



# **SOURCING TRENDS Q3 2025: TARIFF, REGULATORY, AND INFLATIONARY IMPLICATIONS**

**Produced by LogicSource Indirect Category Leaders and Center of Excellence**

This report leverages insights from 180+ indirect category experts and \$150B+ in pricing data to provide actionable insights and strategies for optimizing procurement, mitigating risks, and addressing supply chain trends.

Learn more at [logicsource.com](https://logicsource.com)



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# EXECUTIVE SUMMARY

As we enter Q3 2025, procurement and finance leaders continue to face a complex, changing environment shaped by rising tariffs, new government regulations, geopolitical volatility, energy cost uncertainty, and mounting pressure to reduce the total cost of ownership across indirect categories. Strategic sourcing teams must now navigate many competing priorities: driving down cost despite inflationary headwinds, maintaining service and product quality, adopting emerging technologies like AI, and spearheading transformational operational change, all while managing risk and supplier stability.

This quarter's report captures the most impactful sourcing trends across Information Technology, Corporate Services, Facilities, Marketing, Logistics, and Print & Packaging. While tariff concerns are growing more acute, this report focuses on broader market trends and sourcing tactics. For tariff-specific modeling and impact mitigation, please refer to LogicSource's dedicated **Tariff Impact Analysis**. For our healthcare audience, we also recommend reviewing LogicSource's recent analysis of the **One Big Beautiful Bill Act** and its implications for Medicaid reimbursement, along with short and long-term mitigation strategies.





# INFORMATION TECHNOLOGY



## Cloud Deployment Financial Challenges

Cloud-migration spending continues to out-run forecasts as enterprises press ahead with SAP S/4 HANA, Oracle, and data-intensive workloads. Flexera's 2025 State of the Cloud survey of 759 IT leaders reports 84% now cite "managing cloud spend" as their top challenge, and that cloud invoices exceed budget by an average 17%.

LogicSource is therefore modeling full-lifecycle TCO before any cut-over, renegotiating IaaS and PaaS commitments where pay-as-you-go beats reserved capacity, and, when the business case collapses, extending stable on-prem estates under third-party support.

This mirrors SAPinsider's 2025 benchmark findings, which show only 32% of organizations fully live on S/4 HANA, leaving the majority to fund costly "double-run" (ECC plus S/4) environments during transition.



## Suppliers Leveraging Tariffs

Tariff chatter is already influencing hardware quotes. Several vendors attempted 4%-7% "tariff surcharges," but most walked them back once clients cited active HTS exemptions.

China's outbound shipments jumped 5.8% year-over-year in June 2025 as exporters raced ahead of the Section 301 review. LogicSource is freezing non-essential refreshes and weighing third-party maintenance to convert lump-sum CAPEX into controllable OPEX.



## AI Pricing Models

AI licensing grows thornier each quarter. Zylo's 2025 market scan notes that 71% of AI-enabled SaaS tools now employ a blended subscription plus usage model, making apples-to-apples rate checks impractical.

Our sourcing teams have started pushing back on these blended costs by requiring vendors to separate fixed platform fees, variable usage components (like token/API calls, storage, and compute), and any add-on features to avoid losing price transparency — a key concern for buyers.

LogicSource also negotiates usage caps and budget alerts to avoid runaway costs, embed rate-lock clauses to guard against mid-contract price hikes, and benchmark usage rates against open-market data (e.g., OpenAI, AWS). Our sourcing teams weight technical fit, UX, and security ahead of unit cost — and where transparency is limited, we embed "value-failure" clauses that claw back fees if promised outcomes aren't met.



# CORPORATE SERVICES



## Pharmacy Benefits Management

Specialty medications remain the cost accelerant inside health plans. IQVIA projects they will account for 52% of pharmacy spend in developed markets by year-end 2025, up from 49% in 2023.

LogicSource clients are budgeting a 10%-15% spike for 2026 and mitigating it through pass-through rebate contracts, third-party rebate audits, and carve-out programs for oncology and GLP-1 therapies. PBM expense has already climbed from 20% to 29% of total benefit budgets since 2021.



## Acceleration of Global Shared Services and Offshore Operating Models

Offshoring is scaling far beyond transactional work. Internal tracking shows the share of LogicSource customers actively pursuing new offshore or near-shore hubs rose from 14% in 2023 to 29% in 2025.

External data corroborate the shift: a 2025 Smart Manufacturing Survey finds 69% of manufacturers now rely on third-party partners for cybersecurity detection and 73% for incident response. Typical savings for offshoring services across Finance, HR, IT, and Marketing remain in the 30-60% range, with analytics and compliance roles leading the next wave.



## Alternate Fee Arrangements in Legal Services

Thomson Reuters pegs Alternate Fee Arrangements at 25% of large-company outside-counsel spend. LogicSource is locking in fixed, capped, or success-based pricing across real estate, litigation, contracting, and IP, trimming external fees 10%-15% while improving cost predictability.



# FACILITIES



## ESG in Facilities Management

Environmental goals now anchor FM negotiations. JLL's 2025 occupier pulse shows 74% willing to pay a premium for buildings with clear ESG credentials. LogicSource retrofit programs, LED, high-efficiency HVAC, and smart EMS deliver 10%–30% energy-line savings and measurable Scope 1 plus 2 cuts.



## Integrated Facilities Management (IFM) Adoption

Projected forecasts show a 17.8% CAGR to US \$138B by 2030 for global FM, fueled by single-provider IFM contracts. Adoption across our client base rose from 10% in 2023 to 25% mid-2025, unlocking 10%–20% hard savings and tighter SLA governance.



## Outcome-Based Facilities Contracts

Outcome-linked deals are becoming the norm. Gartner's Field Service Management Magic Quadrant projected more than 60% of asset manufacturers would offer outcome-based service contracts by 2022, up from less than 15% in 2018, a trend still accelerating through 2025.

LogicSource is rewriting legacy T&M terms so that uptime, cost, sustainability, and occupant-satisfaction KPIs drive vendor compensation; most clients move from less than 30% to more than 80% KPI-aligned coverage within the first renewal cycle.





# MARKETING



## Marketing Technology Optimization

SaaS inflation and stack sprawl are squeezing budgets. Zylo's 2025 SaaS Management Index finds organizations now run an average of 275 applications, and 52.7% of licenses sit unused, wasting roughly \$21MM per enterprise each year. LogicSource assists our clients in right-sizing their marketing technology stack by eliminating unused licenses and/or reducing unit-level cost drivers to better reflect the business's current-state needs. LogicSource also assists clients with consolidating redundant tools and evaluating new technologies as part of a larger digital transformation program.



## Agency Partner Stability

Agency turbulence is another watch item. WPP's 9 July profit warning came alongside 8,200 job cuts, about 7% of headcount, after net-sales guidance slipped by 2 percentage points. We proactively stress-test holding-company bench depth, secure 5%-10% fee concessions where leverage exists, and vet contingency shops to protect campaign timelines.



# DISTRIBUTION & LOGISTICS



## China Tariffs

The open Section 301 review has triggered a 5.8% year-over-year export spike from China in June 2025 as shippers front-load. LogicSource is advising dual-source bills of material, routing critical volume through foreign-trade zones, and applying tariff-engineering tactics such as HTS reclassification to shield landed costs if rates snap back later this year.



## Israel/Iran Conflict

Consensus places Brent around US\$66/bbl for 2H 2025, but scenario models show US\$90/bbl if Israel-Iran tensions choke regional supply. LogicSource rate cards, therefore, carry a 3%-5% diesel-surcharge swing, and our network-design models test cost resilience at fuel bands from US\$60/bbl to US\$100/bbl.



## Truckload Market

C.H. Robinson maintains its 2025 dry-van line-haul outlook at plus 4% cost-per-mile. LogicSource is tracking May-June tender acceptance and spot-rate trends; if outbound volumes remain soft through August, we will recommend converting 15%-20% of dedicated lanes to one-way contract rates to lock in current pricing before the holiday peak.





# PRINT & PACKAGING



## Paper

Graphic-paper prices rose 2.1% in Q2 on pulp cost pressure. LogicSource expects a flat-to-modest increase through Q3 as seasonal catalog demand builds. Clients are shifting print volume to lighter basis-weight stocks and expanding digital substitutions to offset the cost delta.



## Postage

USPS increases effective 13 Jul 2025, raises First-Class Forever stamps to \$0.78, plus 7.4%, and Marketing Mail letters and flats up to 9.4%. LogicSource mitigation playbooks focus on mail-piece redesign, commingling, and zone-skipping to absorb 40%-60% of the hike.



## Corrugate

Smurfit WestRock closures will remove more than 500K tons of containerboard capacity, about 3.5% of U.S. supply, tightening corrugate markets into Q4. LogicSource is executing multi-mill sourcing strategies and introducing spec right-sizing that trims corrugate usage 8%-12% without jeopardizing structural integrity.



# OPERATIONAL REDESIGN INITIATIVES



## Demand Management

General specification resets, lighter-weight packaging, leaner print formats, and EMS roll-outs are trimming indirect outlay by 8%-12% within 12 months. Software-license optimization shows 10%-30% of seats unused; rightsizing and vendor consolidation deliver comparable savings while preserving service continuity. Travel and relocation policy realignment is cutting per-diem variance and exception spend by 15%-20% without denting employee-satisfaction scores.



## Working Capital Optimization

Extending average supplier terms by 3-5 days frees \$3MM-\$4MM per \$1B in annual addressable spend. Supply-chain-finance programs now price at spreads as low as SOFR plus 120 bp, balancing buyer liquidity with early-pay options for suppliers. Targeted virtual-card deployments generate rebate yields of 80-120 bp and tighten pay-to-procure reconciliation.



## Audits & Recoveries

AP audits typically surface \$200K-\$500K per \$1B spend in duplicate payments, credits, and pricing errors. Medical claims reviews recoup 0.5%-2% of claims value through coding corrections and duplicate billing fixes. Dependent eligibility sweeps remove about 3% of ineligible lives, saving \$5K-10K per head. CAM reconciliations and unclaimed-property searches regularly unlock 0.1%-0.3% of gross rent and payment outflows.



## Other High-Yield Levers

Merchant-fee diagnostics uncover 8-12 bp of avoidable interchange on card processing. Temp-labor tenure tracking secures step-down rates, often 5% hourly savings once contractors pass tenure thresholds.



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## CONCLUSION

Q3 reinforces the need for procurement to operate as a strategic lever for resilience and growth. From curbing cloud overspend and expanding IFM programs to unlocking value through AP audits, payment term extensions, and marketing tech rationalization, sourcing leaders are prioritizing high-yield levers with short time-to-value. At the same time, external disruption, from shifting labor strategies to heightened ESG demands, is accelerating the adoption of new best practices like legal AFAs, custom benefits solutions, and offshore resource hubs.

As we prepare for year-end planning, the most successful organizations will be those that treat sourcing not only as a cost containment function but as a force multiplier for EBITDA improvement and increased shareholder value. LogicSource will continue to track fast-moving categories, emerging supplier risk, and evolving operating models to help our clients optimize every dollar spent.





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## ABOUT LOGICSOURCE

The innovative leader in procurement services and technology, LogicSource, is purpose-built to drive profit improvement, mitigate risk, and ensure supply chain continuity through better buying. LogicSource focuses exclusively on the sourcing and procurement of indirect goods and services, which typically represent 20% of an organization's revenue and the area of greatest spending inefficiency.

These include complex categories like marketing, packaging, corporate services, facilities, information technology, distribution and logistics, and more, for which organizations often lack the capacity, focus, and scale to achieve best-in-class buying. Unlike traditional advice-based consultants, LogicSource is a purpose-built buying utility with assets that are configurable to their clients' needs and ready to deploy.

By combining decades of sourcing and procurement expertise, superior market intelligence, cross-portfolio spending leverage, and their OneMarket® Source-to-Pay technology, LogicSource executes customized solutions that deliver immediate savings and sustainable value. For more information, visit [logicsource.com](https://logicsource.com).

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## ABOUT THE AUTHORS

This Sourcing Trends report was produced by the LogicSource Indirect Category Leaders and Center of Excellence, which leverages decades of expertise and data to help organizations navigate global trade trends and optimize their procurement strategies. With a dedicated team of 180+ indirect category experts and access to \$150B+ in indirect pricing data, LogicSource equips our clients with the insights and tools needed to make informed decisions, mitigate risk, and drive sustainable value.

For more information or to discover how LogicSource can help your organization achieve best-in-class buying, visit [logicsource.com](https://logicsource.com).