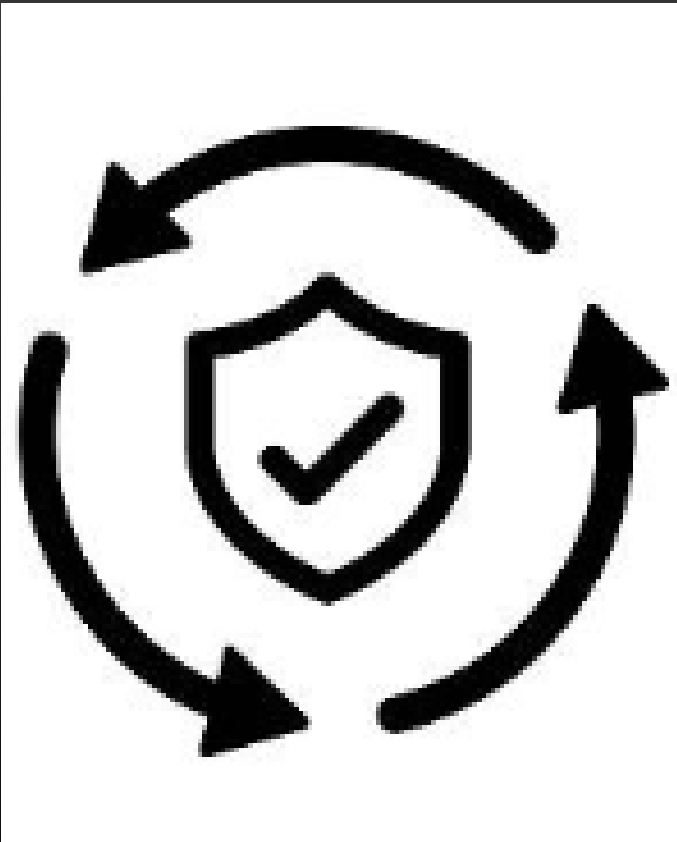
7. Treat Data Quality as a Procurement Control



- Build data infrastructure around:
- A governed supplier master: verified legal entity, beneficial ownership where applicable, tax/payment status, debarment/exclusion checks, sanctions screening, certifications, and performance history.
- A common taxonomy for spend, commodities, services, contract types, risk categories, and purchasing channels.
- Data stewardship roles with named owners for supplier, contract, spend, and performance data.
- Minimum-quality rules: completeness, timeliness, uniqueness, traceability, source authority, and periodic cleansing.
- A data lineage requirement for analytics and AI: staff should be able to identify where a material output came from, when data was refreshed, and what limitations apply.
- Separate treatment for public, internal, confidential, bid-protected, personal, export-controlled, and security-sensitive information.

“Garbage in, garbage out” is not merely a technical warning. In procurement, poor supplier, contract, pricing, classification, or requirements data can create inequity, weak competition, compliance failures, bad forecasts, and incorrect AI outputs.

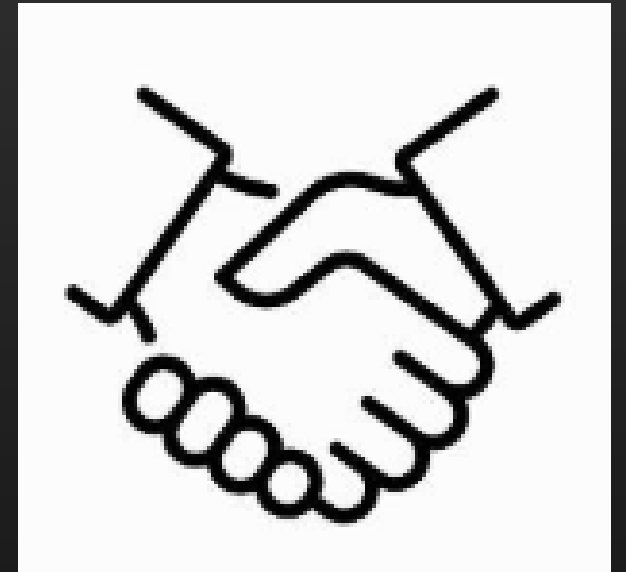
8. Modernize the Contract Lifecycle System



- Include structured fields for:
 - Contract owner, business owner, supplier, term, ceiling, funding, renewal options, and notice dates
 - Deliverables, milestones, service levels, acceptance criteria, remedies, and key performance indicators
 - Required certifications, insurance, cybersecurity terms, privacy/data-processing terms, trade/sanctions obligations, and subcontractor disclosures
 - Pricing schedules, change orders, amendments, disputes, audit rights, and transition/exit obligations
 - Supplier scorecards and corrective-action plans
- A contract repository should be more than a file cabinet. It should be the operational source of truth for obligations, renewals, performance, and risk.
- Use automated alerts for expiration, option decisions, insurance lapses, missed deliverables, price escalations, and compliance renewals. This turns contract administration into active risk management rather than post-award paperwork.

9. Add AI and Cloud-Specific Contract Clauses

- When procuring AI, cloud, analytics, or collaboration systems, standard software terms are often insufficient. Require clauses and evaluation criteria that address:
 - Data ownership, permitted uses, location, retention, deletion, portability, and return at exit
 - Confidentiality and a prohibition on using agency data to train vendor models unless expressly authorized
 - Security controls, incident notification, subcontractor disclosure, access logging, and audit rights
 - Documentation on model purpose, inputs, outputs, limitations, testing, performance monitoring, and material changes
 - Human-oversight functions, including the ability to override, suspend, and investigate the system
 - Bias, accuracy, explainability, and accessibility commitments appropriate to the use case
 - Business continuity, escrow or transition support where appropriate, and exit/portability plans
 - Clear allocation of responsibility when automated recommendations or agentic actions cause harm or noncompliance

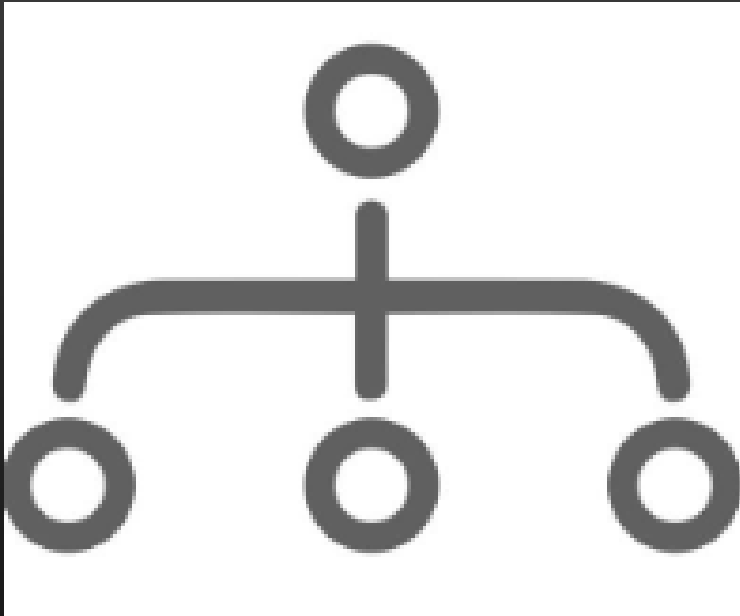


10. Build Supplier Resilience into Source Selection

- Resilience is broader than the lowest price and on-time delivery. Include a proportionate supplier-resilience assessment for critical categories.
- Evaluate:
 - Financial viability and concentration risk
 - Geographic, logistics, and geopolitical exposure
 - Sanctions, export-control, trade-agreement, and restricted-source exposure
 - Cybersecurity and data-handling maturity
 - Capacity, surge ability, continuity plans, and subcontractor dependencies
 - Past performance, quality, responsiveness, and corrective-action history
 - Environmental, labor, accessibility, or small business obligations that apply under governing rules



11. Get Some Governance Rhythm



- Establish regular forums so risks and improvements are seen early.
- Weekly: intake triage and high-priority blocker review
- Biweekly: active solicitation and evaluation-risk review
- Monthly: contract performance, supplier risk, and upcoming renewal review
- Quarterly: policy/legal update, trade and sanctions review, AI governance review, and lessons-learned forum
- Semiannually: portfolio review of spend concentration, sourcing pipeline, workforce capacity, technology performance, and control effectiveness

12. Measure Balanced Performance



- **Speed:** Intake-to-award cycle time by risk tier; on-time completion of sourcing milestones; approval of bottlenecks
- **Value:** Total cost of ownership, savings avoided costs, competition rates, demand-management results, and supplier performance
- **Compliance:** Audit findings, protest/dispute outcomes, exception rates, policy adherence, trade/sanctions screening completion, and documentation completeness
- **Quality:** Rework rates, change-order frequency, requirement defects, evaluation consistency, and stakeholder satisfaction
- **Resilience:** Critical supplier concentration, continuity-plan coverage, on-time delivery, supply disruptions, and recovery time
- **Digital/AI:** Approved versus unapproved tool use, data-quality scores, human-review compliance, AI error/override rates, and model/vendor monitoring results
- **Capability:** Training completion, cross-training coverage, workload balance, retention, and knowledge-base reuse

Avoid measuring procurement only by cycle time or savings; those metrics can unintentionally reward rushed, fragile decisions. Use a balanced scorecard.

A Practical 90-Day Start

Days 1–30: Set the foundation

- Publish a procurement leadership charter defining decision rights, escalation paths, and the human-in-command principle.
- Map the current intake-to-closeout process and identify the five largest causes of delay, rework, and compliance risk.
- Inventory all AI tools, cloud systems, shared drives, contract repositories, and data sources used by procurement.
- Freeze unapproved use of generative AI with confidential bid, supplier, contract, personal, or security-sensitive data until rules are in place.

Days 31–60: Install controls

- Launch risk-tiered intake and the five decision gates.
- Create the AI-use register and green/amber/red use policy.
- Establish a precedent and lessons library.
- Assign data owners for supplier, spend, contract, and performance data.

Days 61–90: Prove and improve

- Pilot AI only in bounded, low-risk use cases with measurable baselines, such as summarizing approved policy documents or extracting obligations from executed contracts.
- Run the first monthly supplier risk and contract performance review.
- Conduct a tabletop exercise involving a sanctions alert, supplier disruption, flawed AI output, or compromised bid data.
- Publish a simple procurement dashboard with no more than eight (8) core measures.
- Hold the first after-action review and update a policy, template, or checklist based on what the team learned.

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LET'S CONNECT.
