



Building operational resilience and agility through Supplier Risk Management

Enterprises have long focused supply chain investments on efficiency, lean manufacturing, and a just-in-time philosophy, with operational resilience and agility taking a backseat. However, in today's global marketplace, with increasingly complex supply networks and risks that need to be mitigated and managed, organizations that develop both resilience and agility are best suited for success.

When organizations build resilience, they strengthen their defenses against unexpected supply chain shocks, allowing them to quickly resume normal operations. But resilience alone isn't enough. Organizations also need to build agility, and this involves playing offense to outmaneuver competitors when a quick network evolution is required. Deloitte's Supplier Risk Management solutions are critical building blocks that help organizations get started on their journey to develop end-to-end operational resilience and agility.

Driving the assurance of supply in a risky world

When procurement professionals look for savings in the margins, supplier risks proliferate. Whether owing to a global public health crisis (e.g., COVID-19), economic uncertainty (e.g., trade wars), geopolitical conflict (e.g., Brexit), or natural disasters (e.g., a tsunami), supply chain disruption has a real impact on the bottom line. To minimize losses, supply chain leaders must build resilience to bounce back quickly from these kinds of disruptions. To maximize gains, they also must build agility so their supplier networks can profitably evolve to meet a shifting landscape.

Despite the importance, supplier resilience and agility are not at the level they need to be for many enterprises. In Deloitte's 2021 Chief Procurement Officer (CPO) Survey, enhancing risk management is only the sixth highest priority for CPOs, with responses nearly unchanged since 2019. Yet, the reported supply chain challenges in 2020 were substantial:

70%

of CPOs said they had good visibility into their direct supplier base

52%

said they are not using supplier risk management tools for supplier collaboration

26%

were able to confidently predict risks within that direct supplier base

15%

had visibility to tier 2 and beyond

Many organizations desire multitier visibility, but are still challenged to achieve full visibility into their immediate tier 1 suppliers. They struggle to answer questions such as these: Where are the critical nodes and commodities? Are all suppliers financially solvent? Is the enterprise diversified enough to withstand shocks to the supply network? Trustworthy data with multitier visibility will allow supply chain leaders to identify risk exposure and proactively and strategically respond to emerging threats in a resilient and agile manner.



A global leader in operational resilience and agility

Deloitte is ranked first in capabilities needed for supplier risk management transformation.

- A leader in Data and Analytics Service Providers, Magic Quadrant, 2021 by Gartner¹
- A leader in Enterprise Insights Service Providers, Q2 2020 in The Forrester Wave^{TM2}
- A global leader in Procurement Operations Consulting, 2020 by ALM Intelligence³
- A global leader in Business Analytics Consulting and Systems Integration Services, 2020 by IDC⁴
- A global leader in Cybersecurity Consulting, 2019 by ALM⁵

An ecosystem and technology-enabled solution to manage risk in your supply networks

Deloitte's Supplier Risk Management solutions drive action. They leverage trustworthy data, AI and cognitive technologies, and a deep understanding of supply chains and industry priorities to illuminate and model the supplier network, sense risks in real time, and send prescriptive actions based on simulated outcomes.

Sense risks proactively

Supplier resilience and agility thrive on data. We position your enterprise to identify and assess core operational risks by integrating siloed systems and data and using risk-scoring algorithms to reveal a complete picture of operational risks. This approach delivers deep understanding of risks around supplier capacity, delivery performance, quality and qualifications, financial visibility, and more.

Meanwhile, we draw from dozens of proprietary and third-party data sets using cognitive technologies like AI and machine learning to help reveal risks (e.g., macroeconomic, geographic, regulatory). We do this by combining your operational risks with relevant external indicators to deliver near-real-time visibility into changes in your risk profile.

Illuminate the supply network

You can only manage what you can see. To map your supply chain, we use tools and accelerators developed by working for more than 20 years with the Department of Defense, an organization with one of the most sensitive and secure supply chains in the world. We use 1,400+ internal, open source, and third-party purchased data sources to look beyond tier 1 suppliers and help you capture a holistic view of your network. With more than 4.2 million supplier records mapped with corresponding risk profiles, we help you reveal critical nodes, dependable alternatives, risks, and their potential consequences. Our solutions have been used to deliver 80+ projects across industries.

Act quickly to mitigate risks

Our solutions empower your enterprise to respond strategically to emerging or changing supplier risks. Our risk alerts and data visualizations enable key stakeholders (e.g., purchasing, planning, manufacturing, and more) to understand the risk indicators, run scenarios, analyze potential impacts on supply, and determine the best mitigation actions.



Building supply network resilience and agility with data, tools, and technology

We bring a proven approach tailored to your business priorities, enabling process efficiency, proactive risk awareness and mitigation, and value for the enterprise. Our approach includes:

Ecosystem accelerators: We bring numerous assets and accelerators to enhance and expedite the collection, integration, harmonization, and analysis of data from both internal and external sources, including millions of supplier records, thousands of third-party data sources, and data management and system integration alliances

Conceptual architecture: Bespoke architecture using technology components based on your unique business requirements and technology strategy

Data collection: Proprietary frameworks, methodologies, models, and solutions that draw from internal and external data sources

Decision support and accelerators: Prebuilt, proprietary solutions and leading-class third-party technologies that permit advanced analytics, data visualization, and external collaboration

Leveraging cutting-edge technology to enhance efficiency, effectiveness, and speed throughout the architecture, we help you chart a proven path forward. Our risk management maturity models enable you to reach best-in-class architecture that permits supply chain visibility and agile risk management.

Our POV is anchored in delivering multiple projects with Fortune 1000 companies

Over the past decade, we have delivered many complex, global programs in the supplier visibility and risk management domain specifically and 100+ programs focused on end-to-end supply chain visibility more generally. Our POV is based on working with many Fortune 1000 companies globally during COVID-19, in other crises, and in stable periods.



Fortune 100 construction equipment OEM

- **Visibility areas:** Tier N suppliers, tier 1 suppliers, inbound delivery, production
- **Value:** Stood up an entire new risk management organization and physical “Assurance of Supply Center”



Global home appliance manufacturer

- **Visibility areas:** Inventory, order management, final-mile delivery
- **Value:** Helped turn around performance and save a homebuilder customer with more than \$100M in annual sales



Global automotive OEM

- **Visibility areas:** Tier 1 suppliers, inbound delivery, production
- **Value:** Implemented analytical platform to proactively monitor 15 risks across 1,500+ tier 1 suppliers



EU-based Fortune 500 automotive OEM

- **Visibility areas:** Tier 1 suppliers, inbound logistics, production
- **Value:** Achieved 45% improvement in supplier/3PL data quality and 13% increase in on-time delivery



Fortune 15 global automotive OEM

- **Visibility areas:** Tier N suppliers, tier 1 suppliers, inbound delivery, production
- **Value:** Illuminated and provided proactive risk monitoring for 44K tier N suppliers



US-based major airline

- **Visibility areas:** Tier 1 suppliers, inbound delivery, inventory, outbound delivery, aftermarket
- **Value:** Improved parts availability by 7% while reducing inventory by \$1B and costs by \$90M annually

Why Deloitte?

With several supply chain visibility and risk management engagements for some of the world's largest, most complex enterprises, we know what best-in-class looks like and how to take you there. With mastery in technology implementation and supply chains, we help you avoid potential pitfalls in transformation, seize opportunities, and rapidly mature your organization's supplier risk management capabilities.

Team: Given the global nature of the supply chain, you need global capacity. With more than 3,000 dedicated supply chain professionals solving complex supply chain issues in more than 150 countries, our talent model revolves around "bilingual" teams that bridge the gap between traditional business and supply chain issues with cutting-edge data science and technology. This, in addition to our Risk Advisory services and cross-industry experience, enables us to help you enhance your supplier risk management capacity.

Data repository: We expand your risk awareness and insight by drawing from robust internal data sets and intellectual property (e.g., risk taxonomy, KPI library, and prebuilt maturity models), as well as 1,200+ third-party data sources. Relying on our industry and domain excellence, we help reveal the holistic picture of your risk profile and deliver insights that drive strategic mitigation and end-to-end supplier visibility.

Advanced analytics: We use cognitive technologies like AI to mine data, sense risks as they emerge, and identify the specific threats and opportunities that matter to your business. Aligning with your enterprise technology strategy, we can train algorithms, deploy AI solutions, and manage cognitive tools for you over the course of the engagement.

Speed and scale: Our ready-to-configure assets can be deployed in weeks, not months. Given our cross-industry domain capabilities in supply chain and technology, we have the unique capacity to consider complex supplier risk challenges and use digital tools to drive enduring solutions. And given our global footprint, we can implement your supplier risk management transformation across any geography or business complexity.

Assets and accelerators: We apply smart agents and supplier risk management assets (e.g., Illuminate, CentralSight, Cognitive Risk Sensing, Control Tower, Supplier 360, and TrueView) to accelerate your transformation in cleansing and compiling data, offloading and integrating applications, and implementing collaborative platforms, doing so in a way that maximizes efficiency while minimizing risk.

Change management: People and processes are as important as technology, and we bring a deep understanding of how to drive change management, end-user adoption, and process transformation. What is more, our alliances with technology solution leaders allow us to integrate multiple internal systems and connect to suppliers, unleashing collaboration and end-to-end visibility across your supply chain.

Ecosystems and alliances: We have assembled the "best-of" alliances, assets, eminence, market offerings, and leaders across the end-to-end supply chain and are consistently presented "partner of the year" awards. Our accolades span the full breadth of our alliance relationships.

Ready to build operational resilience and agility? Contact us.

There's no time to waste. We know how to help take you quickly to a future state where risk is managed, opportunities are seized, and supply is assured. Please reach out to discuss your challenges and vision for building operational resilience and agility.

Siddharth Patil

Principal
Supply Chain & Network Operations
Deloitte Consulting LLP
sipatil@deloitte.com

Jim Kilpatrick

Partner
Global Supply Chain & Network Operations
Deloitte Canada
jimkilpatrick@deloitte.ca

Endnotes

1. Jorgen Heizenberg, Twigg Lo, Gareth Herschel, Divya Radhakrishnan and Shubhangi Vashisth, "Magic Quadrant for Data and Analytics Service Providers," Gartner, February 15, 2020.
2. Jennifer Belissent, "Forrester Wave™: Enterprise Insights Service Providers Q2 2020," Forrester Research, June 8, 2020.
3. ALM Intelligence, "Procurement Operations Consulting 2020"; ALM Intelligence estimates © 2020 ALM Media Properties, LLC. Reproduced under license.
4. Jennifer Hamel, "Worldwide Business Analytics Consulting and Systems Integration Services 2020 Vendor Assessment," IDC MarketScape, June 2020.
5. ALM Intelligence: "Cybersecurity Consulting 2019"; ALM Intelligence estimates © 2019 ALM Media Properties, LLC. Reproduced under license.

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