IDC MarketScape

IDC MarketScape: Worldwide AI-Enabled Direct Spend 2026 Vendor Assessment

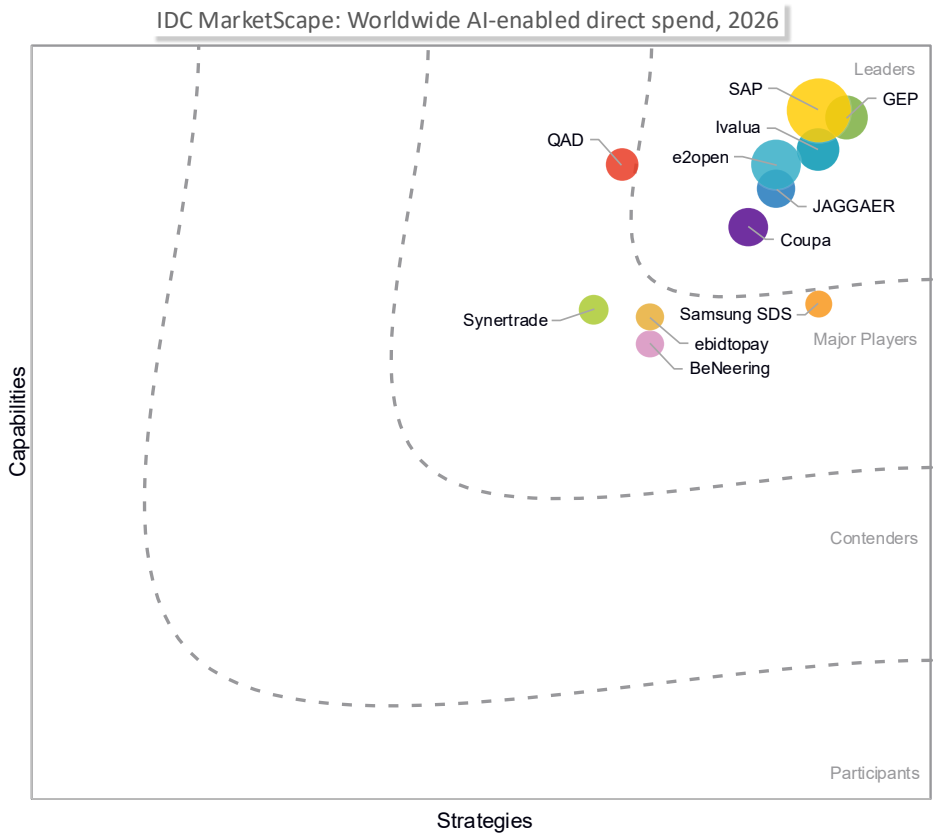
Patrick Reymann Simon Ellis

THIS EXCERPT FEATURES COUPA AS A LEADER

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide AI-enabled direct spend vendor assessment



Source: IDC, 2026

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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

ABOUT THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide AI-Enabled Direct Spend 2026 Vendor Assessment (Doc #US54900426).

IDC OPINION

The efficient management of direct materials sourcing and associated spend has moved from a specialized manufacturing concern to a board-level supply chain imperative. Organizations that once treated direct procurement as an ERP extension or a set of disconnected spreadsheets now face a different operating reality: volatile commodity markets, trade and tariff regimes, compressed new product introduction (NPI) cycles, and binding expectations for multitier risk, quality, and sustainability transparency. Purpose-built AI-enabled direct spend applications have become the control plane that connects design, sourcing, supplier collaboration, cost, quality, and execution for the materials that go into the product.

The 2026 market is defined less by whether vendors can run an RFx and more by whether they can orchestrate the full design-to-source-to-supply life cycle. Buyers consistently elevate four capability clusters when evaluating platforms. First is BOM-centric sourcing and cost intelligence — the ability to ingest multilevel bills of material from PLM and ERP, decompose should-cost structures against market indices, and manage the cascade of engineering and schedule changes that accompany complex orders. Second is closed-loop supplier collaboration that extends beyond bid collection into forecast commit, planned-order and schedule-line management, inventory collaboration (including VMI/SMI), quality (APQP/PPAP/8D), and multitier visibility. Third is deep integration with the systems of record that run manufacturing — ERP/MRP, PLM, MES, quality, and planning — so that procurement is not a parallel universe of stale data. Fourth is applied AI that moves from copilots that answer questions to agents that execute workflows under policy guardrails: intake routing, event construction from BOMs and requisitions, bid analysis, should-cost validation, award scenarios, negotiation support, and continuous risk monitoring.

IDC's assessment of participating vendors and buyer demand in 2026 finds that the direct spend category is consolidating around platforms that treat direct materials as a distinct domain, not as a configuration of indirect source-to-pay. Indirect-centric suites that bolt on BOM upload and price sheets without NPI orchestration, cost modeling, or execution collaboration are challenged to displace entrenched manufacturing workflows. Conversely, providers that lack mature strategic sourcing, category management, and enterprise governance face an uphill battle in evaluations. The winners in buyer short lists combine

manufacturing process depth with enterprise-grade usability, open integration, and a credible AI road map grounded in production data rather than impressive demos.

Artificial intelligence is the sharpest differentiator in vendor messaging and increasingly in buyer scoring. Buyers are past the novelty phase. They ask whether AI is trained or retrieved against their BOM history, PO and award data, supplier performance, and market indices; whether agents leverage preferred-supplier lists, AVL/AML constraints, risk thresholds, and approval matrices; and whether every autonomous or semiautonomous action leaves an auditable trail. Supervised autonomy — agents that complete multistep tasks and hand off at defined checkpoints — is the realistic 2026 operating model for strategic direct categories. Fully touchless execution is emerging first in lower-complexity scenarios such as quick quotes, catalog replenishment, and routine renegotiation, not in multiyear dual-source awards for safety-critical components.

Sustainability and regulatory pressure have also hardened from optional scorecard fields into operational requirements. Scope 3 product carbon footprint, supply chain due diligence (including EU CSDDD and CSRD-aligned disclosures), forced-labor screening, and conflict-minerals and substance compliance now need to be core with the part, the supplier, and the sourcing decision and not live in a disconnected ESG portal. Platforms that can embed these attributes into supplier qualification, RFx evaluation, award optimization, and ongoing performance management are better aligned with how manufacturers must buy.

IDC, looking ahead three to five years, expects direct spend platforms to converge further with digital supply chain and product life-cycle systems, with agentic orchestration spanning design cost targets, multitier capacity, logistics landed cost, and working capital. Organizations selecting or upgrading direct spend technology in 2026 should prioritize process fit for their industry manufacturing model (engineer-to-order, configure-to-order, high-volume discrete, process/recipe, or brand-owner/contract-manufacturer networks), integration depth over feature checklists, and AI that improves measurable cycle time, cost, risk, and launch outcomes — not AI that merely summarizes what buyers already know.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this document was selected to accurately depict the vendors that are most representative of any given procurement application on a buyer's selection list based on the following:

- Vendors were investigated to ensure that their offerings were qualified as a direct sourcing/direct spend provider, according to the definition included in the Market Definition section.
- Procurement software must meet the IDC definition of procurement.

- Vendors must have been offering sourcing/spend management tools for at least three years.
- Vendors must have customers in at least two major industries (e.g., manufacturing, automotive, life sciences, high tech, retail/CPG, energy and utilities, aerospace and defense).
- Vendors must have customers in at least two geographic regions.
- Vendors must offer a commercially available SaaS or cloud-enabled direct materials sourcing and/or direct spend collaboration solution in production use (not solely a road map or pilot).
- Vendors must demonstrate substantive direct materials capabilities beyond generic indirect S2P configuration; for example, BOM-aware sourcing, manufacturing collaboration (forecast/order/inventory/quality), cost-breakdown or should-cost support, and ERP/PLM integration patterns appropriate to direct materials.

Participating vendors in the 2026 assessment cycle provided structured RFI responses covering company strategy, core architecture, functional direct spend capabilities, and AI strategy and vision. IDC supplemented vendor submissions with public information, customer and market feedback, and analyst inquiry related to direct materials procurement technology.

ADVICE FOR TECHNOLOGY BUYERS

Buyers should approach due diligence on direct spend applications with a clear understanding of organizational needs and objectives, and with recognition that direct materials is not "procurement with longer lead times." The first step is to define specific goals for the software, such as compressing NPI sourcing cycle time, improving BOM cost transparency and should-cost negotiation leverage, raising forecast-commit and on-time-in-full performance, extending multitier risk visibility, embedding quality collaboration (APQP/PPAP), or reducing expedite and shortage costs. By establishing these objectives with measurable baselines, organizations can evaluate which capabilities are essential for their manufacturing model rather than scoring vendors on generic S2P checklists. Engaging key stakeholders from procurement, supply chain, engineering/R&D, quality, manufacturing, finance, and IT early in the decision-making process ensures alignment and facilitates a smoother implementation once a platform is selected.

Treat integration as a primary selection criterion

Direct spend applications must connect seamlessly with ERP/MRP, PLM, quality, planning, and adjacent procurement tools (CLM, SRM, analytics). Integration is vital for data consistency and for keeping engineering changes, MRP-driven demand, schedule lines, ASNs, and invoices synchronized. Potential buyers should review the provider's standard

connectors, API maturity (REST and event-driven patterns), master-data strategy, and experience with multi-ERP landscapes. Understanding the implementation process, partner ecosystem, and the level of support offered by the vendor can dramatically impact deployment success. Demand a clear dataflow design: what is system of record for item, supplier, price, BOM, and inventory and how conflicts are resolved.

Prioritize process fit and industry manufacturing model

Direct spend platforms vary significantly in depth by industry pattern. Engineer-to-order and automotive/industrial discrete manufacturers need tight PLM-to-sourcing loops, multilevel BOM and change management, AVL/AML governance, and quality collaboration. Brand owners and high-tech OEMs often need multi-enterprise networks spanning contract manufacturers, buy-sell and drop-ship models, and component cost visibility across tiers. Process and CPG manufacturers emphasize formula/recipe, commodity indexation, and packaging. Ask vendors to demonstrate with your live or anonymized BOM, cost-breakdown structure, and collaboration scenarios and not a generic demo catalog.

Evaluate AI with production evidence, not slideware

In 2026, every short-listed vendor will claim AI. Buyers should require:

- A concrete inventory of AI capabilities in production versus road map, with dates
- Whether models and agents are grounded in tenant BOM, PO, award, and supplier data (and external indices)
- Policy enforcement — preferred suppliers, AVL/AML, risk and ESG thresholds, delegation of authority, and segregation of duties
- Human-in-the-loop checkpoints for strategic awards and exception handling
- Auditability — explainability of recommendations and a complete action log for agent-driven steps
- Pricing model for AI (included, SKU, or consumption credits) and expected unit economics at scale
- Security, data residency, and training data isolation commitments

Pilot AI on use cases with clear KPIs (event cycle time, bid analysis hours, price variance to should-cost, shortage reduction) before expanding autonomy.

Prioritize user experience across personas

Direct spend is used by category managers, buyers, planners, engineers, quality engineers, plant personnel, and suppliers with uneven digital maturity. An intuitive interface that simplifies navigation and minimizes training time will enhance adoption. Request demonstrations or trial periods for each primary persona, including the supplier portal experience on mobile and low-bandwidth conditions.

Assess collaboration depth beyond the RFx

Some direct spend programs largely stop at sourcing. Durable value usually comes from post-award collaboration: forecast and capacity, planned orders and schedule agreements, inventory collaboration, PO change management, ASN and quality events, and multitier cascading. Map your top collaboration pain points and score vendors on those workflows specifically.

Demand long-term viability, security, and total cost transparency

Investigate the provider's industry track record, reference customers in your sector and region, release cadence, and investment outlook for the next three to five years. Data security measures must be a priority; buyers should ensure compliance with relevant regulations and robust security certifications. Model total cost of ownership including subscription, AI consumption, implementation, internal change management, supplier onboarding, and ongoing integration maintenance.

Attributes that resonate with buyers in 2026

Across IDC inquiries and vendor customer evidence, the attributes that most consistently resonate with enterprise direct spend buyers include:

- **Manufacturing credibility:** Demonstrated depth in the buyer's industry processes, not generic procurement branding
- **BOM and cost intelligence:** Multilevel BOM handling, cost breakdowns, should-cost/index linkage, and cost walks from design through production
- **Closed-loop collaboration:** Forecast, order, inventory, quality, and change management with suppliers — not portal-only bid collection
- **ERP/PLM gravity:** Proven, low-friction integration patterns, including multi-instance landscapes
- **Time-to-value:** Phased modular deployment, realistic implementation timelines, and early wins (e.g., event cycle time or collaboration exceptions)
- **Usability:** Persona-appropriate UX that drives adoption among buyers and suppliers
- **Governed AI:** Agents and recommendations that reduce cycle time while remaining policy-compliant and auditable
- **Risk and ESG in the workflow:** Multitier risk, compliance, and sustainability attributes embedded in qualification, award, and monitoring
- **Network effects where relevant:** Ability to reach trading partners quickly and normalize collaboration across tiers
- **Commercial flexibility:** Modular packaging, transparent AI pricing, and a partner ecosystem that matches the buyer's geography

Market trends

The direct sourcing and spend management software market is evolving rapidly. Key trends shaping 2026 include:

- **From copilots to governed agentic workflows.** Vendors across the participating set are productizing AI agents for intake, RFx construction from BOMs and requisitions, bid analysis and outlier detection, award recommendation, negotiation support, should-cost validation, supplier discovery, and risk monitoring. The competitive bar is moving from "GenAI summary" to supervised autonomy with policy guardrails and audit trails. Buyers should expect hybrid modes: fully autonomous for low-risk quick quotes; human-in-the-loop for strategic dual-source and quality-critical awards.
- **BOM-centric and design-stage (NPI) sourcing as table stakes for leaders.** Top offerings increasingly pull BOM and specification data from PLM/ERP, support component-level events, and connect part qualification and launch milestones. Design-stage cost collaboration and early supplier involvement are differentiating for automotive, industrial, high tech, and other engineer-oriented sectors. Cost walks from target cost through quote, award, and production actuals are becoming a core executive use case.
- **Should-cost, indexation, and market-grounded negotiation.** Should-cost workbenches, cost-breakdown templates, and linkage to large libraries of market indices are expanding from specialist tools into mainstream direct platforms. AI is accelerating cost model assembly and variance explanation, while negotiation agents use should-cost and network benchmarks to recommend targets and counters. This trend directly addresses commodity and component volatility.
- **Closed-loop supply collaboration and execution.** Buyers are prioritizing forecast-commit, planned-order/schedule collaboration, inventory collaboration (VMI/SMI), PO change management, and quality collaboration as equal partners to strategic sourcing. Platforms that only excel at sourcing without execution collaboration leave significant value unrealized. Multi-enterprise business networks and multi-party supply frameworks remain important for brand owner–contract manufacturer ecosystems.
- **Multitier visibility and resilience engineering.** Geopolitical shocks, tariffs, and concentrated commodities have elevated multitier discovery, risk sensing, and alternate qualification. Native capabilities are often augmented by partner ecosystems (risk, ESG, financial health). The market is moving from annual risk surveys toward continuous signals tied to parts and BOMs.
- **Sustainability and due diligence embedded in the buy.** ESG is shifting from reporting after the fact to constraints and attributes inside qualification, RFx scoring, award optimization, and supplier development. Product carbon, substance

compliance, and human rights due diligence increasingly need part-level and supplier-level evidence paths suitable for CSRD-style disclosure and supply chain due diligence laws.

- **Convergence of procurement, supply chain planning, and product systems.** Direct spend platforms are deepening bidirectional integration with IBP/planning, PLM/IPD, quality, and logistics. The strategic narrative among leading vendors is design-to-source-to-supply-to-settle rather than standalone sourcing. Buyers with multi-ERP estates particularly value orchestration layers that sit above instance complexity.
- **Modular packaging with suite optionality.** Enterprises still want the option to start with a wedge (e.g., direct sourcing, collaboration, or cost) and expand. At the same time, suite vendors emphasize unified data models that avoid swivel chair integration between sourcing, SRM, quality, and P2P. Modular commercial packaging plus unified master data is the pattern buyers prefer.
- **Industry verticalization without fragmenting the code base.** Rather than fully separate industry products, many vendors deliver industry accelerators, templates, and process patterns (automotive quality, high-tech buy-sell, process industry recipes, asset-intensive direct) on a common platform. Depth of vertical references remains a decisive short list filter.
- **AI commercial models and value engineering discipline.** Consumption-based or credit-based pricing for advanced AI is appearing alongside named-user and spend-based subscriptions. Buyers are responding by demanding clearer ROI models, value engineering engagement, and post-go-live value tracking — especially where AI unit costs could scale with event volume.

New capabilities gaining attention

Based on 2026 vendor RFI responses and buyer inquiry themes, the following capability areas are drawing disproportionate attention in evaluations:

TABLE 1

New capabilities and why they matter in 2026

Capability area	Why it matters in 2026
Agentic RFx and bid analysis	Compresses cycle time; addresses talent constraints
Should-cost and index-linked cost models	Restores negotiation leverage under volatility
BOM life cycle + engineering change propagation	Reduces spreadsheet reconciliation and launch risk
NPI/program orchestration	Ties sourcing to launch milestones and readiness
Forecast, order, inventory collaboration	Protects OTIF and reduces expenditures
Quality collaboration (APQP/PPAP/8D)	Prevents cost and disruption from quality escapes
Multitier risk and supply network discovery	Surfaces hidden concentration and disruption risk
Material 360/Supplier 360 analytics	Creates a single operational truth for decisions
Policy-governed AI intake and routing	Improves compliance at the moment of demand
Low-code extensibility with upgrade-safe APIs	Fits unique plant and division processes

Note: Data is based on vendor RFI responses and buyer inquiry themes.

Source: IDC, 2026

Impact of AI on direct spend

AI's impact on direct spend is best understood in layers:

- **Data foundation.** Classification, enrichment, rationalization of items and suppliers, and anomaly detection on price and invoice data improve the raw material for every downstream decision. These foundational capabilities often deliver early ROI.
- **Decision support.** Predictive risk, price and demand forecasting, should-cost estimation, and scenario optimization help humans make better awards and inventory decisions under uncertainty.
- **Generative assistance.** Drafting RFx content, summarizing supplier responses, and explaining cost variances and conversational analytics reduce administrative burden and broaden access to insights.

- **Agentic execution.** Bounded agents that construct events, chase responses, propose awards, recommend counters, route intake, or monitor commits against actuals change the operating model, so long as policy engines, human checkpoints, and audit logs are first class.

IDC's guidance: Treat AI as a force multiplier on a sound direct materials process architecture, not as a substitute for BOM integration, collaboration design, or master data discipline. Organizations that invest only in AI features on top of fragmented Excel-and-email direct processes will underperform peers that first establish clean item/BOM/supplier data flows and then apply agents to the highest-volume, most rule-bound workflows.

Competitive landscape dynamics

The 2026 participant field illustrates a multipolar landscape:

- Enterprise suite and ERP-aligned leaders emphasize design-to-source-to-supply depth, business network scale, category and commodity management, and expansive AI road maps tightly coupled to ERP and planning.
- Full-suite procurement platforms continue to extend direct-specific modules (BOM, collaboration, quality, cost) while leveraging unified spend data and strong UX heritages.
- Supply chain network specialists compete on multi-enterprise execution, multitier visibility, and partner connectivity, increasingly packaging sourcing and product cost management alongside collaboration.
- Direct-specialist and regional champions win on SAP-centric real-time integration, industry focus (e.g., automotive SRM), deep customization, or design-to-source suites born from manufacturing practice (including large-scale Asian manufacturing deployments).
- Emerging and midmarket innovators push aggressive AI automation, rapid deployment, and modular commercial models, challenging incumbents on time to value.

M&A and platform extension remain active (e.g., category-strategy and AI assets being absorbed into larger suites; supply chain network assets consolidating under larger logistics and trade software parents). Buyers should underwrite vendor stability and integration continuity as part of risk assessment, while recognizing that capability velocity in AI and collaboration is high across the set.

Direct spend software has matured into a strategic category essential to competitive manufacturing and brand-owner supply chains. The 2026 market rewards vendors and buyers that treat direct materials as a system of design, cost, supply, quality, and risk, all augmented by governed AI, rather than as a narrow sourcing point solution. As AI agents, should-cost intelligence, multitier transparency, and design-stage collaboration become

standard expectations, the gap will widen between organizations running direct materials on email and spreadsheets and those operating a connected, intelligent control plane. IDC believes that gap will show up not only in procurement KPIs but also in margin stability, customer service, and the ability to launch products on time in a volatile world.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Coupa

Based on IDC analysis and customer feedback, Coupa has been positioned in the Leaders category of this 2026 worldwide AI-enabled direct spend IDC MarketScape.

Coupa is a Foster City, California-based provider of cloud-native spend management software, founded in 2006 and now operating as a privately held, Thoma Bravo–owned company following its ~$8 billion take-private acquisition in February 2023. Coupa does not sell a standalone direct procurement product; instead, direct materials capabilities (Purchase Order Management, Inventory Collaboration, Forecast Collaboration, VMI/SMI, Item Master/BOM support, and the newly introduced Quality Collaboration) are delivered as an integrated part of its unified Total Spend Management (TSM)/"Strategy-to-Pay" platform, which also spans sourcing, contracting, invoicing, and supply chain collaboration on a single code base.

Coupa reports 3,000+ global customers across 150+ countries, roughly 2.5 million active platform users, and a supplier network exceeding 10 million, with over $1.3 trillion in spend processed annually and a Community Intelligence data set spanning roughly $10 trillion in cumulative anonymized transaction data. Direct procurement functionality has existed on the platform for over a decade but has recently been reinvigorated through the 1H25 launch of Inventory Collaboration and the planned 2H26 Quality Collaboration release, plus the May 2025 acquisition of Cirtuo (AI-powered category strategy, rebranded Coupa Category Strategy) and the acquisition of Scoutbee (AI supplier discovery).

Coupa's value proposition centers on being a single, unified Total Spend Management platform that connects direct materials procurement directly to category strategy, sourcing optimization, contracting, invoicing, and community-scale benchmarking data — positioning direct spend as one deeply integrated capability set rather than a siloed point solution, differentiated by the breadth of its cross-customer Community Intelligence data set.

Products and direct spend offering

Coupa's direct procurement and complex material procurement capabilities are delivered as an integrated part of the Coupa Total Spend Management platform rather than as a separately branded application, spanning category strategy, sourcing, execution, inventory, and supplier collaboration.

- **Direct Materials Sourcing/Coupa Sourcing Optimization (CSO):** AI-powered, mixed-integer-linear-programming-based sourcing optimization for complex direct materials events, including BOM-based sourcing, should-cost benchmarking via Beroe LiVE.Ai, and multi-constraint scenario modeling
- **Purchase Order Management:** Support for standard POs, scheduling agreements, material releases, consignment/VMI orders, subcontracting POs, goods movement, stock transfer, and work orders, configurable without coding via Process Builder
- **Supplier Collaboration/Coupa Supplier Portal (CSP):** Line-level PO collaboration (order confirmations, change proposals, exception handling), generative AI parsing of supplier email responses, and multi-channel integration (CSP, cXML, EDI, ERP)
- **Inventory Collaboration (VMI/SMI):** Shared demand signals, real-time multi-site inventory visibility, automated Min/Max replenishment, barcode scanning, and cycle counting; launched 1H25
- **Forecast Collaboration:** Demand forecasting and supply-plan alignment tools enabling buyers and suppliers to commit inventory and align on replenishment
- **Item Master and BOM Management:** BOM ingestion via CSV/API, multi-SKU mapping, PLM system integrations, and a forthcoming (January 2026) Item Master and BOM services integration for centralized product data
- **Quality Collaboration:** ERP-triggered quality events, supplier inspection workflows, and buyer usage decisions
- **Supplier and Risk Management (SIRM):** Supplier information management, performance scorecards, and multi-domain risk monitoring (financial, ESG, cyber, compliance) drawing on 100+ third-party data providers
- **Direct Spend Analytics/Community Intelligence:** AI-powered spend classification, benchmarking across 45+ KPIs, and prescriptive insights built on roughly $10 trillion in community transaction data
- **Coupa Navi Agentic AI:** A portfolio of task-specific AI agents (Document Discovery, Operational Reporting, Knowledge, Bid Evaluation, Request Creation) plus a planned Agent Studio/Bring-Your-Own-Agent framework for custom agents in 2026

Key differentiators

Coupa's central differentiator is architectural: a single unified code base and shared data model across sourcing, direct/indirect procurement, contracts, invoicing, and payments,

which it contrasts with some competitors' more fragmented or vertically-edition-based approaches. This lets awarded sourcing events flip directly into contracts and POs with full data lineage, and lets community-wide benchmarking (built on a claimed $9 trillion–10 trillion in anonymized transaction data and 10+ million suppliers) surface pricing, risk, and performance insights that Coupa repeatedly asserts are "unique in the market" — for example, cross-customer supplier deduplication (8+ million normalized supplier records), community-trained fraud/outlier detection (SpendGuard), and in-cart price recommendations.

On direct materials specifically, Coupa points to its native, real-time integration between its sourcing tool and its optimization engine, its recent acquisitions (Cirtuo for category strategy, Scoutbee acquisition for supplier discovery) to close the "strategy-to-execution gap," and a neuro-symbolic AI approach in Supply Chain Design & Planning that blends generative AI with deterministic solvers specifically to avoid mathematical hallucinations in high-stakes sourcing decisions.

Markets and industries served

Coupa targets organizations across the size spectrum but concentrates on upper midmarket and large enterprise (roughly 75–80% of its 3,500+ customer base has 1,000+ employees), with an ideal customer profile defined by meaningful COGS, CapEx, logistics, or MRO spend. Its overall top industries by customer count are financial services, manufacturing and natural resources, and communications/media/services. Geographically, revenue is concentrated in North America (~53–60%) and EMEA (~25–35%), with APAC (~10%) and LATAM (~5%) cited as the fastest-growing but still small regions; the company reports customers in 70+ countries, users in 125+ countries, and business operations in 150+ countries, supported by 41 offices (29 outside the United States) and a partner ecosystem (Accenture, Deloitte, KPMG, and others) that influences an estimated 80–85% of revenue. At the platform level, Coupa cites 3,000–3,500+ customers, ~2.5 million active users, and a 10+ million supplier network, though it does not disclose a direct-procurement-specific customer or user count.

Strengths

- **Scale of community transaction data:** Community Intelligence, built on a figure cited variously as $8 trillion–10 trillion in anonymized spend data across 10+ million buyers/suppliers, underpins benchmarking, supplier deduplication (8+ million normalized records), fraud detection, and price recommendations that are difficult for smaller competitors to replicate.
- **Deep, configurable order-type and PO-collaboration support:** Native support for scheduling agreements, consignment/VMI orders, subcontracting POs, goods movement, and stock transfer orders, plus line-level PO collaboration through the

Coupa Supplier Portal, addresses common direct materials transaction patterns without custom development.

- **Explainability-focused AI design for sourcing/planning:** Use of deterministic MILP solvers alongside generative AI, plus a patent-pending approach to managing LLM "reasoning capacity utilization" to reduce hallucinations in Supply Chain Design and Planning.

Challenges

- **No standalone direct procurement or metrics:** Coupa explicitly does not disclose direct-procurement-specific revenue, head count, customer counts, or user counts, repeatedly stating these are not broken out from the overall Total Spend Management platform — making it hard to independently size or verify its direct materials business.
- **No on-premises or private cloud option:** 100% of customers run on public cloud (AWS/Azure) with no ability to switch deployment models, which may be a constraint for customers in industries or geographies with strict on-premises or data-sovereignty requirements beyond what regional data centers address.
- **Custom/customer-configurable AI agents generally available only as of May 2026:** Coupa's Navi agent framework has been shipping fixed, purpose-built agents (Document Discovery, Operational Reporting, Knowledge, Bid Evaluation); a true Agent Studio/Bring-Your-Own-Agent capability for customer-built agents was launched in May 2026 along with the acquisition of Tonkean for agentic orchestration and Rossum for domain-specific language models.

Consider Coupa when

Coupa is a strong fit for large, global enterprises (typically $500+ million revenue, especially $1+ billion) that want to consolidate direct materials procurement onto the same unified platform already handling indirect spend, sourcing, contracts, invoicing, and payments, and that value cross-customer benchmarking and network-scale supplier data over deep, industry-specific vertical editions.

APPENDIX

Reading an IDC MarketScape graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC

analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

For this 2026 worldwide AI-enabled direct spend assessment, IDC issued a structured RFI covering company information, business and strategy, core architecture and direct procurement components, functional capabilities (including BOM, cost, collaboration, quality, risk, analytics, and integration), and AI strategy and vision. Vendor briefings and customer feedback patterns from IDC inquiries related to procurement solutions, with specific questions focused on vendor capabilities, innovation and future trends, customer satisfaction, and metrics organizations improved because of their use of procurement software further informed the analysis.

This document presents the market narrative, inclusion criteria, buyer advice, methodology overview, market definition, and market analysis.

Market definition

Direct material spend, also known as direct procurement, encompasses the comprehensive process of acquiring raw materials, goods, components, ingredients, and contracted manufacturing inputs that are integral to the production of a company's final products or to the bill of materials of goods sold. This function ensures that manufacturers and brand owners obtain the necessary inputs — such as metals, plastics, electronics components, chemicals, textiles, packaging that is part of the finished good, and subassemblies — that directly contribute to their offerings. The primary objective of direct material spend is to

secure a resilient supply of materials at an optimized total cost of ownership, aligned with engineering specifications, quality requirements, launch timelines, and regulatory obligations.

Direct spend software applications are SaaS or cloud-enabled solutions that support one or more of the following, purpose-built for direct materials rather than solely for indirect/MRO catalog buying:

- Strategic and operational sourcing of direct materials (RFI/RFP/RFQ, auctions, optimization, award)
- BOM-aware sourcing, item and cost management, and should-cost or cost-breakdown analysis
- Supplier collaboration for forecast, capacity, orders/schedule lines, inventory, shipments, and quality
- NPI/program management linking design, sourcing, qualification, and launch
- Category and commodity management for direct materials
- Risk, compliance, and sustainability decision support embedded in direct materials workflows
- Analytics spanning material, supplier, cost, and supply performance

Adjacent systems such as ERP, PLM, and generic indirect P2P may integrate tightly with direct spend applications but are not, by themselves, direct spend platforms under this definition.

Market context

Direct spend technology sits at the intersection of procurement applications and digital supply chain. Manufacturing remains the largest end-user industry for procurement software overall, and direct materials constitute the dominant share of cost of goods for most industrial enterprises. As organizations digitize source-to-pay and supply collaboration, investment is shifting from pure transactional P2P efficiency toward platforms that protect margin, continuity, and launch performance on the materials that define the product.

The broader procurement software market continues to expand at roughly a double-digit CAGR through the late 2020s, with cloud deployment as the default architecture and AI-driven analytics, supplier risk integration, and end-to-end automation among the most cited growth themes in industry research. Within that larger market, direct materials solutions are a specialized but strategically critical segment: deal cycles are often longer, implementations more integration-heavy, and value more tightly coupled to industry process depth than in indirect spend.

LEARN MORE

Related research

- *IDC MarketScape: Worldwide AI-Enabled Spend Orchestration 2026 Vendor Assessment* (IDC #US54663526, July 2026)
- *Market Share: Worldwide Procurement Applications Shares, 2025 — AI Orchestration Shapes Competitive Momentum* (IDC #US53723426, June 2026)
- *Market Forecast: Worldwide Procurement Applications Forecast, 2026–2030* (IDC #US53723326, June 2026)
- *Ivalua Launches IVA Studio: IVA Is All Grown Up — a Polished and Powerful Showcase for the Ivalua AI Strategy* (IDC #IcUS54677826, June 2026)
- *Zip Superagents and MCP: A Governance-First Path for AI in Spend* (IDC #IcUS54664326, June 2026)
- *IDC Survey: Early Adopters of Agentic AI Use Cases Within the Procurement Function, 2026* (IDC #US54564326, June 2026)
- *Coupa Acquires Tonkean to Accelerate Its Agentic Orchestration Vision* (IDC #IcUS54573526, May 2026)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Direct Spend 2024 Vendor Assessment* (IDC #US52734424, December 2024)

Synopsis

This IDC study provides insights into the worldwide AI-enabled direct spend market. Direct spend software is becoming a strategic control plane for manufacturers, connecting design, BOMs, sourcing, supplier collaboration, cost, quality, risk, and execution. In 2026, leaders differentiate through manufacturing-specific process depth, ERP/PLM integration, closed-loop collaboration, and governed AI — not generic RFx capability. Buyers should prioritize fit for their manufacturing model and clean master-data flows, measurable AI outcomes, and embedded sustainability and compliance. The market is shifting toward supervised agentic workflows, should-cost intelligence, multitier visibility, and convergence with product life-cycle and supply chain systems.

"Direct spend is no longer indirect procurement with longer lead times — it is the digital control plane linking product design, sourcing, supplier execution, and risk. The winners will pair manufacturing depth with governed AI and integration that works in production." — Patrick Reymann, research director, Procurement Applications and Agents

ABOUT IDC

International Data Corporation (IDC) is the premier global market intelligence, data, and events provider for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight help IT professionals, business executives, and the investment community make fact-based technology decisions and achieve their key business objectives.

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