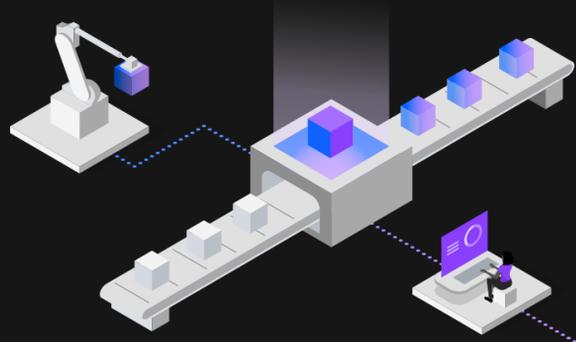**IBM**

Follow the leaders:
3 steps to building a more resilient supply chain

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

Demand variability	32%
Sole sourcing / nonsustainable inputs	28%
Long input lead times	27%

Assess your supply chain structure

Depth
Layers of subtier suppliers

Increases ability to spot risk in subtiers

Lowers visibility into subtiers

Interconnectivity
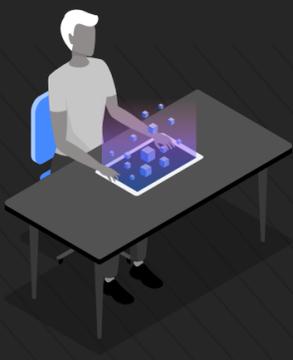Interconnectivity between suppliers

Supplier disruptions unlikely to affect full network

Supplier disruption can affect full network

Gage your preparedness for external disruptions

	Example	Cost impact $ billion
Geophysical event	Japan earthquake/tsunami, 2011	235
Acute climatological event	Hurricane Katrina, 2005	160
Trade dispute	9/11, 2001	160

Source: Risk, resilience, and rebalancing in global value chains, McKinsey Global Institute, August 2020

Address core vulnerabilities 2

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/shut down production processes
(sample size: 572)

Source: IBM Institute for Business Value Smarter Supply Chain study, Building supply chain resiliency with AI-driven workflow, 2020

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

Reduce expedite costs by 52%

Attributed a 1.5% reduction in working capital costs to inventory reductions

Source: Building a Smarter Control Tower: An IBM Supply Chain case study, 2021

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

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