



# Strategic **Responsible Sourcing**

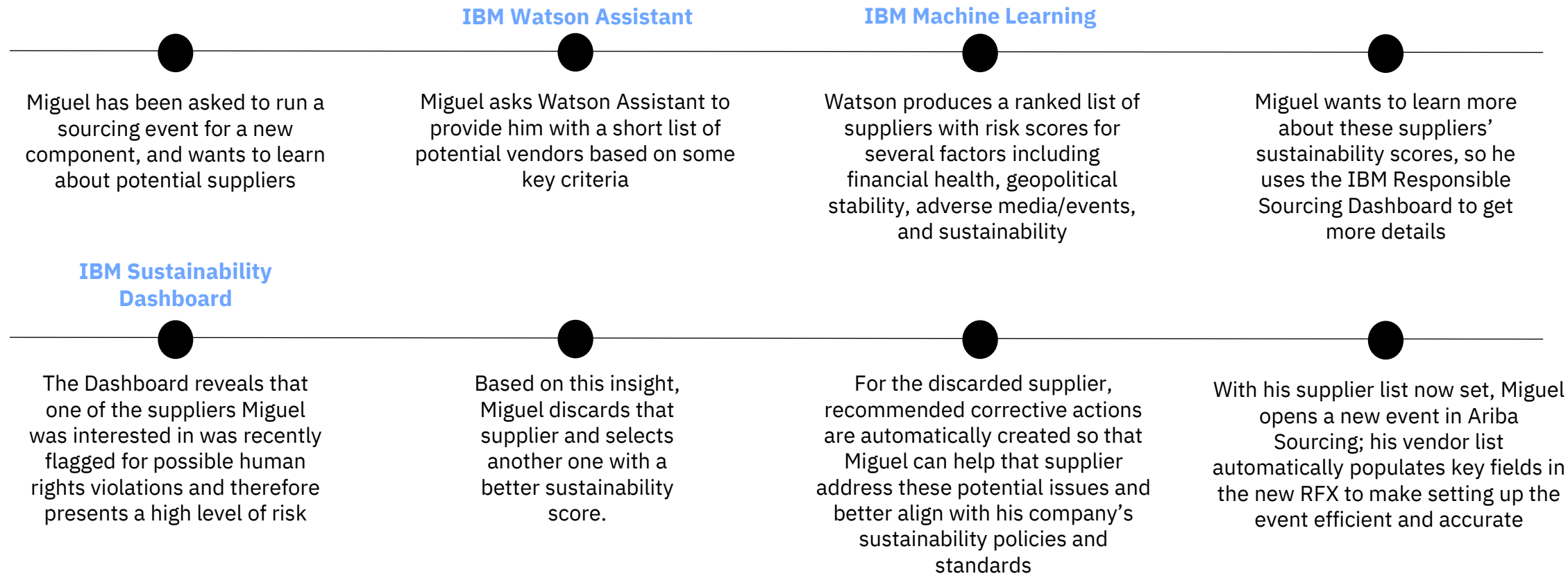


# Miguel's Journey: Incorporating responsible sourcing into supplier identification and selection



Miguel is a Sourcing Manager. His KPIs include:

- Vendor Compliance and Risk Assessment
- Spend Under Contract



**Big ideas:** ML-based insights leveraging data from sources like gosupply, FRDM, Ariba Risk

**What is the value?:** Early identification of potential risks in the supplier network

**What makes it Different?:** Detailed data from multiple sources to provide more comprehensive insights into potential supplier risks



# How the Solution Works

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1. Use the Watson chatbot [\(link here\)](#) on home page to look for potential suppliers for a product.
2. The chatbot will generate a list of supplier names based on key criteria of the user. The user can jump straight to the dashboard from here to look at a detailed list.
3. Alternatively, the user can ask the chatbot for suppliers with best sustainability scores and get a refined result.
4. The user can also sort using two criteria, like the total score & sustainability score(or any other).
5. You can see, in pt3. the search prefers sustainability score while in pt4. it prefers the total score.

Assistant preview

Ola Amigo

hi

Hi, What can I help you with?

1 can you find suppliers for eucalyptus

2 Here is the list of suppliers:

- ABC
- DEF
- GHI
- JKL
- MNO
- PQR
- STU
- VWX

[Here is the link to the dashboard for a detailed report](#)

Type something...

Built with IBM Watson® ⓘ

Assistant preview

Howdy machal

3 find suppliers with best sustainability scores

Here are the top 5 suppliers sorted by Sustainability and Total scores:

Supplier	Sustainability Score	Total Score
VWX	10	7
DEF	8	6
JKL	6	5
ABC	5	7
GHI	5	6

[Here is the link to the dashboard for a detailed report](#)

4 find suppliers with best total and sustainability scores

5 Here are the top 5 suppliers sorted by Total and Sustainability scores:

Supplier	Sustainability Score	Total Score
VWX	10	7
ABC	5	7
DEF	8	6
GHI	5	6
PQR	3	6

[Here is the link to the dashboard for a detailed report](#)

Type something...

Built with IBM Watson® ⓘ

# How the Solution Works

The responsible sourcing dashboard is on the right.


- 6. There is a list of suggested suppliers based on best scores as entered in the chatbot.
- 7. There are other suppliers below the suggested ones.


## Responsible Sourcing


### Evaluation Criteria


Search for Suppliers

Enter score (1-10) ■ Very Poor ■ Okay ■ Very Good

 Adverse Media

 Financial Stability

 Sustainability

 Geopolitical Stability

Search

6
123

### Search Results (Suggested Suppliers)

Evaluation Criteria	Adverse Media	Financial Stability	Geopolitical Stability	Sustainability	Status
Supplier Name					
Supplier 1	9.00	8.00	9.00	5.00	Active
Supplier 2	7.00	5.00	8.00	6.00	Active
Supplier 3	5.00	6.00	7.00	6.00	Active
Supplier 4	5.00	4.00	4.00	8.00	Active
Supplier 5	7.00	5.00	5.00	8.00	Active

[Export Supplier List](#)

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### Other Suppliers

Evaluation Criteria	Adverse Media	Financial Stability	Geopolitical Stability	Sustainability
Supplier				
ABC	10.00	5.00	6.00	5.00
DEF	3.00	5.00	6.00	8.00
GHI	1.00	5.00	10.00	5.00
JKL	4.00	4.00	6.00	6.00
MNO	5.00	1.00	1.00	1.00
PQR	8.00	8.00	4.00	3.00
STU	7.00	3.00	4.00	5.00
VWX	3.00	2.00	10.00	10.00

# How the Solution Works

- 8. The user, after entering the dashboard, can further distill on the key criteria scores (0-10) using the sliders. Scores are color coded.
- 9. On selecting any score the user can see a detailed breakdown
- 10. The user, based on scores, can reject the supplier. The reject status then reflects beside the supplier's name

### Responsible Sourcing

#### Evaluation Criteria

Search for Suppliers

Enter score (1-10)

- Very Poor
- Okay
- Very Good

**Adverse Media** 8

Financial Stability

Sustainability

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Search

#### Suggested Suppliers

5 Search Results 123

Evaluation Criteria	Adverse Media	Financial Stability	Geopolitical Stability	Sustainability	Status
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Supplier 3	5.00	6.00	7.00	6.00	Active
Supplier 4	5.00	4.00	4.00	8.00	Active
Supplier 5	7.00	5.00	5.00	8.00	Active

[Export Supplier List](#)

Supplier 3 9

Sustainability

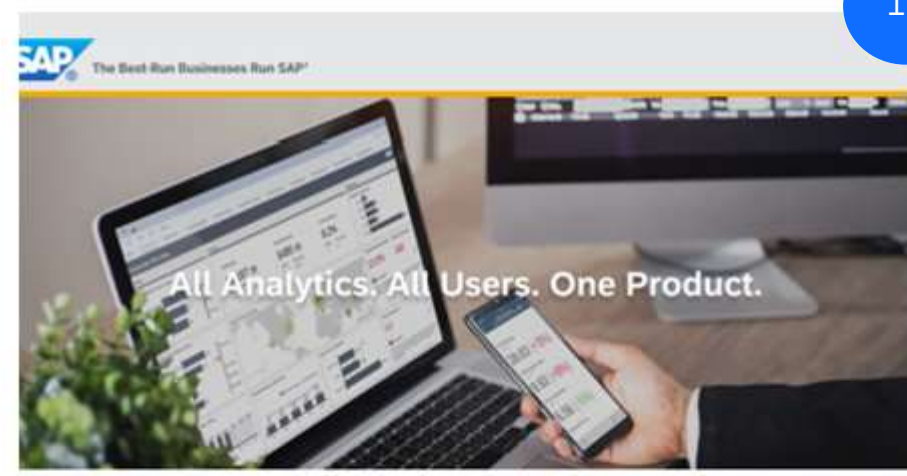
- Scope 1 GHG Emissi... 5.00
- Energy Consumption 5.00
- Supply Chain Miles 6.00
- Water Usage 6.00

10 Reject Supplier

Supplier 5	7.00	5.00	5.00	8.00	Rejected
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10

11. Email is sent to suppliers who do not meet the threshold scores for the key criteria, with feedback that help them in improving their scores.



### Hello Supplier 1

Dear User,

Please be notified that your Sustainability score is 5.00 which is critical. Below are few suggestions:

- Increase your renewable energy sourcing mix from 15% to 50%
- Currently three of your suppliers account for 60% of your downstream emissions; If you were to require these suppliers to achieve gold CDP certification, you would reduce your downstream emissions by 40%
- If you shift to 50% local product sourcing, you can reduce your total supply-chain related emissions by 60%
- For consideration: establish SBTi certification as a pre-requisite for new supplier onboarding
- For consideration: implement Carbon Neutral requirements to your upcoming RFPs

[Open Analytic Application](#)



# How the Solution Works

12. In the end the user can export the list of active suppliers as an excel sheet.

13. The final exported excel sheet of suppliers.

### Responsible Sourcing

#### Evaluation Criteria

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Enter score (1-10) ■ Very Poor ■ Okay ■ Very Good

Adverse Media

Financial Stability

Sustainability

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**Search**

#### Search Results (Suggested Suppliers)

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[Export Supplier List](#)

#### Other Suppliers

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JKL	4.00	4.00	6.00	6.00
MNO	5.00	1.00	1.00	1.00
PQR	8.00	8.00	4.00	3.00
STU	7.00	3.00	4.00	5.00

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13

	A	B	C	D	E	F
1	Account	Score	Score	Score	Score	Score
2	Evaluation Criteria	Adverse Media	Financial Stability	Geopolitical Stability	Sustainability	Status
3	Supplier Name					
4	Supplier 1	9	8	9	5	
5	Supplier 2	7	5	8	6	
6	Supplier 3	5	6	7	6	
7	Supplier 4	5	4	4	8	
8						
9						





# Responsible Sourcing Strategic

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IBM SAP Sustainability



