

# KES' Transformative Bet on AI:

How Faster Decisions and Bigger Wins Made KES Procurement The Best-Performing Koch Industries Portfolio Procurement Team



## Summary

### Company

Koch Engineered Solutions



### Challenge

With limited time and resources, the team couldn't always spot pricing that was out of line.

### Solution

Arkestro made it easier to gather and compare quotes without slowing down and still delivering measurable results.

### Results

KES exceeded its savings target five months ahead of schedule and gained better control over material costs.

## Company

Procurement transformations don't usually happen fast. But within 90 days of partnering with Arkestro, KES saw measurable gains in speed, productivity, and hard-dollar cost savings.

They surpassed internal benchmarks ahead of schedule and built a repeatable model for managing spend more strategically.

It all started with a partnership—and a shift toward predictive procurement.

## Background

In industrial manufacturing, savings are important, but not at the expense of quality or supplier trust. That makes automation difficult, especially when trade-offs are involved. Even digital-first companies often end up growing their teams just to manage more spend.

KES took a different approach. With Arkestro, they dramatically increased the number of competitive events they could run and delivered higher savings per event without expanding the team. Strategic sourcing got faster, and everyday spot buys improved.

Suppliers benefited as well, with quicker purchase orders and a smoother procurement experience that kept relationships strong.

### How KES Procurement used Negotiation Science, Supplier Science, and Process Science, to Unlock Savings with Trusted Existing Preferred Supplier Partners for Stainless Steel

For over 30 years, KES relied on trusted local partners to supply core materials like stainless steel sheets and plates. But during a quoting event run through Arkestro, the team uncovered a pricing gap that hadn't been visible before.

The number alone wasn't the issue. It was seeing how it compared in context. Arkestro's Suggested Offer, powered by real-time benchmarks and game-theoretic feedback, gave the team the confidence to question the initial quote and guide the conversation with data.



#### Negotiation Science

AI simulated the offer as a market basket. Instead of the supplier setting the opening quote, KES Procurement took the lead, using game theory to encourage suppliers to improve outcomes.



#### Supplier Science

AI identified qualified alternative suppliers within the KES ecosystem, surfacing credible incumbents already approved to do business.



#### Process Science

Suggested Offers were pre-analyzed for approvability, reducing errors and resolving mismatches in part numbers and descriptions between KES and suppliers. This enhanced data quality at the item level, making procurement activities more trackable and reportable.

The result: The preferred supplier kept the business, and KES secured better pricing. What could have strained the relationship instead reinforced it. The supplier even extended the improved terms to open purchase orders—setting a new tone for future collaboration.

### Amplifying KES' Procurement Team's Power with Arkestro

When KES rolled out Arkestro, it maintained, and strengthened, strategic control over its spend categories. AI didn't take over the decision-making. Instead, it aggregated data that set baselines for item-level pricing and enhanced the human-to-human communication. The procurement team stayed firmly in the driver's seat, using Arkestro to run faster, more efficient events.

The platform pulled in real-time and historical pricing to generate Suggested Offers and live market feedback, helping buyers spot outliers and act on them with confidence. Procurement stayed in control of supplier selection and strategy, but spent far less time gathering and analyzing data.



That visibility proved especially valuable in categories where pricing is often anchored high. Supplier reps are trained to start above market, expecting to negotiate. But when teams are stretched thin, those markups can slip through. With Arkestro, KES could counter more consistently and more credibly, without dragging out the process.

By using AI to predict, analyze, and even generate counter-offers, procurement teams can deliver sustainable, scalable cost savings — without manually negotiating every quote.

For KES, Arkestro amplified the strengths of its procurement team, extending its impact across more addressable spend. With full visibility into the competitive landscape, KES's category managers and buyers could make confident, data-backed decisions, while still preserving trusted supplier relationships and communication channels.

### Fast, Far, and Ahead of Schedule: KES's Predictive Procurement Goes Global

KES's predictive procurement journey didn't stop with a single category. After a successful rollout in steel plates, the team set aggressive internal goals to expand Arkestro's impact across more of their spend. They not only hit their goal—they hit it five months ahead of schedule.

The speed and success of implementation led to a rapid global rollout. After launching in the APAC region in November 2023, KES expanded Arkestro across its European sites within 45 days.

Today, category managers and buyers in Italy, Luxembourg, China, and eight other countries rely on Arkestro to make smarter, faster procurement and sourcing decisions.



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### More Than Savings: How Transparency Drives Resilience and Growth

KES's partnership with Arkestro proves that digital transformation doesn't have to come at the cost of trusted relationships. With Arkestro, competitive insights are more transparent and actionable.

Fact-based negotiations and AI-powered supplier selection help KES reinforce its supplier ecosystem, all while achieving substantial cost savings.

The KES Arkestro story is really just beginning. With more categories, geographies, and procurement teams onboarded, KES continues to use Arkestro to run more events that lead to faster decisions, bigger wins, and resilient supply chains.