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**GOVERNMENTS ARE BUYING AI.
ARE THEIR PROCUREMENT
SYSTEMS READY?**

Five Capabilities Public
Institutions Need to Acquire
and Govern AI Responsibly

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Governments Are Buying AI. Are Their Procurement Systems Ready?

I have spent much of my career studying public procurement systems, as a researcher, advisor, educator, and, for several years, chair of a public tender committee. That experience has taught me to look beyond whether procurement rules and procedures exist and ask a more difficult question: does the institution have the capability to make those systems work? That question came back to me recently as I read an April 2026 report from the U.S. Government Accountability Office (GAO) on how federal agencies are acquiring artificial intelligence.

There is tremendous attention today on what governments can do with AI: automate routine processes, analyze large volumes of data, improve decision-making, detect risks, and deliver public services more efficiently. But a less visible question sits behind that enthusiasm: Who is buying these technologies, and do public institutions have the capabilities required to buy them well?

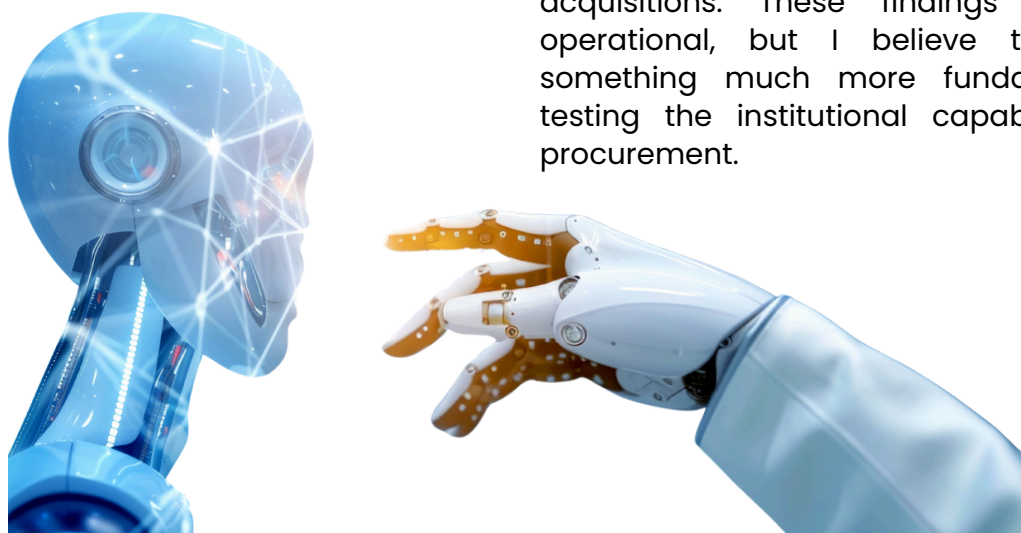
The GAO report suggests that this question deserves much more attention.

What the GAO Study Found

GAO reports that federal agencies more than doubled their reported use of AI between 2023 and 2024. To understand the procurement implications, it conducted in-depth reviews of 13 AI acquisitions across four federal agencies: the Department of Defense, Department of Homeland Security, General Services Administration, and Department of Veterans Affairs.

The findings are instructive. Agencies are acquiring AI through different arrangements. Sometimes they purchase a product; sometimes AI is provided as an ongoing service. Some agencies initiate procurements specifically seeking AI solutions, while in other cases vendors introduce AI capabilities even where the original requirement was not explicitly framed around AI.

This changing market creates new procurement challenges. Officials interviewed by GAO, for example, reported difficulties accessing technical specialists such as data scientists to assist in evaluating contractor proposals. They also identified difficulties understanding AI-related costs. Perhaps most importantly, GAO found that the four agencies examined were not yet systematically collecting lessons learned from their AI acquisitions. These findings may appear operational, but I believe they point to something much more fundamental. AI is testing the institutional capability of public procurement.



▶ The Price of AI Is Not Necessarily Its Cost

The second issue is cost. GAO reports that officials experienced difficulty understanding AI-related costs. This is important because the initial acquisition price may represent only one part of the financial commitment. An AI solution can involve costs associated with integration, cloud infrastructure, computing capacity, data preparation, testing, cybersecurity, model updates, monitoring, technical support, and ongoing service arrangements. There is also the issue of vendor dependence. An agency may become so dependent on a particular provider's technology, infrastructure, or data environment that switching suppliers becomes technically difficult and financially costly.

The traditional procurement question “How much does this solution cost?” is therefore insufficient. A better question is: *“What will this capability cost government to acquire, integrate, operate, govern, improve, and eventually replace?”*

Lifecycle costing has always mattered in procurement. AI makes getting it right even more important.



▶ ***The Finding That Concerns Me Most: Institutional Learning***

Of all the GAO findings, however, the one I find most consequential is not about technology. It is about learning. GAO found that the four agencies examined were not yet systematically collecting lessons learned from their AI acquisitions. Their policies did not require officials to do so. Think about the implications. Governments are still learning how to buy AI effectively. Every early acquisition potentially generates valuable knowledge:

- Which contractual provisions worked?
- How should data rights be addressed?
- What testing requirements proved effective?
- Which supplier claims were realistic?
- What problems emerged during implementation?
- What capabilities were missing from the procurement team?
- What should the next contracting officer or evaluation committee do differently?

If these lessons remain with individual project teams, the institution loses an opportunity to build organizational knowledge. GAO therefore recommended that all four agencies update their policies to require the systematic collection of lessons from AI acquisitions and submit those lessons to a GSA-managed repository so that they can be shared and applied more widely. All four agencies agreed with the recommendations.

There is an important principle here that extends far beyond AI: Procurement capability is built not only through policies, procedures and training, but also through an institution's ability to learn from what it has purchased, contracted and implemented.

▶ ***The Rules May Exist. Capability Still Has to Be Built.***

The timing of the GAO findings is particularly interesting. In April 2025, the Office of Management and Budget issued government-wide guidance on the acquisition of AI. The guidance sought to strengthen how agencies acquire AI responsibly and effectively. Yet a year later, GAO's findings illustrate an important distinction between establishing policy expectations and developing institutional capability to implement them consistently.

This is not unique to AI. It is one of the recurring challenges of procurement reform. Governments can change regulations faster than institutions can develop expertise. They can introduce new technologies faster than workforces can develop the skills to manage them. They can establish new requirements faster than organizational routines adapt. And they can purchase sophisticated systems faster than institutional learning mechanisms develop around them. This is why AI procurement should not be viewed primarily as a technology-purchasing issue. It is also an institutional transformation issue.

▶ ***The Challenge Extends Beyond Federal Government***

The federal experience should not be considered in isolation. Artificial intelligence became the number-one technology priority for U.S. state CIOs for 2026, overtaking cybersecurity, which had occupied the top position for 12 consecutive years. That is a significant change. It tells us that AI is rapidly moving toward the center of public-sector technology strategy, not only at the federal level, but also across state government. At the same time, broader assessments of federal AI implementation continue to identify shortages of technical talent and outdated technology infrastructure as important constraints. The direction of travel is therefore clear: governments are moving quickly toward AI. The question is whether institutional capability is developing at the same speed.

► **AI Does Not Fix a Weak Procurement System**

This brings me to the central argument. AI does not fix a weak procurement system. It can simply move the same weaknesses faster. If procurement planning is weak, sophisticated technology will not automatically strengthen it. If specifications are poorly developed, AI will not necessarily make them clearer. If supplier evaluation lacks appropriate expertise, a technologically advanced solution may actually make evaluation more difficult.

If contract management is reactive, an intelligent system will still operate within a weak contract-management environment. And if an institution does not learn systematically from previous procurements, AI will not create that institutional discipline. We should therefore be careful that, in the rush toward technological transformation, governments do not simply digitalize existing weaknesses. This is not an argument against AI.

Quite the opposite.

AI has enormous potential to strengthen procurement itself, from spend analytics and demand forecasting to risk identification, fraud detection, market intelligence, supplier analysis, and contract monitoring. But adoption without institutional readiness is not necessarily transformation.

► **The Five Pillars of AI Procurement Readiness**

This is also the central finding of my recent study of institutional readiness for artificial intelligence in U.S. public procurement. Drawing on a systematic review of 38 academic, government, and industry sources, the study found that sustainable AI adoption depends on five interconnected capabilities: **leadership and governance, digital infrastructure, workforce capacity, data readiness, and ethical safeguards (Ambe, in press).**

The critical finding is that these capabilities are complementary, not additive. Technology investment alone does not create institutional readiness. An agency may possess advanced infrastructure but lack the personnel required to interrogate supplier claims. It may issue an AI policy but lack reliable procurement data to act on it. It may deploy an effective tool but have no contractual mechanism for auditability, model changes, or supplier accountability.

This is precisely the pattern the GAO findings illustrate. Federal agencies had policy guidance in place through OMB Memorandum M-25-22 yet lacked a systematic lessons-learned mechanism, revealing a gap in leadership, governance and organizational learning, and struggled to access technical specialists, a gap in workforce capacity. The technology and policy guidance were present, but important institutional capabilities remained underdeveloped. Therefore, AI procurement readiness is systemic: weakness in any one pillar can undermine the value, accountability and sustainability of the entire acquisition.

► **What Should Public Procurement Leaders Be Asking?**

Before proceeding with major AI acquisitions, procurement leaders and public managers should ask:

- Do we have sufficient expertise to define what we actually need?
- Can our evaluation teams critically assess competing AI solutions?
- Do we understand the total lifecycle cost rather than simply the acquisition price?
- Do our contracts adequately address data rights, testing, performance, intellectual property, cybersecurity, technological change and potential vendor dependence?
- Do we have mechanisms for capturing lessons from early AI procurements and sharing that knowledge across the institution?

And perhaps most importantly: Is the maturity of our procurement institution keeping pace with the sophistication of the technology we are buying?

► **The Procurement Profession Is Changing**

AI also tells us something about the future of public procurement itself. For decades, procurement reform has appropriately emphasized competition, transparency, compliance, fairness, and value for money. Those principles remain fundamental. But the technologies governments are now buying require procurement to become increasingly strategic.

Procurement professionals are operating at the intersection of technology, markets, data, suppliers, risk, contracts, and public value. Understanding procurement rules will remain essential. But future procurement professionals will also need to understand the markets from which government buys, the technologies being acquired, the risks embedded in supplier relationships, the data being generated, and the outcomes contracts are expected to deliver

► **What Does This Mean for Africa?**

The issues raised by the GAO study are equally relevant for African governments as procurement digitalization expands across the continent. Tanzania provides an interesting example.

According to the World Bank, NeST is an AI-powered, end-to-end electronic government procurement system that automates procurement workflows and connects 21 government digital systems, including budget, payment, tax, business-registration and central-bank systems. The system has reduced procurement timelines by up to 155 days. Developed and implemented through Tanzania's Public Procurement Regulatory Authority, NeST demonstrates that digital procurement transformation requires more than acquiring technology; it also requires the institutional capability to develop, integrate, govern and continuously improve it.

The U.S. and Tanzanian experiences reflect different institutional contexts and should not be directly compared. Nevertheless, they raise the same fundamental question for governments, including those across Africa: Is institutional capability keeping pace with technological ambition? As AI enters public procurement, technology investment must be matched by professional skills, technical expertise, data governance, contract management, system interoperability and institutional learning.

For African governments pursuing AI-enabled procurement, the objective should extend beyond adoption to building capable institutions that use AI responsibly and effectively to deliver greater public value. AI makes this transformation more urgent.

► **The Question Before Governments**

There is understandable excitement about what AI can do for government. The possibilities are substantial. But perhaps we need to change the order of the questions. *Before governments ask: "How can we use AI to transform public procurement?"*

they should also ask: *"Do we have the procurement capability to acquire, evaluate, contract for, govern, and manage AI effectively?"*

The 2026 GAO study suggests that even sophisticated public institutions are still developing answers to that question. That should not discourage AI adoption. It should remind us that technological transformation and institutional transformation must move together. Technology can move quickly. Institutions usually move more slowly.

The challenge for public procurement is to ensure that institutional capability does not fall too far behind technological ambition. Ultimately, governments will not realize the value of AI simply by buying more intelligent technology. They will realize it by building more capable procurement institutions around that technology. AI readiness, in other words, must also mean procurement readiness. And that may prove to be one of the most important, but least discussed, dimensions of public-sector AI transformation.

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This article draws on selected government reports, policy guidance and public-sector research, including the author's forthcoming study:

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About Prof. Marcus Ambe

Prof. Ambe is Founder and President/CEO of AISCR and Professor of Supply Chain Management at Jackson State University, with more than two decades of academic, industry, and professional experience. Previously, he served as Department Chair at the University of South Africa (UNISA), chaired the University's Tender Committee and Enterprise and Supplier Development Program, and served as Deputy Chairperson of the South African Interim Supply Chain Management Council. His expertise spans procurement governance, supplier development, applied research, executive education, and strategic partnerships across the United States and Africa.



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