



**Press contact:**  
Michele Moore Duhon  
Tel.: +44 370 905 3408  
Email: [michele.mooreduhon@capgemini.com](mailto:michele.mooreduhon@capgemini.com)

## **Building supply chain resilience is a priority for two-thirds of organizations after COVID-19 disruption**

***77% of organizations recognize the need for change and are accelerating investments in supply chain sustainability over the next three years***

**Paris, November 24, 2020 – More than 80% of organizations have reported their supply chains being negatively impacted by the COVID-19 crisis, with a vast majority struggling across all aspects of their operations. This is according to new research from the [Capgemini Research Institute](#), "[Fast forward: Rethinking supply chain resilience for a post-COVID-19 world](#)." The pandemic has forced organizations to prioritize supply chain resilience, with two-thirds (66%) stating that their supply chain strategy will need to change significantly in order to adapt to the new normal. Only 14% of organizations are expecting a return to business-as-usual.**

There is growing awareness that supply chains need to be more flexible and agile so they can react and adapt quickly to potential disruption. In fact, 68% of organizations said the current crisis has forced them to adapt their business models, while increasing supply chain resilience post COVID-19 is cited as a priority for 62%.

Over the past year organizations have struggled to quickly respond to increasing disruptions and restore their operations to a steady, reliable state. Organizations surveyed across retail, consumer products, discrete manufacturing and life sciences reported multiple challenges across their supply chains. The majority have found challenges across all aspects of their operations, including shortages of critical parts/materials (74%), delayed shipments and longer lead times (74%), difficulties in adjusting production capacity in response to fluctuating demand (69%), and difficulties planning amid volatile levels of customer demand (68%).

From a sector perspective, only 30% of life sciences organizations in the survey reported a negative business impact due to the crisis, compared to over 80% of organizations in other sectors (retail, consumer products, discrete manufacturing). Furthermore, 68% of consumer products and retail consumers prefer locally produced items in the wake of this crisis, and sustainability is influencing the purchase preferences of 79% of customers<sup>1</sup>.

The obstacles presented by the pandemic, however, also provide an opportunity for organizations to build a more resilient, flexible and agile supply chain that is ready to withstand future disruption and global crises.

### **Few organizations have the capability to withstand another crisis**

As many as 55% of organizations have taken between three to six months to recover from supply chain disruptions this year, while another 13% expect to take six to twelve months to do so. Inevitably, this means few organizations are prepared for any further potential disruption that may lie ahead. Capgemini's research finds that to cope with a similar crisis in the future, businesses must focus on seven key capabilities for crisis-resilience;

---

<sup>1</sup> Source: Capgemini Research: Consumer Products and Retail: How sustainability is fundamentally changing consumer preferences



identifying the areas that need the most significant, and urgent, improvement is critical for building a resilient supply chain. Only a minority (less than 4%) demonstrate strengths across all of these areas, covering both planned actions and the current state of organizational preparedness.

Capgemini's report explains that a resilient supply chain is one that has:

- Contingency planning: anticipating crises and running simulations to improve crisis response
- Localization: prioritizing localization as well as regionalization of supplier base and manufacturing footprint
- Diversification: prioritizing diversification of supplier base, manufacturing and transportation options
- Sustainability: prioritizing sustainability across the supply chain to withstand environmental and regulatory disruptions and meet evolving customer expectations
- Agility: prioritizing flexibility in production and decision making, and displaying agility in shifting to new business models
- End-to-end cost transparency: accounting for costs with a clear picture of risks associated with low-cost strategies
- Visibility: emphasizing on data-sharing with partners and having full visibility of the supply network

A significant proportion of organizations are taking the necessary measures to build capabilities around the first three dimensions, with 84% citing improving crisis-preparedness as a priority post-COVID. In addition, 65% of organizations are actively investing in localizing or regionalizing their supplier and manufacturing base to reduce risk and be closer to their customers. As many as 65% of organizations are actively investing in localizing or regionalizing their supplier and manufacturing base in order to reduce risk and to be closer to their customers. Diversifying the supply chain is also front of mind; 68% of businesses are investing in diversifying their supplier base and 62% in diversifying their manufacturing base.

However, Capgemini found that only a small proportion have the necessary levels of supply chain agility (21%), optimization of end-to-end costs (20%) and visibility (9%). Building resilience across an entire product range is expensive, time-consuming and often impractical. Instead, organizations should identify the areas where building resilience is critical and create an end-goal of building a resilient mindset throughout the entire product lifecycle.

### **Investment is key to building supply chain resilience**

A resilient supply chain requires investment and businesses are starting to recognize this, with 57% planning to increase their investment in improving supply chain resilience. In addition, organizations are investing in technologies that make supply chains more autonomous and intelligent. Both are key enablers of resilience, allowing supply chains to sense and adapt more quickly to changes or disruptions. Almost half (47%) of organizations are accelerating their investments in automation and 39% in robotics, with the Internet of Things (IoT) and Artificial Intelligence (AI) also among the top focus areas. Investments in certain technologies which are critical for building long-term resilience, such as control towers that enable increased visibility and digital twins that support contingency planning, are expected to accelerate at a slower pace than others – a gap that organizations must address cites the report.

### **Sustainability will also see significant investment as a result of the pandemic**

More than three quarters of organizations (77%) recognize the need for change, saying they are accelerating their investments in supply chain sustainability over the next three years, with logistics and manufacturing the key focus areas. This shift is not just crisis-driven; businesses are increasingly recognizing changing consumer



preferences in favor of green alternatives and the fact that they are willing to back this up with their buying decisions.

*"Enterprises must rethink their supply chain strategy and determine the right level of resilience that they are prepared to build into their value chain, ensuring that this is embedded throughout research and development, planning and execution,"* says Roshan Gya, Managing Director, Global Head of Operations Transformation for Capgemini Invent. *"Beyond efficiency, managing resilience and sustainability will become key targets for leadership team."*

For further information and the recommendations based on the research, access the full report [here](#).

### **Research Methodology**

Capgemini's research followed a two-pronged approach. 1,000 supply chain executives at director level or above were surveyed between August and September of 2020; each was from an organization reporting revenues of more than \$1 billion for the last financial year. Organizations surveyed were from the United States, France, Germany, United Kingdom, India, Italy, Spain, Netherlands, Sweden, Norway and China and were across four industries: consumer products, retail, discrete manufacturing and life sciences manufacturing. In addition to the survey, Capgemini conducted more than ten in-depth discussions with senior supply chain executives. These interviews discussed the impact of COVID-19 on supply chains, the path to recovery, and how organizations can be better prepared for future disruptions.

### **About Capgemini**

Capgemini is a global leader in consulting, digital transformation, technology, and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. A responsible and multicultural company of 265,000 people in nearly 50 countries, Capgemini's purpose is to unleash human energy through technology for an inclusive and sustainable future. With Altran, the Group reported 2019 combined global revenues of €17 billion.

Visit us at [www.capgemini.com](http://www.capgemini.com).

### **About the Capgemini Research Institute**

The Capgemini Research Institute is Capgemini's in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, Singapore, the United Kingdom and the United States. It was recently ranked #1 in the world for the quality of its research by independent analysts.

Visit us at <https://www.capgemini.com/researchinstitute/>