The world continues to change in unexpected ways. This has resulted in more uncertainty in demand, increased volatility in supply, more complex supply chain networks and external factors having bigger and longer impacts.

Let’s explore 3 steps industry leaders are taking to build a more agile and resilient supply chain:

1. Understand your exposure

   Rank your supply chain vulnerabilities

<table>
<thead>
<tr>
<th>Vulnerability</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand variability</td>
<td>34%</td>
</tr>
<tr>
<td>Sole sourcing / nonsustainable inputs</td>
<td>29%</td>
</tr>
<tr>
<td>Long input lead times</td>
<td>27%</td>
</tr>
</tbody>
</table>

   Example: Japan earthquake/tsunami, 2011

2. Address core vulnerabilities

   How leaders are proactively responding to supply chain disruptions:

   - 52.8% Reallocated inventory to key customers (sample size 950)
   - 34.9% Sought alternate modes and providers of transportation and logistics services (sample size 627)
   - 31.8% Discontinued or shut down production processes (sample size 572)

3. Leverage AI and automation

   The power of AI and blockchain across systems and processes enables real-time, end-to-end supply chain visibility at IBM. For example:

   - Shortened critical supply chain disruption management time from 18-21 days down to just hours
   - Reduced expedite costs by 52%
   - Attributed a 1.5% reduction in working capital costs to inventory reductions

Explore ways to improve the resiliency of your supply chain operations by applying the power of AI and the speed of automation.