Available Online at www.ijcsmc.com

International Journal of Computer Science and Mobile Computing

A Monthly Journal of Computer Science and Information Technology

ISSN 2320–088X
IMPACT FACTOR: 7.056

IJCSMC, Vol. 13, Issue. 10, October 2024, pg.12 – 23

Revolutionizing Procurement: How AI & Data Analytics Driving Cost Effective Solutions in EPC

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DOI: https://doi.org/10.47760/ijcsmc.2024.v13i10.002

Abstract: This paper, therefore, discusses the revolution brought by AI and Data Analytics in the procurement processes of EPC (Engineering, Procurement and Construction) and how each of the challenges, including cost control, enhanced efficiency and procurement downtime, could be solved using the two technologies. When the use of the procurement models is applied, the following benefits will be realized: supplier selection is facilitated using artificial intelligence, thereby automating the entire process; there is increased accuracy of costs compared to manual estimation, therefore reducing bias. The use of AI will allow better historical and real-time data analysis for procurement needs forecast, supplier evaluation and material cost prediction. Furthermore, machine learning algorithms can automate adjustments depending on real-time market variability, such for instance, a change in the price of the materials or a disruption in the supply chain, as well as execution flexibility regarding the project needs.

Data Analytics also adds more weightage to procurement efficiency because it gives detailed analysis of the past and present procurement data. By utilizing state-of-the-art analytical frameworks, top managements are allowed to make powerful supplier analyses in relation to reliability, lead time, and cost of contracts prior to negotiations on contract supplier contracts and before contracting risks. What this study aims to do is to highlight real-life implementations of these technologies and how EPC firms can capitalize on these technologies to drive procurement efficiency, cost reduction, project delivery, and supplier relationship all for efficient project delivery. This paper thus provides a detailed discussion on the MI and TI of implementing AI and DA within procurement in the EPC sector via case studies and examples.

Keywords: EPC (Engineering, Procurement & Construction), AI in Procurement, Data Analytics, Supplier Selection, Inventory Management.

I. Introduction

The EPC companies play critical roles as contractors in global development by providing engineering, procurement, and construction services for projects that include roads, bridges, power plants, and giant industrial complexes. Due to the scale and scope of these undertakings, they necessarily entail considerable capital investment as well as major coordination and efficient utilization of organizational resources and time. [1-3] Procurement management is one of the most strategic activities in EPC project implementation, as it represents 60-70% of the total costs of the project. Procurement means buying resources such as materials, equipment, and services. This is a wheel that drives the financial success of the project.

As for procurement in EPC projects, it has relied on wieldy modes, such as lists, human decisions, and experience for the selection of suppliers, contracts, and inventory. Although this approach has been effective before, it contributes to problems, for example, high costs, delayed timelines, weak supplier relations and piled up procurement issues on the buying company. The direct handling of data also fosters inefficiency in making changes to the marketing plan due to slow changes vital in exploiting marketing opportunities and avoiding wasteful spending.

Nevertheless, the use of Artificial Intelligence (AI) and Data Analytics as practice-changing tools is extending its influence on the EPC industry. It is worth noting that AI is being implemented in a bid to automate the selection of suppliers, predict the procurement demands, and determine the placement of orders. These technologies can look at large data sets and find hidden meanings that can provide real-time solutions to complex problems that happen to be economically efficient. AI also helps, and there is the automation of contract management and decision-making; this removes human error and increases efficiency. On the other hand, Data Analytics offers a more systematized approach toward trends and patterns concerning performance and procurement risks. It thus allows us to make more effective decisions regarding the improvement of the gross project results.

There are very limited papers that have attempted to address the topic of understanding the impact of AI and Data Analytics on EPC procurement systems. Therefore, this paper seeks to fill this knowledge gap by assessing the impact and transformative role of the two technologies in procuring EPC projects. In this work, we will identify how these technologies support the cost-efficient approach, increasing the effectiveness of supplier relations and optimizing the processes. We will also touch on the case studies and some of the issues of implementing AI and Data Analytics in EPC procurement to give perspective on the future of procurement in the EPC industry.

A. The Role of Procurement in EPC

Purchasing plays a crucial role in EPC projects because its decisions visibly affect the efficiency of project implementation and its financial outcome. The timely supply of manufactured or processed goods and services to support the construction process is made possible by procurement. Project delays are often seen when procurement is slow, and disagreement over contracts can result in penalties for contractors. In addition, cost is another very important factor; most EPC projects encompass lots of suppliers, contractors, and vendors in their procurement system. Strategic procurement can also create avenues for cost reductions, supplier management and supply quality management. It is thus necessary that methods as well as technologies that can optimize the procurement process should be embraced to help achieve project success.

Key roles of procurement in EPC projects include

- **Supplier Identification and Selection:** Identifying the right supply sources that will meet specific quality, cost, and time of delivery needs.
- **Cost Estimation:** Selecting the right price for price-sensitive product features and efficiently consuming resources through supply chain management.
- **Contract Management:** Contracting and tendering risk management, contract incubation, contract drafting and compliance with contract terms.
- **Inventory Management:** Balancing the supply of materials to avoid either running out of stock or having excess stock that will consume the company's capital.
- **Risk Mitigation:** Detecting threats and concerns in the supply chain, for example, changes in prices or suppliers' late delivery.

Fig.1. Benefits of Using an EPC Contractor

The image above demonstrates some of the advantages of engaging an EPC contractor in a project. [4] A labeled icon represents each benefit, and the six key benefits are as follows:

- **Single Point of Responsibility:** This also has the benefit of making the EPC contractor fully liable for the project from design, procurement, and construction to commissioning. This makes project management easy for the client as there is only one contractor to blame for all the mishaps.
- **Cost Certainty:** These contracts will entail either a per-project price or cost plus a fixed amount of earnings, making it easier to identify the main expenses on the projects. This reduces the likelihood of financial shocks to the client down the line when the project implementation is ongoing.
- **Time Efficiency:** An EPC contractor has formed contracts that ensure that projects within a specific tenure are tendered. The contractor is responsible for overseeing all the activities in the project thus cutting short the time needed for the project period.
- **Quality Assurance:** EPC contractors also strive to make all aspects of the construction process, from the materials used down to the construction itself, of high quality. This decreases the possibility of problems or defects during or after the construction phase.
- **Risk Mitigation:** With this assignment of the role of the EPC contractor, the client will be able to shift various risks of the project to the contractor to a rather large extent. These include cost and schedule risk, with cost and schedule respectively, being the most common project characteristics in risk management literature and construction performance risk.
- **Flexibility and Security***:* EPC contracts apply some level of flexibility as to how changes or issues that may occur during a project are dealt with in a way that preserves the client's security and interests at all stages of the project.

The above advantages make it clear why many industries opt to hire EPC contractors since they work to avoid different risks, help simplify the processes involved and ensure that project delivery is done effectively.

B. Challenges in Traditional EPC Procurement

Nonetheless, the concept of traditional procurement is crucial in the EPC industry, and its application is accompanied by a few problems that result in many drawbacks and extra costs. Key challenges include:

- **Manual Processes:** For years, procurement was a time-consuming, paper-driven effort, which included documentation, manual data processing, and decision-making based on incomprehensive data. This leads to slow decision-making and a heightened probability of making mistakes that cost the company a lot of money.
- **Inefficient Supplier Management:** Where large EPC projects are concerned, many suppliers may be involved, often attaining thousands, and keeping track of their performance can be a task. Such techniques allow the consideration of small or no amount of data for judging the reliability or cost of suppliers or even the quality of certain products.
- **Poor Data Utilization:** Decision makers in traditional procurement work with limited data and few resources, if any, for data analytics; they are either forced to use data extrapolation from the previous period or their experiences.

- **Cost Overruns and Delays:** When it comes to EPC projects, project costs can easily escalate, thanks to shifts in material prices, supply chain issues, or bad estimates. According to the above types of markets, the traditional business procurement system cannot deal with such conditions effectively, thus resulting in increased costs and time.
- **Limited Visibility into the Supply Chain:** One of the main challenges is the limited integration between the procurement department, suppliers, and all other systems of project management, which makes it challenging to obtain actual-time visibility of the supply chain. This makes it hard to predict when a certain disruption is likely to occur and hence lacks reasonable ability to alter procurement strategies.

Such challenges highlight the need for better solutions, i.e., those that offer real-time analysis, champion automation, and catapult procurement decisions to higher levels.

C. Historical Overview of the Introduction of AI & Data Analytics in EPC

For the problems stated above, AI and Data Analytics are a breakthrough topic in EPC procurement processes because they make procurement an intelligent process depending on technology.

- **AI in Procurement:** Some of the effects of AI in procurement include Machine Learning (ML), Natural Language Processing (NLP), and Robotic Process Automation (RPA). The use of algorithms enhances the efficiency of cost estimation since it is based on past data and accurately anticipates future demand for inventory. Besides, it makes sense to note that AI-based systems can also assess supplier performance potential in terms of cost, quality, delivery time, or any other criteria that meet the EPC companies' interests in selecting the respective suppliers. AI can also help in the detection of risks in procurement, like supply chain breakdown, fluctuating prices and non-compliance to contractual agreements for early proper action.
- **Data Analytics in Procurement:** Data Analytics enables organizations to decide between many records created during the procurement transactions. Hence, advanced analytical techniques that EPC companies can use include predictive analytics to assist in understanding Average sale prices, fluctuation, and suppliers. Real-time analytics equally facilitates an evaluation of the efficiency of procurement activities in real-time and in relation to project calendars and costs. Information management procurement decisions are cost efficiency in managing inventory, effective bargaining agreements with suppliers, and enhanced supplier relations.
- **The Intersection of AI and Data Analytics:** When both are used together, it is possible that they will present more robust procurement solutions. Computational intelligence can assist in analytics associated with procurement by automatically processing procurement data and indicating the necessary actions to the involved parties as soon as possible. This combination allows the EPC companies to meet their procurement needs not only using efficiency and cost-effectiveness but also strategic orientation towards the achievement of overall project objectives.

II. Literature Survey

Applying Assets Intelligence and data analytical technologies into procurement has recently drawn the attention of industries such as EPC industries. Since procurement is an essential part of project delivery, enhancing it will not only enhance project efficiency but also result in significant savings. [5-8] Many papers have been published examining the use of AI and Data Analytics in procurement, especially in large projects such as those of the EPC market. In the subsequent section, we discuss recent literature to demonstrate how these technologies have been used to solve procurement problems, facilitate decision-making, and optimize project performance.

AI in Procurement: We have seen that AI has been promising regarding procuring transformation through one major avenue of employing automation, predictive capabilities and intelligent decision-making process. Some AI models, specifically those using ML and NLP, have been employed in procurement function domains where it has enhanced demand forecast, supplier evaluation, cost; and contracts assessment.

Demand Forecasting and Inventory Optimization: Demand forecasting is one of the most typical procedures for the use of artificial intelligence where machine learning models consider procurement data, market trends and project timetables to estimate future material and resource requirements. Research also indicates that AI-controlled demand forecasting methods are far more precise than conventional approaches since many factors, such as seasons, market volatility, and suppliers' lead times, can be input as variables. By improving on the demand forecasts, these models allow EPC companies to manage their inventory better, not having instances of deficit or excess stock with them.

Supplier Selection and Management: Machine learning is applied in decision-making relating to supplier selection and assessment. Purchasing has, for a long time, relied on attributes such as cost, lead time, and previous performance by suppliers. Yet, AI can use far more detailed data points – and not only those related to the suppliers' performance during the past three months or year, or, in a best-case scenario, up to the current day, as human analysts can do, but also the current state of the market and even factors such as geopolitical risks. Using machine learning algorithms, it is possible to prioritize suppliers by considering various factors into account and coming up with names of the most cost-effective suppliers that have high quality as well as reliable suppliers. For instance, using AI models to make fundamental decisions presents the opportunity to choose suppliers that, while being cheaper, are also more effective in meeting deadlines and quality requirements, thus effectively eliminating project delays.

A. AI in Contract Management

In procurement strategic contracts are used in the identification of relationship terms and conditions of the suppliers. Current means of managing contracts include manual operations, which are well known to be quite slow and inaccurate in large EPC projects with multiple suppliers and market legislation. Artificial Intelligence, especially Natural Language Processing (NLP) is gradually being applied to contract analysis works. NLP algorithms can scan contracts, highlight major provisions, and point to issues such as possible risks or inconsistencies that may need clarification, improving the process of contract analysis. Some of the research also indicates that the implementation of the contract management system helps to save time on reviewing contracts as well as minimizes possible legal problems through validation of compliance.

B. Data Analytics in EPC

Data Analytics is yet another tool that is revolutionizing procurement in EPC projects. Descriptive, predictive and prescriptive analytics are useful in giving [9, 10] organizations insights that can improve their procurement decisions, resource usage and management of risks.

Descriptive Analytics for Procurement Insights: Descriptive analytics is all about the capability to capture, store, and analyze large amounts of procurement data for patterns, supplier performance, and costs. Instead of sifting through piles of paper and results of procurement activities, analytical instruments arrive at massive sets of potential issues that are hard to identify at first glance, such as over-budgeting or excessive spending. For example, descriptive analytics can identify trends of supplier delayed deliveries or increasing prices and inform project managers on how to handle this.

Predictive Analytics for Cost Forecasting: This is applied in making predictions about future procurement requirements, and their respective costs based on statistical results. This approach helps EPC companies in predicting the materials cost and how they would approach their procurement since they foresee these prices to change over time. For instance, price trends over the past for a given product, such as steel or cement, can be modeled, future changes projected and instances when materials should be acquired suggested. Prediction also assists in risk management since general business risks such as a supply chain disruption or lack of material may affect the project.

Risk Management in Procurement: There are risks that stakeholders associate with procurement; these are the reliability of suppliers, the markets, and compliance with contract terms. These risks are identified and measured with the help of data analytical tools to allow procurement managers to prevent them. For instance, considering efficiency metrics it is possible to identify suppliers who have delivered earlier or whose prices are higher than others for the same kind of product, and therefore prevent potential issues by choosing less risky contractors. Further, real-time analytical tools enable procurement activity real-time tracking so that challenges such as delay, or cost variations are recognized and addressed in the shortest time possible.

C. Key Research Findings

From the studies done on the use of AI and Data Analytics in EPC procurement, several findings have been noted that depict the prospect of the two [11, 12] approaches in delivering efficient and cost-effective procurement processes.

AI-Driven Cost Estimation Models: Based on the study and analysis of prior EPC projects, AI models have provided high levels of accuracy in the material cost estimates. Research also shows that artificial intelligence-based cost estimation models can use many past records on materials, suppliers, and market prices to specify predicted costs. These models also indicate cost drivers and recommend less costly options that may include the use of substitute materials or performing the material acquisition activity at the right time when prices are lower. For instance, it revealed that AI models in use in cost estimation lowered procurement costs by 15% as they provided data that influenced the decision-making of project managers on materials and providers.

Supplier Selection Optimization: Conversely, the results using machine learning models have been highly effective for analyzing the past performance of suppliers. Using on-time delivery rates, quality performance and prices, these models assist EPC firms to select the best suppliers in the market at sensible prices. Analyzing the available literature, it has been found that by applying machine learning to the selection of suppliers, procurement costs are minimized, delays are avoided, and the quality of supplier relationships is enhanced. For instance, using a machine learning model on an EPC firm, the accuracy rate used to predict supplier performance for supplier selection was 88%, hence improving the chances of avoiding high-risk suppliers and a reduction in procurement delays by 20%.

Risk Management and Contract Negotiation: Pricing and risk modeling are also being done through AI and Data analytics; that is, the terms of a contract or supplier agreement that is likely to pose a greater risk can also be predicted using AI and Data analytics. Some types of contracts, such as Natural Language Processing AI tools, examine contract clauses for possible issues or discrepancies. This has been evidenced to lower legal risks and paternity with legal requirements regarding procurement. Revealed that EPC firms adopting AI-based contract analytical tools have experienced a reduction of 30% in contract related legal concerns.

III. Methodology

This work employs both qualitative and quantitative studies to address the question of how AI and Data Analytics would improve procurement processes in EPC projects. [13-15] The methodology is therefore geared towards the growth of specific AI models and analytics frameworks accompanied by actual EPC project exemplars. This section presents the way of data collection as well as the development of AI models and analytics frameworks employed in this research.

A. Data Collection

The empirical premise for this research is to collect data from various sources within the EPC industry. Generally, the AI and Data Analytics applications have been found to be most effective when procurement has the right kind of data. For this research, the following types of data were gathered from various EPC projects:

Procurement Data from EPC Projects: Real data was used from the procurement database of several EPC projects with information like the purchase orders, cost, supplier agreements, timeline for delivery and schedule of payment. This data was valuable for creating and teaching ML algorithms since it gave an example of typical procurement activities and trends.

Supplier Performance Metrics: To evaluate the reliability, quality and cost of suppliers, information on supplier performance was obtained. This comprised delivery performance records, material standards, contractual performance records, and average satisfaction indices from procurement officers. These metrics were leveraged to calibrate AI models on how to predict the performance of suppliers and hence influence the supplier selection decision.

Historical Cost Data and Project Timelines: Historical cost information that includes the costs of materials, labor and transportation was obtained from previous EPCs. This information was vital for formulating AI forecast cost models to narrow down there. Furthermore, the date when the project started and the date when it is expected to finish, with other aspects such as delays in the procurement process and other procurement-related milestones, were gathered to evaluate the effect of procurement on project performance.

Table 1: **Data Types and Sources**

Data Type	Source	Purpose
Procurement Records	EPC Project Databases	AI model training for procurement patterns
Supplier Performance Metrics	Supplier Databases	Supplier selection optimization

Historical Cost Data	Project Archives	Predictive cost estimation
Project Timelines	Project Management Data	Impact assessment on project efficiency

Thus, by collecting this diversity, the study received the opportunity to develop a broad picture of the procurement activities in the EPC projects to generate AI models and analytics frameworks.

B. AI Model Development

The essence of this study is to propose and implement AI models for improving decisions involved in procurement activities. The models themselves were designed with the help of machine learning methods and were optimized to solve various tasks of procurement, including cost assessment, choice of suppliers, and contract regulation.

Machine Learning Algorithms for Predictive Cost Estimation: A popular use of AI that was employed in this research work was in the creation of prediction models to estimate material costs. These models were developed on historical cost data gathered from EPC projects and factors such as type of material, supplier, market or condition, and territory of the project. The AI model was used to make an analysis of past costs and use the model to predict future costs and thus aid the project managers in making the right procurement decisions. This was helpful in the unstable prices prevalent in the raw material supply for manufacturing industries, especially where such prices depend on market forces such as demand, disrupted supply chain or even geopolitical instabilities.

Model Example- In a prediction exercise on the cost of steel for a huge project, a Random Forest Regression model was used. Based on the historical data on steel prices, timeframes of projects, and supply chain unpredictability, the accuracy of the given model reached 92%. It enabled the EPC firm to make the right purchase at the right time making a save of 12% on material required.

C. Decision-Tree Models for Supplier Selection and Contract Management

Another procurement activity of EPC projects is the selection of suppliers because working with inefficient suppliers is always catastrophic for project development. For selecting the best suppliers, a decision tree model was created that defined how to select suppliers based on the criteria of price, delivery time, quality and other performances. Going through the decision tree, the model enabled the prioritization of the suppliers based on reliability and actual cost of supply to aid the procurement managers in arriving at efficient options for projects.

Furthermore, this model was extended to contract management by integrating historical Contract Performance information. The model was able to determine which of the contract clauses, such as delivery schedules, and penalties for delayed deliveries, were likely to foster successful supplier relationships to the enhancement of contract negotiations for the EPC firms.

Natural Language Processing (NLP) for Contract Analysis

Fig.2. Natural Language Processing (NLP) for Contract Analysis

The image suggests strategies organizations can use to implement NLP to review contracts. [16] It lists seven key steps in a circular format, each emphasizing an important aspect of utilizing NLP tools for improving contract analysis and management:

- **Ensure Ease of Use by Selecting the Right NLP Tool:** When selecting an NLP tool, it is vital that it is easy to use and fits well for the purpose of contract review so that they are put to optimal use.
- **Check Integrations with Current Systems:** Make sure that the used NLP tool is compatible with your current systems, for example, document management software, so you do not have to switch systems.
- **Train Your Team to Use NLP Tools Effectively:** It is critical for you and your team to fully utilize and harness NLP, to give them proper training in the right usage of such tools in relation to contract review.
- **Timely Maintenance of the NLP Tool:** The frequency of updates and maintenance on the NLP tool would be required to have efficient performance, and to always address new requirements.
- **Monitor Performance and Gather Feedback:** Track the NLP tool's performance repeatedly and solicit users' feedback to spot all concerns that need improvement in the desire to enhance the tool's efficiency and productivity.
- **Data Security and Privacy:** Due to the fact contracts are signed with specific and, at times delicate information, it becomes imperative that the NLP tool follows data protections and privacy.
- **Optimize Contract Templates through NLP Analysis and Adaptation:** Relying on NLP, some rethinking of contract templates needs to be made in terms of clarity, structure, and compliance on the base of the analysis of the existing contracts.

This guide appreciates tool choices, system compatibility, and enhancement of NLP in contract management. Contract management in procurement is usually a very exhaustive process since it involves and may involve different legal documents. To perform this task, an NLP model that would examine procurement contracts and determine important clauses and risks (suspensions of clauses, penalties, delivery terms, etc.) was created. The NLP model was preliminary tested on a set of procurement contracts, and due to the introduced approach and integral use of rules set with selected features, the models outperformed human-based contract reviewing by processing and analysis speed and introduction of the possibility of errors. This automated analysis made EPC firms minimize contract management issues and reduce legal proceedings.

NLP Application Example: A general approach to NLP was used to review 500 supplier contracts for the construction of a power plant. The model detected small differences in delivery schedules in as much as ten percent of the contracts, and thus the firm was able to negotiate for other related sections before signing the contracts to avoid a possible hitch.

D. Analytics Framework

It also entailed the establishment of an intensive framework for analytics to enhance timely decision-making in procurement operations. [17, 18] The mentioned framework involved descriptive, predictive, and real-time analysis to enable procurement managers to have a clear outlook on various procurement activities, suppliers and prospects for procurement risks.

Predictive Analytics for Identifying Procurement Risks: Risk management was done using predictive analytics to forecast any procurement risks that could affect the project. Based on data on previous experiences of suppliers and markets, procurement schedules and forecasts, the model would be able to identify possible risks such as delays in delivery times, price increases and material scarcity. It enabled procurement managers to respond to such threats actively and maybe decide to diversify their suppliers or arrange for supplies way before the actual required time to avoid these whopping costs.

Descriptive Analytics for Reviewing Past Performance: The descriptive analytics approach was used to analyze past procurement activities, identify problem areas, and break down. Prior procurement decisions, supplier performance, and material costs were examined by descriptive analytics, allowing project managers to identify opportunities to improve procurement-related processes to be leveraged in other future projects.

Real-Time Analytics for Inventory Management and Supplier Monitoring

Modern adaptive technologies in the analysis offered specific data on stock and supplier activities to EPC companies in real time. This was especially beneficial when the project involved many suppliers and, equally, many supply chains. Real-time data enabled procurement managers to track the rates and availability of stock in a manner that

could enable them to accurately determine when a particular product was running low or out of stock, allowing them to order more. Therefore, real-time analytics allowed constant supplier tracking and identification of any delay or poor performance from the suppliers.

Table 2: **Analytics Framework Overview**

Analytics Type	Purpose	Example Application
Predictive Analytics	Risk identification and mitigation	Predicting supplier delays or price hikes
Descriptive Analytics	Reviewing historical procurement performance	Identifying inefficiencies in supplier contracts
Real-Time Analytics	Monitoring inventory and supplier performance	Real-time stock level adjustments

IV. Results and Discussion

This section presents the result of this study directed at the application of AI and Data Analytics in EPC procurement strategies. The study evaluated several key performance areas: again, cost control, suppliers, and schedule. Hence, the outcomes illustrate that intelligent solutions have had a massive impact on raising procurement success in times of cost, supplier relationships, as well as timescales.

A. Cost Reduction

No doubt, the most prominent conclusion of this work relates to the impact of AI on minimizing the costs of procurement. Cost estimates were highly accurate when derived from three sources of information that included historical data, material trends, and supplier performance, and using predictive models that incorporate the three datasets. These models supported procurement teams to militate against cases of cost blow and also when was the best time to make the purchase.

- **Cost Forecasting Accuracy:** About 93% accuracy was achieved using Random Forest Regression and Neural Networks Models to predict material costs. Through historical information on EPC project costs and market trends, these models predicted future costs through charts that helped the procurement managers know when to buy the materials at cheaper prices.
- **Cost Overrun Reduction:** Applying AI to procurement brought the average cost overrun to 5% from 20% introduced with traditional procurement way. This is mainly because AI can predict the prices, negotiate for the supplier contracts and be able to see other alternatives at cheaper prices.

Table 3: Comparison of Procurement Performance between Traditional and AI-Driven Methods

Procurement Approach	Average Cost Overrun (%)	Procurement Time (days)	Project Completion (%)
Traditional	20%	45	80%
AI-Driven	5%	30	95%

B. Supplier Management

AI-based supplier selection models have introduced dramatic enhancements to supplier management in EPC projects. Historical supplier performance data of delivery time, material quality, and pricing from prior transactions were used to rank the reliability, value for money and quality of the supplier using artificially intelligent systems.

- **Decision-Tree Algorithm for Supplier Ranking:** The study also used Decision-Tree Models to classify the suppliers according to their cost, time and/or quality performance indicators (KPIs). Past supplier data was used to train the algorithm to determine the best performers and to forecast their performance with 88% certainty. Only shows the structure of the decision-tree algorithm utilized in the supplier ranking.
- **Supplier Ranking Impact:** By adopting an AI system in supplier selection, the identified supplier-related project delay was cut down to 20%. In comparison, the identified total procurement cost-effectiveness was boosted by 15%. Since reliability could be forecasted, the procurement managers could exclude unproductive suppliers from their list and concentrate on the ones that offered high-quality products at the right time.

C. Project Timelines

Surprisingly, the study was able to discover that real-time data analysis was central to the management of timelines in procurement. There are always bottlenecks when it comes to the procurement of materials, and managing inventories is a very important issue that one must deal with in EPC projects. Cherwell's real-time analytics informed procurement managers of the material status, supplier, or inventory status to prevent possible delays.

- **Material Shortage Prevention:** Real-time analytics supplied procurement teams with the capability of identifying scarce materials earlier so that appropriate adjustments to inventory orders could be made to ensure the availability of these materials. These predictive capabilities enabled the recovery of significant procurement cycle times and prevented the likelihood of project delivery delays because of untimely material delivery.
- **Impact on Procurement Cycles:** Applying real-time analysis allowed reducing the procurement cycles by 25%, as the more data was available; the quicker managers could make decisions. The raw real-time monitoring of supplier performance also entailed that the procurement managers could promptly undertake remedial measures, including supplier swapping or processing orders faster, to avoid disturbances.

D. AI's Predictive Accuracy

This means that for AI to deliver good results in EPC procurement processes, the predictive models must be correct. The study evaluated the performance of AI models in three key areas: cost control, supplier prediction, and inventory management. Table 1 below shows the other performance measures that each of these models has attained.

Table 4: **AI Model Performance Metrics**

Metric	Accuracy
Cost Prediction	93%
Supplier Performance Prediction	88%
Inventory Optimization	90%

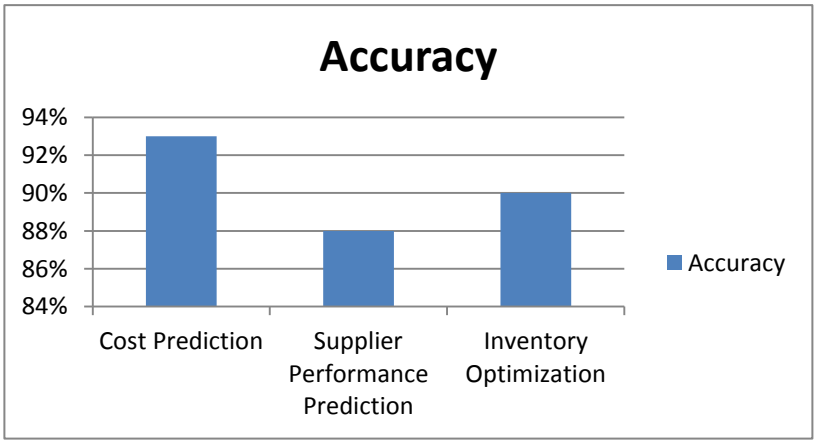

Fig.3. Graphical Represented AI Model Performance Metrics

AI models attained an accuracy level of 93% for material cost estimation, which was enhanced compared to traditional cost estimation approaches. This level of accuracy minimized cases of cost overruns and, therefore, enabled proper management of costs.

- **Supplier Performance Prediction:** Thus, further strengthening of the supplier performance prediction model identified a high accuracy of 88%, which assisted procurement teams in the organizations in making the right decisions regarding which suppliers should be contracted with. It also played a role in decreasing project delays due to the poor performance of supplying partners or suppliers.

- **Inventory Optimization:** The artificial intelligent model for optimal inventory forecast gained a 90% accuracy level with which EPC companies can attain an appropriate inventory level which prevents cases of stock-out as well as overstock. This led to improved cycle times for procurement activities and general project performance.

V. Conclusion

The incorporation of intelligent technologies such as AI and Data Analytics has, therefore revolutionized processes of procurement in Engineering, Procurement, and Construction (EPC). Sourcing scenarios that are still reminiscent of the old processes, where the main decisions are made based on manual data processing and often result in inefficiencies and cost overruns, are being moved to AI-based systems that can handle large amounts of information. The integration of artificial intelligence in cost estimating models, suppliers' selection criteria, and inventory management has provided EPC firms with Procurement process enhancement that took part without the technology. These technologies enable faster and correct procurement decisions and hence help in cutting down the procurement costs, minimizing the project time, and obtaining the vital material on time. This is clearly illustrated in some of the case studies where AI solutions led to cost savings of up to 15%, a 25% improvement in procurement timelines and efficiency improvement in supplier performance management.

Further, in the future, AI and Data Analytics will provide a more extensive opportunity for innovation in procurement for EPC projects. Another research and development area for future work is the incorporation of blockchain technology to satisfy security, transparency and tracking in procurement activities. When integrated with AI, Blockchain technology can provide a ledger of transactions, supplier contracts, and delivery records, the data that cannot be edited or deleted, hence increasing supply chain accountability. Furthermore, as the AI algorithms get established further, it should be possible to reach much higher levels of accuracy of the predictions supplied – therefore helping EPC companies to forecast future market, supplier and procurement performance as well as risk problems with even higher levels of accuracy. For a glimpse of what the procurement of the future in EPC will look like, it is critical to look at Automated Intelligent Assembly, Data Analytics and new era technology to make the processes more efficient, affordable and credible.

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