

How Two Enterprise Giants Are Tackling CPI Volatility

Shipping costs have gone up. Supply lines have been unstable since the Ukraine war. And now, rumors are swirling about delays at Iran's Bandar Abbas port. At first glance, these might seem like disconnected disruptions. But zoom out, and the bigger effect comes into focus: CPI volatility.

Every swing in global prices puts procurement teams in a bind: absorb the impact or protect margins. Yes, you can renegotiate, build inventory buffers, or scout new suppliers, but those are long-term plays. CPI volatility doesn't wait.

The short-term lever? Your contracts. Inside them are the triggers, terms, and leverage points that can help you act before the next cost spike or tariff hits. Here's the story of how two enterprises did exactly that.



Case Study #1: Global Retail & Logistics Giant

\$28B+ Consumer Goods Major | Operations in 120+ Countries

Challenge

Freight and commodity costs, tied to CRU and LME indices, led to unpredictable supplier cost increases, often mid-cycle. And fixed-price windows and manual recalculations meant teams couldn't respond fast enough. Negotiation windows would close before procurement had even validated the clause implications.



Legacy contracts stored as scanned PDFs across regional teams added to the chaos. The result? Vendors pushed through escalations, and the company was left absorbing unexpected costs.

What They Did

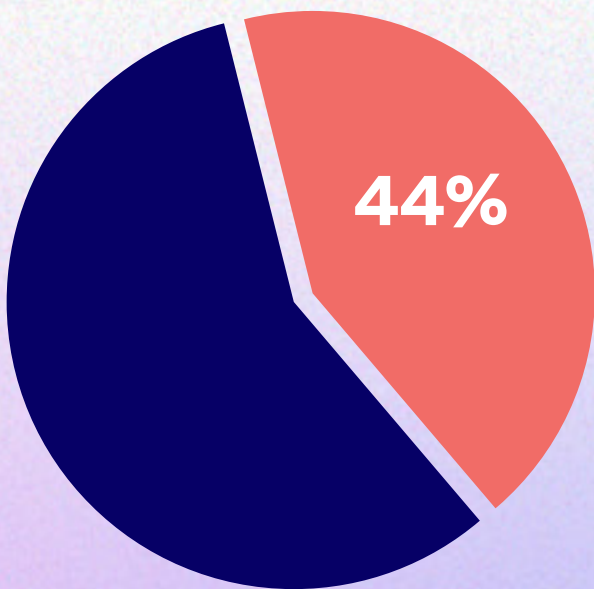
Digitized and analyzed 900+ legacy contracts across top warehousing and logistics vendors. Mapped 90+ Master-Child links (MSAs, SOWs, Amendments, Change Orders).

This structure allowed them to map which suppliers had CPI or fixed escalators, and where they didn't.

Outcome

-  Gained real-time visibility into CPI, PPI, and escalator clauses.
-  Equipped sourcing with obligation-aware dashboards.

Insights



44% of contracts had escalator clauses – half the portfolio was exposed

\$12M
Prevented cost escalations within 6 months

Case Study #2 : Fortune 500 Pharma Leader

\$45B+ global pharmaceutical player with operations in 100+ countries

Challenge

Contracts included CPI-linked escalation clauses, but they were buried deep within long-form MSAs or fragmented across amendments.

Even when indexed triggers were defined, there was no system to track or act on them. The time finance caught the impact, vendors had already adjusted pricing—or, worse, escalated costs based on assumed CPI increases without contractual justification.

The procurement team had no centralized view of where these risks lived or how to counteract them, causing 2–4% annual spend leakage without even realizing it

What They Did

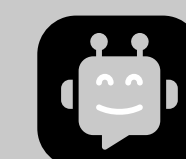
Analyzed the entire contract estate, extracting 100+ data points, including CPI clause triggers, and volume commitments, and linked 180+ documents across MSAs and commercial addendums.

Next, they integrated real-time CPI indices (e.g., CRU, LME) directly into their contract dashboards. AI agents were deployed to simulate clause activation based on current index data, flagging agreements at risk of triggering price hikes.

Outcome

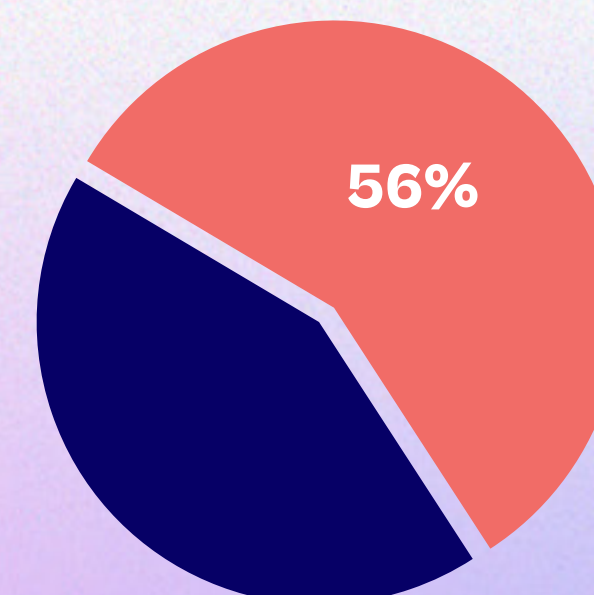


Detected CPvI thresholds in real-time.



Deployed AI agents to simulate impact and prioritize renegotiation

Insights



56% of contracts became renegotiation levers when actively monitored.

\$6.2M

saved through real-time
clause-to-index matching.

Takeaway for Procurement Leaders

CPI volatility isn't going anywhere. But with the right contract intelligence, you can detect risks early, act faster, and protect your margins, without waiting for the next disruption to hit. These enterprises did. So can you.

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