

FAST FORWARD

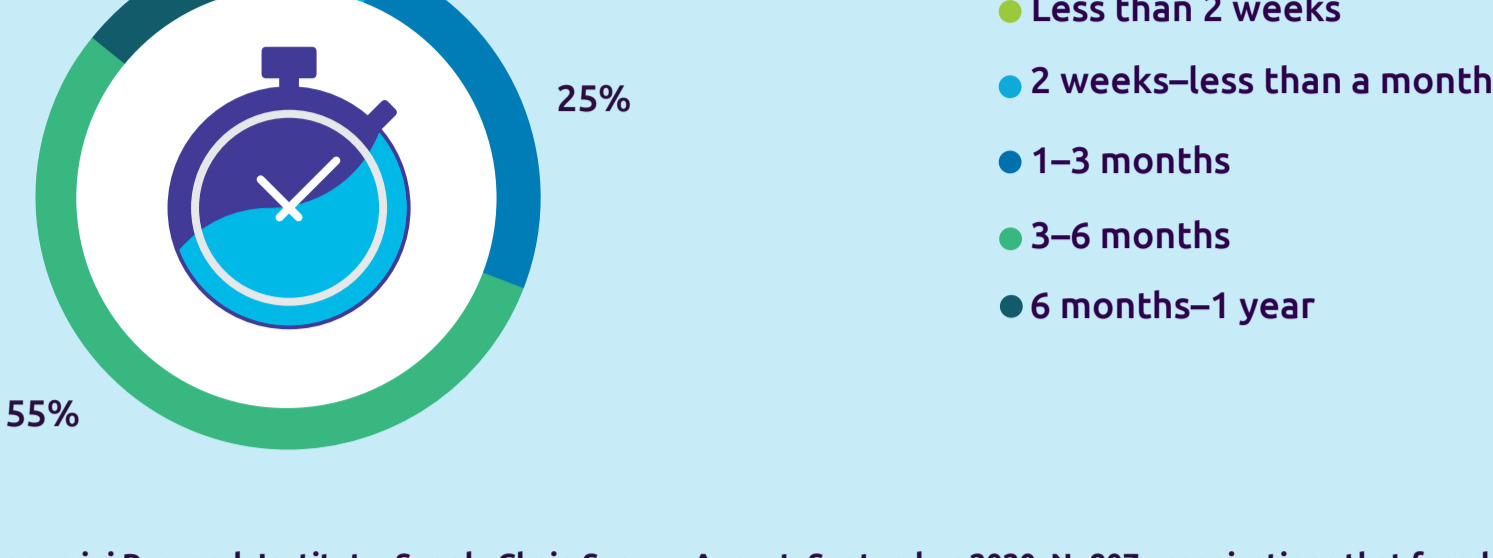
Rethinking supply chain resilience for a post-COVID-19 world



The COVID-19 crisis has raised serious questions on the resilience of global supply chains

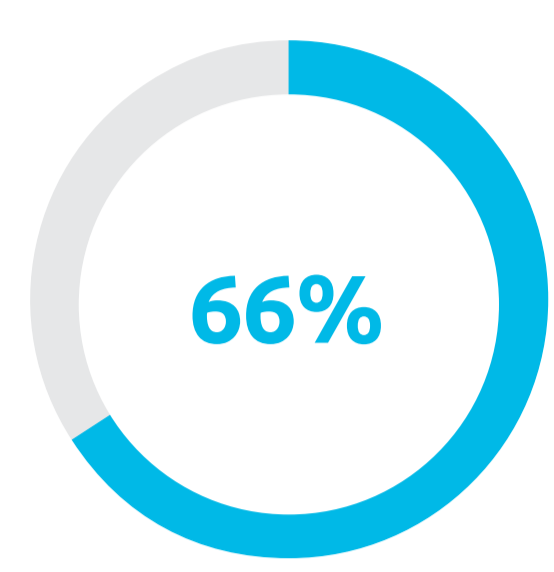
Close to seven out of 10 organizations have taken more than three months to recover from disruptions

Please select the time that it took or might take for your supply chain to recover from the disruptions caused by the COVID-19 crisis



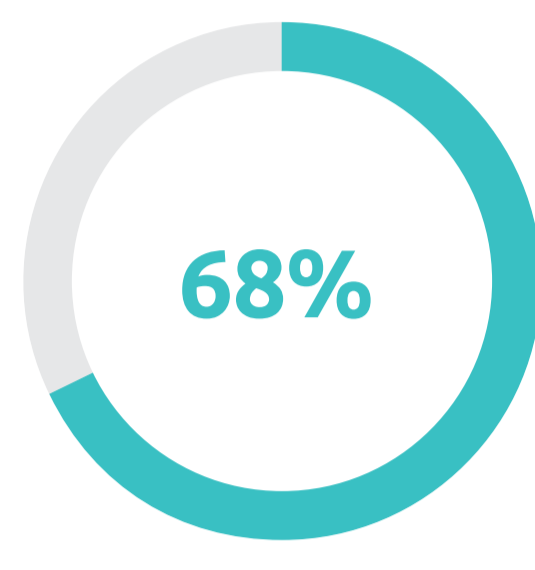
Source: Cappgemini Research Institute, Supply Chain Survey, August-September 2020, N=807 organizations that faced a negative business impact due to the crisis.

The crisis has forced organizations to question long-established supply chain practices

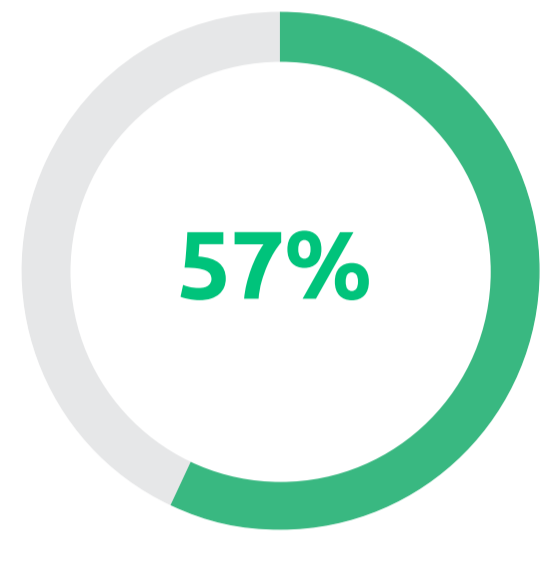


our supply chain strategy will need to change significantly, in order to adapt to a new normal post COVID-19

COVID-19 has forced us to adapt our business models



COVID-19 has caused our investments in improving supply chain resilience to increase



Source: Cappgemini Research Institute, Supply Chain Survey, August-September 2020, N=1,000 organizations.

What is a resilient supply chain?

What is a resilient supply chain?



Visibility: across the entire supply network



Agility: speed at which the supply network can respond to shifts in the environment, such as scaling production up/down, reconfiguring plants and logistics networks, opening new demand channels (e.g., shifting from a brick and mortar model to ecommerce)



Diversification: of supplier-base, production footprint and transportation partners

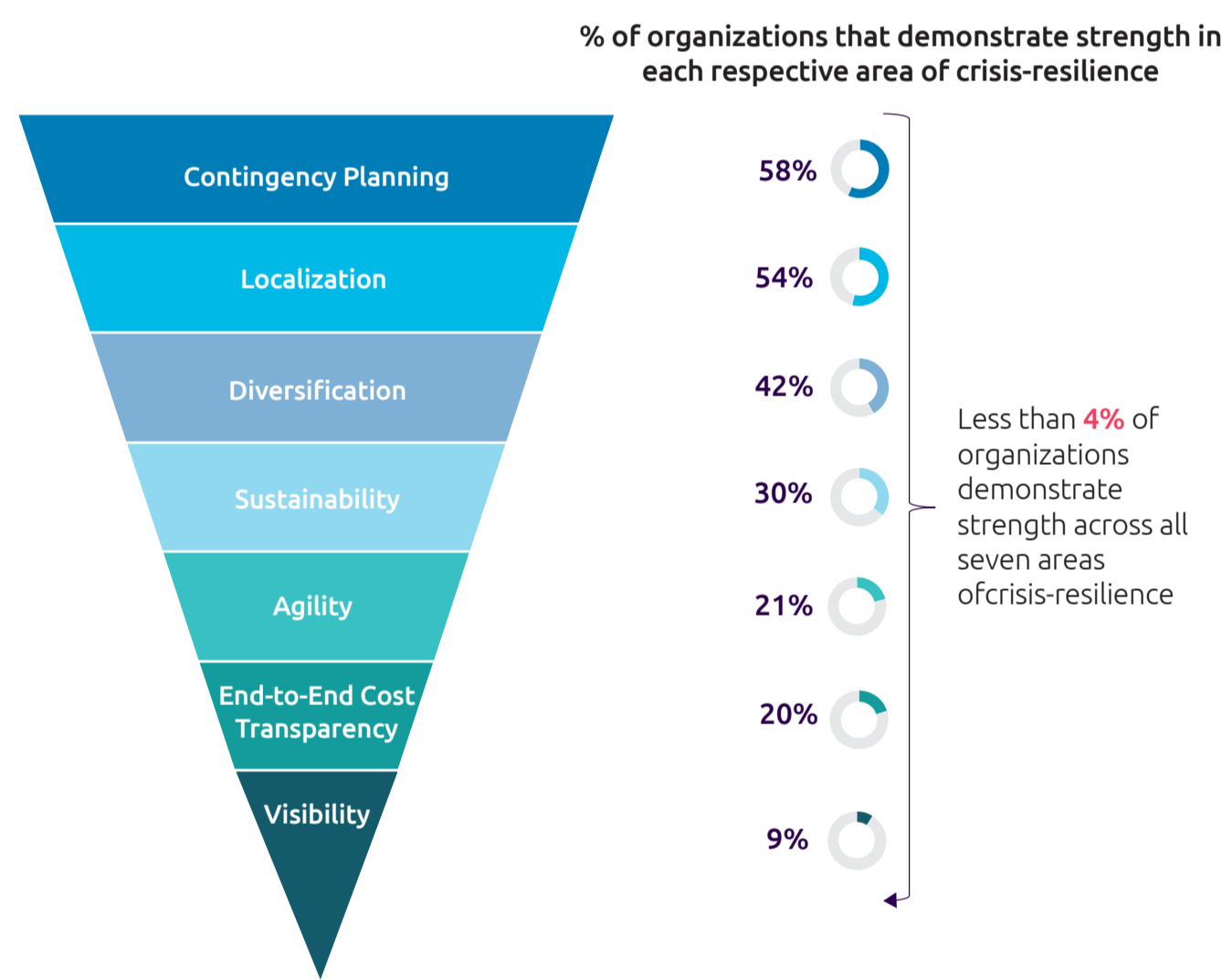


Contingency planning: the ability to anticipate and respond to disruptions

Source: Cappgemini Research Institute analysis.

Assessing organizations' readiness in withstanding future disruptions

Few (less than 4%) organizations are building all the capabilities needed to be crisis-resilient



Source: Cappgemini Research Institute analysis.

How does the break-down of organizations' current and future supply chain plans look like?

| | Current capabilities | Plans for the next three years |
|-------------------------------------|---|---|
| Contingency Planning | 16% use a digital twin for regular scenario planning exercises | |
| Localization | | 65% Are actively investing in localization and regionalization |
| Agility | 27% Have a supply chain that is agile enough to support their organization's evolving/new business models | |
| Diversification | | 62%~68% Are actively investing in diversification |
| End-to-end cost transparency | 37% Have optimized for location-based costs | |
| Sustainability | | 77% Are accelerating their investments in supply chain sustainability |
| Visibility | 44% Have not mapped their supply networks at all | |
| Digitization | | 60% Plan to increase their investments in supply chain digitization |

Source: Cappgemini Research Institute, Supply Chain Survey, August-September 2020, N=1,000 organizations.

How can organizations future-proof their supply chains?

4. Build the capabilities needed to recover rapidly from disruptions

Standardize plant designs and material choices and strengthen collaboration and data-sharing with ecosystem partners for increased agility

3. Build the capabilities needed to resist disruptions

Improve diversification and localization gradually while focusing on customer-centric planning using analytics



1. Establish a supply chain resilience strategy

Assess product portfolio to identify areas where building resilience will be critical and inculcate resilience thinking into the entire product life cycle

2. Build the capabilities needed to anticipate disruptions

Increase end-to-end supply chain visibility, risk monitoring and scenario planning capabilities

Source: Cappgemini Research Institute analysis.

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