

WHITE PAPER

# Navigating Complexity:

## Addressing Procurement Challenges in Higher Education



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**Craft**

For Higher Education

## Responding to Rising Pressures with Strategic Action

Procurement leaders at higher education institutions are grappling with an array of unprecedented challenges shaped by financial constraints, regulatory requirements, and evolving institutional priorities. Understanding these challenges is the first step towards developing effective solutions.

Enrollment is down at many of the nation's public colleges and universities, widening the gap between high-profile campuses and struggling schools. The scrutiny of higher education has intensified, driven by concerns about foreign influence, potential discrimination, and concerns with rising tuition costs and the perceived value of a degree. Community colleges, public universities, and private institutions alike face the potential for budget cuts, shifts in federal aid programs, and changing regulatory requirements.

In this increasingly volatile environment, traditional, often fragmented, approaches to procurement are proving inadequate. The imperative for colleges and universities is clear: to transform their procurement functions from reactive, transactional activities into proactive, strategic enablers.

As this white paper will discuss, this fundamental shift is not merely about achieving incremental efficiencies. It is crucial for ensuring institutional resilience, protecting reputation, and securing long-term success in an uncertain world. The ability to adapt and innovate in procurement directly impacts a university's core mission and financial health.



### Optimize Spend Efficiency

Gain real-time insights to unlock savings and drive measurable value across your institution.



### Safeguard Research Integrity

Monitor foreign affiliations and funding sources to protect compliance and reputation.



### Unify Supplier Intelligence

Replace spreadsheets with a centralized, always-on source of truth for smarter sourcing.



### Streamline Risk Compliance

Consolidate fragmented tools to track, manage, and audit supplier risk in one platform.



# Financial constraints and budget shortfalls

## Budget pressures are reshaping the procurement mandate

Institutions are under immense pressure to control spending amid a challenging enrollment and economic climate. **The number of U.S. high school graduates is forecast to peak in 2025 before entering a period of decline through 2041 because birth rates fell sharply after the housing market crash in 2008<sup>1</sup>.** International enrollment, which has long been a source of growth, has suddenly become uncertain due to unfavorable shifts in both geopolitical sentiment and policy.

As the competition for students grows, tuition growth prospects will be limited. In addition, public funding is at risk. Broader funding disruption includes attempts to cap reimbursement for indirect research costs at the National Institutes of Health and the U.S. Department of Energy. The new domestic policy law will also have major implications on how students pay for college by impacting access to federal loans and borrower repayment plans. The measures will deal a blow to universities' revenue and raise operating pressure on those institutions. **"Management teams will need to assess budget options to offset revenue loss, including possible expense cuts, layoffs, and reduced research programming,<sup>2</sup>"** S&P analysts said.

State legislatures are also reshaping college governance. In Indiana, for example, a new law requires the elimination of programs with small numbers of graduates. Indiana public universities responded by moving to collectively cut or consolidate over 400 programs.

These financial pressures are not just about reduced spending capacity; they are a profound catalyst for procurement to demonstrate its strategic value. Some institutions are setting ambitious goals for their centralized procurement teams to become "self-funded" by delivering actual dollar savings to the system, effectively transforming procurement from a cost center to a value-generating department. This illustrates a critical need for highly efficient and intelligent sourcing strategies to identify and capture savings that directly offset operational costs.



### Optimize Spend Efficiency

- Enrollment decline impacting revenue
- Public funding disruptions forecasted
- Rising pressure to show ROI
- Institutions exploring self-funded procurement
- Cost-cutting tied to research and staffing



### Projected Graduate Decline

U.S. high school graduates are expected to fall 13% from the 2025 peak (~3.9 million) to 3.4 million by 2041, shrinking the future student pipeline.<sup>1</sup>

<sup>1</sup> Lane, P., Falkenstern, C., & Bransberger, P. (2024). Knocking at the College Door: Projections of High School Graduates. Western Interstate Commission for Higher Education.

<sup>2</sup> Federal cuts are putting university finances at risk, S&P says. S&P Global Ratings.

# Low visibility into foreign influence risk

## Safeguarding research in a geopolitical era

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Recent executive orders and ongoing geopolitical tensions are intensifying scrutiny on foreign influence within American universities, particularly concerning research integrity and supplier relationships.

A vivid illustration of this exposure came in 2024 when a news report revealed that scientists and officials at several top U.S. universities weren't aware that Chinese telecommunications giant Huawei had been the sole funder of a research competition that is administered by a Washington, D.C. foundation<sup>1</sup>. Huawei has been on the U.S. trade blacklist since 2019, but the competition has awarded millions of dollars to scientists from schools such as Harvard and the University of Southern California, which have restrictions against working with Huawei.

The incident highlights that foreign influence risk extends far beyond suppliers to a broad range of research partners and donor relationships. Institutions need greater clarity across their collaborators.

To qualify for federal research funding, institutions must proactively assess and mitigate these risks through enhanced due diligence, disclosure requirements, and risk mitigation strategies. Without a comprehensive risk management approach, universities face delays, funding restrictions, or even disqualification from critical federal grants.

A truly comprehensive supplier intelligence solution for higher education must therefore be capable of vetting and continuously monitoring a wider ecosystem of external entities, not just traditional vendors, to fully protect federal funding, research integrity, and institutional reputation.



### Safeguard Research Integrity

- Geopolitical risk growing around research funding
- Executive orders heightening due diligence standards
- Institutions vulnerable to hidden foreign ties
- Reputation and grant eligibility at stake
- Need for continuous, not one-time, risk assessments



### \$1M+ in Hidden Research Funding

Since 2022, over \$1M in funding from Huawei, a U.S.-blacklisted entity, was funneled through a foundation, with many universities unaware of the source.

<sup>1</sup> Dave, P. (2024, August 15). Huawei secretly funded U.S. research despite being on a trade blacklist. Quartz. <https://qz.com/huawei-secretly-funded-us-research-despite-blacklist-1851451054>

# Limited risk monitoring and data silos

## Moving from fragmented systems to centralized intelligence

The academic freedom and departmental autonomy inherent in higher education, while vital for research and innovation, often translate into highly decentralized procurement practices.

Individual departments, research labs, or even faculty members sometimes make independent purchasing decisions. Larger state university systems have centralized procurement teams; however, individual universities within the system often maintain their own chief procurement officers and teams, leading to a mix of system-wide and university-level contracting.

Many institutions continue to rely on Enterprise Resource Planning systems with limited dedicated procurement functionality, manual processes, or a patchwork of disconnected technologies that do not “talk” to each other. A direct consequence of legacy systems is that procurement professionals often manage competing priorities, endless spreadsheets, and documentation hiccups. This prevents efficient and systematic management of complex procurement challenges. The prevalence of manual processes and disconnected systems creates a self-perpetuating cycle: the lack of integration prevents comprehensive data collection, which in turn leads to a lack of centralized visibility and inconsistent data access for procurement, legal, and compliance teams.

Simply centralizing control is insufficient. Many institutions with centralized procurement are still doing static, one-time due diligence of supplier risk rather than ongoing monitoring. Category managers are often responsible for evaluating and managing 50 to 200 suppliers each, without the time, resources, or tools to do thorough risk assessments.

When procurement professionals have limited visibility into suppliers, they are restricted in their ability to make strategic sourcing decisions, anticipate risk, and mitigate disruptions. Moving away from manual, disparate spreadsheets to a single platform will consolidate information and create a single source of truth. With an integrated data foundation, chief procurement officers and category managers become more efficient and strategic.



### Unify Supplier Intelligence

- Fragmented tools create blind spots
- Manual processes limit scalability
- Lack of real-time supplier visibility
- Decentralization slows response to risk
- One platform creates cross-team alignment



### Up to 200 suppliers per manager

Higher ed category managers often oversee 50–200 suppliers without automated tools, leaving gaps in due diligence and ongoing monitoring.

# Lack of integrated risk management in sourcing

Elevating procurement from reactive to resilient

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Risk management is often treated as a one-off task during supplier onboarding or only revisited when issues arise. But procurement-related risks, if left unchecked, become financial and reputational burdens.

Risks are growing as universities, especially public institutions, face increasing pressure to align procurement with broader societal and technological shifts. Public accountability demands high levels of transparency in purchasing decisions, necessitating robust documentation and audit trails. Ethical considerations—such as avoiding conflicts of interest and promoting fair competition—are also paramount.

Universities are increasingly expected to demonstrate a commitment to environmental, social, and governance (ESG) goals. They are also navigating new regulations and laws promoting diversity, equity, and inclusion (DEI) in their supply chains. There is high urgency to implement systems that support auditable actions and compliance tracking, often tied to mandates.

Universities use different tools to track suppliers and support reporting and sourcing needs. Procurement uses software for sustainability, and another for DEI. The IT department uses a separate tool for vendor security assessments and may even perform manual assessments depending on vendor and use case. Research ethics and compliance teams also use limited tools for restricted party screening, foreign technologies, and “Know Your Customer” (KYC) verification with state-owned enterprises, but may lack ongoing monitoring.

Too many software tools increase complexity and integration difficulty. Each may use its own data format, interfaces, and functionalities—making integration and a complete risk picture hard to achieve.

When data is scattered across systems, it's difficult to share and analyze effectively across procurement and internal stakeholders. The consequences are enormous: missed metrics, compliance violations, and reputational damage. A robust risk management platform enables institutions to gain visibility into supplier performance, identify high-risk suppliers, and enforce procurement policies.



## Streamline Risk Compliance

- Disconnected systems hinder visibility
- DEI, ESG, and security tracked in silos
- Risk not revisited after onboarding
- No unified audit trail across systems
- Craft supports end-to-end compliance



## 1 platform vs. 6+ tools

Many universities rely on 6+ systems to manage risk. Craft unifies DEI, ESG, cybersecurity, and supplier integrity into a single platform.





## Conclusion

Higher education institutions are in an era defined by uncertainty and rapid change. Organizations have to create a sense of urgency for bold action and get everyone involved. Universities can no longer afford to view procurement as a mere administrative function. It must evolve into a strategic enabler that actively contributes to institutional resilience, financial health, and mission-critical objectives.

The future state of procurement aims to centralize and simplify supplier risk management, moving away from manual, disparate spreadsheets to a single platform. It will expand and deepen supplier data, providing comprehensive information to effectively manage supplier risk, make strategic sourcing decisions, and anticipate and mitigate disruptions. This will also reduce costs from siloed tools by consolidating information and increasing engagement on a single, cross-referencing platform.

## Craft Supplier Intelligence

Our advanced data fabric and risk mitigation engine provides 360-degree visibility to quickly explore and evaluate suppliers, AI-driven insights to minimize disruptions, and collaborative tools to optimize supply chain strategies. With Craft, organizations can confidently navigate regulatory environments, uphold ethics, and drive business continuity and growth.

**Ready to learn more  
about our solutions?**

**Schedule a demo:**

**[sales@craft.co](mailto:sales@craft.co)**